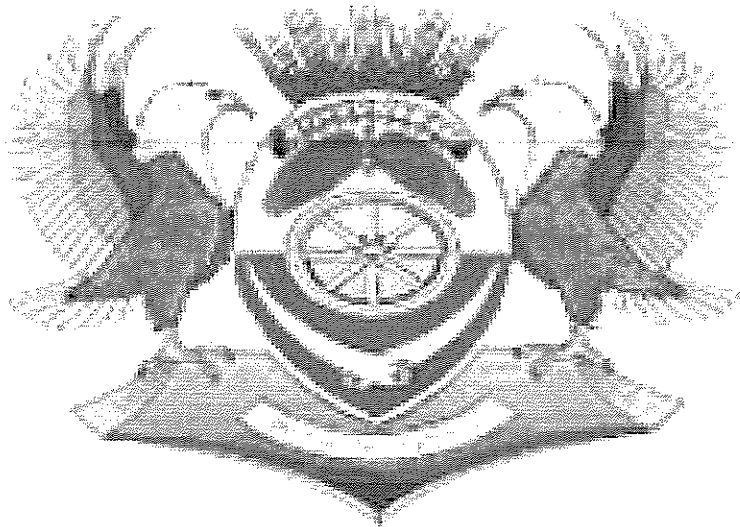




Mopani District
Municipality

ADJUSTMENT BUDGET 2019/2020 (15 June 2020)

“To be the food basket of Southern Africa and the tourism destination of choice”



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE B

SPECIAL ADJUSTMENT BUDGET AND
SUPPORTING DOCUMENTATION
MOPANI DISTRICT MUNICIPALITY

SPECIAL ADJUSTMENT BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2019/20

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the main office and sub-offices of all municipal buildings
 - All public libraries within the municipality
- At www.mopani.gov.za

Vision

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

1. TABLE OF CONTENTS

PART 1 – SPECIAL ADJUSTMENT BUDGET		Page No.
1.1	COUNCIL RESOLUTION	2
1.2	EXECUTIVE SUMMARY	7
1.2.1	SPECIAL BUDGET ADJUSTMENT OBJECTIVES	8
1.2.2	SPECIAL ADJUSTMENT BUDGET PROCESS	8
1.2.3	REVENUE	11
1.2.4	OVERALL EXPENDITURE	12
1.2.5	OPERATING REVENUE	12
1.3	OPERATING EXPENDITURE FRAMEWORK	15
1.4	KEY SPECIAL ADJUSTMENT TO ORIGINAL ESTIMATE FOR 2019/20	16
1.5	CAPITAL EXPENDITURE	21
1.6	ANNUAL BUDGET TABLES	26
PART 2 – SUPPORTING DOCUMENTATION		
2.1	OVERVIEW OF THE SPECIAL ADJUSTMENT PROCESS	53
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	54
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	54

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

2.4	OVERVIEW OF BUDGET RELATED-POLICIES	55
2.5	OVERVIEW OF BUDGET ASSUMPTIONS	55
2.6	OVERVIEW OF BUDGET FUNDING	57
2.7	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	58
2.8	COUNCILLOR AND EMPLOYEE BENEFITS	58
2.9	MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	59
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	60
2.11	CAPITAL EXPENDITURE DETAILS	60
2.12	LEGISLATION COMPLIANCE STATUS	61
2.13	OTHER SUPPORTING DOCUMENTS	69
2.14	MUNICIPAL MANAGER'S QUALITY CERTIFICATE	69

List of Tables

Table 1	Summary of revenue classified by main revenue source
Table 2a	Water and Sewer charges per local municipality
Table 2b	Interest on outstanding debtors per local municipality
Table 3	Summary of operating expenditure by standard classification item

The below tables will form part of the annexure attached

Table 4	MBRR Table B1 - Budget Summary
Table 5	MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)
Table 6	MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table 7	MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)
Table 8	MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source
Table 9	MBRR Table B6 - Budgeted Financial Position
Table 10	MBRR Table B7 - Budgeted Cash Flow Statement
Table 11	MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation
Table 12	MBRR Table B9 - Asset Management
Table 13	MBRR Table B10 - Basic Service Delivery Measurement
Table 14	MBRR Table SB 7 - Capital transfers and grant receipts
Table 15	MBRR Table SB 15 – Adjusted Budget cash flow statement
Table 16	MBRR SB 11 - Salaries, allowances and benefits (political office bearers/councilors/ senior Managers)
Table 17	MBRR B5 - Detailed capital budget per municipal vote

Abbreviations and Acronyms

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

Part 1 – Special Adjustment Budget

1.1 Council Resolutions

	SPECIAL ADJUSTMENT BUDGET FOR 2019-2020; 2020-2021 & 2021-2022
--	---

MOTIVATION

The special adjustment budget seeks to modify the 2019-20 budget to include allocations and spending on the Covid-19 response. Municipalities were also allowed to pass only one special adjustments budget between the date of the declaration of the national state of disaster and the 15 June 2020. In response to the impact of COVID-19, Mopani District Municipality, in line with circular 99 considered the reprioritisation of their funding allocations for the 2019/20 to allocate resources towards the fight of Covid-19.

BACKGROUND

On 15 March 2020, the President declared a national state of disaster in South Africa in terms of the Disaster Management Act, 2002, following the declaration of the global COVID-19 pandemic by the World Health Organisation. Government had to act swiftly to minimise the economic impact of the pandemic, this implies a redirection of resources.

As a result, the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) on 30 March 2020 to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster. Treasury further allowed municipalities to table the special adjustment budget by the 15 June 2020.

LEGAL REQUIREMENTS

As per MFMA Circular 99, Municipalities were allowed to pass only one special adjustments budget between the date of the declaration of the national state of disaster and 15 June 2020.

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

(1) A municipality may revise an approved annual budget through adjustments budget.

(2) An adjustments budget-

- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
- (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the council approved the annual budget for the current year;
- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework.

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by-

- (a) an explanation how the adjustments budget affects the annual budget;

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

- (b) a motivation of any material changes to the annual budget;
 - (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
 - (d) any other supporting documentation that may be prescribed.
- (6) Municipal tax and tariffs may not be increased during a financial year.
- [Subs. (6) substituted by s. 13 of Act 12/2007]
- (7) Sections 22(b), 23(3) and 24(3) apply in respect of adjustments budget, and in such application, a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

RECOMMENDATIONS

1. That Council takes note of the Special Adjustment Budget for 2019/20; 2020/21 and 2021/22.
2. That Council approves the Special Adjustment Budget as follows:

2.1. REVENUE

Description	Adjusted Budget 28 Feb 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
R billions					
Revenue By Source					
Service charges - water revenue	157 238 604	-	157 238 604	163 818 450	172 664 649
Service charges - sanitation revenue	30 400 164	-	30 400 164	32 291 652	34 035 397
Interest earned - external investments	13 000 000	-	13 000 000	9 486 000	9 998 244
Interest earned - outstanding debtors	38 791 007	-	38 791 007	40 885 722	43 093 550
Transfers and subsidies (operational)	925 159 000	2 384 000	927 543 000	1 003 249 000	1 092 066 832
Other revenue	3 940 000	-	3 940 000	12 643 999	13 326 776
Transfer and	496 633 000	-	496 633 000	795 535 000	852 726 000

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

subsidies (capital)					
Total Revenue	1 665 161 775	2 384 000	1 667 545 775	2 057 909 823	2 217 911 448

2.2. OPERATING EXPENDITURE

Description	Adjusted Budget 28 Feb 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
R billions					
Expenditure by type					
Employee related costs	391 716 874	(6 494 942)	385 221 932	463 522 621	495 490 684
Remuneration of councillors	14 011 205	(1 301 257)	15 312 462	15 924 960	16 561 959
Debt impairment	61 339 909	-	61 339 909	64 652 264	68 143 486
Depreciation & asset impairment	178 067 165	-	178 067 165	187 337 421	200 155 020
Finance charges	466 085	-	466 085	491 253	517 781
Bulk purchases	225 662 900	(40 000 000)	185 662 900	245 060 569	258 293 840
Other materials	94 266 407	38 025 009	132 291 416	98 607 408	82 139 228
Contracted services	95 320 500	12 369 840	107 690 340	70 138 957	73 376 462
Transfers and subsidies	-	-	-	-	-
Other expenditure	128 791 002	(6 241 041)	122 549 962	238 518 938	255 013 692
Loss on disposal of PPE	-	-	-	-	-
Total Expenditure	1 189 642 047	(1 039 877)	1 188 602 170	1 399 245 419	1 466 179 384

- That Council take note of the adjusted capital expenditure of **R 553 911 850** for the 2019/20; **R718 969 615** for the 2020/21 and **R648 290 358** for the 2021/22
- That Council takes note of surpluses of **R 164 438 829** for 2019/20; **R 191 684 474** for 2020/21 and **R164 856 800** for 2021/22 excluding non- cash items;

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

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 2019/20, 2020/21 and 2021/22 as detailed above;
7. That the IDP and SDBIP be amended subsequent to the approval of the special adjustment budget;
8. The Accounting Officer Submit the approved Special Adjustment budget to the National and Provincial Treasuries.
9. That, within ten (10) working days after the approval of the budget, the Directorate Budget and Treasury in accordance with section 21A of the Municipal Systems Act makes public the approved Adjustment budget and supporting documentation.

1.2 Executive Summary

On 15 March 2020, the President declared a national state of disaster in South Africa in terms of the Disaster Management Act, 2002, following the declaration of the global COVID-19 pandemic by the World Health Organisation. Government had to act swiftly to minimise the economic impact of the pandemic, this implies a redirection of resources.

In response to the impact of COVID-19, Mopani District Municipality in line with MFMA annexure to Circular 99 reprioritized of funding allocations for the 2019/20 particularly on the projects funded by the Municipal Infrastructure Grants. Improved water supply in communities will assist in ensuring compliance to precautionary measures and ultimately reduce the risk of communities contracting the Covid – 19 disease.

