

**MHLONTLO LOCAL MUNICIPALITY**

**SCHEDULE B**

**ADJUSTMENT BUDGET AND**

**SUPPORTING DOCUMENTATION**

**OF A MUNICIPALITY**

**ANNUAL BUDGET OF**  
**MHLONTLO LOCAL**  
**MUNICIPALITY**



**2023/2024**

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## Abbreviations and Acronyms

|        |   |
|--------|---|
| ASGISA | Accelerated and Shared Growth Initiative      |
| BPC    | Budget Planning Committee                     |
| CBD    | Central Business District                     |
| CFO    | Chief Financial Officer                       |
| CPI    | Consumer Price Index                          |
| CRRF   | Capital Replacement Reserve Fund              |
| DoRA   | Division of Revenue Act                       |
| EE     | Employment Equity                             |
| FBS    | Free basic services                           |
| GRAP   | Generally Recognised Accounting Practice      |
| GDP    | Gross domestic product                        |
| GFS    | Government Financial Statistics               |
| HR     | Human Resources                               |
| IDP    | Integrated Development Strategy               |
| IT     | Information Technology                        |
| kℓ     | kilolitre                                     |
| km     | kilometre                                     |
| KPA    | Key Performance Area                          |
| KPI    | Key Performance Indicator                     |
| kWh    | kilowatt                                      |
| ℓ      | litre   |
| LED    | Local Economic Development                    |
| MEC    | Member of the Executive Committee             |
| MFMA   | Municipal Financial Management Act Programme  |
| MIG    | Municipal Infrastructure Grant                |
| MPRA   | Municipal Properties Rates Act                |
| MSA    | Municipal Systems Act                         |
| MTEF   | Medium-term Expenditure Framework             |
| MTREF  | Medium-term Revenue and Expenditure Framework |
| NGO    | Non-Governmental organisations                |
| NKPIs  | National Key Performance Indicators           |
| OHS    | Occupational Health and Safety                |
| OP     | Operational Plan                              |
| PBO    | Public Benefit Organisations                  |
| PHC    | Provincial Health Care                        |
| PMS    | Performance Management System                 |
| PPE    | Property Plant and Equipment                  |
| PPP    | Public Private Partnership                    |
| SDBIP  | Service Delivery Budget Implementation Plan   |
| SMME   | Small Micro and Medium Enterprises            |

## Part 1 – Adjusted Budget

### 1.1 LEGISLATIVE BACKGROUND

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

- a) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- b) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programs already budgeted for;
- c) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- d) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
- e) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that adjustments budget may be tabled in the municipal Council during a financial year.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2023/24 approved Budget has been adjusted. The adjustment has been mainly necessitated as a result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection levels.
- The need to authorise the spending of unspent funds at the end of the 2023/24 financial year.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.
- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2023/24 Budget.

1.1.1 The Mayor recommends that the Council approves the 2023/24 Adjustments Budget.

## 1.2 Mayor's Report

Mhlontlo Municipality is again preparing for the 2023/2024 adjusted budget. The task is to provide sustainable and economically viable local governance to our communities. The provision of affordable and sustainable, quality services to all our communities remain high on the agenda. We find ourselves in a position where we must continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the global economy.

The National Treasury forecasts real economic growth of 1.9 per cent in 2023, compared with 2.1 per cent projected in the 2023 Budget Review, in response to global and domestic shocks.

The economy grew by 1.4 per cent in the first half of 2023 compared with the first half of 2022. Real GDP grew more than expected in the first quarter of 2023, with output returning to pre-pandemic levels. However, a deteriorating global environment, flooding in KwaZulu-Natal and the Eastern Cape, industrial action in the electricity and mining sectors, and prolonged and intense power cuts resulted in a broad-based contraction across most sectors during the second quarter. The third quarter was marked by frequent and prolonged power cuts, which significantly disrupted economic activity.

It is because of this that we still place strong emphasis on value for money in all our procurement processes, and that we continue to encourage savings and strive to maximize all possible revenue sources for the 2023/2024 financial year in us striving to secure the economic progression of the municipality.

It is expected that municipal revenue and cash flows will remain under pressure for the remaining 2023/2024 we are adopting a conservative approach when projecting our revenues and cash receipts for 2023/2024.

The Municipality must, against the background of a very difficult financial year, balance its books. The equitable share allocation remains far too little for the proper administration and service delivery in the area, and the municipality therefore needs to rely on savings and critical cut-backs to ensure financial sustainability.

The adjustment budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The adjustment budget was compiled, considering the Macro-economic growth parameters and also addresses the following National Policy frameworks and Provincial priorities including the following:

- Incremental channeling of funds towards infrastructure development, poverty alleviation and job creation.
- Participation in expanded public works programs and labour intensive projects.
- Building of capacity for long term growth through investment in infrastructure

- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Focus on **core** service delivery activities of local government
- The building of an efficient developmental municipality through increasing the levels of delivery by ensuring improvements to policy formulation, procurement, management systems, developing mechanisms for sharing skilled personnel in critical delivery areas

The following underlying factors were also taken into consideration with the compilation of the 2023/2024 adjusted budget:

- The current socio-economic circumstances of our communities and especially the high rate of unemployment
- External factors having a direct impact on the budget such as the consumer inflation, the wage agreement concluded with organized labour as well as other cost factors influencing service delivery.

### 1.3 Council Resolutions

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the Adjusted Budget of Mhlontlo Municipality for the financial year 2023/2024; and indicative allocations for the two projected outer years 2024/2025 and 2025/26; and the multi-year and single year capital appropriations are approved as set-out in the following tables:
  - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
  - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
  - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
  - 1.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
  - 2.1. Budgeted Financial Position;
  - 2.2. Budgeted Cash Flows;
  - 2.3. Cash backed reserves and accumulated surplus reconciliation;
  - 2.4. Asset management; and
  - 2.5. Basic service delivery measurement.
3. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SB4 are approved.
4. That the final documents be available for inspection and comments at the following places: Qumbu Municipal office and Tsolo Municipal Office

## 1.4 Executive Summary

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

The municipality's business and service delivery priorities were reviewed as part of this year's adjustment budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship.

Treasury's guide and deliberations on unfunded budgets was used to guide the compilation of the 2023/2024 adjustment budget.

The main challenges experienced during the compilation of the 2023/2024 Adjustment Budget can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained infrastructure especially on rural roads;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following table is a consolidated overview of the adjusted 2023/2024 Medium-term Revenue and Expenditure Framework:

## Part 2– Adjusted Budget Tables

### 1.5 Annual Budget Tables - Municipality

The following pages present the nine main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2023/2024 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

## 2 Table 1 Consolidated Overview of the 2023/2024 MTREF

**Table B1 Adjustments Budget Summary -**

| Description  | Budget Year 2023/24 |                |              |                    |                  |                    |                |                |                 | Budget Year +1 2024/25 | Budget Year +2 2025/26 |
|--|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
|  | 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                   | 1<br>A1        | 2<br>B       | 3<br>C             | 4<br>D           | 5<br>E             | 6<br>F         | 7<br>G         | 8<br>H          |                        |                        |
| <b>R thousands</b>   |                     |                |              |                    |                  |                    |                |                |                 |                        |                        |
| <b>Financial Performance</b>   |                     |                |              |                    |                  |                    |                |                |                 |                        |                        |
| Property rates   | 36 791              | -              | -            | -                  | -                | -                  | -              | -              | 36 791          | 38 594                 | 40 408                 |
| Service charges  | 1 981               | -              | -            | -                  | -                | -                  | -              | -              | 1 981           | 2 078                  | 2 179                  |
| Investment revenue   | 6 148               | -              | -            | -                  | -                | -                  | 5 500          | 5 500          | 11 648          | 6 449                  | 6 719                  |
| Transfers recognised - operational                                   | 236 646             | -              | -            | -                  | -                | -                  | (175)          | (175)          | 236 471         | 247 746                | 236 362                |
| Other own revenue  | 3 505               | -              | -            | -                  | -                | -                  | -              | -              | 3 505           | 3 677                  | 3 670                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>285 072</b>      | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>5 325</b>   | <b>5 325</b>   | <b>290 396</b>  | <b>298 544</b>         | <b>289 339</b>         |
| Employee costs   | 97 827              | -              | -            | -                  | -                | -                  | 47 688         | 47 688         | 145 515         | 102 621                | 102 425                |
| Remuneration of councillors  | 20 690              | -              | -            | -                  | -                | -                  | 3 058          | 3 058          | 23 748          | 21 704                 | 21 662                 |
| Depreciation & asset impairment                                      | 64 542              | -              | -            | -                  | -                | -                  | -              | -              | 64 542          | 67 704                 | 68 353                 |
| Finance charges  | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                      | -                      |
| Inventory consumed and bulk purchases                                | 12 086              | -              | -            | -                  | -                | -                  | 1 080          | 1 080          | 13 166          | 12 679                 | 12 654                 |
| Transfers and subsidies  | 2 402               | -              | -            | -                  | -                | -                  | -              | -              | 2 402           | 2 520                  | 2 515                  |
| Other expenditure  | 166 171             | -              | -            | -                  | -                | -                  | 32 600         | 32 600         | 198 771         | 174 313                | 176 901                |
| <b>Total Expenditure</b>   | <b>363 718</b>      | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>84 426</b>  | <b>84 426</b>  | <b>448 145</b>  | <b>381 540</b>         | <b>384 510</b>         |



