

BITOU LOCAL MUNICIPALITY



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First Adjustments Budget 25 August 2023



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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.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

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.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

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

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

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

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

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.

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, is spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

PART 1 – ADJUSTMENTS BUDGET REPORT

Section 1 – Mayor’s Report

1.1 Municipal Roll-over Adjustment Budget

The 2023/2024 MTREF was approved by Council on 29 May 2023 in accordance with Section 24(1) of the Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003).

In terms of section 28 of the MFMA a municipality may revise an approved annual budget through an adjustments budget. Only the Mayor may table an adjustments budget in the municipal council and it may only be tabled within prescribed limitations as to timing or frequency.

Section 28 (2) of the MFMA stipulates as follows:

An adjustments budget-

(b) may 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

(e) may authorize 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 roll-overs when the annual budget for the current year was approved by the council

Section 23 (3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor or the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.

The Adjustments Budget does not shift the priorities and overall direction of the current budget; it merely allows us scope to accelerate or decelerate certain programs.

1.1 Reasons for the adjustments budget

The reasons for the recommendation to adopt an Adjustments Budget result from roll-overs of Grant funding, borrowings and our own funding on projects that were not completed at year end.

Further adjustment details are listed below:

1.1.1 Multi-year funds shifting in relation to the capital program

No multi-year funds will be shift in the capital program.

1.1.2 Allocations and grant adjustments

Grant funding increased by R 1 659 471.71 as n result of approved roll-overs. The grants are appropriated in the 2023/2024 Adjustment budget as follows:

Capex grant roll-over

The Capital grant funding Increases by R 1 659 471.71 as follows:

- Informal Settlements – roll-over funds amounted to R 1 659 471.71 VAT incl. has been granted

Own funding

The Capital projects funded by own funding is increasing by R 3 030 737.50

Borrowings

The Capital projects funded by Borrowings is increasing by R 2 522 655.08

The Net Effect is an Increase in the Capital Budget of R 7 212 858.29

1.1.3 Appropriate/Decrease additional revenues that have become available.

No Appropriation or decrease of additional revenue

1.1.4 Correction of errors in the annual budget

Virements of budgetary provisions, as approved in terms of Council's Virement Policy and processed in the Council's accounting system up until 24 August 2023.

1.2 Recommendation to council regarding the Adjustments Budget

Taking into consideration the reasons listed in paragraph 1.1, it is recommended that Council approves the adjustments budget.

1.3 Recommendation to council regarding the SDBIP

That the Departmental SDBIP be reviewed within directorates where applicable.

RECOMMENDATION:

- a. That the first annual adjustments budget of Bitou Municipality for the financial year 2023/2024, be approved:
 - i. Table B2: Adjustments Budget Financial Performance (expenditure by standard classification)
 - ii. Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
 - iii. Table B4: Adjustments Budget Financial Performance (revenue by source)
 - iv. Table B5: Adjustments Budget Capital Expenditure for both multi-year and single year by vote, standard classification and funding
 - v. Table B6: Budgeted Financial Position
 - vi. Table B7: Budgeted Cash Flow
 - vii. Table B8: Cash backed reserves/Accumulated surplus reconciliation
 - viii. Table B9: Asset Management
 - ix. Table B10: Basic service delivery measurement
 - x. Supporting Tables SB1 – SB 20
- b. That the Departmental SDBIP be reviewed within directorates where applicable.
- c. That the adjustments budget be submitted to the authorities and in the format as required by law.

SECTION 2 - EXECUTIVE SUMMARY

Introduction

In terms of section 28 of the MFMA a municipality may revise an approved annual budget through an adjustments budget.

Adjustment highlights

2023/2024 Capital Budget Adjustments

Full details of proposed amendment to the 2023/2024 capital budget are reflected in Table below

WC047 Bitou - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 25/08/2022												
Description	Ref	Budget Year 2023/24								Budget Year +1 2024/25	Budget Year +2 2025/26	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 3 - Community Services		4 780	4 780	-	-	-	-	-	-	4 780	8 669	9 722
Vote 4 - Corporate Services		1 016	1 016	-	-	-	-	-	-	1 016	4 459	1 000
Vote 7 - Engineering Services		40 959	40 959	-	-	-	1 427	3 302	4 730	45 689	70 586	73 886
Capital multi-year expenditure sub-total	3	46 755	46 755	-	-	-	1 427	3 302	4 730	51 484	83 714	84 608
Single-year expenditure to be adjusted	2											
Vote 2 - Office of the Municipal Manager		1 000	1 000	-	-	-	-	-	-	1 000	-	-
Vote 3 - Community Services		835	835	-	-	-	-	851	851	1 686	300	-
Vote 4 - Corporate Services		561	561	-	-	-	-	-	-	561	-	-
Vote 6 - Economic Development & Planning		304	304	-	-	-	-	-	-	304	-	-
Vote 7 - Engineering Services		59 977	59 977	-	-	-	232	1 400	1 632	61 609	5 027	8 789
Capital single-year expenditure sub-total		62 677	62 677	-	-	-	232	2 251	2 483	65 161	5 327	8 789
Total Capital Expenditure - Vote		109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397

The capital budget increases with R 7 212 858 from R 109 432 104 to R 116 644 962.

