

MHLONTLO LOCAL MUNICIPALITY

SCHEDULE B

ADJUSTMENT BUDGET AND

SUPPORTING DOCUMENTATION

OF A MUNICIPALITY

ANNUAL BUDGET OF

KUMKANI MHLONTLO LOCAL MUNICIPALITY



2024/2025

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.mhlontloim.gov.za**

Table of Contents

1 Contents

PART 1 – ADJUSTED BUDGET 2

1.1	LEGISLATIVE BACKGROUND	2
1.2	MAYOR’S REPORT	3
1.3	COUNCIL RESOLUTIONS	5
1.4	EXECUTIVE SUMMARY	6

PART 2– ADJUSTED BUDGET TABLES 7

1.5	ANNUAL BUDGET TABLES - MUNICIPALITY .	7
2	TABLE 1 CONSOLIDATED OVERVIEW OF THE 2022/2023 MTREF.....	8
3	TABLE 2 SUMMARY OF REVENUE CLASSIFIED BY MAIN REVENUE SOURCE.....	10
4	TABLE 3 SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM	12
5	TABLE 4 MBRR TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)	14
6	TABLE 5 2022/2023 MEDIUM-TERM CAPITAL BUDGET PER VOTE	15
7	TABLE 6 MBRR TABLE B6 – STATEMENT OF FINANCIAL POSITION	17
8	TABLE 7 MBRR TABLE A7 - BUDGETED CASH FLOW STATEMENT	19
9	TABLE 8 MBRR TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION	20
10	TABLE 9 MBRR TABLE A9 - ASSET MANAGEMENT	21
1.6	MUNICIPAL MANAGER’S QUALITY CERTIFICATE.....	ERROR! BOOKMARK NOT DEFINED.

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 2024/25 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 2024/25 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 2024/25 Budget.

1.1.1 The Mayor recommends that the Council approves the 2024/25 Adjustments Budget.

1.2 Mayor's Report

The Municipality is again preparing for the 2024/2025 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.

As at 08 March 2024, according to MFMA circular number 128, the National Treasury, Real Gross Domestic Product (GDP) growth of 0.9 per cent is projected for 2023. Over the next three years, GDP growth is expected to average 1.6 per cent from 2024 to 2026.

Headline inflation is expected to remain between 4 to 6 per cent target range over the 2024/25 MTEF.

The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2023 to 1.6 per cent, from 1.4 per cent at the time of the MTBPS.

The frequency of power cuts is expected to decline, lower inflation supports household consumption, and employment and credit extensions recover gradually. New energy projects within the country will improved fixed investments and business sentiments.

It is expected that municipal revenue and cash flows will remain under pressure for the rest of the financial year of 2024. The municipality has adopting a conservative approach when projecting our revenues and cash receipts for 2024/2025.

The Municipality must, against the background of a very difficult financial year, provide quality services to the community.

The annual 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 following underlying factors were also taken into consideration with the compilation of the 2024/2025 annual 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 heavy rains experienced for the majority of the financial year resulting in damaged roads.

FOCUS OF THE 2024/2025 ADJUSTED BUDGET

With the 2024/2025 budget, emphasis is placed on: -

- the **core** service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure does not enjoy preference once again as the municipality is concentrating on rehabilitating the existing infrastructure.
- Provision of basic services, improvement of the quality of housing, infrastructure as well as sustainable service delivery.

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable.

The annual capital budget for the 2024/2025 financial year amounts to R136 million will decrease to R100 million in the 2025/2026. This is due to the decrease in equitable share allocation per the DORA allocations.

We cannot expect to do the same old things and expect different results. Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Mhlontlo Local Municipality.

Budgeting is primarily about the choices that the municipality must make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

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

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 2024/2026 and 2026/27; 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 Kumkani 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 2024/2025 adjustment budget.

