

Senqu Municipality

Adjustment Budget 2024/25 – 2026/27

Adjusted Medium Term Revenue
and Expenditure Framework

(February 2025)



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Glossary

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

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

Budget - The financial plan of the Municipality.

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 1 - ANNUAL BUDGET

Section 1 - Mayor's Report

It is with great pleasure that I present the 2024/2025 Adjustment Budget to the Council for approval.

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

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

In line with the MFMA, the 2024/25 approved Budget has now been adjusted. The adjustments tabled today is as a result of a review of the revenue and expenditure for the first six months of the financial year.

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

Operating Budget

Operating Revenue (Including Capital Transfers)

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue By Source</u>						
Exchange Revenue						
Service charges - Electricity	62 647	62 647	2 573	65 221	67 829	70 543
Service charges - Waste Management	10 658	10 658	(578)	10 080	10 484	10 903
Sale of Goods and Rendering of Services	291	291	172	463	481	500
Agency services	1 538	1 538	(609)	929	966	1 004
Interest earned from Receivables	5 659	5 659	(247)	5 412	5 628	5 854
Interest earned from Current and Non Current Assets	31 509	31 509	6 147	37 656	39 162	40 729
Rent on Land	3	3	44	47	49	51
Rental from Fixed Assets	1 751	1 751	193	1 944	2 022	2 103
Licence and permits	1 508	1 508	764	2 272	2 363	2 458
Operational Revenue	805	805	(326)	479	498	518
Non-Exchange Revenue						
Property rates	17 901	17 901	1 300	19 201	19 969	20 767
Fines, penalties and forfeits	589	589	(381)	208	217	225
Transfer and subsidies - Operational	214 655	217 210	104	217 314	209 191	202 713
Interest	1 880	1 880	700	2 580	2 683	2 790
Gains on disposal of Assets	-	-	500	500	-	-
Total Revenue (excluding capital transfers and contributions)	351 394	353 949	10 357	364 306	361 542	361 158
Transfers and subsidies - capital (monetary allocations)	55 783	72 816	(4 071)	68 745	46 698	46 249
Total Revenue	407 178	426 766	6 285	433 051	408 240	407 407

The full year forecast for revenue items were adjusted upwards by a net amount of R6,29 million. These adjustments were based on current and previous actual trends, with the biggest adjustments made on Service Charges - Electricity, Interest earned from Current and Non-current Assets as well as Property Rates.

Service charges - electricity increased by R2,57 million. This upward adjustment was based on the actual trends for the first 6 months of the financial year.

Interest earned from Current and Non-current Assets increased by R6,15 million as a result of the successful implementation of the Investment strategy.

Property Rates increased by R1,30 million as a result of the actual trends for the first 6 months of the financial year.

Operating Expenditure

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Expenditure By Type</u>						
Employee related costs	146 669	146 669	998	147 667	153 734	160 034
Remuneration of councillors	14 776	14 776	366	15 141	15 899	16 693
Bulk purchases - electricity	55 383	55 383	13 624	69 008	71 768	74 639
Inventory consumed	25 339	25 339	(132)	25 206	26 015	27 055
Debt impairment	15 983	15 983	2 355	18 338	19 254	20 217
Depreciation and amortisation	19 624	19 624	(610)	19 015	20 543	21 569
Interest	6 106	6 106	–	6 106	12 445	13 017
Contracted services	72 726	72 726	1 188	73 914	75 993	78 915
Transfers and subsidies	49	49	101	150	180	200
Irrecoverable debts written off	2 100	2 100	5 900	8 000	4 000	4 000
Operational costs	53 270	53 270	5 741	59 011	61 371	63 826
Losses on disposal of Assets	2 100	2 100	900	3 000	2 400	2 000
Other Losses	–	–	15 000	15 000	–	–
Total Expenditure	414 124	414 124	45 432	459 556	463 603	482 166

The net increase in the operating expenditure budget for 2024/2025 amounts to R45,43 million. The material adjustments are briefly discussed below:

Employee related costs increased by R998 000. This increase is as a result of the alignment of the expenditure to the actual trends for the first 6 months of the financial year. The expenditure on this line item is still towards the upper limits of the industry norms.

Bulk purchases - electricity increased by R13,62 million based on the actual trends for the first 6 months of the financial year. The increase in demand is more than anticipated due to no load shedding over the past few months as well as the extreme weather conditions.

Debt Impairment and Irrecoverable debts written off was adjusted upwards by R2,36 million and R5,90 million respectively to include the debt write-offs that were previously not taken into account.

Contracted Services increased by R1,19 million mainly due to an increase in the Valuation roll expenditure, as well as an increase in the Job creation projects in the Senqu municipal area.

Operational costs increased by R5,74 million as a result of an increase in expenditure for training projects and the insurance premiums, as well as a result of the actual trends on the other expenditure line items for the first 6 months of the financial year.

An additional R900 000 was allocated to Losses on disposal of Assets to account for the disposal of infrastructure assets that is currently being reconstructed, as well as the disposal of other assets for the 2024/2025 financial year.

An amount of R15,00 million was allocated to Other Losses to account for the possible Impairment on Land and Buildings at year end.

Capital Budget

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CAPITAL EXPENDITURE						
<u>Total Capital Expenditure</u>						
<i>Roads Infrastructure</i>	81 877	98 910	(5 965)	92 945	79 952	23 918
<i>Storm water Infrastructure</i>	2 444	2 444	(2 200)	244	25 152	–
<i>Electrical Infrastructure</i>	7 304	7 304	(1 500)	5 804	3 870	4 331
<i>Solid Waste Infrastructure</i>	–	–	–	–	–	18 000
Infrastructure	91 626	108 659	(9 665)	98 994	108 974	46 249
Community Facilities	7 008	7 008	1 756	8 764	2 625	5 001
Sport and Recreation Facilities	12 710	12 710	13 122	25 832	3 356	–
Community Assets	19 718	19 718	14 879	34 597	5 981	5 001
Operational Buildings	15 774	15 774	10 114	25 888	4 445	–
Housing	2 400	2 400	(2 201)	199	1 200	–
Other Assets	18 174	18 174	7 913	26 087	5 645	–
Licences and Rights	714	714	(600)	114	–	–
Intangible Assets	714	714	(600)	114	–	–
Computer Equipment	910	910	630	1 540	90	–
Furniture and Office Equipment	1 691	1 691	(585)	1 106	–	–
Machinery and Equipment	7 903	7 903	6 788	14 692	16 648	1 167
Transport Assets	2 253	2 253	(1 653)	601	–	–
TOTAL CAPITAL EXPENDITURE	142 990	160 023	17 707	177 730	137 338	52 417