The increases in the 2023/24 financial year, as reflected in the table above, are explained below.

CRR amendments:

The CRR increased from R 29 946 887 to R 32 977 619. The increase is due to projects that, at 30 June 2023, were not complete and only finalised in the new financial year. Various projects including the connecting of Saringa road and Kurland Water distribution upgrade have been included.

Grants amendments:

The following roll-overs has been approved.

Informal Settlements:

Roll-over of R 1 659 471,71 has been approved.

Borrowing Amendments:

The borrowing funded projects have increased from R 45 150 000 to R 47 672 655. The increase is due to projects that, at 30 June 2023, were not complete and only finalised in the new financial year as well as savings from projects that were completed but can now be used to facilitate additional spending on these previously approved projects.

Adjustments to Budget Funding

The proposed adjustments will be funded as follows

WC047 Bitou - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 25/08/2022												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Funded by:												
National Government		23 581	23 581	-	-	-	-	-	-	23 581	25 421	27 097
Provincial Government		10 754	10 754	-	-	-	1 659	-	1 659	12 414	-	-
Transfers recognised - capital	4	34 335	34 335	-	-	-	1 659	-	1 659	35 995	25 421	27 097
Borrowing		45 150	45 150	-	-	-	-	2 523	2 523	47 673	36 320	42 300
Internally generated funds		29 947	29 947	-	-	-	-	3 031	3 031	32 978	27 300	24 000
Total Capital Funding		109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397

Projects financed out of Internally generated funds increased by R 3 030 732 from the initial R 29 946 887 to R 32 977 619. Borrowing increased from R 45 150 000 to R 47 672 655. Grants received from the Provincial Government increase by R 1 659 471 from R 10 754 348 to R 12 413 820.

As can be seen on the Table B8, the adjustment budget is funded however the municipality needs to ensure it improves its reserves and working capital to ensure that non-cash items and provisions are cash backed

Conclusion

The overall budgeted surplus Increased with R 1 659 471 from R 38 248 143 to R 39 907 615.

The capital budget increases with R 7 212 858 from R 109 432 104 to R 116 644 962.

