



**TOKOLOGO LOCAL MUNICIPALITY  
ADJUSTMENT BUDGET NARRATIONS  
2023/2024**

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## 1.1 MAYOR'S REPORT

### BUDGET SPEECH

**BY:**

**HONOURABLE MAYOR MR BE SEAKGE**

**Date: 23 February 2024**

Budget Speech 2023/2024 financial year

Speaker;

Council Whip;

Members of the Mayoral Committee;

Members of Council;

Municipal Manager and senior management; and

Members of the public;

All protocol observed

Good Morning ladies and gentlemen.

The budget I am presenting here today was prepared in line with our Integrated Development Plan and in terms of the Municipal Finance Management Act No 53 of 2003. This budget is presented in line with the assumptions and needs of our people, also taking into consideration the limited resources at our disposal.

We remain committed to the realization of our five Key Performance Areas which are:

- Good Governance and Public Participation
- Municipal Transformation and Organizational Development
- Basic Infrastructure and Service Delivery
- Local Economic Development and
- Municipal Financial Viability and Management

## **CONCLUSION**

Ladies and gentlemen, let us all work together in bettering the lives of the communities of Tokologo. Those that have skills and resources, you are beseeched to make a contribution.

In closing, Covid-19 is real and it looks like it is going to be with us for some time. Let us all observe the safety measures put in place by government to ensure our safety, until such time that this virus is defeated for good.

We express our sincere gratitude to all the essential workers who have been in the forefront since this Covid-19 pandemic hit us in late March 2021. To those who have sadly lost their lives in the line of duty, may you rest well. You were true combatants. To those who are still carrying the baton, may you be blessed and gain more strength to keep on fighting this pandemic on behalf of our people.

I therefore present to your goodselves the Budget and IDP.

Thank you.

**Cllr. B.E. Seakge** Mayor/Speaker

## **Background**

Section 16 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

### **16. Annual budgets**

- (1)** the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2)** In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3)** Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

## **Section 24 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:**

### **24. Approval of annual budgets**

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
  - (a) must be approved before the start of the budget year;
  - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
  - (c) must be approved together with the adoption of resolutions as may be necessary—
    - (i) imposing any municipal tax for the budget year;
    - (ii) setting any municipal tariffs for the budget year;
    - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
    - (iv) approving any changes to the municipality's integrated development plan; and (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury

## OPERATIONAL BUDGET

The Accounting officer and the chief financial Officer submitted operational budget to council amounting to:

<b>Income:</b>	<b>R 219 680 388</b>
<b>Expenditure:</b>	<b>R 223 840 933</b>
<b>Deficit</b>	<b>R – 4 160 545</b>

Resolved that council note the operational budget for 2023/2024 financial year as submitted

## CAPITAL BUDGET

A capital budget to the amount of R 106 657 550 is submitted. Budget is financed as follows:

<b>CAPITAL GRANT</b>	<b>TOTAL ALLOCATION</b>
REGIONAL BULK	R 65 000 000
MIG	R 18 020 550
WSIG	R 20 727 000
INEP	R 1 960 000
<b>TOTAL</b>	<b>R 105 707 550</b>

### 1.3 EXECUTIVE SUMMARY

#### Overview

Tokoloko local Municipality budgeted process started in August 2021 when the council approved budget timelines as required by legislation.

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

*“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.*

*(2) An annual budget –*

*(a) must be approved before the start of the budget year;*

*(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and*

*(c) must be approved together with the adoption of resolutions as may be necessary –*

*(i) imposing any municipal tax for the budget year;*

*(ii) setting any municipal tariffs for the budget year;*

*(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;*

*(iv) approving any changes to the municipality’s integrated development plan; and*

