



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE B

SPECIAL ADJUSTMENT BUDGET AND
SUPPORTING DOCUMENTATION
MOPANI DISTRICT MUNICIPALITY

SPECIAL ADJUSTMENT BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2020/2021

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BC	Budget Committee	SALGA	South African Local Government Association
CFO	Chief Financial Officer	SDBIP	Service Delivery Budget Implementation Plan
MM	Municipal Manager	SMME	Small Micro and Medium Enterprises
CRRF	Capital Replacement Reserve Fund		
DBSA	Development Bank of South Africa		
DoRA	Division of Revenue Act		
	FBS		
	Free basic services		
GDP	Gross domestic product		
GRAP	General Recognised Accounting Practice		
IDP	Integrated Development Plan		
IT	Information Technology		
kℓ	kilolitre		
km	kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MMC	Member of Mayoral Committee		
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		
MSA	Municipal Systems Act		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		
NKPIs	National Key Performance Indicators		
OP	Operational Plan		
PMS	Performance Management System		
PPE	Property Plant and Equipment		

Part 1 – Special Adjustment Budget

1.1 Council Resolutions

	SPECIAL ADJUSTMENT BUDGET FOR 2020-2021; 2021-2022 & 2022-2023
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MOTIVATION

The special adjustment budget seeks to modify the 2020-21 budget to include spending on the Covid-19 response and to appropriate the additional equitable shares that was pronounced on the 24 June 2020 by the Minister of Finance in Parliament.

BACKGROUND

On the 24 June 2020 the minister of finance tabled a special adjustment budget at parliament to appropriate the additional equitable shares to utilise current baseline allocations to provide for the rapidly changing economic conditions and enable spending on the COVID-19 response.

An additional amount of **R124 million** was made available to the municipality which was also included in the adopted budget for the 2020/21 financial year and will be allocated to support the municipality with the costs of water and sanitisation, and increased provision of other municipal services. Treasury has further allowed municipalities to table the special adjustment budget by the 30 September 2020 to include the additional allocation and expenditure in the 2020/21 adopted budget.

LEGAL REQUIREMENTS

As per MFMA Section 28(2)(b) and MBRR Section 23(3), Municipalities were allowed to pass special adjustments budget by the 30 September 2020.

Section 28 of the MFMA on Municipal adjustments budgets state:-

- (1) A municipality may revise an approved annual budget through adjustments budget.
- (2) An adjustments budget-
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (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;
 - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the council approved the annual budget for the current year;
 - (f) may correct any errors in the annual budget; and
 - (g) may provide for any other expenditure within a prescribed framework.
- (3) An adjustments budget must be in a prescribed form.

- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.
- (5) When an adjustments budget is tabled, it must be accompanied by- (a) an explanation how the adjustments budget affects the annual budget;
- (b) a motivation of any material changes to the annual budget;
- (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
- (d) any other supporting documentation that may be prescribed.
- (6) Municipal tax and tariffs may not be increased during a financial year.
[Subs. (6) substituted by s. 13 of Act 12/2007]
- (7) Sections 22(b), 23(3) and 24(3) apply in respect of adjustments budget, and in such application, a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

RECOMMENDATIONS

1. That Council takes note of the Special Adjustment Budget for 2020/21; 2021/22 and 2022/23.
2. That Council approves the Special Adjustment Budget as follows:

2.1. REVENUE

Description	Budget 28 June 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2021/22	Budget Year +2 2022/23
R billions					
Revenue By Source					
Service charges - water revenue	165 893 916	-	165 893 916	176 262 276	187 278 672
Service charges - sanitation revenue	32 605 200	-	32 605 200	34 643 040	36 808 188
Interest earned - external investments	13 701 996	-	13 701 996	14 441 904	15 181 812
Interest earned - outstanding debtors	41 215 428	-	41 215 428	43 791 420	46 528 380
Transfers and subsidies	1 135 221 004	-	1 135 221 004	1 090 006 008	1 177 672 008
Other revenue	4 212 480	-	4 212 480	4 440 456	4 668 672
Total Revenue (excluding capital transfers and contributions)	1 392 850 024	-	1 392 850 024	1 363 585 104	1 468 137 137

2.2. OPERATING EXPENDITURE

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Description	Budget 2020/21	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2021/22	Budget Year +2 2022/23
R billions					
Expenditure by type					
Employee related costs	397 854 058	-	397 854 058	422 737 954	449 208 636
Remuneration of councillors	14 233 356	-	14 233 356	15 122 945	16 068 120
Debt impairment	65 173 668	-	65 173 668	69 247 008	73 574 940
Depreciation & asset impairment	186 056 124	-	186 056 124	197 682 360	210 033 012
Finance charges	490 500	-	490 500	521 148	553 716
Bulk purchases	239 641 836	-	239 641 836	254 619 456	270 533 160
Other materials	119 082 554	42 000 000	161 082 552	185 107 380	198 072 882
Contracted services	76 525 788	26 184 000	102 709 788	74 617 584	78 245 436
General expenditure	181 910 444	23 654 996	205 565 432	163 787 741	183 284 250
Total Expenditure	1 280 968 328	91 838 830	1 372 807 158	1 383 443 576	1 479 574 152

3. That Council take note of the adjusted capital expenditure of **R 608 610 350** for the

2020/21; **R607 197 980** for 2021/22 and **R653 659 956** for 2022/23

4. That Council takes note of surpluses of **R 194 294 751** for 2020/21; **R 221 193 636** for 2021/22 and **R244 154 793** for 2022/23 excluding non-cash items;
5. That Council deliberates on the Special Adjustment budget as detailed prepared in line with section 28 of the MFMA and Annexure to MFMA circular 99;
6. That Council approves the Special Adjustment budget for 2020/21, 2021/22 and 2022/23 as detailed above;
7. That the SDBIP be amended subsequent to the approval of the special adjustment budget;
8. The Accounting Officer Submit the approved Special Adjustment budget to the National and Provincial Treasuries.
9. That, within ten (10) working days after the approval of the budget, the Directorate Budget and Treasury in accordance with section 21A of the Municipal Systems Act makes public the approved Adjustment budget and supporting documentation.

1.2 Executive Summary

On the 24 June 2020 the minister of finance tabled a special adjustment budget at parliament to appropriate the additional equitable shares to utilise current baseline allocations to provide for the rapidly changing economic conditions and enable spending on the COVID-19 response.

An additional amount of **R124 million** was made available to the municipality which was also included in the adopted budget for the 2020/21 financial year and will be transferred to support the municipality with the costs of water and sanitisation, and increased provision of other municipal services. Treasury has further allowed municipalities to table the special adjustment budget by the 30 September 2020 to include the additional allocation and expenditure in the 2020/21 adopted budget.

Improved water supply in communities will assist in ensuring compliance to precautionary measures and ultimately reduce the risk of communities contracting the Covid – 19 disease.

Local Municipalities within the district have been impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19. They may also be required to expand their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases.

Through various forums, Mopani District Municipality is currently assisting Small-Medium Micro Enterprises (SMMEs) and communities to access the information on relief measures to ease the impact of COVID-19 provided by government.

Addressing the Unfunded budget

The municipality has adopted an unfunded budget for the 2020/21 financial year due to historic debts on the Lepelle Northern Water and Department of Water and Sanitation accounts.

In addressing the matter, the municipality has since engaged the Lepelle Northern Water board to revise the currently signed repayment agreement as it was not sustainable. The matter is currently at an advanced stage as the Board of Lepelle Northern Water (LNW) has considered the request by MDM and undertook a decision to write off debt owed by Mopani District Municipality (MDM) amounting to R161 942 117,74. This amount is made of 15% of outstanding debt amounting to R 61 516 348,31 and interest amount to R 99 425 769,23 dating back from 2002 financial year. This will go a long way in assisting the municipality in improving its financial position.

The Municipality has further signed repayment agreements with the Local Municipalities and is currently servicing the historic debts emanating from the water services function decentralised to the Local Municipalities through WSP/WSA agreements.

The Mopani District Municipality Council has further adopted a project for separation of Water and Sanitation transactions which will in the medium to long term assist the District Municipality in taking over the water and sanitation function as the current arrangement is not yielding positive results.

The impact of the special adjustment budget on the approved annual budget is as follows:

Total operating revenue budget remains the same from the main adopted budget, as the additional allocation was included in the adopted budget.

The total operational and capital budget has been increased by **R133.8 million** from **R1.848 billion** to **R1.982 billion**. This was based on the additional allocation of **R124 million** and the **R9.8 million** was generated from the surplus which was realised on the adopted budget.

The operational expenditure budget has increased from **R1.280 billion** to **R1.370 billion** from the adopted budget, reflecting an increase of **R92 million**. The following were key adjustments: -

- Additional allocation towards bulk purchase of spares which amount to R10 million;
- Additional allocation towards operations and maintenance which amount to **R10 million**;
- Additional allocation towards bulk purchase of chemicals which amount **R22 million**;
 - Additional allocation towards electricity supply which amount to **R20 million**
 - ○ Additional allocation towards other operational activities amounting to **R29.4 million (i.e.** Fleet, protective clothing, electronic management system, etc.)
- Capital expenditure budget has increased from **R567.4 million** to **R608.6 million**, reflecting an increase of **R41.2 million**. This allocation will assist in drilling, equipping & electrification of boreholes in the areas where there's no water source.

