



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE A

2025/26 TO 2027/28

BUDGET AND SUPPORTING
DOCUMENTATION

MOPANI DISTRICT MUNICIPALITY

MTREF BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2025/26 TO 2027/28
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Vision

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

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Abbreviations and Acronyms

BC	Budget Committee	NKPIs	National Key Performance Indicators
CFO	Chief Financial Officer	PMS	Performance Management System
MM	Municipal Manager	PPE	Property Plant and Equipment
DBSA	Development Bank of South Africa	PPP	Public Private Partnership
DoRA	Division of Revenue Act	PSP	Public Service Purposes
FBS	Free basic services	PTIS	Public Transport Infrastructure System
FMG	Finance Management Grant		
GRAP	General Recognised Accounting Practice	SALGA	South African Local Government Association
IDP	Integrated Development Plan	SDBIP	Service Delivery Budget Implementation Plan
IT	Information Technology		
kℓ	kilolitre	SMME	Small Micro and Medium Enterprises
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area		
KPI	Key Performance Indicator	SCM	Supply Chain Management
kWh	kilowatt	SDBIP	Service Delivery Budget Implementation Plan
ℓ	litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development	VAT	Value Added Tax
MMC	Member of Mayoral Committee		
MBRR	Municipal Budget and Reporting Regulations	WCWDM	Water Conservation and Waste Demand Management
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		
MSA	Municipal Systems Act		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		
mSCOA	Municipal Standard Chartered of Account		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		

Speech will be delivered by His Worship, the Executive Mayor of Mopani District Municipality, Cllr. Pule Shayi during a Special Council Sitting on the occasion of approving the reviewed IDP and Budget for the 2025/26 financial year on the 30 of May 2025, MDM Council Chamber in Giyani.



Madam Speaker, Cllr. Martha Maswanganyi;

Whip of Council, Cllr. Magdalena Lewele;

Members of the Mayoral Committee;

Our royal leaders present here; Matswarathamaga, Maaparankwe, ba ka mafateng a matelele, Ba Ndabezitha va hina;

Kgoshigadi Sekgopo: Chairperson of the Local House

Kgoshigadi Raphahlelo: Executive representative of the local house to the Provincial House

Chair of chairs, Cllr. Sasavona Mathebula;

Chair of MPAC, Cllr. Samuel Mothomogolo;

All chairs of our Section 79 Committees;

The Regional Treasurer of the ANC, Cde Sydwell Mabunda

The Deputy Chair of Chairs of the Provincial Legislature Honorable Peter Ngobenj;

Leaders of opposition parties;

Ntate Tshepo Mogano, the MM and your team of senior managers;

Chair of the Audit Committee, Vho-Tshikovhi;

Fellow Councillors;

Members of the Public...Ba ka hina, Bageso

Ladies and gentlemen

It is indeed my singular honour and privilege to present to this august sitting on behalf of the people of Mopani, the budget for the MTREF period. This budget is grounded on the social compact made with our people in the context of the fifth democratic local government administration, having of course agreed with our people on a programme of building better communities together.

Madam Speaker In the welcome remarks has adequately represented us in her welcoming remarks as congratulated and sent condolences to bereaved families of notable south africans who contributed to the upliftment of our people.

This august special sitting of council is set on the backdrop of Africa Month celebration, and of course today is the penultimate day. We celebrate this Month under the theme: **"Building Africa we want through Solidarity, Equality and Sustainability."** And our celebration of Africa Month is also a demonstration of our commitment to the principles and goals set out in the AU Agenda 2063, which speaks to transformation of Africa into a prosperous, peaceful, and integrated continent.

Having said that, we are once again reminded of the words often used by the late former Secretary-General of the United Nations, Kofi Annan when he said: **"The world is not ours, the earth is not ours, it's a treasure we hold in trust for future generations."**

Fellow councillors

With barely 18 months remaining till the end of the term of the Fifth Council, we have to reflect on our commitments, and the journey transversed with our people thus far. Today, we acknowledge the resilience and collective efforts that have defined our journey thus far.

It has not been an easy journey, but working together as this generation of councillors we have already overcome what looked like insurmountable challenges, which tested our resolve and resilience. And while we acknowledge that the challenges that lie ahead are still many, we should nonetheless be buoyed and draw courage from the small victories, and the stories of hope that we have written together with our people.

Today, our people at Ndindani have water in their yards, their story is not different from our people at NwaKhuwani, it is also not different from our people at Mapayeni, Homu 14A and other communities where our people have felt the impact of your efforts around altering their living conditions.

And indeed, as we navigate the challenges of the current economic climate, it will be important that we remain fully focused on our core mandate, but also the commitments made to our people. In the main, we have committed to expand water infrastructure provision to our people. This is what must keep us awake at night. We must keep the fire burning.

As we move into the new financial year, we are also encouraged by the steady progress we have recorded around spending of grants, and the recent recognition by SALGA for spending 100% on MIG and RBIG is further proof of the sustained commitment by the Fifth Council. We are further encouraged by the progress made on the reduction of UIFWe, and that sets us on a path to achieve greater heights as this generation of councillors.

We agreed to undermine the five frowns and their intolerables through a pipeline of comforts which must respond to evolving nature of the living conditions of our people. The fiercest weapon in our hands to traverse such space is the budget which takes into account the inputs of our people including stakeholders. The extent to which we deliver depend on which frog we eat first in the morning.

Madam Speaker

Certainly, with our eyes fixed steadfastly on the task at hand, we are once again going to choose options that maximize service delivery than opulence. The budget we are presenting today is still unfunded, but affordable. And that of course is a disappointment for us, but collectively we should find solace looking at the progress made.

Maybe to help us understand and appreciate this progress, we have to go back five years ago and track your work as the Fifth Council. In the 2020/21 financial year, the budget was unfunded by **R2,4 billion**, in the 2021/22 financial year, we were at **R1,6 billion**. In 2022/23, the budget adopted by this council was unfunded by **R1,3 billion**. We were at **R705 million** in 2023/24 financial year, and **R787 million** in the previous financial year.

The draft budget was unfunded by **R866 million**, but this figure may be much lower after the final assessment by Treasury. We have not met our goal, but council has improved the unfunded budget position by **71%** since 2020/2021 financial year. The Fifth Council remain seized with the task of wrestling the remaining shortfall, which is **29%**.

And this of course, at the level of this council we know the difficulties around the historic commitments to both Lepelle Northern Water and the Department of Water and Sanitation. Treasury has assessed our budget trends to be on a positive trajectory, provided we continue to honour the repayment agreements, and to that extent we have set aside **R72 million** to reduce this historic debts with an additional **R48 million** to be put aside during the adjustment budget.

We of course also have the task of resolving disputes around the inter-municipal accounts, which is contributing to the unfunded status. And as part of our funding plan, we have to enter into repayments agreements with the local municipalities.

We also have to be deliberate in our efforts to withdraw the water service provider status in local municipalities where the service level agreements seems not to be assisting in serving best the interest of our people. And to that extent, we identified Ba-Phalaborwa Municipality as a pilot project.

Mark Twain says, I quote **“If it’s your job to eat a frog, it’s best to do it first thing in the morning. And if it’s your job to eat two frogs, it’s best to eat the biggest one first.”** We don’t have frogs to eat, but difficult and undesirable as it is, this is a task we must do if we are committed to the cause of financial viability and service delivery to our people.

Fellow councillors

Through the government of national unity, the 7th Administration has adopted three priorities that will guide government work between 2024 and 2029, which are to drive inclusive growth and job creation, to reduce poverty and tackle the high cost of living, and to build a capable, ethical and developmental state.

The three priorities are directly linked to our mandate as local government.

Of course, our everyday action is guided by our commitment to provide sustainable basic services to the 1,3 million people of Mopani as well as growing the district's economy.

Madam Speaker

This august sitting will be reminded that we have gone through a number of phases to arrive where we are today. The final determination by this council is informed by months of consultations with our people, through the IDP Rep Forum, and of course the public participation programme.

This sitting is of course in direct response to the legislative directive. Section 24 of the Municipal Finance Management Act provides that:

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3) (a)(i); and

- (c) must be approved together with the adoption of resolutions as may be necessary—
- (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.

Madam Speaker and your august sitting

Our plans as outlined in the reviewed IDP for the 2025/26 financial year will be implemented with a total budget of **Two billion-Seven Hundred and Twenty-Eight Million –Ninety-Nine Thousands –Nine Hundred and Forty-Four (R2 728 099 944).**

From this budget of **R2,7 billion**, an amount of **R1, 868 billion** which constitute 68% of the total budget is allocated for the operating budget. **R638** million is the capital budget, which constitute at least 23, 39% of the total revenue. At least 2,79% of this budget will go towards servicing of the historic debt we have with both Lepelle Northern Water and DWS.

And the breakdown of the **R2,1 billion** revenue from transfers and subsidies is as follows:

- **R1,4 billion** from Equitable Shares
- **R553 Million** from Municipal Infrastructure Grant (MIG)
- **R136 Million** from Water Services Infrastructure Grant (WSIG)
- **R7,8 Million** from EPWP
- **R3 Million** Financial Management Grant
- **R2,5 Million** from the Rural Roads Asset Management Grant

Other revenue will come from the following:

- Interest earned in investment
- Sale of tender documents
- EHS charges,
- Fire Services charges

We are projecting an amount of **R388 million** from the Water Revenue and **R70 million** from the Sanitation Revenue. The 2025/26 projections are based on the tariffs as approved by the District in consultation with the Locals. All municipalities' basic tariff has been increased by 5%.

Major components for the 2025/26 operating budget, include the Employee related costs total **R554 million**, which equates to 29,66% of the total operational budget. The 2025/26 cost of living increase as per the National Treasury MFMA Circular No. 130 (CPI 4.26% plus salary increase of 075%) was used when calculating the 2025/26 staff budget.

The Debt Impairment and Depreciation allocation of **R384 million**, which equates to 20, 5% of the total operational budget is influenced by the budgetary treatment as prescribed in the GRAP1 Accounting Standard.

Madam Speaker

We have set aside an amount of **R416 million** for Inventory Consumed, which is 22, 27% of the OPEX allocated for the purchase of bulk water from both Lepelle Northern Water and the Department of Water Affairs & Sanitation. It will also be used for the purchase of other materials, including for repairs and maintenance.

We have set aside at least **R324 million** for contracted services. This item includes the payments for security services, legal services, water tankers, consultants (financial and technical), remuneration of Audit Committee, aerial firefighting, water sampling analysis and other contractual commitments. And **R5 million** is set aside for operating leases.

Fellow councillors

Water infrastructure provision is the backbone of our work, and true to the commitment made to our people in 2021, we will continue to invest on water infrastructure provision. Sustained focus on water infrastructure is the defining feature of the Fifth Council.

Through our capital budget of **R638 million**, particularly from the MIG, WSIG and RBIG, we will be able to continue our work around water provision and addressing the sanitation backlog. We will continue the implementation of Lulekani Water Scheme Project (Benfarm) with a budget of **R43.7 million** in the next financial year.

We will be able to implement the Tours Water Reticulation project with the budget of **R19.6 million**. We will be able to continue with the work around the Ritavi 2 Water Scheme with a budget of **R72.9 million**.

The Kampersrus Bulk Water Scheme and Scotia Project is allocated an amount of **R21.4 million**. We will implement the Sekgosese Water Scheme with a budget of **R15.6 million**. Makhushane Water Scheme with a budget of **R66.6 million**, Lephephane Bulk Water with a budget of **R53.1 million**.