National Treasury also granted approvals that funds transferred to municipalities but not contractually committed can be reallocated to be used to respond to the COVID-19 pandemic. A further amount of **R2.384 million** was approved and transferred to the municipality in May 2020 from the Municipal Disaster Relief Grant to support the municipality with the costs of sanitisation, and increased provision of other municipal services. Government is also supporting municipalities to reallocate funds from other conditional grants that are projected to be underspent.

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

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

1.2.1 Special adjustment objectives

The special adjustment budget seeks to modify the 2019-20 budget to include allocations and spending on the Covid-19 response and to authorise the utilisation of projected savings in one vote towards spending under another vote.

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 2019/20 budget allocation'
- e) Procurement of emergency PPE in addressing issues related to Covid-19

This 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.

This special adjustment will be the second in the current financial year after the municipality was requested to rectify the adopted budget in November 2019. The municipality also tabled the adjusted budget after mid-year assessment in February 2020.

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

In order to find resources to fund the response to covid -19 pandemic, directorates identified programmes or activities that can be suspended without negatively impacting the longevity of such programmes.

These would typically be programmes or activities that have already been put on hold during the lockdown period, projects where implementation dates could be moved out to the next financial year or projects and spending activities that are not critical to the core service delivery requirements of the municipality.

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.

The following programmes/projects were impacted by the lockdown:-

No	Description	Budget	YTD Expenditure May 2020	Available May 2020
1.	Advertising Publicity and Marketing:Gifts and Promotional Items LED Marketing	450 000,00	4 500,00	445 500,00
2.	Computer Software:Acquisitions Upgrading Security System	100 000,00	-	100 000,00
3.	Cost:Acquisitions Gym equipment	80 000,00	-	80 000,00
4.	Cost:Acquisitions Office Generator	900 000,00	-	900 000,00
5.	Cost:Acquisitions Provision Of furniture	150 000,00	-	150 000,00
6.	Cost:Acquisitions Refurbishment Of specialised Fire Vehicle	700 000,00	-	700 000,00
7.	Cost:Acquisitions Specialised Vehicle	3 700 000,00	-	3 700 000,00
8.	Cost:Acquisitions Upgrading Fires Station	600 000,00	9 300,00	590 700,00
9.	Cost:Acquisitions Wi-fi Hotspot	300 000,00	-	300 000,00
10.	External Computer Service:Data Lines Data Cards	100 000,00	-	100 000,00
11.	External Computer Service: Network Extensions Computer Networking Cabling	850 000,00	-	850 000,00
12.	External Computer Service:Software Licences Computer software	900 000,00	333 858,77	566 141,23
13.	External Computer Service:Specialised Computer Service Information System security	50 000,00	-	50 000,00
14.	External Computer Service:System Development Disaster Management Application Development	1 050 000,00	-	1 050 000,00
15.	External Computer Service:System Development IDP_Dashboard Application	450 000,00	-	450 000,00
16.	External Computer Service:System Development Upgrading Of Communication Centre and GEMS3 Systems	850 000,00	-	850 000,00
17.	Operational Cost:Municipal Services 16 Days of activism	21 000,00	-	21 000,00
18.	Operational Cost:Municipal Services Aerial firefighting	200 000,00	-	200 000,00

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

	support			
19.	Operational Cost:Municipal Services Air Quality Monitoring Equipment	200 000,00	-	200 000,00
20.	Operational Cost:Municipal Services Bi-Laws	600 000,00	-	600 000,00
21.	Operational Cost:Municipal Services Children's Rights Day	50 000,00	-	50 000,00
22.	Operational Cost:Municipal Services Computer networking	1 350 000,00	6 793,05	1 343 206,95
23.	Operational Cost:Municipal Services Corporate GIS Establishment	950 000,00	8 730,00	941 270,00
24.	Operational Cost:Municipal Services Develop Export Market	450 000,00	-	450 000,00
25.	Operational Cost:Municipal Services Development Agro Processing Facilities	300 000,00		300 000,00
26.	Operational Cost:Municipal Services Development Of a District Fire Plan	500 000,00	-	500 000,00
27.	Operational Cost:Municipal Services Disaster Risk Research	400 000,00	-	400 000,00
28.	Operational Cost:Municipal Services District Art and Culture	100 000,00	-	100 000,00
29.	Operational Cost:Municipal Services District Sport Confederation	186 585,00	86 585,80	99 999,20
30.	Operational Cost:Municipal Services DRP Implementation	100 000,00	21 071,20	78 928,80
31.	Operational Cost:Municipal Services Elders day	50 000,00	-	50 000,00
32.	Operational Cost:Municipal Services Elders Dialog	50 000,00	-	50 000,00
33.	Operational Cost:Municipal Services Employee PMS	500 000,00	40 495,00	459 505,00
34.	Operational Cost:Municipal Services Employee wellness	350 000,00	39 533,65	310 466,35
35.	Operational Cost:Municipal Services Farmers Networking Session(Indaba)	150 000,00	2 250,00	147 750,00
36.	Operational Cost:Municipal Services Financial Assessment Of the SMME farms	50 000,00	-	50 000,00
37.	Operational Cost:Municipal Services Flea Market - Facilitate and Support Wholesale Market	200 000,00	-	200 000,00
38.	Operational Cost:Municipal Services Food Sampling & Analysis	300 000,00	-	300 000,00
39.	Operational Cost:Municipal Services GIS Awareness	950 000,00	-	950 000,00
40.	Operational Cost:Municipal Services Gravelotte Township Establishment(400Sites)	540 000,00	284 373,75	255 626,25
41.	Operational Cost:Municipal Services Identification Flood lines	1 000 000,00	-	1 000 000,00
42.	Operational Cost:Municipal Services Indigenous Games	175 825,00	75 822,50	100 002,50
43.	Operational Cost:Municipal Services "Institutional Capacity Building	150 000,00	-	150 000,00
44.	Operational Cost:Municipal Services Junior Dipapadi	50 000,00	-	50 000,00
45.	Operational Cost:Municipal Services Land Use and Land Development Management	350 000,00	4 600,00	345 400,00
46.	Operational Cost:Municipal Services LUS Development	996 000,00	-	996 000,00
47.	Operational Cost:Municipal Services Marula Festival	200 000,00	-	200 000,00
48.	Operational Cost:Municipal Services Men's Forum	50 000,00	-	50 000,00
49.	Operational Cost:Municipal Services Moshupatsela Turnaround Proposals	450 000,00	-	450 000,00
50.	Operational Cost:Municipal Services Partnerships- Coordinate Engagement Sessions of relevant stakeholders	350 000,00	28 626,87	321 373,13

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

51.	Operational Cost:Municipal Services Partnerships: Coodinante Of Youth Indaba in Partnership	150 000,00	-	150 000,00
52.	Operational Cost:Municipal Services Review LED Strategy	1 200 000,00	-	1 200 000,00
53.	Operational Cost:Municipal Services Review of Disaster Management plan	200 000,00	-	200 000,00
54.	Operational Cost:Municipal Services Skills Audit	200 000,00	46 211,60	153 788,40
55.	Operational Cost:Municipal Services Tourisms Indaba Show	400 000,00	-	400 000,00
56.	Operational Cost:Municipal Services Youth Advisory Council	10 000,00	-	10 000,00
57.	Operational Cost:Municipal Services Youth Council Assembly	200 000,00	-	200 000,00
58.	Operational Cost: Storage of Files (Archiving) Documents Management System	1 000 000,00	-	1 000 000,00
59.	Operational Cost: Uniform and Protective Clothing Rural Waste Management Projects-EPWP	3 292 000,00	572 227,28	2 719 772,72
60.	Operational Cost: National Corporate GIS Establishment	200 000,00	40 800,00	159 200,00
Total		30 401 410,00	1 605 779,47	28 795 630,53

The total savings of **R28.7million** from the above projected savings was re-allocated towards improved water provision specifically under the repairs and maintenance item, which ultimately assist in the fight against Covid- 19.

In addition, to note, capital projects that were reprioritized for Covid – 19 are detailed under the capital expenditure in this report.

1.2.3. Revenue

The total revenue including capital grants has been adjusted to **R1.667 billion** which includes the disaster relief fund of **R2.384** million received from National Treasury in May 2020. As at the end of May the municipality had received **100%** of its operating grants and recognised **47%** 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 **R1.742 billion** including capital grants from the adjusted budget of **R1.739 billion** an increase of **R3 million** resulting in a surplus of **R164.4 million** excluding non- cash items amounting to **R239.4 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 2019/2020 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	Adjusted Budget 28 Feb 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
R billions					
Revenue By Source					
Service charges - water revenue	157 238 604	-	157 238 604	163 818 450	172 664 649
Service charges - sanitation revenue	30 400 164	-	30 400 164	32 291 652	34 035 397
Interest earned - external investments	13 000 000	-	13 000 000	9 486 000	9 998 244
Interest earned - outstanding debtors	38 791 007	-	38 791 007	40 885 722	43 093 550
Transfers and subsidies (operational)	925 159 000	2 384 000	927 543 000	1 003 249 000	1 092 066 832
Other revenue	3 940 000	-	3 940 000	12 643 999	13 326 776
Total Revenue	1 168 528 775	2 384 000	1 170 912 775	1 262 374 823	1 365 185 448

The municipality has assessed the billings for Local Municipalities on water and sanitation transactions as at 30 April 2020. The total combined billings for the five local municipalities was standing at **R313 million** however, the actual year to date receipt was at **R101 million**. Given the Audited actual figure of **R223 million**, Budget and Treasury concluded that the figure under the current budget remains unadjusted. The audited actual figure on interest on investment and call accounts was at **R13.2 million**, therefore the amount as stated remain unadjusted.