Adjustment budget tables

Adjustment Budget Summary

WC047 Bitou - Table B1 Adjustments Budget Summary - 25/08/2022

Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	179 779	179 779	-	-	-	-	-	-	179 779	191 710	204 432
Service charges	464 234	464 234	-	-	-	-	-	-	464 234	507 257	560 996
Investment revenue	4 950	4 950	-	-	-	-	-	-	4 950	5 200	5 326
Transfers recognised - operational	163 277	163 277	-	-	-	-	-	-	163 277	270 154	265 575
Other own revenue	88 815	88 815	-	-	-	-	-	-	88 815	82 659	82 573
Total Revenue (excluding capital transfers and contributions)	901 055	901 055	-	-	-	-	-	-	901 055	1 056 980	1 118 902
Employee costs	333 063	333 063	-	-	-	-	-	-	333 063	353 642	375 850
Remuneration of councillors	7 674	7 674	-	-	-	-	-	-	7 674	8 050	8 428
Depreciation & asset impairment	40 059	40 059	-	-	-	-	-	-	40 059	42 062	43 324
Interest	13 428	13 428	-	-	-	-	-	-	13 428	16 257	18 829
Inventory consumed and bulk purchases	225 784	108 023	-	-	-	-	-	-	108 023	151 540	148 699
Transfers and subsidies	12 230	12 230	-	-	-	-	-	-	12 230	6 300	6 600
Other expenditure	268 038	385 798	-	-	-	-	-	-	385 798	409 748	429 906
Total Expenditure	900 274	900 274	-	-	-	-	-	-	900 274	987 598	1 031 636
Surplus/(Deficit)	780	780	-	-	-	-	-	-	780	69 382	87 267
Transfers and subsidies - capital (monetary allocations)	37 468	37 468	-	-	-	1 659	-	1 659	39 127	59 234	45 161
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428
Capital expenditure & funds sources											
Capital expenditure	109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397
Transfers recognised - capital	34 335	34 335	-	-	-	1 659	-	1 659	35 995	25 421	27 097
Borrowing	45 150	45 150	-	-	-	-	2 523	2 523	47 673	36 320	42 300
Internally generated funds	29 947	29 947	-	-	-	-	3 031	3 031	32 978	27 300	24 000
Total sources of capital funds	109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397
Financial position											
Total current assets	429 672	429 672	-	-	-	-	(7 213)	(7 213)	422 459	535 781	551 903
Total non current assets	1 335 112	1 335 112	-	-	-	-	7 213	7 213	1 342 325	1 319 730	1 313 323
Total current liabilities	426 612	426 612	-	-	-	(1 659)	-	(1 659)	424 953	431 508	431 171
Total non current liabilities	190 333	190 333	-	-	-	-	-	-	190 333	185 796	192 037
Community wealth/Equity	1 147 839	1 147 839	-	-	-	1 659	-	1 659	1 149 498	1 238 206	1 242 018
Cash flows											
Net cash from (used) operating	75 138	75 138	-	-	-	-	-	-	75 138	139 294	171 135
Net cash from (used) investing	(98 470)	(98 470)	-	-	-	(1 659)	(5 553)	(7 213)	(105 683)	(89 041)	(93 397)
Net cash from (used) financing	19 383	19 383	-	-	-	-	-	-	19 383	14 845	21 086
Cash/cash equivalents at the year end	55 791	55 791	-	-	-	(1 659)	(5 553)	(7 213)	48 578	124 839	158 565
Cash backing/surplus reconciliation											
Cash and investments available	55 750	55 750	-	-	-	-	(7 213)	(7 213)	48 537	124 607	158 337
Application of cash and investments	(22 280)	(22 280)	-	-	-	(1 659)	-	(1 659)	(23 940)	(16 153)	(30 014)
Balance - surplus (shortfall)	78 030	78 030	-	-	-	1 659	(7 213)	(5 553)	72 476	140 759	188 351
Asset Management											
Asset register summary (WDV)	1 335 112	1 335 112	-	-	-	-	7 213	7 213	1 342 325	1 319 730	1 313 323
Depreciation	40 059	40 059	-	-	-	-	-	-	40 059	42 062	43 324
Renewal and Upgrading of Existing Assets	39 934	39 934	-	-	-	-	4 190	4 190	44 124	48 078	37 358
Repairs and Maintenance	47 306	47 306	-	-	-	-	-	-	47 306	83 377	82 135
Free services											
Cost of Free Basic Services provided	53 992	53 992	-	-	-	-	-	-	53 992	56 986	60 300
Revenue cost of free services provided	3 295	3 295	-	-	-	-	-	-	3 295	3 447	3 605
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Section 3 – B-Schedule tables

4.1 2023/24 Adjustments Budget

The tables included in section 4 to the end of this report are from the ‘B Schedule Adjustments Budget’ legislated as part of section MFMA and MBRR.

Financial Performance (Revenue and Expenditure)