Given this additional allocations, there will be Improved water supply in communities which will assist in ensuring compliance to precautionary measures and ultimately reduce the risk of communities contracting the Covid – 19 diseases.

1.2.1 Special adjustment objectives

The special adjustment budget seeks to modify the 2020-21 budget to include allocations and spending on the Covid-19 response and to appropriate the additional equitable shares that was pronounced on the 24 June 2020 by the Minister of Finance in Parliament.

1.2.2 Special Adjustment process

Budget and Treasury together with management considered the following when preparing the special budget adjustment:

- a) The revenue that will be earned and collected by the municipality;
- b) Any changes to the Division of Revenue Act that will impact on the municipality;**
- c) Significant or capital items in the budget;
- d) Re-prioritization of capital spending on Covid-19 catered for in the current 2020/21 budget allocation'
- e) Procurement of emergency PPE in addressing issues related to Covid-19

This special adjustment budget was also prepared in line with section 28 (2) which allows the municipality to pass a special adjustment budget based on the following criteria: -

- 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;
- may authorise the utilisation of projected savings in one vote towards spending under another vote;
- may correct any errors in the annual budget; and
- may provide for any other expenditure within a prescribed framework.

Measureable performance objectives due to the impact of this special adjustment to the budget, the measurable performance objectives on capital should be amended subsequent to the approval of the special adjustment budget.

1.2.3. Revenue

The total revenue including capital grants remains unadjusted at **R1.921 billion** which includes the additional allocation of **R124** million to be received from National Treasury as part of the Equitable Shares. As at the end of September 2020, the municipality had

received **R 620.9 million which is 37.32%** of its grants and recognised **9%** of revenue spent on Municipal Infrastructure Grant.

Although Local Municipalities are not transferring the revenue received on water and sanitation services, no adjustments will be made, as the municipality will still be required to report on the transactions as a Water Service Authority. However, it should be noted that no expenditure from the district has been budgeted from the revenue on water and sanitation transaction.

1.2.4 Overall Expenditure

The municipality effected an upward adjustment on the overall expenditure of **R1.982 billion** including capital grants from the original budget of **R1.848 billion** an increase of **R133.8 million** resulting in a surplus of **R194.3 million** excluding non- cash items amounting to **R254.3 million**.

1.2.5 Operating Revenue

The municipality derives its revenue mainly from grants and subsidies. Other sources of revenue are interest earned; tender documents and service charges from water, sanitation, fire and environmental health services,

The following table is a summary of the 2020/2021 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	Budget 28 June 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2021/22	Budget Year +2 2022/23
R billions					
Revenue By Source					

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Service charges - water revenue	165 893 916	-	165 893 916	176 262 276	187 278 672
Service charges - sanitation revenue	32 605 200	-	32 605 200	34 643 040	36 808 188
Interest earned - external investments	13 701 996	-	13 701 996	14 441 904	15 181 812
Interest earned - outstanding debtors	41 215 428	-	41 215 428	43 791 420	46 528 380
Transfers and subsidies	1 135 221 004	-	1 135 221 004	1 090 006 008	1 177 672 008
Other revenue	4 212 480	-	4 212 480	4 440 456	4 668 672
Total Revenue (excluding capital transfers and contributions)	1 392 850 024	-	1 392 850 024	1 363 585 104	1 468 137 137

The municipality has assessed the billings for Local Municipalities on water and sanitation transactions as at 30 June 2020. The total combined billings for the five local municipalities was standing at **R203 million** however, the actual year to date receipt was at **R 184.9 million**. Given the 2020 unaudited actual figure of **R203 million**, Budget and Treasury concluded that the figure under the current budget remains unadjusted therefore the amount as per the adopted budget remains unadjusted.

Table 2a-The table below illustrate the breakdown of the services charges of Water and Sewage per local municipality

Municipality R - billions	Budget year 2020/21			+ Budget Year Adjusted 2021/22	+ Budget Year Adjusted 2022/23
	BUDGET 2020/21	Adjustment	Special Adjustment Budget Sept		

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

			2020		
Ba-Phalaborwa-Water	136 266 567	0	136 266 567	144 783 227	153 832 179
Ba-Phalaborwa-Sewerage	23 530 500	0	23 530 500	25 001 156	26 563 728
Greater Giyani- Water	17 549 518	0	17 549 518	18 646 362	19 811 760
Greater Giyani-Sewerage	3 162 299	0	3 162 299	3 359 942	3 569 939
Greater Letaba – Water	10 563 283	0	10 563 283	11 223 488	11 924 956
Greater Letaba – Sewerage	4 045 351	0	4 045 351	4 298 185	4 566 822
Greater Tzaneen – Water	31 669 684	0	31 669 684	33 649 039	35 752 104
Greater Tzaneen – Sewerage	7 584 142	0	7 584 142	8 058 151	8 561 785
Maruleng – Water and Sewer	5 343 192	0	5 343 192	5 740 612	6 099 401
Total	239 714 544	0	239 714 544	254 760 163	270 682 673

Included in the R239.7 million is an amount of R41.2 million for Interest on outstanding debtors.

Table 2b- Interest on outstanding debtors per municipality

Municipality R - billions	Budget year 2020/21			+ Budget Year Adjusted 2021/22	+ Budget Year Adjusted 2022/23
	BUDGET 2020/21	Adjustment	Special Adjustment Budget Sept 2020		
Ba-Phalaborwa-Water	20 697 544	-	20 697 544	21 991 140	23 365 586
Ba-Phalaborwa- Sewerage	4 065 878	-	4 065 878	4 319 995	4 589 995
Greater Giyani- Water	6 136 418	-	6 136 418	6 519 944	6 927 440
Greater Giyani- Sewerage	292 382	-	292 382	310 656	330 072
Greater Letaba – Water	3 676 745	-	3 676 745	3 906 542	4 150 701
Greater Letaba – Sewerage	448 801	-	448 801	476 851	506 654
Greater Tzaneen – Water	4 601 326	-	4 601 326	4 888 909	5 194 466

Greater Tzaneen – Sewerage	1 268 075	-	1 268 075	1 347 329	1 431 537
Maruleng – Water & Sewerage	28 277	-	28 277	30 045	31 923
TOTAL	41 215 446	-	41 215 446	43 791 420	46 528 380

1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/2021 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The following table is a high-level summary of the 2019/2020 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

Description	Budget 2020/21	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2021/22	Budget Year +2 2022/23
R billions					
Expenditure by type					
Employee related costs	397 854 058	-	397 854 058	422 737 954	449 208 636

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Remuneration of councillors	14 233 356	-	14 233 356	15 122 945	16 068 120
Debt impairment	65 173 668	-	65 173 668	69 247 008	73 574 940
Depreciation & asset impairment	186 056 124	-	186 056 124	197 682 360	210 033 012
Finance charges	490 500	-	490 500	521 148	553 716
Bulk purchases	239 641 836	-	239 641 836	254 619 456	270 533 160
Other materials	119 082 554	42 000 000	161 082 552	185 107 380	198 072 882
Contracted services	76 525 788	26 184 000	102 709 788	74 617 584	78 245 436
General expenditure	181 910 444	23 654 996	205 565 432	163 787 741	183 284 250
Total Expenditure	1 280 968 328	91 838 830	1 372 807 158	1 383 443 576	1 479 574 152

1.4 KEY ADJUSTMENTS TO THE ORIGINAL ESTIMATES FOR 2020/21

1.4.1 Total Operating Expenditure

In terms of the total operating expenditure, the municipality effected an upward adjustment from the budget of **R1.281 billion** to **R1.373 billion**, a total upward adjustment of **R92 million**.

1.4.2 Employee related costs

There were no changes on employees' related costs. The budget remains **R397.4 million**

1.4.3 Depreciation and Debt impairment

Depreciation and debt impairment remain unadjusted at **R186.0 million** and **R65.1 million** respectively.

The depreciation item of expenditure cannot be reduced or adjusted as the final calculated figures are done at the year-end when the assets verification and conditional assessment is completed. The depreciation is only because of a portion of consequential cost.

1.4.4 Other material/Repairs and Maintenance

Repairs and maintenance reflects a final adjusted figure of **R161.1 million** from **R119.1 million**. A total upward adjustment of **R42.9 million**.

The increase was due additional allocations made towards bulk purchase of chemicals, operations and maintenance, purchasing of spares and electrifications of boreholes.

1.4.5 Contracted services

Contracted Services have been increased from **R76.5 million** to **R102.5 million**.

An additional **R11 million** was increased on this item. This was due to increase of **R10 million** on the fleet services contract for the lease of water services vehicles and Mngana Lonene expenses of **R300 000** and AFS preparation amounting to **R700 000** which were under-budgeted,

1.4.6 Bulk Purchases

Bulk purchases remains the same at **R239.6 million**.