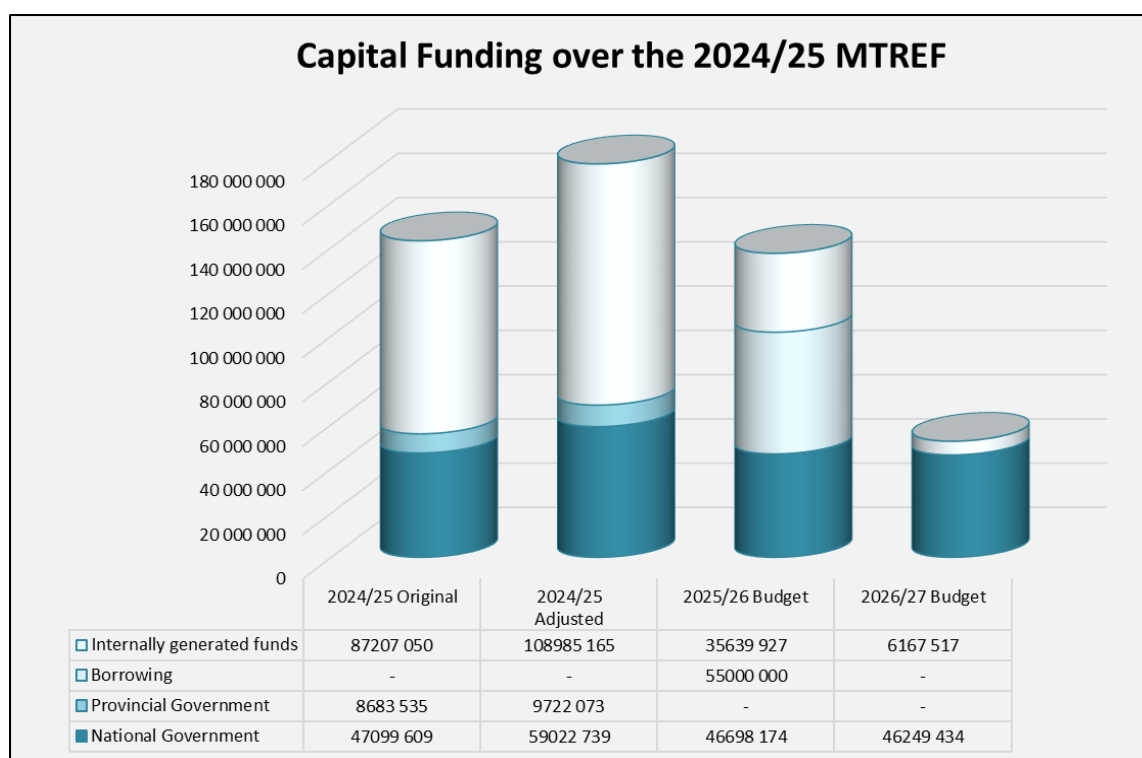
The net effect of the adjustments on the capital budget amounts to an increase of R17,71 million. This is the result of the following amendments on capital projects:

- 1) Roads infrastructure decreased by R5,97 million as a result of:
 - An additional R12,29 million for the Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) project;
 - A decrease of R14,40 million for Rehabilitation of Roads & Storm water projects in the Senqu area;
 - An increase of R1,74 million for the Reconstruction of Roads projects, as a result of the unspent portion of the Disaster Relief Grant that rolled over from the 2023/2024 financial year;
 - A decrease of R5,11 million for the Repairing of gravel roads and storm water channels projects funded by the Disaster Recovery Grant that rolled over to the 2025/2026 financial year.

- 2) Storm water infrastructure decreased by R2,20 million as a result of:
 - A decrease in the Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges project.
- 3) Electrical infrastructure decreased by R1,50 million due to:
 - A reduction in the High Mast Lights - New Rest project that rolled over to the next financial year.
- 4) Community Assets increased by R14,88 million as a result of:
 - An additional R2,26 million for the Renovations of Barkly East Town Hall project, as well as a decrease of R100 000 for the Herschel Community Hall project;
 - A R400 000 reduction in the Construction of Animal Pound in Lady Grey project;
 - An increase of R13,12 million in Sport and Recreation Facilities due to additional funds being allocated to the Construction of Blue-Gums Sports field project.
- 5) Other Assets increased by R7,91 million due to:
 - An increase of R10,46 million in the Driving Licence and Testing Centre in Sterkspruit project;
 - A decrease of R500 000 in the Integrated Fire Services project which was reallocated to operational expenditure;
 - A reduction of R2,20 million in Staff Housing projects which was reallocated to the 2025/2026 financial year.
- 6) A reduction of R600 000 in Intangible assets and an increase of R630 000 in Computer Equipment due to funds being reallocated.
- 7) Machinery and Equipment increased by R6,79 million mainly due to an additional R11,11 million for specialised vehicles/plant, as well as a reduction of R3,6 million for the Power Backup System which was reallocated to the 2025/2026 financial year.
- 8) A reduction of R585 000 and R1,65 million in Furniture and Office Equipment and Transport Assets respectively due to funds being reallocated.

The expected investment in infrastructure remains high, to such an extent that current cash flows cannot sustain it. The municipality is forced to utilise previously accumulated cash reserves to fund part of these projects. Out of the total capital expenditure of R177,73 million for 2024/2025, R108,99 million is funded by internally generated funds. However, the municipality believes it is strategically important to invest timeously in infrastructure, to cater for the need to extend service delivery across the region.

The revised forecasted capital expenditure can be summarised as follows:



Funding and Cash flows

The budget indicates a net cash outflow of R170,08 million, after capital expenditure of R174,11 million has been incurred. Non-cash items such as the Provision for debt impairment of R18,34 million, as well as depreciation and amortisation of R19,02 million have been taken into account.

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

Source	2024/2025 Original Budget	2024/2025 Prior Adjusted	2024/2025 Adjustments Budget	2025/2026 Budget	2026/2027 Budget
Generated Operating inflows /(outflows)	10 584	30 172	4 914	(38 626)	(53 197)
Net Financing inflows/(outflows)	(842)	(842)	(875)	53 568	(1 581)
Net cash inflows /(outflows)	9 742	29 330	4 039	14 942	(54 705)
Outflows - Investment in Assets	(142 990)	(160 023)	(174 113)	(137 861)	(53 001)
Net inflows / (outflows)	(133 248)	(130 693)	(170 075)	(122 918)	(107 706)

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	257 141	259 696	76 956	336 652	213 734	106 028
Cash and investments available:	257 141	259 696	76 956	336 652	213 734	106 028
<u>Applications of cash and investments</u>						
Unspent conditional transfers	11 785	11 785	8 722	20 507	13 250	11 932
Other working capital requirements	(2 281)	(2 281)	2 649	367	(5 915)	(14 259)
Other provisions	22 859	22 859	(1 815)	21 044	22 758	24 518
Reserves to be backed by cash/investments	218 467	218 467	20 216	238 683	156 932	76 401
Total Application of cash and investments:	250 830	250 830	29 771	280 601	187 025	98 591
Surplus(shortfall)	6 312	8 867	47 184	56 051	26 709	7 436