An amount of **R136 million** from the Water Infrastructure Services Grant will help us with the work around water reticulation as part of the Giyani Water project, while an amount of **R35 million** is set aside from RBIG for the Mametja-Sekororo Water Scheme Project.

And our work in ensuring that our people have water in the immediate should receive a massive boost with the budget of **R45 million** set aside, specifically for electrification of boreholes across the district. Perhaps, this represent a clear commitment, and also an opportunity for the Fifth Council to advance its efforts around ensuring that people in the district have access to potable water.

Madam Speaker

We have to try and move closer to 100% of coverage in terms of providing sanitation to our people in the district, key to our efforts around promoting public health. To the extent that we have set aside a substantial budget to continue with the Rural Household Sanitation Project.

We will, during the 2025/26 financial year be spending **R34, 3 million** to help our people with sanitation in the Greater Giyani Municipality. We have **R40 million** set aside for Greater Letaba Municipality. We have **R23,8 million** set aside for Maruleng Local Municipality. **R40 million** is set aside for Greater Tzaneen Municipality and **R30 million** for Ba-Phalaborwa Local Municipality. We plan to utilize the 10% from the MIG funding to upgrade and refurbish our wastewater treatment plants, focusing in the main on the following plants during the 2025/26 financial year:

- The Giyani Waste Water Treatment Works with a budget of **R6 million**.
- The Kgapane Waste Water Treatment Works with a budget of **R8 million**.
- The Lenyenye Waste Water Treatment Works with a budget of **R8 million**.
- The Lulekani Waste Water Treatment Works with a budget of **R9 million**.
- The Namakgale Waste Water Treatment Works with a budget of **R8 million**.
- The Nkowankowa Waste Water Treatment Works with the budget of **R8 million**.
- The Phalaborwa Waste Water Treatment Works with a budget of **R8 million**.

Madam Speaker

To support the work in the community services directorate, we have set aside at least **R20 million** for the purchase of specialized vehicles, and a further **R5 million** for the purchase of fire and rescue equipment – this we will do through internally generated funds.

At the level of council we adopted the climate change resilience strategy, and to support projects aligned to the strategy, we have set aside **R500 thousands**. We have set aside **R1,5 million** for the development of and maintenance of air quality station, and **R1 million** will go towards the development of environmental framework.

We remain committed to the goal of creating communities where our people can live, work and have access to economic opportunities. That is why we continue to contribute towards projects on township establishment. We will during the 2025/26

financial year be implementing the Maphalle township establishment project with a budget of **R700 thousands**, the Mamaila Kokobetona with **R700 thousands** as well as Meidingen 1 with a budget of **R700 thousands**.

To help contribute to efforts around youth economic development, we have set aside **R2 million** – this of course forms part of partnership agreement with the National Youth Development Agency. Through this contribution and the portion that will come from the NYDA, we will be able to provide support to deserving youth owned enterprises and cooperatives with Mopani District Municipality to fully participate in the economy.

R1.5million for house of traditional leadership

Honourable councillors

It is never an easy journey to arrive at this stage of the budget adoption. Therefore, we wish to thank everyone involved, from the Budget Steering Committee, the portfolio committees and everyone at the level of administration led by the Municipal Manager, Mr Mogano.

The budget we are presenting here today is for the people of Mopani. We have to jointly work together to ensure that every cent of this budget is accounted for, and spent only for betterment of the lives of our people.

Madam Speaker

We wish to express our profound gratitude to our communities that went all out to contribute to this budget. We further wish to extend our appreciation to this Fifth Council in leading the work that culminates in this final budget, and of course also appreciating the continued support.

This budget is not ours. It belongs to the **1,3 million** people of this district. And as we proceed with our work, the words of His Royal Highness, Ndabezitha Siyandhani should continue to echo through the corridors of our thoughts like whispers of wisdom.

All these millions of rands mean nothing if it doesn't translate to better service delivery on the ground, he said this on the occasion of the District IDP Rep Forum just a week ago.

We have to do this work with the highest sense of humility, discipline, transparency and accountability. Let us move forward, guided by our collective responsibility to change the lives of our people. We have to remain true to the commitments we made to our people in November 2021 – the focus should be on the task of working with our people to build better communities.

It is my singular honour to table the MTREF budget for 2025/26, 2026/27 and 2027/28, the reviewed Integrated Development Plan, and the budget related policies to the council of Mopani District Municipality for approval, this of course on behalf of the people of Mopani.

In all the ponds in the remaining 18 months, all the frogs, big or small must be eaten, starting with big ones for breakfast, in order to have frogless pond for the comfort of the people of Mopani.

Hi ku tirhisana hi ta swi kota ku aka minghanga yo antswa.

Na khensa...Kea leboga

Part 1 – MTREF Budget

1.1 Council Resolutions

		FINAL BUDGET FOR 2025-2026; 2026-2027 & 2027-2028
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REPORT FROM: FINANCE

MOTIVATION

The municipality is required to comply with the municipal finance management act in terms of the MTREF budget.

LEGAL REQUIREMENTS

In terms of Section 16 of the Municipal Finance Management Act provides states that:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial year

In terms of Section 24 of the Municipal Finance Management Act provides states that:

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

(2) An annual budget—

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

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

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

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

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

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

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

(v) approving any changes to the municipality's budget-related policies.

(3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

RECOMMENDATIONS

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

2.1. REVENUE

DESCRIPTION	Draft Budget 2025/26.	+1 Budget year Adjusted 2026/27.	+2 Budget year Adjusted 2027/28.
Interest on Call Account	20 000 000	21 000 000	22 050 000
Equitable Shares	1 427 429 000	1 517 993 000	1 586 656 000
EPWP	7 838 000		
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	543 922 000	593 377 400	622 684 000
Rural Roads Asset Management Grant	2 587 000	2 706 000	2 827 000

Water Services Infrastructure Grant	136 000 000		
RBIG	35 000 000		
Tender Documents	3 000 000	3 150 000	3 307 500
EHS charges	200 000	210 000	220 500
Fire Services Charges	300 000	315 000	330 750
Sub Total	2 179 275 997	2 241 751 404	2 425 075 740
Servises charges local municipalities including outstanding debtors from consumers	548 823 936	841 814 784	883 905 504
Grand Total	2 728 099 944	3 083 566 188	3 308 981 244

2.2. OPERATIONAL EXPENDITURE

DESCRIPTION	Draft Budget 2025/26.	+1 Budget year Adjusted 2026/27.	+2 Budget year Adjusted 2027/28.
Employee related cost	554 178 576	582 570 360	611 698 908
Finance Charges	31 955 968	33 553 766	35 231 454
Contracted Services	324 041 806	341 243 897	358 306 091
Debt impairment	68 494 658	71 919 391	75 515 361

Depreciation	316 193 568	332 003 232	348 603 420
Inventory consumed	416 841 470	437 683 543	459 567 722
Operational	122 994 913	125 182 824	136 940 496
Remuneration of Councillors	28 426 807	29 848 148	31 340 554
Operating leases	5 000 000	5 250 000	5 512 500
Total expenditure	1 868 102 629.00	1 959 255 192.00	2 062 716 816.00

3. That Council take note of budgeted capital expenditure of **R638 025 120** for 2025/26; **R602 759 460** for 2026/27 and **R712 047 444** for 2027/28;
4. That Council takes note surplus of **R311 173 368** for 2025/26; **R282 496 212** for 2026/27 and **R362 358 924** for 2027/28; Excluding service charges
5. That council takes note that the surplus is **NOT** cash backed but rather an accounting surplus calculated on an accrual basis of accounting;
6. That Council deliberates on the fin budget as detailed prepared in line with section 16 of the MFMA;
7. That Council approves the draft MTREF budget for 2025/26, 2026/27 and 2027/28 as detailed above for public participation;
8. The Accounting Officer Submit the approved draft MTREF budget to the National and Provincial Treasuries;

9. That, within ten 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 Draft budget and supporting documentation.

		BUDGET POLICIES & WATER SERVICES TARIFFS
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REPORT FROM: FINANCE

PURPOSE

Tabling of budget related policies and Water Services Tariffs before Council for approval before implementation in the 2025/26 financial year.

EXECUTIVE SUMMARY

In terms of the Municipal Budget Reporting Regulations, Reg. 7, the Accounting Officer must prepare or make reasonable steps to ensure preparation of the budget related policies of the municipality or any necessary amendments to such policies in accordance with the applicable legislation for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the MFMA.

ANNEXURE

- Final Budget Policies
 - Water Services Tariffs
-

POLICY

- Municipal Budget Reporting Regulations, Regulation 7;
 - Local Government Municipal Finance Management Act, Act No. 56 of 2003
-

LEGAL IMPLICATIONS

It is a requirement in terms of section 21(1)(a) of the Local Government Municipal Finance Management Act that the preparation of the annual budget for the ensuing financial year is accompanied by reviewed budget related policies.

FINANCIAL IMPLICATIONS

ORGANIZATIONAL AND HUMAN RESOURCE IMPLICATIONS

None.

COMMUNICATION IMPLICATIONS

Water Services Tariffs are to be implemented by the affected municipalities.

COMMENTS BY MANAGEMENT

Noted.

RECOMMENDATIONS

1. That Council takes note of the Draft Reviewed Budget Policies and the Water Services Tariffs presented for inputs;
2. That Council approves the Draft Reviewed Budget Policies and Water Services Tariffs as follows:
 - 2.1 Borrowing Policy;
 - 2.2 Cost Containment Policy
 - 2.3 Cash Management Policy

- 2.4 Payroll Policy
- 2.5 Tariff Policy
- 2.6 Funding and Reserves policy
- 2.7 Inventory Policy
- 2.8 Credit control and Debt collection policy
- 2.9 Budget policy
- 2.10 Indigent policy
- 2.11 Supply Chain Management Policy
- 2.12 Asset Management Policy
- 2.13 Expenditure Policy
- 2.14 Investment Policy
- 2.15 Virement Policy
- 2.16 Write-off policy
- 2.17 Fleet Management policy
- 2.18 Water Services Tariffs and other municipal Tariffs

3. That the Budget Policies and Water Services Tariffs are to be implemented in the 2025/26 financial year.

1.2 Executive Summary

This executive summary provides high-level understanding of the budget and is not aimed at detailing every line item in the budget. In the latter regard, reference should be made to the budget and supporting schedules as annexed hereto.

National Treasury requires municipalities to continue to explore appropriate ways of structuring the tariffs for services, to encourage more efficient use of these services, and to generate resources required for maintenance, renewal and expansion of infrastructure. They also encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect appropriate balance between the interest of poor households, other customers and ensuring the financial sustainability of the municipality.

The key focus of the municipality is to look after the people of Mopani District Municipality, especially the vulnerable, as the district municipality's population is rural. In order to achieve these key focus areas, it is the municipality's objective to be excellent in basic service delivery and mainstreaming basic service delivery to the rural communities.

The budget was made possible through consultation with the local community, the relevant government departments and the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed. The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process.

1.3.1 Addressing unfunded budget

The municipality has significant legacy commitments in the form of payables relating to Lepelle Northern Water and the Department of water and sanitation. Moreover, the municipality has pending litigations and claims that if unsuccessful will put the municipality under significant financial burden.

Not all this financial commitments are funded due to the municipality's main dependence on grants. It is for this reason that the budget of the municipality is not cash backed when taking into account the available reserves and the commitments as already indicated.

In addressing this, the municipality has put aside **R 72 000 000** to reduce historic debts for 2025/26 financial year, though the agreement for 2025/26 requires the municipality to pay **R120 000 000**, LNW **(R84 000 000)** and DWS **(R36 000 000)**. An additional **R48 000 000**, will be put aside during the adjustment budget.