WC047 Bitou - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 25/08/2022												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue												
Exchange Revenue												
Service charges - Electricity	2	241 830	241 830	-	-	-	-	-	-	241 830	278 221	320 103
Service charges - Water	2	86 725	86 725	-	-	-	-	-	-	86 725	90 714	94 887
Service charges - Waste Water Management	2	77 663	77 663	-	-	-	-	-	-	77 663	81 236	84 973
Service charges - Waste Management	2	58 016	58 016	-	-	-	-	-	-	58 016	57 085	61 034
Sale of Goods and Rendering of Services		11 571	11 571	-	-	-	-	-	-	11 571	8 443	8 831
Agency services		3 014	3 014	-	-	-	-	-	-	3 014	3 153	3 298
Interest earned from Receivables		13 282	13 282	-	-	-	-	-	-	13 282	11 964	10 645
Interest earned from Current and Non Current Assets		4 950	4 950	-	-	-	-	-	-	4 950	5 200	5 326
Rental from Fixed Assets		1 030	1 030	-	-	-	-	-	-	1 030	1 118	1 214
Licence and permits		589	589	-	-	-	-	-	-	589	616	644
Operational Revenue		2 207	2 207	-	-	-	-	-	-	2 207	2 433	1 046
Non-Exchange Revenue												
Property rates		179 779	179 779	-	-	-	-	-	-	179 779	191 710	204 432
Surcharges and Taxes		1 500	1 500	-	-	-	-	-	-	1 500	1 553	1 684
Fines, penalties and forfeits		31 699	31 699	-	-	-	-	-	-	31 699	33 065	34 491
Licences or permits		696	696	-	-	-	-	-	-	696	728	761
Transfer and subsidies - Operational		163 277	163 277	-	-	-	-	-	-	163 277	270 154	265 575
Interest		3 759	3 759	-	-	-	-	-	-	3 759	3 384	3 008
Operational Revenue		15 518	15 518	-	-	-	-	-	-	15 518	16 205	16 950
Gains on disposal of Assets		3 950	3 950	-	-	-	-	-	-	3 950	-	-
Total Revenue (excluding capital transfers and contributions)		901 055	901 055	-	-	-	-	-	-	901 055	1 056 980	1 118 902
Expenditure By Type												
Employee related costs		333 063	333 063	-	-	-	-	-	-	333 063	353 642	375 850
Remuneration of councillors		7 674	7 674	-	-	-	-	-	-	7 674	8 050	8 428
Bulk purchases - electricity		206 241	206 241	-	-	-	-	-	-	206 241	214 478	235 925
Inventory consumed		19 543	19 543	-	-	-	-	-	-	19 543	22 300	21 734
Debt impairment		18 270	18 270	-	-	-	-	-	-	18 270	19 001	19 894
Depreciation and amortisation		40 059	40 059	-	-	-	-	-	-	40 059	42 062	43 324
Interest		13 428	13 428	-	-	-	-	-	-	13 428	16 257	18 829
Contracted services		95 793	95 793	-	-	-	-	-	-	95 793	145 240	142 099
Transfers and subsidies		12 230	12 230	-	-	-	-	-	-	12 230	6 300	6 600
Irrecoverable debts written off		64 900	64 900	-	-	-	-	-	-	64 900	58 575	52 255
Operational costs		89 075	89 075	-	-	-	-	-	-	89 075	101 695	106 698
Total Expenditure		900 274	900 274	-	-	-	-	-	-	900 274	987 598	1 031 636
Surplus/(Deficit)		780	780	-	-	-	-	-	-	780	69 382	87 267
Transfers and subsidies - capital (monetary allocations)		37 468	37 468	-	-	-	1 659	-	1 659	39 127	59 234	45 161
Surplus/(Deficit) after capital transfers & contributions		38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428
Surplus/(Deficit) after income tax		38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428
Surplus/(Deficit) attributable to municipality		38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428
Surplus/ (Deficit) for the year		38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428

Financial Performance (Revenue and Expenditure by Municipal Vote)

WC047 Bitou - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 25/08/2022

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3	4	5	6	7	8	9	10		
		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Council		2 918	2 918	-	-	-	-	-	-	2 918	3 090	3 212
Vote 2 - Office of the Municipal Manager		62 081	62 081	-	-	-	-	-	-	62 081	69 383	75 374
Vote 3 - Community Services		137 471	137 471	-	-	-	-	-	-	137 471	135 860	143 561
Vote 4 - Corporate Services		19	19	-	-	-	-	-	-	19	19	19
Vote 5 - Financial Services		207 447	207 447	-	-	-	-	-	-	207 447	220 528	234 659
Vote 6 - Economic Development & Planning		21 821	21 821	-	-	-	1 659	-	1 659	23 481	130 727	96 930
Vote 7 - Engineering Services		506 765	506 765	-	-	-	-	-	-	506 765	556 607	610 307
Total Revenue by Vote	2	938 523	938 523	-	-	-	1 659	-	1 659	940 182	1 116 214	1 164 063
Expenditure by Vote	1											
Vote 1 - Council		13 229	13 229	-	-	-	-	-	-	13 229	13 171	13 322
Vote 2 - Office of the Municipal Manager		24 180	24 180	-	-	-	-	-	-	24 180	26 368	27 154
Vote 3 - Community Services		220 646	220 646	-	-	-	-	-	-	220 646	242 074	246 424
Vote 4 - Corporate Services		81 193	81 193	-	-	-	-	-	-	81 193	97 291	107 115
Vote 5 - Financial Services		67 121	67 121	-	-	-	-	-	-	67 121	67 182	67 841
Vote 6 - Economic Development & Planning		43 237	43 237	-	-	-	-	-	-	43 237	43 160	43 483
Vote 7 - Engineering Services		450 669	450 669	-	-	-	-	-	-	450 669	498 353	526 295
Total Expenditure by Vote	2	900 274	900 274	-	-	-	-	-	-	900 274	987 598	1 031 636
Surplus/ (Deficit) for the year	2	38 248	38 248	-	-	-	1 659	-	1 659	39 908	128 616	132 428

The table above reflects the changes or adjustments made per functional area. As stipulated above in an effort to improve the operational viability and also address some of the service delivery challenges, the adjustment budget was used to refinance and reprioritise the service delivery in the municipality additional National and Provincial grants.

Financial Position

WC047 Bitou - Table B6 Adjustments Budget Financial Position - 25/08/2022

Description	Ref	Budget Year 2023/24									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
ASSETS												
Current assets												
Cash and cash equivalents		55 750	55 750	-	-	-	-	(7 213)	(7 213)	48 537	124 607	158 337
Trade and other receivables from exchange transaction	1	43 839	43 839	-	-	-	-	-	-	43 839	78 878	59 081
Receivables from non-exchange transactions	1	100 771	100 771	-	-	-	-	-	-	100 771	102 985	105 172
Current portion of non-current receivables		11	11	-	-	-	-	-	-	11	11	11
Inventory		16 538	16 538	-	-	-	-	-	-	16 538	16 538	16 538
VAT		212 584	212 584	-	-	-	-	-	-	212 584	212 584	212 584
Other current assets		180	180	-	-	-	-	-	-	180	180	180
Total current assets		429 672	429 672	-	-	-	-	(7 213)	(7 213)	422 459	535 781	551 903
Non current assets												
Investment property		12 692	12 692	-	-	-	-	-	-	12 692	12 692	12 692
Property, plant and equipment		1 322 385	1 322 385	-	-	-	-	7 213	7 213	1 329 597	1 307 002	1 300 596
Heritage assets		35	35	-	-	-	-	-	-	35	35	35
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		1 335 112	1 335 112	-	-	-	-	7 213	7 213	1 342 325	1 319 730	1 313 323
TOTAL ASSETS		1 764 784	1 764 784	-	-	-	-	-	-	1 764 784	1 855 511	1 865 226
LIABILITIES												
Current liabilities												
Financial liabilities		0	0	-	-	-	-	-	-	0	(0)	(0)
Consumer deposits		9 848	9 848	-	-	-	-	-	-	9 848	9 848	9 848
Trade and other payables from exchange transactions		79 792	79 792	-	-	-	-	-	-	79 792	84 592	75 548
Trade and other payables from non-exchange transactions		(15 820)	(15 820)	-	-	-	(1 659)	-	(1 659)	(17 480)	(16 003)	(14 570)
Provisions		113 636	113 636	-	-	-	-	-	-	113 636	113 913	121 188
VAT		239 157	239 157	-	-	-	-	-	-	239 157	239 157	239 157
Total current liabilities		426 612	426 612	-	-	-	(1 659)	-	(1 659)	424 953	431 508	431 171
Non current liabilities												
Financial Liabilities	1	121 558	121 558	-	-	-	-	-	-	121 558	117 021	123 262
Provisions	1	68 776	68 776	-	-	-	-	-	-	68 776	68 776	68 776
Total non current liabilities		190 333	190 333	-	-	-	-	-	-	190 333	185 796	192 037
TOTAL LIABILITIES		616 946	616 946	-	-	-	(1 659)	-	(1 659)	615 286	617 304	623 208
NET ASSETS	2	1 147 839	1 147 839	-	-	-	1 659	-	1 659	1 149 498	1 238 206	1 242 018
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 099 339	1 099 339	-	-	-	1 659	-	1 659	1 100 998	1 162 406	1 142 218
Funds and Reserves		48 500	48 500	-	-	-	-	-	-	48 500	75 800	99 800
TOTAL COMMUNITY WEALTH/EQUITY		1 147 839	1 147 839	-	-	-	1 659	-	1 659	1 149 498	1 238 206	1 242 018

Cash Flow

WC047 Bitou - Table B7 Adjustments Budget Cash Flows - 25/08/2022

Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original	Prior Adjusted	Accum. Funds	Multi-year	Unfore.	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	Adjusted
		Budget			capital	Unavoid.	Govt			Budget	Budget	Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		163 156	163 156	-	-	-	-	-	-	163 156	173 940	185 514
Service charges		422 573	422 573	-	-	-	-	-	-	422 573	435 620	514 266
Other revenue		22 595	22 595	-	-	-	-	-	-	22 595	20 000	20 951
Transfers and Subsidies - Operational	1	163 277	163 277	-	-	-	-	-	-	163 277	270 154	265 575
Transfers and Subsidies - Capital	1	37 468	37 468	-	-	-	-	-	-	37 468	59 234	45 161
Interest		8 221	8 221	-	-	-	-	-	-	8 221	8 144	7 942
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(716 494)	(716 494)	-	-	-	-	-	-	(716 494)	(805 242)	(842 846)
Finance charges		(13 428)	(13 428)	-	-	-	-	-	-	(13 428)	(16 257)	(18 829)
Transfers and Grants	1	(12 230)	(12 230)	-	-	-	-	-	-	(12 230)	(6 300)	(6 600)
NET CASH FROM/(USED) OPERATING ACTIVITIES		75 138	75 138	-	-	-	-	-	-	75 138	139 294	171 135
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		10 962	10 962	-	-	-	-	-	-	10 962	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets		(109 432)	(109 432)	-	-	-	(1 659)	(5 553)	(7 213)	(116 645)	(89 041)	(93 397)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(98 470)	(98 470)	-	-	-	(1 659)	(5 553)	(7 213)	(105 683)	(89 041)	(93 397)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short-term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long-term/refinancing		40 150	40 150	-	-	-	-	-	-	40 150	36 320	42 300
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		(20 767)	(20 767)	-	-	-	-	-	-	(20 767)	(21 475)	(21 214)
NET CASH FROM/(USED) FINANCING ACTIVITIES		19 383	19 383	-	-	-	-	-	-	19 383	14 845	21 086
NET INCREASE/ (DECREASE) IN CASH HELD		(3 949)	(3 949)	-	-	-	(1 659)	(5 553)	(7 213)	(11 162)	65 098	98 825
Cash/cash equivalents at the year begin:	2	59 740	59 740	-	-	-	-	-	-	59 740	59 740	59 740
Cash/cash equivalents at the year end:	2	55 791	55 791	-	-	-	(1 659)	(5 553)	(7 213)	48 578	124 839	158 565

Expenditure on transfer and grant programme

WC047 Bitou - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 25/08/2022

Description	Ref	Budget Year 2023/24							Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		14 048	14 048	-	-	-	-	14 048	13 237	13 584
Operational Revenue:General Revenue:Equitable Share		10 398	10 398	-	-	-	-	10 398	11 466	11 704
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 879	1 879	-	-	-	-	1 879	-	-
Local Government Financial Management Grant [Schedule 5B]		1 771	1 771	-	-	-	-	1 771	1 771	1 880
Provincial Government:		17 479	17 479	-	-	-	-	17 479	15 984	16 534
Capacity Building and Other		17 479	17 479	-	-	-	-	17 479	15 984	16 534
Other grant providers:		350	350	-	-	-	-	350	533	567
Departmental Agencies and Accounts		350	350	-	-	-	-	350	533	567
Total Operating Transfers and Grants	6	31 876	31 876	-	-	-	-	31 876	29 753	30 686
<u>Capital Transfers and Grants</u>										
National Government:		23 581	23 581	-	-	-	-	23 581	25 421	27 097
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		3 282	3 282	-	-	-	-	3 282	4 348	5 217
Municipal Infrastructure Grant [Schedule 5B]		20 299	20 299	-	-	-	-	20 299	21 073	21 879
Provincial Government:		10 754	10 754	-	-	1 659	1 659	12 414	-	-
Infrastructure		10 754	10 754	-	-	1 659	1 659	12 414	-	-
Other grant providers:		29 977	29 977	-	-	3 031	3 031	33 008	27 332	24 034
Transfer from Operational Revenue		29 977	29 977	-	-	3 031	3 031	33 008	27 332	24 034
Total Capital Transfers and Grants	6	64 312	64 312	-	-	4 690	4 690	69 002	52 753	51 131
TOTAL EXPENDITURE OF TRANSFERS & GRANTS		96 188	96 188	-	-	4 690	4 690	100 878	82 506	81 816