|  |                 |   |   |   |   |   |                  |                  |                 |                 |                 |
|--|-----------------|---|---|---|---|---|------------------|------------------|-----------------|-----------------|-----------------|
| <b>Surplus/(Deficit)</b>   | (78 646)        | - | - | - | - | - | (79 102)         | (79 102)         | (157 748)       | (82 996)        | (95 172)        |
| Transfers and subsidies - capital (monetary allocations)             | 63 193          | - | - | - | - | - | 34 956           | 34 956           | 98 149          | 71 324          | 69 674          |
| Transfers and subsidies - capital (in-kind - all)                    | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>(15 453)</b> | - | - | - | - | - | <b>(44 146)</b>  | <b>(44 146)</b>  | <b>(59 599)</b> | <b>(11 672)</b> | <b>(25 497)</b> |
| Share of surplus/ (deficit) of associate                             | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>(15 453)</b> | - | - | - | - | - | <b>(44 146)</b>  | <b>(44 146)</b>  | <b>(59 599)</b> | <b>(11 672)</b> | <b>(25 497)</b> |
| <b><u>Capital expenditure &amp; funds sources</u></b>                |                 |   |   |   |   |   |                  |                  |                 |                 |                 |
| <b>Capital expenditure</b>   | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| Transfers recognised - capital                                       | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| Borrowing  | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| Internally generated funds   | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| <b>Total sources of capital funds</b>                                | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| <b><u>Financial position</u></b>                                     |                 |   |   |   |   |   |                  |                  |                 |                 |                 |
| Total current assets   | 128 240         | - | - | - | - | - | (18 369)         | (18 369)         | 109 871         | 64 045          | (12 742)        |
| Total non current assets   | 587 621         | - | - | - | - | - | 11 353           | 11 353           | 598 974         | 640 143         | 691 434         |
| Total current liabilities  | 69 023          | - | - | - | - | - | 95 608           | 95 608           | 164 631         | 69 023          | 69 023          |
| Total non current liabilities  | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| Community wealth/Equity  | <b>649 963</b>  | - | - | - | - | - | <b>(102 036)</b> | <b>(102 036)</b> | <b>547 927</b>  | <b>638 291</b>  | <b>612 794</b>  |
| <b><u>Cash flows</u></b>   |                 |   |   |   |   |   |                  |                  |                 |                 |                 |
| Net cash from (used) operating                                       | 73 389          | - | - | - | - | - | 48 569           | 48 569           | 121 957         | 81 523          | 67 520          |
| Net cash from (used) investing                                       | (101 969)       | - | - | - | - | - | (31 393)         | (31 393)         | (133 361)       | (104 364)       | (103 034)       |
| Net cash from (used) financing                                       | -               | - | - | - | - | - | -                | -                | -               | -               | -               |
| <b>Cash/cash equivalents at the year end</b>                         | <b>141 809</b>  | - | - | - | - | - | <b>(28 232)</b>  | <b>(28 232)</b>  | <b>113 578</b>  | <b>79 558</b>   | <b>2 608</b>    |
| <b><u>Cash backing/surplus reconciliation</u></b>                    |                 |   |   |   |   |   |                  |                  |                 |                 |                 |

|  |                |          |          |          |          |          |                  |                  |                |                |                |
|--|----------------|----------|----------|----------|----------|----------|------------------|------------------|----------------|----------------|----------------|
| Cash and investments available           | 686 044        | -        | -        | -        | -        | -        | (3 574)          | (3 574)          | 682 470        | 674 288        | 648 707        |
| Application of cash and investments      | 8 866          | -        | -        | -        | -        | -        | 115 987          | 115 987          | 124 854        | 4 478          | 4 313          |
| <b>Balance - surplus (shortfall)</b>     | <b>677 178</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>(119 561)</b> | <b>(119 561)</b> | <b>557 616</b> | <b>669 810</b> | <b>644 394</b> |
| <b><u>Asset Management</u></b>           |                |          |          |          |          |          |                  |                  |                |                |                |
| Asset register summary (WDV)             | 58 621         | -        | -        | -        | -        | -        | 32 544           | 32 544           | 91 165         | 69 837         | 69 682         |
| Depreciation                             | -              | -        | -        | -        | -        | -        | -                | -                | -              | -              | -              |
| Renewal and Upgrading of Existing Assets | 11 103         | -        | -        | -        | -        | -        | (3 490)          | (3 490)          | 7 613          | 8 985          | 8 968          |
| Repairs and Maintenance                  | -              | -        | -        | -        | -        | -        | -                | -                | -              | -              | -              |

## Explanatory notes to MBRR Table B1 - Adjusted Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2023/24, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2024/25 the water backlog will have been very nearly eliminated.

Total operating revenue has increased by R285 million to R290 million for the 2023/2024 financial year when compared to the Original Budget because of property rates.

Total operating expenditure for the 2023/2024 financial year has been appropriated at R443 million compared to the original R363 million.

The operating deficit has increased from R15 million to R59 million.

The capital budget has increased from R101 million to R133 million because of disaster grants projects that were only awarded towards year end, and were never included in the original budget.

### 3 Table 2 Summary of revenue classified by main revenue source

**Table B2 Adjustments Budget Financial Performance  
(functional classification) -**

| Standard Description                               | R<br>e<br>f | Budget Year 2023/24 |                |              |                    |                                |                          |                       |                       |                    | Budget Year +1<br>2024/25 | Budget Year +2<br>2025/26 |
|--|-------------|---------------------|----------------|--------------|--------------------|--------------------------------|--------------------------|-----------------------|-----------------------|--------------------|---------------------------|---------------------------|
|  |             | Original Budget     | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore-<br>-<br>Unavoi-<br>id. | Nat. or<br>Prov.<br>Govt | Other<br>Adjusts<br>- | Total<br>Adjusts<br>- | Adjusted<br>Budget | Adjusted<br>Budget        | Adjusted<br>Budget        |
| R thousands  | 1,<br>4     | A                   | 5<br>A1        | 6<br>B       | 7<br>C             | 8<br>D                         | 9<br>E                   | 10<br>F               | 11<br>G               | 12<br>H            |                           |                           |
| <b>Revenue -<br/>Functional</b>                    |             |                     |                |              |                    |                                |                          |                       |                       |                    |                           |                           |
| <b>Governance and<br/>administration</b>           |             | 143 587             | -              | -            | -                  | -                              | -                        | 5 500                 | 5 500                 | 149 087            | 151 214                   | 147 907                   |
| Executive and<br>council                           |             | 28 535              | -              | -            | -                  | -                              | -                        | -                     | -                     | 28 535             | 30 097                    | 28 731                    |
| Finance and<br>administration                      |             | 115 052             | -              | -            | -                  | -                              | -                        | 5 500                 | 5 500                 | 120 552            | 121 117                   | 119 175                   |
| Internal audit                                     |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| <b>Community and<br/>public safety</b>             |             | 30 350              | -              | -            | -                  | -                              | -                        | -                     | -                     | 30 350             | 31 989                    | 30 718                    |
| Community and<br>social services                   |             | 550                 | -              | -            | -                  | -                              | -                        | -                     | -                     | 550                | 577                       | 576                       |
| Sport and<br>recreation                            |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| Public safety                                      |             | 29 800              | -              | -            | -                  | -                              | -                        | -                     | -                     | 29 800             | 31 412                    | 30 142                    |
| Housing  |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| Health   |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| <b>Economic and<br/>environmental<br/>services</b> |             | 124 681             | -              | -            | -                  | -                              | -                        | 21 420                | 21 420                | 146 100            | 134 312                   | 130 210                   |
| Planning and<br>development                        |             | 86 646              | -              | -            | -                  | -                              | -                        | 34 781                | 34 781                | 121 427            | 91 087                    | 89 632                    |
| Road transport                                     |             | 38 035              | -              | -            | -                  | -                              | -                        | (13 361)              | (13 361)              | 24 674             | 43 224                    | 40 578                    |
| Environmental<br>protection                        |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| <b>Trading services</b>                            |             | 49 647              | -              | -            | -                  | -                              | -                        | 13 361                | 13 361                | 63 008             | 52 353                    | 50 179                    |
| Energy sources                                     |             | -                   | -              | -            | -                  | -                              | -                        | 13 361                | 13 361                | 13 361             | -                         | -                         |
| Water<br>management                                |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| Waste water<br>management                          |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| Waste<br>management                                |             | 49 647              | -              | -            | -                  | -                              | -                        | -                     | -                     | 49 647             | 52 353                    | 50 179                    |
| <b>Other</b>                                       |             | -                   | -              | -            | -                  | -                              | -                        | -                     | -                     | -                  | -                         | -                         |
| <b>Total Revenue -<br/>Functional</b>              | 2           | 348 265             | -              | -            | -                  | -                              | -                        | 40 281                | 40 281                | 388 546            | 369 868                   | 359 013                   |
| <b>Expenditure -<br/>Functional</b>                | -           |                     |                |              |                    |                                |                          |                       |                       |                    |                           |                           |
| <b>Governance and<br/>administration</b>           |             | 170 638             | -              | -            | -                  | -                              | -                        | 16 491                | 16 491                | 187 129            | 179 000                   | 182 304                   |
| Executive and<br>council                           |             | 55 136              | -              | -            | -                  | -                              | -                        | 11 203                | 11 203                | 66 338             | 57 837                    | 58 610                    |
| Finance and<br>administration                      |             | 115 453             | -              | -            | -                  | -                              | -                        | 5 288                 | 5 288                 | 120 741            | 121 110                   | 123 642                   |