The main challenges experienced during the compilation of the 2024/2025 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 2024/2025 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 2024/2025 adjusted 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 2024/2025 MTREF

Description	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
	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
		1	2	3	4	5	6	7	8		
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	37 887	–	–	–	–	–	4 289	4 289	42 177	39 630	41 453
Service charges	1 807	–	–	–	–	–	1 262	1 262	3 068	1 890	1 977
Investment revenue	12 777	–	–	–	–	–	–	–	12 777	13 364	13 979
Transfers recognised - operational	254 252	–	–	–	–	–	418	418	254 670	249 504	240 272
Other own revenue	10 318	–	–	–	–	–	(642)	(642)	9 676	10 793	11 290
Total Revenue (excluding capital transfers and contributions)	317 041	–	–	–	–	–	5 327	5 327	322 368	315 182	308 970
Employee costs	121 854	–	–	–	–	–	(399)	(399)	121 454	127 436	133 298
Remuneration of councillors	22 935	–	–	–	–	–	655	655	23 590	23 990	25 094
Depreciation & asset impairment	64 988	–	–	–	–	–	(17 904)	(17 904)	47 084	51 709	54 087
Finance charges	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed and bulk purchases	9 944	–	–	–	–	–	(1 791)	(1 791)	8 152	6 923	5 253
Transfers and subsidies	2 500	–	–	–	–	–	800	800	3 300	2 615	2 735
Other expenditure	126 182	–	–	–	–	–	(12 155)	(12 155)	114 027	115 730	96 631
Total Expenditure	348 403	–	–	–	–	–	(30 795)	(30 795)	317 608	328 403	317 099
Surplus/(Deficit)	(31 362)	–	–	–	–	–	36 122	36 122	4 760	(13 221)	(8 128)
Transfers and subsidies - capital (monetary allocations)	87 922	–	–	–	–	–	36 533	36 533	124 455	91 404	66 113
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	56 560	–	–	–	–	–	72 655	72 655	129 215	78 183	57 984
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	56 560	–	–	–	–	–	72 655	72 655	129 215	78 183	57 984

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 2024/25, 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 increases to R322 million from R317 million for the 2024/2025 financial year when compared to the Original Budget because of property rates and service charges adjustment.

Total operating expenditure for the 2024/2025 financial year has been appropriated at R317 million compared to the original R348 million.

The operating deficit has decreased from R31 million to R4 million surplus.

The capital budget has increased from R111 million to R136 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

Standard Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		5	6	7	8	9	10	11	12			
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		162 776	-	-	-	-	-	4 289	4 289	167 066	162 293	159 327
Executive and council		30 097	-	-	-	-	-	-	-	30 097	30 097	30 097
Finance and administration		132 679	-	-	-	-	-	4 289	4 289	136 969	132 195	129 230
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		33 776	-	-	-	-	-	2 389	2 389	36 165	33 998	34 267
Community and social services		1 139	-	-	-	-	-	3 000	3 000	4 139	1 141	1 180
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		32 637	-	-	-	-	-	(611)	(611)	32 026	32 857	33 087
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		141 355	-	-	-	-	-	33 923	33 923	175 278	141 953	119 586
Planning and development		115 215	-	-	-	-	-	33 923	33 923	149 138	117 779	97 412
Road transport		26 140	-	-	-	-	-	-	-	26 140	24 174	22 174
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		67 056	-	-	-	-	-	258	258	67 314	68 342	61 903
Energy sources		13 836	-	-	-	-	-	-	-	13 836	15 000	10 434
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		53 220	-	-	-	-	-	258	258	53 478	53 342	51 469
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	404 963	-	-	-	-	-	40 860	40 860	445 823	406 585	375 083
Expenditure - Functional												
Governance and administration		160 024	-	-	-	-	-	(8 415)	(8 415)	151 609	155 828	144 714
Executive and council		58 491	-	-	-	-	-	(1 510)	(1 510)	56 981	57 434	53 686
Finance and administration		101 483	-	-	-	-	-	(6 904)	(6 904)	94 579	98 342	90 974
Internal audit		50	-	-	-	-	-	-	-	50	52	55
Community and public safety		41 540	-	-	-	-	-	1 821	1 821	43 361	39 103	37 249
Community and social services		1 609	-	-	-	-	-	-	-	1 609	1 683	1 761
Sport and recreation		445	-	-	-	-	-	(48)	(48)	397	465	486
Public safety		39 486	-	-	-	-	-	1 869	1 869	41 355	36 954	35 002
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		117 374	-	-	-	-	-	(22 165)	(22 165)	95 209	106 521	106 767
Planning and development		36 441	-	-	-	-	-	1 362	1 362	37 803	35 508	35 113
Road transport		80 933	-	-	-	-	-	(23 528)	(23 528)	57 405	71 013	71 653
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		29 465	-	-	-	-	-	(2 035)	(2 035)	27 430	26 951	28 369
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		29 465	-	-	-	-	-	(2 035)	(2 035)	27 430	26 951	28 369
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	348 403	-	-	-	-	-	(30 795)	(30 795)	317 608	328 403	317 099
Surplus/ (Deficit) for the year		56 560	-	-	-	-	-	71 655	71 655	128 215	78 183	57 984