Section 4 - Capital Expenditure per project affected by the Adjustment budget

WC047 Bitou - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 25/08/2022

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5	6	7	8	9	10	11	12		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 3 - Community Services		4 780	4 780	-	-	-	-	-	-	4 780	8 669	9 722
Vote 4 - Corporate Services		1 016	1 016	-	-	-	-	-	-	1 016	4 459	1 000
Vote 7 - Engineering Services		40 959	40 959	-	-	-	1 427	3 302	4 730	45 689	70 586	73 886
Capital multi-year expenditure sub-total	3	46 755	46 755	-	-	-	1 427	3 302	4 730	51 484	83 714	84 608
Single-year expenditure to be adjusted	2											
Vote 2 - Office of the Municipal Manager		1 000	1 000	-	-	-	-	-	-	1 000	-	-
Vote 3 - Community Services		835	835	-	-	-	-	851	851	1 686	300	-
Vote 4 - Corporate Services		561	561	-	-	-	-	-	-	561	-	-
Vote 6 - Economic Development & Planning		304	304	-	-	-	-	-	-	304	-	-
Vote 7 - Engineering Services		59 977	59 977	-	-	-	232	1 400	1 632	61 609	5 027	8 789
Capital single-year expenditure sub-total		62 677	62 677	-	-	-	232	2 251	2 483	65 161	5 327	8 789
Total Capital Expenditure - Vote		109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397
Capital Expenditure - Functional												
Governance and administration		20 857	20 857	-	-	-	-	801	801	21 658	5 576	2 500
Executive and council		1 000	1 000	-	-	-	-	-	-	1 000	-	-
Finance and administration		19 857	19 857	-	-	-	-	801	801	20 658	5 576	2 500
Community and public safety		4 265	4 265	-	-	-	-	-	-	4 265	3 644	2 722
Community and social services		2 880	2 880	-	-	-	-	-	-	2 880	3 144	2 722
Sport and recreation		1 000	1 000	-	-	-	-	-	-	1 000	500	-
Public safety		385	385	-	-	-	-	-	-	385	-	-
Economic and environmental services		13 973	13 973	-	-	-	1 427	600	2 027	16 001	100	5 000
Planning and development		304	304	-	-	-	-	-	-	304	-	-
Road transport		13 669	13 669	-	-	-	1 427	600	2 027	15 696	100	5 000
Trading services		70 337	70 337	-	-	-	232	4 152	4 385	74 722	79 721	83 175
Energy sources		23 741	23 741	-	-	-	-	922	922	24 662	27 449	41 459
Water management		27 350	27 350	-	-	-	83	2 467	2 550	29 900	17 977	7 059
Waste water management		17 896	17 896	-	-	-	149	713	863	18 759	29 294	27 657
Waste management		1 350	1 350	-	-	-	-	50	50	1 400	5 000	7 000
Total Capital Expenditure - Functional	3	109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397
Funded by:												
National Government		23 581	23 581	-	-	-	-	-	-	23 581	25 421	27 097
Provincial Government		10 754	10 754	-	-	-	1 659	-	1 659	12 414	-	-
Transfers recognised - capital	4	34 335	34 335	-	-	-	1 659	-	1 659	35 995	25 421	27 097
Borrowing		45 150	45 150	-	-	-	-	2 523	2 523	47 673	36 320	42 300
Internally generated funds		29 947	29 947	-	-	-	-	3 031	3 031	32 978	27 300	24 000
Total Capital Funding		109 432	109 432	-	-	-	1 659	5 553	7 213	116 645	89 041	93 397

WC047 Bitou - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget - 25/08/2022

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal Code	Individually Approved Yes/No	Asset Class	Asset Sub-Class	GPS co-ordinates	Medium Term Revenue and Expenditure Framework					
								Budget Year 2023/24		Budget Year +1 2024/25		Budget Year +2 2025/26	
								Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
R thousand			3	6	4	4	5						
Parent municipality:													
<i>List all capital programs/projects grouped by Municipal Vote</i>													
ROADS, STORMWATER AND BUILDINGS MAINTENANCE													
NEW HORIZONS-STORMWATER UPGRADES (OF STORMWATER(MASTERPLAN ITEM) : RDS22M)								1 000	1 100	-	-	5 000	5 000
NEW HORIZONS: CONNECTING SARINGA (CONSTRUCTION OF CONNECTION BETWEEN SARINGA AND EBENEZER								-	500	-	-	-	-
BOSSIESGIF: NEW WATER (PH4A) USP: New sewer at Oolweni & Bossiesgiff								-	1 427	-	-	-	-
WATER SERVICES: WASTE WATER PURIFICATION													
PUMP STATION EQUIPMENT Capital Spares: new pumps, motors and fittings								2 500	2 813	2 500	2 500	2 500	2 500
WITTEDRIF MAIN SPS Upgrade of Pump Station								-	400	-	-	-	-
BOSSIESGIF: NEW WATER (PH4A) USP: New sewer at Oolweni & Bossiesgiff								-	149	-	-	-	-
ELECTRICAL AND MECHANICAL ENGINEERING SERVICES													
ELECTRIFICATION OF INFORMAL SETTLEMENTS Upgrade of Electrical Networks in Informal Settlements in the greater Bitou Area								3 000	3 722	2 182	2 182	1 000	1 000
NEW STREETLIGHTS New Streetlights								-	200	-	-	5 245	5 245
WATER SERVICES: WATER DISTRIBUTION													
KURLAND: UPGRADE WTW UPGRADE WORKS FROM 0.6 TO 1.2M								-	2 167	-	-	-	-
PUMP STATION EQUIPMENT Capital Spares: new pumps, motors and fittings								-	300	-	-	-	-
BOSSIESGIF: NEW WATER (PH4A) USP: New sewer at Oolweni & Bossiesgiff								-	83	-	-	-	-
FACILITIES & SERVICE CENTRES													
UPGRADING OF NEW HORIZONS COMMUNITY HALL UPGRADING OF NEW HORIZONS COMMUNITY HALL								-	801	-	-	-	-
INTERGRATED WASTE MANAGEMENT													
SPECIALISED CAMERAS AT TRANSFER ST Supply & Installation of Neighbourhood System Integrated Cameras								-	50	-	-	-	-