|  |          |                 |          |          |          |          |          |                 |                 |                 |                 |                 |
|--|----------|-----------------|----------|----------|----------|----------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Internal audit                             |          | 50              | -        | -        | -        | -        | -        | -               | -               | 50              | 52              | 52              |
| <b>Community and public safety</b>         |          | <b>35 794</b>   | -        | -        | -        | -        | -        | <b>13 547</b>   | <b>13 547</b>   | <b>49 341</b>   | <b>37 548</b>   | <b>37 476</b>   |
| Community and social services              |          | 1 609           | -        | -        | -        | -        | -        | -               | -               | 1 609           | 1 688           | 1 685           |
| Sport and recreation                       |          | -               | -        | -        | -        | -        | -        | 445             | 445             | 445             | -               | -               |
| Public safety                              |          | 34 185          | -        | -        | -        | -        | -        | 13 102          | 13 102          | 47 287          | 35 860          | 35 792          |
| Housing                                    |          | -               | -        | -        | -        | -        | -        | -               | -               | -               | -               | -               |
| Health                                     |          | -               | -        | -        | -        | -        | -        | -               | -               | -               | -               | -               |
| <b>Economic and environmental services</b> |          | <b>135 881</b>  | -        | -        | -        | -        | -        | <b>36 195</b>   | <b>36 195</b>   | <b>172 076</b>  | <b>142 539</b>  | <b>142 277</b>  |
| Planning and development                   |          | 40 407          | -        | -        | -        | -        | -        | 3 587           | 3 587           | 43 994          | 42 386          | 42 306          |
| Road transport                             |          | 95 474          | -        | -        | -        | -        | -        | 32 608          | 32 608          | 128 082         | 100 153         | 99 972          |
| Environmental protection                   |          | -               | -        | -        | -        | -        | -        | -               | -               | -               | -               | -               |
| <b>Trading services</b>                    |          | <b>21 405</b>   | -        | -        | -        | -        | -        | <b>18 194</b>   | <b>18 194</b>   | <b>39 599</b>   | <b>22 454</b>   | <b>22 452</b>   |
| Energy sources                             |          | -               | -        | -        | -        | -        | -        | -               | -               | -               | -               | -               |
| Water management                           |          | -               | -        | -        | -        | -        | -        | -               | -               | -               | -               | -               |
| Waste water management                     |          | -               | -        | -        | -        | -        | -        | -               | -               | -               | -               | -               |
| Waste management                           |          | 21 405          | -        | -        | -        | -        | -        | 18 194          | 18 194          | 39 599          | 22 454          | 22 452          |
| <b>Other</b>                               |          | <b>-</b>        | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Total Expenditure - Functional</b>      | <b>3</b> | <b>363 718</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>84 426</b>   | <b>84 426</b>   | <b>448 145</b>  | <b>381 540</b>  | <b>384 510</b>  |
| <b>Surplus/ (Deficit) for the year</b>     |          | <b>(15 453)</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>(44 146)</b> | <b>(44 146)</b> | <b>(59 599)</b> | <b>(11 672)</b> | <b>(25 497)</b> |

### Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

### 4 Table 3 Summary of operating expenditure by standard classification item

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

| Vote Description<br><br><i>[Insert departmental structure etc]</i> | Ref | Budget Year 2023/24 |                |              |                    |                  |                    |                |                |                 | Budget Year +1 2024/25 | Budget Year +2 2025/26 |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
|  |     | 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                   | A1             | B            | C                  | D                | E                  | F              | G              | H               |                        |                        |
| <b>Revenue by Vote</b>   | 1   |                     |                |              |                    |                  |                    |                |                |                 |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL (11: IE)                            |     | 31 537              | -              | -            | -                  | -                | -                  | -              | -              | 31 537          | 33 264                 | 31 755                 |
| Vote 2 - FINANCE AND ADMIN (12: IE)                                |     | 115 052             | -              | -            | -                  | -                | -                  | 5 500          | 5 500          | 120 552         | 121 117                | 119 175                |
| Vote 3 - PLANNING AND DEVELOPMENT (13: IE)                         |     | 24 748              | -              | -            | -                  | -                | -                  | -              | -              | 24 748          | 26 102                 | 25 204                 |
| Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)                    |     | 29                  | -              | -            | -                  | -                | -                  | -              | -              | 29              | 30                     | 30                     |
| Vote 5 - PUBLIC SAFETY (17: IE)                                    |     | 57 853              | -              | -            | -                  | -                | -                  | -              | -              | 57 853          | 60 998                 | 58 411                 |
| Vote 6 - SPORT AND RECREATION (18: IE)                             |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                      | -                      |
| Vote 7 - WASTE MANAGEMENT (20: IE)                                 |     | 22 115              | -              | -            | -                  | -                | -                  | -              | -              | 22 115          | 23 314                 | 22 456                 |
| Vote 8 - ROAD TRANSPORT (22: IE)                                   |     | 96 930              | -              | -            | -                  | -                | -                  | 34 781         | 34 781         | 131 710         | 105 043                | 101 983                |
| Vote 9 - ELECTRICITY (24: IE)                                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                      | -                      |
| Vote 10 - OTHER (25: IE)   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                      | -                      |
| <b>Total Revenue by Vote</b>                                       | 2   | <b>348 265</b>      | -              | -            | -                  | -                | -                  | <b>40 281</b>  | <b>40 281</b>  | <b>388 546</b>  | <b>369 868</b>         | <b>359 013</b>         |
| <b>Expenditure by Vote</b>   | 1   |                     |                |              |                    |                  |                    |                |                |                 |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL (11: IE)                            |     | 67 154              | -              | -            | -                  | -                | -                  | 11 780         | 11 780         | 78 934          | 70 444                 | 71 193                 |
| Vote 2 - FINANCE AND ADMIN (12: IE)                                |     | 103 088             | -              | -            | -                  | -                | -                  | 8 433          | 8 433          | 111 521         | 108 139                | 109 005                |
| Vote 3 - PLANNING AND DEVELOPMENT (13: IE)                         |     | 31 030              | -              | -            | -                  | -                | -                  | 2 827          | 2 827          | 33 857          | 32 550                 | 34 221                 |

|   |   |                 |   |   |   |   |   |                 |                 |                 |                 |                 |
|---|---|-----------------|---|---|---|---|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE) |   | 4 639           | - | - | - | - | - | (274)           | (274)           | 4 365           | 4 866           | 4 857           |
| Vote 5 - PUBLIC SAFETY (17: IE)                 |   | 34 665          | - | - | - | - | - | 6 351           | 6 351           | 41 016          | 36 363          | 36 294          |
| Vote 6 - SPORT AND RECREATION (18: IE)          |   | -               | - | - | - | - | - | 445             | 445             | 445             | -               | -               |
| Vote 7 - WASTE MANAGEMENT (20: IE)              |   | 17 988          | - | - | - | - | - | 25 361          | 25 361          | 43 349          | 18 870          | 18 834          |
| Vote 8 - ROAD TRANSPORT (22: IE)                |   | 105 155         | - | - | - | - | - | 29 504          | 29 504          | 134 659         | 110 307         | 110 107         |
| Vote 9 - ELECTRICITY (24: IE)                   |   | -               | - | - | - | - | - | -               | -               | -               | -               | -               |
| Vote 10 - OTHER (25: IE)                        |   | -               | - | - | - | - | - | -               | -               | -               | -               | -               |
|   |   | -               | - | - | - | - | - | -               | -               | -               | -               | -               |
| <b>Total Expenditure by Vote</b>                | 2 | <b>363 718</b>  | - | - | - | - | - | <b>84 426</b>   | <b>84 426</b>   | <b>448 145</b>  | <b>381 540</b>  | <b>384 510</b>  |
| <b>Surplus/ (Deficit) for the year</b>          | 2 | <b>(15 453)</b> | - | - | - | - | - | <b>(44 146)</b> | <b>(44 146)</b> | <b>(59 599)</b> | <b>(11 672)</b> | <b>(25 497)</b> |

### Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

## 5 Table 4 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

During the compilation of the 2023/2024 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased from R39 million to R64 million.

In the original budget this allocation was adjusted slightly downwards owing to the cash flow challenges faced by the municipality. Notwithstanding this slight increase, the repairs budget remains lower than the treasury norm.

### Choose name from list - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

| Description   | Ref | Budget Year 2023/24 |                |              |                    |                  |                    |                |                |                 | Budget Year +1<br>2024/25 | Budget Year +2<br>2025/26 |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|---------------------------|---------------------------|
|   |     | Original Budget     | Prior Adjusted | Accum. Funds | Multityear capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget           | Adjusted Budget           |
| R thousands   | 1   | A                   | 3<br>A1        | 4<br>B       | 5<br>C             | 6<br>D           | 7<br>E             | 8<br>F         | 9<br>G         | 10<br>H         |                           |                           |
| <b>Revenue By Source</b>                            |     |                     |                |              |                    |                  |                    |                |                |                 |                           |                           |
| <b>Exchange Revenue</b>                             |     |                     |                |              |                    |                  |                    |                |                |                 |                           |                           |
| Service charges - Electricity                       | 2   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Service charges - Water                             | 2   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Service charges - Waste Water Management            | 2   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Service charges - Waste Management                  | 2   | 1 981               | -              | -            | -                  | -                | -                  | -              | -              | 1 981           | 2 078                     | 2 179                     |
| Sale of Goods and Rendering of Services             |     | 29                  | -              | -            | -                  | -                | -                  | -              | -              | 29              | 30                        | 30                        |
| Agency services                                     |     | 1 728               | -              | -            | -                  | -                | -                  | -              | -              | 1 728           | 1 812                     | 1 809                     |
| Interest  |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Interest earned from Receivables                    |     | 80                  | -              | -            | -                  | -                | -                  | -              | -              | 80              | 84                        | 84                        |
| Interest earned from Current and Non Current Assets |     | 6 148               | -              | -            | -                  | -                | -                  | 5 500          | 500            | 11 648          | 6 449                     | 6 719                     |
| Dividends   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Rent on Land  |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Rental from Fixed Assets                            |     | 16                  | -              | -            | -                  | -                | -                  | -              | -              | 16              | 16                        | 16                        |
| Licence and permits                                 |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Operational Revenue                                 |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| <b>Non-Exchange Revenue</b>                         |     |                     |                |              |                    |                  |                    |                |                |                 |                           |                           |
| Property rates                                      | 2   | 36 791              | -              | -            | -                  | -                | -                  | -              | -              | 36 791          | 38 594                    | 40 408                    |
| Surcharges and Taxes                                |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |



|  |                 |   |   |   |   |       |                 |                 |                  |                 |                 |
|--|-----------------|---|---|---|---|-------|-----------------|-----------------|------------------|-----------------|-----------------|
| Fines, penalties and forfeits  | 76              | - | - | - | - | -     | -               | 76              | 80               | 80              |                 |
| Licences or permits  | 1 578           | - | - | - | - | -     | -               | 1 578           | 1 655            | 1 652           |                 |
| Transfer and subsidies -<br>Operational                                      | 236 646         | - | - | - | - | (175) | (175)           | 236 471         | 247 746          | 236 362         |                 |
| Interest   | -               | - | - | - | - | -     | -               | -               | -                | -               |                 |
| Fuel Levy  | -               | - | - | - | - | -     | -               | -               | -                | -               |                 |
| Operational Revenue  | -               | - | - | - | - | -     | -               | -               | -                | -               |                 |
| Gains on disposal of Assets  | -               | - | - | - | - | -     | -               | -               | -                | -               |                 |
| Other Gains  | -               | - | - | - | - | -     | -               | -               | -                | -               |                 |
| Discontinued Operations  | -               | - | - | - | - | -     | -               | -               | -                | -               |                 |
| <b>Total Revenue (excluding<br/>capital transfers and<br/>contributions)</b> | <b>285 072</b>  | - | - | - | - | -     | <b>5 325</b>    | <b>5 325</b>    | <b>290 396</b>   | <b>298 544</b>  | <b>289 339</b>  |
| <b>Expenditure By Type</b>   | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| Employee related costs   | 97 827          | - | - | - | - | -     | 47 688          | 688             | 145 515          | 102 621         | 102 425         |
| Remuneration of councillors  | 20 690          | - | - | - | - | -     | 3 058           | 3 058           | 23 748           | 21 704          | 21 662          |
| Bulk purchases - electricity   | -               | - | - | - | - | -     | -               | 1               | -                | -               | -               |
| Inventory consumed   | 12 086          | - | - | - | - | -     | 1 080           | 080             | 13 166           | 12 679          | 12 654          |
| Debt impairment  | 15 121          | - | - | - | - | -     | -               | -               | 15 121           | 15 862          | 16 609          |
| Depreciation and amortisation  | 49 421          | - | - | - | - | -     | -               | -               | 49 421           | 51 842          | 51 744          |
| Interest   | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| Contracted services  | 58 567          | - | - | - | - | -     | 1 314           | 314             | 59 881           | 61 437          | 63 368          |
| Transfers and subsidies  | 2 402           | - | - | - | - | -     | -               | -               | 2 402            | 2 520           | 2 515           |
| Irrecoverable debts written off  | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| Operational costs  | 107 604         | - | - | - | - | -     | 31 286          | 31 286          | 138 890          | 112 876         | 113 533         |
| Losses on disposal of Assets   | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| Other Losses   | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| <b>Total Expenditure</b>   | <b>363 718</b>  | - | - | - | - | -     | <b>84 426</b>   | <b>84 426</b>   | <b>448 145</b>   | <b>381 540</b>  | <b>384 510</b>  |
| <b>Surplus/(Deficit)</b>   | <b>(78 646)</b> | - | - | - | - | -     | <b>(79 102)</b> | <b>(79 102)</b> | <b>(157 748)</b> | <b>(82 996)</b> | <b>(95 172)</b> |
| Transfers and subsidies -<br>capital (monetary allocations)                  | 63 193          | - | - | - | - | -     | 34 956          | 34 956          | 98 149           | 71 324          | 69 674          |
| Transfers and subsidies -<br>capital (in-kind - all)                         | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| <b>Surplus/(Deficit) before<br/>taxation</b>                                 | <b>(15 453)</b> | - | - | - | - | -     | <b>(44 146)</b> | <b>(44 146)</b> | <b>(59 599)</b>  | <b>(11 672)</b> | <b>(25 497)</b> |
| Income Tax   | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| <b>Surplus/(Deficit) after taxation</b>                                      | <b>(15 453)</b> | - | - | - | - | -     | <b>(44 146)</b> | <b>(44 146)</b> | <b>(59 599)</b>  | <b>(11 672)</b> | <b>(25 497)</b> |
| Share of Surplus/Deficit<br>attributable to Joint Venture                    | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| Share of Surplus/Deficit<br>attributable to Minorities                       | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |
| <b>Surplus/(Deficit) attributable to<br/>municipality</b>                    | <b>(15 453)</b> | - | - | - | - | -     | <b>(44 146)</b> | <b>(44 146)</b> | <b>(59 599)</b>  | <b>(11 672)</b> | <b>(25 497)</b> |
| Share of Surplus/Deficit<br>attributable to Associate                        | -               | - | - | - | - | -     | -               | -               | -                | -               | -               |

|   |   |          |   |   |   |   |   |          |          |          |          |          |
|---|---|----------|---|---|---|---|---|----------|----------|----------|----------|----------|
| Intercompany/Parent subsidiary transactions |   | -        | - | - | - | - | - | -        | -        | -        | -        | -        |
| <b>Surplus/ (Deficit) for the year</b>      | 1 | (15 453) | - | - | - | - | - | (44 146) | (44 146) | (59 599) | (11 672) | (25 497) |

## 6 Table 4 2022/2023 Medium-term capital budget per vote

The adjusted capital expenditure is R101 million from R133 million, because of the following: -

- Additional grant funding for construction of rural road worth R38 million was not budgeted for as the amount was gazette through the DoRA in December 2023.
- The Budget for Furniture and fittings decreased from R5 million to R1 million.

