

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



SPECIAL ADJUSTMENT BUDGET

2022-23 FINANCIAL YEAR

ABBREVIATIONS AND ACRONYMS

AO	Accounting Officer	SAPS	South African Police Service
AMR	Automated Meter Reading	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee	BPC	Budget Planning Committee
MFMA	Municipal Financial Management Act	CFO	Chief Financial Officer
MIG	Municipal Infrastructure Grant	CPI	Consumer Price Index
MMC	Member of Mayoral Committee	CRRF	Capital Replacement Reserve Fund
MPRA	Municipal Properties Rates Act	DBSA	Development Bank of South Africa
MSA	Municipal Systems Act	DORA	Division of Revenue Act
MTEF	Medium-term Expenditure Framework	DWA	Department of Water Affairs
MTREF	Medium-term Revenue and Expenditure Framework	EE	Employment Equity
NERSA	National Electricity Regulator South Africa	FBS	Free basic services
NGO	Non-Governmental organisations	GDP	Gross domestic product
NKPIs	National Key Performance Indicators	GFS	Government Financial Statistics
OHS	Occupational Health and Safety	GRAP	General Recognised Accounting Practice
OP	Operational Plan	HR	Human Resources
PBO	Public Benefit Organisations	IDP	Integrated Development Strategy
PMS	Performance Management System	IT	Information Technology
PPE	Property Plant and Equipment	KM	Kilometre
PPP	Public Private Partnership	KPA	Key Performance Area
RSC	Regional Services Council	KPI	Key Performance Indicator
SALGA	South African Local Government Association	KWH	Kilowatt
IDP	Integrated Development Plan		

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PART 1 - ADJUSTMENT BUDGET

EXECUTIVE SUMMARY

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

Regulation 23 (1) of Municipal Budget Reporting Regulation stipulates that adjustment budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current financial year.

Regulation 23 (2) of Municipal Budget Reporting Regulation outlines that one adjustment budget referred to in sub regulation (1) may be tabled in the municipal council during a financial year, **except**, when the additional revenues contemplated in section (28) (b) of the Act are allocations to the municipality in a national or provincial adjustment budget, in which case sub regulation (3) applies.

Regulation 23 (3) of Municipal Budget Reporting stipulates that if national or provincial adjustment budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustment budget, table adjustment budget referred to in section 28(2) (b) of the Act in the municipal council to appropriate these additional revenues.

It should be noted that municipal tax and tariffs are not increased during the financial year and any amendments to the annual budget must remain funded in accordance with section 18 of the MFMA.

Municipality's main adjustment budget is funded in terms of National Treasury B-schedule template therefore there is no need for funding plan.

SUMMARY OF 2022/23 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK

DESCRIPTION	2022/23			
	ORIGINAL BUDGET	ADJUSTED BUDGET	YEAR TO DATE ACTUAL	PERCENTAGE
OPERATING REVENUE	601 350 985	627 749 505	473 176 945	79%
OPERATING EXPENDITURE	597 283 011	563 112 719	339 535 772	57%
TRANSFER - CAPITAL	79 606 001	111 606 000	64 070 345	80%
SURPLUS/(DEFICIT)	83 673 978	176 242 786	197 711 518	236%
CAPITAL EXPENDITURE	98 041 001	139 385 874	66 711 457	68%

The impact of special adjustment budget on municipal budget is as follows:

- Increase in capital expenditure
- Reduction on operating expenditure
- Increase in transfer and subsidies (capital)

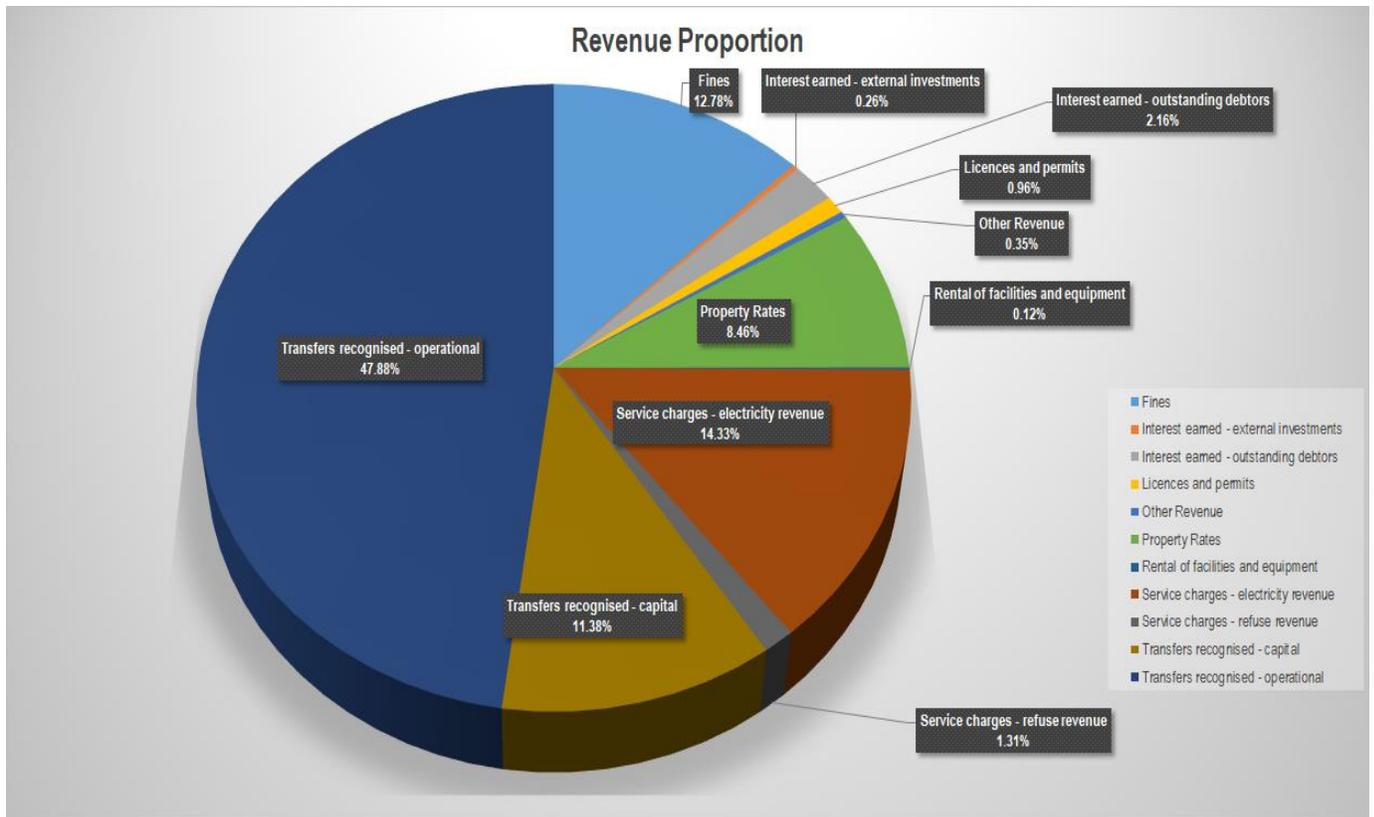


Figure 1 Main operational revenue categories for the 2022/23 financial year

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue to be generated from operational grants amounts to R338, 906 million translating to 48% for 2022/23 financial year making it clear that the municipality is still grants dependent and the level of dependency is not gradually going down. In addition, revenue to be generated from rates and services charges amounts to 6% and 16% respectively. In 2022/23 financial year, revenue from rates and services charges add up to R170, 547 million translating to 24%.

Service charges is the second largest revenue source totaling 16% or R110, 695 million and increases to R123, 158 million and R128, 701 million respectively in the outer years. The third largest source is fines that amounts to R90, 466 million in 2022/23 financial year and R71, 535 million and R74, 754 million respectively in the outer years.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2022/23 budget and MTREF is informed by the following:

- The renewal of existing assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational surplus will be directed to funding the capital budget and

- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation will be made.