1.4.7 General Expenditure

General expenditure was increased from **R181.9 million** to **R205.3 million**. The increase of **R23.6 million** was in the main additional allocation on electricity supply of **R20 million**, reclassification of stores and material amount of **R900 000**, the rollover operational projects on Electronic Management system of **R1.1 million** and Protective Clothing of **R4.5 million**.

1.4.8 The following table indicates the final adjusted budget per function:-

Table 5: Special Adjusted budget per function.

R thousand	Budget Year 2020/21	Adjustment	Special Adjustment Budget 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure by Vote					
Vote 1 - Executive and Council/Mayor & council	53 493 275	-	53 493 275	57 732 878	62 189 320
1.1 - General Council	19 796 424	-	19 796 424	21 052 452	22 721 352
1.2 - Office of the Executive Mayor	15 091 100	-	15 091 100	16 356 994	17 325 996
1.4 - Office of the Chief Whip	11 973 931	-	11 973 931	12 867 038	13 760 554
1.5 - Disability Desk	656 660	-	656 660	697 703	741 321
1.6 - Gender Desk	1 589 436	-	1 589 436	1 683 793	1 792 515
1.7 - Youth Desk	1 754 424	-	1 754 424	1 991 653	2 258 115
1.8 -	2 631 300	-	2 631 300	3 083 245	3 589 467
Vote 2 - Executive & Council/Municipal Manager	49 403 532	-	49 403 532	51 882 552	54 336 398
2.1 - Municipal Manager	40 288 236	-	40 288 236	42 061 345	46 745 940
2.2 - Internal Audit	9 115 296	-	9 115 296	9 821 207	7 590 458

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Vote 3 - Finance & Admin/Finance	105 580 560	750 000	106 330 560	156 935 494	157 259 444
3.1 - Budget & Treasury	105 580 560	750 000	106 330 560	156 935 494	157 259 444
Vote 4 - Corporate Services/HR	18 971 580	4 500 000	23 471 580	19 239 104	20 626 972
4.1 - Human Resources	18 971 580	4 500 000	23 471 580	19 239 104	20 626 972
Vote 5 - Finance & Admin/Other Admin	78 250 020	1 405 000	79 655 020	76 442 231	80 158 589
5.1 - Communication & Marketing	7 413 156	300 000	7 713 156	8 857 914	9 324 239
5.2 - Engineering Services	7 009 728	-	7 009 728	7 431 758	7 885 548

5.3 - Corporate Services	2 854 152	-	2 854 152	3 032 582	3 222 144
5.4 - Administration	30 024 012	1 105 000	31 129 029	24 299 162	24 848 016
5.5 - Legal Services	6 878 304	-	6 878 304	7 245 755	7 705 170
5.6 - Project Management Unit	24 070 668	-	24 070 668	25 575 060	27 173 472
Vote 6 - Planning & Development/Economic	51 831 029	-	51 831 029	27 163 682	32 005 481
6.1 - Planning & Development	20 480 177	-	20 480 177	15 048 094	18 841 212
6.2 - LED	26 949 036	-	26 949 036	7 940 523	8 693 129
6.3 - IDP	4 401 816	-	4 401 816	4 175 065	4 471 140
Vote 7 - Health/Other	35 674 767	-	35 674 767	37 042 306	48 589 853

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

7.1 - Health	35 674 767	-	35 674 767	37 042 306	48 589 853
Vote 8 - Community Services/Other Community	5 994 516	-	5 994 516	6 383 294	6 788 013
8.1 - Community Services	5 994 516	-	5 994 516	6 383 294	6 788 013
Vote 9 - Public Services/Fire	67 644 744	-	65 644 744	72 258 156	73 663 824
9.1 - Fire Services	67 644 744	-2 000 000	65 644 744	72 258 156	73 663 824
Vote 10 - Public Safety/Other	32 062 656	-	32 062 656	34 197 828	32 427 168
10.1 - Disaster Management	32 062 656	-	32 062 656	34 197 828	32 427 168
Vote 11 - Roads Transport/Roads	7 742 388	-	7 742 388	8 434 655	8 879 406
11.1 - Roads Transport	7 742 388	-	7 742 388	8 434 655	8 879 406
Vote 12 - Water/Water	732 212 737		819 346 737	789 913 609	856 145 724
Distribution		87 134 000			
12.1 - Water Distribution	732 212 737	87 134 000	732 212 737	789 913 609	856 145 724
Vote 13 - Electricity/Electricity Distribution	2 660 904	-	2 660 904	3 083 507	3 413 142
13.1 - Electricity	2 660 904	-	2 660 904	3 083 507	3 413 142

Vote 14 - Corporate Services/Information Technology	17 518 608	-	17 518 608	19 426 089	18 343 410
14.1 - Information Technology	17 518 608	-	17 518 608	19 426 089	18 343 410
Vote 15 - Waste Water Management/Sewerage	21 927 012	-	21 927 012	23 308 191	24 747 408
15.1 - Sewerage	21 927 012	-	21 927 012	23 308 191	24 747 408
Total Expenditure by Vote	1 280 968 328	91 838 830	1 372 807 148	1 383 443 576	1 479 574 152

1.5 Capital Expenditure

Capital expenditure has been adjusted upward from **R567.4 million** to **R608.6 million**. This is attributed to an increase on the capital projects, i.e. Borehole electrical transformers and borehole development funded by equitable shares amounting to **R40 million** as emergency intervention in the rural communities and an additional amount of **R1.2 million** allocated for telephone PABX system that was rolled over to the current financial year.

In the 2019/20, the municipality has reprioritized projects that will assist with immediate water supply to communities. This projects including other MIG projects had not yet fully spent as at the end of 30 June 2020. The municipality has therefore requested rollover on the projects to be included in the current financial year 2020/21.

The projects are listed below: -

Project Title	Contractor/Consultants Name	Budgeted MIG Funds (2019/20)	Current FY - Total Actual Expenditure on MIG funds in the 2019/20FY	Balance	Project Status	Target Completion Date
Jopie to Mawa Ramothsinyadi	Modiro Consulting	R12 033 784,48	R 8 095 180,31	R 3 938 604,17	Construction 80%	30/01/2021
Tours Water Scheme : Bulk Lines Refurbishment and Reticulation	Tangos Zenobia Trading	R12 600 464,10	R 9 383 709,05	R 3 216 755,05	Construction 100 %	30/09/2020
Hoedspruit Bulk Water Supply	Modiro Consulting Zenobia Trading	R4 828 586,56	R 1 328 586,56	R 3 500 000,00	Construction 92 %	15/12/2020
Thapane Regional Water Scheme (Upgrading of Water Reticulation and Extensions)	Conceptual Engineers Bilmod Trading & Construction	R19 414 038,90	R 11 121 277,68	R 8 292 761,22	Construction 05%	28/02/2021
Thapane Regional Water Scheme ; Upgrading & Extension	Zenobia Trading Civil Element	R46 594 022,32	R 26 157 217,49	R 20 436 804,83	Construction 61%	30/05/2021
Sefofotse to Ditshosine Bulk Water Supply/Ramahlatsi Bulk and Reticulation	Seedi Construction Eternity Star Investment	R51 713 691,08	R 19 242 828,78	R 32 470 862,30	Construction	30/05/2021
Kampersus Bulk Water Scheme & Scotia Water Reticulation	HWA Engineers Mvevhe Civils (55%) LeB P Construction (40%)	R15 123 400,33	R 10 817 795,49	R 4 305 604,84	Construction 48%	30/10/2020
Water Reticulation Infrastructure for Middle Letaba Water Scheme	Mafumu Consulting Engineers HLTC (PTY)LTD	R9 106 833,54	R 7 842 820,64	R 1 264 012,90	Construction 98%	10/09/2020

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Cluster 6						
Refurbishment & Upgrading of Middle Letaba WTW Scheme-Cluster 7	Mafumu Consulting Engineers Lokolang Trading Enterprise	R11 155 577,88	R 6 775 091,74	R 4 380 486,14	Construction 75%	30/10/2020
Selwane Water PHS 2	Sizuya Consulting Engineers La Mosekedile	R13 540 513,01	R 4 660 594,49	R 8 879 918,52	Construction 16%	15/02/2020
Lulekani Water Scheme(Benfarm)	Makasela Consulting Engineers	R4 795 508,60	R 4 395 508,60	R 400 000,00	Design	30/09/2020
Rural Household Sanitation (Maruleng)	Diges Various Contractors	R20 326 926,72	R 12 426 818,71	R 7 900 108,01	Construction 98%	30/09/2020
Rural Household Sanitation (Greater Tzaneen LM)	Diges Various Contractors	R20 326 926,72	R 19 316 561,86	R 1 010 364,86	Construction 95%	30/09/2020
Rural Household Sanitation (Greater Giyani LM)	Diges Various Contractors	R20 326 926,72	R 18 381 057,42	R 1 945 869,30	Construction 98%	30/09/2020
Rural Household Sanitation (Greater Letaba LM)	Diges Various Contractors	R20 326 926,72	R 18 507 006,02	R 1 819 920,70	Construction 97%	30/09/2020
Rural Household Sanitation (BaPhalaborwa LM)	Diges Various Contractors	R20 326 926,72	R 10 388 733,24	R 9 938 193,48	Construction 95%	30/09/2020
Ritavhi 2 Water Scheme (Sub-Scheme 1)	Diges Gumela General Dealer and Consultants	R22 500 000,00	R 17 748 370,87	R 4 751 629,13	Construction 77%	20/11/2020
Sekgosese Water Scheme	I Consulting Engineers Nandzu Trade Bukuta BK Capotex	R35 313 322,96	R 29 670 117,98	R 5 643 204,98	Construction 37%	20/10/2020
Makushane Water Scheme	SML Engineers Moswatse Mapula Moepeng Trading	R31 526 069,83	R 26 702 724,41	R 4 823 345,42	Construction 49%	20/11/2020
Lephephane Water Reticulation	Uranus Consulting Engineers	R6 145 000,00	R 3 637 408,74	R 2 507 591,26	Tender	30/09/2020

1.6 Annual Budget Tables – Mopani District Municipality

Ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as adopted by the Council.