Unforeseen and unavoidable expenditure

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

Changes to allocations and grant adjustments

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

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:						
<u>Operating expenditure of Transfers and Grants</u>						
National Government:	210 348	212 903	(566)	212 337	207 010	200 505
Local Government Equitable Share	189 174	189 174	–	189 174	187 672	181 189
Finance Management	1 700	1 700	–	1 700	1 800	2 000
Nat Gov: Councillor Remuneration	7 550	7 550	–	7 550	7 490	7 231
Municipal Infrastructure Grant (MIG)	9 529	9 529	–	9 529	8 151	8 825
EPWP Incentive	1 620	1 620	–	1 620	–	–
Neighbourhood Development Grant	500	500	200	700	700	610
Integrated National Electrification Programme	276	276	–	276	430	650
Municipal Disaster Recovery Grant	–	2 555	(766)	1 788	766	–
Provincial Government:	4 307	4 307	671	4 978	2 181	2 208
Libraries	1 500	1 500	606	2 106	1 500	1 500
EPWP	–	–	–	–	–	–
Greenest Municipality	414	414	344	759	–	–
Herschel Housing Grant	1 090	1 090	(435)	655	681	708
Municipal Disaster Relief Grant	1 303	1 303	156	1 458	–	–
Total operating expenditure of Transfers and Grants:	214 655	217 210	104	217 314	209 191	202 713
<u>Capital expenditure of Transfers and Grants</u>						
National Government:	47 100	64 133	(5 110)	59 023	46 698	46 249
Municipal Infrastructure Grant (MIG)	45 260	45 260	–	45 260	38 719	41 918
Integrated National Electrification Programme	1 839	1 839	–	1 839	2 870	4 331
Municipal Disaster Recovery Grant	–	17 033	(5 110)	11 923	5 110	–
Provincial Government:	8 684	8 684	1 039	9 722	–	–
Municipal Disaster Relief Grant	8 684	8 684	1 039	9 722	–	–
Total capital expenditure of Transfers and Grants	55 783	72 816	(4 071)	68 745	46 698	46 249
Total capital expenditure of Transfers and Grants	270 438	290 026	(3 967)	286 059	255 889	248 962

It must be noted that the Municipality is grant dependant, as only 40% of the municipality's revenue is from own revenue generated. Therefore, any adverse effect the economic environment may have on the levy and collection of own revenue, will have a minimum impact on the Municipality's financial sustainability as a whole.

Financial Viability and Sustainability

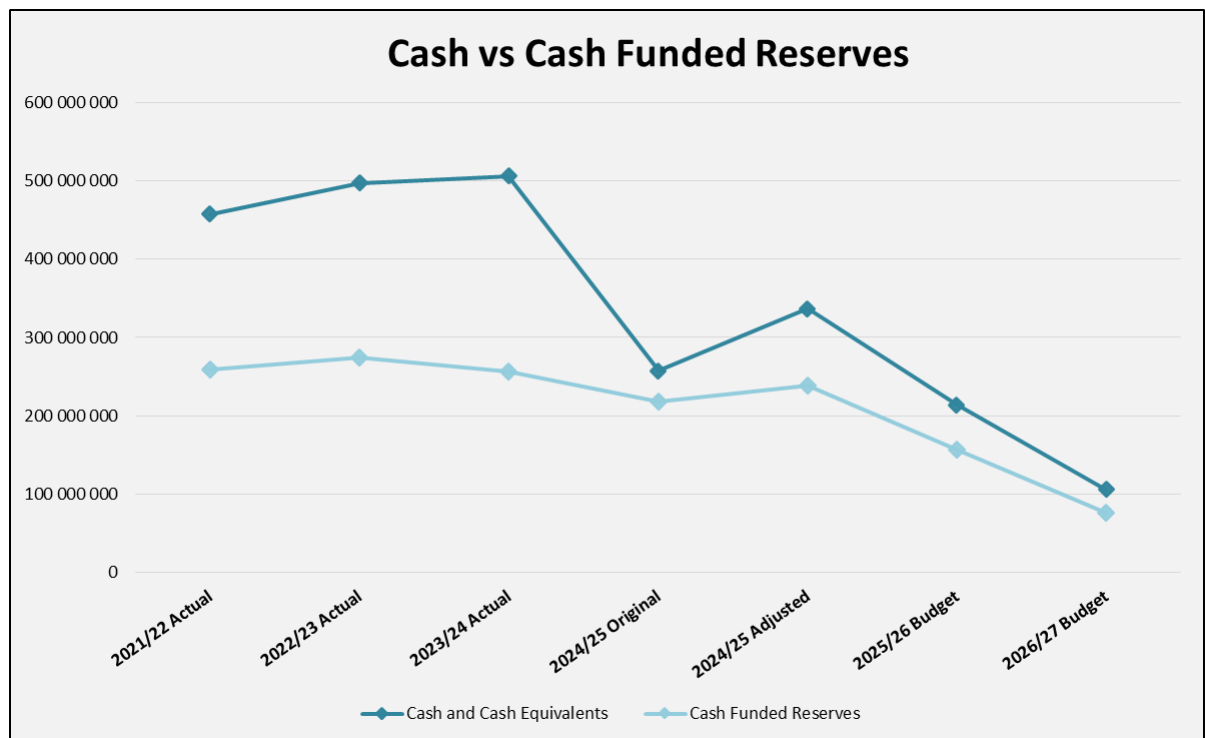
Issues such as unemployment and high energy and other costs negatively impacts on the sustainability of municipalities. These Macro-Economic issues are largely beyond the control of the municipalities. For this reason, municipalities should as far possible take control of issues it can directly manage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

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

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

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

The forecast is as follows:



The projected balance of the cash and cash equivalents increase from R257,14 million to R336,65 million for 2024/2025 and then decrease to R106,03 million over the MTREF.

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

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

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

Recommendations

It is recommended:

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

Section 2 - Budget Related Resolutions

Senqu Municipality

MTREF 2024/2025

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

RESOLVED:

[a]. That the adjustments budget, inclusive of changes in terms of section 28(2) of the MFMA, of Senqu Municipality for the financial year 2024/2025; and indicative for the two projected years 2025/26 and 2026/27, as set-out in the schedules contained in Section 4, be approved:

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

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

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

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

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

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

[d]. That Council approves the disposal/write-off of any assets directly resulting from the construction of new assets approved in this capital budget in line with the requirements of MFMA Section 14

Section 3 - Executive Summary

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

The new projected forecasts for the MTREF are as follows:

OPERATING BUDGET (R'000)

Type	2024/2025 Original Budget	2024/2025 Prior Adjusted	2024/2025 Adjustments Budget	2025/2026 Budget	2026/2027 Budget
Revenue	407 178	426 766	433 051	408 240	407 407
Expenditure	414 124	414 124	459 556	463 603	482 166
Surplus/(Deficit)	(6 946)	12 642	(26 505)	(55 363)	(74 759)
Less:Capital Grants	(55 783)	(72 816)	(68 745)	(46 698)	(46 249)
Deficit excluding capital grants	(62 730)	(60 175)	(95 250)	(102 061)	(121 008)

CAPITAL BUDGET (R'000)

Objective	2024/2025 Original Budget	2024/2025 Prior Adjusted	2024/2025 Adjustments Budget	2025/2026 Budget	2026/2027 Budget
Governance and Admin	14 706	14 706	5 856	4 890	-
Community and Public Safety	34 892	34 892	60 226	10 426	5 001
Economic and environmental services	82 093	99 126	104 079	93 000	25 085
Trading Services	10 769	10 769	7 039	29 022	22 331
Other	530	530	530	-	-
Total	142 990	160 023	177 730	137 338	52 417

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

Funding Source	2024/2025 Original Budget	2024/2025 Prior Adjusted	2024/2025 Adjustments Budget	2025/2026 Budget	2026/2027 Budget
National Government	47 100	64 133	59 023	46 698	46 249
Provincial Government	8 684	8 684	9 722	-	-
Borrowing	-	-	-	55 000	-
Own Funds	87 207	87 207	108 985	35 640	6 168
Total	142 990	160 023	177 730	137 338	52 417