The following diagram gives a breakdown of the main expenditure categories for the 2022/23 financial year.

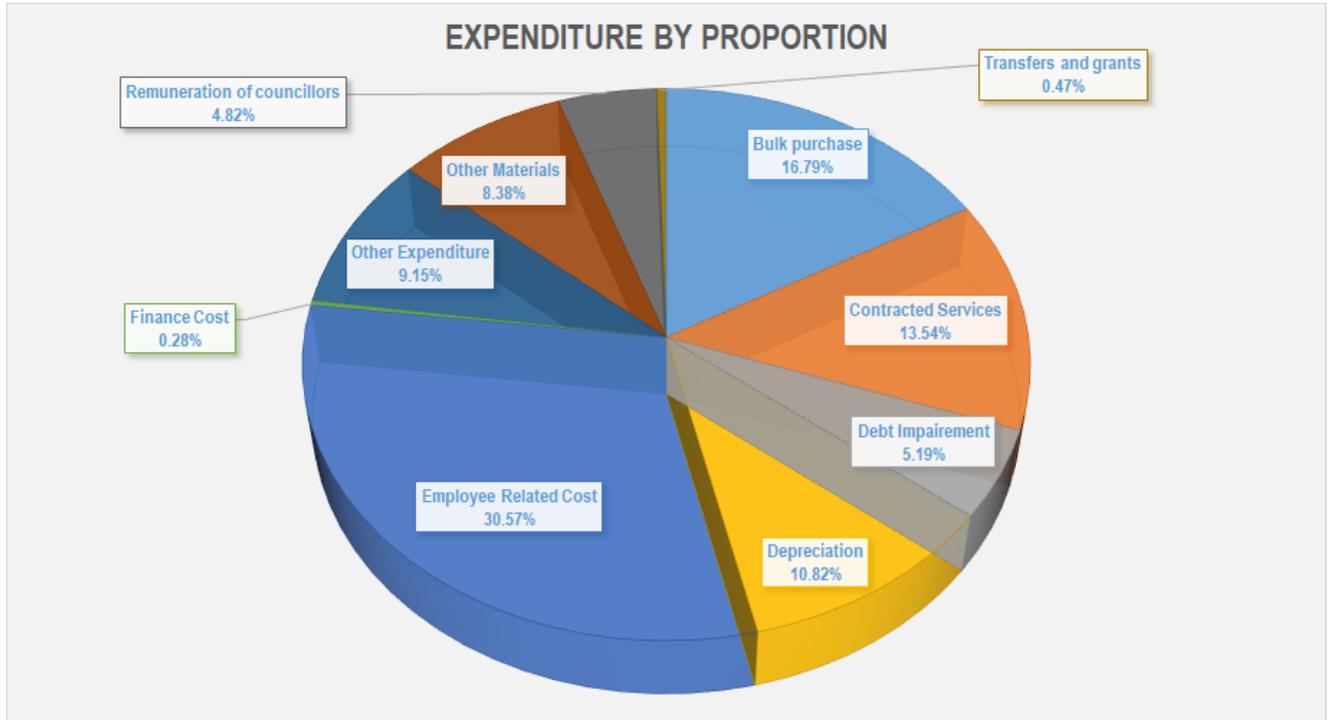


Figure 2 Main operational expenditure categories for the 2022/23 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2022/23 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2022/23 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. In this MTREF, repairs and maintenance budget has increased from R38, 542 million in adopted budget to R38, 864 million in adjusted budget then increases to R41, 510 million and increases to R43, 345 million respectively in the outer years. In addition, the municipality is still experiencing budgetary constraints to can meet the required 8% that repairs and maintenance should contribute towards property, plant and equipment; and investment property. In relation to property, plant and equipment, repairs and maintenance comprises of 3% throughout the MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

For the 2022/23 financial year R26, 386 million of total repairs and maintenance will be spent on infrastructure assets and adjusted downwards to R26, 931. The other assets that have been catered for in the repairs and maintenance budget is buildings, maintenance of website, machinery and equipment and transport assets. The overall budget for repairs and maintenance has increased from R38, 542 million to R38, 864.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR B10 (Basic Service Delivery Measurement).

The budget cost (R668 thousand) of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

1.6 Capital expenditure

The major portion of capital expenditure budget is appropriated in vote 6 and for 2022/23 and the budget in vote 6 is mainly for electrification and road infrastructure capital projects. The other departments', *id-est* Corporate Services – the appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services – the appropriations are for fencing of cemeteries and upgrading of parks.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R22 million
- Roads related projects – R84 million
- Operational equipment – R5 million
- Solid waste infrastructure – R25 million
- Other assets – R3 million

Figure 3 Capital Infrastructure Program

The following tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 budget and MTREF.

Table B1 Sum: Adjustment Budget Summary

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance								
Property rates	44 645	59 853	-	-	-	59 853	46 609	48 707
Service charges	117 968	110 719	-	-	-	110 719	123 158	128 701
Investment revenue	3 652	2 152	-	-	-	2 152	3 669	3 675
Transfers recognised - operational	338 906	338 906	-	-	-	338 906	359 874	384 977
Other own revenue	96 180	116 631	-	-	-	116 631	100 412	104 930
Total Revenue (excluding capital transfers and contributions)	601 351	628 262	-	-	-	628 262	633 722	670 990
Employee costs	185 316	172 137	-	-	-	172 137	193 476	202 098
Remuneration of councillors	25 580	27 126	-	-	-	27 126	26 638	27 340
Depreciation & asset impairment	59 780	60 910	-	-	-	60 910	62 410	65 156
Finance charges	1 989	1 555	-	-	-	1 555	2 326	2 472
Materials and bulk purchases	149 230	142 685	-	(950)	(950)	141 735	156 096	163 036
Transfers and grants	3 211	2 673	-	-	-	2 673	3 436	3 588
Other expenditure	176 315	158 036	-	(1 059)	(1 059)	156 977	169 300	174 521
Total Expenditure	601 422	565 121	-	(2 009)	(2 009)	563 113	613 682	638 210
Surplus/(Deficit)	(71)	63 140	-	2 009	2 009	65 149	20 040	32 780
Transfers and subsidies - capital (monetary allocations)	79 606	79 606	32 000	-	32 000	111 606	76 364	79 794
Transfers and subsidies - capital (monetary allocations)	-	920	-	-	-	920	-	-
Surplus/(Deficit) after capital transfers & contributions	79 535	143 666	32 000	2 009	34 009	177 675	96 404	112 574
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	79 535	143 666	32 000	2 009	34 009	177 675	96 404	112 574
Capital expenditure & funds sources								
Capital expenditure	98 041	105 377	32 000	2 009	34 009	139 386	93 444	93 320
Transfers recognised - capital	79 606	79 606	32 000	-	32 000	111 606	76 364	79 794
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	18 435	25 771	-	2 009	2 009	27 780	17 080	13 526
Total sources of capital funds	98 041	105 377	32 000	2 009	34 009	139 386	93 444	93 320
Financial position								
Total current assets	158 966	187 915	32 000	-	32 000	219 915	172 242	199 567
Total non current assets	1 325 025	1 332 141	-	2 009	2 009	1 334 149	1 415 414	1 501 775
Total current liabilities	120 343	121 688	32 000	-	32 000	153 688	125 586	96 781
Total non current liabilities	113 710	108 953	-	-	-	108 953	118 714	124 057
Community wealth/Equity	1 249 938	1 289 415	-	2 009	2 009	1 291 424	1 343 355	1 480 504
Cash flows								
Net cash from (used) operating	91 968	120 004	32 000	2 009	34 009	154 012	97 197	111 345
Net cash from (used) investing	(58 968)	(87 585)	-	(2 009)	(2 009)	(89 594)	(80 749)	(81 343)
Net cash from (used) financing	(6 971)	(7 792)	-	-	-	(7 792)	(7 259)	(7 036)
Cash/cash equivalents at the year end	40 276	36 141	32 000	-	32 000	68 141	33 351	56 317
Cash backing/surplus reconciliation								
Cash and investments available	41 441	53 769	32 000	-	32 000	85 769	52 090	75 850
Application of cash and investments	72 265	44 231	32 000	(19 000)	13 000	57 231	42 038	15 154
Balance - surplus (shortfall)	(30 824)	9 538	-	19 000	19 000	28 538	10 052	60 696
Asset Management								
Asset register summary (WDV)	1 258 737	1 262 428	-	2 009	2 009	1 264 437	1 341 310	1 425 998
Depreciation & asset impairment	59 780	59 780	-	-	-	59 780	62 410	65 156
Renewal and Upgrading of Existing Assets	75 556	76 152	32 000	2 009	34 009	110 161	77 764	78 300
Repairs and Maintenance	38 644	41 844	-	(950)	(950)	40 895	41 634	43 422
Free services								
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-
Revenue cost of free services provided	9 450	16 217	-	-	-	16 217	9 866	10 310
Households below minimum service level								
Water:	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-
Energy:	3	-	-	-	-	3	3	3
Refuse:	54	-	-	-	-	54	54	54

