

**MOPANI DISTRICT  
MUNICIPALITY**

## **SCHEDULE B**

**SPECIAL ADJUSTMENT BUDGET AND  
SUPPORTING DOCUMENTATION**

**MOPANI DISTRICT MUNICIPALITY**

ADJUSTMENT BUDGET OF

# MOPANI DISTRICT MUNICIPALITY

2020/2021

## MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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- All public libraries within the municipality
- At [www.mopani.gov.za](http://www.mopani.gov.za)

Vision

To be a food basket of Southern Africa and a tourism destination of choice

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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**

	<b>ADJUSTMENT BUDGET FOR 2020-2021; 2021-2022 &amp; 2022-2023</b>
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### **PURPOSE**

The purpose of this submission is to request Council to approve the 2<sup>nd</sup> 2020/21 Adjustment Budget. It is also to highlight the adjustment budget, which was prepared according to Municipal Finance Management Act (MFMA) and Municipal budget and reporting regulation (MBRR).

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### **MOTIVATION**

In terms of section 28(1) of the MFMA, a municipality may revise an approved budget through an adjustments budget. This submission is to highlight the budget information to comply with the MFMA.

The municipal council has approved budget for implementation of programmes and other logistics for the 2020/21 financial year. An analysis done on the expenditure trends throughout the first 6 months of the financial year and there was a need to adjust.

The total revenue budget has adjusted upward from **R 1 921 448 031 to R 2 304 782 567**, which includes additional funding:

The municipality realised an overall Increase of **R 383 334 536**

- EPWP, Financial Management Grant (FMG) and Municipal Infrastructure Grants (FMG) grant budget will decrease by R 367 00, R 62 000 and R 30 357 000 respectively, due use of not updated DORA
- Regional Bulk infrastructure grants – Covid R 36 090 000 is an

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- Roll over for MIG and WSIG of R 132 957 550 and R 18 032 986 were approved as additional conditional capital Revenue
- Increase due schedule 6 B grants in terms RBIG – Mametja Sekororo – of R 50 000 000
- Increase due to WSIG –Schedule 6 B of R45 000 000

### **Operating Expenditure**

- Increase in employee related R 11 416 509 due to the overtime costs in the Community services fire stations and Engineering services costs .
- The Remuneration of Councillors, Debt Impairment, Depreciation & Assets Impairment and Finance Charges remained the same.
- Increase in Bulk purchases of water from Lepelle Northern Water and Departments of Water and Sanitation in to that value R 15 000 000.
- Increase in other materials by R 105 040 332 due to increase in borehole spares, chemicals and electricity consumption of boreholes and pump stations and repairs and maintenance of water infrastructure assets
- Increase decrease in Contracted services by R 3 926 074
- Decrease in other expenditure by R 54 027 936
- Increase in Capital outlay by R 4 620 000 which in the PMU management unit.
- Increase of Infrastructure expenditure by R 234 364 184 due new boreholes and repairs and maintenance of the old boreholes

### **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;

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- (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**

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

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	Special Adjustment Budget September 2020	Total Adjusts.	Adjustment Budget 2021	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	(429 000)	1 134 792 004	1 090 006 008	1 177 672 008
Other revenue	4 212 480	227 000 000	231 212 480	4 440 456	4 668 672
Total Revenue (excluding capital transfers and contributions)	1 392 850 024	226 571 300	1 619 421 324	1 363 585 104	1 468 137 137
Capital Transfer	528 638 007	156 723 536	682 331 243	555 575 976	580 944 610
Total Revenue (including capital transfers and contributions)	1 921 488 031	383 294 536	2 304 752 567	1 919 161 080	2 049 081 747

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**2.2. OPERATING EXPENDITURE**

Description	Budget 2020/21	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R billions</b>					
<b>Expenditure by type</b>					
Employee related costs	397 854 058	15 863 932	413 717 956	422 737 954	449 208 636
Remuneration of councillors	14 233 356	80 000	14 313 356	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	15 000 000	254 641 836	254 619 456	270 533 160
Other materials	161 082 552	56 248 459	217 331 011	185 107 380	198 072 882
Contracted services	102 709 788	19 263 350	121 973 138	74 617 584	78 245 436
General expenditure	205 565 432	(34 412 665)	171 152 767	163 787 741	183 284 250
<b>Total Operating Expenditure</b>	<b>1 372 375 158</b>	<b>72 043 076</b>	<b>1 444 850 356</b>	<b>1 383 443 576</b>	<b>1 479 574 152</b>

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

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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.

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### **1.2 Executive Summary**

In terms of section 28(1) of the MFMA, a municipality may revise an approved budget through an adjustments budget. This submission is to highlight the budget information to comply with the MFMA.

The municipal council has approved budget for implementation of programmes and other logistic for the 2020/21 financial year. An analysis done on the expenditure trends throughout the first 6 months of the financial year and there was a need to adjust.

The total revenue budget has adjusted upward from **R 1 921 448 031** to **R 2 304 782 567**, which includes additional funding:

Regional bulk infrastructure grant-Covid	R 36 090 000
Approved MIG Rollover	R 132 957 550
Approved WSIG Rollover	R 18 032 986
VAT Recovery Income	R 132 000 000

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

The total operational and capital budget has been increased by **R320.3 million** from **R1.982 billion** to **R2.302 billion**. This was based on the additional allocation of **R 282 million**.

WSIG Schedule 6B	45 000 000.00
RBIG Schedule 6B	50 000 000.00
Approved Rollover MIG	132 957 550.00
Approved Rollover WSIG	18 032 986.00
Allocation RBIG Covid	36 090 000.00
<b>Grant funded projects</b>	<b>282 080 536.00</b>

The operational expenditure budget has increased from **R1.372 billion** to **R1.445 billion** from the adopted budget, reflecting an increase of **R72 million**. The following were key adjustments: -

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- Additional allocation towards bulk purchase of spares which amount to R22 million;
- Additional allocation towards operations and maintenance which amount to **R55 million**;
- Additional allocation towards bulk purchase of chemicals which amount to R22 million
- Additional allocation towards electricity supply which amount to **R10 million**
- Additional allocation towards legal fees amounting to R8 million
- Additional allocation toward MSCOA implementation amounting to R7 million
- Additional allocation towards Disaster Relief Support amounting to R12 million
- Additional allocation towards security services amounting to R10 million
- Additional allocation towards other operational activities amounting to R24

Approved rollovers for MIG amounting to R132 million, WSIG amounting to R18 million and allocation of Schedule 5b RBIG COVID 19 project amounting to R36 million

- Capital expenditure budget has increased from **R608.6 million to R847.6 million**, reflecting an increase of **R239 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

## Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

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**

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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
<b>R billions</b>					

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<b>Revenue By Source</b>					
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
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 392 850 024</b>	<b>-</b>	<b>1 392 850 024</b>	<b>1 363 585 104</b>	<b>1 468 137 137</b>

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**

<b>Municipality</b> <b>R - billions</b>	<b>Budget year 2020/21</b>	<b>+ Budget</b>	<b>+ Budget Year</b> <b>Adjusted</b> <b>2021/22</b>	<b>+ Budget Year</b> <b>Adjusted</b> <b>2022/23</b>
		<b>Year</b> <b>Adjusted</b> <b>2021/22</b>		

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	BUDGET 2020/21	Adjustment	Special Adjustment Budget Sept 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

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<b>Total</b>	<b>239 714 544</b>	<b>0</b>	<b>239 714 544</b>	<b>254 760 163</b>	<b>270 682 673</b>
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**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**

<b>Municipality R - billions</b>	<b>Budget year 2020/21</b>			<b>+ Budget Year Adjusted</b>	<b>+ Budget Year Adjusted</b>
	<b>BUDGET 2020/21</b>	<b>Adjustment</b>	<b>Special Adjustment Budget Sept 2020</b>		
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

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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
<b>TOTAL</b>	<b>41 215 446</b>	-	<b>41 215 446</b>	<b>43 791 420</b>	<b>46 528 380</b>

### 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 2020/2021 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	15 863 932	413 717 956	422 737 954	449 208 636
Remuneration of councillors	14 233 356	80 000	14 313 356	15 122 945	16 068 120

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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	15 000 000	254 641 836	254 619 456	270 533 160
Other materials	161 082 552	56 248 459	217 331 011	185 107 380	198 072 882
Contracted services	102 709 788	19 263 350	121 973 138	74 617 584	78 245 436
General expenditure	205 565 432	(34 412 665)	171 152 767	163 787 741	183 284 250
<b>Total Operating Expenditure</b>	<b>1 372 375 158</b>	<b>72 043 076</b>	<b>1 444 850 356</b>	<b>1 383 443 576</b>	<b>1 479 574 152</b>

## 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 **R1.372 billion** to **R1.445 billion**, a total upward adjustment of **R73 million**.

### 1.4.2 Employee related costs

There was upward changes on employees' related costs by **R15.8 million**. The budget increased from R397.8 million to R **413.7 million**

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### **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 **R217.3 million** from **R161.1 million**. A total upward adjustment of **R56.2 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 **R102.5 million** to **R121.9 million**.

An additional **R19.2 million** was increased on this item.

### **1.4.6 Bulk Purchases**

Bulk purchases increased from **R239.6 million** to **R254.6 million** by **R15 million**.

### **1.4.7 General Expenditure**

General expenditure was decreased from **R205.3 million** to **R171.1 million**. The decrease of **R34.1 million**.

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



**Table 5: Special Adjusted budget per function.**

Description	R thousands	Special Budget Sept 2020	Total Adjusts.	Adjusted Budget 2021	Budget Year +1 2021/22	Budget Year +2 2022/23
	A	G	H			
<b>Expenditure by Vote</b>	1	53 471	(6 345)	47 125	57 733	62 189
Vote 1 - Executive and Council/Mayor & council	49 404	1 216	50 620	51 883	54 336	
Vote 2 - Executive & Council/Municipal Manager	106 331	(34 100)	72 230	156 935	157 259	
Vote 3 - Finance & Admin/Finance	23 522	(805)	22 716	19 239	20 627	
Vote 4 - Corporate Services/HR	79 655	7 097	86 752	76 442	80 159	
Vote 5 - Finance & Admin/Other Admin	51 831	(18 447)	33 384	27 164	32 005	
Vote 6 - Planning & Development/Economic	35 675	(2 750)	32 925	37 042	48 590	
Vote 7 - Health/Other	5 995	7 079	13 073	6 383	6 788	
Vote 8 - Community Services/Other Community	65 645	10 085	75 730	72 258	73 664	
Vote 9 - Public Services/Fire	35 713	(349)	35 364	34 198	32 427	
Vote 10 - Public Safety/Other	7 742	(1 700)	6 042	8 435	8 879	
Vote 11 - Roads Transport/Roads	815 719	100 569	916 288	789 914	856 146	
Vote 12 - Water/Water Distribution	2 661	(862)	1 799	3 084	3 413	
Vote 13 - Electricity/Electricity Distribution	17 519	3 528	21 046	19 426	18 343	
Vote 14 - Corporate Services/Information Technology	21 927	-	21 927	23 308	24 747	
<b>Total Expenditure by Vote</b>	2	<b>1 372 807</b>	<b>72 043</b>	<b>1 444 850</b>	<b>1 383 444</b>	<b>1 479 574</b>

### 1.5 Capital Expenditure

Capital expenditure has been adjusted upward from **R608.6 million** to **R847.6 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.

Capital budget or infrastructure consist of the following projects as per table

WSIG AND EQUITABLE SHARES PROJECTS	DESCRIPTION	SPECIAL ADJUSTMENT NT 2020/2021 SEPT 2020	INCREASE/DECREA SE	ADJUSTMENT NT 2020/2021	2021/20 22	2022/20 23
Borehole Development (Rehabilitation, Refurbishment, Maintenance of existing and Drilling of New Boreholes)		60 000 000	56 000 000	116 000 000	35 000 000	45 000 000
Electrical Transformer(Boreholes)		10 000 000		10 000 000		
Giyani Pipeline C and D Makhuwa		4 000 000	-	4 000 000	-	-
Refurbishment and upgrading of internal water reticulation network and borehole in mokwaseli		4 000 000	-	4 000 000	-	-

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Refurbishment, rehabilitation and upgrading water reticulation network in mariveni phase 2	4 000 000	-	-	4 000 000
Bolobedu Moshate Water Supply	-	52 533	52 533	
Upgrading of Phalaborwa Sewage Works	-	756 400	756 400	10 000 000
Upgrading of the Bulk Pipeline Thabina	-	-	-	4 000 000
Refurbishment, rehabilitation and upgrading of internal water reticulation network and development of borehole in kuranta village	4 000 000	-	-	-
Senwamokgope Village Township Sewer Bulkline-Reticulation Upgrade & Electrical Power Provision sewage Plant	4 000 000	-	4 000 000	-
Nhlanki Upgrading of Water Reticulation Nhlanki	4 000 000	-	4 000 000	-
Ramaroka Village Bulk Water Supply Upgrade Ramaroka	4 000 000	(4 000 000)	-	-
Upgrading of Internal Water Reticulation Network – Dzumeri Village	-	4 000 000	4 000 000	-

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Refurbishment of Namakgale Water Treatment Namakgale	4 000 000	-	4 000 000	-
Eco Park (Xikukwane) Water Reticulation Xikukwane	5 000 000	-	5 000 000	-
Santeng Source Development Santeng	-	-	-	10 000 000
Ngove Water Supply & Reticulation Ngove	4 000 000	-	4 000 000	-
Rottedam(Manyunyu) Group Water Scheme Manyunyu	4 000 000	-	4 000 000	-
Giyani Water Treatment Plant Giyani	-	-	-	10 000 000
Nkowankowa Water Works Upgrading Nkowankowa	-	-	-	10 000 000
Maselapata Refurbishment and Upgrading of Internal Water Reticulation Network Maselapata	-	-	-	6 863 000
Refurbishment of Thapane Water Treatment Plant Thapane	-	-	-	2 500 000
Hloholokwe Refurbishment Replacement and Upgrading of Internal Water Reticulation Network Hloholokwe	-	-	-	6 000 000
Mediengeng Refurbishment ,Rehabilitation and Upgrading of internal	-	-	-	8 000 000

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Water MEDIENGENG	Reticulation	-	-	-	-
Installation of Bulk Water Meters in Reservoirs		-	-	10 000 000	-
Selwane Water Scheme SELWANE		-	-	-	-
Giyani Water Scheme Pipeline C and D Makhuya		359 000	359 000	-	-
Xikhumba Water Supply XIKHUMBA		-	-	-	-
NOBLEHOEK Booster Pump NOBLEHOEK		-	-	-	5 000 000
Vaalwater Reticulation- VAALWATER	Water	-	-	-	10 000 000
Nkomo Upgrading of Water Reticulation- NKOMO		-	-	-	10 000 000
Homu Upgrading of Water Reticulation-Homu		-	-	-	10 000 000
Daniel Bulk Water Supply & Reticulation-DANIEL		-	-	-	-
Refurbishment, rehabilitation and upgrading of internal water reticulation in Makhwibidung.		3 732 272	3 732 272	-	-
Upgrading of internal water reticulation network in Mageva village)		-	-	1 609 192	1 609 192
Kujwana Water Supply		3 874 609	3 874 609	-	-

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Dzingidzini Water supply	-	7 732 000	7 732 000	-
Construction of Sewer Emergency Dam at Tshelang_Gape Sewer Booster Station and upgrading of the outfall sewer pipeline	-	3 376 977	3 376 977	-
Mameita Sekororo RWS - Refurbishment of existing water reticulation and )Oaks,Finale Santeng)	-	8 000 000	8 000 000	-
Zava Water Supply - Refurbishment of existing reticulation and additional standpipes	-	4 500 000	4 500 000	-
Modjadji Regional Bulk Water (Groundwater augmentation to the Plant)	-	8 000 000	8 000 000	-
Modjadji RWS - Drilling additional boreholes and linking to storage (Femane and Ramaroka)	-	6 200 000	6 200 000	-
Maselapata Water supply	-	6 000 000	6 000 000	-
Bolobedu/Moshate water supply (Mabosana)	-	4 500 000	4 500 000	-
Sekgopo Bulk Water Scheme Phase 1	-	8 000 000	8 000 000	-

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DESCRIPTION	SPECIAL ADJUSTMENT NT 2020/2021	INCREASE/DECREASE SE	SPECIAL ADJUSTMENT NT 2020/2021	2021/2022	2022/2023
Mamejja sekororo (RBIG)	-	50 000 000	50 000 000	-	-
Infrastructure	-	50 000 000	50 000 000	-	-
<b>MIG PROJECTS</b>					
DESCRIPTION	SPECIAL ADJUSTMENT NT 2020/2021	INCREASE/DECREASE SE	SPECIAL ADJUSTMENT NT 2020/2021	2021/2022	2022/2023
Hoedspruit Bulk Water Supply	17 904 901	(12 404 901)	5 500 000	-	-
Jopie Ramotsishinyadi	-	-	-	38 809 034	-
Tours Water Reticulation	30 071 429	(17 071 429)	13 000 000	30 000 000	42 403 750
Sefofotse to Ditshosini Bulk Water Supply(Bellevue, Sefofotse)	-	28 850 000	28 850 000	-	-
Thapane Regional Water Scheme	30 600 481	(3 318 190)	27 282 291	-	-

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Tours Water Scheme-Bulk lines refurbishment and reticulation	13 880 148	10 368 630	24 248 778	-	70 000 000
Modjadi Water Scheme – Mponeng Covid 19	-	9 200 000	9 200 000	-	-
Kampersrus Bulk Water Reticulation and Scoria Water reticulation	21 380 952	5 674 572	27 055 524	22 566 646	-
Refurbishment of Kgapane Water Treatment Plant( COVID)	-	4 279 500	4 279 500	-	-
Refurbishment of Kampersrus booster pump station( COVID)	-	8 800 000	8 800 000	-	-
Sekgopo Water Supply(COVID 19)	-	5 500 001	5 500 001	-	-
Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6	21 380 952	(14 736 453)	6 644 499	36 225 637	-
Lulekani Water Scheme Benfarm	11 000 000	(3 500 000)	7 500 000	30 000 000	60 000 000
Ritavi 2 Water Scheme	21 380 952	(4 074 447)	17 306 506	40 000 000	69 056 250
Thabina to Lenyenye Bulk Water Supply	53 452 381	11 326 570	64 778 951	45 000 000	50 000 000
Selwane Water Phase 2	-	9 866 938	9 866 938	-	-
Maruleng LM Ground water Augmentation	-	5 700 000	5 700 000	-	-
Sekgosese Water Scheme	61 142 857	7 830 785	68 973 642	50 000 000	40 000 000
Makhushane Water Scheme	48 452 381	5 712 572	54 164 953	40 000 000	40 000 000
Lephephane Bulk Water	41 171 106	13 155 215	54 326 321	47 347 328	40 000 000
Rural Household Sanitation (GGM)	17 104 762	6 022 507	23 127 269	21 542 305	25 000 000

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Rural Sanitation (GTM)	Household	17 104 762	5 087 003	22 191 765	24 023 649	25 000 000
Rural Sanitation (GLM)	Household	17 104 762	5 896 559	23 001 321	20 207 020	12 000 000
Rural Sanitation (BPM)	Household	17 104 762	7 729 020	24 833 782	37 909 259	25 000 000
Rural Sanitation (MLM)	Household	17 104 762	10 976 746	28 081 508	9 234 122	25 000 000
Nkambako WTW (linking Boreholes to bulk to boost bulk water supply) (COVID -19)			4 800 000	4 800 000	-	-
<b>Infrastructure</b>		<b>457 342 350</b>	<b>111 671 200</b>	<b>569 013 550</b>	<b>492 865 000</b>	<b>523 460 000</b>
<b>MIG CAPITAL 251</b>						
<b>DESCRIPTION</b>	<b>SPECIAL ADJUSTMENT NT</b>	<b>INCREASE/DECREASE SE</b>	<b>ADJUSTMENT NT</b>	<b>2021/20 22</b>	<b>2022/20 23</b>	
Furniture	2020/2021	500 000	500 000			
PMU Office Space		3 500 000	3 500 000			
<b>Furniture &amp; Fittings</b>		<b>4 000 000</b>	<b>4 000 000</b>	<b>-</b>	<b>-</b>	
Computers		400 000	400 000			
Printers/Scanners/		480 000	480 000			
<b>Computr Equipment</b>		<b>880 000</b>	<b>880 000</b>	<b>-</b>	<b>-</b>	

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

<b>Total per Department</b>		<b>4 880 000</b>	<b>4 880 000</b>	
<b>EQUITABLE SHARES FINANCE CAPITAL 220</b>				
<b>DESCRIPTION</b>	<b>SPECIAL ADJUSTMENT NT 2020/2021</b>	<b>INCREASE/DECREASE SE</b>	<b>ADJUSTMENT NT 2020/2021</b>	<b>2021/2022</b>
Furniture	250 000	2 500 000	2 750 000	180 000
<b>Furniture &amp; Fittings</b>	<b>250 000</b>	<b>2 500 000</b>	<b>2 750 000</b>	<b>180 000</b>
Purchase of graders	10 500 000	-	10 500 000	-
Vehicles	10 500 000	-	10 500 000	-
<b>Total per Department</b>	<b>10 750 000</b>	<b>2 500 000</b>	<b>13 250 000</b>	<b>180 000</b>
<b>EQUITABLE SHARES COMMUNICATIONS CAPITAL 245</b>				
<b>DESCRIPTION</b>	<b>SPECIAL ADJUSTMENT NT 2020/2021</b>	<b>INCREASE/DECREASE SE</b>	<b>ADJUSTMENT NT 2020/2021</b>	<b>2021/2022</b>
Equipment	-	100 000	100 000	-
<b>Furniture &amp; Fittings</b>	<b>-</b>	<b>100 000</b>	<b>100 000</b>	<b>-</b>

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Total per Department		100 000	100 000	-	-
DESCRIPTION	INCREASE/DECREASE	SPECIAL ADJUSTMENT 2020/2021	2021/20 22	2022/20 23	
<b>EQUITABLE SHARES FIRE CAPITAL 275</b>					
Upgrading of Fire Stations	1 000 000	(1 000 000)	-	2 500 000	3 000 000
Upgrading of Security systems	250 000	(250 000)	-	280 000	300 000
Gym Equipment	250 000	(250 000)	-	120 000	100 000
Building of satellite Fire Stations	1 200 000	(1 200 000)	-	5 000 000	4 750 000
Fire & Rescue Equipment	1 400 000	750 000	2 150 000	4 750 000	4 750 000
Provision of furniture	270 000	(270 000)	-	290 000	290 000
<b>Emergency Equipment</b>	<b>4 370 000</b>	<b>(2 220 000)</b>	<b>2 150 000</b>	<b>12 940 000</b>	<b>8 440 000</b>
Specialised Vehicles	12 000 000	1 000 000	13 000 000	15 000 000	
Hazmat Vehicle Conversion	1 500 000	(1 500 000)	-	-	-
Refurbishment of specialised fire vehicles	1 800 000	1 500 000	3 300 000	-	-
<b>Fire Engines</b>	<b>15 300 000</b>	<b>1 000 000</b>	<b>16 300 000</b>	<b>15 000 000</b>	

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Total per Department	19 670 000	(1 220 000)	18 450 000	12 940 000	23 440 000
EQUITABLE SHARES DISASTER CAPITAL 280					
DESCRIPTION	2020/2021	INCREASE/DECREASE SE	SPECIAL ADJUSTMENT 2020/2021	2021/2022	2022/2023
Purchasing of new Command Vehicles	2 200 000	(2 200 000)	-	1 500 000	3 500 000
<b>Motor Vehicles</b>	<b>2 200 000</b>	<b>(2 200 000)</b>	<b>-</b>	<b>1 500 000</b>	<b>3 500 000</b>
Upgrading of security system	-		100 000	100 000	
Installation of new digital radio and repeater network for the district	1 450 000	(1 450 000)	-	750 000	510 000
<b>Other assets</b>	<b>1 450 000</b>	<b>(1 450 000)</b>	<b>-</b>	<b>850 000</b>	<b>610 000</b>
<b>Total per Department</b>	<b>3 650 000</b>	<b>(3 650 000)</b>	<b>-</b>	<b>2 350 000</b>	<b>4 110 000</b>
<b>EQUITABLE SHARES ADMINISTRATION CAPITAL 298</b>					
DESCRIPTION	2020/2021	INCREASE/DECREASE SE	SPECIAL ADJUSTMENT 2020/2021	2021/2022	2022/2023
Telephone PABX System	1 198 000	-	1 198 000	-	-

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Air - Conditioning system	1 000 000	-	1 000 000	500 000	2 500 000
<b>Office Equipment</b>	<b>2 198 000</b>	<b>-</b>	<b>2 198 000</b>	<b>500 000</b>	<b>2 500 000</b>
<b>Total per Department</b>	<b>2 198 000</b>	<b>-</b>	<b>2 198 000</b>	<b>500 000</b>	<b>2 500 000</b>
<b>TOTAL BUDGET</b>			<b>847 594 534</b>	<b>607 197 980</b>	<b>653 659 956</b>

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**  
**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 - 25 February 2021**

R thousands	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. Unavail.		Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget				
						C	D								
	<b>Financial Performance</b>														
	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	-	-	-	-	-	-	-	-	1 134	1 090	1 177		
	Other own revenue	221	-	-	-	-	-	(459)	(459)	762	762	006	672		
		45 428	-	-	-	-	-	227 000	227 000	272 428	272 428	48 232	51 197		
		1 392	-	-	-	-	-	226 541	226 541	1 619	1 363	585	1 468		
		850	-	-	-	-	-	391	391	138	138				
	<b>Total Revenue (excluding capital transfers and contributions)</b>														
	Employee costs	307 854	-	-	-	-	-	15 864	15 864	413 718	422 738	449 209			
	Remuneration of councillors	14 233	-	-	-	-	-	80	80	14 313	15 123	16 068			
	Depreciation & asset impairment	186 056	-	-	-	-	-	-	-	186 056	197 582	210 033			
	Finance charges	491	-	-	-	-	-	-	-	491	521	554			
	Materials and bulk purchases	400 724	-	-	-	-	-	71 248	71 248	471 973	439 727	468 606			
	Transfers and grants	-	-	-	-	-	-	(15)	(15)	-	-	-			
	Other expenditure	373 449	-	-	-	-	-	149	149	358 300	307 552	335 105			
		1 372	-	-	-	-	-	72 043	72 043	1 444	1 383	1 479			
		807	-	-	-	-	-	850	850	444	(19)	574			
	<b>Total Expenditure</b>														
	<b>Surplus/(Deficit)</b>	20 043	-	-	-	-	-	154 498	154 498	174 541	858	(1)	436		

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	528 638	-	-	-	-	-	156 724	156 724	685 362	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)	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>548 681</b>	-	-	-	-	-	<b>311 221</b>	<b>311 221</b>	<b>859 902</b>	<b>535 720</b>	<b>569 508</b>
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>548 681</b>	-	-	-	-	-	<b>311 221</b>	<b>311 221</b>	<b>859 902</b>	<b>535 720</b>	<b>569 508</b>
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	608 610	-	-	-	-	-	238 984	238 984	847 595	606 012	653 650
Transfers recognised - capital	572 342	-	-	-	-	-	234 364	234 364	806 707	590 042	623 460
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	36 268	-	-	-	-	-	4 620	4 620	40 888	15 970	30 200
Total sources of capital funds	608 610	-	-	-	-	-	238 984	238 984	847 595	606 012	653 650
<b>Financial position</b>											
Total current assets	2 102	-	-	-	-	-	55 179	55 179	2 157	3 294	2 988
423	-	-	-	-	-	-	(3)	(3)	402	714	-
8 711	-	-	-	-	-	-	119	119	8 708	14 914	15 279
970	-	-	-	-	-	-	(1 537)	(1 537)	851	315	074
3 350	-	-	-	-	-	-	474	474	102	5 214	5 225
576	-	-	-	-	-	-	-	-	723	729	-
286 171	-	-	-	-	-	-	-	-	286 171	350 410	410 923
7 177	-	-	-	-	-	-	-	-	7 488	12 708	12 765
645	-	-	-	-	-	-	-	-	866	758	556
<b>Cash flows</b>											
Net cash from (used) operating	801 255	-	-	-	-	-	(8)	(8)	792 909	3 623	3 761
(608 610)	-	-	-	-	-	-	(346)	(346)	(897)	412	836
Net cash from (used) investing	-	-	-	-	-	-	(288)	(288)	(595)	(606)	(653)
Net cash from (used) financing	-	-	-	-	-	-	(984)	(984)	(12)	(660)	(660)
<b>Cash/cash equivalents at the year end</b>	<b>409 417</b>	-	-	-	-	-	<b>(297)</b>	<b>(297)</b>	<b>-</b>	<b>3 312</b>	<b>5 326</b>
							<b>330)</b>	<b>330)</b>	<b>112 087</b>	<b>030</b>	<b>809</b>
<b>Cash backlog/surplus reconciliation</b>											
Cash and investments available	161 593	-	-	-	-	-	55 179	55 179	216 772	631 998	400 857
Application of cash and investments	32 553	-	-	-	-	-	691 861	691 861	724 414	(9 629)	(6 702)
<b>Balance - surplus (shortfall)</b>	<b>129 040</b>	-	-	-	-	-	<b>(636</b>	<b>(636</b>	<b>10 261</b>	<b>559</b>	<b>7 103</b>
							<b>682)</b>	<b>682)</b>	<b>642)</b>	<b>874</b>	<b>416</b>

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

<b>Asset Management</b>	6 381 329	-	-	-	-	-	6 381 329	12 583 674	12 948 432
Asset register summary (WDV)									
Depreciation & asset impairment	186 056	-	-	-	-	-	186 056	197 682	210 033
Renewal and Upgrading of Existing Assets	45 380	-	-	-	-	-	45 380	10 993	81 410
Repairs and Maintenance	62 957	-	-	-	-	-	62 957	33 777	35 963
<b>Free services</b>									
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-
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 backlog.

#### Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

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											
<b>Community and public safety</b>											
Community and social services	144 130	-	-	-	-	-	-	14 842	14 842	155 428	167 285
Sport and recreation	38 057	-	-	-	-	-	-	10 380	10 380	48 437	39 215
Public safety	4 753	-	-	-	-	-	-	(2)	(2)	5 546	5 816
Housing	65 645	-	-	-	-	-	-	10 085	10 085	75 730	73 664
Health	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>											
90 654	-	-	-	-	-	-	-	(2)	(2)	32 925	37 042
Planning and development	35 675	-	-	-	-	-	-	750	750	70 478	68 605
Road transport	82 911	-	-	-	-	-	-	(18)	(18)	64 436	60 171
Environmental protection	7 742	-	-	-	-	-	-	(1)	(1)	700	8 879
-	843 935	-	-	-	-	-	-	700	700	6 042	67 065
<b>Trading services</b>											
Energy sources	2 661	-	-	-	-	-	-	99 706	99 706	943 641	816 305
Water management	815 719	-	-	-	-	-	-	(862)	(862)	1 799	3 084
Waste water management	25 554	-	-	-	-	-	-	100 569	100 569	916 288	786 160
Waste management	-	-	-	-	-	-	-	-	-	25 554	27 162
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	1 372 807	-	-	-	-	-	72 043	72 043	1 444	1 383
<b>Surplus/(Deficit) for the year</b>		548 681	-	-	-	-	-	311 221	311 221	859 902	535 720
		-	-	-	-	-	-	-	-	574	569 508

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.

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

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 MBRM 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) - 25 February 2021**

Vote Description [Insert departmental structure etc]	Ref	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavail.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
											A	A1	B
R thousands													
<b>Revenue by Vote</b>	1												
Vote 1 - Executive and Council/Mayor & council													
Vote 2 - Executive & Council/Municipal Manager													
Vote 3 - Finance & Admin/Finance	1 681	714	-	-	-	-	-	-	-	-	1 778	1 778	-
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													
Vote 13 - Electricity/Electricity Distribution													
Vote 14 - Corporate Services/Information Technology													
											201 452	214 043	227 420
											-	-	-
											-	-	-

Bc33 Mopan - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 30 Sept 2020

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Vote 3 - Finance & Admin/Finance	1 681	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services/HR	714	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	201 452	-	-	-	-	-	-	-	-	-	-	-	-	-	-	201 452	214 043	227 420	-	-	-
Vote 12 - Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity/Electricity/Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology	38 322	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38 322	40 717	43 262	-	-	-
Vote 15 - Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	1 921	-	-	-	-	-	-	-	-	-	-	-	-	-	1 921	1 919	2 049	082	-	-
<b>Expenditure by Vote</b>	1	53 493	-	-	-	-	-	-	-	-	-	-	-	-	-	53 493	57 733	62 189	-	-	-
Vote 1 - Executive and Council/Mayor & council	49 404	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49 404	51 883	54 336	-	-	-
Vote 2 - Executive & Council/Municipal Manager	105 581	-	-	-	-	-	-	-	-	-	-	-	-	-	-	750	106 331	156 935	157 259	-	-
Vote 3 - Finance & Admin/Finance	18 972	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 550	4 550	23 522	19 239	20 627	-
Vote 4 - Corporate Services/HR	78 250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 405	1 405	79 655	76 442	80 159	-
Vote 5 - Finance & Admin/Other Admin	51 831	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51 831	27 164	32 005
Vote 6 - Planning & Development/Economic	35 675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35 675	37 042	48 590
Vote 7 - Health/Other	5 995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 995	6 383	6 788
Vote 8 - Community Services/Other Community	67 645	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2 000)	(2 000)	(2 000)	(2 000)	(2 000)	(2 000)
Vote 9 - Public Services/Fire	32 063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65 645	72 258	73 664
Vote 10 - Public Safety/Other	7 742	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32 063	34 198	32 427
Vote 11 - Roads Transport/Roads	732 213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87 134	87 134	7 742	8 435	8 879	-
Vote 12 - Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87 134	819 347	789 914
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
<b>Total Expenditure by Vote</b>	2	1 280	-	-	-	-	-	-	-	-	-	-	-	-	-	91 839	91 839	1 372	1 383	1 479	574
<b>Surplus/ (Deficit) for the year</b>	2	968	-	-	-	-	-	-	-	-	-	-	-	-	-	(91 839)	(91 839)	640 520	535 720	569 508	-

Moopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

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)**

Budget Financial Performance (revenue and expenditure) - 30 Sept 2020										Budget Year +1 2021/22	Budget Year +2 2022/23	
Budget Year 2020/21												
Description		Ref	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavail.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget
R thousands		1	A	A1	B	C	D	E	F	G	H	
<u>Revenue By Source</u>												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	165 894	-	-	-	-	-	-	-	165 884	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	1 090	1 177
Other revenue	4 212	-	-	-	-	-	-	-	-	221	06	672
Gains	-	-	-	-	-	-	-	-	-	-	4 440	4 669
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 392 850</b>									<b>850</b>	<b>585</b>	<b>1 468 138</b>

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Expenditure By Type																	
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-	397 854	422 738	449 209		
Remuneration of councillors	397 854	-	-	-	-	-	-	-	-	-	-	-	14 233	15 123	16 068		
Debt impairment	14 233	-	-	-	-	-	-	-	-	-	-	-	65 174	69 247	73 575		
Depreciation & asset impairment	65 174	-	-	-	-	-	-	-	-	-	-	-	186 056	197 682	210 033		
Finance charges	186 056	-	-	-	-	-	-	-	-	-	-	-	491	521	554		
Bulk purchases	491	-	-	-	-	-	-	-	-	-	-	-	239 642	254 619	270 533		
Other materials	239 642	-	-	-	-	-	-	-	-	-	-	-	42 000	42 000	161 083		
Contracted services	119 083	-	-	-	-	-	-	-	-	-	-	-	26 184	26 184	102 710		
Transfers and subsidies	76 526	-	-	-	-	-	-	-	-	-	-	-	-	-	74 618	78 245	
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	-	23 655	205 565	163 788	183 284	
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>	<b>1 280 968</b>	-	-	-	-	-	-	-	-	-	-	-	<b>91 839</b>	<b>91 839</b>	<b>1 383</b>	<b>1 479</b>	<b>574</b>
<b>Surplus/(Deficit)</b>	<b>111 882</b>	-	-	-	-	-	-	-	(91)	(91)	(91)	(91)	<b>(19)</b>	<b>(58)</b>	<b>(11)</b>	<b>(436)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	528 638	-	-	-	-	-	-	-	839)	839)	839)	839)	20 043	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) before taxation	640 520	-	-	-	-	-	-	-	(91)	(91)	(91)	(91)	548 681	535 720	569 508		
Taxation	-	-	-	-	-	-	-	-	839)	839)	839)	839)	-	-	-	-	
Surplus/(Deficit) after taxation	640 520	-	-	-	-	-	-	-	839)	839)	839)	839)	548 681	535 720	569 508		
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality	640 520	-	-	-	-	-	-	-	(91)	(91)	(91)	(91)	548 681	535 720	569 508		
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>	<b>640 520</b>	-	-	-	-	-	-	-	<b>839)</b>	<b>839)</b>	<b>839)</b>	<b>839)</b>	<b>548 681</b>	<b>535 720</b>	<b>569 508</b>		

**DC33 Mopani - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 25 February 2021**

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Nat. or Prov. Unavail.	Other Adjusts.		
Ref							Adjusted Budget	Adjusted Budget



<b>Mopani District Municipality 2020/2021</b>		<b>Special Adjustment Budget and MTREF</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	528 638	-
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)	-	-
<b>Surplus/(Deficit) before taxation</b>	<b>548 681</b>	<b>-</b>
Taxation	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>548 681</b>	<b>-</b>
Attributable to minorities	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>548 681</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>548 681</b>	<b>-</b>
		156 724
		156 724
		685 362
		555 578
		580 944

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Total revenue excluding capital transfers is R1 619 391 024 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 134 762 000; R1 090 006 000 and R1 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 444 850 356 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 • 25 February 2021

Mopani District Municipality 2020/2021	Special Adjustment Budget and MTREF
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	
Vote 13 - Electricity/Electricity/Distribution	
Vote 14 - Corporate Services/Information Technology	
Vote 15 - Waste Water Management/Sewerage	
Capital multi-year expenditure subtotal	3
<u>Single-year expenditure to be adjusted</u>	2
Vote 1 - Executive and Council/Mayor & council	
Vote 2 - Executive & Council/Municipal Manager	10 750
Vote 3 - Finance & Admin/Finance	2 198
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	19 670 3 650
Vote 9 - Public Services/Fire	
Vote 10 - Public Safety/Other	
Vote 11 - Roads Transport/Roads	572 342
Vote 12 - Water/Water Distribution	
Vote 13 - Electricity/Electricity/Distribution	
Vote 14 - Corporate Services/Information Technology	



<u>Mopani District Municipality 2020/2021</u>		<u>Special Adjustment Budget and MTREF</u>				
National Government	572		364	234	806	590
Provincial Government	342	-	-	-	707	042
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	572	-	-	-	234	234
Borrowing	4	342	-	-	364	364
Internally generated funds		36	-	-	4	4
Total Capital Funding		268	-	-	620	620
		608	-	-	238	888
		610	-	-	984	984
			-	-	847	970
				-	595	15
					012	15
					653	200
					660	30
						660

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

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 **R847.6 million** has been allocated.

#### **1.6.6 Explanatory notes to Table B6 - Budgeted Financial Position**

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Description		Ref	Budget Year 2020/21									Budget Year +1 2021/22		
			Original Budget	Prior Adjusted	Accum. Funds	Multiyear capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget		
R thousands	A	A1	B	C	D	E	F	G	G	H				
<b>ASSETS</b>														
Current assets														
Cash	1	294 630	–	–	–	–	–	–	–	(133 037)	161 593	631 998	400 857	
Call investment deposits	1	1 858 062	–	–	–	–	–	–	–	–	–	–	–	
Consumer debtors	1	107 528	–	–	–	–	–	–	–	–	1 858 062	2 008 520	1 888 907	
Other debtors	–	–	–	–	–	–	–	–	–	–	107 528	597 291	107 528	
Current portion of long-term receivables	17 241	–	–	–	–	–	–	–	–	–	–	13 211	549 178	
Inventory	–	–	–	–	–	–	–	–	–	(42 000)	(42 000)	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	
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	
<b>TOTAL ASSETS</b>		10 948 232	–	–	–	–	–	–	(133 839)	(133 839)	10 814 393	18 208 717	18 267 787	
<b>LIABILITIES</b>														
Current liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank overdraft	–	–	–	–	–	–	–	–	–	–	–	90 530	90 530	90 530
Borrowing	90 530	–	–	–	–	–	–	–	–	–	5 835	11 298	10 186	
Consumer deposits	5 835	–	–	–	–	–	–	–	–	–	–	–	–	
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	

		<b>Mopani District Municipality 2020/2021</b>		<b>Special Adjustment Budget and MTREF</b>	
<b>Non current liabilities</b>					
Borrowing	1	149 033	-	-	-
Provisions	1	137 139	-	-	-
<b>Total non current liabilities</b>		<b>286 171</b>			
<b>TOTAL LIABILITIES</b>		<b>3 678 748</b>			
<b>NET ASSETS</b>	<b>2</b>	<b>7 269 484</b>			
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)		7 269 484	-	-	(91 839)
Reserves		-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>7 269 484</b>			

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.

- 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 • 25 February 2021

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets	(608 610)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(608 610)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>192 645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(297</b>	<b>(297</b>	<b>(104</b>	<b>3 017</b>	<b>3 108</b>
Cash/cash equivalents at the year begin:	2	216 772	-	-	-	-	330)	330)	685)	400	176
Cash/cash equivalents at the year end:	2	409 417	-	-	-	-	(297	-	216 772	294 630	2 218
							330)	330)	112 087	3 312	633
									030	809	5 326

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**

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF  
**DC33 Mopani - Table B8 Cash backed reserves/accumulated surplus reconciliation – 25 February 2021**

Description	Ref	Budget Year 2020/21						Budget Year +1 2021/22			Budget Year +2 2022/23		
		Original Budget	Prior Adjusted	Accum. Funds	Multifyear capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	A	A1	B	C	D	E	F	G	H	I	J	J	
<b>Cash and investments</b>													
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	-	-	-	-	-	-	-	-	-	-		
<b>Cash and investments available:</b>		<b>294 630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(133 037)</b>	<b>(133 037)</b>	<b>161 593</b>	<b>631 998</b>	<b>400 857</b>		
<b>Applications of cash and investments</b>													
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		-	-	-	-	-	-	-	-	-	-		
<b>Total Application of cash and investments:</b>		<b>(9 091 117)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 123 670</b>	<b>9 123 670</b>	<b>32 553</b>	<b>(9 629 876)</b>	<b>(6 702 559)</b>		
<b>Surplus(shortfall)</b>		<b>9 385 747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9 256 707)</b>	<b>(9 256 707)</b>	<b>129 040</b>	<b>10 261 874</b>	<b>7 103 416</b>		

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 and 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.

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

## 1.6.9 Explanatory notes to Table B9 - Asset Management

DC33 Mopani - Table B9 Asset Management • 25 February 2021



Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Mopani District Municipality 2020/2021		Special Adjustment Budget and MTREF
Coastal Infrastructure	-	-
Information and Communication Infrastructure	-	-
Infrastructure	25 880	-
Community Facilities	1 000	-
Sport and Recreation Facilities	-	-
Community Assets	1 000	-
Heritage Assets	-	-
Revenue Generating	-	-
Non-revenue Generating	-	-
Investment properties	-	-
Operational Buildings	-	-
Housing	-	-
Other Assets	6	-
Biological or Cultivated Assets	-	-
Servitudes	-	-
Licences and Rights	700	-
Intangible Assets	700	-
Computer Equipment	-	-
Furniture and Office Equipment	-	-
Machinery and Equipment	-	-
Transport Assets	800	-
Land	-	-
Zoo's, Marine and Non-biological Animals	-	-
Total Capital Expenditure to be adjusted	4 610	606 012
Roads Infrastructure	-	-
Storm water Infrastructure	-	-
		653 660

Mopani District Municipality 2020/2021	Special Adjustment Budget and MTREF
Electrical Infrastructure	-
Water Supply Infrastructure	474
Sanitation Infrastructure	819
Solid Waste Infrastructure	97
Rail Infrastructure	524
Coastal Infrastructure	-
Information and Communication Infrastructure	-
Infrastructure	342
Community Facilities	200
Sport and Recreation Facilities	2
Community Assets	200
Heritage Assets	-
Revenue Generating	-
Non-revenue Generating	-
Investment properties	-
Operational Buildings	-
Housing	-
Other Assets	-
Biological or Cultivated Assets	-
Servitudes	1
Licences and Rights	700
Intangible Assets	1
Computer Equipment	700
Furniture and Office Equipment	-
Machinery and Equipment	520
Transport Assets	15
	300
	15 300

Electrical Infrastructure	-	-	-	-	-
Water Supply Infrastructure	474 819	467 126	511 460	511 460	-
Sanitation Infrastructure	97 524	122 916	112 000	112 000	-
Solid Waste Infrastructure	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-
Infrastructure	572 342	590 042	623 460	623 460	-
Community Facilities	2 200	7 500	3 100	3 100	-
Sport and Recreation Facilities	-	-	-	-	-
Community Assets	2 200	7 500	3 100	3 100	-
Heritage Assets	-	-	-	-	-
Revenue Generating	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-
Investment properties	-	-	-	-	-
Operational Buildings	-	-	-	-	-
Housing	-	-	-	-	-
Other Assets	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-
Servitudes	1	-	-	-	-
Licences and Rights	700	1	-	1 130	910
Intangible Assets	700	-	-	1 130	910
Computer Equipment	-	1	-	-	-
Furniture and Office Equipment	520	15	1 520	970	2 940
Machinery and Equipment	548	15	15 548	6 370	8 250
Transport Assets	300	15	15 300	-	-

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

Mopani District Municipality 2020/2021		Special Adjustment Budget and MTREF	
Housing	-	-	-
Other Assets	157	-	-
Biological or Cultivated Assets	-	-	-
Servitudes	-	-	-
Licences and Rights	-	-	-
Intangible Assets	-	-	-
Computer Equipment	212	-	-
Furniture and Office Equipment	9	1	-
Machinery and Equipment	476	1	-
Transport Assets	238	8	-
Land	-	-	-
Zoo's, Marine and Non-biological Animals	6	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	<b>013</b>	<b>249</b>	<b>-</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	7.5%	0.0%	
<i>Renewal and upgrading of Existing Assets as % of depreci"</i>	24.4%	0.0%	
<i>R&amp;M as a % of PPE</i>	1.0%	0.0%	
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	1.7%	0.0%	
			<b>249 013</b>
			<b>231 459</b>
			<b>245 996</b>
			7.5%      1.8%      12.5%
			24.4%      5.6%      38.8%
			1.0%      0.3%      0.3%
			1.7%      0.4%      0.9%

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 spent on new assets in the 2019/2020 financial year while an amount of R 88 899 352 will be spent 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.

**Part 2 – Supporting Documentation**

**2.1 Overview of the special adjustment budget process**

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

The municipality has adopted a budget on 28 June 2020 after National Treasury has given a directive for		
Electricity (kwh per household per month)	-	-
Refuse (average litres per week)	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	<b>9</b>	
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	-
<b>Total revenue cost of subsidised services provided</b>		
	-	-
	-	-
	-	-
	-	-
	-	-

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;

## Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

- 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**

## Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

- 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 increased to **R413.7 million**

### **Remuneration of councillors**

**Councillor Remuneration – Councillors' remuneration has increased to 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
- Debits owed to local municipalities through the SLAs on water and sanitation provisioning.
- 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	Original Budget	Special Adjustment Budget	December 2020 Spending	YTD receipt	YTD spent	Total unspent/ overspent	% Spent
-------------	-----------------	---------------------------	------------------------	-------------	-----------	--------------------------	---------

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF

			30 September 2020				from receipt
Equitable Shares	1 122 659 000	1 122 659 000	242 780 638	868 314 000	795 283 863	73 030 137	92%
EPWP	9 800 000	9 800 000	3 144 702	6 604 000	6 326 291	277 709	96%
Financial Management Grant	2 762 000	2 762 000	145 276	2 700 000	1 430 909	1 269 091	53%
Municipal Infrastructure Grant	481 413 000	481 413 000	50 138 919	383 000 000	191 863 227	191 136 773	50%
Rural Roads Asset Management Grant	2 225 000	2 225 000	472 891	1 558 000	967 419	590 581	62%
Water Services Infrastructure Grant	45 000 000	45 000 000	0	10 000 000	1 673 336	8 326 664	17%
<b>Total</b>	<b>1 663 859 000</b>	<b>1 663 859 000</b>	<b>296 682 426</b>	<b>1 272 203 000</b>	<b>997 545 045</b>	<b>R274 630 955</b>	<b>68%</b>

## **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 **R425 million**.

## 2.9. Monthly targets for revenue, expenditure and cash flow

**DC33 Mopani - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 25 February 2021**

Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF												
Revenue By Source R thousands	Outcome			Outcome			Outcome			Outcome		
	Adjusted Budget											
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	11	15	10	17	25	14	7	26	38	176
Service charges - sanitation revenue	-	-	313	581	486	643	600	500	1	000	371	165 894
Service charges - refuse revenue	-	-	671	708	1	2	684	000	5	100	1	34
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	988	500	255	100	990	435	3	142	1	14
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	449	5	5	-	-	-	-	-	-	-
Transfers and subsidies	-	-	332	059	199	-	3	303	692	571	254	1 134 762
Other revenue	-	-	8	-	-	-	-	351	351	351	229	006
Gains	-	-	-	-	-	-	-	-	-	449	440	4
Total Revenue	332	067	170	789	044	118	483	998	24	106	274	1 468
<u>Expenditure By Type</u>												
Employee related costs	-	345	36	36	33	62	993	35	34	53	29	422
Remuneration of councillors	-	936	1	991	418	210	1	430	415	337	1	413 718
Debt impairment	-	-	449	14	15	-	658	666	703	555	1	738
Depreciation & asset impairment	-	-	449	399	236	13	15	12	16	394	14	15
Finance charges	-	-	17	30	-	15	40	-	15	30	15	491
Bulk purchases	-	391	20	000	000	000	000	000	000	000	000	251
Other materials	-	091	230	4	595	4	148	211	5	11	133	185

Mopani District Municipality 2020/2021												Special Adjustment Budget and MTREF													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Contracted services	-	124	8	111	1	511	19	800	12	589	9	920	100	957	11	500	1	531	33	831	121 973	618	74	78	
Transfers and subsidies	-	-	4	-	-	7	-	900	7	33	-	-	15	-	29	-	-	-	-	-	-	-	-	245	
Other expenditure	-	381	904	500	500	7	400	000	400	858	22	9	834	500	17	14	475	9	500	17	475	163	-	183	
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284	
Total Expenditure	-	88	95	96	957	147	149	94	117	476	412	228	132	110	101	101	313	535	59	1 444 850	444	1 383	1 479	574	
Surplus/(Deficit)	449	(83)	(76)	(76)	(142)	168	(142)	(8)	(8)	142	(96)	(975)	(69)	(413)	(8)	(67)	(67)	(459)	35	(19)	(11)	(858)	(436)		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	165	-	56	-	-	-	-	-	-	44	44	-	-	-	-	-	-	-	-	-	-	-	-	580	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	000	-	444	-	-	-	-	-	-	053	053	053	053	053	053	053	053	053	053	053	053	053	053	944	
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	614	(83)	(20)	(20)	(626)	(913)	(142)	(76)	(913)	002	169	(25)	186	35	(52)	(23)	111	279	054)	111	859 902	720	535	569	508

The total Cash Receipts by source of the municipality is mainly derived from the grant. The total grants received in the 2020/21 financial year is amounting to **R1.227 million**.

**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 **R608.6 million** to **R847.6 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.

<b>Category of Finding</b>	<b>Description of Finding</b>	<b>Root cause</b>	<b>Progress</b>
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

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

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
Employee Costs	HR Issues:- 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 file  employee was identified from the leave provision schedule with zero leave days and no movement.	<p>1. Lack of regular and appropriate reviews to ensure adherence to policies and procedures for the municipality.</p> <p>2. Inadequate controls around the approval of leave transactions.</p> <p>3. Inappropriate controls in place to ensure that only approved posts are filled to avoid employment of employees on invalid job posts.</p> <p>4. Employees appointed by the</p>	Resolved

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

	municipality without signing an employment contract.		
Operating expenditure	Budget votes not locked to prevent unauthorised expenditure	Resolved 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.	

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

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 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
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

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

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 singed by both the winning bidder and the accounting officer before commencement of the contract	Resolved
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

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

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

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**• 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 31-January-2021									
Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement signed (where required)	Completed Required Unit Standards	Requirement Met	Compliant	Compliant (consider Budget)		
Quiet	Kgatla	Accounting Officer	✓	✓	✓	✗	2	✗	✗		
Tshepo	Mogano	Chief Financial Officer - Municipality	✓	✓	✓	✓	4	✓	✓		

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

Jimmy	Mojela (acting)	Supply Chain Management Manager			✓	✓	✓	✓	✓
Nthabiseng	Kgabi	Middle Manager: Finance		✓	✓	4	4	4	✓
Ruth	Pootana	Middle Manager: Finance		✓	✓	4	4	4	✓
Mpho	Mothibi (acting)	Middle Manager: Finance		✓	✓	✓	4	4	✓
Andries	Makgoba (acting)	Middle Manager: Finance		✓	✓	✓	4	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

REPORTS/DOC	PAUD	AUDA	M01	M02	M03	M04	M05	M06
Submitted (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
REPORTS/DOC	CR1	CR2	CR3	CR4	CR5	CR6	DB1	DB2

<u>Mopani District Municipality 2020/2021</u>		<u>Special Adjustment Budget and MTREF</u>			
<u>Submitted (Y/N)</u>	Yes	Yes	Yes	Yes	Yes
<b>REPORTS/DOC</b>	DB3	DB4	DB5	DB6	BMQ1
					BMQ2
					IMQ1
					IMQ2
<b>Submitted (Y/N)</b>	No	No	No	Yes	Yes
				Yes	No
				Yes	Yes

### **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

**Mopani District Municipality 2020/2021 Special Adjustment Budget and MTREF**

- 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 file
- 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

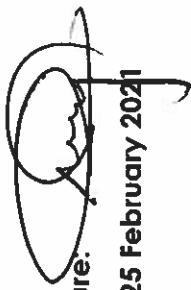
- MBRR SB 1 – Supporting detail to budgeted financial performance
- MBRR SB 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- MBRR SB 3 – Supporting detail to statement of financial position

**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: 25 February 2021**