1.6.1. Explanatory notes to MBRR Table B1 - Budget Summary

**DC33 Mopani - Table B1
Adjustments Budget
Summary - 30 Sept 2020**

Description	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	1	2	3	4	5	6	7	8			
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	–	–	–	–	–	–	–	–	–	–	–
Service charges	198 499	–	–	–	–	–	–	–	198 499	210 905	224 087
Investment revenue	13 702	–	–	–	–	–	–	–	13 702	14 442	15 182
Transfers recognised - operational	1 135 221	–	–	–	–	–	–	–	1 135 221	1 090 006	1 177 672
Other own revenue	45 428	–	–	–	–	–	–	–	45 428	48 232	51 197
Total Revenue (excluding capital transfers and contributions)	1 392 850	–	–	–	–	–	–	–	1 392 850	1 363 585	1 468 138
Employee costs	397 854	–	–	–	–	–	–	–	397 854	422 738	449 209
Remuneration of councillors	14 233	–	–	–	–	–	–	–	14 233	15 123	16 068
Depreciation & asset impairment	186 056	–	–	–	–	–	–	–	186 056	197 682	210 033
Finance charges	491	–	–	–	–	–	–	–	491	521	554

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Materials and bulk purchases	358 724	-	-	-	-	-	42 000	42 000	400 724	439 727	468 606
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	323 610	-	-	-	-	-	49 839	49 839	373 449	307 652	335 105
Total Expenditure	1 280 968	-	-	-	-	-	91 839	91 839	1 372 807	1 383 444	1 479 574
Surplus/(Deficit)	111 882	-	-	-	-	-	(91 839)	(91 839)	20 043	(19 858)	(11 436)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	528 638	-	-	-	-	-	-	-	528 638	555 578	580 944
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508
Capital expenditure & funds sources	567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
Capital expenditure	532 342	-	-	-	-	-	40 000	40 000	572 342	590 042	623 460
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	35 070	-	-	-	-	-	1 198	1 198	36 268	15 970	30 200
Total sources of capital funds	567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
Financial position	2 277 460	-	-	-	-	-	(175 037)	(175 037)	2 102 423	3 294 402	2 988 714
Total current assets											

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Total non current assets	8 670 772	-	-	-	-	-	41 198	41 198	8 711 970	14 914 315	15 279 074
Total current liabilities	3 392 576	-	-	-	-	-	(42 000)	(42 000)	3 350 576	5 214 723	5 225 729
Total non current liabilities	286 171	-	-	-	-	-	-	-	286 171	350 410	410 923
Community wealth/Equity	7 269 484	-	-	-	-	-	(91 839)	(91 839)	7 177 645	12 708 758	12 765 556
<u>Cash flows</u>							(1 229 286)	(1 229 286)			
Net cash from (used) operating	2 030 542	-	-	-	-	-			801 255	3 623 412	3 761 836
Net cash from (used) investing	(567 412)	-	-	-	-	-	(41 198)	(41 198)	(608 610)	(606 012)	(653 660)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	1 432 077	-	-	-	-	-	(1 270 484)	(1 270 484)	161 593	3 312 030	5 326 809
<u>Cash backing/surplus reconciliation</u>											
Cash and investments available	294 630	-	-	-	-	-	(133 037)	(133 037)	161 593	631 998	400 857
Application of cash and investments	(9 091 117)	-	-	-	-	-	9 123 670	9 123 670	32 553	(9 629 876)	(6 702 559)
Balance - surplus (shortfall)	9 385 747	-	-	-	-	-	(9 256 707)	(9 256 707)	129 040	10 261 874	7 103 416
<u>Asset Management</u>											
Asset register summary (WDV)	6 340 131	-	-	-	-	-	41 198	41 198	6 381 329	12 583 674	12 948 432
Depreciation & asset impairment	186 056	-	-	-	-	-	-	-	186 056	197 682	210 033
Renewal and Upgrading of Existing Assets	35 380	-	-	-	-	-	10 000	10 000	45 380	10 993	81 410
Repairs and Maintenance	37 823	-	-	-	-	-	25 134	25 134	62 957	33 777	35 963
<u>Free services</u>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
<u>Households below minimum service level</u>											
Water:	-	-	-	-	-	-	-	-	-	-	-

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Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-	-

1. Table B1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget; ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

1.6.2. Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

DC33 Mopani - Table B2 Adjustments Budget Financial Performance (functional classification) - 30 Sept 2020

Standard Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
Governance and administration		1 681 714	-	-	-	-	-	-	-	1 681 714	1 664 403	1 778 399
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		1 681 714	-	-	-	-	-	-	-	1 681 714	1 664 403	1 778 399
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		239 774	-	-	-	-	-	-	-	239 774	254 760	270 683
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		196 049	-	-	-	-	-	-	-	196 049	208 302	221 321
Waste water management		43 725	-	-	-	-	-	-	-	43 725	46 458	49 362
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 921 488	-	-	-	-	-	-	-	1 921 488	1 919 163	2 049 082
Expenditure - Functional	-											
Governance and administration		287 384	-	-	-	-	-	6 705	6 705	294 089	343 105	352 039
Executive and council		89 029	-	-	-	-	-	-	-	89 029	94 248	103 119
Finance and administration		189 240	-	-	-	-	-	6 705	6 705	195 945	239 036	241 329
Internal audit		9 115	-	-	-	-	-	-	-	9 115	9 821	7 590
Community and public safety		146 130	-	-	-	-	-	(2 000)	(2 000)	144 130	155 428	167 285
Community and social services		38 057	-	-	-	-	-	-	-	38 057	40 581	39 215
Sport and recreation		4 753	-	-	-	-	-	-	-	4 753	5 546	5 816
Public safety		67 645	-	-	-	-	-	(2 000)	(2 000)	65 645	72 258	73 664

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Housing		-	-	-	-	-	-	-	-	-	-	-
Health		35 675	-	-	-	-	-	-	-	35 675	37 042	48 590
Economic and environmental services		90 654	-	-	-	-	-	-	-	90 654	68 605	75 944
Planning and development		82 911	-	-	-	-	-	-	-	82 911	60 171	67 065
Road transport		7 742	-	-	-	-	-	-	-	7 742	8 435	8 879
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		756 801	-	-	-	-	-	87 134	87 134	843 935	816 305	884 306
Energy sources		2 661	-	-	-	-	-	-	-	2 661	3 084	3 413
Water management		728 585	-	-	-	-	-	87 134	87 134	815 719	786 060	852 051
Waste water management		25 554	-	-	-	-	-	-	-	25 554	27 162	28 842
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 280 968	-	-	-	-	-	91 839	91 839	1 372 807	1 383 444	1 479 574
Surplus/ (Deficit) for the year		640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508

References

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 15 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.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Sanitation. This situation is due to distribution losses, debt impairment, salaries, and allowances of personnel operating in rural areas where there is no billing. The tariffs for local municipalities are also not cost reflective. The revenue generated is less than the expenditure.