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

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		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
		3	4	5	6	7	8	9	10			
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		33 264	–	–	–	–	–	–	–	33 264	33 264	33 264
Vote 2 - FINANCE AND ADMIN (12: IE)		132 716	–	–	–	–	–	4 289	4 289	137 006	132 234	129 270
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		28 587	–	–	–	–	–	8 898	8 898	37 485	28 712	28 843
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		28	–	–	–	–	–	(4)	(4)	24	29	30
Vote 5 - PUBLIC SAFETY (17: IE)		62 160	–	–	–	–	–	2 389	2 389	64 549	62 380	60 647
Vote 6 - SPORT AND RECREATION (18: IE)		–	–	–	–	–	–	–	–	–	–	–
Vote 7 - WASTE MANAGEMENT (20: IE)		24 771	–	–	–	–	–	262	262	25 033	24 891	25 017
Vote 8 - ROAD TRANSPORT (22: IE)		123 437	–	–	–	–	–	25 025	25 025	148 462	125 074	98 010
Vote 9 - ELECTRICITY (24: IE)		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - OTHER (25: IE)		–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	404 963	–	–	–	–	–	40 860	40 860	445 823	406 585	375 083
Expenditure by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		69 003	–	–	–	–	–	(692)	(692)	68 310	68 432	65 194
Vote 2 - FINANCE AND ADMIN (12: IE)		94 579	–	–	–	–	–	(6 449)	(6 449)	88 130	91 120	83 420
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		24 815	–	–	–	–	–	(76)	(76)	24 739	23 348	22 394
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		3 790	–	–	–	–	–	(1 296)	(1 296)	2 494	3 964	4 147
Vote 5 - PUBLIC SAFETY (17: IE)		33 876	–	–	–	–	–	(1 818)	(1 818)	32 058	31 086	28 864
Vote 6 - SPORT AND RECREATION (18: IE)		445	–	–	–	–	–	(48)	(48)	397	465	486
Vote 7 - WASTE MANAGEMENT (20: IE)		32 161	–	–	–	–	–	(779)	(779)	31 382	29 771	31 318
Vote 8 - ROAD TRANSPORT (22: IE)		86 095	–	–	–	–	–	(23 246)	(23 246)	62 849	76 412	78 833
Vote 9 - ELECTRICITY (24: IE)		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - OTHER (25: IE)		–	–	–	–	–	–	348	348	348	–	–
Total Expenditure by Vote	2	344 763	–	–	–	–	–	(34 056)	(34 056)	310 707	324 599	314 656
Surplus/ (Deficit) for the year	2	60 200	–	–	–	–	–	74 915	74 915	135 116	81 986	60 427

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 2024/2025 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 R15 million to R35 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.

Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		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
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Waste Management	2	1 807	–	–	–	–	–	1 262	1 262	3 068	1 890	1 977
Sale of Goods and Rendering of Services		126	–	–	–	–	–	(16)	(16)	110	132	138
Agency services		1 576	–	–	–	–	–	(206)	(206)	1 370	1 648	1 724
Interest		–	–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		812	–	–	–	–	–	–	–	812	849	888
Interest earned from Current and Non Current Assets		12 777	–	–	–	–	–	–	–	12 777	13 364	13 979
Rental from Fixed Assets		51	–	–	–	–	–	(2)	(2)	49	54	56
Licence and permits		122	–	–	–	–	–	(16)	(16)	106	128	134
Non-Exchange Revenue												
Property rates	2	37 887	–	–	–	–	–	4 289	4 289	42 177	39 630	41 453
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		1 759	–	–	–	–	–	(215)	(215)	1 543	1 840	1 924
Licences or permits		1 439	–	–	–	–	–	(188)	(188)	1 251	1 505	1 574
Transfer and subsidies - Operational		254 252	–	–	–	–	–	418	418	254 670	249 504	240 272
Interest		4 434	–	–	–	–	–	–	–	4 434	4 638	4 851
Total Revenue (excluding capital transfers and contributions)		317 041	–	–	–	–	–	5 327	5 327	322 368	315 182	308 970
Expenditure By Type												
Employee related costs		121 854	–	–	–	–	–	(399)	(399)	121 454	127 436	133 298
Remuneration of councillors		22 935	–	–	–	–	–	655	655	23 590	23 990	25 094
Inventory consumed		9 944	–	–	–	–	–	(1 791)	(1 791)	8 152	6 923	5 253
Debt impairment		15 553	–	–	–	–	–	1 506	1 506	17 059	16 269	17 017
Depreciation and amortisation		49 435	–	–	–	–	–	(19 410)	(19 410)	30 025	51 709	54 087
Contracted services		41 971	–	–	–	–	–	(509)	(509)	41 462	36 123	30 782
Transfers and subsidies		2 500	–	–	–	–	–	800	800	3 300	2 615	2 735
Operational costs		84 211	–	–	–	–	–	(11 645)	(11 645)	72 565	63 337	48 831
Total Expenditure		348 403	–	–	–	–	–	(30 795)	(30 795)	317 608	328 403	317 099
Surplus/(Deficit)		(31 362)	–	–	–	–	–	36 122	36 122	4 760	(13 221)	(8 128)
Transfers and subsidies - capital (monetary allocations)		87 922	–	–	–	–	–	36 533	36 533	124 455	91 404	66 113
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) before taxation		56 560	–	–	–	–	–	72 655	72 655	129 215	78 183	57 984
Income Tax		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		56 560	–	–	–	–	–	72 655	72 655	129 215	78 183	57 984
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		56 560	–	–	–	–	–	72 655	72 655	129 215	78 183	57 984
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	1	56 560	–	–	–	–	–	72 655	72 655	129 215	78 183	57 984

6 Table 4 2024/2025 Medium-term capital budget per vote

The adjusted capital expenditure is R111 million from R136 million, because of the following: -

Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Single-year expenditure to be adjusted	2											
Vote 15 - EXECUTIVE AND COUNCIL (31: CAPEX)		-	-	-	-	-	-	570	570	570	-	-
Vote 16 - FINANCE AND ADMIN (32: CAPEX)		14 378	-	-	-	-	-	(2 561)	(2 561)	11 817	4 739	4 739
Vote 17 - PLANNING AND DEVELOPMENT (33: CAPEX)		174	-	-	-	-	-	(26)	(26)	148	182	190
Vote 18 - LIBRARY SUPPORT (34: CAPEX)		27	-	-	-	-	-	-	-	27	-	-
Vote 19 - PUBLIC SAFETY (37: CAPEX)		5 435	-	-	-	-	-	283	283	5 717	1 455	1 476
Vote 20 - WASTE MANAGEMENT (40: CAPEX)		4 261	-	-	-	-	-	(687)	(687)	3 574	4 457	4 662
Vote 21 - ROAD TRANSPORT (42: CAPEX)		25 211	-	-	-	-	-	5 382	5 382	30 593	26 699	16 780
Vote 22 - RATES AND GENERAL SERVICES (61: CAPEX)		62 063	-	-	-	-	-	22 364	22 364	84 426	62 529	46 668
Capital single-year expenditure sub-total		111 549	-	-	-	-	-	25 324	25 324	136 873	100 061	74 515
Total Capital Expenditure - Vote		111 549	-	-	-	-	-	25 324	25 324	136 873	100 061	74 515
Capital Expenditure - Functional												
Governance and administration		10 378	-	-	-	-	-	(3 421)	(3 421)	6 957	5 791	5 846
Executive and council		1 130	-	-	-	-	-	(730)	(730)	400	1 182	1 237
Finance and administration		9 248	-	-	-	-	-	(2 691)	(2 691)	6 557	4 609	4 609
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		11 171	-	-	-	-	-	(6 069)	(6 069)	5 102	10 442	10 876
Community and social services		5 736	-	-	-	-	-	(6 352)	(6 352)	(616)	8 987	9 400
Sport and recreation		0	-	-	-	-	-	(0)	(0)	-	-	-
Public safety		5 435	-	-	-	-	-	283	283	5 717	1 455	1 476
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		71 903	-	-	-	-	-	35 502	35 502	107 405	64 371	42 697
Planning and development		30 689	-	-	-	-	-	5 768	5 768	36 456	19 101	13 827
Road transport		41 214	-	-	-	-	-	29 734	29 734	70 949	45 270	28 870
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		18 097	-	-	-	-	-	(687)	(687)	17 410	19 457	15 096
Energy sources		13 836	-	-	-	-	-	-	-	13 836	15 000	10 434
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		4 261	-	-	-	-	-	(687)	(687)	3 574	4 457	4 662
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	111 549	-	-	-	-	-	25 324	25 324	136 873	100 061	74 515
Funded by:												
National Government		71 899	-	-	-	-	-	20 888	20 888	92 787	74 477	53 995
Provincial Government		-	-	-	-	-	-	4 762	4 762	4 762	-	-
Transfers recognised - capital	4	71 899	-	-	-	-	-	25 650	25 650	97 549	74 477	53 995
Internally generated funds		39 651	-	-	-	-	-	(326)	(326)	39 325	25 584	20 519
Total Capital Funding		111 549	-	-	-	-	-	25 324	25 324	136 873	100 061	74 515