*(v) approving any changes to the municipality’s budget-related policies.”*

## 1.4 BUDGET TABLES)

### 1.4.1 Financial Performance (Revenue and Expenditure functional Classification)

Table B2 Budgeted Financial Performance (revenue and expenditure by functional classification)									
Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Adjusted Budget	Adjusted Budget
<b>Revenue - Functional</b>									
<b>Governance and administration</b>		–	42,011	62,516	67,774	67,774	67,774	90,695	95,390
Executive and council		–	27,068	–	36,220	36,220	36,220	32,074	33,759
Finance and administration		–	14,235	62,516	29,981	29,981	29,981	57,048	60,058
Internal audit		–	708	–	1,572	1,572	1,572	1,572	1,572
<b>Community and public safety</b>		–	(4,106)	627	12,160	12,160	12,160	3,944	3,966
Community and social services		–	(4,682)	463	1,253	1,253	1,253	1,117	1,136
Sport and recreation		–	93	–	9,783	9,783	9,783	1,059	1,059
Public safety		–	483	164	1,124	1,124	1,124	1,768	1,771
Housing		–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		–	5,136	17,315	30,141	30,141	30,141	26,418	26,506
Planning and development		–	4,057	49	9,312	9,312	9,312	12,920	12,957
Road transport		–	1,079	17,265	20,829	20,829	20,829	13,498	13,549
Environmental protection		–	–	–	–	–	–	–	–
<b>Trading services</b>		–	80,120	141,643	152,160	163,395	163,395	173,347	191,100
Energy sources		–	15,307	17,297	13,811	25,046	25,046	30,866	34,748
Water management		–	22,023	77,730	98,453	98,453	98,453	85,224	95,659
Waste water management		–	25,827	27,912	24,119	24,119	24,119	35,056	37,159
Waste management		–	16,963	18,703	15,777	15,777	15,777	22,201	23,533
<b>Other</b>	4	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	–	123,160	222,101	262,234	273,470	273,470	294,405	316,962
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>		–	79,096	135,547	61,817	99,098	99,098	61,769	64,805
Executive and council		–	17,192	21,550	19,733	33,329	33,329	16,327	17,138
Finance and administration		–	59,472	108,223	40,456	64,141	64,141	42,647	44,734
Internal audit		–	2,432	5,774	1,628	1,628	1,628	2,795	2,932
<b>Community and public safety</b>		–	2,849	3,454	3,112	3,012	3,012	3,276	3,437
Community and social services		–	1,440	2,138	1,240	1,240	1,240	1,142	1,198
Sport and recreation		–	212	192	255	255	255	213	223
Public safety		–	1,197	1,124	1,616	1,516	1,516	1,922	2,016
Housing		–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		–	16,136	6,032	14,144	16,140	16,140	22,390	23,487
Planning and development		–	10,954	2,894	11,071	11,898	11,898	11,079	11,622
Road transport		–	5,182	3,138	3,073	4,242	4,242	11,311	11,866
Environmental protection		–	–	–	–	–	–	–	–
<b>Trading services</b>		–	52,156	(10,148)	60,281	49,316	49,316	86,861	89,184
Energy sources		–	32,594	41,354	34,214	17,694	17,694	38,432	40,316
Water management		–	5,628	(62,497)	5,938	9,660	9,660	18,135	19,046
Waste water management		–	5,896	6,275	11,776	13,500	13,500	22,745	21,904
Waste management		–	8,038	4,721	8,352	8,463	8,463	7,548	7,918
<b>Other</b>	4	–	–	–	–	–	–	–	–
<b>Total Expenditure - Functional</b>	3	–	150,237	134,885	139,355	167,566	167,566	174,297	180,913
<b>Surplus/(Deficit) for the year</b>		–	(27,077)	87,215	122,879	105,904	105,904	120,108	136,049