With the above measures in place, the municipality will in the short term be able to meet its obligations and to pay its creditors as required

In addressing challenges in the running of water function, the municipality is in the process of implementing a project for take-over of the function, as the current arrangement entered through Water Service Provider agreements with local Municipalities is not working for both the District and Local municipalities. The municipality will pilot with Ba-Phalaborwa municipality

1.3.2 Public Participation on the tabled 2025/26 budget

Section 23 of the Municipal Finance Management Act (MFMA) stipulates that, upon budget tabling, input thereon be to be solicited via public participation process, which is to be considered for inclusion into the budget to be adopted.

The below table indicate the scheduled dates of public participation

Table 1: 2025/26 IDP/BUDGET/PMS PUBLIC PARTICIPATION SCHEDULE

DATE	MUNICIPALITY	Time	STAKEHOLDER S	VENUE
11 April 2025	MDM	10h00	PMT's & Exco's	Disaster Management Centre
11 April 2025	BPM	10H00	IDP & stakeholders community	Impala Sports Ground, Phalaborwa
14 April 2025	BPM	10H00	IDP & stakeholders community	Impala Sports Ground, Phalaborwa
15 April 2025	MDM	10h00	Traditional Leaders	Disaster Management Centre
16 April 2025	GTM	17h30	IDP & stakeholders community	Municipal Council Chamber
22 April 2025	GLM	10H00	IDP & stakeholders' community	S.R.D.A Community Hall
24 April 2025	GGM	14h00	IDP stakeholders & community	Thomo Community Hall
28 April 2025	GLM	10H00	IDP & stakeholders community	SASKO Community Hall

29 April 2025	GTM	10h00	IDP stakeholder & community	Lenyenye Community Hall
05 May 2025	GGM	16H00	IDP stakeholders & community	Giyani Golf course
08 May 2025	MLM	10h00	IDP stakeholders community	Metz Community Hall
13 May 2025	MLM	17h00	IDP stakeholders community	Hoedspruit Municipal Hall

The draft budget and IDP was also delivered to the local municipalities and the Thusong centres for public viewing .The comments were solicited via electronic-, social- and print media.

1.4 BUDGET PROCESS

The final budget process was guided by the council approved budget and IDP preparation timetable. The timetable was effectively adhered to.

1.4.1 MFMA Circular No 130

National Treasury issued Annexure to MFMA Circular 130 on 20 March 2025 to provide guidance when finalising the 2025/26 MTREF budget.

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF) and strives to support the budget preparation processes of municipalities so that the minimum requirements of the MBRR promulgated in 2009 are achieved.

Fund the Depreciation charges from operational funds such as service charges for electricity if assets are utilised for electricity purposes, service charges water for water management purposes, waste and wastewater management in the same manner and property rates for services like roads that is primarily funded from property rates unlike previously where a non-funding segment was used. The municipality has fund its depreciation from Service charges from Water and sanitation

When deprecation is funded, it will assist the municipalities to accumulate sufficient surpluses that must be transferred to cash backed reserves. Depreciation is the method to provide for the replacement of the assets. If depreciation remains a journal without the funds being ring-fenced, municipalities will not be in a financial position to fund future infrastructure assets

1.4.2 The South African economy and inflation targets

The following macro-economic forecasts were considered when preparing the 2025/26 MTREF municipal budgets.

Macroeconomic performance and projections

Table 2

	Actual	Estimate	Forecast	Forecast	Forecast
Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
CPI Inflation	6.0%	4.4%	4.3%	4.6%	4.3%

1.4.4 The South African economy and Inflation targets

GDP growth is expected to average 1.8 per cent from 2025 to 2027. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment

Headline inflation declined to 2.9 per cent in the fourth quarter of 2024, resulting in average inflation of 4.4 per cent for the year. Consumer inflation is projected to average 4.3 per cent in 2025 and 4.6 per cent in 2026. The VAT effect is seen mainly in core inflation, which, after averaging 4.3 per cent in 2024, is projected to rise to 4.6 per cent in 2026. Lower global crude oil prices are expected to support muted fuel price inflation.

Due to weaker economic growth and other economic factors puts added pressure on households, households will likely struggle to pay municipal accounts which will impact negatively on municipal own revenues. It is therefore noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections or for clear articulation of all the factors affecting the tariffs.

1.5 Key focus areas for the 2025/26 budget process

1.5.1 Local government conditional grants and additional allocations

- Over the 2025 MTEF, the local government equitable share and direct conditional grants amount to a total of R552.7 billion, made up of R332.4 billion in the local government equitable share, R52.9 billion in the general fuel levy sharing with metros and R167.4 billion in direct conditional grants. Direct transfers to local government grow in line with inflation, increasing at an annual average of 4.4 per cent over the MTEF, with the local government equitable share growing at a slightly higher rate (5.2 per cent).

1.5.2 Changes to the structure of local government allocations

- Government is working with municipalities to increase their revenue raising potential. The Municipal Fiscal Powers and Functions Amendment Bill will standardise the regulation of development charges. Development charges are the mechanism by which municipalities recover the capital costs of connecting new developments to infrastructure for water, roads, electricity and other services. The change could increase municipal revenues for capital spending;
- The Department of Energy will complete an electrification master plan to guide the future allocation of funds between Eskom, municipal, and non-grid components of the Integrated National Electrification Program;
- The Department of Transport will establish a national database for all road traffic and condition data to inform the prioritisation and monitoring of road maintenance across all roads.

1.5.3 Addressing unfunded budgets in local government

- Municipalities must ensure that their budgets are adequately funded and to table a funded budget;

- Municipalities must plan affordable expenditure and collect all the revenue owed to them. The municipality will be enforcing debt and credit control policy and by-laws to assist in recovering the money owed by consumers
- The Municipality have develop the budget funding plan

Budget assumptions and bases

- National Treasury Circular 130 guided the preparation of the draft budget.
- The municipality also prepared the 2025/26 budget using a combination of incremental and zero based budgeting approaches.
- The approaches were informed by the nature of items under budgeting consideration.
- Projects were budgeted using the zero based budgeting approach whilst operational costs were determined using an incremental approach due to historic trends.
- The municipality will enforce cost containment measures to be able to have surplus to service historic debt
- Budgeted water revenue is insufficient to sufficiently cover the expenses incurred by the water department. These budgeted deficits worsen over the medium term.
- The budgeted sanitation revenue are cost reflective over 2025/26 MTREF.
- The interest on investment is budgeted at R20 million for 2025/26 financial year from R18 million budget in the 2024/25 financial year, on the basis that the actual of Interest on Investment for month 09 was sitting at R22.9 million.
- Based on the audited outcomes for Depreciation in 2023/24 financial year of R299 million and the budget amount of R293 million in the 2023/24 financial year, the Depreciation is budgeted at R315 million for the 2025/26 financial year.
- Employee related costs has been increased by 5% with the assumption that the wage increase for 2025/26 financial year will not be more than average CPI 4.26% plus salary increase of 075%.
- Councillor remuneration is increased on the assumption of upper limits

- Contracted services are budgeted at R324 million due to high litigation register and security services, consideration was made on the audit outcome of 2023/24.
- Inventory Consumed (Repairs & Maintenance & Bulk Purchases) is budgeted at R416 million, this is informed by the high value of asset register and aging infrastructure which requires high maintenance, and high purchases of bulk water from Lepelle Northern Water including the historical debt owed to LNW and DWS.
- Budget prioritisation: Its positive to note that the largest portion of the operating expenditure budget is with regard to trading services (waste-water and water) in line with the core mandate of the municipality.
- Its positive to note that the largest portion of the capital budget is with regard to trading services (waste-water and water) in line with the core mandate of the municipality.
- Internal funding of Capital Budget: The allocation is reasonable

1.6 BUDGET RELATED POLICIES

Budget related policies

The following budget policies were also reviewed and considered when preparing the MTREF budget:-

- Budget policy
- Borrowing Policy;
- Cost Containment Policy
- Cash Management Policy
- Payroll Policy
- Tarriff Policy
- Funding and Reserves policy

- Inventory Policy
- Credit control and Debt collection policy
- Indigent policy
- Supply Chain Management Policy
- Asset Management Policy
- Expenditure Policy
- Investment Policy
- Virement Policy
- Write-off policy
- Fleet Management policy
- Water Services Tariffs and other municipal Tariffs

1.7 Budget Summary

The budgeted items include both operational and capital items as indicated in the summary of key items below:

Table 3

DESCRIPTION	Draft Budget 2025/26.
Employee Related Cost	554 178 576
Remuneration of Councillors	28 427 000
Inventory Consumed	416 841 000
Depreciation and amortisation	316 193 568
Debt Impairment	68 494 658
Interest Paid	31 956 000

Contracted Services	324 042 000
Operational Cost	122 994 913
Operating Lease	5 000 000
Capital Expenditure (Infrastructure and Other Assets)	638 025 120
Total expenditure	2 506 127 749

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

Total Budget

The total budget for the 2025/26 financial year is **R2.728 billion**, of which **R1.868 billion (68%)** is allocated to the operating budget, **R638 million (23.39%)** to the capital budget and **R 76 000 000(2.79%)** is budget toward servicing the historic debt of LNW and DWS.

1.8. Operating revenue

The municipality's main sources of Revenue are water and Sanitation as well as conditional and Unconditional grants. The municipality mainly relies on the grants from National Treasury since own Revenue has been decentralised to the local municipalities through the service level agreement. The key challenges lie in the compliance of the said agreements by both Local and District municipalities wherein collection function is the sole responsibility of the local municipalities.

The municipality is grant dependent with limited revenue collection streams. The poorly controlled decentralisation of revenue at local municipalities coupled with low margins on water and sanitation sales remain the main reason for the municipality to struggle with funding.

Below is a summary of main sources of revenue:

Table 4: Summary of revenue classified by main revenue source

Description	2025/26 Medium Term Revenue & Expenditure Framework		
	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue By Source			
Service charges - water revenue	388 360 000	602 814 840	632 955 552
Service charges - sanitation revenue	70 424 000	112 958 616	118 606 548

Interest earned - external investments	20 000 000	21 000 000	22 050 000
Interest earned - outstanding debtors	87 945 336	123 842 592	130 034 724
Transfers and subsidies	2 155 776 000	2 217 076 404	2 399 166 984
Other revenue	5 594 040	5 873 736	6 167 436
Total Revenue (including capital transfers and contributions)	2 728 099 944	3 083 566 188	3 308 981 244

Major components for 2025/26 include:

Service Charges – Water Revenue (**R361 million**) and Sanitation Revenue (**R97 million**) The 2025/26 projections are based on the tariffs as approved by the District in consultation with the Locals. On average all municipalities' basic tariff has been increased by **5%**.

Tariffs per local municipality

Individual service tariffs

Each local municipality determines their own water and sewer tariffs. Annexure attached.