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

Municipality R - billions	Budget year 2019/20			+ Budget Year Adjusted 2020/21	+ Budget Year Adjusted 2021/22
	ADJUSTED BUDGET 28 February 2020	Adjustment	Special Adjustment Budget		
Ba-Phalaborwa-Water	128 250 886	0	128 250 886	135 176 434	142 475 962
Ba-Phalaborwa-Sewerage	22 146 353	0	22 146 353	23 342 256	24 602 738
Greater Giyani- Water	16 716 167	0	16 716 167	17 618 840	18 570 257
Greater Giyani-Sewerage	2 976 281	0	2 976 281	3 137 000	3 306 398
Greater Letaba – Water	10 452 913	0	10 452 913	11 017 370	1 612 308
Greater Letaba – Sewerage	3 857 389	0	3 857 389	4 065 688	4 285 235
Greater Tzaneen – Water	29 806 761	0	29 806 761	31 416 326	33 112 808
Greater Tzaneen – Sewerage	7 138 016	0	7 138 016	7 523 469	7 939 736
Maruleng – Water	4 691 828	0	4 691 828	4 945 294	5 212 340
Maruleng-Sewerage	393 181	0	393 181	414 412	436 790
Total	226 429 775	0	226 429 775	238 657 089	251 544 572

Included in the R226.4 million is an amount of R38.5 million for Interest on outstanding debtors.

Table 2b- Interest on outstanding debtors per municipality

Municipality R - billions	Budget year 2019/20			+ Budget Year Adjusted 2020/21	+ Budget Year Adjusted 2021/22
	ADJUSTED BUDGET 28 February 2020	Adjustment	Special Adjustment Budget		
Ba-Phalaborwa-Water	19 480 041	-	19 480 041	20 531 963	21 640 689
Ba-Phalaborwa- Sewerage	3 826 708	-	3 826 708	4 033 351	4 251 152
Greater Giyani- Water	5 775 452	-	5 775 452	6 087 326	6'416'042
Greater Giyani- Sewerage	27 183	-	27 183	290 043	305 705
Greater Letaba – Water	3 460 466	-	3 460 466	3 647 331	3 844 287
Greater Letaba – Sewerage	422 401	-	422 401	445 211	469 252
Greater Tzaneen – Water	4 330 660	-	4 330 660	4 564 516	4 810 999
Greater Tzaneen – Sewerage	1 193 482	-	1 193 482	1 257 930	125 858
Maruleng – Water & Sewerage	26 614	-	26 614	28 051	29 566
TOTAL	38 543 007	-	38 543 007	40 885 722	41 893 550

1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/2020 budget and MTREF is informed by the following:

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

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

Table 4 Summary of operating expenditure by standard classification item

Description	Adjusted Budget 28 Feb 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
R billions					
Expenditure by type					
Employee related costs	391 716 874	(6 494 942)	385 221 932	463 522 621	495 490 684
Remuneration of councillors	14 011 205	(1 301 257)	15 312 462	15 924 960	16 561 959
Debt impairment	61 339 909	-	61 339 909	64 652 264	68 143 486
Depreciation & asset impairment	178 067 165	-	178 067 165	187 337 421	200 155 020
Finance charges	466 085	-	466 085	491 253	517 781
Bulk purchases	225 662 900	(40 000 000)	185 662 900	245 060 569	258 293 840
Other materials	94 266 407	38 025 009	132 291 416	98 607 408	82 139 228
Contracted services	95 320 500	12 369 840	107 690 340	70 138 957	73 376 462
Transfers and subsidies	-	-	-	-	-
Other expenditure	128 791 002	(6 241 041)	122 549 962	238 518 938	255 013 692
Loss on disposal of PPE	-	-	-	-	-
Total Expenditure	1 189 642 047	(1 039 877)	1 188 602 170	1 399 245 419	1 466 179 384

1.4 KEY ADJUSTMENTS TO THE ORIGINAL ESTIMATES FOR 2019/20

1.4.1 Total Operating Expenditure

In terms of the total operating expenditure, the municipality effected a downward adjustment from the adjustment budget of **R1.190 billion** to **R1.188 billion**, a total downward adjustment of **R2 million**.

1.4.2 Employee related costs

Employees related has decreased from **R391.7 million** to **R385.2 million**, a decrease of **R6.5 million**. This decrease was as a result of projected savings on the vacant positions.

1.4.3 Depreciation and Debt impairment

Depreciation and debt impairment remain unadjusted at **R178.1 million** and **R61.3 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 Repairs and Maintenance

Repairs and maintenance reflects a final adjusted figure of **R132.3 million** from **R94.3 million**. A total upward adjustment of **R38.1 million**.

The increase was due to high demand of water during the lockdown, which led to high purchases on chemicals, emergency repairs and purchasing of spares. The adjustments were catered through savings on votes.

1.4.5 Contracted services

Contracted Services has been increased from **R95.3 million** to **107.7 million**.

An additional **R12.4 million** was increased on this item. This was due to increase of **R8 million** on the fleet services contract for the lease of water services vehicles and IT expenses of **R8 million** which were under-budgeted, a decrease on legal expenses, Security services and sponsorship for mungana lonene amounting **R706 185**, **R2.1 million** and **R950 000** respectively.

1.4.6 Bulk Purchases

Bulk purchases was reduced from **R225.7 million** to **R185.6 million**. This was based on the projected savings from this line item when considering the remaining instalments for May and June for repayment of LNW and DWS account. This reduction will not affect water provision as the municipality has projected the estimated cost for purchasing bulk water for the remaining months i.e. May and June.

1.4.7 General Expenditure

General expenditure was reduced from **R128.7 million** to **R122.6 million**. The decrease of **R6.2 million** was in the main reclassification of stores and materials that was previously under general expenses and now is under repairs and maintenance.

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

Table 5: Special Adjusted budget per function.

Description	Adjusted Budget 28 Feb 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional					
Municipal governance and administration	248 011 353	8 359 465	256 370 818	253 919 262	266 566 950
Executive and council	95 278 950	2 534 450	97 813 400	79 288 089	84 410 723
Mayor and Council	49 965 215	3 102 240	53 067 455	46 750 637	50 037 450
Municipal Manager, Town Secretary and Chief Executive	45 313 735	(567 790)	44 745 945	32 537 452	34 373 273
Finance and administration	143 900 074	4 052 015	147 952 089	164 831 757	171 714 924
Administrative and Corporate Support	21 525 701	365 000	21 890 701	33 053 898	35 235 954
Asset Management	5 623 539	(140 000)	5 483 539	6 411 107	6 867 107
Finance	42 548 246	1 436 200	43 984 446	46 166 847	49 003 421
Human Resources	22 760 816	(4 320 000)	18 440 816	23 549 001	25 057 627
Information Technology	21 344 176	9 550 000	30 894 176	22 722 544	20 615 510
Legal Services	14 283 236	(731 185)	13 552 051	13 441 527	14 148 045
Marketing, Customer Relations, Publicity and Media Co-ordination	7 864 690	(1 768 000)	6 096 690	8 687 791	9 246 404
Supply Chain Management	7 949 670	(340 000)	7 609 670	10 799 042	11 540 856
Internal audit	8 832 329	1 773 000	10 605 329	9 799 416	10 441 303
Governance Function	8 832 329	1 773 000	10 605 329	9 799 416	10 441 303
Community and public safety	139 619 211	9 511 980	149 131 191	137 615 842	148 797 329
Community and social services	26 399 519	3 727 000	30 126 519	31 646 962	36 087 411

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

Agricultural	5 180 292	1 814 000	6 994 292	6 376 793	9 494 861
Disaster Management	21 219 227	1 913 000	23 132 227	25 270 169	26 592 550
Sport and recreation	2 705 858	(515 600)	2 190 258	2 827 660	3 047 051
Recreational Facilities	2 705 858	(515 600)	2 190 258	2 827 660	3 047 051
Public safety	75 872 357	5 420 580	81 292 937	60 308 301	64 751 409
Fire Fighting and Protection	75 872 357	5 420 580	81 292 937	60 308 301	64 751 409
Health	34 641 477	880 000	35 521 477	42 832 919	44 911 458
Health Services	34 641 477	880 000	35 521 477	42 832 919	44 911 458
Economic and environmental services	64 672 872	(8 750 526)	55 922 346	68 711 202	62 223 812
Planning and development	55 080 419	(6 095 526)	48 984 893	50 407 553	53 463 905
Corporate Wide Strategic Planning (IDPs, LEDS)	10 364 079	(3 183 701)	7 180 378	11 689 991	12 393 082
Development Facilitation	5 861 165	(300 925)	5 560 240	2 853 488	3 037 542
Economic Development/Planning	3 707 598	(828 000)	2 879 598	2 408 526	2 568 976
Regional Planning and Development	4 716 863	(1 632 900)	3 083 963	2 168 388	2 315 447
Town Planning, Building Regulations and Enforcement, and City Engineer	6 882 174	(150 000)	6 732 174	7 213 085	7 632 902
Project Management Unit	23 548 540	-	23 548 540	24 074 075	25 515 956
Road transport	9 592 453	(2 655 000)	6 937 453	18 303 649	8 759 907
Roads	9 592 453	(2 655 000)	6 937 453	18 303 649	8 759 907
Trading services	737 338 433	(10 161 062)	727 177 371	961 112 013	979 851 146
Energy sources	1 752 484	1 324 000	3 076 484	2 891 775	3 073 079
Electricity	1 752 484	1 324 000	3 076 484	2 891 775	3 073 079
Water management	715 318 818	(14 522 260)	700 796 558	922 206 204	938 536 118
Water Treatment	124 416 372	(13 070 364)	111 346 008	233 286 028	246 755 456
Water Distribution	590 902 446	(1 451 896)	589 450 550	688 920 176	691 780 662
Water Storage	-	-	-	-	-
Waste water management	20 267 131	3 037 198	23 304 329	36 014 034	38 241 949
Public Toilets	-	-	-	-	-
Sewerage	20 267 131	3 037 198	23 304 329	36 014 034	38 241 949
Total Expenditure -	1 189 641 869	(1 040 143)	1 188 601 726	1 421 358 319	1 457 439