## 1.4.2 Financial Performance (Revenue and Expenditure municipal vote)

0 - Table B3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			Budget Year +1 2024/25	Budget Year +2 2025/26
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Adjusted Budget	Adjusted Budget
<b>Revenue by Vote</b>	1								
Vote 1 - Office of the Mayor		-	5,287	492	15,656	15,656	15,656	18,862	20,142
Vote 2 - Office of the Municipal Manager		-	36,102	(701)	29,172	29,172	29,172	36,238	37,570
Vote 3 - Department Financial Services		-	9,389	62,024	14,723	14,723	14,723	34,624	36,353
Vote 4 - Department Corporate Services		-	3,505	-	12,455	12,455	12,455	14,766	15,766
Vote 5 - Department Community Services		-	(4,106)	627	12,160	12,160	12,160	3,944	3,966
Vote 6 - Department Infrastructure Services		-	72,984	159,659	178,069	189,305	189,305	185,972	203,165
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	<b>123,160</b>	<b>222,101</b>	<b>262,234</b>	<b>273,470</b>	<b>273,470</b>	<b>294,405</b>	<b>316,962</b>
<b>Expenditure by Vote to be appropriated</b>	1								
Vote 1 - Office of the Mayor		-	9,150	9,147	13,312	19,710	19,710	9,776	10,266
Vote 2 - Office of the Municipal Manager		-	17,198	19,489	10,688	17,885	17,885	12,403	13,011
Vote 3 - Department Financial Services		-	47,482	97,225	25,768	49,127	49,127	24,123	25,303
Vote 4 - Department Corporate Services		-	8,795	11,222	13,844	14,070	14,070	17,162	18,003
Vote 5 - Department Community Services		-	6,626	7,661	6,461	7,350	7,350	6,776	7,108
Vote 6 - Department Infrastructure Services		-	60,913	(9,859)	69,199	59,340	59,340	104,057	107,222
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	73	-	84	84	84	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	<b>150,237</b>	<b>134,885</b>	<b>139,355</b>	<b>167,566</b>	<b>167,566</b>	<b>174,297</b>	<b>180,913</b>
<b>Surplus/(Deficit) for the year</b>	2	-	<b>(27,077)</b>	<b>87,215</b>	<b>122,879</b>	<b>105,904</b>	<b>105,904</b>	<b>120,108</b>	<b>136,049</b>

### 1.4.3 Financial Performance (Revenue and Expenditure)

0 - Table B4 Budgeted Financial Performance (revenue and expenditure)										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Budget Year +1 2024/25	Budget Year +2 2025/26
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Adjusted Budget	Adjusted Budget
R thousand	1									
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity	2	-	13,974	15,585	10,729	21,965	21,965	23,885	24,203	25,655
Service charges - Water	2	-	2,812	2,170	1,132	1,132	1,132	2,663	1,459	1,547
Service charges - Waste Water Management	2	-	17,617	17,755	15,614	15,614	15,614	20,742	17,694	18,755
Service charges - Waste Management	2	-	11,564	12,045	10,141	10,141	10,141	13,677	10,605	11,241
Sale of Goods and Rendering of Services		-	(5,116)	671	772	772	772	772	872	924
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	16,865	21,557	17,992	17,992	17,992	17,992	35,577	37,712
Interest earned from Current and Non Current Assets		-	801	106	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	346	268	280	280	280	280	117	124
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		-	139	208	-	-	-	-	27	29
<b>Non-Exchange Revenue</b>										
Property rates	2	-	7,322	11,944	8,088	8,088	8,088	8,088	21,986	23,305
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	164	50	50	50	50	50	53
Licences or permits		-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		-	45,054	58,846	75,922	75,922	75,922	75,922	79,978	83,747
Interest		-	2,003	2,439	642	642	642	642	11,129	11,797
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	553	-	-	-	-	-	-
Other Gains		-	-	331	-	-	-	-	-	-
Discontinued Operations										
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	<b>113,381</b>	<b>144,642</b>	<b>141,362</b>	<b>152,598</b>	<b>152,598</b>	<b>164,713</b>	<b>203,697</b>	<b>214,889</b>
<b>Expenditure</b>										
Employee related costs	2	-	49,315	53,446	65,062	64,062	64,062	64,062	67,777	71,098
Remuneration of councillors		-	2,961	4,409	5,863	5,863	5,863	5,863	5,345	5,606
Bulk purchases - electricity	2	-	30,415	38,980	30,700	12,883	12,883	12,883	30,480	31,974
Inventory consumed	8	-	5,437	2,820	1,320	4,359	4,359	4,359	10,260	10,785
Debt impairment	3	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		-	-	38,811	2,339	2,339	2,339	2,339	26,167	27,449
Interest		-	4,672	12,914	1,000	5,900	5,900	5,900	1,000	1,049
Contracted services		-	44,976	45,782	14,192	45,306	45,306	45,306	17,400	18,264
Transfers and subsidies		-	-	-	-	1,073	1,073	1,073	-	-
Irrecoverable debts written off		-	-	(72,197)	6,558	6,558	6,558	6,558	5,000	3,290
Operational costs		-	12,460	9,136	12,320	19,222	19,222	19,222	10,868	11,398
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		-	-	783	-	-	-	-	-	-
<b>Total Expenditure</b>		-	<b>150,237</b>	<b>134,885</b>	<b>139,355</b>	<b>167,566</b>	<b>167,566</b>	<b>167,566</b>	<b>174,297</b>	<b>180,913</b>
<b>Surplus/(Deficit)</b>		-	<b>(36,856)</b>	<b>9,757</b>	<b>2,008</b>	<b>(14,968)</b>	<b>(14,968)</b>	<b>(2,852)</b>	<b>29,401</b>	<b>33,977</b>
Transfers and subsidies - capital (monetary allocations)	6	-	17,101	89,403	120,871	120,871	120,871	120,871	90,708	102,073
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		-	<b>(19,755)</b>	<b>99,159</b>	<b>122,879</b>	<b>105,904</b>	<b>105,904</b>	<b>118,019</b>	<b>120,108</b>	<b>136,049</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		-	<b>(19,755)</b>	<b>99,159</b>	<b>122,879</b>	<b>105,904</b>	<b>105,904</b>	<b>118,019</b>	<b>120,108</b>	<b>136,049</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		-	<b>(19,755)</b>	<b>99,159</b>	<b>122,879</b>	<b>105,904</b>	<b>105,904</b>	<b>118,019</b>	<b>120,108</b>	<b>136,049</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1	-	<b>(19,755)</b>	<b>99,159</b>	<b>122,879</b>	<b>105,904</b>	<b>105,904</b>	<b>118,019</b>	<b>120,108</b>	<b>136,049</b>