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

**Table B5 Adjustments Capital Expenditure Budget by vote and funding -**

| Description                                      | R e f | Budget Year 2023/24 |                |                                 |                    |                    |                      |                |                |                  | Budget Year +1<br>2024/25 | Budget Year +2<br>2025/26 |
|--|-------|---------------------|----------------|---------------------------------|--------------------|--------------------|----------------------|----------------|----------------|------------------|---------------------------|---------------------------|
|  |       | Original Budget     | Prior Adjusted | A c c u m u l a t e d F u n d s | Multi-year capital | Unfor e. Unav oid. | Nat. or Pro v. Gov t | Other Adjusts  | Total Adjusts. | Adjust ed Budget | Adjust ed Budget          | Adjust ed Budget          |
| R thousands                                      |       | A                   | 5<br>A1        | 6<br>B                          | 7<br>C             | 8<br>D             | 9<br>E               | 10<br>F        | 11<br>G        | 12<br>H          |                           |                           |
| <b>Single-year expenditure to be adjusted</b>    | 2     |                     |                |                                 |                    |                    |                      |                |                |                  |                           |                           |
| Vote 15 - EXECUTIVE AND COUNCIL (31: CAPEX)      |       | -                   | -              | -                               | -                  | -                  | -                    | 775            | 775            | 775              | -                         | -                         |
| Vote 16 - FINANCE AND ADMIN (32: CAPEX)          |       | 25 381              | -              | -                               | -                  | -                  | -                    | (11 500)       | (11 500)       | 13 881           | 26 487                    | 26 437                    |
| Vote 17 - PLANNING AND DEVELOPMENT (33: CAPEX)   |       | -                   | -              | -                               | -                  | -                  | -                    | -              | -              | -                | -                         | -                         |
| Vote 18 - PUBLIC SAFETY (37: CAPEX)              |       | 900                 | -              | -                               | -                  | -                  | -                    | 500            | 500            | 1 400            | 944                       | 942                       |
| Vote 19 - WASTE MANAGEMENT (40: CAPEX)           |       | 4 710               | -              | -                               | -                  | -                  | -                    | (760)          | (760)          | 3 950            | 4 616                     | 4 607                     |
| Vote 20 - ROAD TRANSPORT (42: CAPEX)             |       | 70 692              | -              | -                               | -                  | -                  | -                    | 42 633         | 42 633         | 113 325          | 72 286                    | 71 017                    |
| <b>Capital single-year expenditure sub-total</b> |       | <b>101 684</b>      | -              | -                               | -                  | -                  | -                    | <b>31 648</b>  | <b>31 648</b>  | <b>133 331</b>   | <b>104 333</b>            | <b>103 003</b>            |
| <b>Total Capital Expenditure - Vote</b>          |       | <b>101 684</b>      | -              | -                               | -                  | -                  | -                    | <b>31 648</b>  | <b>31 648</b>  | <b>133 331</b>   | <b>104 333</b>            | <b>103 003</b>            |
| <b>Capital Expenditure - Functional</b>          |       |                     |                |                                 |                    |                    |                      |                |                |                  |                           |                           |
| <b>Governance and administration</b>             |       | <b>22 250</b>       | -              | -                               | -                  | -                  | -                    | <b>(9 200)</b> | <b>(9 200)</b> | <b>13 050</b>    | <b>23 340</b>             | <b>23 296</b>             |

|  |          |                |   |   |   |   |                 |                 |                    |                    |                    |   |
|--|----------|----------------|---|---|---|---|-----------------|-----------------|--------------------|--------------------|--------------------|---|
| Executive and council<br>Finance and<br>administration |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  | - |
|  |          | 22 250         | - | - | - | - | (9 200)         | (9 200)         | 13 050             | 23 340             | 23 296             |   |
| Internal audit   |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  |   |
| <b>Community and public<br/>safety</b>                 |          | <b>3 020</b>   | - | - | - | - | <b>(302)</b>    | <b>(302)</b>    | <b>2 718</b>       | <b>3 200</b>       | <b>3 193</b>       |   |
| Community and social<br>services                       |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  |   |
| Sport and recreation                                   |          | 2 120          | - | - | - | - | (1 576)         | (1 576)         | 544                | 2 224              | 2 220              |   |
| Public safety  |          | 900            | - | - | - | - | 1 275           | 1 275           | 2 175              | 976                | 974                |   |
| <b>Economic and<br/>environmental services</b>         |          | <b>58 653</b>  | - | - | - | - | <b>41 909</b>   | <b>41 909</b>   | <b>100<br/>562</b> | <b>54 159</b>      | <b>54 438</b>      |   |
| Planning and<br>development                            |          | 36 772         | - | - | - | - | 5 973           | 5 973           | 42 746             | 28 299             | 29 367             |   |
| Road transport   |          | 21 881         | - | - | - | - | 35 936          | 35 936          | 57 817             | 25 860             | 25 071             |   |
| Environmental protection                               |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  |   |
| <b>Trading services</b>                                |          | <b>17 761</b>  | - | - | - | - | <b>(760)</b>    | <b>(760)</b>    | <b>17 001</b>      | <b>23 666</b>      | <b>22 107</b>      |   |
| Energy sources   |          | 13 361         | - | - | - | - | -               | -               | 13 361             | 19 050             | 17 500             |   |
| Waste management                                       |          | 4 400          | - | - | - | - | (760)           | (760)           | 3 640              | 4 616              | 4 607              |   |
| <b>Other</b>   |          | <b>-</b>       | - | - | - | - | <b>-</b>        | <b>-</b>        | <b>-</b>           | <b>-</b>           | <b>-</b>           |   |
| <b>Total Capital Expenditure -<br/>Functional</b>      | <b>3</b> | <b>101 684</b> | - | - | - | - | <b>31 648</b>   | <b>31 648</b>   | <b>133<br/>331</b> | <b>104<br/>364</b> | <b>103<br/>034</b> |   |
| <b>Funded by:</b>                                      |          |                |   |   |   |   |                 |                 |                    |                    |                    |   |
| National Government                                    |          | 65 122         | - | - | - | - | 44 209          | 44 209          | 109<br>332         | 67 335             | 66 075             |   |
| Provincial Government                                  |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  |   |
| District Municipality<br>Debt impairment               |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  |   |
|  |          | -              | - | - | - | - | -               | -               | -                  | -                  | -                  |   |
| <b>Transfers recognised -<br/>capital</b>              | <b>4</b> | <b>65 122</b>  | - | - | - | - | <b>44 209</b>   | <b>44 209</b>   | <b>109<br/>332</b> | <b>67 335</b>      | <b>66 075</b>      |   |
| <b>Borrowing</b>                                       |          | <b>-</b>       | - | - | - | - | <b>-</b>        | <b>-</b>        | <b>-</b>           | <b>-</b>           | <b>-</b>           |   |
| <b>Internally generated funds</b>                      |          | <b>36 562</b>  | - | - | - | - | <b>(12 562)</b> | <b>(12 562)</b> | <b>24 000</b>      | <b>37 030</b>      | <b>36 959</b>      |   |
| <b>Total Capital Funding</b>                           |          | <b>101 684</b> | - | - | - | - | <b>31 648</b>   | <b>31 648</b>   | <b>133<br/>331</b> | <b>104<br/>364</b> | <b>103<br/>034</b> |   |

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R133 million for the 2023/2024 financial year and remains relatively constant over the MTREF at levels of R104 million and R103 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from capital transfers, and internally generated funds from current year surpluses.