The District municipality will in future determine a standard tariff for all Local Municipalities taking into considerations a balance of affordability and cost-reflectiveness to ensure that the service is sustainable and healthy payment levels are maintained. *(Refer to the detailed attached tariffs structures)*

Transfers and Subsidies (R2.155 billion; National- and Provincial allocations) for purposes of budget compilation, national allocations are based on the Division of Revenue Bill, Government Gazette No 45903 of 8 February 2025

Table 6– Grants and Subsidies

DESCRIPTION	Final Budget 2025/26.	+1 Budget year Adjusted 2026/27.	+2 Budget year Adjusted 2027/28.
Equitable Shares	1 427 429 000	1 517 993 000	1 586 656 000
EPWP	7 838 000		
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	543 922 000	593 377 400	622 684 000
Rural Roads Asset Management Grant	2 587 000	2 706 000	2 827 000
Water Services Infrastructure Grant	136 000 000		
RBIG	35 000 000	100 000 000	184 000 000
Grand Total	2 155 776 000	2 217 076 404	2 399 166 984

1.9 Operating Expenditure Framework

The Municipality's expenditure framework for the 2025/2026 budget and MTREF is informed by the following:

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

The below table depicts expenditure by Function

Table 7: Expenditure by Function

	2025/2026	2026/2027	2027/2028
Municipal governance and administration	527 034 805	550 437 547	577 928 533
Executive and council	240 065 433	250 143 703	262 650 880
Finance and administration	274 904 372	287 625 844	301 975 653
Internal audit	12 065 000	12 668 000	13 302 000
Community and public safety	192 214 612	200 550 339	216 257 863
Community and social services	29 900 086	30 120 088	37 306 100
Sport and recreation	1 453 956	1 526 652	1 602 984
Public safety	121 303 353	127 368 520	133 736 947
Health	39 557 217	41 535 079	43 611 832
Economic and environmental services	107 266 503	113 445 705	119 117 985
Planning and development	96 978 333	102 643 126	107 775 275
Road transport	10 288 170	10 802 579	11 342 710
Trading services	1 677 880 667	1 695 182 791	1 858 941 968
Energy sources	2 494 156	2 618 864	2 749 807
Water management	1 656 259 404	1 672 480 462	1 835 104 523
Waste water management	19 127 107	20 083 465	21 087 638
Total Expenditure – Functional	2 504 396 695	2 559 616 745	2 772 246 132

The following table is a high-level summary of the 2025/2026 draft budget and MTREF (classified per main type of operating expenditure):

Table 8 - Summary of operating expenditure by standard classification item

DESCRIPTION	Draft Budget 2025/26.	+1 Budget year Adjusted 2026/27.	+2 Budget year Adjusted 2027/28.
Employee related cost	554 178 576	582 570 360	611 698 908

Finance Charges	31 955 968	33 553 766	35 231 454
Contracted Services	324 041 806	341 243 897	358 306 091
Debt impairment	68 494 658	71 919 391	75 515 361
Depreciation	316 193 568	332 003 232	348 603 420
Inventory consumed	416 841 470	437 683 543	459 567 722
Operational	122 994 913	125 182 824	136 940 496
Remuneration of Councillors	28 426 807	29 848 148	31 340 554
Operating leases	5 000 000	5 250 000	5 512 500
Total expenditure	1 868 102 629.00	1 959 255 192.00	2 062 716 816.00

Major components for 2025/26 include:

Employee related costs total **R554 million**, which equates to **29.66%** of the total operational budget. The 2025/26 cost of living increase as per the National Treasury MFMA Circular No. 130(**CPI 4.26% plus salary increase of 075%.**) was used when calculating the 2025/26 staff budget.

The **Debt Impairment and Depreciation** allocation of **R384 million**, which equates to **20.5%** of the total operational budget is influenced by the budgetary treatment as prescribed in the GRAP1 Accounting Standard.

Inventory Consumed amount to **R416 million**, which is **22.27%** of the OPEX allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation and other materials /Repairs and Maintenance.

Contracted services of **R324 million**, which equates to **17.34%** of the operational expenditure. This item includes the payments for security services, Legal Services, Water tankers, consultants (financial and technical) and contactors for the repairs and maintenance of infrastructure. This expenditure is linked to contractual commitments

Bulk purchases amount to **R240 million**, which is **12.85%** of the OPEX allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation. This will be used to service the current accounts with the institutions.

Table 9-Contracted Services

Contracted Services	2025/2026	2026/2027	2027/2028
AFS Preparation	7,000,000.00	7,350,000.00	7,717,500.00
Application of Accreditation of water Quality testing lab	1,000,000.00	1,050,000.00	1,102,500.00
Areal Fire Fighting Support	900,000.00	945,000.00	992,250.00
Asset Management FMG	525,000.00	551,250.00	578,813.00
Audit Committee	2,500,000.00	2,625,000.00	2,756,250.00
Auditors Remuneration	15,119,996.00	15,875,996.00	16,669,796.00
Awarenes Campaign	50,000.00	52,500.00	55,125.00
Borehole electricfication	45,000,000.00	47,250,000.00	49,612,500.00
BPLM Year End 2023 Repairs & Maintenance	6,300,000.00	6,615,000.00	6,945,750.00

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Business and Advisory:Mscoa Budget Preparation	1,941,341.00	2,038,408.00	2,140,328.00
Computer networking	1,500,000.00	1,575,000.00	1,653,750.00
Contract Services: Asset Management	4,961,250.00	5,209,313.00	5,469,778.00
Contracted Services: Supply water (Water Tankers)	35,000,000.00	36,750,000.00	38,587,500.00
Contracted Services:Water Suply	1,000,000.00	1,050,000.00	1,102,500.00
Contracted servives SITA	2,500,000.00	2,625,000.00	2,756,250.00
Corporate GIS Establishment	2,624,996.00	2,756,246.00	2,894,058.00
District Aids Council Activities	250,000.00	262,500.00	275,625.00
District ward Committee Forum	100,000.00	105,000.00	110,250.00
Fire Awaness Campaigns	200,000.00	210,000.00	220,500.00
Food Hamper child headed family support	100,000.00	105,000.00	110,250.00
Food Sampling & Analysis	400,000.00	420,000.00	441,000.00
Health and Hygiene Awareness for sanitation	400,000.00	420,000.00	441,000.00
Labour Relation	36,000,000.00	37,800,000.00	39,690,000.00
Laptops	200,000.00	210,000.00	220,500.00
Mamaila Kolobetona Township Establishment	700,000.00	735,000.00	771,750.00
Maphalle Township Establishment			

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	700,000.00	735,000.00	771,750.00
Marula Festival	300,000.00	315,000.00	330,750.00
Medical Screening	100,000.00	105,000.00	110,250.00
Meidingen 1	700,000.00	735,000.00	771,750.00
MPAC	1,000,000.00	1,050,000.00	1,102,500.00
mSCOA Implementation	4,000,000.00	4,200,000.00	4,410,000.00
Operational Cost:Outsourcing of IT audits	600,000.00	630,000.00	661,500.00
PMU SUPPORT CONSULTANT	16,800,000.00	17,640,000.00	18,522,000.00
Public Participations Forum-Catering Service	1,000,000.00	1,050,000.00	1,102,500.00
Public Participations(imbizo)- Catering Service	2,000,000.00	2,100,000.00	2,205,000.00
Repairs And Maintenance: infrastructure	1,000,000.00	1,050,000.00	1,102,500.00
Repairs and Maintenance: Sewer Network	1,000,000.00	1,050,000.00	1,102,500.00
Repairs and Maintenance: Water Network	1,000,000.00	1,050,000.00	1,102,500.00
Repairs and Maintenance:Buildings	5,250,004.00	5,512,504.00	5,788,129.00
Repairs and Maintenance:Fire Extinguishers	300,000.00	315,000.00	330,750.00
Repairs and Maintenance:Server Room Service	200,000.00	210,000.00	220,500.00
Review LED Strategy	1,000,000.00	2,050,000.00	2,152,500.00

Security Services	120,000,000.00	126,000,000.00	132,300,000.00
SIU	314,219.00	329,930.00	346,426.00
Specialised Computer Service IFMS Support Services	105,000.00	110,250.00	115,763.00
Water Sampling Analysis	400,000.00	420,000.00	441,000.00
Grand Total	324,041,806.00	341,243,897.00	358,306,091.00

Table 10-General Expenditure

General expenditure constitute **6.5%** of the total operating budget at a total budget of **R122 million**. This item includes programmes and projects, which are not of capital nature funded by Equitable Shares. Also included in this is items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, licences, and advertising and essential user re-imbursive costs.

The table below shows the detailed items per department

General/Operational Cost	2025/2026	2026/2027	2027/2028
4IR – PPP	1,000,000.00	1,050,000.00	1,102,500.00
Advertising and Marketing	1,000,000.00	1,050,000.00	1,102,500.00
Annual report printing	400,000.00	420,000.00	441,000.00
Arrive Alive	100,000.00	105,000.00	110,250.00

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Awareness Campaign	200,000.00	210,000.00	220,500.00
Batho Pele Day	150,000.00	157,500.00	165,375.00
BPLM Employee Related Costs	29,434.00	30,906.00	32,451.00
Bulding Rental	2,000,000.00	2,100,000.00	2,205,000.00
Bursaries	524,996.00	551,246.00	578,808.00
Cellphones	83,668.00	87,851.00	92,244.00
Computerised PMS	3,000,000.00	3,150,000.00	3,307,500.00
Debt Impairment	1,391,972.00	1,461,571.00	1,534,649.00
Development of the waste water Risk abetment Plan	1,200,000.00	1,260,000.00	1,323,000.00
Disaster Recovery Plan DRP Review	1,000,000.00	1,050,000.00	1,102,500.00
Disaster Relief Support	1,000,000.00	1,050,000.00	1,102,500.00
District Disability Forum	50,000.00	52,500.00	55,125.00
District IGF	232,193.00	243,803.00	255,993.00
Electric records Management system	600,000.00	-	-
Employee wellness	350,000.00	367,500.00	385,875.00
EPWP - Borehole Operators	7,838,000.00	8,229,900.00	8,641,395.00
EPWP - Borehole Operators (291)			

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	7,838,000.00	8,229,900.00	8,641,395.00
Expenditure:Operational Cost:Travel and Subsistence:Domestic	315,000.00	330,750.00	347,288.00
Exploration of renewable energy source	200,000.00	210,000.00	220,500.00
Fire Awaness Campaigns	200,000.00	210,000.00	220,500.00
Fuel	11,252,441.00	11,815,063.00	12,405,816.00
Gender Forum	50,000.00	52,500.00	55,125.00
Innovation Innitiatives	1,000,000.00	1,050,000.00	1,102,500.00
Installation of Camers at high risk areas	700,000.00	735,000.00	771,750.00
Insurance Underwriting:Premiums	7,717,210.00	8,103,071.00	8,508,224.00
JE Task and Org.Plus Lisence	189,000.00	198,450.00	208,373.00
Licences : Vehicles	500,000.00	525,000.00	551,250.00
Local House of Traditional Leaders	1,500,000.00	1,050,000.00	1,102,500.00
Membership Fees	60,000.00	63,000.00	66,150.00
Municipal Services IDP Strategic Planning	1,259,996.00	1,322,996.00	1,389,146.00
Partneship with Community Radio Stations	500,000.00	525,000.00	551,250.00
Pest control	500,000.00	525,000.00	551,250.00
Protective Clothing	4,199,996.00	4,409,996.00	4,630,496.00

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Quarterly MDM News letter & Publications	200,000.00	210,000.00	220,500.00
Rand Show	400,000.00	420,000.00	441,000.00
Refurbish Disaster Management Centre	400,000.00	-	-
SALGA Levy	6,300,000.00	6,615,000.00	6,945,750.00
SANS Standards & Codes	210,004.00	220,504.00	231,529.00
Skill Audit	500,000.00	525,000.00	551,250.00
SKILLS	84,067.00	88,270.00	92,684.00
Skills Development Levy	1,822,937.00	1,914,084.00	2,009,788.00
Stores and Materials	1,334,467.00	1,401,190.00	1,471,250.00
Subsistence And Travelling	2,155.00	2,263.00	2,376.00
Subsistence & Travelling : Councillors	566,886.00	595,230.00	624,992.00
Subsistence & Travelling : Officials	18,235,139.00	19,146,895.00	20,104,237.00
Subsistence & Travelling: officials	5,468.00	5,741.00	6,028.00
Subsistence and Travelling	1,367,357.00	1,435,725.00	1,507,511.00
Telephone	6,000,000.00	6,300,000.00	6,615,000.00
Training for Councillors	1,000,000.00	1,050,000.00	1,102,500.00
Training for Employees			

	3,000,000.00	3,150,000.00	3,307,500.00
Trauma/debriefing counselling	230,996.00	242,546.00	254,673.00
Water & Electricity Consumption	12,000,000.00	12,600,000.00	13,230,000.00
Workman Compensation	2,200,000.00	2,310,000.00	2,425,500.00
Youth Advisory Council	200,000.00	210,000.00	220,500.00
Youth-NYDA partnership	2 000,000.00		
Development and Maintenance of Air Quality Station	1 500 000.00	999 996.00	1 200 000.00
Development of Environmental Framework	999 996.00	-	200 004.00
Environmental Awareness	-	300 000.00	300 000.00
Grreing Mopani and waste management	200 004.00	200 004.00	200 004.00
Implementation of climate change project	500 004.00	600 000.00	6 000 000.00
Grand Total	122 994 913.00	125 182 824.00	136 940 496.00

1.10 Capital Expenditure

The capital budget is earmarked for water and sanitation projects in line with the municipality's mandate. The budgeting is mainly informed by the projects determined through IDP consultations and in line with the available funding in the Division of Revenue bill.