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

Functional					237
-------------------	--	--	--	--	------------

Description	Adjusted Budget 28 Feb 2020	Total Adjusts.	Special Adjustment Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional					
Governance and administration	2 750 000	(518 400)	2 231 600	3 562 200	3 375 658
Finance and administration	2 750 000	(518 400)	2 231 600	3 562 200	3 375 658
Community and public safety	6 350 000	(6 249 989)	100 011	34 180 000	17 730 000
Community and social services	-	-	-	180 000	220 000
Public safety	6 350 000	(6 249 989)	100 011	34 000 000	17 510 000
Economic and environmental services	431 580 248	-	431 580 248	35 000 000	78 092 350
Planning and development	431 580 248	-	431 580 248	35 000 000	78 092 350
Trading services	107 999 991	12 000 000	119 999 991	646 227 415	549 092 350
Water management	107 999 991	12 000 000	119 999 991	646 227 415	549 092 350
Total Capital Expenditure - Functional	548 680 239	5 231 611	553 911 850	718 969 615	648 290 358

1.5 Capital expenditure

Capital expenditure has been adjusted upward from **R548.7 million** to **R553.9 million**. This is attributed to a reduction on the capital projects funded by equitable shares amounting to **R6.8 million** and an additional amount of **R12 million** allocated for drilling, refurbishment and equipping of boreholes as emergency intervention in the rural communities.

MIG expenditure, which constitute **83%** of capital expenditure, was at **47%** as at May 2020.

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 that will assist with immediate water supply to communities.

The following projects have been approved by coghsta for reprioritization:-

No	Municipality	Location	Project name	Project description	Total Projected Costs
1.	Mopani	Maruleng	Kampersrus Bulk Water Scheme & Scortia Reticulation	Connection and Medium Pressure line (0.5km)	2 300 000
2.	Mopani	Maruleng	Kampersrus Bulk Water Scheme & Scortia Reticulation	Upgrading of Pump station	6 500 000

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

3.	Mopani	Ba-Phalaborwa	Selwane Water PHS2	Repair and Upgrade Works@pumpstation	2 180 550
4.	Mopani	Ba-Phalaborwa	Selwane Water PHS2	Wiring, Earth Continuity Conductor, Small Power and Lighting	1 105 980
5.	Mopani	Ba-Phalaborwa	Lulekani water scheme: Drilling of 2 boreholes	Drilling 2 Boreholes	1 300 000
6.	Mopani	Ba-Phalaborwa	Lulekani water scheme: Drilling of 2 boreholes	Electrifying the 2 Boreholes	1 900 000
7.	Mopani	Ba-Phalaborwa	Lulekani water scheme: Construction of the Elevated Steel Tank	Construction of the Elevated Steel Tank	2 965 000
8.	Mopani	Greater Tzaneen	Ritavi water scheme	2 Pumps Refurbishment	1 411 006
9.	Mopani	Greater Tzaneen	Ritavi water scheme	Repair and Upgrade Works@pumpstation	1 493 014
10.	Mopani	Greater Tzaneen	Ritavi water scheme	Wiring, Earth Continuity Conductor, Small Power and Lighting	1 095 980
11.	Mopani	Greater Tzaneen	Thabina Reginald water Scheme	Electrifying 3 existing boreholes	2 850 000
12.	Mopani	Greater Tzaneen	Thabina Reginald water Scheme	Thabina RWS: Construction of Steel Tank 350 KL	2 500 000
13.	Mopani	Greater Tzaneen	Lephephane Bulk Water	Connecting the existing bulk line to old reservoirs	939 000
14.	Mopani	Greater Tzaneen	Lephephane Bulk Water	Medium Pressure Pipes (0.5km)	3 086 000

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

15	Mopani	Greater Tzaneen	Lephephane Bulk Water	Refurbishment of 2 Boreholes	1 080 000
16	Mopani	Greater Tzaneen	Tours water reticulation	Refurbishment of 4 Boreholes	2 160 000
17	Mopani	Greater Tzaneen	Tours water reticulation	Refurbishing 2 existing booster pump station	4 048 630
18	Mopani	Greater Tzaneen	Tours water reticulation	Tours water reticulation: 4km Medium Pressure Pipelines	4 706 370
19	Mopani	Greater Letaba	Sekgopo water supply	Drilling of 2 new Borehole	1 300 000
20	Mopani	Greater Letaba	Sekgopo water supply	Electrifying the 2 Boreholes	1 900 000
21	Mopani	Greater Letaba	Sekgopo water supply	Refurbishment of the a booster Pump station	2 300 000
22	Mopani	Greater Letaba	Modjadji water scheme	Modjadji water scheme: Connecting to the service reservoirs (2km)	6 000 000
23	Mopani	Greater Letaba	Modjadji water scheme	Drilling of 2 new Borehole	1 300 000
24	Mopani	Greater Letaba	Modjadji water scheme	Electrify 2 boreholes	1 900 000
25	Mopani	Greater Tzaneen	Nkambako Water Scheme	Drilling 2 New Boreholes	1 300 000

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

26	Mopani	Greater Tzaneen	Nkambako Water Scheme	Electrifying 2 New boreholes	1 900 000
27	Mopani	Greater Tzaneen	Nkambako Water Scheme	Refurbishment of booster pump station	1 600 000
28	Mopani	Greater Letaba	Sefofotse to Ditshosine Bulk Water Supply	Drilling 2 New Boreholes	1 300 000
29	Mopani	Greater Letaba	Sefofotse to Ditshosine Bulk Water Supply	Electrifying 2 New boreholes 1 existing	2 850 000
30	Mopani	Greater Letaba	Sefofotse to Ditshosine Bulk Water Supply	Connecting to the service reservoirs (2km)	6 500 000
31	Mopani	Maruleng	Maruleng LM Ground Water Augmentation	Drilling 2 boreholes & connect to reticulation	2 600 000
32	Mopani	Maruleng	Maruleng LM Ground Water Augmentation	Electrify 2 boreholes	1 900 000
33	Mopani	Maruleng	Maruleng LM Ground Water Augmentation	Refurbishment of reticulation	1 200 000
34	Mopani	Greater Letaba	Refurbish Kgapane Water treatment works	Borehole Repairs x3	1 620 000
35	Mopani	Greater Letaba	Refurbish Kgapane Water treatment works	Medium Pressure Pipelines	1 809 500
36	Mopani	Greater Letaba	Refurbish Kgapane Water treatment works	Connecting to the Reservoir	850 000
Total					83 751 030

Mopani District Municipality 2019/2020 Special Adjustment Budget and MTREF

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

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 - 15/06/2020		Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
Description	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	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H				
Financial Performance													
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	187 639	-	-	-	-	-	-	-	187 639	196 110	206 700		
Investment revenue	13 000	-	-	-	-	-	-	-	13 000	9 486	9 998		
Transfers recognised - operational	925 159	-	-	-	-	-	2 384	2 384	927 543	1 003 249	1 092 067		
Other own revenue	42 731	-	-	-	-	-	-	-	42 731	53 530	56 420		
Total Revenue (excluding capital transfers and contributions)	1 168 529	-	-	-	-	-	2 384	2 384	1 170 913	1 262 375	1 365 185		
Employee costs	391 717	-	-	-	-	-	(6 495)	(6 495)	385 222	463 523	495 491		
Remuneration of councillors	14 011	-	-	-	-	-	1 301	1 301	15 312	15 925	16 562		
Depreciation & asset impairment	178 067	-	-	-	-	-	-	-	178 067	187 337	200 155		
Finance charges	466	-	-	-	-	-	-	-	466	491	518		
Materials and bulk purchases	319 929	-	-	-	-	-	(1 975)	(1 975)	317 954	343 668	340 433		
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-		
Other expenditure	285 451	-	-	-	-	-	6 129	6 129	291 580	373 310	396 534		
Total Expenditure	1 189 642	-	-	-	-	-	(1 040)	(1 040)	1 188 602	1 384 254	1 449 692		

Surplus/(Deficit)	(21 113)	-	-	-	-	-	-	-	-	3 424	3 424	(17 689)	(121 880)	(84 507)
Transfers recognised - capital	496 633	-	-	-	-	-	-	-	-	-	-	496 633	795 535	852 726
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	475 520	-	-	-	-	-	-	-	-	3 424	3 424	478 944	673 655	768 219
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	475 520	-	-	-	-	-	-	-	-	3 424	3 424	478 944	673 655	768 219
Capital expenditure & funds sources														
Capital expenditure	548 680	-	-	-	-	-	-	-	-	5 232	5 232	553 912	718 970	648 290
Transfers recognised - capital	539 580	-	-	-	-	-	-	-	-	-	-	539 580	681 227	627 185
Borrowing	(0)	-	-	-	-	-	-	-	-	0	0	-	-	-
Internally generated funds	9 100	-	-	-	-	-	-	-	-	5 232	5 232	14 332	37 742	21 106
Total sources of capital funds	548 680	-	-	-	-	-	-	-	-	5 232	5 232	553 912	718 970	648 290
Financial position														
Total current assets	828 894	-	-	-	-	-	-	-	-	915 537	915 537	1 744 431	894 982	1 084 627
Total non current assets	5 605 415	-	-	-	-	-	-	-	-	-	-	5 605 415	5 336 718	5 624 900
Total current liabilities	1 140 510	-	-	-	-	-	-	-	-	-	-	1 140 510	1 071 448	1 133 954
Total non current liabilities	60 949	-	-	-	-	-	-	-	-	-	-	60 949	64 241	67 710
Community wealth/Equity	6 148 386	-	-	-	-	-	-	-	-	-	-	6 148 386	5 096 011	5 507 863
Cash flows														
Net cash from (used) operating	529 514	-	-	-	-	-	-	-	-	(21 182)	(21 182)	508 332	694 718	824 481
Net cash from (used) investing	(548 680)	-	-	-	-	-	-	-	-	(5 052)	(5 052)	(553 732)	(718 970)	(648 290)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	142 470	-	-	-	-	-	-	-	-	(26 234)	(26 234)	116 236	(43 418)	132 773
Cash backing/surplus reconciliation														
Cash and investments available	15 646	-	-	-	-	-	-	-	-	-	-	15 646	154 347	392 778
Application of cash and investments	898 568	-	-	-	-	-	-	-	-	200 945	200 945	1 099 513	832 275	910 169
Balance - surplus (shortfall)	(882 922)	-	-	-	-	-	-	-	-	(200 945)	(200 945)	(1 083 867)	(677 928)	(517 391)
Asset Management														
Asset register summary (WDV)	370 613	-	-	-	-	-	-	-	-	5 232	5 232	375 845	531 632	448 135
Depreciation & asset impairment	178 067	-	-	-	-	-	-	-	-	-	-	178 067	187 337	200 155