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 R136 million for the 2024/2025 financial year and decreases over the MTREF at levels to R100 million and R74 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

Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash and cash equivalents		121 016	-	-	-	-	-	24 961	24 961	145 976	149 997	186 666
Trade and other receivables from exchange transactions	1	4 116	-	-	-	-	-	-	-	4 116	4 965	5 853
Receivables from non-exchange transactions	1	(1 254)	-	-	-	-	-	-	-	(1 254)	22 719	34 555
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-		
VAT		(9 453)	-	-	-	-	-	1 805	1 805	(7 649)	(5 287)	(2 983)
Other current assets		26 381	-	-	-	-	-	(1 805)	(1 805)	24 576	22 215	19 910
Total current assets		140 804	-	-	-	-	-	24 961	24 961	165 765	194 608	244 001
Non current assets												
Investments		-	-	-	-	-	-	-	-	-		
Investment property		5 983	-	-	-	-	-	-	-	5 983	5 983	5 983
Property, plant and equipment	3	567 550	-	-	-	-	-	26 730	26 730	594 279	614 970	634 468
Intangible assets		2 016	-	-	-	-	-	30	30	2 046	2 948	3 877
Total non current assets		575 548	-	-	-	-	-	26 759	26 759	602 308	623 900	644 328
TOTAL ASSETS		716 352	-	-	-	-	-	51 720	51 720	768 072	818 508	888 329
LIABILITIES												
Trade and other payables from exchange transactions		18 057	-	-	-	-	-	(1 422)	(1 422)	16 635	14 344	14 344
Trade and other payables from non-exchange transactions		5 120	-	-	-	-	-	-	-	5 120	5 120	5 120
Provisions		27 385	-	-	-	-	-	-	-	27 385	51 359	63 195
VAT		1 702	-	-	-	-	-	3 518	3 518	5 219	1 702	1 702
Other current liabilities		3 713	-	-	-	-	-	-	-	3 713	3 713	3 713
Total current liabilities		55 978	-	-	-	-	-	2 095	2 095	58 074	76 239	88 075
Non current liabilities												
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		55 978	-	-	-	-	-	2 095	2 095	58 074	742 270	800 254
NET ASSETS	2	660 374	-	-	-	-	-	49 625	49 625	709 999	742 270	800 254
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		664 087	-	-	-	-	-	50 625	50 625	714 712	742 270	800 254
TOTAL COMMUNITY WEALTH/EQUITY		664 087	-	-	-	-	-	50 625	50 625	714 712	742 270	800 254

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 Table 7 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		23 039		–	–	–	–	2 885	2 885	25 924	24 098	25 207
Service charges		1 102		–	–	–	–	1 184	1 184	2 286	1 153	1 206
Other revenue		5 812		–	–	–	–	(739)	(739)	5 073	6 079	6 359
Transfers and Subsidies - Operational	1	254 252		–	–	–	–	(582)	(582)	253 670	249 504	240 272
Transfers and Subsidies - Capital	1	87 922		–	–	–	–	36 533	36 533	124 455	91 404	66 113
Interest		12 777		–	–	–	–	–	–	12 777	18 002	18 830
Payments												
Suppliers and employees		(246 871)		–	–	–	–	13 009	13 009	(233 862)	(289 771)	(274 064)
NET CASH FROM/(USED) OPERATING ACTIVITIES		138 032	–	–	–	–	–	52 291	52 291	190 323	100 469	83 922
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		–		–	–	–	–	8 926	8 926	8 926	–	–
Payments												
Capital assets		(111 549)		–	–	–	–	(25 324)	(25 324)	(136 873)	(100 061)	(74 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(111 549)	–	–	–	–	–	(16 398)	(16 398)	(127 947)	(100 061)	(74 515)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Payments												
Repayment of borrowing		–		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–		
NET INCREASE/ (DECREASE) IN CASH HELD		26 483	–	–	–	–	–	35 893	35 893	62 376	409	9 407
Cash/cash equivalents at the year begin:	2	124 982		–	–	–	–	–	–	124 982	124 982	124 982
Cash/cash equivalents at the year end:	2	151 465		–	–	–	–	35 893	35 893	187 358	125 391	134 389