Explanatory notes to Table B1 - Budget Summary

- 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).
 - The table provides an overview of the amounts contained in the budget 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.
 - 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 net of non-cash items) is positive over the MTREF period.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the financial performance budget;
 - ii. Internally generated funds are financed from the current operating surplus. 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.
2. The cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on an over annual nor funding some of its capital projects through direct borrowings. 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 has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

Operating expenditure

- Contracted services is adjusted downwards by R1 059 million due to savings realized. The aforementioned savings were channelled to Motetema internal street upgrade.
- Other materials is adjusted downwards by R950 thousand due to savings realized which were allocated to Motetema internal street upgrade.

Capital expenditure

Capital expenditure is adjusted upwards by R34 009 million due to additional Municipal Infrastructure Grant (MIG) allocation as detailed in government gazette no.48327 published on 29 March 2023 and savings realized under operating expenditure. The breakdown is illustrated below:

- R32 million additional MIG allocation
- R2 608 million upward adjustment for Motetema internal street upgrade
- R600 thousand downward adjustment for upgrading and development of parks. Savings were channelled to Motetema internal street upgrade.

Transfers and subsidies – Capital

Transfers and subsidies (Capital) is adjusted upwards by R32 million due to additional MIG allocation.

Table B2: Adjustment Budget – Standard Classification

Standard Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue - Functional								
Governance and administration	281 883	292 750	-	-	-	292 750	299 102	318 290
Executive and council	53 728	53 728	-	-	-	53 728	57 387	61 422
Finance and administration	214 701	225 568	-	-	-	225 568	227 345	241 487
Internal audit	13 455	13 455	-	-	-	13 455	14 371	15 381
Community and public safety	96 507	118 460	-	-	-	118 460	92 241	96 913
Community and social services	10 998	10 975	-	-	-	10 975	11 743	12 566
Sport and recreation	17 075	17 050	-	-	-	17 050	9 051	9 686
Public safety	68 435	90 435	-	-	-	90 435	71 446	74 661
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	124 248	125 082	-	-	-	125 082	137 956	145 784
Planning and development	20 920	21 441	-	-	-	21 441	20 412	21 831
Road transport	102 518	102 830	-	-	-	102 830	114 222	120 396
Environmental protection	811	811	-	-	-	811	3 322	3 556
Trading services	178 318	172 496	-	-	-	172 496	173 694	182 385
Energy sources	145 384	137 915	-	-	-	137 915	136 364	142 694
Waste management	32 935	34 581	-	-	-	34 581	37 330	39 690
Other	-	-	-	-	-	-	-	-
Total Revenue - Functional	680 957	708 787	-	-	-	708 787	702 993	743 371
Expenditure - Functional								
Governance and administration	220 494	235 387	-	-	-	235 387	217 135	226 537
Executive and council	43 473	43 592	-	-	-	43 592	44 915	46 393
Finance and administration	167 257	179 682	-	-	-	179 682	161 350	168 801
Internal audit	9 764	12 113	-	-	-	12 113	10 870	11 343
Community and public safety	89 643	57 610	-	-	-	57 610	87 325	91 041
Community and social services	8 224	6 361	-	-	-	6 361	8 529	8 908
Sport and recreation	16 175	9 739	-	-	-	9 739	12 435	12 993
Public safety	65 243	41 510	-	-	-	41 510	66 360	69 140
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	120 693	117 699	-	(1 809)	(1 809)	115 890	118 516	123 777
Planning and development	20 163	17 809	-	-	-	17 809	19 811	20 694
Road transport	99 835	99 890	-	(1 809)	(1 809)	98 081	97 982	102 328
Environmental protection	696	0	-	-	-	0	724	754
Trading services	166 453	154 611	-	(200)	(200)	154 411	173 916	181 379
Energy sources	135 243	114 212	-	-	-	114 212	143 570	150 014
Waste management	31 210	40 398	-	(200)	(200)	40 198	30 346	31 365
Other	-	-	-	-	-	-	-	-
Total Expenditure - Functional	597 283	565 307	-	(2 009)	(2 009)	563 299	596 892	622 734
Surplus/ (Deficit) for the year	83 674	143 480	-	2 009	2 009	145 489	106 101	120 637

Explanatory notes to Table B2 - Budgeted Financial Performance (by standard classification)

- 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 different 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.
- 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 B4.

Table B3: Adjustment Budget – Municipal Vote

Vote Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue by Vote								
Vote 1 - Executive and Council	47 271	47 271	–	–	–	47 271	50 490	54 040
Vote 2 - Municipal Manager	46 531	46 531	–	–	–	46 531	49 699	53 194
Vote 3 - Budget and Treasury	103 972	114 767	–	–	–	114 767	104 205	113 713
Vote 4 - Corporate Services	50 627	50 700	–	–	–	50 700	55 143	59 019
Vote 5 - Community Services	138 801	162 889	–	–	–	162 889	148 018	155 635
Vote 6 - Technical Services	265 908	258 261	32 000	–	32 000	290 261	274 419	285 431
Vote 7 - Developmental Planning	12 923	13 445	–	–	–	13 445	12 171	12 690
Vote 8 - Executive Support	14 925	14 925	–	–	–	14 925	15 941	17 062
Total Revenue by Vote	680 957	708 787	32 000	–	32 000	740 787	710 086	750 784
Expenditure by Vote								
Vote 1 - Executive and Council	35 371	37 785	–	–	–	37 785	36 852	38 000
Vote 2 - Municipal Manager	41 983	47 114	–	–	–	47 114	43 300	44 529
Vote 3 - Budget and Treasury	66 301	64 034	–	(859)	(859)	63 175	62 615	65 231
Vote 4 - Corporate Services	36 714	40 518	–	–	–	40 518	37 135	38 794
Vote 5 - Community Services	130 751	106 870	–	(200)	(200)	106 670	135 100	139 735
Vote 6 - Technical Services	248 110	233 072	–	(950)	(950)	232 122	260 227	271 769
Vote 7 - Developmental Planning	15 057	12 251	–	–	–	12 251	14 465	15 111
Vote 8 - Executive Support	22 996	23 663	–	–	–	23 663	23 988	25 042
Total Expenditure by Vote	597 283	565 307	–	(2 009)	(2 009)	563 299	613 682	638 210
Surplus/ (Deficit) for the year	83 674	143 480	32 000	2 009	34 009	177 489	96 404	112 574

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

Table B3 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 organizational structure of the municipality.

Table B4: Adjustment Budget – Revenue & Expenditure

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue By Source								
Property rates	44 645	59 853	–	–	–	59 853	46 609	48 707
Service charges - electricity revenue	108 186	101 418	–	–	–	101 418	112 947	118 029
Service charges - refuse revenue	9 781	9 302	–	–	–	9 302	10 212	10 671
Rental of facilities and equipment	1 004	867	–	–	–	867	1 048	1 095
Interest earned - external investments	3 652	2 152	–	–	–	2 152	3 669	3 675
Interest earned - outstanding debtors	18 817	15 322	–	–	–	15 322	19 645	20 529
Fines, penalties and forfeits	68 520	90 719	–	–	–	90 719	71 535	74 754
Licences and permits	6 315	6 815	–	–	–	6 815	6 593	6 890
Agency services	–	–	–	–	–	–	–	–
Transfers and subsidies	338 906	338 906	–	–	–	338 906	359 874	384 977
Other revenue	1 524	2 907	–	–	–	2 907	1 591	1 663
Gains	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	601 351	628 262	–	–	–	628 262	633 722	670 990
Expenditure By Type								
Employee related costs	185 316	172 137	–	–	–	172 137	193 476	202 098
Remuneration of councillors	25 580	27 126	–	–	–	27 126	26 638	27 340
Debt impairment	61 181	29 223	–	–	–	29 223	62 477	63 928
Depreciation & asset impairment	59 780	60 910	–	–	–	60 910	62 410	65 156
Finance charges	1 989	1 555	–	–	–	1 555	2 326	2 472
Bulk purchases	109 638	94 532	–	–	–	94 532	114 462	119 613
Other materials	39 591	48 153	–	(950)	(950)	47 203	41 634	43 422
Contracted services	66 734	77 281	–	(1 059)	(1 059)	76 222	57 830	59 383
Transfers and subsidies	3 211	2 673	–	–	–	2 673	3 436	3 588
Other expenditure	48 400	51 532	–	–	–	51 532	48 993	51 209
Losses	–	–	–	–	–	–	–	–
Total Expenditure	601 422	565 121	–	(2 009)	(2 009)	563 113	613 682	638 210
Surplus/(Deficit)	(71)	63 140	–	2 009	2 009	65 149	20 040	32 780
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	79 606	79 606	32 000	–	32 000	111 606	76 364	79 794
Transfers and subsidies - capital (monetary allocations)	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	920	–	–	–	920	–	–
Surplus/(Deficit) before taxation	79 535	143 666	32 000	2 009	34 009	177 675	96 404	112 574
Taxation	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	79 535	143 666	32 000	2 009	34 009	177 675	96 404	112 574
Attributable to minorities	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	79 535	143 666	32 000	2 009	34 009	177 675	96 404	112 574
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	79 535	143 666	32 000	2 009	34 009	177 675	96 404	112 574

Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)

Operating expenditure

- Contracted services is adjusted downwards by R1 059 million due to savings realized. The aforementioned savings were channelled to Motetema internal street upgrade.
- Other materials is adjusted downwards by R950 thousand due to savings realized which were allocated to Motetema internal street upgrade.

Capital expenditure

Capital expenditure is adjusted upwards by R34 009 million due to additional Municipal Infrastructure Grant (MIG) allocation as detailed in government gazette no.48327 published on 29 March 2023 and savings realized under operating expenditure. The breakdown is illustrated below:

- R32 million additional MIG allocation
- R2 608 million upward adjustment for Motetema internal street upgrade
- R600 thousand downward adjustment for upgrading and development of parks. Savings were channelled to Motetema internal street upgrade.

Transfers and subsidies – Capital

Transfers and subsidies (Capital) is adjusted upwards by R32 million due to additional MIG allocation.

Table B5: Adjustment Capital Budget – vote and funding

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital Expenditure - Functional								
Governance and administration	1 500	4 964	-	-	-	4 964	2 288	2 181
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	1 500	4 964	-	-	-	4 964	2 288	2 181
Internal audit	-	-	-	-	-	-	-	-
Community and public safety	3 935	3 533	-	(600)	(600)	2 933	2 470	500
Community and social services	1 538	1 403	-	-	-	1 403	1 500	-
Sport and recreation	1 680	1 264	-	(600)	(600)	664	970	500
Public safety	718	865	-	-	-	865	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	74 106	74 131	10 907	2 609	13 516	87 647	75 686	65 345
Planning and development	1 100	1 075	-	-	-	1 075	500	-
Road transport	73 006	73 056	10 907	2 609	13 516	86 572	75 186	65 345
Environmental protection	-	-	-	-	-	-	-	-
Trading services	18 500	22 750	21 093	-	21 093	43 843	13 000	25 294
Energy sources	17 250	20 600	-	-	-	20 600	12 000	23 494
Waste management	1 250	2 150	21 093	-	21 093	23 243	1 000	1 800
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	98 041	105 377	32 000	2 009	34 009	139 386	93 444	93 320
Funded by:								
National Government	79 606	79 606	32 000	-	32 000	111 606	76 364	79 794
Provincial Government	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	-
Transfers recognised - capital	79 606	79 606	32 000	-	32 000	111 606	76 364	79 794
Internally generated funds	18 435	25 771	-	2 009	2 009	27 780	17 080	13 526
Total Capital Funding	98 041	105 377	32 000	2 009	34 009	139 386	93 444	93 320

Explanatory notes to Table B5 - Budgeted Capital Expenditure by standard classification and funding source

Capital projects are funded from Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP) and internal generated revenue. An adjustment of R34 009 million is as a result of additional MIG allocation and savings realized in operating and capital expenditure.

Table B5B: Adjustment Capital Budget – by Vote

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital expenditure - Vote								
Multi-year expenditure to be adjusted								
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1 500	2 855	-	-	-	2 855	2 288	2 181
Vote 5 - Community Services	4 368	4 468	21 093	(600)	20 493	24 961	3 470	1 500
Vote 6 - Technical Services	29 334	34 708	10 907	2 609	13 516	48 224	56 867	68 082
Vote 7 - Developmental Planning	-	-	-	-	-	-	500	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	35 202	42 031	32 000	2 010	34 009	76 040	63 125	71 763
Single-year expenditure to be adjusted								
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	185	-	-	-	185	-	800
Vote 5 - Community Services	818	1 214	-	-	-	1 214	-	-
Vote 6 - Technical Services	60 922	60 872	-	-	-	60 872	30 319	20 757
Vote 7 - Developmental Planning	1 100	1 075	-	-	-	1 075	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	62 839	63 346	-	-	-	63 346	30 319	21 557
Total Capital Expenditure - Vote	98 041	105 377	32 000	2 010	34 009	139 386	93 444	93 320

Explanatory notes to Table B5 - 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 departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2022/23 R76, 040 million has been allocated of the total R139, 386 million. This allocation decreases to R93, 444 million in 2023/24 and further decrease to R93, 320 million in 2024/25.
3. Single-year capital expenditure has been appropriated at R63, 346 million for the 2022/23 financial year and declines to R30, 319 million in 2023/24 and then increases to R21, 557 million in 2024/25 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. 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. The capital program is funded from capital grants and transfers and internally generated funds from current year surpluses.