[illegible]

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

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

DC33 Mopani - Table B2 Adjustments Budget Financial Performance (functional classification) - B - 15/06/2020

Standard Classification Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget		
R thousand	1	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H			
Revenue - Functional													
<i>Municipal governance and administration</i>		1 438 732	-	-	-	-	-	2 384	2 384	1 441 116	1 820 855	1 968 055	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-
Mayor and Council		-	-	-	-	-	-	-	-	-	-	-	-
Municipal Manager, Town Secretary and Chief Executive		-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		1 438 732	-	-	-	-	-	2 384	2 384	1 441 116	1 820 855	1 968 055	
Administrative and Corporate Support		-	-	-	-	-	-	-	-	-	-	-	-
Asset Management		-	-	-	-	-	-	-	-	-	-	-	-
Finance		1 438 732	-	-	-	-	-	2 384	2 384	1 441 116	1 820 855	1 968 055	
Fleet Management		-	-	-	-	-	-	-	-	-	-	-	-
Valuation Service		-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-
Governance Function		-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	-
Sports Grounds and Stadiums		-	-	-	-	-	-	-	-	-	-	-	-
Trading services		226 430	-	-	-	-	-	-	-	226 430	237 055	249 856	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting and Signal Systems		-	-	-	-	-	-	-	-	-	-	-	-
Non-electric Energy		-	-	-	-	-	-	-	-	-	-	-	-
Water management		185 227	-	-	-	-	-	-	-	185 227	193 732	204 194	

30

Agricultural	5 180								1 814	1 814	6 994	6 377	9 495
Disaster Management	21 219								1 913	1 913	23 132	25 270	26 593
Zoo's	-								-	-	-	-	-
Sport and recreation	2 706	-	-	-	-	-	-	-	(516)	(516)	2 190	2 828	3 047
Recreational Facilities	2 706								(516)	(516)	2 190	2 828	3 047
Sports Grounds and Stadiums	-								-	-	-	-	-
Public safety	75 872	-	-	-	-	-	-	-	5 421	5 421	81 293	60 308	64 751
Fire Fighting and Protection	75 872								5 421	5 421	81 293	60 308	64 751
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-								-	-	-	-	-
Informal Settlements	-								-	-	-	-	-
Health	34 641	-	-	-	-	-	-	-	880	880	35 521	42 833	44 911
Ambulance	-								-	-	-	-	-
Health Services	34 641								880	880	35 521	42 833	44 911
Economic and environmental services	64 673	-	-	-	-	-	-	-	(8 751)	(8 751)	55 922	66 711	62 224
Planning and development	55 080	-	-	-	-	-	-	-	(6 096)	(6 096)	48 985	50 408	53 464
Billboards	-								-	-	-	-	-
Corporate Wide Strategic Planning (IDPs, LEDS)	10 364								(3 184)	(3 184)	7 180	11 690	12 393
Central City Improvement District	-								-	-	-	-	-
Development Facilitation	5 861								(301)	(301)	5 560	2 853	3 038
Economic Development/Planning	3 708								(828)	(828)	2 880	2 409	2 569
Regional Planning and Development	4 717								(1 633)	(1 633)	3 084	2 168	2 315
Town Planning, Building Regulations and Enforcement, and City Engineer	6 882								(150)	(150)	6 732	7 213	7 633
Project Management Unit	23 549								-	-	23 549	24 074	25 516
Provincial Planning	-								-	-	-	-	-
Support to Local Municipalities	-								-	-	-	-	-
Road transport	9 592	-	-	-	-	-	-	-	(2 655)	(2 655)	6 937	18 304	8 760
Public Transport	-								-	-	-	-	-
Road and Traffic Regulation	-								-	-	-	-	-
Roads	9 592								(2 655)	(2 655)	6 937	18 304	8 760
Taxi Ranks	-								-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	737 338	-	-	-	-	-	-	-	(10 161)	(10 161)	727 177	961 112	979 851

Energy sources	-	1 752	-	-	-	-	-	-	1 324	1 324	3 076	2 892	3 073
Electricity	-	1 752	-	-	-	-	-	-	1 324	1 324	3 076	2 892	3 073
Street Lighting and Signal Systems	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonelectric Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	-	715 319	-	-	-	-	-	-	(14 522)	(14 522)	700 797	922 206	938 536
Water Treatment	-	124 416	-	-	-	-	-	-	(13 070)	(13 070)	111 346	233 286	246 755
Water Distribution	-	590 902	-	-	-	-	-	-	(1 452)	(1 452)	589 451	688 920	691 781
Water Storage	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	20 267	-	-	-	-	-	-	3 037	3 037	23 304	36 014	38 242
Public Toilets	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage	-	20 267	-	-	-	-	-	-	3 037	3 037	23 304	36 014	38 242
Storm Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 189 642	-	-	-	-	-	-	(1 040)	(1 040)	1 188 602	1 421 358	1 457 439
Surplus/ (Deficit) for the year		475 520	-	-	-	-	-	-	3 424	3 424	478 944	636 552	760 472

Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

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

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

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

DC33 Mopani - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - B - 15/06/2020

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		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
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
Revenue by Vote	1												
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-	-	-
General Council		-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		1 438 732	-	-	-	-	-	2 384	2 384	1 441 116	1 820 855	1 968 055	1 968 055
3.1 - Budget & Treasury		1 438 732	-	-	-	-	-	2 384	2 384	1 441 116	1 820 855	1 968 055	1 968 055
Vote 12 - Water/Water Distribution		190 312	-	-	-	-	-	-	-	190 312	199 092	209 843	209 843
12.1 - Water Distribution		190 312	-	-	-	-	-	-	-	190 312	199 092	209 843	209 843
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		36 118	-	-	-	-	-	-	-	36 118	37 963	40 013	40 013
15.1 - Sewerage		36 118	-	-	-	-	-	-	-	36 118	37 963	40 013	40 013
Total Revenue by Vote	2	1 665 162	-	-	-	-	-	2 384	2 384	1 667 546	2 057 910	2 217 911	2 217 911
Expenditure by Vote	1												
Vote 1 - Executive and Council/Mayor & council		52 671	-	-	-	-	-	3 707	3 707	56 378	49 578	53 085	53 085
General Council		20 830	-	-	-	-	-	5 356	5 356	26 186	19 444	20 714	20 714
Office of the Executive Mayor		13 454	-	-	-	-	-	(1 387)	(1 387)	12 067	13 112	14 078	14 078
Office of the Speaker		13 056	-	-	-	-	-	945	945	14 001	12 081	13 029	13 029
Office of the Chief Whip		715	-	-	-	-	-	13	13	728	629	673	673
Disability Desk		1 201	-	-	-	-	-	(215)	(215)	987	1 237	1 319	1 319
Gender Desk		1 660	-	-	-	-	-	(1 007)	(1 007)	654	1 428	1 520	1 520

Youth Desk	1 754								517	517	517	2 271	1 648	1 752
Vote 2 - Executive & Council/Municipal Manager	-								(516)	(516)	(516)	(516)	-	-
2.1 - Municipal Manager	54 146								1 205	1 205	1 205	55 351	42 337	44 815
2.2 - Internal Audit	45 314								(568)	(568)	(568)	44 746	32 537	34 373
Vote 3 - Finance & Admin/Finance	8 832								1 773	1 773	1 773	10 605	9 799	10 441
3.1 - Budget & Treasury	56 121								1 436	1 436	1 436	57 558	63 377	67 411
Vote 4 - Corporate Services/HR	56 121								1 436	1 436	1 436	57 558	63 377	67 411
4.1 - Human Resources	22 761								(4 320)	(4 320)	(4 320)	18 441	23 549	25 058
Vote 5 - Finance & Admin/Other Admin	22 761								(4 320)	(4 320)	(4 320)	18 441	23 549	25 058
5.1 - Communication & Marketing	74 104								(2 684)	(2 684)	(2 684)	71 420	86 470	91 779
5.2 - Engineering Services	7 865								(1 768)	(1 768)	(1 768)	6 097	8 688	9 246
5.3 - Corporate Services	6 882								(150)	(150)	(150)	6 732	7 213	7 633
5.4 - Administration	3 144								230	230	230	3 374	2 773	2 956
5.5 - Legal Services	18 382								(265)	(265)	(265)	18 117	30 281	32 280
5.6 - Project Management Unit	14 283								(731)	(731)	(731)	13 552	13 442	14 148
Vote 6 - Planning & Development/Economic	23 549								-	-	-	23 549	24 074	25 516
6.1 - Planning & Development	24 650								(7 146)	(7 146)	(7 146)	17 504	19 120	20 315
6.2 - LED	14 286								(4 762)	(4 762)	(4 762)	9 524	7 430	7 922
6.3 - IDP	6 539								(2 295)	(2 295)	(2 295)	4 244	7 842	8 293
Vote 7 - Health/Other	3 825								(88)	(88)	(88)	3 737	3 848	4 100
7.1 - Health	34 641								880	880	880	35 521	42 833	44 911
Vote 8 - Community Services/Other Community	34 641								880	880	880	35 521	42 833	44 911
8.1 - Community Services	5 180								1 814	1 814	1 814	6 994	6 377	9 495
Vote 9 - Public Services/Fire	5 180								1 814	1 814	1 814	6 994	6 377	9 495
9.1 - Fire Services	75 872								5 421	5 421	5 421	81 293	60 308	64 751
Vote 10 - Public Safety/Other	75 872								5 421	5 421	5 421	81 293	60 308	64 751
10.1 - Disaster Management	21 219								1 913	1 913	1 913	23 132	25 270	26 593
Vote 11 - Roads Transport/Roads	21 219								1 913	1 913	1 913	23 132	25 270	26 593
11.1 - Roads Transport	9 592								(2 655)	(2 655)	(2 655)	6 937	18 304	8 760
	9 592								(2 655)	(2 655)	(2 655)	6 937	18 304	8 760