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

Section 4 - Adjustment budget tables

The Budget tables are:

Table B1 - Adjustments Budget Summary

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Financial Performance</u>						
Property rates	17 901	17 901	1 300	19 201	19 969	20 767
Service charges	73 306	73 306	1 995	75 301	78 313	81 446
Investment revenue	31 509	31 509	6 147	37 656	39 162	40 729
Transfers recognised - operational	214 655	217 210	104	217 314	209 191	202 713
Other own revenue	14 024	14 024	810	14 834	14 907	15 504
Total Revenue (excluding capital transfers and contributions)	351 394	353 949	10 357	364 306	361 542	361 158
Employee costs	146 669	146 669	998	147 667	153 734	160 034
Remuneration of councillors	14 776	14 776	366	15 141	15 899	16 693
Depreciation & asset impairment	19 624	35 607	1 745	19 015	20 543	21 569
Finance charges	6 106	6 106	–	6 106	12 445	13 017
Inventory consumed and bulk purchases	80 722	80 722	13 492	94 214	97 783	101 694
Transfers and subsidies	49	49	101	150	180	200
Other expenditure	146 178	130 195	28 729	177 262	163 019	168 958
Total Expenditure	414 124	414 124	45 432	459 556	463 603	482 166
Surplus/(Deficit)	(62 730)	(60 175)	(35 075)	(95 250)	(102 061)	(121 008)
Transfers and subsidies - capital (monetary allocations)	55 783	72 816	(4 071)	68 745	46 698	46 249
Surplus/ (Deficit) for the year	(6 946)	12 642	(39 147)	(26 505)	(55 363)	(74 759)
<u>Capital expenditure & funds sources</u>						
Capital expenditure	142 990	160 023	17 707	177 730	137 338	52 417
Transfers recognised - capital	55 783	72 816	(4 071)	68 745	46 698	46 249
Borrowing	–	–	–	–	55 000	–
Internally generated funds	87 207	87 207	21 778	108 985	35 640	6 168
Total sources of capital funds	142 990	160 023	17 707	177 730	137 338	52 417

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Financial position</u>						
Total current assets	286 844	289 399	87 239	376 638	260 044	158 884
Total non current assets	771 159	788 193	(35 126)	753 067	867 462	896 310
Total current liabilities	54 003	54 003	16 870	70 873	64 601	61 892
Total non current liabilities	61 288	61 288	(1 578)	59 710	119 146	124 301
Community wealth/Equity	942 712	962 300	36 821	999 122	943 759	869 000
<u>Cash flows</u>						
Net cash from (used) operating	10 584	30 172	(25 259)	4 914	(38 626)	(53 197)
Net cash from (used) investing	(142 990)	(160 023)	(14 090)	(174 113)	(137 861)	(53 001)
Net cash from (used) financing	(842)	(842)	(32)	(875)	53 568	(1 508)
Cash/cash equivalents at the year end	257 141	259 696	76 956	336 652	213 734	106 028
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	257 141	259 696	76 956	336 652	213 734	106 028
Application of cash and investments	250 830	250 830	29 771	280 601	187 025	98 591
Balance - surplus (shortfall)	6 312	8 867	47 184	56 051	26 709	7 436
<u>Asset Management</u>						
Asset register summary (WDV)	771 159	788 193	(36 170)	752 022	866 417	895 265
Depreciation	19 624	19 624	(610)	19 015	20 543	21 569
Renewal and Upgrading of Existing Assets	84 892	101 925	(5 666)	96 260	80 902	23 918
Repairs and Maintenance	27 477	27 477	(1 277)	26 200	27 248	28 338
<u>Free services</u>						
Cost of Free Basic Services provided	5 342	5 342	–	5 342	5 556	5 778
Revenue cost of free services provided	6 156	6 156	–	6 156	6 403	6 659
<u>Households below minimum service level</u>						
Energy:	9	9	–	9	9	10
Refuse:	53	53	–	53	56	59

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

Standard Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue - Functional</u>						
<i>Governance and administration</i>	175 931	175 931	8 397	184 328	185 929	184 542
Executive and council	7 550	7 550	–	7 550	7 490	7 231
Finance and administration	168 381	168 381	8 397	176 778	178 440	177 311
<i>Community and public safety</i>	5 481	5 481	(1 006)	4 475	3 964	4 062
Community and social services	1 690	1 690	704	2 393	1 799	1 811
Sport and recreation	2	2	–	2	2	2
Public safety	3 789	3 789	(1 710)	2 079	2 163	2 249
<i>Economic and environmental services</i>	68 088	87 676	(4 387)	83 288	54 265	52 204
Planning and development	11 209	11 209	295	11 503	9 657	10 273
Road transport	56 879	76 467	(4 682)	71 785	44 608	41 931
<i>Trading services</i>	157 631	157 631	1 665	159 296	162 352	164 799
Energy sources	103 756	103 756	3 424	107 180	110 754	113 935
Waste management	53 875	53 875	(1 759)	52 116	51 598	50 864
<i>Other</i>	48	48	1 617	1 664	1 731	1 800
Total Revenue - Functional	407 178	426 766	6 285	433 051	408 240	407 407
<u>Expenditure - Functional</u>						
<i>Governance and administration</i>	161 981	161 981	29 454	191 435	181 498	188 654
Executive and council	37 737	37 737	10 291	48 028	50 068	52 257
Finance and administration	118 914	118 914	19 325	138 239	126 055	130 807
Internal audit	5 330	5 330	(162)	5 168	5 375	5 590
<i>Community and public safety</i>	32 026	32 026	1 924	33 950	35 085	36 529
Community and social services	20 862	20 862	1 787	22 649	23 428	24 397
Sport and recreation	2 998	2 998	(42)	2 956	3 105	3 234
Public safety	8 166	8 166	179	8 345	8 552	8 898
<i>Economic and environmental services</i>	71 407	71 407	(5 348)	66 059	75 447	77 945
Planning and development	33 993	33 993	(2 827)	31 166	32 384	33 564
Road transport	36 956	36 956	(2 521)	34 435	42 587	43 885
Environmental protection	458	458	0	458	477	496
<i>Trading services</i>	144 738	144 738	19 874	164 611	168 166	175 481
Energy sources	90 811	90 811	8 972	99 783	101 989	106 403
Waste water management	6 249	6 249	(220)	6 028	6 409	6 431
Waste management	47 678	47 678	11 122	58 800	59 768	62 646
<i>Other</i>	3 973	3 973	(473)	3 500	3 407	3 556
Total Expenditure - Functional	414 124	414 124	45 432	459 556	463 603	482 166
Surplus/ (Deficit) for the year	(6 946)	12 642	(39 147)	(26 505)	(55 363)	(74 759)

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

Vote Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue by Vote</u>						
Vote 1 - Executive & Council	7 550	7 550	–	7 550	7 490	7 231
Vote 2 - Planning & Development	11 238	11 238	399	11 637	9 796	10 418
Vote 3 - Corporate Services	1 851	1 851	256	2 107	2 192	2 279
Vote 4 - Budget & Treasury	166 542	166 542	8 141	174 683	176 261	175 045
Vote 5 - Road Transport	60 505	80 093	(6 376)	73 717	46 618	44 021
Vote 9 - Community & Social Services	1 695	1 695	2 216	3 912	3 378	3 453
Vote 10 - Sport & Recreation	2	2	–	2	2	2
Vote 11 - Public Safety	163	163	(16)	147	153	159
Vote 12 - Electricity	103 756	103 756	3 424	107 180	110 754	113 935
Vote 13 - Waste Management	53 875	53 875	(1 759)	52 116	51 598	50 864
Total Revenue by Vote	407 178	426 766	6 285	433 051	408 240	407 407
<u>Expenditure by Vote</u>						
Vote 1 - Executive & Council	44 428	44 428	10 220	54 649	56 958	59 422
Vote 2 - Planning & Development	36 340	36 340	(3 280)	33 060	34 380	35 654
Vote 3 - Corporate Services	64 012	64 012	16 080	80 092	67 387	70 151
Vote 4 - Budget & Treasury	53 564	53 564	3 154	56 718	57 178	59 107
Vote 5 - Road Transport	43 157	43 157	(2 352)	40 805	49 085	50 647
Vote 6 - Waste Water Management	6 249	6 249	(220)	6 028	6 409	6 431
Vote 9 - Community & Social Services	22 922	22 922	1 769	24 690	25 291	26 335
Vote 10 - Sport & Recreation	2 998	2 998	(42)	2 956	3 105	3 234
Vote 11 - Public Safety	1 964	1 964	10	1 974	2 054	2 136
Vote 12 - Electricity	90 811	90 811	8 972	99 783	101 989	106 403
Vote 13 - Waste Management	47 678	47 678	11 122	58 800	59 768	62 646
Total Expenditure by Vote	414 124	414 124	45 432	459 556	463 603	482 166
Surplus/ (Deficit) for the year	(6 946)	12 642	(39 147)	(26 505)	(55 363)	(74 759)

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue By Source</u>						
<u>Exchange Revenue</u>						
Service charges - Electricity	62 647	62 647	2 573	65 221	67 829	70 543
Service charges - Waste Management	10 658	10 658	(578)	10 080	10 484	10 903
Sale of Goods and Rendering of Services	291	291	172	463	481	500
Agency services	1 538	1 538	(609)	929	966	1 004
Interest earned from Receivables	5 659	5 659	(247)	5 412	5 628	5 854
Interest earned from Current and Non Current Assets	31 509	31 509	6 147	37 656	39 162	40 729
Rent on Land	3	3	44	47	49	51
Rental from Fixed Assets	1 751	1 751	193	1 944	2 022	2 103
Licence and permits	1 508	1 508	764	2 272	2 363	2 458
Operational Revenue	805	805	(326)	479	498	518
<u>Non-Exchange Revenue</u>						
Property rates	17 901	17 901	1 300	19 201	19 969	20 767
Fines, penalties and forfeits	589	589	(381)	208	217	225
Transfer and subsidies - Operational	214 655	217 210	104	217 314	209 191	202 713
Interest	1 880	1 880	700	2 580	2 683	2 790
Gains on disposal of Assets	–	–	500	500	–	–
Total Revenue (excluding capital transfers and contributions)	351 394	353 949	10 357	364 306	361 542	361 158
<u>Expenditure By Type</u>						
Employee related costs	146 669	146 669	998	147 667	153 734	160 034
Remuneration of councillors	14 776	14 776	366	15 141	15 899	16 693
Bulk purchases - electricity	55 383	55 383	13 624	69 008	71 768	74 639
Inventory consumed	25 339	25 339	(132)	25 206	26 015	27 055
Debt impairment	15 983	15 983	2 355	18 338	19 254	20 217
Depreciation and amortisation	19 624	19 624	(610)	19 015	20 543	21 569
Interest	6 106	6 106	–	6 106	12 445	13 017
Contracted services	72 726	72 726	1 188	73 914	75 993	78 915
Transfers and subsidies	49	49	101	150	180	200
Irrecoverable debts written off	2 100	2 100	5 900	8 000	4 000	4 000
Operational costs	53 270	53 270	5 741	59 011	61 371	63 826
Losses on disposal of Assets	2 100	2 100	900	3 000	2 400	2 000
Other Losses	–	–	15 000	15 000	–	–
Total Expenditure	414 124	414 124	45 432	459 556	463 603	482 166
Surplus/(Deficit)	(62 730)	(60 175)	(35 075)	(95 250)	(102 061)	(121 008)
Transfers and subsidies - capital (monetary allocations)	55 783	72 816	(4 071)	68 745	46 698	46 249
Surplus/ (Deficit) for the year	(6 946)	12 642	(39 147)	(26 505)	(55 363)	(74 759)

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

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Capital expenditure - Vote						
Multi-year expenditure to be adjusted						
Vote 3 - Corporate Services	800	800	159	959	–	–
Vote 5 - Road Transport	96 217	113 250	4 625	117 875	84 147	23 918
Vote 6 - Waste Water Management	2 444	2 444	(2 200)	244	25 152	–
Vote 9 - Community & Social Services	6 000	6 000	2 156	8 156	2 625	5 001
Vote 10 - Sport & Recreation	12 710	12 710	13 122	25 832	3 356	–
Vote 11 - Public Safety	408	408	–	408	–	–
Vote 12 - Electricity	1 839	1 839	–	1 839	2 870	4 331
Vote 13 - Waste Management	–	–	–	–	–	18 000
Capital multi-year expenditure sub-total	120 418	137 451	17 863	155 314	118 151	51 250
Single-year expenditure to be adjusted						
Vote 1 - Executive & Council	656	656	(321)	336	–	–
Vote 3 - Corporate Services	11 352	11 352	(8 534)	2 818	4 800	–
Vote 4 - Budget & Treasury	1 898	1 898	(155)	1 743	90	–
Vote 5 - Road Transport	850	850	10 783	11 634	13 298	1 167
Vote 9 - Community & Social Services	730	730	–	730	–	–
Vote 11 - Public Safety	600	600	(400)	200	–	–
Vote 12 - Electricity	5 533	5 533	(1 500)	4 033	1 000	–
Vote 13 - Waste Management	953	953	(30)	923	–	–
Capital single-year expenditure sub-total	22 572	22 572	(156)	22 416	19 188	1 167
Total Capital Expenditure - Vote	142 990	160 023	17 707	177 730	137 338	52 417
Capital Expenditure - Functional						
Governance and administration	14 706	14 706	(8 850)	5 856	4 890	–
Executive and council	656	656	(321)	336	–	–
Finance and administration	14 050	14 050	(8 529)	5 520	4 890	–
Community and public safety	34 892	34 892	25 334	60 226	10 426	5 001
Community and social services	6 200	6 200	2 156	8 356	2 625	5 001
Sport and recreation	12 710	12 710	13 122	25 832	3 356	–
Public safety	15 982	15 982	10 055	26 037	4 445	–
Economic and environmental services	82 093	99 126	4 953	104 079	93 000	25 085
Road transport	82 093	99 126	4 953	104 079	93 000	25 085
Trading services	10 769	10 769	(3 730)	7 039	29 022	22 331
Energy sources	7 372	7 372	(1 500)	5 872	3 870	4 331
Waste water management	2 444	2 444	(2 200)	244	25 152	–
Waste management	953	953	(30)	923	–	18 000
Other	530	530	–	530	–	–
Total Capital Expenditure - Functional	142 990	160 023	17 707	177 730	137 338	52 417
Funded by:						
National Government	47 100	64 133	(5 110)	59 023	46 698	46 249
Provincial Government	8 684	8 684	1 039	9 722	–	–
Transfers recognised - capital	55 783	72 816	(4 071)	68 745	46 698	46 249
Borrowing	–	–	–	–	55 000	–
Internally generated funds	87 207	87 207	21 778	108 985	35 640	6 168
Total Capital Funding	142 990	160 023	17 707	177 730	137 338	52 417

Table B6 - Adjustments Budgeted Financial Position

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
ASSETS						
Current assets						
Cash and cash equivalents	257 141	259 696	76 956	336 652	213 734	106 028
Trade and other receivables from exchange transactions	17 230	17 230	10 326	27 556	33 831	39 931
Receivables from non-exchange transactions	5 740	5 740	468	6 208	6 258	6 704
Inventory	608	608	66	673	673	673
VAT	6 125	6 125	(627)	5 498	5 498	5 498
Other current assets	–	–	51	51	51	51
Total current assets	286 844	289 399	87 239	376 638	260 044	158 884
Non current assets						
Investment property	47 272	47 272	1 125	48 397	48 397	48 397
Property, plant and equipment	722 738	739 771	(36 277)	703 494	817 920	846 800
Intangible assets	1 149	1 149	(1 018)	131	100	69
Other non-current assets	–	–	1 044	1 044	1 044	1 044
Total non current assets	771 159	788 193	(35 126)	753 067	867 462	896 310
TOTAL ASSETS	1 058 004	1 077 592	52 113	1 129 704	1 127 506	1 055 193
LIABILITIES						
Current liabilities						
Financial liabilities	964	964	(0)	964	1 581	1 666
Consumer deposits	2 098	2 098	(81)	2 017	2 088	2 161
Trade and other payables from exchange transactions	16 297	16 297	10 044	26 341	24 924	21 615
Trade and other payables from non-exchange transactions	11 785	11 785	8 722	20 507	13 250	11 932
Provisions	22 859	22 859	(1 815)	21 044	22 758	24 518
Total current liabilities	54 003	54 003	16 870	70 873	64 601	61 892
Non current liabilities						
Borrowing	4 014	4 014	0	4 014	56 894	55 228
Provisions	32 319	32 319	764	33 084	35 968	38 782
Other non-current liabilities	24 955	24 955	(2 343)	22 612	26 283	30 291
Total non current liabilities	61 288	61 288	(1 578)	59 710	119 146	124 301
TOTAL LIABILITIES	115 291	115 291	15 292	130 583	183 747	186 193
NET ASSETS	942 712	962 300	36 821	999 122	943 759	869 000
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)	621 049	640 637	19 415	660 052	686 441	692 213
Funds and Reserves	321 663	321 663	17 406	339 070	257 318	176 787
TOTAL COMMUNITY WEALTH/EQUITY	942 712	962 300	36 821	999 122	943 759	869 000

Table B7 - Adjustments Budgeted Cash Flows

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	14 030	14 030	891	14 921	15 518	16 139
Service charges	57 456	57 456	(2 187)	55 269	57 480	59 779
Other revenue	6 106	6 106	(251)	5 855	6 089	6 332
Transfers and Subsidies - Operational	211 348	213 903	606	214 509	207 044	201 395
Transfers and Subsidies - Capital	47 100	64 133	–	64 133	41 588	46 249
Interest	39 048	39 048	2 957	42 006	43 686	45 433
Payments						
Suppliers and employees	(358 348)	(358 348)	(32 710)	(391 059)	(403 764)	(422 263)
Finance charges	(6 106)	(6 106)	5 536	(570)	(6 086)	(6 061)
Transfers and Subsidies	(49)	(49)	(101)	(150)	(180)	(200)
NET CASH FROM/(USED) OPERATING ACTIVITIES	10 584	30 172	(25 259)	4 914	(38 626)	(53 197)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Capital assets	(142 990)	(160 023)	(14 090)	(174 113)	(137 861)	(53 001)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(142 990)	(160 023)	(14 090)	(174 113)	(137 861)	(53 001)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	–	–	–	–	55 000	–
Increase (decrease) in consumer deposits	100	100	(32)	68	71	73
Payments						
Repayment of borrowing	(942)	(942)	(1)	(943)	(1 502)	(1 581)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(842)	(842)	(32)	(875)	53 568	(1 508)
NET INCREASE/ (DECREASE) IN CASH HELD	(133 248)	(130 693)	(39 381)	(170 075)	(122 918)	(107 706)
Cash/cash equivalents at the year begin:	390 389	390 389	116 337	506 726	336 652	213 734
Cash/cash equivalents at the year end:	257 141	259 696	76 956	336 652	213 734	106 028

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	257 141	259 696	76 956	336 652	213 734	106 028
Cash and investments available:	257 141	259 696	76 956	336 652	213 734	106 028
<u>Applications of cash and investments</u>						
Unspent conditional transfers	11 785	11 785	8 722	20 507	13 250	11 932
Other working capital requirements	(2 281)	(2 281)	2 649	367	(5 915)	(14 259)
Other provisions	22 859	22 859	(1 815)	21 044	22 758	24 518
Reserves to be backed by cash/investments	218 467	218 467	20 216	238 683	156 932	76 401
Total Application of cash and investments:	250 830	250 830	29 771	280 601	187 025	98 591
Surplus(shortfall)	6 312	8 867	47 184	56 051	26 709	7 436