WC047 Bitou - Table B8 Cash backed reserves/accumulated surplus reconciliation - 25/08/2022

Description	Ref	Budget Year 2023/24										Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget		Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10			
R thousands			A1	B	C	D	E	F	G	H			
Cash and investments available													
Cash/cash equivalents at the year end	1	55 791	55 791	-	-	-	(1 659)	(5 553)	(7 213)	48 578	124 839	158 565	
Other current investments > 90 days		(41)	(41)	-	-	-	1 659	(1 659)	-	(41)	(232)	(228)	
Cash and investments available:		55 750	55 750	-	-	-	-	(7 213)	(7 213)	48 537	124 607	158 337	
Applications of cash and investments													
Unspent conditional transfers		(15 820)	(15 820)	-	-	-	(1 659)	-	(1 659)	(17 480)	(16 003)	(14 570)	
Other working capital requirements	2	(6 460)	(6 460)	-	-	-	-	-	-	(6 460)	(150)	(15 444)	
Total Application of cash and investments:		(22 280)	(22 280)	-	-	-	(1 659)	-	(1 659)	(23 940)	(16 153)	(30 014)	
Surplus(shortfall)		78 030	78 030	-	-	-	1 659	(7 213)	(5 553)	72 476	140 759	188 351	
Other working capital requirements													
Debtors		86 252	86 252							86 252	84 742	90 992	
Creditors due		79 792	79 792							79 792	84 592	75 548	
Total		6 460	6 460							6 460	150	15 444	
Debtors collection assumptions:													
Balance outstanding - debtors		100 782	100 782							100 782	102 995	105 183	
Estimate of debtors collection rate		86%	86%							86%	82%	87%	
Long term investments committed													
Balance (Insert description; eg sinking fund)													
Reserves to be backed by cash/investments													
Capital replacement		48 500	48 500							48 500	75 800	99 800	
		48 500	48 500							48 500	75 800	99 800	

WC047 Bitou - Table B10 Basic service delivery measurement - 25/08/2022

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
<u>Water:</u>												
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
<u>Sanitation/sewerage:</u>												
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
<u>Energy:</u>												
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>												
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		10 572 618	10 572 618	-	-	-	-	-	-	10 572 618	11 058 959	11 567 671
Sanitation (free minimum level service)		22 377 782	22 377 782	-	-	-	-	-	-	22 377 782	23 407 160	24 483 890
Electricity/other energy (50kwh per household per month)		5 734 034	5 734 034	-	-	-	-	-	-	5 734 034	6 599 873	7 596 454
Refuse (removed at least once a week)		15 307 314	15 307 314	-	-	-	-	-	-	15 307 314	15 919 607	16 651 908
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		10 573	10 573	-	-	-	-	-	-	10 573	11 059	11 568
Sanitation (free sanitation service to indigent households)		22 378	22 378	-	-	-	-	-	-	22 378	23 407	24 484
Electricity/other energy (50kwh per indigent household per month)		5 734	5 734	-	-	-	-	-	-	5 734	6 600	7 596
Refuse (removed once a week for indigent households)		15 307	15 307	-	-	-	-	-	-	15 307	15 920	16 652
Total cost of FBS provided		53 992	53 992	-	-	-	-	-	-	53 992	56 986	60 300
Highest level of free service provided												
Revenue cost of free services provided (R'000)	17											
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 295	3 295	-	-	-	-	-	-	3 295	3 447	3 605
Total revenue cost of subsidised services provided		3 295	3 295	-	-	-	-	-	-	3 295	3 447	3 605

Municipal manager's quality certification

Municipal manager's quality certification

QUALITY CERTIFICATE

I, Mbulah Memon the Municipal Manager of Bitou Local Municipality, hereby certify that

- ☐ The monthly budget statement
- ☐ Quarterly report on the implementation of the budget and financial state of affairs of the municipality
- ☐ Mid-year budget and performance assessment
- ☒ The Municipal Adjustments budget

for the financial year 2023/24 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Signature Mbulah Memon

Print Name: M. Memon

Municipal Manager of Bitou Local Municipality – WC047

Date 24/08/2023