Vote 12 - Water/Water Distribution	715 319	-	-	-	-	-	(14 522)	700 797	928 659	945 412
12.1 - Water Distribution	715 319	-	-	-	-	-	(14 522)	700 797	928 659	945 412
Vote 13 - Electricity/Electricity Distribution	1 752	-	-	-	-	-	1 324	3 076	2 531	2 693
13.1 - Electricity	1 752	-	-	-	-	-	1 324	3 076	2 531	2 693
Vote 14 - Corporate Services/Information Technology	21 344	-	-	-	-	-	9 550	30 894	22 723	20 616
14.1 - Information Technology	21 344	-	-	-	-	-	9 550	30 894	22 723	20 616
Vote 15 - Waste Water Management/Sewerage	20 267	-	-	-	-	-	3 037	23 304	29 922	31 747
15.1 - Sewerage	20 267	-	-	-	-	-	3 037	23 304	29 922	31 747
Total Expenditure by Vote	2	1 189 642	-	-	-	-	(1 040)	1 188 602	1 421 358	1 457 439
Surplus/ (Deficit) for the year	2	475 520	-	-	-	-	3 424	478 944	636 552	760 472

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

DC33 Mopani - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 15/06/2020

Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		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	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
Revenue By Source													
Property rates	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	157 239	-	-	-	-	-	-	-	157 239	163 818	172 865	
Service charges - sanitation revenue	2	30 400	-	-	-	-	-	-	-	30 400	32 292	34 035	
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-								-	-	-	-
Interest earned - external investments		13 000								13 000	9 486	9 998	
Interest earned - outstanding debtors		38 791								38 791	40 886	43 094	
Dividends received		-								-	-	-	-
Fines, penalties and forfeits		-								-	-	-	-
Licences and permits		-								-	-	-	-
Agency services		-								-	-	-	-
Transfers and subsidies		925 159						2 384	2 384	927 543	1 003 249	1 092 067	
Other revenue	2	3 940	-	-	-	-	-	-	-	3 940	12 644	13 327	
Gains on disposal of PPE		-						-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 168 529	-	-	-	-	-	2 384	2 384	1 170 913	1 262 375	1 365 185	
Expenditure By Type													
Employee related costs	-	381 717	-	-	-	-	-	(6 495)	(6 495)	385 222	463 523	495 491	
Remuneration of councillors		14 011						1 301	1 301	15 312	15 925	16 562	
Debt impairment		61 340						-	-	61 340	64 652	68 143	
Depreciation & asset impairment		178 067						-	-	178 067	187 337	200 155	
Finance charges		466						-	-	466	491	518	
Bulk purchases		225 663						(40 000)	(40 000)	185 663	245 061	258 294	

Other materials	94 266	-	-	-	38 025	132 291	98 607	82 139
Contracted services	95 321	-	-	-	12 370	107 690	70 139	73 376
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	128 791	-	-	-	(6 241)	122 549	238 519	255 014
Loss on disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	1 189 642	-	-	-	(1 040)	1 188 602	1 384 254	1 449 692
Surplus/(Deficit)	(21 113)	-	-	-	3 424	(17 689)	(121 880)	(84 507)
Transfers and subsidies - capital (monetary allocations: (National / Provincial and District)	496 633	-	-	-	-	496 633	795 535	852 726
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	475 520	-	-	-	3 424	478 944	673 655	768 219
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	475 520	-	-	-	3 424	478 944	673 655	768 219
Attributable to minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	475 520	-	-	-	3 424	478 944	673 655	768 219
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	475 520	-	-	-	3 424	478 944	673 655	768 219

Total revenue excluding capital transfers is R1 170 912 775 in 2019/2020 and escalates to R1 262 374 823 and R1 365 185 448 by 2020/21 and 2021/2021 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 R927 543 000; R1 003 249 000 and R1 092 066 832 for the financial years 2019/2020, 2020/2021 and 2021/2022 respectively. The other revenue component is Service charges for water & sanitation amount to R226 429 876; R238 657 089 and R 251 544 572 for the financial years 2019/2020, 2020/2021 and 2021/2022 respectively.

The total operating expenditure is projected to be R1 188 602 170 in 2019/20, R 1 384 254 391 and R1 449 692 152 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 - B - 15/06/2020

Vote Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		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
[Insert departmental structure etc] R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
Capital expenditure - Municipal Vote													
Multi-year expenditure appropriation	2												
Capital multi-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditure - Municipal Vote	2												
Single-year expenditure appropriation													
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		200	-	-	-	-	-	-	-	200	-	-	-
3.1 - Budget & Treasury		200	-	-	-	-	-	-	-	200	-	-	-
Vote 5 - Finance & Admin/Other Admin		432 480	-	-	-	-	-	-	-	432 480	38 062	79 217	
5.4 - Administration		900	-	-	-	-	-	-	-	900	3 062	1 125	
5.5 - Legal Services		-	-	-	-	-	-	-	-	-	-	-	-
5.6 - Project Management Unit		431 580	-	-	-	-	-	-	-	431 580	35 000	78 092	
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		6 350	-	-	-	-	-	(6 250)	(6 250)	100	34 000	17 510	
9.1 - Fire Services		6 350	-	-	-	-	-	(6 250)	(6 250)	100	34 000	17 510	
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	180	220	
10.1 - Disaster Management		-	-	-	-	-	-	-	-	-	180	220	

Vote 12 - Water/Water Distribution	108 000	-	-	-	-	12 000	12 000	120 000	646 227	549 092
12.1 - Water Distribution	108 000	-	-	-	-	12 000	12 000	120 000	646 227	549 092
Vote 13 - Electricity/Electricity Distribution	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology	1 650	-	-	-	-	(518)	(518)	1 132	500	2 251
14.1 - Information Technology	1 650	-	-	-	-	(518)	(518)	1 132	500	2 251
Vote 15 - Waste Water Management/Sewerage	-	-	-	-	-	0	0	0	-	-
Capital single-year expenditure sub-total	548 680	-	-	-	-	5 232	5 232	553 912	718 970	648 290
Total Capital Expenditure	548 680	-	-	-	-	5 232	5 232	553 912	718 970	648 290

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 **R553.9 million** has been allocated.

1.6.6 Explanatory notes to Table B6 - Budgeted Financial Position

DC33 Mopani - Table B6 Adjustments Budget Financial Position - 15/06/2020

Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		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	3	4	5	6	7	8	9	10			
ASSETS			A1	B	C	D	E	F	G	H			
Current assets													
Cash		15 646								15 646	154 347		392 778
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	314 105	-	-	-	-	-	-	-	314 105	246 190		170 703
Other debtors		470 894						915 537	915 537	1 386 431	464 671		489 763
Current portion of long-term receivables		11 892						-	-	11 892	12 534		13 211
Inventory		16 357						-	-	16 357	17 241		18 172
Total current assets		828 894	-	-	-	-	-	915 537	915 537	1 744 431	894 982		1 084 527
Non current assets													
Property, plant and equipment	1	5 594 186	-	-	-	-	-	-	-	5 594 186	5 324 882		5 612 426
Biological		-						-	-	-	-		-
Intangible		10 775						-	-	10 775	11 356		11 970
Other non-current assets		454						-	-	454	479		505
Total non current assets		5 605 415	-	-	-	-	-	-	-	5 605 415	5 336 718		5 624 900
TOTAL ASSETS		6 434 308	-	-	-	-	-	915 537	915 537	7 349 846	6 231 700		6 709 527
LIABILITIES													
Current liabilities													
Bank overdraft		-						-	-	-	-		-
Borrowing		1 116	-	-	-	-	-	-	-	1 116	1 177		1 240
Consumer deposits		4 918						-	-	4 918	5 183		5 463
Trade and other payables		1 128 597	-	-	-	-	-	-	-	1 128 597	1 058 892		1 120 720
Provisions		5 879						-	-	5 879	6 196		6 531

Total current liabilities		1 140 510	-	-	-	-	-	-	1 140 510	1 071 448	1 133 954
Non current liabilities											
Borrowing	1	-	-	-	-	-	-	-	-	-	-
Provisions	1	60 949	-	-	-	-	-	-	60 949	64 241	67 710
Total non current liabilities		60 949	-	-	-	-	-	-	60 949	64 241	67 710
TOTAL LIABILITIES		1 201 460	-	-	-	-	-	-	1 201 460	1 135 689	1 201 664
NET ASSETS	2	5 232 849	-	-	-	-	915 537	915 537	6 148 386	5 096 011	5 507 863
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		6 148 386	-	-	-	-	-	-	6 148 386	5 096 011	5 507 863
Reserves		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		6 148 386	-	-	-	-	-	-	6 148 386	5 096 011	5 507 863

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 - 15/06/2020

Description	Ref	Budget Year 2019/20										Adjusted Budget	Adjusted Budget	Adjusted Budget
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget			
R thousands		A	3	4	5	6	7	8	9	10	H			
CASH FLOW FROM OPERATING ACTIVITIES			A1	B	C	D	E	F	G	H				
Receipts														
Property rates		-						-	-	-		-	-	-
Service charges		63 566						(63 566)	(63 566)	-		66 939	70 554	
Other revenue		3 940								3 940		12 644	13 327	
Government - operating	1	925 159						2 384	2 384	927 543		1 003 249	1 092 067	
Government - capital	1	496 633								496 633		795 535	852 726	
Interest		51 791								51 791		50 372	53 092	
Dividends		-												
Payments														
Suppliers and employees		(1 011 109)						40 000	40 000	(971 109)		(1 233 530)	(1 256 766)	
Finance charges		(466)								(466)		(491)	(518)	
Transfers and Grants	1	-												
NET CASH FROM/(USED) OPERATING ACTIVITIES		529 514	-	-	-	-	-	(21 182)	(21 182)	508 332		694 718	824 481	
CASH FLOWS FROM INVESTING ACTIVITIES														
Receipts														
Payments														
Capital assets		(548 680)						(5 052)	(5 052)	(553 732)		(718 970)	(648 290)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(548 680)	-	-	-	-	-	(5 052)	(5 052)	(553 732)		(718 970)	(648 290)	
CASH FLOWS FROM FINANCING ACTIVITIES														

[illegible]

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 2020 closes at a positive amount of **R 116 236 000**.

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

DC33 Mopani - Table B8 Cash backed reserves/accumulated surplus reconciliation - 15/06/2020

Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands													
<u>Cash and investments available</u>													
Cash/cash equivalents at the year end	1	142 470	-	-	-	-	-	(26 234)	(26 234)	116 236	(43 418)	132 773	
Other current investments > 90 days		(126 824)	-	-	-	-	-	26 234	26 234	(100 590)	197 765	260 005	
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		15 646	-	-	-	-	-	-	-	15 646	154 347	392 778	
<u>Applications of cash and investments</u>													
Unspent conditional transfers		69 851	-	-	-	-	-	-	-	69 851	-	-	-
Other working capital requirements	2	828 717	-	-	-	-	-	200 945	200 945	1 029 662	832 275	910 169	
Total Application of cash and investments:		898 568	-	-	-	-	-	200 945	200 945	1 099 513	832 275	910 169	
Surplus(s/shortfall)		(882 922)	-	-	-	-	-	(200 945)	(200 945)	(1 083 867)	(677 928)	(517 391)	

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 2019 was **R1'599'862'974** against a bank balance of **R 161'636'209**. In this regard, the municipality had a high amount of outstanding creditors against the bank balance. The bank balance as at 30 May 2020 including short-term deposits was at **R313 394 485**.

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.

1.6.9 Explanatory notes to Table B9 - Asset Management

DC33 Mopani - Table B9 Asset Management - 15/06/2020

DC33 Mopani - Table B9 Asset Management - 15/06/2020													
Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 7 A1	Accum. Funds 8 B	Multi-year capital 9 C	Unfore. Unavoid. 10 D	Nat. or Prov. Govt 11 E	Other Adjusts. 12 F	Total Adjusts. 13 G	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget	
R thousands													
CAPITAL EXPENDITURE													
Total New Assets to be adjusted	1	503 680	-	-	-	-	-	5 232	5 232	508 911	574 573	537 348	
Water Supply Infrastructure		394 345	-	-	-	-	-	12 000	12 000	406 345	488 942	413 500	
Sanitation Infrastructure		101 635	-	-	-	-	-	-	-	101 635	50 299	103 092	
Infrastructure		495 980	-	-	-	-	-	12 000	12 000	507 980	539 242	516 592	
Community Facilities		-	-	-	-	-	-	-	-	-	13 000	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		-	-	-	-	-	-	-	-	-	3 690	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets	6	-	-	-	-	-	-	-	-	-	3 690	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	
Computer Equipment		1 650	-	-	-	-	-	(1 068)	(1 068)	582	500	2 251	
Furniture and Office Equipment		350	-	-	-	-	-	-	-	350	1 062	1 415	
Machinery and Equipment		2 000	-	-	-	-	-	(2 000)	(2 000)	-	6 830	4 990	
Transport Assets		3 700	-	-	-	-	-	(3 700)	(3 700)	-	10 250	12 100	
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	23 100	44 092	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	23 100	44 092	
Infrastructure		-	-	-	-	-	-	-	-	-	23 100	44 092	
Total Upgrading of Existing Assets to be adjusted	2a	45 000	-	-	-	-	-	-	-	45 000	121 296	66 850	

Water Supply Infrastructure	43 600	-	-	-	-	-	-	-	-	43 600	80 196	36 500
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-	-	35 000	30 000
Infrastructure	43 600	-	-	-	-	-	-	-	-	43 600	115 196	66 500
Community Facilities	600	-	-	-	-	-	-	-	-	600	3 000	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	600	-	-	-	-	-	-	-	-	600	3 000	350
Licences and Rights	100	-	-	-	-	-	-	-	-	100	3 100	350
Intangible Assets	100	-	-	-	-	-	-	-	-	100	700	-
Transport Assets	700	-	-	-	-	-	-	-	-	700	-	-
Zoo's, Marine and Non-biological Animals	(0)	-	-	-	-	-	-	-	-	(0)	-	-
Total Capital Expenditure to be adjusted	4											
Water Supply Infrastructure	548 680	-	-	-	-	-	-	-	-	553 912	718 970	648 290
Sanitation Infrastructure	437 946	-	-	-	-	-	-	-	-	449 946	592 239	494 092
Infrastructure	101 635	-	-	-	-	-	-	-	-	101 635	85 299	133 092
Community Facilities	539 580	-	-	-	-	-	-	-	-	551 580	677 538	627 185
Sport and Recreation Facilities	600	-	-	-	-	-	-	-	-	600	16 000	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings	600	-	-	-	-	-	-	-	-	600	16 000	-
Housing	-	-	-	-	-	-	-	-	-	-	3 690	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights	100	-	-	-	-	-	-	-	-	-	3 690	-
Intangible Assets	100	-	-	-	-	-	-	-	-	100	3 100	350
Computer Equipment	1 650	-	-	-	-	-	-	-	-	100	3 100	350
Furniture and Office Equipment	350	-	-	-	-	-	-	-	-	582	500	2 251
Machinery and Equipment	2 000	-	-	-	-	-	-	-	-	350	1 062	1 415
Transport Assets	4 400	-	-	-	-	-	-	-	-	-	6 830	4 990
Land	-	-	-	-	-	-	-	-	-	700	10 250	12 100
Zoo's, Marine and Non-biological Animals	(0)	-	-	-	-	-	-	-	-	(0)	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4											
ASSET REGISTER SUMMARY - PPE (WDV)	5											
Water Supply Infrastructure	370 613	-	-	-	-	-	-	-	-	375 845	531 632	448 135
Sanitation Infrastructure	437 946	-	-	-	-	-	-	-	-	449 946	592 239	494 092
Infrastructure	101 635	-	-	-	-	-	-	-	-	101 635	85 299	133 092
Community Assets	539 580	-	-	-	-	-	-	-	-	551 580	677 538	627 185
Other Assets	600	-	-	-	-	-	-	-	-	232	13 000	-
	-	-	-	-	-	-	-	-	-	-	6 690	-

50

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

1.6.10 Explanatory notes to Table B10 - Basic Service Delivery Measurement

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

DC33 Mopani - Table B10 Basic service delivery measurement - 15/06/2020

Description	Ref	Budget Year 2019/20										Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 7 A1	Accum. Funds 8 B	Multi-year capital 9 C	Unfore. Unavoid. 10 D	Nat. or Prov. Govt 11 E	Other Adjusts. 12 F	Total Adjusts. 13 G	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget	Adjusted Budget
Household service targets	1												
Water:													
Piped water inside dwelling		49923	0	0	0	0	0	0	-	50	49923	49923	49923
Piped water inside yard (but not in dwelling)		99434	0	0	0	0	0	0	-	99	99434	99434	99434
Using public tap (at least min.service level)	2	0	0	0	0	0	0	0	-	-	0	0	0
Other water supply (at least min.service level)		33773	0	0	0	0	0	0	-	34	34	34	34
Minimum Service Level and Above sub-total		183	-	-	-	-	-	-	-	183	183	183	183
Using public tap (< min.service level)	3		0	0	0	0	0	0	-	-	-	-	-
Other water supply (< min.service level)	3,4	43935	0	0	0	0	0	0	-	44	43935	43935	43935
No water supply		0	0	0	0	0	0	0	-	-	0	0	0
Below Minimum Service Level sub-total		44	-	-	-	-	-	-	-	44	44	44	44
Total number of households	5	227	-	-	-	-	-	-	-	227	227	227	227
Sanitation/sewerage:													



Part 2 – Supporting Documentation

2.1 Overview of the special adjustment budget process

The municipality has adopted a revised budget on 11 November 2019 after National Treasury has given a directive for municipalities with unfunded budget an opportunity to rectify this situation through a special adjustment budget.

Subsequently, the accounting officer has assessed the performance of the municipality during the first half of the year in terms of section 72 of the MFMA taking into account;

- (i) The monthly statements referred to in section 71 for the first half of the financial year;
- (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the SDBIP;
- (iii) The past year's annual report and progress on resolving problems identified in the annual report; and

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

Adjustment of Budget Process Overview

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

- f) The revenue that will be earned and collected by the municipality;
- g) Any changes to the Division of Revenue Act that will impact on the municipality;
- h) Significant or capital items in the budget;
- i) Re-prioritization of capital spending on Covid-19 catered for in the current 2019/20 budget allocation'
- j) Procurement of emergency PPE in addressing issues related to Covid-19

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

2.2.Overview of alignment of annual budget with IDP

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

2.3. Measurable performance objectives and indicators

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

2.4. Overview of budget related-policies

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

2.5. Overview of adjustment budget assumptions

2.5.1. Collection rate for revenue services

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

2.5.2. Salaries

The Salaries and Wages item has increased from **R343.6 million** to **R346.2 million** and Social contribution reduced from **R65.2 million** to **R57.5 million**.

The increase on employee related costs was due to over-expenditure on the overtime item for fire and water services directorates. The reduction on social contribution was due to savings on pension and medical aid item on water services directorates, which had spent below **25%** as at April 2020.

Remuneration of councillors

Councillor Remuneration – An increase on councillors remuneration has been effected as the regulating gazette specifying the remuneration packages was issued in May 2020.

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 2019/2020 MTREF of which performance has been factored into the cash flow budget.

2.6. Overview budget funding

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

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

- Significant historic obligations in the form of legal obligations,
- Lepelle Northern Water debt,
- Department of Water and Sanitation Debt as well as
- Debts owed to local municipalities through the SLAs on water and sanitation provisioning.
- 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 2019/20 MTREF

Description	Budget	YTD receipt	YTD Spent April 2020	Unspent	% receipt
EQUITABLE SHARES	919 537 000	919 531 000	800 873 861.02	118 657 139	87
FMG	2 330 000	R2 330 000	1 635 900	694 100	70
RRAMS	2 338 000	R1 637 000	791 014	845 986	34
WSIG	40 000 000	40 000 000	12 707 892	27 292 108	32
MIG	454 295 000	454 295 000	194 614 296	259 680 704	43
EPWP	3 292 000	3 292 000	3 292 000	0	100
TOTAL	1 421 792 000	1 421 792 000	1 013 914 963	407 170 037	73

2.8. Councillors and employee's benefits

The total salaries and Wages for the municipality including Councillors allowance for the 2019/20 financial year is R400 534 394

2.9. Monthly targets for revenue, expenditure and cash flow

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework	Budget Year +1 2020/21	Budget Year +2 2021/22	
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Adjusted Budget	Adjusted Budget	Adjusted Budget
Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget				
R thousands																
Revenue by Vote																
Vote 1 - Executive and Council/Mayor & council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance	385 022	3 095	2 570	59 659	9 248	289 700	95 000	69 400	269 155	145 020	112 247	1 441 116	1 820 855	1 968 055		
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	-	-	-	-	-	-	-	-	20 443	16 000	13 000	140 869	190 312	199 092	209 843	
Vote 12 - Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity/Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	385 022	3 095	2 570	59 659	9 248	289 700	96 000	69 400	292 613	164 036	3 016	27 071	1 667 546	2 057 910	37 963	40 013
Expenditure by Vote																
Vote 1 - Executive and Council/Mayor & council	2 908	6 595	3 804	5 144	7 894	10 314	3 496	5 295	3 389	3 075	2 501	1 963	56 378	49 578	53 085	
Vote 2 - Executive & Council/Municipal Manager	844	6 869	3 066	3 657	6 950	5 427	2 933	6 315	4 420	4 000	624	10 248	55 351	42 337	44 815	
Vote 3 - Finance & Admin/Finance	6 469	3 687	3 313	3 690	6 005	5 676	3 333	4 927	4 800	2 500	1 580	11 577	57 558	63 377	67 411	

Vote 4 - Corporate Services/HR	969	1 760	1 071	1 224	304	3 249	1 220	2 244	5 365	259	315	463	18 441	23 549	25 058
Vote 5 - Finance & Admin/Other Admin	3 984	3 346	6 499	4 694	2 676	10 015	5 358	5 790	18 790	4 800	2 606	2 862	71 420	86 470	91 779
Vote 6 - Planning & Development/Economic	901	1 132	1 033	859	864	2 371	1 817	2 127	325	223	538	5 312	17 504	19 120	20 315
Vote 7 - Health/Other	2 332	2 498	3 592	2 174	243	4 073	2 120	2 796	10 400	120	1 280	3 894	35 521	42 833	44 911
Vote 8 - Community Services/Other Community	443	493	355	694	37	1 451	424	368	158	173	378	2 022	6 994	6 377	9 495
Vote 9 - Public Services/Fire	2 669	7 903	5 446	7 617	147	15 162	4 847	8 560	580	5 800	1 963	20 618	81 293	60 308	64 751
Vote 10 - Public Safety/Other	1 220	1 269	1 288	1 244	83	2 715	1 173	1 900	1 007	530	885	9 819	23 132	25 270	26 593
Vote 11 - Roads Transport/Roads	338	352	380	498	364	970	578	953	264	500	368	1 372	6 937	18 304	8 760
Vote 12 - Water/Water Distribution	11 475	26 516	12 175	12 848	69 548	89 381	61 119	44 534	43 256	60 138	24 468	245 339	700 797	928 659	945 412
Vote 13 - Electricity/Electricity Distribution	124	160	134	1 365	19	102	91	116	63	56	61	785	3 076	2 531	2 693
Vote 14 - Corporate Services/Information Technology	469	3 637	3 373	2 570	4 457	2 475	1 230	901	605	590	659	9 928	30 894	22 723	20 616
Vote 15 - Waste Water Management/Sewerage	-	-	-	24	3	21	1 277	1 193	6 566	4 366	3 000	6 856	23 304	29 922	31 747
Total Expenditure by Vote	35 146	66 217	45 528	48 302	99 594	153 402	91 015	88 019	99 967	87 130	41 225	333 055	1 188 602	1 421 358	1 457 439
Surplus/(Deficit)	349 876	(63 122)	(42 958)	11 356	(90 348)	136 298	4 985	(18 619)	192 646	76 906	(25 209)	(52 868)	478 944	636 552	760 472

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grants received in the 2019/20 financial year is amounting to R1 421 732 000.

2.10. Contract having future budgetary implications

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

2.11. Capital expenditure details

The capital expenditure has been adjusted upward from **R548.7 million** to **R553.9 million**. This is attributed to a reduction on the capital projects funded by Equitable shares amounting to **R6.8 million** and an additional amount of **R12 million** allocated for drilling, refurbishment and equipping of boreholes as emergency intervention in the rural communities.

MIG expenditure, which constitute **83%** of capital expenditure, was at **42%** as at April 2020.

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 act.

The following table depicts the activities that the municipality was not complied with in the previous financial year:

Category of Finding	Description of Finding	Root cause
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.
Employee Costs	Acting for more than 6 months	Lack of review and monitoring of compliance with laws and regulations.
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.
Employee Costs	<p>HR Issues:- Vacation leave entitlement of the following employees were incorrectly captured on the system.</p> <p>leave days that were taken by the employee as per the approved leave forms in the employee file</p> <p>employee was identified from the leave provision schedule with zero leave days and no movement.</p> <p>managers directly accountable to the municipal manager did not sign performance agreements</p>	<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 municipality without signing an employment contract.</p>
Operating expenditure	Budget votes not locked to prevent unauthorised expenditure	Lack of controls in place to ensure that each vote is locked when payment is made and no payment should be made from an unauthorised vote.
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.
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.
Procurement	Interest not declared (Employees in service of state)	Lack of control to ensure all councillors have declared interests
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.
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.
Procurement	Contract signed after the inception date	No control measures in place to ensure that all contracts that are awarded are

		reviewed and signed by both the winning bidder and the accounting officer before commencement of the contract
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.
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.
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
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.

Municipal Systems Act

The municipality is compliance in this regard

Municipal Structures Act

The municipality is compliance in this regard

Treasury Regulations

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

- Municipal investment Regulations

The municipality is complying with the regulation

- Municipal Public –Private Partnership Regulations

The municipality does not enter into Public-Private Partnership agreements

- Municipal Supply Chain Management Regulations

The municipality does not fully comply with the regulations

- Municipal Regulations on Debt Disclosure

- Municipal Regulations on Minimum Competency Level

STATUS OF THE MINIMUM COMPETENCY LEVELS FOR MOPANI									
		as at 06-Nov-2019							
Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirements Met	Compliance (consider Budget)	
Quiet	Kgatla	Accounting Officer	✓	X	✓	X	2	X	
Sekati	Mangena (acting)	Chief Financial Officer - Municipality	✓	✓	X	✓	3	X	
Jimmy	Mojela (acting)	Supply Chain Management Manager	✓	✓	✓	✓	4	✓	
Nthabiseng	Kgabi	Middle Manager: Finance	✓	✓	✓	✓	4	✓	
Ruth	Pootona	Middle Manager: Finance	✓	✓	✓	✓	4	✓	
Mpho	Mothibi (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓	
Andries	Makgoba (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓	

- Asset Transfer Regulations

The municipality has never transferred an asset

- Municipal Budget and Reporting regulations

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

mSCOA

The municipality to date is compliant with mSCOA requirements and set time frames.

MSCOA - Summary - Upload and Segment Validation

Green = correct (Phase 2), Yellow = Segment errors (Phase 2), Orange = Submitted with Error (Phase 1), Red = Outstanding, Blank = N/A													
ADJB and PRAD: Not required to submit ADJB and PRAD if no adjustments are done, if ADJB submitted but not PRAD then PRAD shows as outstanding													
Projected months on the budget forms are temporarily not validated on (Charges and Recoveries Balance) and (Trial Balance) errors													
				Financial, Year									
				2018	2019	2020							
SUBMISSION CODE													
				RAUD	PAUD	ORGB	PROR	ADJB	PRAD	M01	M02	M03	
Demarcation Description				Demarc Code		CAP							
Province : LIMPOPO (LP)													
Mopani				DC33		L							

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**, Acting 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: 15/6/2020