## 1.4.4 Capital Expenditure

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Budget Year	Budget Year
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	+1 2024/25 Adjusted Budget	+2 2025/26 Adjusted Budget
<b>R thousand</b>	1									
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>	2									
Multi-year expenditure appropriation		-	-	-	-	-	-	-	-	-
Vote 1 - Office of the Mayor		-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Department Financial Services		-	-	-	-	-	-	-	-	-
Vote 4 - Department Corporate Services		-	-	-	-	-	-	-	-	-
Vote 5 - Department Community Services		-	-	-	9,050	9,050	9,050	9,050	9,050	-
Vote 6 - Department Infrastructure Services		-	52,480	21,114	38,495	38,495	38,495	38,495	38,495	29,165
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
<b>Vote 15 - [NAME OF VOTE 15]</b>		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	52,480	21,114	47,545	47,545	47,545	47,545	47,545	29,165
<b>Single-year expenditure to be appropriated</b>	2									
Vote 1 - Office of the Mayor		-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Department Financial Services		-	-	-	-	-	-	-	-	-
Vote 4 - Department Corporate Services		-	-	-	-	-	-	-	-	-
Vote 5 - Department Community Services		-	194	-	1,275	1,275	1,275	1,275	1,275	895
Vote 6 - Department Infrastructure Services		-	12,365	44,183	72,052	72,052	72,052	72,052	72,052	10,654
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
<b>Vote 15 - [NAME OF VOTE 15]</b>		-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	12,558	44,183	73,327	73,327	73,327	73,327	73,327	11,549
Total Capital Expenditure - Vote		-	65,038	65,297	120,871	120,871	120,871	120,871	90,708	40,714