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

DC33 Mopani - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 30 Sept 2020

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue by Vote	1											
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		1 681 714	-	-	-	-	-	-	-	1 681 714	1 664 403	1 778 399
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		201 452	-	-	-	-	-	-	-	201 452	214 043	227 420
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		38 322	-	-	-	-	-	-	-	38 322	40 717	43 262
Total Revenue by Vote	2	1 921 488	-	-	-	-	-	-	-	1 921 488	1 919 163	2 049 082
Expenditure by Vote	1											
Vote 1 - Executive and Council/Mayor & council		53 493	-	-	-	-	-	-	-	53 493	57 733	62 189
Vote 2 - Executive & Council/Municipal Manager		49 404	-	-	-	-	-	-	-	49 404	51 883	54 336
Vote 3 - Finance & Admin/Finance		105 581	-	-	-	-	-	750	750	106 331	156 935	157 259

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Vote 4 - Corporate Services/HR		18 972	-	-	-	-	-	4 550	4 550	23 522	19 239	20 627
Vote 5 - Finance & Admin/Other Admin		78 250	-	-	-	-	-	1 405	1 405	79 655	76 442	80 159
Vote 6 - Planning & Development/Economic		51 831	-	-	-	-	-	-	-	51 831	27 164	32 005
Vote 7 - Health/Other		35 675	-	-	-	-	-	-	-	35 675	37 042	48 590
Vote 8 - Community Services/Other Community		5 995	-	-	-	-	-	-	-	5 995	6 383	6 788
Vote 9 - Public Services/Fire		67 645	-	-	-	-	-	(2 000)	(2 000)	65 645	72 258	73 664
Vote 10 - Public Safety/Other		32 063	-	-	-	-	-	-	-	32 063	34 198	32 427
Vote 11 - Roads Transport/Roads		7 742	-	-	-	-	-	-	-	7 742	8 435	8 879
Vote 12 - Water/Water Distribution		732 213	-	-	-	-	-	87 134	87 134	819 347	789 914	856 146
Vote 13 - Electricity/Electricity Distribution		2 661	-	-	-	-	-	-	-	2 661	3 084	3 413
Vote 14 - Corporate Services/Information Technology		17 519	-	-	-	-	-	-	-	17 519	19 426	18 343
Vote 15 - Waste Water Management/Sewerage		21 927	-	-	-	-	-	-	-	21 927	23 308	24 747
Total Expenditure by Vote	2	1 280 968	-	-	-	-	-	91 839	91 839	1 372 807	1 383 444	1 479 574
Surplus/ (Deficit) for the year	2	640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508

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 organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

DC33 Mopani - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 30 Sept 2020

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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		

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Revenue By Source												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	165 894	-	-	-	-	-	-	-	165 894	176 262	187 279
Service charges - sanitation revenue	2	32 605	-	-	-	-	-	-	-	32 605	34 643	36 808
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-					-	-	-	-	-
Interest earned - external investments		13 702	-					-	-	13 702	14 442	15 182
Interest earned - outstanding debtors		41 215	-					-	-	41 215	43 791	46 528
Dividends received		-	-					-	-	-	-	-
Fines, penalties and forfeits		-	-					-	-	-	-	-
Licences and permits		-	-					-	-	-	-	-
Agency services		-	-					-	-	-	-	-
Transfers and subsidies		1 135 221	-					-	-	1 135 221	1 090 006	1 177 672
Other revenue	2	4 212	-	-	-	-	-	-	-	4 212	4 440	4 669
Gains		-	-					-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 392 850	-	-	-	-	-	-	-	1 392 850	1 363 585	1 468 138
Expenditure By Type	-											
Employee related costs		397 854	-	-	-	-	-	-	-	397 854	422 738	449 209
Remuneration of councillors		14 233	-					-	-	14 233	15 123	16 068
Debt impairment		65 174	-					-	-	65 174	69 247	73 575
Depreciation & asset impairment		186 056	-	-	-	-	-	-	-	186 056	197 682	210 033
Finance charges		491	-					-	-	491	521	554
Bulk purchases		239 642	-	-	-	-	-	-	-	239 642	254 619	270 533
Other materials		119 083	-					42 000	42 000	161 083	185 107	198 073
Contracted services		76 526	-	-	-	-	-	26 184	26 184	102 710	74 618	78 245
Transfers and subsidies		-	-					-	-	-	-	-
Other expenditure		181 910	-	-	-	-	-	23 655	23 655	205 565	163 788	183 284
Losses		-	-					-	-	-	-	-
Total Expenditure		1 280 968	-	-	-	-	-	91 839	91 839	1 372 807	1 383 444	1 479 574
Surplus/(Deficit)		111 882	-	-	-	-	-	(91 839)	(91 839)	20 043	(19 858)	(11 436)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		528 638	-					-	-	528 638	555 578	580 944

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Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-					-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-					-	-	-	-	-
Surplus/(Deficit) before taxation		640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508
Taxation		-	-					-	-	-	-	-
Surplus/(Deficit) after taxation		640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508
Attributable to minorities		-	-					-	-	-	-	-
Surplus/(Deficit) attributable to municipality		640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508
Share of surplus/ (deficit) of associate		-	-					-	-	-	-	-
Surplus/ (Deficit) for the year		640 520	-	-	-	-	-	(91 839)	(91 839)	548 681	535 720	569 508

Total revenue excluding capital transfers is R1 392 850 024 in 2020/2021 and escalates to R1 363 585 104 and R1 468 137 32 by 2021/22 and 202/2023 respectively. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The main component of the total revenue is grant and subsidies amounting to R1 135 221 000; R1 090 006 000 and R1 177 672 008 for the financial years 2020/2021, 2021/2022 and 2022/2023 respectively. The other revenue component is Service charges for water & sanitation amount to R239 774 271; R254 760 163 and R 270 682 673 for the financial years 2020/2021, 2021/2022 and 202/2023 respectively.

The total operating expenditure is projected to be R1 372 807 148 in 2020/21, R 1 383 443 576 and R1 479 574 152 in the 2020/21 and 2021/22 financial years. The finance charges constitute of interest paid and bank charges.

The following are the operational expenditure items:

- a. Employee related cost and Councillors remuneration
- b. Contracted Services
- c. Depreciation and Debt Impairment
- d. Finance Charges
- e. Bulk purchases
- f. Repairs and Maintenance

g. Other Expenditure

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

DC33 Mopani - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 30 Sept 2020

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-	-

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Vote 9 - Public Services/Fire		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be adjusted</u>	2											
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		10 750	-	-	-	-	-	-	10 750	180	150	
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		1 000	-	-	-	-	1 198	1 198	2 198	500	2 500	
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		19 670	-	-	-	-	-	-	19 670	12 940	23 440	
Vote 10 - Public Safety/Other		3 650	-	-	-	-	-	-	3 650	2 350	4 110	
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		532 342	-	-	-	-	40 000	40 000	572 342	590 042	623 460	
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
Total Capital Expenditure - Vote		567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
<u>Capital Expenditure - Functional</u>												
<i>Governance and administration</i>		11 750	-	-	-	-	-	1 198	1 198	12 948	680	2 650
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		11 750	-	-	-	-	1 198	1 198	12 948	680	2 650	
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		23 320	-	-	-	-	-	-	23 320	15 290	27 550	
Community and social services		3 650	-	-	-	-	-	-	3 650	2 350	4 110	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-

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Public safety		19 670	-					-	-	19 670	12 940	23 440
Housing		-	-					-	-	-	-	-
Health		-	-					-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-					-	-	-	-	-
Road transport		-	-					-	-	-	-	-
Environmental protection		-	-					-	-	-	-	-
Trading services		532 342	-	-	-	-	-	40 000	40 000	572 342	590 042	623 460
Energy sources		-	-					-	-	-	-	-
Water management		532 342	-					40 000	40 000	572 342	590 042	623 460
Waste water management		-	-					-	-	-	-	-
Waste management		-	-					-	-	-	-	-
Other		-	-					-	-	-	-	-
Total Capital Expenditure - Functional	3	567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
Funded by:												
National Government		532 342	-					40 000	40 000	572 342	590 042	623 460
Provincial Government		-	-					-	-	-	-	-
District Municipality		-	-					-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-					-	-	-	-	-
Transfers recognised - capital	4	532 342	-	-	-	-	-	40 000	40 000	572 342	590 042	623 460
Borrowing		-	-					-	-	-	-	-
Internally generated funds		35 070	-					1 198	1 198	36 268	15 970	30 200
Total Capital Funding		567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660

Table B5 is a breakdown of the Capital programme in relation to capital expenditure by municipal vote (multi-year and singleyear appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

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The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2019/2020 **R608.6 million** has been allocated.