Table B6: Adjustment Budget - Financial Position

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
ASSETS								
Current assets								
Cash	24 162	36 141	32 000	-	32 000	68 141	33 351	56 317
Call investment deposits	-	-	-	-	-	-	-	-
Consumer debtors	61 834	64 191	-	-	-	64 191	63 043	64 345
Other debtors	62 845	75 304	-	-	-	75 304	64 833	66 902
Current portion of long-term receivables	119	119	-	-	-	119	119	119
Inventory	10 005	12 160	-	-	-	12 160	10 896	11 883
Total current assets	158 966	187 915	32 000	-	32 000	219 915	172 242	199 567
Non current assets								
Long-term receivables	-	-	-	-	-	-	-	-
Investments	17 278	17 628	-	-	-	17 628	18 739	19 533
Investment property	48 547	51 621	-	-	-	51 621	54 902	55 781
Investment in Associate	-	-	-	-	-	-	-	-
Property, plant and equipment	1 258 405	1 261 912	-	2 009	2 009	1 263 920	1 340 979	1 425 667
Biological	-	-	-	-	-	-	-	-
Intangible	331	516	-	-	-	516	331	331
Other non-current assets	463	463	-	-	-	463	463	463
Total non current assets	1 325 025	1 332 141	-	2 009	2 009	1 334 149	1 415 414	1 501 775
TOTAL ASSETS	1 483 992	1 520 056	32 000	2 009	34 009	1 554 064	1 587 655	1 701 342
LIABILITIES								
Current liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Borrowing	7 459	8 280	-	-	-	8 280	7 496	7 541
Consumer deposits	5 700	5 700	-	-	-	5 700	6 426	6 219
Trade and other payables	101 172	99 683	32 000	-	32 000	131 683	105 387	76 462
Provisions	6 012	8 024	-	-	-	8 024	6 277	6 559
Total current liabilities	120 343	121 688	32 000	-	32 000	153 688	125 586	96 781
Non current liabilities								
Borrowing	17 458	12 701	-	-	-	12 701	18 226	19 047
Provisions	96 252	96 252	-	-	-	96 252	100 487	105 009
Total non current liabilities	113 710	108 953	-	-	-	108 953	118 714	124 057
TOTAL LIABILITIES	234 053	230 641	32 000	-	32 000	262 641	244 300	220 838
NET ASSETS	1 249 938	1 289 415	-	2 009	2 009	1 291 424	1 343 355	1 480 504
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	1 230 938	1 289 415	-	2 009	2 009	1 291 424	1 324 055	1 465 504
Reserves	19 000	-	-	-	-	-	19 300	15 000
TOTAL COMMUNITY WEALTH/EQUITY	1 249 938	1 289 415	-	2 009	2 009	1 291 424	1 343 355	1 480 504

Explanatory notes to Table B6 - Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

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. 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.
4. 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.
5. Table B6 is supported by an extensive table of notes that provide 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.
6. Included in trade and other payables are the following non-cash items that should not be taken into account when determining the funding position of the municipality as there are already included as part of operating expenditure (as the contra account):
 - Accrued leave pay
 - Accrued bonus

Additionally, retention release is taking into account under payment to suppliers and employees in the cash flow statement.

Increase in trade and other payables relates to unspent conditional grant based on MIG additional allocation that will not be spent by end of financial year. Cash and cash equivalent is also affected in this regard resulting cash inflow of the same amount.

Property plant and equipment is adjusted upwards as Motetema internal street upgrade project will be completed in the current financial year.

Table B7: Adjustment Budget – Cash Flows

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	40 092	50 336	–	–	–	50 336	41 856	43 740
Service charges	122 534	128 609	–	–	–	128 609	127 921	133 674
Other revenue	17 751	20 175	–	–	–	20 175	18 533	19 367
Transfers and Subsidies - Operational	338 906	338 906	–	–	–	338 906	359 874	384 977
Transfers and Subsidies - Capital	79 606	79 606	32 000	–	32 000	111 606	76 364	79 794
Interest	3 652	2 152	–	–	–	2 152	2 938	2 912
Payments								
Suppliers and employees	(511 681)	(499 766)	–	2 009	2 009	(497 757)	(531 401)	(554 234)
Finance charges	(2 185)	(2 688)	–	–	–	(2 688)	(2 326)	(2 472)
Transfers and Grants	3 292	2 673	–	–	–	2 673	3 436	3 588
NET CASH FROM/(USED) OPERATING ACTIVITIES	91 968	120 004	32 000	2 009	34 009	154 012	97 197	111 345
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	5 544	2 470	–	–	–	2 470	–	–
Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	17 278	(350)	–	–	–	(350)	(1 461)	(794)
Payments								
Capital assets	(81 790)	(89 706)	–	(2 009)	(2 009)	(91 715)	(79 288)	(80 549)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(58 968)	(87 585)	–	(2 009)	(2 009)	(89 594)	(80 749)	(81 343)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	488	488	–	–	–	488	237	505
Payments								
Repayment of borrowing	(7 459)	(8 280)	–	–	–	(8 280)	(7 496)	(7 541)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 971)	(7 792)	–	–	–	(7 792)	(7 259)	(7 036)
NET INCREASE/ (DECREASE) IN CASH HELD	26 030	24 627	32 000	–	32 000	56 627	9 188	22 966
Cash/cash equivalents at the year begin:	14 245	11 514	–	–	–	11 514	24 163	33 351
Cash/cash equivalents at the year end:	40 276	36 141	32 000	–	32 000	68 141	33 351	56 317

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2022/23 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the cash and investment management policy is now in place.
5. Capital assets payment is exclusive of retention amounting to 10% of the work done.

Cash flow from operating activities

Transfer and subsidies (capital) cash inflow is as a result of additional MIG allocation

Decrease in payment to suppliers and employees is as a result on downward adjustment on operating expenditure (Refer to table A4)

Cash flow from investing activities

Motetema internal street upgrade will be completed in the current financial year hence cash outflow.

Table B8: Adjustment Budget – Cash Backed Reserves

Description	Budget Year 2022/23					Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Cash and investments available</u>							
Cash/cash equivalents at the year end	40 276	36 141	32 000	32 000	68 141	33 351	56 317
Other current investments > 90 days	(16 113)	(0)	-	-	(0)	-	-
Non current assets - Investments	17 278	17 628	-	-	17 628	18 739	19 533
Cash and investments available:	41 441	53 769	32 000	32 000	85 769	52 090	75 850
<u>Applications of cash and investments</u>							
Unspent conditional transfers	10 004	9 539	32 000	32 000	41 539	1 231	987
Unspent borrowing	-	-	-	-	-	-	-
Statutory requirements	45 007	22 013	-	-	22 013	45 078	45 168
Other working capital requirements	4 266	(5 546)	-	-	(5 546)	15 029	(16 001)
Other provisions	(6 012)	18 225	-	-	18 225	-	-
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	19 000	-	-	-	-	(19 300)	(15 000)
Total Application of cash and investments:	72 265	44 231	32 000	32 000	76 231	42 038	15 154
Surplus(shortfall)	(30 824)	9 538	-	-	9 538	10 052	60 696

Explanatory notes - 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. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