Table 11 – Capital budget per Function (VAT inclusive)

R thousand	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital Expenditure – Functional			
Finance and Admin	2 000 000	1 050 000	1 102 500
Public safety	25 000 000	26 250 000	27 563 000
Water Services	687 325 099	650 468 730	761 990 966

Planning and Development	2 587 000	2 716 000	2 852 000
Information Technology	5 000 000	5 250 000	5 513 000
Total Capital Expenditure - Functional	721 912 096.00	685 734 730.00	799 021 466.00

Key projects

The key Capital projects for the municipality are in relation to basic services for water and sanitation infrastructure including maintenance thereof. Some of these projects are multi-year and thus budgeted as such. As already indicated above, the projects are budgeted using a zero based budgeting approach based on the National Treasury gazetted funds and approved technical reports from Department of Water and Sanitation.

Below is a list of budgeted key projects for water and sanitation:

Table 12 – List of capital projects (VAT Inclusive)

Capital Projects	2025/2026	2026/2027	2027/2028
Computer software	2,000,000.00	2,100,000.00	2,205,000.00
Computers	1,000,000.00	1,050,000.00	1,102,500.00
Furniture	1,000,000.00	1,050,000.00	1,102,500.00
Administration capital	1,000,000.00		
Lephephane Bulk Water	53,139,546.00	55,796,523.00	58,586,349.00
Lulekani water scheme (BenFarm)	43,727,504.00	45,913,879.00	48,209,573.00

Makhushane Water Scheme	66 619 874.00	52,500,000.00	55,125,000.00
Purchase of Fire and Rescue Equipment	5,000,000.00	5,250,000.00	5,512,500.00
Ritavi Water Scheme	72,924,811.00	76,571,052.00	80,399,604.00
RBIG Mametja Sekororo	34 999 997.00	99 999 996.00	183 999 996.00
Road Asset Management System	2,587,000.00	2,716,350.00	2,852,168.00
Rural Household Sanitation (Greater Giyani LM)	34 353 146.00	31,500,000.00	33,075,000.00
Rural Household Sanitation (Greater Letaba LM)	40 000 000.00	26,250,000.00	27,562,500.00
Rural Household Sanitation (Maruleng LM)	23,813,739.00	25,004,426.00	26,254,647.00
Rural Household Sanitation (BaPhalaborwa LM)	30 000 000.00	26,250,000.00	27,562,500.00
Rural Household Sanitation (Greater Tzaneen LM)	40 000 000.00	26,250,000.00	27,562,500.00
Sekgosese Water Sheme	15 632 745.00	63,000,000.00	66,150,000.00
Kampersus Bulk water scheme and Scotia	21 476 762.00		
Server	2,000,000.00	2,100,000.00	2,205,000.00
WSIG 6 B Giyani projects phase 2	136 000 000		
Specialised Vehicles	20,000,000.00	21,000,000.00	22,050,000.00
Tours Water Reticulation	19 636 972.00	121,432,500.00	127,504,125.00
Repairs and Maintenance - Giyani-WWTW	6 000 000.00		
Repairs and Maintenance - Kgapane-WWTW	8 000 000.00		
Repairs and Maintenance - Lenyenye-WWTW	8 000 000.00		

Repairs and Maintenance - Lulekani-WWTW	9 000 000.00		
Repairs and Maintenance - Namakgale-WWTW	8 000 000.00		
Repairs and Maintenance - Nkowankowa-WWTW	8 000 000.00		
Repairs and Maintenance - Phalaborwa-WWTW	8 000 000.00		
Grand Total	721 912 096.00	685 734 730.00	799 021 466.00

1.11 Annual Budget Tables – Mopani District Municipality

Ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2025/26 budget and MTREF as adopted by the Council.

1.11.1. Explanatory notes to MBRR Table A1 - Budget Summary

DC33 Mopani - Table A1 Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	230 877	266 263	219 753	306 839	365 726	365 726	365 726	458 785	715 773	751 562
Investment revenue	3 622	11 463	28 439	18 000	18 000	18 000	18 000	20 000	21 000	22 050
Transfer and subsidies - Operational	1 065 743	1 196 690	1 321 730	1 353 289	1 353 289	1 353 289	1 353 289	1 438 267	1 520 993	1 589 656
Other own revenue	81 383	116 280	127 210	75 416	78 696	78 696	78 696	93 539	129 716	136 202
Total Revenue (excluding capital transfers and contributions)	1 381 625	1 590 697	1 697 131	1 753 544	1 815 711	1 815 711	1 815 711	2 010 591	2 387 483	2 499 470
Employee costs	473 908	486 050	498 527	526 096	535 078	535 078	535 078	554 179	582 570	611 699
Remuneration of councillors	12 175	16 437	16 256	23 761	27 073	27 073	27 073	28 427	29 848	31 341
Depreciation and amortisation	234 334	255 771	321 688	300 018	300 318	300 318	300 318	316 194	332 003	348 603
Interest	52 436	50 877	73 831	30 734	30 434	30 434	30 434	31 956	33 554	35 231
Inventory consumed and bulk purchases	481 214	246 724	346 221	413 496	436 720	436 720	436 720	416 841	437 684	459 568
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–
Other expenditure	386 701	784 090	745 618	384 876	561 182	561 182	561 182	520 673	543 596	576 275
Total Expenditure	1 640 768	1 839 950	2 002 140	1 678 982	1 890 805	1 890 805	1 890 805	1 868 269	1 959 255	2 062 717
Surplus/(Deficit)	(259 143)	(249 253)	(305 009)	74 562	(75 094)	(75 094)	(75 094)	142 322	428 228	436 753
Transfers and subsidies - capital (monetary allocations)	443 293	748 333	1 026 347	575 141	(516 886)	(516 886)	489 161	717 509	696 083	809 511
Transfers and subsidies - capital (in-kind)	520	59	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	184 669	499 138	721 338	649 703	(591 980)	(591 980)	414 067	859 831	1 124 311	1 246 264
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	184 669	499 138	721 338	649 703	(591 980)	(591 980)	414 067	859 831	1 124 311	1 246 264
Capital expenditure & funds sources										
Capital expenditure	469 701	638 697	906 779	513 833	541 022	541 022	453 151	638 025	602 759	712 047
Transfers recognised - capital	397 045	555 160	786 486	478 354	496 863	496 863	425 582	605 525	569 209	676 670
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	124 261	78 333	120 294	35 478	44 159	44 159	27 569	32 500	33 550	35 378
Total sources of capital funds	521 306	633 493	906 779	513 833	541 022	541 022	453 151	638 025	602 759	712 047
Financial position										
Total current assets	2 082 904	2 497 087	452 568	1 208 586	(72 302)	(72 302)	771 699	767 104	1 083 067	1 135 245
Total non current assets	8 551 928	8 929 576	9 599 913	9 207 471	9 234 360	9 234 360	9 881 548	10 047 531	10 434 112	10 984 151
Total current liabilities	3 674 848	4 106 724	1 818 511	1 513 118	1 500 802	1 500 802	1 798 772	1 596 163	1 658 088	1 745 285
Total non current liabilities	(39 547)	1 229	193 483	85 143	85 143	85 143	67 994	691 954	723 092	755 631
Community wealth/Equity	7 002 611	7 368 643	8 040 049	8 817 796	7 576 113	7 576 113	8 786 482	8 526 518	9 135 999	9 618 479
Cash flows										
Net cash from (used) operating	999 441	1 258 803	1 302 871	921 230	(193 895)	(193 895)	(193 895)	975 350	1 006 683	1 133 079
Net cash from (used) investing	(553 689)	(607 644)	(440 590)	(510 808)	(540 807)	(540 807)	(540 807)	(673 459)	(639 787)	(750 742)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	577 358	678 709	880 759	428 899	(716 225)	(716 225)	(716 225)	153 162	520 057	902 393
Cash backing/surplus reconciliation										
Cash and investments available:	29 785	18 477	180 980	428 899	(658 682)	(658 682)	532 628	188 595	248 501	258 615
Total Application of cash and investments:	3 426 824	3 709 778	1 445 318	797 210	858 452	858 452	1 628 479	1 104 016	1 080 924	1 132 088
Balance - surplus (shortfall)	(3 397 039)	(3 691 301)	(1 264 339)	(368 311)	(1 517 134)	(1 517 134)	(1 095 852)	(915 421)	(832 423)	(873 474)
Asset management										
Asset register summary (WDV)	6 639 804	6 579 606	6 386 430	6 307 285	6 469 286	6 469 286	6 469 286	9 755 003	10 057 265	10 509 653
Depreciation	237 313	238 809	299 588	300 018	300 318	300 318	300 318	316 194	332 003	348 603
Renewal and Upgrading of Existing Assets	(11 380)	12 197	64 035	261	8 715	8 715	8 715	81 000	149 680	236 164
Repairs and Maintenance	110 615	57 156	89 145	103 400	119 644	119 644	119 644	74 784	77 473	81 347
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	951	951	951	951	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