1.6.6 Explanatory notes to Table B6 - Budgeted Financial Position

DC33 Mopani - Table B6 Adjustments Budget Financial Position - 30 Sept 2020

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		294 630	–					(133 037)	(133 037)	161 593	631 998	400 857
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	1 858 062	–	–	–	–	–	–	–	1 858 062	2 008 520	1 888 907
Other debtors		107 528	–					–	–	107 528	597 291	107 528
Current portion of long-term receivables		–	–					–	–	–	13 211	549 178
Inventory		17 241	–					(42 000)	(42 000)	(24 759)	43 382	42 244
Total current assets		2 277 460	–	–	–	–	–	(175 037)	(175 037)	2 102 423	3 294 402	2 988 714
Non current assets												
Long-term receivables		–	–					–	–	–	–	–
Investments		–	–					–	–	–	–	–
Investment property		–	–					–	–	–	–	–
Investment in Associate		–	–					–	–	–	–	–
Property, plant and equipment	1	8 659 051	–	–	–	–	–	41 198	41 198	8 700 249	14 891 821	15 255 818
Biological		–	–					–	–	–	–	–
Intangible		11 082	–					–	–	11 082	21 351	21 966

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Other non-current assets		639	–					–	–	639	1 143	1 289
Total non current assets		8 670 772	–	–	–	–	–	41 198	41 198	8 711 970	14 914 315	15 279 074
TOTAL ASSETS		10 948 232	–	–	–	–	–	(133 839)	(133 839)	10 814 393	18 208 717	18 267 787
LIABILITIES												
Current liabilities												
Bank overdraft		–	–					–	–	–	–	–
Borrowing		90 530	–	–	–	–	–	–	–	90 530	90 530	90 530
Consumer deposits		5 835	–					–	–	5 835	11 298	10 186
Trade and other payables		1 708 589	–	–	–	–	–	(42 000)	(42 000)	1 666 589	3 518 743	3 516 041
Provisions		1 587 623	–					–	–	1 587 623	1 594 153	1 608 972
Total current liabilities		3 392 576	–	–	–	–	–	(42 000)	(42 000)	3 350 576	5 214 723	5 225 729
Non current liabilities												
Borrowing	1	149 033	–	–	–	–	–	–	–	149 033	149 032	149 032
Provisions	1	137 139	–	–	–	–	–	–	–	137 139	201 377	261 891
Total non current liabilities		286 171	–	–	–	–	–	–	–	286 171	350 410	410 923
TOTAL LIABILITIES		3 678 748	–	–	–	–	–	(42 000)	(42 000)	3 636 748	5 565 133	5 636 652
NET ASSETS	2	7 269 484	–	–	–	–	–	(91 839)	(91 839)	7 177 645	12 643 584	12 631 135
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		7 269 484	–	–	–	–	–	(91 839)	(91 839)	7 177 645	12 708 758	12 765 556
Reserves		–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		7 269 484	–	–	–	–	–	(91 839)	(91 839)	7 177 645	12 708 758	12 765 556

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).

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.

Table SB2 provides a detailed analysis of the major components of budgeted financial position items, including:

- Property, plant and equipment;
- Trade and other payables;
- Changes in net assets; and

The following are the strategies of the municipality in light of the presented financial position as well as revenue and expenditure above:

- Engage creditors such as Lepelle Northern Water and Department of Water Affairs on better repayment terms, that will simultaneously allow the municipality to expedite the settlement of its debts
- Take over the water and sanitation function from the local municipalities with the aim of enhance cash flow position and hence financial position.

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- To strictly apply the cost containment measures with the aim of reducing expenditure thereby improving financial performance.

1.6.7. Explanatory notes to Table B7 – Budgeted Cash Flow Statement

DC33 Mopani - Table B7 Adjustments Budget Cash Flows - 30 Sept 2020

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		–	–					–	–	–	–	–
Service charges		199 846	–					–	–	199 846	212 336	225 607
Other revenue		1 139 552	–					(1 137 447)	(1 137 447)	2 104	1 094 574	1 182 489
Transfers and Subsidies - Operational	1	1 139 552	–					–	–	1 139 552	1 094 574	1 182 489
Transfers and Subsidies - Capital	1	526 413	–					–	–	526 413	553 228	578 460
Interest		54 917	–					–	–	54 917	58 233	61 710
Dividends		–	–					–	–	–	–	–
Payments												
Suppliers and employees		(1 029 248)	–					(91 839)	(91 839)	(1 121 087)	609 946	530 527
Finance charges		(491)	–					–	–	(491)	521	554
Transfers and Grants	1	0	–					–	–	0	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 030 542	–	–	–	–	–	(1 229 286)	(1 229 286)	801 255	3 623 412	3 761 836
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												

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Proceeds on disposal of PPE		-	-					-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-					-	-	-	-	-
Decrease (increase) in non-current investments		-	-					-	-	-	-	-
Payments												
Capital assets		(567 412)	-					(41 198)	(41 198)	(608 610)	(606 012)	(653 660)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(567 412)	-	-	-	-	-	(41 198)	(41 198)	(608 610)	(606 012)	(653 660)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-					-	-	-	-	-
Borrowing long term/refinancing		-	-					-	-	-	-	-
Increase (decrease) in consumer deposits		-	-					-	-	-	-	-
Payments												
Repayment of borrowing		-	-					-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		1 463 130	-	-	-	-	-	(1 270 484)	(1 270 484)	192 645	3 017 400	3 108 176
Cash/cash equivalents at the year begin:	2	(31 052)	-					-	-	(31 052)	294 630	2 218 633
Cash/cash equivalents at the year end:	2	1 432 077	-	-	-	-	-	(1 270 484)	(1 270 484)	161 593	3 312 030	5 326 809

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. As per the projected budgeted cash flow statement, the Cash and cash equivalents as at 30 June 2021 closes at a positive amount of **R161 593 000**.

1.6.8 Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC33 Mopani - Table B8 Cash backed reserves/accumulated surplus reconciliation - 30 Sept 2020

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10			
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	1 432 077	–	–	–	–	–	(1 270 484)	(1 270 484)	161 593	3 312 030	5 326 809
Other current investments > 90 days		(1 137 447)	–	–	–	–	–	1 137 447	1 137 447	(0)	(2 680 032)	(4 925 952)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		294 630	–	–	–	–	–	(133 037)	(133 037)	161 593	631 998	400 857
Applications of cash and investments												
Unspent conditional transfers		145 909	–	–	–	–	–	–	–	145 909	145 907	145 909
Unspent borrowing			–							–		
Statutory requirements			–						–	–		
Other working capital requirements	2	(9 237 026)	–					9 123 670	9 123 670	(113 356)	(9 775 783)	(6 848 468)
Other provisions			–						–	–		
Long term investments committed			–						–	–		
		–	–					–	–	–	–	–
Reserves to be backed by cash/investments		–	–					–	–	–	–	–
Total Application of cash and investments:		(9 091 117)	–	–	–	–	–	9 123 670	9 123 670	32 553	(9 629 876)	(6 702 559)
Surplus(shortfall)		9 385 747	–	–	–	–	–	(9 256 707)	(9 256 707)	129 040	10 261 874	7 103 416

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

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.

The outcome of this exercise would be either 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".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

The total creditors of the municipality at end of June 2020 was **R1'876'668'755** against a bank balance of **R 7 850 964.33**. In this regard, the municipality had a high amount of outstanding creditors against the bank balance. The bank balance as at 30 June 2020 including short-term deposits was at **R216 770 124.79**.

The municipality has currently signed repayment agreement on the historic debt with Lepelle Northern Water on which it pays an amount of **R180 000 000** per annum. There currently engagements with Department of Water Affairs on the repayment of historic debt however, the municipality is currently paying an amount of **R4 500 000.00** per month. The municipality has budgeted an amount of **R50 000 000** on which it will finance the debts emanating from Water Service Provision by Local Municipalities in the 2020/21 financial year.

1.6.9 Explanatory notes to Table B9 - Asset Management

DC33 Mopani - Table B9 Asset Management - 30 Sept 2020

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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		
R thousands												
CAPITAL EXPENDITURE												
<u>Total New Assets to be adjusted</u>	1	532 032	-	-	-	-	-	31 198	31 198	563 230	595 019	572 250
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		404 938	-	-	-	-	-	30 000	30 000	434 938	460 263	436 460
Sanitation Infrastructure		97 524	-	-	-	-	-	-	-	97 524	122 916	112 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		502 462	-	-	-	-	-	30 000	30 000	532 462	583 179	548 460
Community Facilities		1 200	-	-	-	-	-	-	-	1 200	5 000	100
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		1 200	-	-	-	-	-	-	-	1 200	5 000	100
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-

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Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		520	-	-	-	-	-	-	520	470	440	
Machinery and Equipment	14	350	-	-	-	-	1 198	1 198	15 548	6 370	8 250	
Transport Assets	13	500	-	-	-	-	-	-	13 500	-	15 000	
Land		-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	
Total Renewal of Existing Assets to be adjusted	2	5 000	-	-	-	-	10 000	10 000	15 000	7 363	2 500	
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	
Water Supply Infrastructure	4	000	-	-	-	-	10 000	10 000	14 000	6 863	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	

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Infrastructure	4	000	-	-	-	-	-	10 000	10 000	14 000	6 863	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	1	000	-	-	-	-	-	-	-	1 000	500	2 500
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets to be adjusted	2a	30 380	-	-	-	-	-	-	-	30 380	3 630	78 910
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-

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Electrical Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	25 880	-	-	-	-	-	-	-	-	25 880	-	75 000
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	25 880	-	-	-	-	-	-	-	-	25 880	-	75 000
Community Facilities	1 000	-	-	-	-	-	-	-	-	1 000	2 500	3 000
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	1 000	-	-	-	-	-	-	-	-	1 000	2 500	3 000
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	6 -	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights	1 700	-	-	-	-	-	-	-	-	1 700	1 130	910
Intangible Assets	1 700	-	-	-	-	-	-	-	-	1 700	1 130	910
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-