Table B9 - Adjustments Budget Asset Management

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CAPITAL EXPENDITURE						
<u>Total New Assets to be adjusted</u>	58 098	58 098	23 373	81 470	56 436	28 499
Roads Infrastructure	785	785	(485)	300	250	–
Storm water Infrastructure	2 444	2 444	(2 200)	244	25 152	–
Electrical Infrastructure	7 304	7 304	(1 500)	5 804	3 870	4 331
Solid Waste Infrastructure	–	–	–	–	–	18 000
Infrastructure	10 534	10 534	(4 185)	6 349	29 272	22 331
Community Facilities	6 408	6 408	(100)	6 308	2 625	5 001
Sport and Recreation Facilities	12 710	12 710	13 122	25 832	3 356	–
Community Assets	19 118	19 118	13 022	32 140	5 981	5 001
Operational Buildings	14 974	14 974	9 955	24 929	4 445	–
Other Assets	14 974	14 974	9 955	24 929	4 445	–
Licences and Rights	714	714	(600)	114	–	–
Intangible Assets	714	714	(600)	114	–	–
Computer Equipment	910	910	630	1 540	90	–
Furniture and Office Equipment	1 691	1 691	(585)	1 106	–	–
Machinery and Equipment	7 903	7 903	6 788	14 692	16 648	1 167
Transport Assets	2 253	2 253	(1 653)	601	–	–
<u>Total Renewal of Existing Assets to be adjusted</u>	71 084	88 117	(17 712)	70 404	61 310	–
Roads Infrastructure	68 684	85 717	(17 767)	67 949	60 110	–
Infrastructure	68 684	85 717	(17 767)	67 949	60 110	–
Community Facilities	–	–	2 256	2 256	–	–
Community Assets	–	–	2 256	2 256	–	–
Housing	2 400	2 400	(2 201)	199	1 200	–
Other Assets	2 400	2 400	(2 201)	199	1 200	–
<u>Total Upgrading of Existing Assets to be adjusted</u>	13 809	13 809	12 046	25 855	19 592	23 918
Roads Infrastructure	12 409	12 409	12 287	24 696	19 592	23 918
Infrastructure	12 409	12 409	12 287	24 696	19 592	23 918
Community Facilities	600	600	(400)	200	–	–
Community Assets	600	600	(400)	200	–	–
Operational Buildings	800	800	159	959	–	–
Other Assets	800	800	159	959	–	–
<u>Total Capital Expenditure</u>						
Roads Infrastructure	81 877	98 910	(5 965)	92 945	79 952	23 918
Storm water Infrastructure	2 444	2 444	(2 200)	244	25 152	–
Electrical Infrastructure	7 304	7 304	(1 500)	5 804	3 870	4 331
Solid Waste Infrastructure	–	–	–	–	–	18 000
Infrastructure	91 626	108 659	(9 665)	98 994	108 974	46 249
Community Facilities	7 008	7 008	1 756	8 764	2 625	5 001
Sport and Recreation Facilities	12 710	12 710	13 122	25 832	3 356	–
Community Assets	19 718	19 718	14 879	34 597	5 981	5 001
Operational Buildings	15 774	15 774	10 114	25 888	4 445	–
Housing	2 400	2 400	(2 201)	199	1 200	–
Other Assets	18 174	18 174	7 913	26 087	5 645	–
Licences and Rights	714	714	(600)	114	–	–
Intangible Assets	714	714	(600)	114	–	–
Computer Equipment	910	910	630	1 540	90	–
Furniture and Office Equipment	1 691	1 691	(585)	1 106	–	–
Machinery and Equipment	7 903	7 903	6 788	14 692	16 648	1 167
Transport Assets	2 253	2 253	(1 653)	601	–	–
TOTAL CAPITAL EXPENDITURE	142 990	160 023	17 707	177 730	137 338	52 417

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
ASSET REGISTER SUMMARY - PPE (WDV)	771 159	788 193	(36 170)	752 022	866 417	895 265
<i>Roads Infrastructure</i>	240 030	257 063	(28 985)	228 078	298 852	313 394
<i>Storm water Infrastructure</i>	50 199	50 199	(4 338)	45 862	68 429	65 975
<i>Electrical Infrastructure</i>	27 712	27 712	(277)	27 435	29 695	32 335
<i>Solid Waste Infrastructure</i>	63 144	63 144	(2 591)	60 553	58 888	75 139
Infrastructure	381 085	398 118	(36 190)	361 928	455 864	486 844
Community Assets	86 082	86 082	10 327	96 409	99 661	101 796
Investment properties	47 272	47 272	1 125	48 397	48 397	48 397
Other Assets	161 167	161 167	(3 400)	157 767	162 245	161 019
Intangible Assets	1 149	1 149	(1 018)	131	100	69
Computer Equipment	4 224	4 224	(137)	4 087	3 388	2 559
Furniture and Office Equipment	2 425	2 425	(433)	1 993	1 553	1 091
Machinery and Equipment	46 929	46 929	(20 798)	26 131	40 932	40 160
Transport Assets	10 641	10 641	12 365	23 006	22 104	21 157
Land	30 185	30 185	1 989	32 174	32 174	32 174
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	771 159	788 193	(36 170)	752 022	866 417	895 265
EXPENDITURE OTHER ITEMS						
<u>Depreciation & asset impairment</u>	19 624	19 624	(610)	19 015	20 543	21 569
<u>Repairs and Maintenance by asset class</u>	27 477	27 477	(1 277)	26 200	27 248	28 338
<i>Roads Infrastructure</i>	7 726	7 726	(2 078)	5 648	5 874	6 109
<i>Storm water Infrastructure</i>	464	464	–	464	482	501
<i>Electrical Infrastructure</i>	2 552	2 552	(488)	2 065	2 147	2 233
<i>Solid Waste Infrastructure</i>	2 005	2 005	(31)	1 974	2 053	2 135
Infrastructure	12 747	12 747	(2 596)	10 150	10 556	10 979
Community Facilities	2 024	2 024	513	2 537	2 638	2 744
Sport and Recreation Facilities	446	446	(30)	416	433	450
Community Assets	2 470	2 470	483	2 953	3 071	3 194
Non-revenue Generating	438	438	(178)	260	271	281
Investment properties	438	438	(178)	260	271	281
Operational Buildings	2 385	2 385	(318)	2 067	2 149	2 235
Other Assets	2 385	2 385	(318)	2 067	2 149	2 235
Furniture and Office Equipment	924	924	133	1 057	1 100	1 144
Machinery and Equipment	2 363	2 363	(241)	2 122	2 206	2 295
Transport Assets	6 151	6 151	1 440	7 591	7 895	8 210
TOTAL EXPENDITURE OTHER ITEMS	47 101	47 101	(1 887)	45 214	47 791	49 906
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	59.4%	63.7%		54.2%	58.9%	45.6%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	432.6%	519.4%		506.2%	393.8%	110.9%
<i>R&M as a % of PPE</i>	3.6%	3.5%		3.5%	3.1%	3.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>	14.6%	16.4%		16.3%	12.5%	5.8%

Table B10 - Adjustments Budget Basic service delivery measurement

Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Household service targets</u>						
<u>Energy:</u>						
Electricity (at least min. service level)	48 814	48 814	–	48 814	51 743	54 847
Electricity - prepaid (> min.service level)	3 883	3 883	–	3 883	4 116	4 363
<i>Minimum Service Level and Above sub-total</i>	52 697	52 697	–	52 697	55 859	59 211
Other energy sources	8 801	8 801	–	8 801	9 329	9 889
<i>Below Minimum Service Level sub-total</i>	8 801	8 801	–	8 801	9 329	9 889
Total number of households	61 498	61 498	–	61 498	65 188	69 099
<u>Refuse:</u>						
Removed at least once a week (min.service)	8 746	8 746	–	8 746	9 271	9 827
<i>Minimum Service Level and Above sub-total</i>	8 746	8 746	–	8 746	9 271	9 827
Using communal refuse dump	52 924	52 924	–	52 924	56 100	59 466
<i>Below Minimum Service Level sub-total</i>	52 924	52 924	–	52 924	56 100	59 466
Total number of households	61 670	61 670	–	61 670	65 371	69 293
<u>Cost of Free Basic Services provided (R'000)</u>						
Electricity/other energy (50kwh per indigent household per	896	896	–	896	932	969
Refuse (removed once a week for indigent households)	4 446	4 446	–	4 446	4 624	4 809
Total cost of FBS provided	5 342	5 342	–	5 342	5 556	5 778
<u>Highest level of free service provided</u>						
Property rates (R'000 value threshold)	60 000	60 000	–	60 000	60 000	60 000
Electricity (kw per household per month)	50	50	–	50	50	50
Refuse (average litres per week)	140	140	–	140	140	140
<u>Revenue cost of free services provided (R'000)</u>						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	6 156	6 156	–	6 156	6 403	6 659
Total revenue cost of subsidised services provided	6 156	6 156	–	6 156	6 403	6 659

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

PART 2 - SUPPORTING DOCUMENTATION

Section 5 - Measurable performance objectives and indicators

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

Section 6 - Budget related policies

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

Section 7 - Overview of budget assumptions

Budget Assumptions

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

Section 8 - Funding compliance

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

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

Section 9 - Overview of budget funding

Funding the Budget

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

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

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

A Credible Budget

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

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

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

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

Fiscal Overview of Senqu Municipality

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

Long term financial planning

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

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

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

Sources of funding

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

R '000	2024/2025 Original Budget	2024/2025 Prior Adjusted	2024/2025 Adjustments Budget	2025/2026 Budget	2026/2027 Budget
Investment Interest	31 509	31 509	37 656	39 162	40 729

Borrowing

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

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

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

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

Section 10 - Expenditure on allocations and grant programmes

Grant allocations

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

Section 11 - Allocations and grants made by the Municipality

Allocations Made by the Municipality

Refer to supporting schedule SB10 for allocations made.

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

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

Section 12 - Councillor Allowances and employee benefits

Salaries, Allowances and Benefits

There are minor adjustments proposed for Councillor Allowances.

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

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

Monthly Cash Flows by source

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

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

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

Description	Unit of measurement	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 3 - Corporate Services							
Function 1 - Buildings							
Sub-function 1 - Other Buildings							
Construction of Change rooms - Lady Grey	Completion of project	800	800	159	959	–	–
Sub-function 2 - Staff Housing							
Renovation of the Mayoral House	Completion of project	1 200	1 200	(1 200)	–	1 200	–
Renovation of the MM's House	Completion of project	1 200	1 200	(1 001)	199	–	–
				–			
Vote5 - Road Transport							
Function 1 - Roads							
Sub-function 2 - Surfaced Roads							
New Rest Construction - Paving	Completion of project to the specification of the engineers	–	–	–	–	16 684	23 918
Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14	Completion of project to the specification of the engineers	12 409	12 409	12 287	24 696	2 908	–
Rehabilitation of Roads & Stormwater in Mokhesi Ward 8	Completion of project to the specification of the engineers	15 000	15 000	3 800	18 800	13 750	–
Rehabilitation of Roads & Stormwater in Ward 10	Completion of project to the specification of the engineers	15 000	15 000	(10 500)	4 500	13 750	–
Rehabilitation of Roads & Stormwater in Lady Grey Ward 14	Completion of project to the specification of the engineers	15 000	15 000	(10 500)	4 500	13 750	–
Rehabilitation of Roads & Stormwater in Barkly East Ward 15 & 16	Completion of project to the specification of the engineers	15 000	15 000	2 800	17 800	13 750	–
Reconstruction of 4,5 km gravel roads and stormwater channels in Zava, Mdlokovana and Thaba Koloi (Ward 13)	Completion of project to the specification of the engineers	2 346	2 346	1 337	3 683	–	–
Reconstruction of Roads_KwaNtoyi, Zwellitsha - Ward 12	Completion of project to the specification of the engineers	2 686	2 686	378	3 064	–	–
Reconstruction of Roads_Ntabamhlophe - Ward 05	Completion of project to the specification of the engineers	3 652	3 652	27	3 679	–	–
Repairing of 5.2 km gravel roads and stormwater channels in Ward 1: Ndofera, Bikizana and Mboobo	Completion of project to the specification of the engineers	–	5 645	(1 694)	3 952	1 694	–
Repairing of 6 km gravel roads and stormwater channels in Ward 4: Sunduza, Bensonville, Jozana nek	Completion of project to the specification of the engineers	–	6 126	(1 838)	4 288	1 838	–
Repairing of 4,5 km gravel roads and stormwater channels in Ward 17: Joveleni, Hinana and Voyizana	Completion of project to the specification of the engineers	–	5 262	(1 578)	3 683	1 578	–
Function 2 - Road Structures							
Sub-function 1 - Bridges							
Construction of a pedestrian bridge between Esilindini and Frans (W12)	Completion of project to the specification of the engineers	650	650	(350)	300	–	–
Function 3 - Road and Traffic Regulation							
Sub-function 1 - Municipal Offices							
Driving Licence and Testing Centre Sterkspruit	Completion of project to the specification of the engineers	14 474	14 474	10 455	24 929	4 445	–
Vote 6 - Waste Water Management							
Function 1 - Storm water							
Sub-function 1 - Storm water Conveyance							
Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..	Completion of project to the specification of the engineers	2 444	2 444	(2 200)	244	25 152	–

Description	Unit of measurement	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote9 - Community & Social Services							
Function 1 - Community Halls							
Sub-function 1 - Buildings							
<i>Herschel Community Hall</i>	Completion of project to the specification of the engineers	4 900	4 900	(100)	4 800	1 720	–
<i>Renovations (Barkly East Town Hall)</i>	Completion of project to the specification of the engineers	–	–	2 256	2 256	–	–
Function 2 - Cemeteries							
Sub-function 1 - Cemeteries							
<i>Fencing of existing cemeteries at Joveleni, Hinana and Voyizana</i>	Completion of project to the specification of the engineers	900	900	200	1 100	–	–
<i>Lady Grey and Herschel Cemetery Layout Plans (EIA) (W13 & 14)</i>	Completion of project to the specification of the engineers	200	200	(200)	–	905	5 001
Vote10 - Sport & Recreation							
Function 1 - Sport Facilities							
Sub-function 1 - Sport Facilities							
<i>Construction of Blue-Gums Sportsfield</i>	Fully functional sport facilities	12 710	12 710	13 122	25 832	3 356	–
Vote11 - Public Safety							
Function 1 - Public Safety							
Sub-function 1 - Pounds							
<i>Construction of Animal Pound in Lady Grey Ward 14</i>	Fully functional animal pound	400	400	(400)	–	–	–
<i>Upgrade Animal Holding Facilities</i>	Fully functional animal pound	200	200	–	200	–	–
Vote12 - Electricity							
Function 1 - Electricity distribution							
Sub-function 1 - Infrastructure							
<i>Pre-Paid Electricity Meters</i>	Completion of project to the specification of the engineers	3 115	3 115	–	3 115	–	–
<i>Electrification of Households at Mountain View Ward 10</i>	Completion of project to the specification of the engineers	1 839	1 839	(0)	1 839	2 870	4 331
Function 2 - Street lights							
Sub-function 1 - Infrastructure							
<i>Ward 14 Reroute of LV Overhead Line with Street Lights for Lulama Location</i>	Completion of project to the specification of the engineers	850	850	–	850	–	–
<i>High Mast Lights - New Rest</i>	Completion of project to the specification of the engineers	1 500	1 500	(1 500)	–	1 000	–
Vote13 - Waste Management							
Function 1 - Refuse							
Sub-function 1 - Waste sites Infrastructure							
<i>Solid Waste Site - Sterkspruit</i>	Completion of project to satisfy specifications of the engineers	–	–	–	–	–	18 000

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

ENTITIES

The municipality does not have any entities.

Other Service Delivery Mechanisms.

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

Section 16 - Contracts having future budgetary implications

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

Section 17 - Capital expenditure details

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

Section 18 - Municipal Manager's quality certification

I, T Mawonga, Municipal Manager of Senqu Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

T Mawonga

Municipal Manager of Senqu Municipality

Signature

Date