## 7 Table 5 MBRR Table B6 – Statement of financial position

**Table B6 Adjustments Budget Financial Position -**

| Description   | Ref | Budget Year 2023/24 |                |              |                    |                  |                    |                 |                 |                 | Budget Year +1 2024/25 | Budget Year +2 2025/26 |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|-----------------|------------------------|------------------------|
|   |     | 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               |                        |                        |
| <b>ASSETS</b>   |     |                     |                |              |                    |                  |                    |                 |                 |                 |                        |                        |
| <b>Current assets</b>   |     |                     |                |              |                    |                  |                    |                 |                 |                 |                        |                        |
| Cash and cash equivalents   |     | 104 548             |                | -            | -                  | -                | -                  | (15 575)        | (15 575)        | 88 974          | 40 270                 | (36 601)               |
| Trade and other receivables from exchange transactions                      | 1   | 2 958               | -              | -            | -                  | -                | -                  | 426             | 426             | 3 384           | 3 042                  | 3 125                  |
| Receivables from non-exchange transactions                                  | 1   | 14                  | -              | -            | -                  | -                | -                  | 571             | 571             | 586             | 14                     | 14                     |
| Current portion of non-current receivables                                  | 2   | -                   | -              | -            | -                  | -                | -                  | -               | -               | -               | -                      | -                      |
| Inventory   |     | (0)                 | -              | -            | -                  | -                | -                  | -               | -               | (0)             | (0)                    | (0)                    |
| VAT   |     | 1 763               |                | -            | -                  | -                | -                  | (79)            | (79)            | 1 684           | 1 763                  | 1 763                  |
| Other current assets  |     | 18 956              |                | -            | -                  | -                | -                  | (3 713)         | (3 713)         | 15 243          | 18 956                 | 18 956                 |
| <b>Total current assets</b>   |     | <b>128 240</b>      |                | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(18 369)</b> | <b>(18 369)</b> | <b>109 871</b>  | <b>64 045</b>          | <b>(12 742)</b>        |
| <b>Non current assets</b>   |     |                     |                |              |                    |                  |                    |                 |                 |                 |                        |                        |
| Investments   |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -               | -                      | -                      |
| Investment property   |     | 5 983               |                | -            | -                  | -                | -                  | -               | -               | 5 983           | 5 983                  | 5 983                  |
| Property, plant and equipment   | 3   | 581 481             | -              | -            | -                  | -                | -                  | 11 429          | 11 429          | 592 911         | 634 003                | 685 294                |
| Biological assets<br>Living and non-living resources                        |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -               | -                      | -                      |
| Heritage assets   |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -               | -                      | -                      |
| Intangible assets<br>Trade and other receivables from exchange transactions |     | 157                 |                | -            | -                  | -                | -                  | (76)            | (76)            | 81              | 157                    | 157                    |
| Non-current receivables from non-exchange transactions                      |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -               | -                      | -                      |
| Other non-current assets  |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -               | -                      | -                      |
| <b>Total non current assets</b>   |     | <b>587 621</b>      |                | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>11 353</b>   | <b>11 353</b>   | <b>598 974</b>  | <b>640 143</b>         | <b>691 434</b>         |
| <b>TOTAL ASSETS</b>   |     | <b>715 861</b>      |                | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(7 016)</b>  | <b>(7 016)</b>  | <b>708 845</b>  | <b>704 189</b>         | <b>678 691</b>         |
| <b>LIABILITIES</b>  |     |                     |                |              |                    |                  |                    |                 |                 |                 |                        |                        |

|   |               |                |   |   |   |   |                  |                  |                |                |                |  |
|---|---------------|----------------|---|---|---|---|------------------|------------------|----------------|----------------|----------------|--|
| <b>Current liabilities</b>                              | -             |                |   |   |   |   |                  |                  |                |                |                |  |
| Bank overdraft  | -             |                |   |   |   |   |                  |                  |                |                |                |  |
| <b>Financial liabilities</b>                            | -             |                |   |   |   |   |                  |                  |                |                |                |  |
| Consumer deposits                                       | -             |                |   |   |   |   |                  |                  |                |                |                |  |
| Trade and other payables from exchange transactions     | 20 420        | -              | - | - | - | - | 125 052          | 125 052          | 145 472        | 20 420         | 20 420         |  |
| Trade and other payables from non-exchange transactions | 19 633        | -              | - | - | - | - | (35 114)         | (35 114)         | (15 481)       | 19 633         | 19 633         |  |
| Provisions  | 24 390        |                |   |   |   |   | 4 836            | 4 836            | 29 226         | 24 390         | 24 390         |  |
| VAT   | 1 455         |                |   |   |   |   | 246              | 246              | 1 702          | 1 455          | 1 455          |  |
| Other current liabilities                               | 3 125         |                |   |   |   |   | 588              | 588              | 3 713          | 3 125          | 3 125          |  |
| <b>Total current liabilities</b>                        | <b>69 023</b> | -              | - | - | - | - | <b>95 608</b>    | <b>95 608</b>    | <b>164 631</b> | <b>69 023</b>  | <b>69 023</b>  |  |
| <b>Non current liabilities</b>                          |               |                |   |   |   |   |                  |                  |                |                |                |  |
| Borrowing   | 1             | -              | - | - | - | - | -                | -                | -              | -              | -              |  |
| Provisions  | 1             | -              | - | - | - | - | -                | -                | -              | -              | -              |  |
| Long term portion of trade payables                     |               |                |   |   |   |   |                  |                  |                |                |                |  |
| Other non-current liabilities                           |               |                |   |   |   |   |                  |                  |                |                |                |  |
| <b>Total non current liabilities</b>                    |               |                |   |   |   |   |                  |                  |                |                |                |  |
| <b>TOTAL LIABILITIES</b>                                | <b>69 023</b> | -              | - | - | - | - | <b>95 608</b>    | <b>95 608</b>    | <b>164 631</b> | <b>69 023</b>  | <b>69 023</b>  |  |
| <b>NET ASSETS</b>                                       | <b>2</b>      | <b>646 838</b> | - | - | - | - | <b>(102 623)</b> | <b>(102 623)</b> | <b>544 214</b> | <b>635 165</b> | <b>609 668</b> |  |
| <b>COMMUNITY WEALTH/EQUITY</b>                          |               |                |   |   |   |   |                  |                  |                |                |                |  |
| Accumulated Surplus/(Deficit)                           |               | 649 963        | - | - | - | - | (102 036)        | (102 036)        | 547 927        | 638 291        | 612 794        |  |
| Funds and Reserves                                      |               |                |   |   |   |   |                  |                  |                |                |                |  |
| Other   |               |                |   |   |   |   |                  |                  |                |                |                |  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>                    |               | <b>649 963</b> | - | - | - | - | <b>(102 036)</b> | <b>(102 036)</b> | <b>547 927</b> | <b>638 291</b> | <b>612 794</b> |  |

**Explanatory notes to Table A6 - Budgeted Financial Position**

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.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

8



## 9 Table 7 MBRR Table A7 - Budgeted Cash Flow Statement

Table B7 Adjustments Budget Cash Flows -

| Description                                      | Ref | Budget Year 2023/24 |                |              |                    |                  |                    |                 |                 |                  | Budget Year +1 2024/25 | Budget Year +2 2025/26 |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|------------------|------------------------|------------------------|
|  |     | 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                |                        |                        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                     |                |              |                    |                  |                    |                 |                 |                  |                        |                        |
| <b>Receipts</b>                                  |     |                     |                |              |                    |                  |                    |                 |                 |                  |                        |                        |
| Property rates                                   |     | 22 443              |                | -            | -                  | -                | -                  | -               | -               | 22 443           | 23 542                 | 24 649                 |
| Service charges                                  |     | 1 208               |                | -            | -                  | -                | -                  | -               | -               | 1 208            | 1 267                  | 1 329                  |
| Other revenue                                    |     | 3 425               |                | -            | -                  | -                | -                  | -               | -               | 3 425            | 3 593                  | 3 586                  |
| Transfers and Subsidies - Operational            | 1   | 247 605             |                | -            | -                  | -                | -                  | (13 670)        | (13 670)        | 233 935          | 264 276                | 251 347                |
| Transfers and Subsidies - Capital                | 1   | 49 832              |                | -            | -                  | -                | -                  | 30 251          | 30 251          | 80 083           | 52 274                 | 52 174                 |
| Interest   |     | 6 148               |                | -            | -                  | -                | -                  | 5 500           | 5 500           | 11 648           | 6 449                  | 6 719                  |
| Dividends  |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
| <b>Payments</b>                                  |     |                     |                |              |                    |                  |                    |                 |                 |                  |                        |                        |
| Suppliers and employees                          |     | (257 273)           |                | -            | -                  | -                | -                  | 26 488          | 26 488          | (230 785)        | (269 880)              | (272 285)              |
| Finance charges                                  |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
| Transfers and Subsidies                          | 1   | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | <b>73 389</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>48 569</b>   | <b>48 569</b>   | <b>121 957</b>   | <b>81 523</b>          | <b>67 520</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                     |                |              |                    |                  |                    |                 |                 |                  |                        |                        |
| <b>Receipts</b>                                  |     |                     |                |              |                    |                  |                    |                 |                 |                  |                        |                        |
| Proceeds on disposal of PPE                      |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
|  |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
| Decrease (increase) in non-current receivables   |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
| Decrease (increase) in non-current investments   |     | -                   |                | -            | -                  | -                | -                  | -               | -               | -                | -                      | -                      |
| <b>Payments</b>                                  |     |                     |                |              |                    |                  |                    |                 |                 |                  |                        |                        |
| Capital assets                                   |     | (101 969)           |                | -            | -                  | -                | -                  | (31 393)        | (31 393)        | (133 361)        | (104 364)              | (103 034)              |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |     | <b>(101 969)</b>    | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(31 393)</b> | <b>(31 393)</b> | <b>(133 361)</b> | <b>(104 364)</b>       | <b>(103 034)</b>       |