Table B9: Adjustment Budget – Asset Management

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CAPITAL EXPENDITURE								
Total New Assets to be adjusted	22 485	29 225	-	-	-	29 225	15 680	15 020
Electrical Infrastructure	17 250	22 524	-	-	-	22 524	12 000	11 494
Solid Waste Infrastructure	1 250	1 150	-	-	-	1 150	-	800
Infrastructure	18 500	23 674	-	-	-	23 674	12 000	12 294
Community Facilities	418	238	-	-	-	238	370	-
Community Assets	418	238	-	-	-	238	370	-
Operational Buildings	-	-	-	-	-	-	500	-
Housing	458	454	-	-	-	454	-	-
Other Assets	458	454	-	-	-	454	500	-
Licences and Rights	300	185	-	-	-	185	200	-
Intangible Assets	300	185	-	-	-	185	200	-
Computer Equipment	700	2 135	-	-	-	2 135	1 044	1 091
Furniture and Office Equipment	500	1 139	-	-	-	1 139	1 044	1 090
Machinery and Equipment	1 610	1 400	-	-	-	1 400	522	545
Total Renewal of Existing Assets to be adjusted	31 723	32 060	21 093	2 609	23 702	55 762	9 350	28 800
Roads Infrastructure	28 631	28 891	-	2 609	2 609	31 500	3 300	21 463
Solid Waste Infrastructure	2 092	2 092	21 093	-	21 093	23 185	6 050	7 337
Infrastructure	30 723	30 983	21 093	2 609	23 702	54 685	9 350	28 800
Community Facilities	1 000	869	-	-	-	869	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-
Community Assets	1 000	869	-	-	-	869	-	-
Operational Buildings	-	208	-	-	-	208	-	-
Other Assets	-	208	-	-	-	208	-	-
Total Upgrading of Existing Assets to be adjusted	43 833	44 092	10 907	(600)	10 307	54 399	68 414	49 500
Roads Infrastructure	41 433	41 133	10 907	-	10 907	52 040	65 314	48 000
Solid Waste Infrastructure	-	1 000	-	-	-	1 000	1 000	1 000
Infrastructure	41 433	42 133	10 907	-	10 907	53 040	66 314	49 000
Community Facilities	1 300	884	-	(600)	(600)	284	2 100	500
Community Assets	1 300	884	-	(600)	(600)	284	2 100	500
Operational Buildings	1 100	1 075	-	-	-	1 075	-	-
Other Assets	1 100	1 075	-	-	-	1 075	-	-
Total Capital Expenditure to be adjusted	98 041	105 377	32 000	2 009	34 009	139 386	93 444	93 320
Roads Infrastructure	70 064	70 024	10 907	2 609	13 516	83 539	68 614	69 463
Electrical Infrastructure	17 250	22 524	-	-	-	22 524	12 000	11 494
Solid Waste Infrastructure	3 342	4 242	21 093	-	21 093	25 335	7 050	9 137
Infrastructure	90 656	96 790	32 000	2 609	34 609	131 399	87 664	90 094
Community Facilities	2 718	1 991	-	(600)	(600)	1 391	2 470	500
Community Assets	2 718	1 991	-	(600)	(600)	1 391	2 470	500
Operational Buildings	1 100	1 283	-	-	-	1 283	500	-
Housing	458	454	-	-	-	454	-	-
Other Assets	1 558	1 737	-	-	-	1 737	500	-
Licences and Rights	300	185	-	-	-	185	200	-
Intangible Assets	300	185	-	-	-	185	200	-
Computer Equipment	700	2 135	-	-	-	2 135	1 044	1 091
Furniture and Office Equipment	500	1 139	-	-	-	1 139	1 044	1 090
Machinery and Equipment	1 610	1 400	-	-	-	1 400	522	545
TOTAL CAPITAL EXPENDITURE to be adjusted	98 041	105 377	32 000	2 009	34 009	139 386	93 444	93 320

Description	Budget Year 2022/23						Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CAPITAL EXPENDITURE								
ASSET REGISTER SUMMARY - PPE (WDV)	1 258 737	1 262 428	-	2 009	2 009	1 264 437	1 341 310	1 425 998
Roads Infrastructure	656 236	660 207	-	2 609	2 609	662 816	739 089	823 176
Electrical Infrastructure	104 014	104 014	-	-	-	104 014	104 014	104 118
Solid Waste Infrastructure	16 232	16 232	-	-	-	16 232	16 232	16 249
Infrastructure	776 483	780 454	-	2 609	2 609	783 062	859 335	943 542
Community Assets	92 705	92 705	-	(600)	(600)	92 105	92 705	92 798
Heritage Assets	463	463	-	-	-	463	463	464
Investment properties	42 488	42 488	-	-	-	42 488	42 488	42 530
Other Assets	72 012	72 012	-	-	-	72 012	72 012	72 085
Intangible Assets	300	20	-	-	-	20	20	20
Computer Equipment	4 796	4 796	-	-	-	4 796	4 796	4 801
Furniture and Office Equipment	3 636	3 636	-	-	-	3 636	3 636	3 640
Machinery and Equipment	30 974	30 974	-	-	-	30 974	30 974	31 005
Land	234 879	234 879	-	-	-	234 879	234 879	235 114
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 258 737	1 262 428	-	2 009	2 009	1 264 437	1 341 310	1 425 998
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment	59 780	59 780	-	-	-	59 780	62 410	65 156
Repairs and Maintenance by asset class	38 644	41 844	-	(950)	(950)	40 895	41 634	43 422
Roads Infrastructure	14 319	20 019	-	(1 809)	(1 809)	18 211	16 235	16 897
Electrical Infrastructure	9 536	7 036	-	-	-	7 036	9 955	10 393
Solid Waste Infrastructure	4 442	4 442	-	-	-	4 442	4 637	4 841
Infrastructure	28 297	31 497	-	(1 809)	(1 809)	29 688	30 828	32 132
Community Facilities	594	594	-	-	-	594	620	648
Sport and Recreation Facilities	-	-	-	-	-	-	-	-
Community Assets	594	594	-	-	-	594	620	648
Operational Buildings	2 645	2 645	-	-	-	2 645	2 764	2 889
Other Assets	2 645	2 645	-	-	-	2 645	2 764	2 889
Computer Equipment	200	200	-	-	-	200	209	218
Machinery and Equipment	3 695	3 695	-	-	-	3 695	3 859	4 032
Transport Assets	3 213	3 213	-	859	859	4 072	3 354	3 504
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	98 425	101 625	-	(950)	(950)	100 675	104 044	108 579
Renewal and upgrading of Existing Assets as % of total capex	77%	-	-	-		79%	83%	84%
Renewal and upgrading of Existing Assets as % of deprecn"	126%	-	-	-		184%	125%	120%
R&M as a % of PPE	3%	-	-	-		3%	3%	3%
Renewal and upgrading and R&M as a % of PPE	9%	-	-	-		12%	9%	9%

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading 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 and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality allocated 79% of the capital budget to the renewal and upgrading of existing assets which is considered to be an achievement.
3. The renewal and upgrading of existing assets target has been met throughout the MTEF period, however, the achievement of repairs and maintenance target remains a challenge.

Table B10: Adjustment Budget – Service Delivery

Description	Budget Year 2022/23				Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Household service targets						
Electricity (at least min. service level)	77	77	-	77	77	77
Electricity - prepaid (> min.service level)	-	-	-	-	-	-
Minimum Service Level and Above sub-total	77	77	-	77	77	77
Electricity (< min.service level)	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-
Other energy sources	3	3	-	3	3	3
Below Minimum Servic Level sub-total	3	3	-	3	3	3
Total number of households	80	80	-	80	80	80
Refuse:						
Removed at least once a week (min.service)	6 612	6 612	-	6 612	6 612	6 612
Minimum Service Level and Above sub-total	6 612	6 612	-	6 612	6 612	6 612
Removed less frequently than once a week	0	0	-	0	0	0
Using communal refuse dump	2	2	-	2	2	2
Using own refuse dump	43	43	-	43	43	43
Other rubbish disposal	1	1	-	1	1	1
No rubbish disposal	9	9	-	9	9	9
Below Minimum Servic Level sub-total	54	54	-	54	54	54
Total number of households	6 666	6 666	-	6 666	6 666	6 666
Cost of Free Basic Services provided (R'000)	-	-	-	-	-	-
Water (6 kilolitres per indigent household per month)	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-
Total cost of FBS provided	-	-	-	-	-	-
Highest level of free service provided	-	-	-	-	-	-
Property rates (R'000 value threshold)	-	-	-	-	-	-
Water (kilolitres per household per month)	-	-	-	-	-	-
Sanitation (kilolitres per household per month)	-	-	-	-	-	-
Sanitation (Rand per household per month)	-	-	-	-	-	-
Electricity (kw per household per month)	1 006	1 006	-	1 006	1 050	1 097
Refuse (average litres per week)	-	-	-	-	-	-
Revenue cost of free services provided (R'000)	-	-	-	-	-	-
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	9 450	9 450	6 767	16 217	9 866	10 310
Municipal Housing - rental rebates	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue cost of subsidised services provided	9 450	9 450	6 767	16 217	9 866	10 310

PART 2 – SUPPORTING DOCUMENTATION

Table SB7: Adjustment Budget - Transfers and Grants Receipts

Description	Budget Year 2022/23					Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
RECEIPTS:							
<u>Operating Transfers and Grants</u>							
National Government:	338 906	338 906	-	-	338 906	359 874	384 977
Local Government Equitable Share	334 260	334 260	-	-	334 260	357 024	382 127
Finance Management	2 850	2 850	-	-	2 850	2 850	2 850
EPWP Incentive	1 796	1 796	-	-	1 796	-	-
Other grant providers:	-	-	-	-	-	-	-
<i>LGSETA Learnership and Development</i>	-	-	-	-	-	-	-
Total Operating Transfers and Grants	338 906	338 906	-	-	338 906	359 874	384 977
<u>Capital Transfers and Grants</u>							
National Government:	79 606	79 606	32 000	32 000	111 606	76 364	79 794
Municipal Infrastructure Grant (MIG)	62 606	62 606	32 000	32 000	94 606	65 364	68 300
Intergrated National Electrification Grant	17 000	17 000	-	-	17 000	11 000	11 494
Provincial Government:	-	-	-	-	-	-	-
Development of Masakaneng	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
Total Capital Transfers and Grants	79 606	79 606	32 000	32 000	111 606	76 364	79 794
TOTAL RECEIPTS OF TRANSFERS & GRANTS	418 512	418 512	32 000	32 000	450 512	436 238	464 771

Table SB 8: Adjustment Budget – Transfers and Grants Expenditure

Description	Budget Year 2022/23					Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:							
Operating expenditure of Transfers and Grants							
National Government:	338 906	338 906	-	-	338 906	359 874	384 977
Local Government Equitable Share	334 260	334 260	-	-	334 260	357 024	382 127
Finance Management	2 850	2 850	-	-	2 850	2 850	2 850
EPWP Incentive	1 796	1 796	-	-	1 796	-	-
Provincial Government:	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-
LGSETA Learnership and Development	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	338 906	338 906	-	-	338 906	359 874	384 977
Capital expenditure of Transfers and Grants							
National Government:	79 606	79 606	32 000	32 000	111 606	76 364	79 794
Municipal Infrastructure Grant (MIG)	62 606	62 606	32 000	32 000	94 606	65 364	68 300
Intergrated National Electrification Grant	17 000	17 000	-	-	17 000	11 000	11 494
Provincial Government:	-	-	-	-	-	-	-
Development of Masakaneng	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	79 606	79 606	32 000	32 000	111 606	76 364	79 794
Total capital expenditure of Transfers and Grants	418 512	418 512	32 000	32 000	450 512	436 238	464 771

Table SB 9: Adjustment Budget – Reconciliation of Transfers; Grants Receipts and Unspent Funds

Description	Budget Year 2022/23					Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Operating transfers and grants:							
National Government:							
Balance unspent at beginning of the year	-	-	-	-	-	-	-
Current year receipts	338 906	338 906	-	-	338 906	359 874	384 977
Conditions met - transferred to revenue	338 906	338 906	-	-	338 906	359 874	384 977
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-
Provincial Government:							
Balance unspent at beginning of the year	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-
Other grant providers:							
Balance unspent at beginning of the year	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-
Total operating transfers and grants revenue	338 906	338 906	-	-	338 906	359 874	384 977
Capital transfers and grants:							
National Government:							
Balance unspent at beginning of the year	-	-	-	-	-	-	-
Current year receipts	79 606	79 606	32 000	32 000	111 606	76 364	79 794
Conditions met - transferred to revenue	69 602	69 602	-	-	69 602	75 133	78 807
Conditions still to be met - transferred to liabilities	10 004	10 004	32 000	32 000	42 004	1 231	987
Provincial Government:							
Balance unspent at beginning of the year	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-
Other grant providers:							
Balance unspent at beginning of the year	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-
Total capital transfers and grants revenue	69 602	69 602	-	-	69 602	75 133	78 807
Total capital transfers and grants - CTBM	10 004	10 004	32 000	32 000	42 004	1 231	987
TOTAL TRANSFERS AND GRANTS REVENUE	408 508	408 508	-	-	408 508	435 007	463 784
TOTAL TRANSFERS AND GRANTS - CTBM	10 004	10 004	32 000	32 000	42 004	1 231	987

Sources of capital revenue over the MTREF

The above table is graphically represented as follows for the 2022/23 financial year.

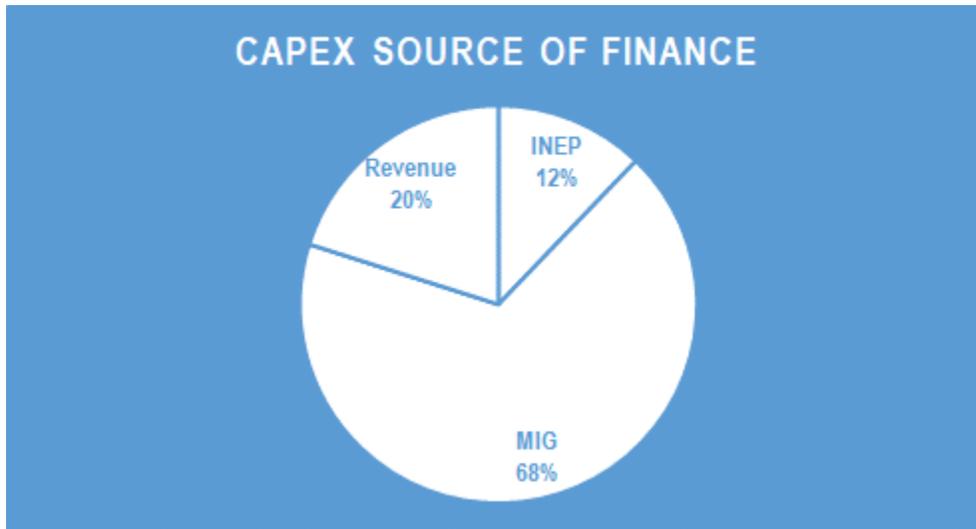


Figure 6 Breakdown of the source of funding for 2022/23 MTREF

Capital grants and receipts equate to 80% of the total funding source which represents R111, 606 million for the 2022/23 financial year and decreases to R76, 364 million and increases to R79, 794 million in 2023/24 and 2024/25 financial years respectively. Only 20% of capital budgets is funded from internally generated revenue.

Table SB 19: Adjustment Budget – List of Capital Projects

Project Description	Type	Asset Class	Asset Sub-Class	Ward Location	Medium Term Revenue and Expenditure Framework					
					Budget Year 2022/23		Budget Year +1 2023/24		Budget Year +2 2024/25	
					Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
Fencing of Groblersdal Substation	Upgrading	Electrical Infrastructure	MV Substations	Ward 13	400	-	-	-	-	-
Aircons	New	Machinery and Equipment	Transport Assets	Whole of the municipality	200	200	-	-	-	-
Electrification of Lenkwaneng Section/ZCC	New	Electrical Infrastructure	MV Networks	Ward 10	-	-	1 800	1 800	3 000	3 000
Electrification of Makenapea	New	Electrical Infrastructure	MV Networks	Ward 24	3 240	3 240	-	-	-	-
Electrification of Maleoskop 601	New	Electrical Infrastructure	MV Networks	Ward 12	-	-	2 306	2 306	2 294	2 294
Electrification of Motsiphiri New stand A&B	New	Electrical Infrastructure	MV Networks	Ward 21	-	-	-	-	2 000	2 000
Electrification of Masakaneng	New	Electrical Infrastructure	MV Networks	Ward 14	3 960	7 960	2 800	2 800	-	-
Electrification of Magukubjane	New	Electrical Infrastructure	MV Networks	Ward 18	-	-	-	-	2 200	2 200
Electrification of Mountain village	New	Electrical Infrastructure	MV Networks	Ward 27	-	-	1 800	1 800	-	-
Electrification of Phomola	New	Electrical Infrastructure	MV Networks	Ward 22	2 000	2 000	-	-	-	-
Electrification of Phooko	New	Electrical Infrastructure	MV Networks	Ward 9	4 000	-	-	-	-	-
Electrification of Motetema High view	New	Electrical Infrastructure	MV Networks	Ward 27	-	-	2 294	2 294	-	-
Electrification of Ntswelomotse	New	Electrical Infrastructure	MV Networks	Ward 4	-	-	-	-	2 000	2 000
Electrification of Nyakelang Extension	New	Electrical Infrastructure	MV Networks	Ward 27	3 800	3 800	-	-	-	-
Installation of high mast lights in various location	New	Electrical Infrastructure	MV Networks	Whole of the municipality	-	-	1 000	1 000	-	-
Groblersdal Lanfillsite	Renewal	Solid Waste Infrastructure	Landfill Sites	Ward 13	4 000	23 185	6 050	6 050	7 337	7 337
Culverts and Road signs	Renewal	Roads Infrastructure	Roads	Whole of the municipality	300	560	300	300	-	-
Kgapamadi Bus Road	Renewal	Roads Infrastructure	Roads	Ward 21	-	-	-	-	4 463	4 463
Motetema Streets Upgrade	Renewal	Roads Infrastructure	Roads	Ward 31	3 500	6 109	3 000	3 000	-	-
Mpheleng Construction of Road	Upgrading	Roads Infrastructure	Roads	Ward 5	-	-	-	-	12 000	12 000
Rehabilitaion of roads/streets in various wards	New	Roads Infrastructure	Roads	Whole of the municipality	-	-	-	-	5 000	5 000
Upgrading of Nyakurone Internal Access Road	Upgrading	Roads Infrastructure	Roads	Ward 7	4 605	16 013	11 395	11 395	-	-
Upgrading of Kgobokwane-Kgaphamadi Road	Renewal	Roads Infrastructure	Roads	Ward 3	800	800	8 000	8 000	10 000	10 000
Upgrading of Stompo Bus Road	Upgrading	Roads Infrastructure	Roads	Ward 4	800	800	-	-	10 000	10 000
Upgrading of Dipakapakeng Access Road	Upgrading	Roads Infrastructure	Roads	Ward 25	-	2 169	-	-	-	-
Upgrading of Bloompooort to Uitspanning Access Road	Upgrading	Roads Infrastructure	Roads	Ward 11	27 000	24 831	-	-	-	-
					98 041	139 386	93 444	93 444	93 320	93 320

Project Description	Type	Asset Class	Asset Sub-Class	Ward Location	Medium Term Revenue and Expenditure Framework					
					Budget Year 2022/23		Budget Year +1 2023/24		Budget Year +2 2024/25	
					Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
Upgrading of Hlogottlou-Bopanang Road	Upgrading	Roads Infrastructure	Roads	Ward 20	800	800	6 000	6 000	3 500	3 500
Upgrading of Malaeneng A Ntwane Access Road	Upgrading	Roads Infrastructure	Roads	Ward 8	900	750	8 000	8 000	12 000	12 000
Upgrading of Maraganeng Internal Access Road	Upgrading	Roads Infrastructure	Roads	Ward 16	900	750	23 919	23 919	-	-
Upgrading of Mokumong Access Road to Marateng Taxi Rank (Int)	New	Roads Infrastructure	Roads	Ward 29	700	700	8 000	8 000	12 500	12 500
Upgrading of Mokumong Access Road to Marateng Taxi Rank (MIG)	New	Roads Infrastructure	Roads	Ward 29	-	1 407	-	-	-	-
Upgrading of Masoing Bus route	New	Roads Infrastructure	Roads	Ward 15	850	850	-	-	-	-
Upgrading of Tafelkop Stadium Access Road	New	Roads Infrastructure	Roads	Ward 27	27 001	27 001	-	-	-	-
Computer Equipment	New	Computer Equipment	Computer Equipment	Whole of the municipality	700	2 135	1 044	1 044	1 091	1 091
Furniture and Office Equipment	New	Furniture and Office Equipment	Furniture and Office Equipment	Whole of the municipality	500	720	1 044	1 044	1 090	1 090
Machinery and Equipment	Upgrading	Machinery and Equipment	Machinery and Equipment	Whole of the municipality	500	940	522	522	545	545
Trailer Equipment Public Safety	New	Transport Assets	Transport Assets	Whole of the municipality	300	-	-	-	-	-
Fencing of Ntwane Cemetery	New	Community Facilities	Cemeteries/Crematoria	Ward 11	1 000	869	-	-	-	-
Upgrading and Development of Parks	New	Community Facilities	Parks	Ward 13	1 300	284	600	600	500	500
Street Litter Bins	New	Machinery and Equipment	Machinery and Equipment	Whole of the municipality	850	800	-	-	-	-
Professional Lawn Mowers and Industrial Brush Cutters	Upgrading	Machinery and Equipment	Machinery and Equipment	Whole of the municipality	380	380	370	370	-	-
Disaster Management Centre & Emergency Relief Store room	New	Community Facilities	Centres	Ward 13	435	454	-	-	-	-
Record Management System	Upgrading	Licences and Rights	Computer Software and Applications	Ward 13	300	-	200	200	-	-
No Illegal Dumping Boards	New	Solid Waste Infrastructure	Capital Spares	Whole of the municipality	100	59	-	-	-	-
Trailer Disaster	New	Community assets	Machinery and Equipment	Whole of the municipality	80	80	-	-	-	-
Upgrading of Rosennekaal Concrete Palisade	Upgrading	Solid Waste Infrastructure	Landfill Sites	Ward 30	-	-	1 000	1 000	1 000	1 000
Twenty Skip Bins	New	Solid Waste Infrastructure	Waste Drop-off Points	Whole of the municipality	300	291	-	-	-	-
Upgrading of Groblersdal Cemetery	Upgrading	Community Facilities	Cemeteries/Crematoria	Ward 13	-	-	1 500	1 500	-	-
Information Centre	New	Community Facilities	Centres	Ward 13	-	-	500	500	-	-
Fencing of Game Farm	New	Land	Land	Ward 13	1 100	1 075	-	-	-	-
Blue lights Siren and Insignia	New	Transport Assets	Transport Assets	Whole of the municipality	440	238	-	-	-	-
Development of Moteti Waste Transfer station	New	Solid Waste Infrastructure	Waste Drop-off Points	Ward 2	-	-	-	-	800	800
Fencing of Roosenekaal Landfill Site	Upgrading	Solid Waste Infrastructure	Landfill Sites	Ward 30	-	1 000	-	-	-	-
Gable Roof	Renewal	Operational Buildings	Municipal Offices	Whole of the municipality	-	208	-	-	-	-
Alternative Energy Solution	New	Electrical Infrastructure	Power Plants	Whole of the municipality	-	3 400	-	-	-	-
Electrification Maleoskop	New	Electrical Infrastructure	MV Networks	Ward 12	-	1 924	-	-	-	-
Office Furniture and Equipment	New	Furniture and Office Equipment	Furniture and Office Equipment	Whole of the municipality	-	419	-	-	-	-
Server Software	New	Licences and Rights	Computer Software and Applications	Whole of the municipality	-	185	-	-	-	-
					98 041	139 386	93 444	93 444	93 320	93 320

Projects adjusted:

- Motetema streets upgrade was adjusted upwards by R2 608 696
- Upgrading of Mokumong access road was adjusted upwards by R1 406 964
- Groblersdal Landfill site was adjusted upwards by R21 093 036
- Upgrading of Nyakurone internal access road was adjusted upwards by R9 500 000
- Upgrading and development of parks was adjusted downwards by R600 000

Quality certificate

I, **MESHACK MAHLAGAUME KGWALE**, the Municipal Manager of **ELIAS MOTSOLEDI LOCAL MUNICIPALITY**, hereby certify that the 2022/23 special adjustment budget and supporting documentations have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the integrated development plan.



M.M KGWALE
MUNICIPAL MANAGER