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Transport Assets		1 800	-	-	-	-	-	-	-	1 800	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
	-	567										
Total Capital Expenditure to be adjusted	4	412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		434 819	-	-	-	-	-	40 000	40 000	474 819	467 126	511 460
Sanitation Infrastructure		97 524	-	-	-	-	-	-	-	97 524	122 916	112 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		532 342	-	-	-	-	-	40 000	40 000	572 342	590 042	623 460
Community Facilities		2	-	-	-	-	-	-	-	2 200	7 500	3 100
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		2	-	-	-	-	-	-	-	2 200	7 500	3 100
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-	-	-

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Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		1 700	-	-	-	-	-	-	-	1 700	1 130	910
Intangible Assets		1 700	-	-	-	-	-	-	-	1 700	1 130	910
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		1 520	-	-	-	-	-	-	-	1 520	970	2 940
Machinery and Equipment		14 350	-	-	-	-	-	1 198	1 198	15 548	6 370	8 250
Transport Assets		15 300	-	-	-	-	-	-	-	15 300	-	15 000
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	567 412	-	-	-	-	-	41 198	41 198	608 610	606 012	653 660
ASSET REGISTER SUMMARY - PPE (WDV)	5	6 340 131	-	-	-	-	-	41 198	41 198	6 381 329	12 583 674	12 948 432
Roads Infrastructure		(0)	-	-	-	-	-	-	-	(0)	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		5 389 902	-	-	-	-	-	40 000	40 000	5 429 902	5 422 210	5 466 544
Sanitation Infrastructure		812 355	-	-	-	-	-	-	-	812 355	837 747	826 831
Solid Waste Infrastructure		15 020	-	-	-	-	-	-	-	15 020	15 020	15 020
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		6 217 278	-	-	-	-	-	40 000	40 000	6 257 278	6 274 978	6 308 395
Community Assets		111 627	-	-	-	-	-	-	-	111 627	116 906	112 483

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Heritage Assets		639	-				-	-	639	1 143	1 289
Investment properties		-	-				-	-	-	-	-
Other Assets		-	-				-	-	-	-	-
Biological or Cultivated Assets		-	-				-	-	-	-	-
Intangible Assets		11 082	-				-	-	11 082	21 351	21 966
Computer Equipment		2 125	-				-	-	2 125	6 207	6 535
Furniture and Office Equipment		(97 334)	-				-	-	(97 334)	(109 489)	(119 847)
Machinery and Equipment		15 420	-				1 198	1 198	16 618	7 440	9 320
Transport Assets		61 562	-				-	-	61 562	46 262	61 262
Land		17 732	-				-	-	17 732	17 732	17 732
Zoo's, Marine and Non-biological Animals		-	-				-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	6 340 131	-	-	-	-	41 198	41 198	6 381 329	12 583 674	12 948 432
EXPENDITURE OTHER ITEMS											
<u>Depreciation & asset impairment</u>		186 056	-	-	-	-	-	-	186 056	197 682	210 033
<u>Repairs and Maintenance by asset class</u>	3	37 823	-	-	-	-	25 134	25 134	62 957	33 777	35 963
<i>Roads Infrastructure</i>		26	-	-	-	-	-	-	26	28	30
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		20 894	-	-	-	-	25 134	25 134	46 028	15 950	16 962
<i>Sanitation Infrastructure</i>		4 711	-	-	-	-	-	-	4 711	5 005	5 318
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-

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Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		25 631	-	-	-	-	-	25 134	25 134	50 765	20 983	22 310
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		2 100	-	-	-	-	-	-	-	2 100	1 700	1 800
Community Assets		2 100	-	-	-	-	-	-	-	2 100	1 700	1 800
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		157	-	-	-	-	-	-	-	157	166	177
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		157	-	-	-	-	-	-	-	157	166	177
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		212	-	-	-	-	-	-	-	212	226	240
Furniture and Office Equipment		9	-	-	-	-	-	-	-	9	9	10
Machinery and Equipment		1 476	-	-	-	-	-	-	-	1 476	1 818	1 936
Transport Assets		8 238	-	-	-	-	-	-	-	8 238	8 874	9 490
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	6	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		223 879	-	-	-	-	-	25 134	25 134	249 013	231 459	245 996

Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. An amount of R553.9 million will be spend on new assets in the 2019/2020 financial year while an amount of R 88 899 352 will be spend on renewal of existing assets.

1.6.10 Explanatory notes to Table B10 - Basic Service Delivery Measurement

Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

DC33 Mopani - Table A10 Basic service delivery measurement

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Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)										
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies Other	6									
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-

Part 2 – Supporting Documentation

2.1 Overview of the special adjustment budget process

The municipality has adopted a budget on 28 June 2020 after National Treasury has given a directive for municipalities with unfunded budget an opportunity to rectify this situation through a special adjustment budget.

This has therefore necessitated a need for budget adjustment for the 2019-20 financial year.

Adjustment of Budget Process Overview

Budget and Treasury together with management considered the following when preparing the budget adjustment:

- f) The revenue that will be earned and collected by the municipality;
- g) Any changes to the Division of Revenue Act that will impact on the municipality;
- h) Significant or capital items in the budget;
- i) Re-prioritization of capital spending on Covid-19 catered for in the current 2020/21 budget allocation'
- j) Procurement of emergency PPE in addressing issues related to Covid-19

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

2.2.Overview of alignment of annual budget with IDP

The Budget and the IDP are aligned. Amendments on the IDP were considered at the time of preparing this report.

2.3. Measurable performance objectives and indicators

For the measurable performance and indicators, the Service Delivery and Budget Implementation plan will be adjusted as per the approved special adjustment budget.

2.4. Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies and all policies are reviewed. The budget policies as previously adopted by Council still applies.

2.5. Overview of adjustment budget assumptions

2.5.1. Collection rate for revenue services

- The debt impairment as indicated in the budget seeks to indicate that more efforts need to be put in the collection process.
- Revenue from local municipalities is never transferred to the district
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.
- The Municipality's tariff policy provide a broad framework within which council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The revenue tariff has been revised from those of the previous financial years to reflect increases in inflation and cost of providing water and sanitation. The municipality has ensured that the tariffs are economic yet affordable by consumers. The tariffs for water and sanitation were set in consultation with the local municipalities

2.5.2. Salaries

The Salaries and Wages item has remained the same at **R397.4 million**

Remuneration of councillors

Councillor Remuneration – Councillors' remuneration remains the same at **R14.3 million**.

2.5.3. Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2020/2021 MTREF of which performance has been factored into the cash flow budget.

2.6. Overview budget funding

Tables B2; B3, B4; B5; B6 and their respective narrative above, provide detailed information and narratives regarding the overview budget funding.

In the overall, the municipality is not fiscally sustainable based on the following:

- Significant historic obligations in the form of legal obligations,
- Lepelle Northern Water debt,
- Department of Water and Sanitation Debt as well as
- Debts owed to local municipalities through the SLAs on water and sanitation provisioning.

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- Lack of cash collections from consumers
- Growing payroll book with no corresponding funding.

2.7. Expenditure on grants and reconciliation of unspent funds

The table below depicts the grants that the municipality will be received as per the DORA bill. The municipality is grant dependant. It is 83% dependent on grant in all the 2020/21 MTREF

Description	Budget	YTD receipt	YTD Spent August I 2020	Unspent	% receipt
Equitable Shares	1 122 659 000	449 332 000	176 130 000	273 202 000	40%
EPWP	9 800 000	2 329 000	1 028 410	1 300 590	24%
Financial Management Grant	2 762 000	2 700 000	545 812	2 154 188	98%
Municipal Infrastructure Grant	481 413 000	165 000 000	56 443 544	101 556 456	33%
Rural Roads Asset Management Grant	2 225 000	1 558 000	0	1 558 000	71%
Water Services Infrastructure Grant	45 000 000	0	521 272	0	0%

Total	1 663 859 000	620 919 000	234 669 038	379 771 234	38%
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2.8. Councillors and employee's benefits

The total salaries and Wages for the municipality including Councillors allowance for the 2020/21 financial year is **R411 million**.

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Description	Ref	Budget Year 2020/21											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
<u>Revenue By Source</u>																
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	313	581	486	643	000	000	000	500	000	371	894	262	279
Service charges sanitation revenue		-	-	671	708		684	000	500	100	200	500	243	605	643	808
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-				
0																
Rental of facilities and equipment																
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		-	-	-	-	-	-	142	142	142	142	142	993	702	442	182
Interest earned - outstanding debtors		-	-	988	500	255	100	990	435	435	435	435	645	215	791	528
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		332	059	199	-	303	692	-	571	789	-		277	135 221	090 006	177 672
Other revenue		-	8	-	-	-	-	351	351	351	351	351	449	212	440	669
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue		332	067	170	789	044	118	483	998	817	627	427	977	392 850	363 585	468 138
<u>Expenditure By Type</u>																
Employee related costs																
		-	345	091	418	210	993	590	430	415	337	418	608	854	738	209

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Remuneration of councillors	–	936	997	992	992	658	966	666	703	555	092	675	233	123	068
Debt impairment	–	–			670							504	174	247	575
Depreciation & asset impairment	–	–	449	399	236	265	867	915	394	855	399	275	056	682	033

2.9. Monthly targets for revenue, expenditure and cash flow

DC33 Mopani - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 30 Sept 2020

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Finance charges		–	–	–	–	–	–	–	–	–	–	–	491	491	521	554
Bulk purchases		–	391	000	000	000	000	000	000	000	000	000	251	642	619	533
Other materials		–	091	230	595	148	211	133	900	902	520	595	758	083	107	073
Contracted services		–	124	111	511	800	589	920	100	957	500	531	568	710	618	245
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		–	381	904	500	900	400	000	400	858	834	500	888	565	788	284
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		–	267	783	415	957	117	476	412	228	602	535	016	372 807	383 444	479 574
Surplus/(Deficit)		332	(83 200)	(76 613)	(76 626)	(142 913)	002	(69 993)	(8 413)	589	(96 975)	(67 107)	(119 039)	043	(19 858)	(11 436)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		000	–	444	–	–	–	053	053	053	053	053	929	638	578	944
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		332	(83 200)	(20 170)	(76 626)	(142 913)	002	(25 940)	640	642	(52 922)	(23 054)	(32 110)	681	720	508

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grants received in the 2020/21 financial year is amounting to **R620 919 000**.