1. Table A1 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.

1.11.2. Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC33 Mopani - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		1 099 860	1 267 787	1 321 728	1 948 530	1 376 669	1 376 669	1 461 767	1 545 668	1 615 565
Executive and council		0	0	28	—	—	—	—	—	—
Finance and administration		1 099 860	1 267 787	1 321 700	1 948 530	1 376 669	1 376 669	1 461 767	1 545 668	1 615 565
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		60	66	14	—	—	—	—	—	—
Community and social services		—	—	0	—	—	—	—	—	—
Sport and recreation		12	12	13	—	—	—	—	—	—
Public safety		0	—	1	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		48	54	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		116 349	22 547	26 239	—	2 476	2 476	2 587	2 706	2 827
Planning and development		116 349	22 547	26 239	—	2 476	2 476	2 587	2 706	2 827
Road transport		0	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		609 168	1 048 688	1 375 498	380 155	(80 320)	(80 320)	1 263 746	1 535 192	1 690 589
Energy sources		—	—	664	—	—	—	—	—	—
Water management		565 662	990 130	1 308 942	375 300	(144 062)	(144 062)	1 127 229	1 381 561	1 529 277
Waste water management		43 506	58 558	65 892	4 855	63 742	63 742	136 517	153 631	161 313
Waste management		—	—	—	—	—	—	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	1 825 437	2 339 088	2 723 478	2 328 685	1 298 825	1 298 825	2 728 100	3 083 566	3 308 981
Expenditure - Functional										
<i>Governance and administration</i>		418 687	400 168	463 036	389 342	492 567	492 567	523 702	546 343	573 629
Executive and council		109 543	140 069	151 812	121 810	192 808	192 808	195 474	202 623	212 754
Finance and administration		300 051	250 194	299 826	257 041	289 078	289 078	316 163	331 052	347 573
Internal audit		9 093	9 904	11 398	10 491	10 681	10 681	12 065	12 668	13 302
<i>Community and public safety</i>		137 231	138 594	145 500	163 549	168 476	168 476	165 715	173 300	187 495
Community and social services		24 948	23 445	30 506	28 065	29 040	29 040	28 400	29 120	36 106
Sport and recreation		1 186	1 465	1 455	1 148	1 398	1 398	1 454	1 527	1 603
Public safety		75 452	74 241	74 354	105 271	101 223	101 223	96 303	101 119	106 175
Housing		—	—	—	—	—	—	—	—	—
Health		35 645	39 442	39 185	29 065	36 815	36 815	39 557	41 535	43 612
<i>Economic and environmental services</i>		71 317	83 148	98 021	89 025	93 332	93 332	105 679	112 779	118 418
Planning and development		66 468	78 097	91 386	81 966	84 212	84 212	95 391	101 977	107 076
Road transport		4 849	5 051	6 634	7 059	9 119	9 119	10 288	10 803	11 343
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		1 013 533	1 218 040	1 295 584	1 037 066	1 136 430	1 136 430	1 073 174	1 126 832	1 183 174
Energy sources		1 209	1 951	1 708	2 458	2 408	2 408	2 494	2 619	2 750
Water management		962 235	1 188 626	1 257 265	991 794	1 096 917	1 096 917	1 043 080	1 095 234	1 149 996
Waste water management		50 088	27 463	36 611	42 814	37 105	37 105	27 599	28 979	30 428
Waste management		—	—	—	—	—	—	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	1 640 768	1 839 950	2 002 140	1 678 982	1 890 805	1 890 805	1 868 269	1 959 255	2 062 717
Surplus/(Deficit) for the year		184 669	499 138	721 338	649 703	(591 980)	(591 980)	859 831	1 124 311	1 246 264

Table A2 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.

1.11.3 Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC33 Mopani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 1 - Executive and Council/Mayor & council		12	12	41	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	0	0	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		1 099 013	1 266 168	1 321 397	1 948 530	1 376 669	1 376 669	1 461 767	1 545 668	1 615 565
Vote 4 - Corporate Services/HR		96	72	2	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		104 027	11 947	18 013	-	-	-	-	-	-
Vote 6 - Planning & Development/Economic		12 324	10 600	8 227	-	2 476	2 476	2 587	2 706	2 827
Vote 7 - Health/Other		48	54	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	0	-	-	-	-	-	-
Vote 9 - Public Services/Fire		0	-	1	-	-	-	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		0	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		565 662	990 130	1 308 942	375 300	(144 062)	(144 062)	1 127 229	1 381 561	1 529 277
Vote 13 - Electricity/Electricity Distribution		-	-	664	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		750	1 547	300	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		43 506	58 558	65 892	4 855	63 742	63 742	136 517	153 631	161 313
Total Revenue by Vote	2	1 825 437	2 339 088	2 723 478	2 328 685	1 298 825	1 298 825	2 728 100	3 083 566	3 308 981
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council/Mayor & council		39 145	47 405	42 545	67 584	61 890	61 890	62 824	63 340	66 507
Vote 2 - Executive & Council/Municipal Manager		80 677	104 034	122 120	65 864	142 997	142 997	146 169	153 477	161 151
Vote 3 - Finance & Admin/Finance		170 569	143 270	172 809	134 477	133 464	133 464	160 476	168 526	176 921
Vote 4 - Corporate Services/HR		25 600	21 777	21 508	33 626	32 326	32 326	35 923	37 720	39 606
Vote 5 - Finance & Admin/Other Admin		89 735	101 074	111 008	100 857	136 360	136 360	111 810	118 321	124 237
Vote 6 - Planning & Development/Economic		48 683	47 243	65 515	58 921	57 699	57 699	65 231	69 492	72 967
Vote 7 - Health/Other		35 645	39 442	39 185	29 065	36 815	36 815	39 557	41 535	43 612
Vote 8 - Community Services/Other Community		7 102	3 620	1 362	1 904	3 607	3 607	3 845	4 038	4 239
Vote 9 - Public Services/Fire		75 452	74 241	74 354	105 271	101 223	101 223	96 303	101 119	106 175
Vote 10 - Public Safety/Other		17 847	19 825	29 144	26 161	25 433	25 433	22 555	23 683	24 867
Vote 11 - Roads Transport/Roads		4 849	5 051	6 634	7 059	9 119	9 119	10 288	10 803	11 343
Vote 12 - Water/Water Distribution		962 250	1 189 011	1 257 265	991 794	1 096 917	1 096 917	1 043 080	1 095 234	1 149 996
Vote 13 - Electricity/Electricity Distribution		1 195	1 566	1 708	2 458	2 408	2 408	2 494	2 619	2 750
Vote 14 - Corporate Services/Information Technology		31 932	14 928	20 373	11 126	13 441	13 441	22 113	22 169	23 278
Vote 15 - Waste Water Management/Sewerage		50 088	27 463	36 611	42 814	37 105	37 105	27 599	28 979	30 428
Total Expenditure by Vote	2	1 640 768	1 839 950	2 002 140	1 678 982	1 890 805	1 890 805	1 850 269	1 941 055	2 038 077
Surplus/(Deficit) for the year	2	184 669	499 138	721 338	649 703	(591 980)	(591 980)	877 831	1 142 511	1 270 904

Table A3 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.

1.11.4 Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC33 Mopani - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	—	—	—	—	—	—	—	—	—	—
Service charges - Water	2	206 335	227 543	174 501	306 370	306 370	306 370	196 062	388 360	631 539	663 116
Service charges - Waste Water Management	2	24 542	38 721	45 253	469	59 356	59 356	28 347	70 424	84 235	88 446
Service charges - Waste Management	2	—	—	—	—	—	—	—	—	—	—
Sale of Goods and Rendering of Services		1 518	9 531	1 827	2 000	2 000	2 000	2 636	5 594	5 874	6 167
Agency services		—	—	—	—	—	—	—	—	—	—
Interest		—	—	—	—	—	—	—	—	—	—
Interest earned from Receivables		75 145	94 452	112 148	73 416	73 416	73 416	37 367	87 945	123 843	130 035
Interest earned from Current and Non Current Assets		3 622	11 463	28 439	18 000	18 000	18 000	25 799	20 000	21 000	22 050
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		—	—	—	—	—	—	—	—	—	—
Licence and permits		—	—	—	—	—	—	—	—	—	—
Special Rating Levies		—	—	—	—	—	—	—	—	—	—
Operational Revenue		3 345	4 646	13 300	—	—	—	1 884	—	—	—
Non-Exchange Revenue											
Property rates	2	—	—	—	—	—	—	—	—	—	—
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		—	—	—	—	—	—	—	—	—	—
Licences or permits		—	—	—	—	—	—	—	—	—	—
Transfer and subsidies - Operational		1 065 743	1 196 690	1 321 730	1 353 289	1 353 289	1 353 289	1 291 493	1 438 267	1 520 993	1 589 656
Interest		—	—	—	—	—	—	—	—	—	—
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	—	—	—	—	—	—	—	—
Gains on disposal of Assets		—	—	—	—	3 280	3 280	—	—	—	—
Other Gains		1 375	7 651	(65)	—	—	—	—	—	—	—
Discontinued Operations		—	—	—	—	—	—	2 694	—	—	—
Total Revenue (excluding capital transfers and cont		1 381 625	1 590 697	1 697 131	1 753 544	1 815 711	1 815 711	1 586 281	2 010 591	2 387 483	2 499 470
Expenditure											
Employee related costs	2	473 908	486 050	498 527	526 096	535 078	535 078	387 079	554 179	582 570	611 699
Remuneration of councillors		12 175	16 437	16 256	23 761	27 073	27 073	15 605	28 427	29 848	31 341
Bulk purchases - electricity	2	—	—	—	—	—	—	—	—	—	—
Inventory consumed	8	481 214	246 724	346 221	413 496	436 720	436 720	319 367	416 841	437 684	459 568
Debt impairment	3	(40 501)	342 254	297 636	65 251	65 251	65 251	—	68 495	71 919	75 515
Depreciation and amortisation		234 334	255 771	321 688	300 018	300 318	300 318	171 516	316 194	332 003	348 603
Interest		52 436	50 877	73 831	30 734	30 434	30 434	102	31 956	33 554	35 231
Contracted services		220 930	216 470	268 570	194 359	369 927	369 927	347 294	324 017	341 244	358 306
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—
Irrecoverable debts written off		47 332	7 443	(225)	—	—	—	—	—	—	—
Operational costs		158 940	217 923	179 638	124 406	125 144	125 144	87 909	128 162	130 433	142 453
Losses on disposal of Assets		—	—	—	—	—	—	—	—	—	—
Other Losses		—	—	—	860	860	860	—	—	—	—
Total Expenditure		1 640 768	1 839 950	2 002 140	1 678 982	1 890 805	1 890 805	1 328 871	1 868 269	1 959 255	2 062 717
Surplus/(Deficit)		(259 143)	(249 253)	(305 009)	74 562	(75 094)	(75 094)	257 410	142 322	428 228	436 753
Transfers and subsidies - capital (monetary allocations)	6	443 293	748 333	1 026 347	575 141	(516 886)	(516 886)	489 161	717 509	696 083	809 511
Transfers and subsidies - capital (in-kind)	6	520	59	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		184 669	499 138	721 338	649 703	(591 980)	(591 980)	746 571	859 831	1 124 311	1 246 264
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		184 669	499 138	721 338	649 703	(591 980)	(591 980)	746 571	859 831	1 124 311	1 246 264
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		184 669	499 138	721 338	649 703	(591 980)	(591 980)	746 571	859 831	1 124 311	1 246 264
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	184 669	499 138	721 338	649 703	(591 980)	(591 980)	746 571	859 831	1 124 311	1 246 264

Total revenue excluding capital transfers is **R2 010 591 000** in 2025/2026 and escalates to **R2 387 483 000** and **R2 499 470 000** by 2026/2027 and 2027/2028 respectively. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The main component of the total revenue is grant and subsidies amounting to **R1 438 267 000; R1 520 993 000** and **R1 589 656 000** for the financial years 2025/2026, 2026/2027 and 2027/2028 respectively. The other revenue component is Service charges for water & sanitation amount to **R458 784 000; R715 774 000** and **R751 562 000** for the financial years 2025/2026, 2026/2027 and 2027/2028 respectively.

The total operating expenditure is projected to be **R1 868 269 000** in 2025/2026, **R1 959 255 000** and **R2 062 717 000** in the 2026/2027 and 2027/2028 financial years. The finance charges constitute of interest paid and bank charges.