|  |   |          |   |   |   |   |   |          |          |          |          |          |
|--|---|----------|---|---|---|---|---|----------|----------|----------|----------|----------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |   |          |   |   |   |   |   |          |          |          |          |          |
| <b>Receipts</b>                                  |   |          |   |   |   |   |   |          |          |          |          |          |
| Short term loans                                 |   | -        | - | - | - | - | - | -        | -        | -        | -        | -        |
| Borrowing long term/refinancing                  |   | -        | - | - | - | - | - | -        | -        | -        | -        | -        |
| Increase (decrease) in consumer deposits         |   | -        | - | - | - | - | - | -        | -        | -        | -        | -        |
| <b>Payments</b>                                  |   |          |   |   |   |   |   |          |          |          |          |          |
| Repayment of borrowing                           |   | -        | - | - | - | - | - | -        | -        | -        | -        | -        |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |   | -        | - | - | - | - | - | -        | -        | -        | -        | -        |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     |   | (28 580) | - | - | - | - | - | 17 176   | 17 176   | (11 404) | (22 842) | (35 514) |
| Cash/cash equivalents at the year begin:         | 2 | 170 390  | - | - | - | - | - | (45 408) | (45 408) | 124 982  | 102 400  | 38 122   |
| Cash/cash equivalents at the year end:           | 2 | 141 809  | - | - | - | - | - | (28 232) | (28 232) | 113 578  | 79 558   | 2 608    |

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

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

## 10 Table 8 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Table B8 Cash backed reserves/accumulated surplus reconciliation -

| Description                                       | Ref | Budget Year 2023/24 |                       |  |  |                             |  |                       |                      | Budget Year +1<br>2024/25 | Budget Year<br>+2 2025/26 |                    |
|---|-----|---------------------|-----------------------|--|--|-----------------------------|--|-----------------------|----------------------|---------------------------|---------------------------|--------------------|
|   |     | Original<br>Budget  | Prior<br>Adju<br>sted |  |  | Unfor<br>e.<br>Unav<br>oid. | Na<br>t.<br>or<br>Pr<br>ov.<br>Gov<br>vt | Other<br>Adjus<br>ts. | Total<br>Adjus<br>ts | Adjusted<br>Budget        | Adjusted<br>Budget        | Adjusted<br>Budget |
| R thousands                                       |     | A                   | 3<br>A1               |  |  | 6<br>D                      | 7<br>E                                   | 8<br>F                | 9<br>G               | 10<br>H                   |                           |                    |
| <b>Cash and investments available</b>             |     |                     |                       |  |  |                             |  |                       |                      |                           |                           |                    |
| Cash/cash equivalents at the year end             | 1   | 141 809             | -                     |  |  | -                           | -  | (28 232)              | (28 232)             | 113 578                   | 79 558                    | 2 608              |
| Other current investments > 90 days               |     | (37 246)            | -                     |  |  | -                           | -  | 13 228                | 228                  | (24 018)                  | (39 274)                  | (39 195)           |
| Non current assets - Investments                  | 1   | 581 481             | -                     |  |  | -                           | -  | 11 429                | 429                  | 592 911                   | 634 003                   | 685 294            |
| <b>Cash and investments available:</b>            |     | <b>686 044</b>      | <b>-</b>              |  |  | <b>-</b>                    | <b>-</b>                                 | <b>(3 574)</b>        | <b>(3 574)</b>       | <b>682 470</b>            | <b>674 288</b>            | <b>648 707</b>     |
| <b>Applications of cash and investments</b>       |     |                     |                       |  |  |                             |  |                       |                      |                           |                           |                    |
| Unspent conditional transfers                     |     | -                   | -                     |  |  | -                           | -  | 5                     | 5                    | 5                         | -                         | -                  |
| Unspent borrowing                                 |     |                     |                       |  |  |                             |  |                       | -                    | -                         |                           |                    |
| Statutory requirements                            |     | 18 056              |                       |  |  | -                           | -  | (3 940)               | (3 940)              | 14 117                    | 13 679                    | 13 679             |
| Other working capital requirements                | 2   | 15 200              | -                     |  |  |                             |  | 124 757               | 124 757              | 139 957                   | 15 189                    | 15 024             |
| Other provisions                                  |     | (24 390)            |                       |  |  | -                           | -  | (4 836)               | (4 836)              | (29 226)                  | (24 390)                  | (24 390)           |
| Long term investments committed                   |     | -                   | -                     |  |  |                             |  | -                     | -                    | -                         | -                         | -                  |
| Reserves to be backed by cash/investments         |     | -                   | -                     |  |  |                             |  | -                     | -                    | -                         | -                         | -                  |
| <b>Total Application of cash and investments:</b> |     | <b>8 866</b>        | <b>-</b>              |  |  | <b>-</b>                    | <b>-</b>                                 | <b>115 987</b>        | <b>115 987</b>       | <b>124 854</b>            | <b>4 478</b>              | <b>4 313</b>       |
| <b>Surplus(shortfall)</b>                         |     | <b>677 178</b>      | <b>-</b>              |  |  | <b>-</b>                    | <b>-</b>                                 | <b>(119 561)</b>      | <b>(119 561)</b>     | <b>557 616</b>            | <b>669 810</b>            | <b>644 394</b>     |

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was funded owing to the significant deficit.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2022/2023 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

## 11 Table 9 MBRR Table A9 - Asset Management

Table B9 Asset Management -

| Description                                   | Ref | Budget Year 2023/24 |                |              |                    |                  |                    |                |                |                 | Budget Year +1<br>2024/25 | Budget Year +2<br>2025/26 |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|---------------------------|---------------------------|
|   |     | 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<br>A1        | 8<br>B       | 9<br>C             | 10<br>D          | 11<br>E            | 12<br>F        | 13<br>G        | 14<br>H         |                           |                           |
| <b>R thousands</b>                            |     |                     |                |              |                    |                  |                    |                |                |                 |                           |                           |
| <b>CAPITAL EXPENDITURE</b>                    |     |                     |                |              |                    |                  |                    |                |                |                 |                           |                           |
| <b><u>Total New Assets to be adjusted</u></b> | 1   | 90 611              | -              | -            | -                  | -                | -                  | 36 738         | 36 738         | 127 349         | 95 379                    | 94 066                    |
| <i>Roads Infrastructure</i>                   |     | 42 020              | -              | -            | -                  | -                | -                  | 39 790         | 39 790         | 81 810          | 45 986                    | 47 847                    |
| <i>Storm water Infrastructure</i>             |     | 6 951               | -              | -            | -                  | -                | -                  | 2 873          | 2 873          | 9 824           | 1 569                     | -                         |
| <i>Electrical Infrastructure</i>              |     | 13 361              | -              | -            | -                  | -                | -                  | -              | -              | 13 361          | 19 050                    | 17 500                    |
| Infrastructure                                |     | 62 331              | -              | -            | -                  | -                | -                  | 42 663         | 42 663         | 104 994         | 66 605                    | 65 347                    |
| Community Facilities                          |     | 1 250               | -              | -            | -                  | -                | -                  | -              | -              | 1 250           | 420                       | 419                       |
| Sport and Recreation Facilities               |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Community Assets                              |     | 1 250               | -              | -            | -                  | -                | -                  | -              | -              | 1 250           | 420                       | 419                       |
| Licences and Rights                           |     | 15 300              | -              | -            | -                  | -                | -                  | (7 200)        | (7 200)        | 8 100           | 16 050                    | 16 019                    |
| Intangible Assets                             |     | 15 300              | -              | -            | -                  | -                | -                  | (7 200)        | (7 200)        | 8 100           | 16 050                    | 16 019                    |
| Computer Equipment                            |     | 4 930               | -              | -            | -                  | -                | -                  | (1 200)        | (1 200)        | 3 730           | 5 172                     | 5 162                     |
| Furniture and Office Equipment                |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -                         | -                         |
| Machinery and Equipment                       |     | 4 200               | -              | -            | -                  | -                | -                  | -              | -              | 4 200           | 4 406                     | 4 397                     |
| Transport Assets                              |     | 2 600               | -              | -            | -                  | -                | -                  | 2 475          | 2 475          | 5 075           | 2 727                     | 2 722                     |

|  |           |                |   |   |   |   |   |                |                |                |                |                |
|--|-----------|----------------|---|---|---|---|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total Renewal of Existing Assets to be adjusted</b>   | <b>2</b>  | -              | - | - | - | - | - | <b>2 000</b>   | <b>2 000</b>   | <b>2 000</b>   | -              | -              |
| <i>Roads Infrastructure</i>                              |           | -              | - | - | - | - | - | 2 000          | 2 000          | 2 000          | -              | -              |
| Infrastructure   |           | -              | - | - | - | - | - | 2 000          | 2 000          | 2 000          | -              | -              |
|  | -         |                |   |   |   |   |   |                |                |                |                |                |
| <b>Total Upgrading of Existing Assets to be adjusted</b> | <b>2a</b> | <b>11 103</b>  | - | - | - | - | - | <b>(5 490)</b> | <b>(5 490)</b> | <b>5 613</b>   | <b>8 985</b>   | <b>8 968</b>   |
| Sport and Recreation Facilities                          |           | 6 311          | - | - | - | - | - | (3 190)        | (3 190)        | 3 121          | 4 422          | 4 414          |
| Community Assets   |           | 6 311          | - | - | - | - | - | (3 190)        | (3 190)        | 3 121          | 4 422          | 4 414          |
| Operational Buildings                                    |           | 4 791          | - | - | - | - | - | (2 300)        | (2 300)        | 2 491          | 4 563          | 4 554          |
| Housing  |           | -              | - | - | - | - | - | -              | -              | -              | -              | -              |
| Other Assets   | 6         | 4 791          | - | - | - | - | - | (2 300)        | (2 300)        | 2 491          | 4 563          | 4 554          |
|  | -         |                |   |   |   |   |   |                |                |                |                |                |
| <b>Total Capital Expenditure to be adjusted</b>          | <b>4</b>  | <b>101 714</b> | - | - | - | - | - | <b>33 248</b>  | <b>33 248</b>  | <b>134 961</b> | <b>104 364</b> | <b>103 034</b> |
| <i>Roads Infrastructure</i>                              |           | 42 020         | - | - | - | - | - | 41 790         | 41 790         | 83 810         | 45 986         | 47 847         |
| <i>Storm water Infrastructure</i>                        |           | 6 951          | - | - | - | - | - | 2 873          | 2 873          | 9 824          | 1 569          | -              |
| <i>Electrical Infrastructure</i>                         |           | 13 361         | - | - | - | - | - | -              | -              | 13 361         | 19 050         | 17 500         |
| Infrastructure   |           | 62 331         | - | - | - | - | - | 44 663         | 44 663         | 106 994        | 66 605         | 65 347         |
| Community Facilities                                     |           | 1 250          | - | - | - | - | - | -              | -              | 1 250          | 420            | 419            |
| Sport and Recreation Facilities                          |           | 6 311          | - | - | - | - | - | (3 190)        | (3 190)        | 3 121          | 4 422          | 4 414          |
| Community Assets   |           | 7 561          | - | - | - | - | - | (3 190)        | (3 190)        | 4 371          | 4 842          | 4 833          |
| Operational Buildings                                    |           | 4 791          | - | - | - | - | - | (2 300)        | (2 300)        | 2 491          | 4 563          | 4 554          |
| Housing  |           | -              | - | - | - | - | - | -              | -              | -              | -              | -              |
| Other Assets   |           | 4 791          | - | - | - | - | - | (2 300)        | (2 300)        | 2 491          | 4 563          | 4 554          |
| Licences and Rights                                      |           | 15 300         | - | - | - | - | - | (7 200)        | (7 200)        | 8 100          | 16 050         | 16 019         |
| Intangible Assets  |           | 15 300         | - | - | - | - | - | (7 200)        | (7 200)        | 8 100          | 16 050         | 16 019         |
| Computer Equipment                                       |           | 4 930          | - | - | - | - | - | (1 200)        | (1 200)        | 3 730          | 5 172          | 5 162          |

|   |          |                |          |          |          |          |          |               |               |                |                |                |
|---|----------|----------------|----------|----------|----------|----------|----------|---------------|---------------|----------------|----------------|----------------|
| Furniture and Office Equipment                                      |          | -              | -        | -        | -        | -        | -        | -             | -             | -              | -              | -              |
| Machinery and Equipment   |          | 4 200          | -        | -        | -        | -        | -        | -             | -             | 4 200          | 4 406          | 4 397          |
| Transport Assets  |          | 2 600          | -        | -        | -        | -        | -        | 2 475         | 2 475         | 5 075          | 2 727          | 2 722          |
| <b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>                     | <b>4</b> | <b>101 714</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>33 248</b> | <b>33 248</b> | <b>134 961</b> | <b>104 364</b> | <b>103 034</b> |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>                           | <b>5</b> | <b>58 621</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>32 544</b> | <b>32 544</b> | <b>91 165</b>  | <b>69 837</b>  | <b>69 682</b>  |
| <i>Roads Infrastructure</i>   |          | 25 536         | -        | -        | -        | -        | -        | 38 968        | 38 968        | 64 504         | 25 692         | 25 049         |
| Infrastructure  |          | 25 536         | -        | -        | -        | -        | -        | 38 968        | 38 968        | 64 504         | 25 692         | 25 049         |
| Community Assets  |          | 3 925          | -        | -        | -        | -        | (499)    | (499)         | 3 426         | 5 933          | 6 083          |                |
| Other Assets  |          | 12 430         | -        | -        | -        | -        | (3 200)  | (3 200)       | 9 230         | 20 661         | 21 034         |                |
| Computer Equipment  |          | 4 430          | -        | -        | -        | -        | (1 700)  | (1 700)       | 2 730         | 4 647          | 4 638          |                |
| Furniture and Office Equipment                                      |          | 5 000          | -        | -        | -        | -        | (4 000)  | (4 000)       | 1 000         | 5 245          | 5 235          |                |
| Machinery and Equipment   |          | 4 700          | -        | -        | -        | -        | 500      | 500           | 5 200         | 4 930          | 4 921          |                |
| Transport Assets  |          | 2 600          | -        | -        | -        | -        | 2 475    | 2 475         | 5 075         | 2 727          | 2 722          |                |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>                     | <b>5</b> | <b>58 621</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>32 544</b> | <b>32 544</b> | <b>91 165</b>  | <b>69 837</b>  | <b>69 682</b>  |
| <i>Renewal and upgrading of Existing Assets as % of total capex</i> |          | 10,9%          | 0,0%     |          |          |          |          |               |               | 5,6%           | 8,6%           | 8,7%           |
| <i>Renewal and upgrading of Existing Assets as % of deprecn"</i>    |          | 0,0%           | 0,0%     |          |          |          |          |               |               | 0,0%           | 0,0%           | 0,0%           |
| <i>R&amp;M as a % of PPE</i>  |          | 0,0%           | 0,0%     |          |          |          |          |               |               | 0,0%           | 0,0%           | 0,0%           |
| <i>Renewal and upgrading and R&amp;M as a % of PPE</i>              |          | 18,9%          | 0,0%     |          |          |          |          |               |               | 8,4%           | 12,9%          | 12,9%          |

**Explanatory notes to Table A9 - Asset Management**

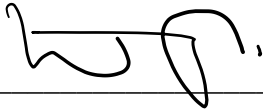
1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.



## 1.6 Municipal manager's quality certificate

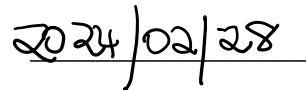
### QUALITY CERTIFICATE

I, LUNGILE NDABENI (Full Names), the Municipal Manager of Mhlontlo Municipality hereby certify that the Adjusted Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act of 2003 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.



**L. NDABENI**

**MUNICIPAL MANAGER**



**DATE**