<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>		-	3,137	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	3,137	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	194	-	10,325	10,325	10,325	10,325	10,325	895
Community and social services		-	194	-	1,275	1,275	1,275	1,275	1,275	895
Sport and recreation		-	-	-	9,050	9,050	9,050	9,050	9,050	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	10,864	10,650	10,406	10,406	10,406	10,406	10,406	10,654
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	10,864	10,650	10,406	10,406	10,406	10,406	10,406	10,654
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	50,844	54,647	100,140	100,140	100,140	100,140	100,140	29,165
Energy sources		-	-	-	-	-	-	-	-	2,056
Water management		-	50,844	54,647	82,902	82,902	82,902	82,902	82,902	-
Waste water management		-	-	-	17,238	17,238	17,238	17,238	17,238	27,109
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	-	65,038	65,297	120,871	120,871	120,871	120,871	120,871	40,714
<b>Funded by:</b>										
National Government		-	65,038	65,297	120,871	120,871	120,871	120,871	120,871	40,714
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	-	65,038	65,297	120,871	120,871	120,871	120,871	120,871	40,714
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	-	65,038	65,297	120,871	120,871	120,871	120,871	120,871	40,714

## 1.4.5 Financial Position

0 - Table B6 Budgeted Financial Position										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Budget Year +1 2024/25	Budget Year +2 2025/26
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Adjusted Budget	Adjusted Budget
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash and cash equivalents		-	(124,000)	(14,687)	13,016	13,016	13,016	13,016	73,445	124,360
Trade and other receivables from exchange transactions	1	-	-	-	-	-	-	-	33,569	35,142
Receivables from non-exchange transactions	1	-	-	-	-	-	-	-	11,318	11,452
Current portion of non-current receivables		-	(179)	-	43	43	43	43	43	46
Inventory	2	-	79	86	4,311	4,311	4,311	4,311	311	311
VAT		-	-	-	-	-	-	-	25,326	25,326
Other current assets		-	239,712	332,755	46,532	46,532	46,532	46,532	-	-
<b>Total current assets</b>		-	<b>115,612</b>	<b>318,153</b>	<b>63,902</b>	<b>63,902</b>	<b>63,902</b>	<b>63,902</b>	<b>144,012</b>	<b>196,635</b>
<b>Non current assets</b>										
Investments		-	81	135,557.00	148	148	148	148	148	155
Investment property		-	2,344	2,344	3,109	3,109	3,109	3,109	3,109	3,109
Property, plant and equipment	3	-	1,042,014	950,461	804,355	804,355	804,355	804,355	774,192	724,197
Biological assets		-	-	4,412	2,784	2,784	2,784	2,784	2,784	2,784
Living and non-living resources		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	42	42
Intangible assets		-	0	53	1	1	1	1	1	1
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-
Other non-current assets		-	37	37	42	42	42	42	-	-
<b>Total non current assets</b>		-	<b>1,044,476</b>	<b>957,443</b>	<b>810,439</b>	<b>810,439</b>	<b>810,439</b>	<b>810,439</b>	<b>780,275</b>	<b>730,288</b>
<b>TOTAL ASSETS</b>		-	<b>1,160,088</b>	<b>1,275,596</b>	<b>874,341</b>	<b>874,341</b>	<b>874,341</b>	<b>874,341</b>	<b>924,287</b>	<b>926,923</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft		-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	(2,038)	104	104	104	104	104	104
Consumer deposits		-	593	567	638	638	638	638	638	638
Trade and other payables from exchange transactions	4	-	316,138	368,762	168,506	168,506	168,506	168,506	147,782	140,738
Trade and other payables from non-exchange transactions	5	-	-	-	-	-	-	-	573	573
Provision		-	-	2,449	486	486	486	486	486	486
VAT		-	-	-	-	-	-	-	-	-
Other current liabilities		-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>		-	<b>316,731</b>	<b>369,740</b>	<b>169,734</b>	<b>169,734</b>	<b>169,734</b>	<b>169,734</b>	<b>149,584</b>	<b>142,539</b>
<b>Non current liabilities</b>										
Financial liabilities	6	-	-	9	36	36	36	36	36	36
Provision	7	-	15,519	27,244	19,301	19,301	19,301	19,301	14,550	14,550
Long term portion of trade payables		-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	4,751	4,751
<b>Total non current liabilities</b>		-	<b>15,519</b>	<b>27,252</b>	<b>19,337</b>	<b>19,337</b>	<b>19,337</b>	<b>19,337</b>	<b>19,337</b>	<b>19,337</b>
<b>TOTAL LIABILITIES</b>		-	<b>332,250</b>	<b>396,992</b>	<b>189,071</b>	<b>189,071</b>	<b>189,071</b>	<b>189,071</b>	<b>168,921</b>	<b>161,876</b>
<b>NET ASSETS</b>		-	<b>827,839</b>	<b>878,604</b>	<b>685,270</b>	<b>685,270</b>	<b>685,270</b>	<b>685,270</b>	<b>755,366</b>	<b>765,047</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated surplus/(deficit)	8	-	827,841	876,459	662,072	645,096	645,096	645,096	659,301	675,242
Reserves and funds	9	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	10	-	<b>827,841</b>	<b>876,459</b>	<b>662,072</b>	<b>645,096</b>	<b>645,096</b>	<b>645,096</b>	<b>659,301</b>	<b>675,242</b>