2.10. Contract having future budgetary implications

No contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

2.11. Capital expenditure details

The capital expenditure has been adjusted upward from **R567.7 million** to **R608.6 million**. This is attributed to a reduction on the

The municipality has reprioritized projects will assist with immediate water supply to communities. Improved water supply in communities will assist in ensuring compliance to precautionary measures and ultimately reducing the risks of communities contracting the disease.

These reprioritized projects will assist with immediate water supply to communities.

2.12. Legislation compliance status

Below is an overview of the compliance status with the key legislations affecting the municipality:

Municipal Finance Management Act

The municipality is still having a room to improve on reporting requirement to the Provincial and National Treasury and complying with the legislation.

The following table depicts the activities that the municipality was not complied with in the 2018-19 financial year flagged by Audit General, however the matters have since been resolved in the 2019-20 financial year as per the adopted audit action plan for 2018-19.

Category of Finding	Description of Finding	Root cause	Progress
Cash and Cash Equivalents	Three quotes not obtained before an investment is made	Lack of internal controls to ensure compliance with the laws and regulations.	Resolved
Employee Costs	Acting for more than 6 months	Lack of review and monitoring of compliance with laws and regulations.	Resolved

Employee Costs	Senior manager's post not advertised within 14 days	Lack of adequate internal control mechanisms to ensure compliance with laws and regulations affecting the municipality.	Resolved
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Employee Costs	<p>HR Issues:- Vacation leave entitlement of the following employees were incorrectly captured on the system.</p> <p>leave days that were taken by the employee as per the approved leave forms in the employee file</p> <p>employee was identified from the leave provision schedule with zero leave days and no movement.</p> <p>managers directly accountable to the municipal manager did not sign performance agreements</p>	<ol style="list-style-type: none"> 1. Lack of regular and appropriate reviews to ensure adherence to policies and procedures for the municipality. 2. Inadequate controls around the approval of leave transactions. 3. Inappropriate controls in place to ensure that only approved posts are filled to avoid employment of employees on invalid job posts. 4. Employees appointed by the municipality without signing an employment contract. 	Resolved
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Operating expenditure	Budget votes not locked to prevent unauthorised expenditure	Lack of controls in place to ensure that each vote is locked when payment is made and no payment should be made from an unauthorised vote.	Resolved
Operating expenditure	Revenue from non-exchange and Expenditure- Payments not made within 30 days and control deficiencies	The accounting officer did not ensure that payments to creditors are made within 30 days from date of receipt of invoice, that cheque requisitions are	Resolved
		reviewed as, and when they are processed.	Resolved
Procurement	SCM policy has an incorrect range of supply chain management processes.	The internal control processes in place for reviewing policies and procedures are ineffective.	Resolved
Procurement	Interest not declared (Employees in service of state)	Lack of control to ensure all councillors have declared interests	Resolved

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Procurement	SLA not signed by both parties	Lack of control measures in place to ensure that all contracts that are awarded are reviewed and approved by both the winning bid and the accounting officer before commencement of the contract.	Resolved
Procurement	Contract without an end date	No measures in place to ensure that all contracts that are awarded are reviewed and that the terms of the contract includes the duration of the contract.	Resolved
Procurement	Contract signed after the inception date	No control measures in place to ensure that all contracts that are awarded are reviewed and signed by both the winning bidder and the accounting officer before commencement of the contract	Resolved

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Procurement	No justifiable reasons for not inviting all contractors on the approved panel of contractors	No control measures in place to ensure that when making use of a panel, all requirements around the appointment of suppliers listed under a specific panel are complied with.	Resolved
Procurement	Disqualified bidder evaluated further using the preference point system	No control measures in place to ensure that all tenders/quotations that do not meet the prequalifying criteria are disqualified and not evaluated further.	Resolved
Procurement	Service provider listed on the National Database of Prohibited suppliers	Management did not exercise oversight responsibility regarding compliance and related internal controls of abuse	Resolved
Procurement	Allocation of sites to winning bidders not transparent	Management did not exercise oversight responsibility regarding compliance and related internal controls of abuse, Management did not review and monitor compliance with applicable laws and regulations.	Resolved

Municipal Systems Act

The municipality is compliance in this regard

Municipal Structures Act

The municipality is compliance in this regard

Treasury Regulations

The municipality is still having a room to improve in terms of compliance with treasury regulations.

- Municipal investment Regulations
The municipality is complying with the regulation
- Municipal Public –Private Partnership Regulations
The municipality does not enter into Public-Private Partnership agreements
- Municipal Supply Chain Management Regulations
The municipality does not fully comply with the regulations
- Municipal Regulations on Debt Disclosure
- Municipal Regulations on Minimum Competency Level

STATUS OF THE MINIMUM COMPETENCY LEVELS FOR MOPANI								
		as at 30-Aug-2020						

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Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirement Met	Compliant (consider Budget)
Quiet	Kgatla	Accounting Officer	✓	✓	✓	X	2	X
Sekati	Mangena (acting)	Chief Financial Officer - Municipality	✓	✓	X	✓	3	X
Jimmy	Mojela (acting)	Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Nthabiseng	Kgabi	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Ruth	Pootona	Middle Manager: Finance	✓	✓	✓	✓	4	✓

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Mpho	Mothibi (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Andries	Makgoba (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓

- Asset Transfer Regulations The municipality has never transferred an asset
- Municipal Budget and Reporting regulations
The municipality is using the correct format for the preparation of the Original budget and the adjustment budget. We also use the correct schedule when the monthly reports are submitted to Treasuries.

mSCOA

The municipality to date is compliant with mSCOA requirements and set time frames. **MSCOA - Summary**
- Upload and Segment Validation

Green = correct (Phase 2), Yellow = Segment errors (Phase 2), Orange = Submitted with Error (Phase 1), Red = Outstanding, Blank = N/A
ADJB and PRAD: Not required to submit ADJB and PRAD if no adjustments are done, if ADJB submitted but not PRAD then PRAD shows as outstanding

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Projected months on the budget forms are temporarily not validated on (Charges and Recoveries Balance) and (Trial Balance) errors											
Financial, Year											
			2018	2019	2020						
SUBMISSIONCODE											
			RAUD	PAUD	ORGB	PROR	ADJB	PRAD	M01	M02	M03
Demarcation Description	Demarc Code	CAP									
Province : LIMPOPO (LP)											
Mopani	DC33	L									

GRAP

The municipality is still having a room to improve on compliance with GRAP reporting requirements. The municipality has developed the action plan and is currently ensuring that findings emanating from the 2018/19 Audit Report are resolved.

The following is the areas where the municipality is not complying in relation to GRAP

- Interest incurred on late payments classified as finance costs
- Payables-Prior period errors not corrected
- Payables from exchange transactions-payables incomplete
- Employee benefits misstatements
- Errors on the statement of changes in net assets and the prior period note

- Going concern - Errors on the going concern note and assessment not provided

Basic Conditions of Employment Act

The municipality is still having a room to improve on the compliance with BCEA. The municipality has developed the action plan and is currently ensuring that all Human Resource findings emanating from the 2018/19 Audit Report are resolved.

The following were some of the issues raised in terms of the BCEA:

- Vacation leave entitlement of the following employees were incorrectly captured on the system.
- leave days that were taken by the employee as per the approved leave forms in the employee fill
- Employee was identified from the leave provision schedule with zero leave days and no movement.
- managers directly accountable to the municipal manager did not sign performance agreements

2.13. Other supporting documents

See attached copy of the Adjustment Budget for the following supporting tables

- MBRR SB 1 – Supporting detail to budgeted financial performance
- MBRR SB 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- MBRR SB 3 – Supporting detail to statement of financial position

2.14. Municipal manager's quality certificate

I **Quiet Kgatla**, Municipal Manager of Mopani District Municipality (DC 33), hereby certify that the special adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the special adjustment budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Quiet Kgatla

Municipal Manager of Mopani District Municipality (DC 33)

Signature:

Date: