



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE B

2025/26 TO 2027/28

ADJUSTMENT BUDGET AND
SUPPORTING DOCUMENTATION
MOPANI DISTRICT MUNICIPALITY

ADJUSTMENT BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2025/26 TO 2027/28

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BC	Budget Committee	SDBIP	Service Delivery Budget
CFO	Chief Financial Officer		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		
SALGA	South African Local Government Association		

Part 1 – Adjustment Budget

1.1 Council Resolutions

ADJUSTMENT BUDGET FOR 2025/2026; 2026/2027 & 2027/2028

PURPOSE

To present the Adjustment Budget for 2025/26; 2026/27 & 2027/28 before Council for adoption.

EXECUTIVE SUMMARY

The purpose of this submission is to request Council to approve the 2025/26 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).

KEY ADJUSTMENTS TO THE ORIGINAL ESTIMATES FOR 2024/25

1) Revenue

The total revenue of the municipality (Excluding Capital Transfer and contributions) has increased by **R10 million** from **R2 010 billion** to **R2 020 billion** due to increase in interest earned from current and non-current assets.

2) Total Operating Expenditure

In terms of the total operating expenditure, the municipality effected increased adjustment from the budget of **R1 868 billion** to **R2 009 billion**, the total increased by **R142 million**.

3) Total Capital Expenditure

The total capital Expenditure has increased by **R18.6 million** from **R644 million** to **R663 million** due to correcting of the VAT portion of MIG projects, which was incorrectly calculated during the original budget, and the increase of **R8 million** for internally generated projects

4) Employee related costs

There was an increase on employees' related costs by **R35 million**. The budget increased from **R554 million** to **R589 million**, due to overtime and determination of upper limits for senior managers

5) Remuneration of Councillors

The remuneration of councillors decreased from **R28 million** to **R24,9million**, due to management of travel and subsistence

6) Inventory Consumed

Inventory Consumed reflects a final adjusted figure of **R474 million** from **R416 million**. A total upward adjustment of **R57 million**.

7) Contracted services

Contracted Services has been increased from **R324 million** to **R393 million**. There has been an increased by **R69 million** on this item.

ANNEXURE

Budget Adjustment 2025/26
B-Schedule 2025/26

POLICY

- Local Government Municipal Finance Management Act, Act No. 56 of 2003;
 - Local Government Municipal Systems Act, Act no 32 of 2000;
 - MFMA Section 28(2)(b) and MBRR Section 23(3)
-

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-

- 2.1 must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- 2.2 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;
- 2.3 may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- 2.4 may authorise the utilisation of projected savings in one vote towards spending under another vote;
- 2.5 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;
- 2.6 May correct any errors in the annual budget; and
- 2.7 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.

6. a motivation of any material changes to the annual budget.

7. an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

8. any other supporting documentation that may be prescribed.

9. Municipal tax and tariffs may not be increased during a financial year.

[Subs. (6) substituted by s. 13 of Act 12/2007]

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.

Mopani District Municipality 2025/2026 Adjustment Budget and MTREF

RECOMMENDATIONS

1. That Council takes note of the Adjustment Budget for 2025/26; 2026/27 and 2027/28.
2. That Council approves the Adjustment Budget as follows:

2.1. REVENUE

Description	Final Budget Year 2025/26	Total Adjusted	2025/26 Medium Term Revenue & Expenditure Framework		
			Final Adjustment Budget 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Interest on Call Account	20 000 000	10 000 000	20 000 000	21 000 000	22 050 000
Equitable Shares	1 427 429 000		1 427 429 000	1 517 993 000	1 586 656 000
EPWP	7 838 000		7 838 000		
Financial Management Grant	3 000 000		3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	543 922 000		543 922 000	593 377 400	622 684 000
Rural Roads Asset Management Grant	2 587 000		2 587 000	2 706 000	2 827 000
Water Services Infrastructure Grant	136 000 000		136 000 000		
RBIG	35 000 000		35 000 000		
Tender Documents	3 000 000		3 000 000	3 150 000	3 307 500
EHS charges	200 000		200 000	210 000	220 500
Fire Services Charges	300 000		300 000	315 000	330 750
Sub Total	2 179 275 997	10 000 000	2 179 275 997	2 241 751 404	2 425 075 740
Services charges local	548 823 936		548 823 936	841 814 784	883 905 504

Mopani District Municipality 2025/2026 Adjustment Budget and MTREF February 2026

municipalities including outstanding debtors from consumers					
Grand Total	2 728 099 944	10 000 000	2 738 099 944	3 083 566 188	3 308 981 244

2.2. OPERATING EXPENDITURE

Description	2024/25 Medium Term Revenue & Expenditure Framework				
	Final Budget Year 2025/26	Total Adjusted	Final Adjustment Budget 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Employee related cost	554 178 576	35 346 613	535 079 237.00	582 570 360	611 698 908
Finance Charges	31 955 968	(16 000 000)	15 955 976 .00	33 553 766	35 231 454
Contracted Services	324 041 806	69 950 000	369 726 762.00	341 243 897	358 306 091
Debt impairment	68 494 658		65 251 071.00	71 919 391	75 515 361
Depreciation	316 193 568	(10 000 000)	306 193 568.00	332 003 232	348 603 420
Inventory Consumed	416 841 470	57 859 902	474 701 372.00	437 683 543	459 567 722
Operational Costs	128 161 580	8 088 053	136 249 633.00	125 182 824	136 940 496
Remuneration of Councillors	28 426 807	(3 500 000)	24 926 800	29 848 148	31 340 554
Total	1 868 102 629	141 744 568	2 009 847 197	1 959 255 192.00	2 062 716 816.00

2.3. REVISED IMPLEMENTATION PLAN FOR MIG PROJECTS

Description	Total adjustment Budget R'
Project Management Unit (PMU)	20 995 521.11
Tours Water Scheme : Bulk Lines refurbishment and Reticulation	
Kampersus Bulk Water Scheme & Scotia Water Reticulation	
Lulekani Water Scheme(Benfarm)	13 727 503.98
Ritavhi 2 Water Scheme (Sub-Scheme 1)	73 767 428.09
Thabina Regional Water Scheme (The Resizing & Replacment of Bulk Water Pipeline from Thabina to Lenyenye	10 910 349.85
Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6	
Sekgosese Water Scheme	15 632 745.07
Makushane Water Scheme	54 545 874.04
Lephephane Bulk Water	25 773 690.25
Tours Water Reticulation	42 218 431.90
Greater Tzaneen Rural Household Sanitation MTEF -02	45 161 857.03
Maruleng Rural Household Sanitation MTEF -02	13 839 347.16
Greater Letaba Rural Household Sanitation MTEF -02	24 451 430.35
Ba-Phalaborwa Rural Household Sanitation MTEF -02	35 087 076.02
Greater Giyani Rural Household Sanitation MTEF -02	45 000 484.55
Ritavhi 2 Water Scheme (Sub-Scheme 2)	61 000 000.00
Repairs and Maintanance - Nkowankowa WWTW	10 470 040.88
Repairs and Maintanance - Kgapane WWTW	5 558 794.24
Repairs and Maintanance - Phalaborwa WWTW	11 672 800.00
Repairs and Maintanance - Namakgale WWTW	8 000 000.00
Repairs and Maintanance - Lenyenye WWTW	3 449 196.48
Repairs and Maintanance - Giyani WWTW	8 359 429.00
Repairs and Maintanance - Lulekani WWTW	5 300 000.00
Hoedspruit Bulk Water Supply	
Thapane RWS	5 000 000.00
Sefototse to Ditshosine Bulk Water Supply and reticulation	4 000 000.00
Total	543 922 000.00

3. That Council take note of the adjusted capital expenditure by **R18.6 million** from **R644 467 000** to **R663 327 000** for the 2025/26; **R R602 759 460** for 2026/27 and **R712 047 444** for 2027/28.
4. That Council takes note of surpluses of **R10 577 000** for 2025/26; **R R282 496 212** for 2026/27 and **R362 358 924** for 2027/28, excluding capital transfers.
5. That Council note the VAT recovery of **R140 524 123** as at 31 January 2026

Mopani District Municipality 2025/2026 Adjustment Budget and MTREF February 2026

6. That Council deliberates on the Adjustment budget as detailed prepared in line with Section 28(2)(b) and MBRR Section 23(3);
7. That Council approves the Adjustment budget for 2025/26, 2026/27 and 2027/28 as detailed above;
8. That the SDBIP be amended subsequent to the approval of the adjustment budget;
9. The Accounting Officer Submit the approved Adjustment budget to the National and Provincial Treasuries.
10. That, within ten (10) working days after the approval of the budget, the Directorate Budget and Treasury in accordance with section 21A of the Municipal Systems Act makes public the approved Adjustment budget and supporting documentation.

1.2 Executive Summary

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 2024/25 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 of the municipality (Excluding Capital Transfer and contributions) has increased by **R10 million** from **R2 010 billion** to **R2 020 billion** due to increase in interest earned from current and non-current assets.

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

The total operational and capital budget has been increased by **R107 million** from **R2.585 billion** to **R2.692 billion**.

1.2.1 Adjustment objectives

The adjustment budget seeks to modify the 2025-26 budget to cater for the over-expenditure incurred at mid-year by moving the funds within the votes and also to cater for the unforeseen circumstances

1.2.2 Adjustment process

Budget and Treasury together with management considered the following when preparing the 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;

This adjustment budget was also prepared in line with section 28 (2) which allows the municipality to pass a 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.

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

1.2.3. Revenue

The total revenue of the municipality (Excluding Capital Transfer and contributions) has increased by **R10 million** from **R2 010 billion** to **R2 020 billion** due to increase in interest earned from current and non-current assets.

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 from **R1.868 billion** to **R2.010 billion**, with the net effect of **R142 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 2025/2026 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	Final Budget Year 2025/26	Total Adjusted	2025/26 Medium Term Revenue & Expenditure Framework		
			Final Adjustment Budget 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Interest on Call Account	20 000 000	10 000 000	20 000 000	21 000 000	22 050 000
Equitable Shares	1 427 429 000		1 427 429 000	1 517 993 000	1 586 656 000
EPWP	7 838 000		7 838 000		
Financial Management Grant	3 000 000		3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	543 922 000		543 922 000	593 377 400	622 684 000
Rural Roads Asset Management Grant	2 587 000		2 587 000	2 706 000	2 827 000
Water Services Infrastructure Grant	136 000 000		136 000 000		
RBIG	35 000 000		35 000 000		
Tender Documents	3 000 000		3 000 000	3 150 000	3 307 500
EHS charges	200 000		200 000	210 000	220 500
Fire Services Charges	300 000		300 000	315 000	330 750
Sub Total	2 179 275 997	10 000 000	2 179 275 997	2 241 751 404	2 425 075 740
Services charges local municipalities including outstanding debtors from consumers	548 823 936		548 823 936	841 814 784	883 905 504
Grand Total	2 728 099 944	10 000 000	2 738 099 944	3 083 566 188	3 308 981 244

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

Description	2025/26 Medium Term Revenue & Expenditure Framework		
	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue By Source			
Service charges - water revenue	388 360 000	602 814 840	632 955 552
Service charges - sanitation revenue	70 424 000	112 958 616	118 606 548
Interest earned - outstanding debtors	87 945 336	123 842 592	130 034 724

1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2025/2026 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 2025/2026 budget and MTREF (classified per main type of operating expenditure):

Description	2024/25 Medium Term Revenue & Expenditure Framework				
	Final Budget Year 2025/26	Total Adjusted	Final Adjustment Budget 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Employee related cost	554 178 576	35 346 613	535 079 237.00	582 570 360	611 698 908
Finance Charges	31 955 968	(16 000 000)	15 955 976 .00	33 553 766	35 231 454
Contracted Services	324 041 806	69 950 000	369 726 762.00	341 243 897	358 306 091
Debt impairment	68 494 658		65 251 071.00	71 919 391	75 515 361
Depreciation	316 193 568	(10 000 000)	306 193 568.00	332 003 232	348 603 420
Inventory Consumed	416 841 470	57 859 902	474 701 372.00	437 683 543	459 567 722
Operational Costs	128 161 580	8 088 053	136 249 633.00	125 182 824	136 940 496
Remuneration of Councillors	28 426 807	(3 500 000)	24 926 800	29 848 148	31 340 554
Total	1 868 102 629	141 744 568	2 009 847 197	1 959 255 192.00	2 062 716 816.00

1.4 Capital Expenditure

The total capital Expenditure has increased by **R18.6 million** from **R644 million** to **R663 million** due to correcting of the VAT portion of MIG projects, which was incorrectly calculated during the original budget, and the increase of **R8 million** for internally generated projects

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

Table 3 infrastructure Projects

Description	Total adjustment Budget R'
Project Management Unit (PMU)	20 995 521.11
Tours Water Scheme : Bulk Lines refurbishment and Reticulation	
Kampersus Bulk Water Scheme & Scotia Water Reticulation	
Lulekani Water Scheme(Benfarm)	13 727 503.98
Ritavhi 2 Water Scheme (Sub-Scheme 1)	73 767 428.09
Thabina Regional Water Scheme (The Resizing & Replacment of Bulk Water Pipeline from Thabina to Lenyenye	10 910 349.85
Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6	
Sekgosese Water Scheme	15 632 745.07
Makushane Water Scheme	54 545 874.04
Lephephane Bulk Water	25 773 690.25
Tours Water Reticulation	42 218 431.90
Greater Tzaneen Rural Household Sanitation MTEF -02	45 161 857.03
Maruleng Rural Household Sanitation MTEF -02	13 839 347.16
Greater Letaba Rural Household Sanitation MTEF -02	24 451 430.35
Ba-Phalaborwa Rural Household Sanitation MTEF -02	35 087 076.02
Greater Giyani Rural Household Sanitation MTEF -02	45 000 484.55
Ritavhi 2 Water Scheme (Sub-Scheme 2)	61 000 000.00
Repairs and Maintanance - Nkowankowa WWTW	10 470 040.88
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Repairs and Maintanance - Giyani WWTW	8 359 429.00
Repairs and Maintanance - Lulekani WWTW	5 300 000.00
Hoedspruit Bulk Water Supply	
Thapane RWS	5 000 000.00
Sefototse to Ditshosine Bulk Water Supply and reticulation	4 000 000.00
Total	543 922 000.00

1.5 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 2025/26 budget and MTREF as adopted by the Council.

1.5.1. Explanatory notes to MBRR Table B1 - Budget Summary

Choose name from list - Table B1 Adjustments Budget Summary - 2025/02/28

Description	2025/26										Budget Year 2026/27	Budget Year 2027/28
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H			
Financial Performance												
Property rates	–	–	–	–	–	–	–	–	–	–	–	
Service charges	458 785	–	–	–	–	–	458 785	458 785	458 785	715 773	751 562	
Investment revenue	20 000	–	–	–	–	–	30 000	30 000	30 000	21 000	22 050	
Transfers recognised - operational	1 438 267	–	–	–	–	–	1 438 267	1 438 267	1 438 267	1 520 993	1 589 656	
Other own revenue	93 539	–	–	–	–	–	93 539	93 539	93 539	129 716	136 202	
Total Revenue (excluding capital transfers and contributions)	2 010 591	–	–	–	–	–	2 020 591	2 020 591	2 020 591	2 387 483	2 499 470	
Employee costs	554 179	–	–	–	–	–	589 525	589 525	1 143 704	582 570	611 699	
Remuneration of councillors	28 427	–	–	–	–	–	24 927	24 927	53 364	29 848	31 341	
Depreciation & asset impairment	384 588	–	–	–	–	–	374 588	374 588	374 588	403 923	424 119	
Finance charges	31 956	–	–	–	–	–	15 956	15 956	15 956	33 554	35 231	
Inventory consumed and bulk purchases	416 841	–	–	–	–	–	474 701	474 701	474 701	437 684	459 568	
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–	–	
Other expenditure	452 178	–	–	–	–	–	530 216	530 216	(52 389)	471 677	500 759	
Total Expenditure	1 868 269	–	–	–	–	–	2 010 014	2 010 014	2 010 014	1 958 255	2 062 747	
Surplus/(Deficit)	142 322	–	–	–	–	–	10 577	10 577	10 577	428 228	436 723	
Transfers and subsidies - capital (monetary allocations)	717 509	–	–	–	–	–	682 509	682 509	682 509	686 083	809 511	
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	
Surplus/(Deficit) after capital transfers & contributions	859 831	–	–	–	–	–	693 086	693 086	1 552 917	1 124 311	1 246 264	
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	
Surplus/ (Deficit) for the year	859 831	–	–	–	–	–	693 086	693 086	1 552 917	1 124 311	1 246 264	
Capital expenditure & funds sources												
Capital expenditure	642 967	–	–	–	–	–	626 827	626 827	1 269 795	601 759	710 847	
Transfers recognised - capital	511 967	–	–	–	–	–	593 306	593 306	1 205 273	569 209	676 670	
Borrowing	–	–	–	–	–	–	–	–	–	–	–	
Internally generated funds	32 500	–	–	–	–	–	35 022	35 022	67 522	33 550	35 378	
Total sources of capital funds	644 467	–	–	–	–	–	628 327	628 327	1 272 795	602 759	712 047	
Financial position												
Total current assets	767 271	–	–	–	–	–	3 056 799	3 056 799	3 824 071	800 264	834 675	
Total non current assets	10 047 531	–	–	–	–	–	10 456 989	10 456 989	20 504 520	10 479 575	10 930 196	
Total current liabilities	1 596 163	–	–	–	–	–	1 919 823	1 919 823	3 515 986	1 664 798	1 736 384	
Total non current liabilities	691 954	–	–	–	–	–	1 308 540	1 308 540	2 000 494	721 708	752 742	
Community wealth/Equity	8 526 685	–	–	–	–	–	10 939 396	10 939 396	19 466 081	8 893 332	9 275 746	
Cash flows												
Net cash from (used) operating	962 158	–	–	–	–	–	785 413	785 413	1 747 571	990 785	1 116 386	
Net cash from (used) investing	(644 467)	–	–	–	–	–	(628 327)	(628 327)	(1 272 795)	(602 759)	(712 047)	
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–	–	
Cash/cash equivalents at the year end	175 570	–	–	–	0	–	325 154	325 154	500 724	180 981	188 652	
Cash backing/surplus reconciliation												
Cash and investments available	188 762	–	–	–	–	–	338 346	338 346	527 107	196 878	205 344	
Application of cash and investments	1 124 615	–	–	–	–	–	(876 152)	(876 152)	248 463	1 203 652	1 252 653	
Balance - surplus (shortfall)	(935 853)	–	–	–	–	–	1 214 498	1 214 498	278 645	(1 006 773)	(1 047 309)	
Asset Management												
Asset register summary (WDV)	9 761 635	–	–	–	–	–	10 190 308	10 190 308	19 951 943	10 102 801	10 455 851	
Depreciation	316 194	–	–	–	–	–	306 194	306 194	622 387	332 003	348 603	
Renewal and Upgrading of Existing Assets	81 754	–	–	–	–	–	45 922	45 922	127 676	149 680	236 164	
Repairs and Maintenance	74 784	–	–	–	–	–	103 734	103 734	178 518	77 473	81 347	
Free services												
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–	–	
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–	–	
Households below minimum service level												
Water:	–	–	–	–	–	–	–	–	–	–	–	
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–	
Energy:	–	–	–	–	–	–	–	–	–	–	–	
Refuse:	–	–	–	–	–	–	–	–	–	–	–	

1. Table B1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash

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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.

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

Choose name from list - Table B2 Adjustments Budget Financial Performance (functional classification) - 2025/02/28

Standard Description	Ref	2025/26									Budget Year 2026/27	B
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	20
	1, 4	A	5	6	7	8	9	10	11	12		
R thousands												
Revenue - Functional												
Governance and administration		1 461 767	-	-	-	-	-	1 471 767	1 471 767	2 933 534	1 545 668	
Executive and council		-	-	-	-	-	-	-	-	-	-	
Finance and administration		1 461 767	-	-	-	-	-	1 471 767	1 471 767	2 933 534	1 545 668	
Internal audit		-	-	-	-	-	-	-	-	-	-	
Community and public safety		-	-	-	-	-	-	-	-	-	-	
Community and social services		-	-	-	-	-	-	-	-	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		2 587	-	-	-	-	-	2 587	2 587	5 174	2 706	
Planning and development		2 587	-	-	-	-	-	2 587	2 587	5 174	2 706	
Road transport		-	-	-	-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	-	
Trading services		1 263 746	-	-	-	-	-	1 228 746	1 228 746	2 492 492	1 535 192	
Energy sources		-	-	-	-	-	-	-	-	-	-	
Water management		1 127 229	-	-	-	-	-	1 092 229	1 092 229	2 219 459	1 381 561	
Waste water management		136 517	-	-	-	-	-	136 517	136 517	273 033	153 631	
Waste management		-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	
Total Revenue - Functional	2	2 728 100	-	-	-	-	-	2 703 100	2 703 100	5 431 200	3 083 566	
Expenditure - Functional												
Governance and administration		523 702	-	-	-	-	-	579 899	579 899	1 103 601	546 343	
Executive and council		195 474	-	-	-	-	-	239 030	239 030	434 504	202 623	
Finance and administration		316 163	-	-	-	-	-	327 184	327 184	643 346	331 052	
Internal audit		12 065	-	-	-	-	-	13 685	13 685	25 750	12 668	
Community and public safety		165 715	-	-	-	-	-	175 567	175 567	341 282	173 300	
Community and social services		28 400	-	-	-	-	-	40 063	40 063	68 463	29 120	
Sport and recreation		1 454	-	-	-	-	-	1 724	1 724	3 178	1 527	
Public safety		96 303	-	-	-	-	-	91 823	91 823	188 127	101 119	
Housing		-	-	-	-	-	-	-	-	-	-	
Health		39 557	-	-	-	-	-	41 957	41 957	81 514	41 535	
Economic and environmental services		105 679	-	-	-	-	-	100 346	100 346	206 025	112 779	
Planning and development		95 391	-	-	-	-	-	89 748	89 748	185 139	101 977	
Road transport		10 288	-	-	-	-	-	10 598	10 598	20 886	10 803	
Environmental protection		-	-	-	-	-	-	-	-	-	-	
Trading services		1 073 174	-	-	-	-	-	1 154 202	1 154 202	2 227 375	1 126 832	
Energy sources		2 494	-	-	-	-	-	2 349	2 349	4 843	2 619	
Water management		1 043 080	-	-	-	-	-	1 120 124	1 120 124	2 163 205	1 095 234	
Waste water management		27 599	-	-	-	-	-	31 728	31 728	59 327	28 979	
Waste management		-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	
Total Expenditure - Functional	3	1 868 269	-	-	-	-	-	2 010 014	2 010 014	3 878 283	1 959 255	
Surplus/ (Deficit) for the year		859 831	-	-	-	-	-	693 086	693 086	1 552 917	1 124 311	

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Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification.

The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

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

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

Choose name from list - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 2025/02/28

Vote Description <i>[Insert departmental structure etc]</i>	Ref	2025/26									Budget Year 2026/27	Budget Year 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
Revenue by Vote	1											
Vote 1 - 1 Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		1 461 767	-	-	-	-	-	1 471 767	1 471 767	2 933 534	1 545 668	1 615 565
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-	-
Vote 5 -		2 587	-	-	-	-	-	2 587	2 587	5 174	2 706	2 827
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 - Water		1 263 746	-	-	-	-	-	1 228 746	1 228 746	2 492 492	1 535 192	1 690 589
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	2 728 100	-	-	-	-	-	2 703 100	2 703 100	5 431 200	3 083 566	3 308 981
Expenditure by Vote	1											
Vote 1 - 1 Executive and Council/Mayor & council		62 824	-	-	-	-	-	64 883	64 883	127 707	63 340	66 507
Vote 2 - Executive & Council/Municipal Manager		146 169	-	-	-	-	-	189 557	189 557	335 726	153 477	161 151
Vote 3 - Finance & Admin/Finance		160 476	-	-	-	-	-	171 225	171 225	331 702	168 526	176 921
Vote 4 - Corporate Services/HR		57 037	-	-	-	-	-	57 784	57 784	114 821	59 889	62 883
Vote 5 -		146 804	-	-	-	-	-	136 711	136 711	283 515	154 015	161 716
Vote 6 - Planning & Development/Economic		38 533	-	-	-	-	-	39 108	39 108	77 641	41 460	43 533
Vote 7 - Health/Other		39 557	-	-	-	-	-	41 957	41 957	81 514	41 535	43 612
Vote 8 - Community Services/Other Community		3 845	-	-	-	-	-	6 195	6 195	10 041	4 038	4 239
Vote 9 - Public Services/Fire		96 303	-	-	-	-	-	91 823	91 823	188 127	101 119	106 175
Vote 10 - Public Safety/Other		28 040	-	-	-	-	-	35 918	35 918	63 958	29 442	30 915
Vote 11 - Water		1 070 679	-	-	-	-	-	1 151 853	1 151 853	2 222 532	1 124 214	1 180 424
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 850 269	-	-	-	-	-	1 987 014	1 987 014	3 837 283	1 941 055	2 038 077
Surplus/ (Deficit) for the year	2	877 831	-	-	-	-	-	716 086	716 086	1 593 917	1 142 511	1 270 904

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.

1.5.4 Explanatory notes to table B4-Budget Financial Performance (Revenue and Expenditure)

Choose name from list - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 2025/02/28

Description	Ref	2025/26									Budget Year 2026/27	Budget Year 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands	1											
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	388 360	-	-	-	-	-	388 360	388 360	388 360	631 539	663 116
Service charges - Waste Water Management	2	70 424	-	-	-	-	-	70 424	70 424	70 424	84 235	88 446
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		5 594	-	-	-	-	-	5 594	5 594	5 594	5 874	6 167
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		87 945	-	-	-	-	-	87 945	87 945	87 945	123 843	130 035
Interest earned from Current and Non Current Assets		20 000	-	-	-	-	-	30 000	30 000	30 000	21 000	22 050
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	-	-	-	-	-	-	-	-
Special Rating Levies		-	-	-	-	-	-	-	-	-	-	-
Licence and permits		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Non-Exchange Revenue												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		1 438 267	-	-	-	-	-	1 438 267	1 438 267	1 438 267	1 520 993	1 589 656
Interest		-	-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2 010 591						2 020 591	2 020 591	2 020 591	2 387 483	2 499 470
Expenditure By Type												
Employee related costs		554 179	-	-	-	-	-	589 525	589 525	589 525	582 570	611 699
Remuneration of councillors		28 427	-	-	-	-	-	24 927	24 927	24 927	29 848	31 341
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		416 841	-	-	-	-	-	474 701	474 701	474 701	437 684	459 568
Debt impairment		68 495	-	-	-	-	-	68 495	68 495	68 495	71 919	75 515
Depreciation and amortisation		316 194	-	-	-	-	-	306 194	306 194	306 194	332 003	348 603
Interest		31 956	-	-	-	-	-	15 956	15 956	15 956	33 564	35 231
Contracted services		324 017	-	-	-	-	-	393 967	393 967	393 967	341 244	358 306
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	-
Operational costs		128 162	-	-	-	-	-	136 250	136 250	136 250	130 433	142 453
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		1 868 269						2 010 014	2 010 014	2 010 014	1 959 255	2 062 717
Surplus/(Deficit)		142 322						10 577	10 577	10 577	428 228	436 753
Transfers and subsidies - capital (monetary allocations)		717 509	-	-	-	-	-	682 509	682 509	682 509	696 083	809 511
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		859 831						693 086	693 086	693 086	1 124 311	1 246 264
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		859 831						693 086	693 086	693 086	1 124 311	1 246 264
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		859 831						693 086	693 086	693 086	1 124 311	1 246 264
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1	859 831						693 086	693 086	693 086	1 124 311	1 246 264

Total revenue excluding capital transfers is **R2.020 billion** in 2025/2026. 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 **R1.438 billion**; Service charges for water & sanitation amount to **R458 million**

The total operating expenditure is projected to be **R2.010 billion** in 2025/26. The finance charges constitute of interest paid and bank charges.

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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

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

Choose name from list - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 2025/02/28

Description	Ref	2024/25									Budget Year 2025/26 Adjusted Budget	Budget Year 2026/27 Adjusted Budget	
		Original Budget A	Prior Adjusted 5 A.1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H			
R thousands													
Capital expenditure - Vote													
Multi-year expenditure to be adjusted	2												
Vote 1 - Executive and Council/Mayor & council													
Vote 2 - Executive & Council/Municipal Manager													
Vote 3 - Finance & Admin/Finance													
Vote 4 - Corporate Services/HR													
Vote 5 - Finance & Admin/Other Admin													
Vote 6 - Planning & Development/Economic													
Vote 7 - Health/Other													
Vote 8 - Community Services/Other Community													
Vote 9 - Public Services/Fire													
Vote 10 - Public Safety/Other													
Vote 11 - Roads Transport/Roads													
Vote 12 - Water/Water Distribution													
Vote 13 - Electricity/Electricity Distribution													
Vote 14 - Corporate Services/Information Technology													
Vote 15 - Waste Water Management/Sewerage													
Capital multi-year expenditure sub-total	3												
Single-year expenditure to be adjusted	2												
Vote 1 - Executive and Council/Mayor & council													
Vote 2 - Executive & Council/Municipal Manager													
Vote 3 - Finance & Admin/Finance		870							2 185	2 185	3 054		
Vote 4 - Corporate Services/HR													
Vote 5 - Finance & Admin/Other Admin		3 217							2 000	2 000	5 217	1 098	3 433
Vote 6 - Planning & Development/Economic		2 153							323	323	2 476	2 250	2 353
Vote 7 - Health/Other													
Vote 8 - Community Services/Other Community													
Vote 9 - Public Services/Fire		4 348									4 348	4 783	5 217
Vote 10 - Public Safety/Other													
Vote 11 - Roads Transport/Roads													
Vote 12 - Water/Water Distribution		489 506							(31 106)	(31 106)	458 400	135 144	11 304
Vote 13 - Electricity/Electricity Distribution													
Vote 14 - Corporate Services/Information Technology		13 739							2 196	2 196	15 935	10 939	7 111
Vote 15 - Waste Water Management/Sewerage													
Capital single-year expenditure sub-total		513 833							(24 402)	(24 402)	489 430	154 211	29 419
Total Capital Expenditure - Vote		513 833							(24 402)	(24 402)	489 430	154 211	29 419
Capital Expenditure - Functional													
Governance and administration		16 783							4 381	4 381	21 163	10 939	9 394
Executive and council													
Finance and administration		16 783							4 381	4 381	21 163	10 939	9 394
Internal audit													
Community and public safety		4 348									4 348	4 783	5 217
Community and social services													
Sport and recreation													
Public safety		4 348									4 348	4 783	5 217
Housing													
Health													
Economic and environmental services		3 197							2 323	2 323	5 519	3 345	3 503
Planning and development		3 197							2 323	2 323	5 519	3 345	3 503
Road transport													
Environmental protection													
Trading services		489 506							(31 106)	(31 106)	458 400	135 144	11 304
Energy sources													
Water management		489 506							(31 106)	(31 106)	458 400	135 144	11 304
Waste water management													
Waste management													
Other													
Total Capital Expenditure - Functional	3	513 833							(24 402)	(24 402)	489 430	154 211	29 419
Funded by:													
National Government		478 354							(33 083)	(33 083)	445 271	128 054	3 503
Provincial Government													
District Municipality													
Transfers and subsidies - capital (in-kind)													
Transfers recognised - capital	4	478 354							(33 083)	(33 083)	445 271	128 054	3 503
Borrowing													
Internally generated funds		35 478							8 681	8 681	44 159	26 158	25 916
Total Capital Funding		513 833							(24 402)	(24 402)	489 430	154 211	29 419

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 2025/2026 **R628 million** has been allocated.

1.5.6 Explanatory notes to Table B6 - Budgeted Financial Position

Choose name from list - Table B6 Adjustments Budget Financial Position - 2025/02/28

Description	Ref	2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt.	Other Adjus.	Total Adjus.	Adjusted Budget	2026/27 Adjusted Budget	2027/28 Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
ASSETS												
Current assets												
Cash and cash equivalents		188 762	-	-	-	-	-	338 346	338 346	338 346	196 878	205 344
Trade and other receivables from exchange transactions	1	64 522	-	-	-	-	-	2 290 423	2 290 423	2 290 423	67 297	70 191
Receivables from non-exchange transactions	1	121 407	-	-	-	-	-	178 105	178 105	178 105	126 628	132 072
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-
Inventory		32 987	-	-	-	-	-	24 980	24 980	24 980	34 405	35 884
VAT		359 593	-	-	-	-	-	224 946	224 946	224 946	375 056	391 183
Other current assets		-	-	-	-	-	-	-	-	-	-	-
Total current assets		767 271	-	-	-	-	-	3 056 799	3 056 799	3 056 799	800 264	834 675
Non current assets												
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	10 004 857	-	-	-	-	-	10 427 725	10 427 725	10 427 725	10 435 066	10 883 773
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		451	-	-	-	-	-	432	432	432	470	490
Intangible assets		5 566	-	-	-	-	-	2 202	2 202	2 202	5 805	6 055
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		35 434	-	-	-	-	-	23 200	23 200	23 200	36 957	38 546
Other non-current assets		1 224	-	-	-	-	-	3 431	3 431	3 431	1 277	1 332
Total non current assets		10 047 531	-	-	-	-	-	10 456 989	10 456 989	10 456 989	10 479 575	10 930 196
TOTAL ASSETS		10 814 802	-	-	-	-	-	13 513 789	13 513 789	13 513 789	11 279 838	11 764 871
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		3 866	-	-	-	-	-	15 254	15 254	15 254	4 032	4 205
Trade and other payables from exchange transactions		1 228 804	-	-	-	-	-	1 558 477	1 558 477	1 558 477	1 281 643	1 336 754
Trade and other payables from non-exchange transactions		78 125	-	-	-	-	-	0	0	0	81 485	84 988
Provisions		10 358	-	-	-	-	-	-	-	-	10 803	11 268
VAT		275 010	-	-	-	-	-	346 093	346 093	346 093	286 835	299 169
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		1 596 163	-	-	-	-	-	1 919 823	1 919 823	1 919 823	1 664 798	1 736 384
Non current liabilities												
Borrowing	1	590 065	-	-	-	-	-	599	599	599	615 438	641 902
Provisions	1	-	-	-	-	-	-	653 971	653 971	653 971	-	-
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		101 889	-	-	-	-	-	653 971	653 971	653 971	106 270	110 840
Total non current liabilities		691 954	-	-	-	-	-	1 308 540	1 308 540	1 308 540	721 708	752 742
TOTAL LIABILITIES		2 288 117	-	-	-	-	-	3 228 363	3 228 363	3 228 363	2 386 506	2 489 126
NET ASSETS	2	8 526 685	-	-	-	-	-	10 285 426	10 285 426	10 285 426	8 893 332	9 275 746
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		8 526 685	-	-	-	-	-	10 939 396	10 939 396	10 939 396	8 893 332	9 275 746
Funds and Reserves		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		8 526 685	-	-	-	-	-	10 939 396	10 939 396	10 939 396	8 893 332	9 275 746

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

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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.

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

Choose name from list - Table B7 Adjustments Budget Cash Flows - 2025/02/28												
Description	Ref	2024/25									Budget Year 2025/26	Budget Year 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		–	–	–	–	–	–	–	–	–	–	–
Service charges		10 759	–	–	–	–	–	–	–	10 759	–	–
Other revenue		145 613	–	–	–	–	–	86 995	86 995	232 608	124 954	135 648
Transfers and Subsidies - Operational	1	1 353 289	–	–	–	–	–	–	–	1 353 289	1 427 252	1 511 807
Transfers and Subsidies - Capital	1	575 141	–	–	–	–	–	(95 996)	(95 996)	479 145	554 435	605 140
Interest		18 000	–	–	–	–	–	–	–	18 000	37 656	19 694
Dividends		–	–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees		(1 286 003)	–	–	–	–	–	(206 938)	(206 938)	(1 492 941)	(1 433 971)	(1 647 599)
Finance charges		(30 734)	–	–	–	–	–	300	300	(30 434)	32 311	33 962
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		786 065	–	–	–	–	–	(215 639)	(215 639)	570 425	742 637	658 653
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–	–
Payments												
Capital assets		(510 808)	–	–	–	–	–	21 593	21 593	(489 215)	(114 211)	(29 419)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(510 808)	–	–	–	–	–	21 593	21 593	(489 215)	(114 211)	(29 419)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–	–
Payments												
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		275 257	–	–	–	–	–	(194 047)	(194 047)	81 210	628 426	629 233
Cash/cash equivalents at the year begin:	2	18 477	–	–	–	–	–	–	–	18 477	189 520	669 653
Cash/cash equivalents at the year end:	2	293 734	–	–	–	–	–	(194 047)	(194 047)	99 687	817 947	1 298 887

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

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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 2026 closes at a favourable balance.

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

Choose name from list - Table B8 Cash backed reserves/accumulated surplus reconciliation - 2025/02/28												
Description	Ref	2025/26									Budget Year 2026/27	Budget Year 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	175 570	-	-	-	0	-	325 154	325 154	325 154	180 981	188 652
Other current investments > 90 days		13 192	-	-	-	(0)	-	13 192	13 192	13 192	15 898	16 693
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		188 762	-	-	-	-	-	338 346	338 346	338 346	196 878	205 344
Applications of cash and investments												
Unspent conditional transfers		78 125	-	-	-	-	-	0	0	0	81 485	84 988
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		(84 583)	-	-	-	-	-	121 147	121 147	121 147	(88 221)	(92 014)
Other working capital requirements	2	1 120 716	-	-	-	-	-	(997 299)	(997 299)	123 416	1 199 585	1 248 411
Other provisions		10 358	-	-	-	-	-	-	-	-	10 803	11 268
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		1 124 615	-	-	-	-	-	(876 152)	(876 152)	244 563	1 203 652	1 252 653
Surplus(shortfall)		(935 853)	-	-	-	-	-	1 214 498	1 214 498	93 782	(1 006 773)	(1 047 309)

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.

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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 R582 million will be spend on new assets in the 2025/2026 financial year while an amount of R 45.9 million will be spend on upgrading of existing assets.

1.5.10 Explanatory notes to Table B10 - Basic Service Delivery Measurement

Choose name from list - Table B10 Basic service delivery measurement - 2025/02/28												
Description	Ref	2025/26									Budget Year 2026/27	Budget Year 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling												
Piped water inside yard (but not in dwelling)												
Using public tap (at least min.service level)	2											
Other water supply (at least min.service level)												
<i>Minimum Service Level and Above sub-total</i>	3											
Using public tap (< min.service level)												
Other water supply (< min.service level)	3,4											
No water supply												
<i>Below Minimum Service Level sub-total</i>												
Total number of households	5											
Sanitation/sewerage:												
Flush toilet (connected to sewerage)												
Flush toilet (with septic tank)												
Chemical toilet												
Pit toilet (ventilated)												
Other toilet provisions (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>												
Bucket toilet												
Other toilet provisions (< min.service level)												
No toilet provisions												
<i>Below Minimum Service Level sub-total</i>												
Total number of households	5											
Energy:												
Electricity (at least min. service level)												
Electricity - prepaid (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>												
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources												
<i>Below Minimum Service Level sub-total</i>												
Total number of households	5											
Refuse:												
Removed at least once a week (min.service)												
<i>Minimum Service Level and Above sub-total</i>												
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
<i>Below Minimum Service Level sub-total</i>												
Total number of households	5											
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)												
Sanitation (free minimum level service)												
Electricity/other energy (50kwh per household per month)												
Refuse (removed at least once a week)												
Informal Settlements												
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)												
Sanitation (free sanitation service to indigent households)												
Electricity/other energy (50kwh per indigent household per month)												
Refuse (removed once a week for indigent households)												
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)												
Total cost of FBS provided												
Highest level of free service provided												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)												
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)												
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	6											
Other												
Total revenue cost of subsidised services provided												

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 Adjustment Budget Process Overview

Budget and Treasury together with management considered the following when preparing the 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

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 adjustment budget.

2.4 Overview of budget related policies

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

2.5. Overview of adjustment budget assumptions

2.5.1. Collection rate for revenue services

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

2.5.2. Salaries

There was an increase on employees' related costs by **R35 million**. The budget increased from **R554 million** to **R589 million**, due to overtime and determination of upper limits for senior managers

Councillor Remuneration – The remuneration of councillors decreased from **R28 million** to **R24,9million**, due to management of travel and subsistence

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 100 per cent on the capital programme for the 2025/2026 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,

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- Department of Water and Sanitation Debt as well as
- Debts 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

Table 5. Conditional Grant Performance

The table below depicts the grants that the municipality will be received as per the DORA bill. The municipality is grant dependant. It is 99% dependent on grant in all the 2025/26 MTREF

MOPANI DISTRICT MUNICIPALITY											
2025/2026											
Dec-25											
	EQUITABLE SHARES	MIG	FMG	EXP PUBLIC WORKS	RURAL ROADS ASSETS MANAGEMENT GRANT	RBIG_SCHEDULE 6B	WSIG_SCHEDULE 6B	GLM PAYMENTS	VAT REFUND	SALE OF ASSETS	TOTAL
BUDGET	1 427 429 000.00	543 921 996.00	3 000 000.00	7 838 004.00	2 586 996.00	35 000 000.00	136 000 000.00	-	-		2 155 775 996.00
% RECEIVED	42%	51%	100%	70%	70%	0%	52%	#DIV/0!	#DIV/0!		
GRANT INCOME	594 762 000.00	278 910 000.00	3 000 000.00	5 487 000.00	1 811 000.00		70 941 397.57	1 279 851.59	76 180 167.79	2 581 970.50	1 034 953 387.45
Jul-25	594 762 000.00	140 964 000.00					15 902 761.66	-			751 628 761.66
Aug-25			3 000 000.00	1 960 000.00	1 811 000.00		23 348 084.25	391 897.22	25 845 519.95		56 356 501.42
Sept-25							7 191 277.55	536 352.10	18 589 554.04		26 317 183.69
Oct-25							12 142 180.92	351 602.27	14 994 814.99	2 581 970.50	30 070 568.68
Nov-25		137 946 000.00		3 527 000.00			12 357 093.19		16 750 278.81		170 580 372.00
Dec-25											-
Jan-26											-
Feb-26											-
Mar-26											-
Apr-26											-
May-26											-
Jun-26											-
TOTAL	594 762 000.00	278 910 000.00	3 000 000.00	5 487 000.00	1 811 000.00	-	70 941 397.57	1 279 851.59	76 180 167.79	2 581 970.50	1 034 953 387.45

2.8. Councillors and employee's benefits

The total salaries and Wages for the municipality including Councillors allowance for the 2025/26 financial year is **R614.4 million**.

2.9. Monthly targets for revenue, expenditure and cash flow

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grants received in the 2025/26 financial year is amounting to **R954 million** at mid-year.

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 total capital Expenditure has increased by **R18.6 million** from **R644 million** to **R663 million** due to correcting of the VAT portion of MIG projects, which was incorrectly calculated during the original budget, and the increase of **R8 million** for internally generated projects

The municipality has reprioritized projects that 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.

Municipal Systems Act

The municipality is compliance in this regard

Municipal Structures Act

The municipality is compliance in this regard

Treasury Regulations

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

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

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- Municipal Regulations on Minimum Competency Level
- Asset Transfer Regulations The municipality has transferred land fill side to Maruleng Municipality
- Municipal Budget and Reporting regulations

The municipality is using the correct format for the preparation of the Original budget and the adjustment budget. We also use the correct schedule when the monthly reports are submitted to Treasuries.

mSCOA

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

Green = correct (Phase 2), Yellow = Segment errors (Phase 2), Orange = Submitted with Error (Phase 1), Red = Outstanding, Blank = N/A
--

ADJB and PRAD: Not required to submit ADJB and PRAD if no adjustments are done, if ADJB submitted but not PRAD then PRAD shows as outstanding
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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 2024/25 Audit Report are resolved.

Basic Conditions of Employment Act

The municipality is complying with BCEA.

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 **Tshepo Jack Mogano**, Municipal Manager of Mopani District Municipality (DC 33), hereby certify that the 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 adjustment budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Tshepo Jack Mogano

Municipal Manager of Mopani District Municipality (DC 33)

Signature:

Date: 27 February 2026