## **PART 2**

### **1.1 Overview of the annual Budget**

Municipal financial Management Act (MFMA) mention six steps that the municipality must follow in order to prepare the annual budget that is credible, the planning and strategizing process started with the preparation of the budget timelines as required by the Act. The council of the municipality approved the budget timelines during council meeting as stipulated in the MFMA.

All department heads were asked to give their inputs or any adjustments they may have in order to allow the budget office to prepare the budget. The budget office of the municipality under the leadership of the Chief Financial Officer prepared the adjustment budget, which will be tabled on the 23<sup>rd</sup> February 2024.

The annual budget of the municipality is aligned to the municipality integrated development plan. Section 22 of the MFMA stipulates that the budget must be sent both to the National and Provincial Treasury both in hard and Electronic copy.

MFMA section 23(1) stipulates that after the annual budget of the municipality has been tabled in council the municipality must consider the views of the local community and relevant provincial treasury.

### **1.2 Overview of the alignment of annual budget with integrated development Plan**

The budget of the municipality was informed by the IDP as both documents were prepared in tandem, the biggest project in the municipal budget and IDP is the laying of the pipe line from Riverton to Boshof, the entire funding of this project is Regional Bulk.

Another important project included in the IDP Roads for Tshwaraganang and Recreational facilities for Malebogo which is funded from MIG

### 1.3 Overview of budget related policies (No Adjustments)

The budget process is guided by and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide and govern process and inform projection of the medium term. Tokologo Local Municipality has the following budget related policies

- Credit Control Policy

This policy provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Tokologo Local Municipality annually revises policy and approved the revised policy together with the annual budget approval.

- Investment and Cash Management Policy

Every municipal council is required in terms of Section 13(2) of the Municipal Finance Management Act (MFMA) no 56 of to approve a Cash and Investments Policy for the Council. The primary objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used

- Budget Policy

The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipality's priorities in the formulation of the draft and the final budget document. A budget, as per S71 of the MFMA, is subject to monthly control and reporting to Council with recommendations of action to be taken to achieve the budget's goals

- Tariff Policy

The purpose of this policy is to ensure that a uniform tariff is applied to the municipal area of jurisdiction. The policy is updated and sent for public comment annually.

- Indigent Policy

The criterion for benefits under this scheme is part of the credit control policy. An indigent register is maintained in order administer indigent support. The survey forms to qualify for the indigent support must be completed annually. The Municipality may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy, but subject to principles of sustainability and affordability.

- Property Rates Policy  
This has been implemented with the Municipal Property Rates Act with effect from 1 July 2007. Policy has to be reviewed annually when the budget is submitted.
- Supply Chain management Policy  
The policy reflects and represents the context of the Municipal Finance Management Act, Act no 56 of 2003
- Virement Policy  
To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

#### **1.4 Overview of Budget Assumptions**

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI. The following tariffs were increased:

Sewerage 6%,

Refuse 6%,

Water 6%,

Other Revenue 6% and

Electricity 15.1%

#### **1.5 Overview of Budget Funding**

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected and Grants



Tokoloko Local Municipality operating budget totals to **R 219 680 388** and is funded from:

- Grants ( Equitable Share, FMG and EPWP)
- Service Charges ( Electricity, Water, Sewer and Refuse)
- Other Revenue (Camp Rentals, Clearance certificate, Building Plans, etc.)

The capital budget of the municipality amounts to **R 105 707 550** and is funded from:

- Regional Bulk
- MIG
- WSIG
- INEP

The municipality's average collection rate is standing at 29% and the municipality anticipate to collect 40% in the year 2023/2024

The allocation for municipal grants are as follows:

- Equitable share is **R 75 080 000**
- Financial management grant (FMG) **R 3 000 000**
- Extended Public Works Programme (EPWP) **R 950 000**
- Regional Bulk **R 65 000 000**
- Municipal Infrastructure Grant (MIG) **R 18 969 000**
- Water Services Infrastructure Grant (WSIG) **R 20 727 000**
- Integrated National Electrification Programme (INEP) **R 1 960 000**

## **1.6 Expenditure on allocations and grants Programmes**

Total Grants allocated to the municipality is **R 185 696 000**, with operational grants **R 80 988 450** and capital **R 105 707 550**.

The equitable share spending still will be spent on the following:

- Salaries 34%
- Bulk Purchases 18%
- Contracted Services 8%

Financial Management Grant will be spent on following:

- 5 Finance Interns Salaries and MFMP Training
- Improvement on the Audit Opinion
- mSCOA
- Compilation of Annual Financial Statements
- Training of Officials

## 1.7 Allocations made by the municipality

- The municipality has budgeted R14 295 898 for Indigents and R60 000 for Paupers Funerals and R100 000 for poverty alleviation

## 1.8 Contracts Having Future Budgetary implications

The municipality do not have any contracts over 3 years.

## 1.9 Capital Expenditure

### MIG EXPENDITURE AND PROJECTS

MIG Reference Nr	Project Description	Planned MIG Expenditure for 2023/2024
	PMU	948,450.00
MIG/FS1435/SW/21/22	Boshof/Seretse: Upgrading of Existing 1.2km Storm water drainage system (MIS:394895)	1,394,874.38
	Dealesville/Tshwaraganang Multi-purpose Court (3 in 1)	853,695.00
	Boshof/Seretse: Refurbishment of existing elevated tank and the construction of a new water elevated tank (MIS:458722)	646,664.84
MIG/FS1315/W/19/20	Dealesville Ext 4 and Tswaraganang Ext 5: Installation of water network for 400 erven (MIS:378672)	3,779,740.19
MIG/FS1441/R,ST/21/22	Hertzogville/Malebogo: Upgrading of 1.5km road paved road and storm water drainage Phase 2	1,653,196.70
	Dealesville/Tshwaraganang: Construction of 2km Stormwater drainage	
MIG/FS1512/R,ST/23/24	Boshof/Seretse: Upgrading of 1.5km paved road and storm water channel Phase 2 (MIS:458815)	9,692,378.89
<b>TOTAL MIG CAPITAL EXPENDITURE</b>		<b>18,969,000.00</b>

RBIG EXPENDITURE AND PROJECTS

<b>RBIG PROJECT</b>	<b>RBIG 2023/2024</b>
Riverton Abstraction Point – Civil Works	-
Boshof/kimberley: Construction of 10km (01) pumping main pipeline and associated works	15,598,000
Boshof/kimberley: Construction of 10km (02) pumping main pipeline and associated works	14,985,000
Boshof/kimberley: Construction of 5km (03) pumping main pipeline and associated works	7,480,000
Boshof/kimberley: Construction of 5km (04) pumping main pipeline and associated works	8,985,000
Boshof/kimberley: Construction of 5km pumping main pipeline and associated works	10,082,500
Stormwater implementation for Boshof bulk water scheme and associated components of the scheme-civil works	7,869,500
<b>TOTAL RBIG CAPITAL EXPENDITURE</b>	<b>65,000,000</b>

**1.10 Municipal manager’s quality certification**

I, Mpho Aaron Sehloho acting municipal manager of **Tokologo Local Municipality**, hereby certify that the 2023/2024 Adjustment Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: \_\_\_\_\_

Name of Municipality: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_