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

Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		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
			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	151 465	–	–	–	–	–	35 893	35 893	187 358	87 501	96 908
Other current investments > 90 days		(31 704)	–	–	–	–	–	(10 932)	(10 932)	(42 636)	62 496	89 758
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		119 761	–	–	–	–	–	24 961	24 961	144 722	149 997	186 666
Applications of cash and investments												
Unspent conditional transfers		5 115	–	–	–	–	–	–	–	5 115	5 115	5 115
Statutory requirements									–	–		
Other working capital requirements	2	14 069	–					(1 448)	(1 448)	12 621	(487)	(9 010)
Total Application of cash and investments:		19 184	–	–	–	–	–	(1 448)	(1 448)	17 736	4 628	(3 895)
Surplus(shortfall)		100 577	–	–	–	–	–	26 408	26 408	126 986	145 368	190 561

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 2024/25 MTREF was funded owing to the significant deficit.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2024/2025 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

10 Table 9 MBRR Table A9 - Asset Management

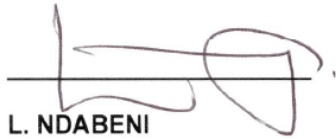
Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	96 859	–	–	–	–	–	25 270	25 270	122 129	89 467	69 457
Roads Infrastructure		53 328	–	–	–	–	–	35 466	35 466	88 794	49 674	33 307
Storm water Infrastructure		780	–	–	–	–	–	(435)	(435)	345	816	853
Electrical Infrastructure		13 836	–	–	–	–	–	–	–	13 836	15 000	10 434
Infrastructure		67 944	–	–	–	–	–	35 032	35 032	102 975	65 490	44 595
Community Facilities		10 883	–	–	–	–	–	(6 054)	(6 054)	4 829	10 169	10 591
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–	–	–
Community Assets		10 883	–	–	–	–	–	(6 054)	(6 054)	4 829	10 169	10 591
Licences and Rights		6 348	–	–	–	–	–	(2 391)	(2 391)	3 957	1 870	1 870
Intangible Assets		6 348	–	–	–	–	–	(2 391)	(2 391)	3 957	1 870	1 870
Computer Equipment		2 723	–	–	–	–	–	(1 191)	(1 191)	1 532	2 507	2 582
Furniture and Office Equipment		400	–	–	–	–	–	(8)	(8)	392	1 000	1 000
Machinery and Equipment		5 800	–	–	–	–	–	–	–	5 800	6 067	6 346
Transport Assets		2 761	–	–	–	–	–	(117)	(117)	2 644	2 365	2 474
Total Renewal of Existing Assets to be adjusted	2	–	–	–	–	–	–	(3 266)	(3 266)	(3 266)	–	–
Roads Infrastructure		–	–	–	–	–	–	(3 266)	(3 266)	(3 266)	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	(3 266)	(3 266)	(3 266)	–	–
Total Upgrading of Existing Assets to be adjusted	2a	13 821	–	–	–	–	–	3 450	3 450	17 271	10 594	5 058
Roads Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		3 821	–	–	–	–	–	3 450	3 450	7 271	5 632	–
Community Assets		3 821	–	–	–	–	–	3 450	3 450	7 271	5 632	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		10 000	–	–	–	–	–	–	–	10 000	4 962	5 058
Housing		–	–	–	–	–	–	–	–	–	–	–
Other Assets	6	10 000	–	–	–	–	–	–	–	10 000	4 962	5 058
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure to be adjusted	4	110 680	–	–	–	–	–	25 455	25 455	136 134	100 061	74 515
Roads Infrastructure		53 328	–	–	–	–	–	32 200	32 200	85 528	49 674	33 307
Storm water Infrastructure		780	–	–	–	–	–	(435)	(435)	345	816	853
Electrical Infrastructure		13 836	–	–	–	–	–	–	–	13 836	15 000	10 434
Infrastructure		67 944	–	–	–	–	–	31 766	31 766	99 710	65 490	44 595
Community Facilities		10 883	–	–	–	–	–	(6 054)	(6 054)	4 829	10 169	10 591
Sport and Recreation Facilities		3 821	–	–	–	–	–	3 450	3 450	7 271	5 632	–
Community Assets		14 704	–	–	–	–	–	(2 604)	(2 604)	12 100	15 801	10 591
Heritage Assets		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		10 000	–	–	–	–	–	–	–	10 000	4 962	5 058
Housing		–	–	–	–	–	–	–	–	–	–	–
Other Assets		10 000	–	–	–	–	–	–	–	10 000	4 962	5 058
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–	–	–
Licences and Rights		6 348	–	–	–	–	–	(2 391)	(2 391)	3 957	1 870	1 870
Intangible Assets		6 348	–	–	–	–	–	(2 391)	(2 391)	3 957	1 870	1 870
Computer Equipment		2 723	–	–	–	–	–	(1 191)	(1 191)	1 532	2 507	2 582
Furniture and Office Equipment		400	–	–	–	–	–	(8)	(8)	392	1 000	1 000
Machinery and Equipment		5 800	–	–	–	–	–	–	–	5 800	6 067	6 346
Transport Assets		2 761	–	–	–	–	–	(117)	(117)	2 644	2 365	2 474
TOTAL CAPITAL EXPENDITURE to be adjusted	4	110 680	–	–	–	–	–	25 455	25 455	136 134	100 061	74 515
ASSET REGISTER SUMMARY - PPE (WDV)												
Roads Infrastructure	5	364 465	–	–	–	–	–	26 319	26 319	390 784	327 564	288 748
Solid Waste Infrastructure		200 296	–	–	–	–	–	20 876	20 876	221 172	153 397	104 341
Infrastructure		4 703	–	–	–	–	–	–	–	4 703	4 703	4 703
Community Assets		204 999	–	–	–	–	–	20 876	20 876	225 875	158 100	109 044
Investment properties		34 986	–	–	–	–	–	9 120	9 120	44 107	29 387	27 714
Other Assets		5 983	–	–	–	–	–	–	–	5 983	5 983	5 983
Biological or Cultivated Assets		42 592	–	–	–	–	–	–	–	42 592	39 450	36 163
Intangible Assets		–	–	–	–	–	–	–	–	–	–	–
Computer Equipment		2 016	–	–	–	–	–	30	30	2 046	2 948	3 877
Furniture and Office Equipment		1 378	–	–	–	–	–	(1 474)	(1 474)	(96)	3 430	5 536
Machinery and Equipment		14 920	–	–	–	–	–	(2 399)	(2 399)	12 521	23 024	31 415
Transport Assets		8 106	–	–	–	–	–	283	283	8 389	13 393	14 693
Land		35 419	–	–	–	–	–	(117)	(117)	35 302	37 784	40 258
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	14 066	–	–	–	–	–	–	–	14 066	14 066	14 066
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	364 465	–	–	–	–	–	26 319	26 319	390 784	327 564	288 748
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		49 435	–	–	–	–	–	(19 410)	(19 410)	30 025	51 709	54 087
Repairs and Maintenance by asset class	3	19 563	–	–	–	–	–	(6 057)	(6 057)	13 506	6 820	7 134
Roads Infrastructure		16 043	–	–	–	–	–	(4 737)	(4 737)	11 306	3 138	3 282
Infrastructure		16 043	–	–	–	–	–	(4 737)	(4 737)	11 306	3 138	3 282
Community Assets		–	–	–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		2 783	–	–	–	–	–	(1 200)	(1 200)	1 583	2 911	3 044
Other Assets		2 783	–	–	–	–	–	(1 200)	(1 200)	1 583	2 911	3 044
Transport Assets		737	–	–	–	–	–	(120)	(120)	617	771	807
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		68 998	–	–	–	–	–	(25 467)	(25 467)	43 531	58 529	61 221
Renewal and upgrading of Existing Assets as % of total capex		12.5%	0.0%							10.3%	10.6%	6.8%
Renewal and upgrading of Existing Assets as % of deprecn"		28.0%	0.0%							46.6%	20.5%	9.4%
R&M as a % of PPE		5.4%	0.0%							3.5%	2.1%	2.5%
Renewal and upgrading and R&M as a % of PPE		9.2%	0.0%							7.0%	5.4%	4.3%

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

2025/02/28
DATE