The following are the operational expenditure items:

- a. Employee related cost
- b. Contracted Services
- c. Depreciation
- d. Debt Impairment
- e. Finance charges
- f. Inventory Consumed (Bulk Purchases and Repairs and Maintenance)
- g. General Expenditure
- h. Remuneration of Councillors

1.11.5 Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC33 Mopani - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Executive & Council/Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 3 - Finance & Admin/Finance		–	–	–	–	–	–	–	–	–	–
Vote 4 - Corporate Services/HR		–	–	–	–	–	–	–	–	–	–
Vote 5 - Finance & Admin/Other Admin		–	–	–	–	–	–	–	–	–	–
Vote 6 - Planning & Development/Economic		–	–	–	–	–	–	–	–	–	–
Vote 7 - Health/Other		–	–	–	–	–	–	–	–	–	–
Vote 8 - Community Services/Other Community		–	–	–	–	–	–	–	–	–	–
Vote 9 - Public Services/Fire		–	–	–	–	–	–	–	–	–	–
Vote 10 - Public Safety/Other		–	–	–	–	–	–	–	–	–	–
Vote 11 - Roads Transport/Roads		–	–	–	–	–	–	–	–	–	–
Vote 12 - Water/Water Distribution		–	–	–	–	–	–	–	–	–	–
Vote 13 - Electricity/Electricity Distribution		–	–	–	–	–	–	–	–	–	–
Vote 14 - Corporate Services/Information Technology		–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Water Management/Sewerage		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	–	–	–
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Executive & Council/Municipal Manager		179 060	–	–	–	–	–	–	–	–	–
Vote 3 - Finance & Admin/Finance		(46 925)	1 059	318	870	3 054	3 054	–	1 000	1 050	1 103
Vote 4 - Corporate Services/HR		–	–	–	–	–	–	–	–	–	–
Vote 5 - Finance & Admin/Other Admin		–	–	315	3 217	5 217	5 217	–	–	–	–
Vote 6 - Planning & Development/Economic		0	–	–	2 153	2 476	2 476	–	2 587	2 716	2 852
Vote 7 - Health/Other		–	–	–	–	–	–	–	–	–	–
Vote 8 - Community Services/Other Community		–	–	–	–	–	–	–	–	–	–
Vote 9 - Public Services/Fire		60 084	61 540	4 417	4 348	4 348	4 348	–	25 000	26 250	27 563
Vote 10 - Public Safety/Other		(12 143)	–	–	–	–	–	–	–	–	–
Vote 11 - Roads Transport/Roads		–	–	–	–	–	–	–	–	–	–
Vote 12 - Water/Water Distribution		285 810	575 034	892 668	489 506	509 992	509 992	–	602 938	566 493	673 818
Vote 13 - Electricity/Electricity Distribution		–	–	–	–	–	–	–	–	–	–
Vote 14 - Corporate Services/Information Technology		1 212	1 064	9 062	13 739	15 935	15 935	–	5 000	5 250	5 513
Vote 15 - Waste Water Management/Sewerage		2 602	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		469 701	638 697	906 779	513 833	541 022	541 022	–	636 525	601 759	710 847
Total Capital Expenditure - Vote		469 701	638 697	906 779	513 833	541 022	541 022	–	636 525	601 759	710 847
Capital Expenditure - Functional											
Governance and administration		133 348	2 123	9 380	16 783	21 163	21 163	16 472	6 000	6 300	6 615
Executive and council		179 060	–	–	–	–	–	–	–	–	–
Finance and administration		(45 713)	2 123	9 380	16 783	21 163	21 163	16 472	6 000	6 300	6 615
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		47 941	61 540	4 417	4 348	4 348	4 348	–	26 500	27 250	28 763
Community and social services		(12 143)	–	–	–	–	–	–	1 500	1 000	1 200
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		60 084	61 540	4 417	4 348	4 348	4 348	–	25 000	26 250	27 563
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		0	–	315	3 197	5 519	5 519	856	2 587	2 716	2 852
Planning and development		0	–	315	3 197	5 519	5 519	856	2 587	2 716	2 852
Road transport		–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		288 412	575 034	892 668	489 506	509 992	509 992	435 823	602 938	566 493	673 818
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		285 810	575 034	892 668	489 506	509 992	509 992	435 823	602 938	566 493	673 818
Waste water management		2 602	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	469 701	638 697	906 779	513 833	541 022	541 022	453 151	638 025	602 759	712 047
Funded by:											
National Government		325 410	355 354	351 443	478 354	496 863	496 863	261 116	605 525	569 209	676 670
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		71 635	199 806	435 043	–	–	–	164 466	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	397 045	555 160	786 486	478 354	496 863	496 863	425 582	605 525	569 209	676 670
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		124 261	78 333	120 294	35 478	44 159	44 159	27 569	32 500	33 550	35 378
Total Capital Funding	7	521 306	633 493	906 779	513 833	541 022	541 022	453 151	638 025	602 759	712 047

Table A5 is a breakdown of the Capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2025/2026 **R 605 525 000** has been allocated, 2026/2027 and 2027/2028 **R 569 209 000** and **R 676 670 000** has been allocated

1.11.6 Explanatory notes to Table A6 - Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position

Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		29 785	18 477	180 980	428 899	(658 682)	(658 682)	532 628	188 595	248 501	258 615
Trade and other receivables from exchange transactions	1	1 779 624	2 074 009	(58 021)	337 094	134 834	134 834	(13 627)	64 522	295 004	311 361
Receivables from non-exchange transactions	1	–	52 006	(97 517)	43 218	43 218	43 218	(97 307)	121 407	126 870	132 579
Current portion of non-current receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	36 895	32 737	31 627	35 941	12 717	12 717	47 057	32 987	33 752	34 515
VAT		226 721	309 320	384 858	352 896	385 073	385 073	292 307	359 593	378 941	398 174
Other current assets		9 879	10 538	10 642	10 538	10 538	10 538	10 642	–	–	–
Total current assets		2 082 904	2 497 087	452 568	1 208 586	(72 302)	(72 302)	771 699	767 104	1 083 067	1 135 245
Non current assets											
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	8 544 181	8 923 017	9 592 221	9 198 758	9 225 624	9 225 624	9 873 378	10 004 857	10 389 515	10 937 543
Biological assets		–	–	–	–	–	–	–	–	–	–
Living and non-living resources		–	–	–	–	–	–	–	–	–	–
Heritage assets		432	432	432	432	432	432	432	451	471	492
Intangible assets		3 292	2 805	5 336	4 958	4 981	4 981	5 814	5 566	5 819	6 084
Trade and other receivables from exchange transactions		–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–	–	–	35 434	37 028	38 694
Other non-current assets		4 023	3 323	1 924	3 323	3 323	3 323	1 924	1 224	1 279	1 337
Total non current assets		8 551 928	8 929 576	9 599 913	9 207 471	9 234 360	9 234 360	9 881 548	10 047 531	10 434 112	10 984 151
TOTAL ASSETS		10 634 831	11 426 664	10 052 481	10 416 056	9 162 058	9 162 058	10 653 248	10 814 635	11 517 179	12 119 396
LIABILITIES											
Current liabilities											
Bank overdraft		–	–	–	–	–	–	–	–	–	–
Financial liabilities		305	(0)	(0)	(0)	(0)	(0)	(0)	–	–	–
Consumer deposits		3 865	4 091	4 039	4 006	4 006	4 006	4 039	3 866	4 040	4 222
Trade and other payables from exchange transactions	4	1 275 153	1 246 376	1 391 252	1 044 292	1 023 143	1 023 143	1 147 172	1 228 804	1 237 587	1 305 330
Trade and other payables from non-exchange transactions	5	146 713	106 936	78 504	106 936	106 936	106 936	296 552	78 125	81 641	85 315
Provision		2 037 839	2 494 906	57 060	61 485	61 485	61 485	57 060	10 358	10 824	11 311
VAT		210 973	254 414	287 655	296 398	305 231	305 231	293 948	275 010	323 997	339 108
Other current liabilities		–	–	–	–	–	–	–	–	–	–
Total current liabilities		3 674 848	4 106 724	1 818 511	1 513 118	1 500 802	1 500 802	1 798 772	1 596 163	1 658 088	1 745 285
Non current liabilities											
Financial liabilities	6	(131 700)	(83 930)	85 864	(0)	(0)	(0)	(39 625)	590 065	616 618	644 366
Provision	7	33 527	28 235	44 053	28 219	28 219	28 219	44 053	–	–	–
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–
Other non-current liabilities		58 625	56 924	63 566	56 924	56 924	56 924	63 566	101 889	106 474	111 266
Total non current liabilities		(39 547)	1 229	193 483	85 143	85 143	85 143	67 994	691 954	723 092	755 631
TOTAL LIABILITIES		3 635 301	4 107 952	2 011 994	1 598 260	1 585 945	1 585 945	1 866 766	2 288 117	2 381 180	2 500 917
NET ASSETS		6 999 531	7 318 711	8 040 487	8 817 796	7 576 113	7 576 113	8 786 482	8 526 518	9 135 999	9 618 479
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	7 002 611	7 368 643	8 040 049	8 817 796	7 576 113	7 576 113	8 786 482	8 526 518	9 135 999	9 618 479
Reserves and funds	9	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	10	7 002 611	7 368 643	8 040 049	8 817 796	7 576 113	7 576 113	8 786 482	8 526 518	9 135 999	9 618 479

Table A6 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 SA2 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 municipality has a community wealth of **R8 526 518 000** for the 2025/2026 financial year

1.11.7 Explanatory notes to Table A7 – Budgeted Cash Flow Statement

DC33 Mopani - Table A7 Budgeted Cash Flows											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	-	4 614	145 924	173 775	173 775	173 775	68 818	107 366	112 734
Other revenue		2 431	11 932	25 817	145 613	349 300	349 300	349 300	201 145	197 996	218 220
Transfers and Subsidies - Operational	1	1 039 019	1 162 251	1 261 956	1 353 289	1 353 289	1 353 289	1 353 289	1 438 267	1 520 993	1 589 656
Transfers and Subsidies - Capital	1	499 604	630 336	477 669	575 141	(564 884)	(564 884)	(564 884)	717 509	696 083	809 511
Interest		262	2 411	24 560	18 000	18 000	18 000	18 000	33 192	39 576	41 555
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(541 875)	(548 126)	(491 745)	(1 286 003)	(1 492 941)	(1 492 941)	(1 492 941)	(1 482 306)	(1 553 993)	(1 637 192)
Interest		-	-	-	(30 734)	(30 434)	(30 434)	(30 434)	(1 276)	(1 339)	(1 406)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		999 441	1 258 803	1 302 871	921 230	(193 895)	(193 895)	(193 895)	975 350	1 006 683	1 133 079
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	(35 434)	(37 028)	(38 694)
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(553 689)	(607 644)	(440 590)	(510 808)	(540 807)	(540 807)	(540 807)	(638 025)	(602 759)	(712 047)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(553 689)	(607 644)	(440 590)	(510 808)	(540 807)	(540 807)	(540 807)	(673 459)	(639 787)	(750 742)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		445 752	651 159	862 281	410 422	(734 702)	(734 702)	(734 702)	301 891	366 895	382 337
Cash/cash equivalents at the year begin:	2	131 606	27 550	18 477	18 477	18 477	18 477	18 477	(148 730)	153 162	520 057
Cash/cash equivalents at the year end:	2	577 358	678 709	880 759	428 899	(716 225)	(716 225)	(716 225)	153 162	520 057	902 393

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.

Cash and cash equivalents totals for 2025/2026 are estimated at **R 153 162 000**

1.11.8 Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC33 Mopani - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	577 358	678 709	880 759	428 899	(716 225)	(716 225)	(716 225)	153 162	520 057	902 393
Other current investments > 90 days		(547 573)	(660 232)	(699 779)	-	57 543	57 543	1 248 853	35 434	(271 556)	(643 779)
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		29 785	18 477	180 980	428 899	(658 682)	(658 682)	532 628	188 595	248 501	258 615
Application of cash and investments											
Unspent conditional transfers		146 713	106 936	78 504	106 936	106 936	106 936	296 552	78 125	81 641	85 315
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	(15 748)	(54 907)	(97 203)	(56 498)	(79 842)	(79 842)	(1 641)	(84 583)	(54 944)	(59 066)
Other working capital requirements	3	1 258 020	1 162 842	1 406 957	685 286	769 871	769 871	1 390 629	1 100 116	1 043 404	1 094 529
Other provisions		2 037 839	2 494 906	57 060	61 485	61 485	61 485	(57 060)	10 358	10 824	11 311
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		3 426 824	3 709 778	1 445 318	797 210	858 452	858 452	1 628 479	1 104 016	1 080 924	1 132 088
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(3 397 039)	(3 691 301)	(1 264 339)	(368 311)	(1 517 134)	(1 517 134)	(1 095 852)	(915 421)	(832 423)	(873 474)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(3 397 039)	(3 691 301)	(1 264 339)	(368 311)	(1 517 134)	(1 517 134)	(1 095 852)	(915 421)	(832 423)	(873 474)

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 99 – 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 municipality has entered into repayment agreement with Lepelle Northern Water and Department of Water and Sanitation to pay **R7 000 000** and **R2 500 000** monthly respectively.

1.11.9 Explanatory notes to Table A9 - Asset Management

Description		2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium	Long-Term 2026/27		
		Assessed Expenditure	Assessed Expenditure	Assessed Expenditure	Charged Expenditure	Allocated Expenditure	Full Year Expenditure	Charged Year 2025/26	Allocated Year 2025/26	Charged Year 2026/27	
1. Strategic Overview											
2. Strategic Overview											
3. Strategic Overview											
4. Strategic Overview											
5. Strategic Overview											
6. Strategic Overview											
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97. Strategic Overview											
98. Strategic Overview											
99. Strategic Overview											
100. Strategic Overview											

Table A9 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 **R638 025 000** will be spend on new assets in the 2025/2026 financial year. **the total capital budget of R 603 438 000 is for infrastructure, R 4 587 000 is for intangible asset, R 3 000 000 is for computer equipment, R 1 000 000 for Furniture and Office equipment, R 5 000 000 for machinery and equipment and for Transport asset, with R 20 000 000 going to facilities.**

Part 2 – Supporting Documentation

2.1 Overview of the Final budget process

The Management of Mopani District Municipality in compliance with the above quoted legislation prepared the Final MTREF budget for consideration and approval by council.

The detail below provides insights into the high-level understanding, process plan, guidelines and assumptions applied in the finalising the budget.

The municipality has limited revenue sources and thus the budgeted expenditure were limited to the available revenue that will certainly be received during the financial year. The Water and Sanitation revenue is not committed to the budgeted expenditure since this poses a risk of expenditure items without corresponding funding.

The municipality has significant legacy commitments in the form of payables relating to Lepelle Northern Water and the Department of water and sanitation. Moreover, the municipality has pending litigations and claims that if unsuccessful will put the municipality under significant financial burden. Not all this financial commitments are funded due to the municipality's main dependence on grants. It is for this reason that the draft budget of the municipality is not cash backed when taking into account the available reserves and the commitments as already indicated.

The draft budget process was guided by the council approved budget and IDP preparation timetable. The timetable was effectively adhered to with minor deviations in terms of set dates and times.

The draft budget was tabled to Council for adoption to enable the public participations for inputs and comments from the public.

2.2 Overview of alignment of annual budget with IDP

Budget and the IDP are aligned, and all amendments were done at the time of preparing this report.

2.3 Measurable performance objectives and indicators

For the measurable performance and indicators, the final Service Delivery and Budget Implementation plan has been developed.

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 have been reviewed and included as annexures.

2.5 Overview of budget assumptions

2.5.1 Budget assumptions and bases

The municipality prepared the 2025/26 budget using a combination of incremental and zero-based budgeting approaches. The approaches were informed by the nature of items under budgeting consideration. Projects were budgeted using the zero-based budgeting approach whilst operational costs were determined using an incremental approach due to historic trends.

The municipality will be reviewing its budget policy in the next review cycle to accommodate the incremental approach basis where feasible.

The directorates considered the following when preparing the draft budget.

- 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) The HR recruitment plan especially where the municipality intends to hire/ terminate employees.
- d) Significant or capital items in the budget.
- e) Draft Cost containment policy

2.5.2 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.

2.6 Grants

The table below depicts the grants that the municipality will be received as per the DORA bill.

Table 15

DESCRIPTION	Final Budget 2025/26.	+1 Budget year Adjusted 2026/27.	+2 Budget year Adjusted 2027/28.
Equitable Shares	1 427 429 000	1 517 993 000	1 586 656 000
EPWP	7 838 000		
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	543 922 000	593 377 400	622 684 000
Rural Roads Asset Management Grant	2 587 000	2 706 000	2 827 000
Water Services Infrastructure Grant	136 000 000		
RBIG	35 000 000	100 000 000	184 000 000
Grand Total	2 155 776 000	2 217 076 404	2 399 166 984

2.7 Employee related costs and Remuneration of councillors

Employee related cost constitute 30% of the overall operating budget. The Salaries and Wages & social contribution item has a budget of **R554 178 576**. This item remains the largest cost. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to other operating expenditure.

Remuneration of councilors

Councillor Remuneration – An increase on councillors' remuneration has been affected as the regulating gazette specifying the remuneration packages was issued. The total remuneration of councillors' budget is **R 28 427 000** for the 2025/2026 financial year.

2.8 Monthly targets for revenue, expenditure and cash flow (SA 30)

DC33 Mopani - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand															
Cash Receipts By Source													1		
Property rates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - water revenue	4 855	4 855	4 855	4 855	4 855	4 855	4 855	4 855	4 855	4 855	4 855	4 855	58 254	94 731	99 467
Service charges - sanitation revenue	880	880	880	880	880	880	880	880	880	880	880	880	10 564	12 635	13 267
Service charges - refuse revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest earned - external investments	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	21 000	22 050
Interest earned - outstanding debtors	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	13 192	18 576	19 505
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Licences and permits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and Subsidies - Operational	119 856	119 856	119 856	119 856	119 856	119 856	119 856	119 856	119 856	119 856	119 856	119 856	1 438 267	1 520 993	1 589 656
Other revenue	16 762	16 762	16 762	16 762	16 762	16 762	16 762	16 762	16 762	16 762	16 762	16 762	201 145	197 996	218 220
Cash Receipts by Source	145 118	145 118	145 118	145 118	145 118	145 118	145 118	145 118	145 118	145 118	145 118	145 118	1 741 422	1 865 932	1 962 166
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	59 792	59 792	59 792	59 792	59 792	59 792	59 792	59 792	59 792	59 792	59 792	59 792	717 509	696 083	809 511
Transfers and subsidies - capital (monetary allocations) (Nat / Prov	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on Disposal of Fixed and Intangible Assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
VAT Control (receipts)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables	(35 434)	—	—	—	—	—	—	—	—	—	—	—	(35 434)	(37 028)	(38 694)
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	169 477	204 911	204 911	204 911	204 911	204 911	204 911	204 911	204 911	204 911	204 911	204 911	2 423 497	2 524 987	2 732 982
Cash Payments by Type															
Employee related costs	46 182	46 182	46 182	46 182	46 182	46 182	46 182	46 182	46 182	46 182	46 182	46 182	554 179	582 570	611 699
Remuneration of councillors	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	28 427	29 848	31 341
Interest	106	106	106	106	106	106	106	106	106	106	106	106	1 276	1 339	1 406
Bulk purchases - electricity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions - water & other inventory	34 737	34 737	34 737	34 737	34 737	34 737	34 737	34 737	34 737	34 737	34 737	34 737	416 841	437 684	459 568
Contracted services	27 001	27 001	27 001	27 001	27 001	27 001	27 001	27 001	27 001	27 001	27 001	27 001	324 017	341 244	358 306
Transfers and subsidies - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	158 842	162 647	176 278
Cash Payments by Type	123 632	123 632	123 632	123 632	123 632	123 632	123 632	123 632	123 632	123 632	123 632	123 632	1 483 581	1 555 333	1 638 598
Other Cash Flows/Payments by Type															
Capital assets	53 169	53 169	53 169	53 169	53 169	53 169	53 169	53 169	53 169	53 169	53 169	53 169	638 025	602 759	712 047
Repayment of borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	176 801	176 801	176 801	176 801	176 801	176 801	176 801	176 801	176 801	176 801	176 801	176 801	2 121 606	2 158 092	2 350 645
NET INCREASE/(DECREASE) IN CASH HELD	(7 323)	28 110	28 110	28 110	28 110	28 110	28 110	28 110	28 110	28 110	28 110	28 110	301 891	366 895	382 337
Cash/cash equivalents at the month/year begin:	(148 730)	(156 053)	(127 942)	(99 832)	(71 722)	(43 611)	(15 501)	12 610	40 720	68 830	96 941	125 051	(148 730)	153 162	520 057
Cash/cash equivalents at the month/year end:	(156 053)	(127 942)	(99 832)	(71 722)	(43 611)	(15 501)	12 610	40 720	68 830	96 941	125 051	153 162	153 162	520 057	902 393

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2025/26 financial year is amounting to **R2 423 497 000**.

2.9 Contract having future budgetary implications

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

2.10 Capital expenditure details

Table 17

R thousand	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital Expenditure – Functional			
Finance and Admin	2 000 000	1 050 000	1 102 500

Public safety	25 000 000	26 250 000	27 563 000
Water Services	687 325 099	650 468 730	761 990 966
Planning and Development	2 587 000	2 716 000	2 852 000
Information Technology	5 000 000	5 250 000	5 513 000
Total Capital Expenditure - Functional	721 912 096.00	685 734 730.00	799 021 466.00

2.11 Legislation compliance status

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

Municipal Finance Management Act

The municipality still has 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 did not comply with in the 2023_2024 financial year:

Category	Description of non-compliance
PPE	Completed projects incorrectly classified as work in progress- GRAP 17
PPE	Infrastructure recognised at fair value in the absence of actual cost
VAT	Reconciliation of VAT receivable
Services Charges	GRAP 9, revenue from exchange transaction
Inventories	
Current liabilities	Misstatement of current liabilities
Material loss	Water loss
Commitment	No system in place for accounting for capital commitment
Procurement and contract management	SCM regulation 17(1)(a) and (c) MFMA 112(j) and SCM regulation 44 Section 21 of PPP framework
Revenue	Section 64(2)(b) of the MFMA

Management	
Expenditure Management	Section 65(2)(e) of the MFMA Section 65(2)(a) of the MFMA Section 62(1)(d) of the MFMA
Strategic planning and performance management	Municipal planning and performance management regulation 7(1)
Asset Management	Section 63(2)(c) of the MFMA

Municipal Systems Act

The municipality is compliance in this regard

Municipal Structures Act

The municipality is compliance in this regard

Treasury Regulations

The municipality 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
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		as at March 2025						
Name	Surname	Position	Highest Education Qualification	Work Related Experie nce	Performan ce Agreemen t Signed (where required)	Comple ted Require d Unit Standar ds	Require ments Met	Compli ant ()
Tshepo	Mogano	Municipal Manager	✓	✓	✓	✓	4	✓
Sbongile	Mathevu la	Chief Financial Officer	✓	✓	✓	No	4	✓
Jimmy	Mojela (acting)	Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Lesly	Motau	Middle Manager: Finance	✓	✓	✓	No	4	✓
Ruth	Pootona	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Lethabo	Nkoane	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Khutso	Mohlam me	Middle Manager: Finance	✓	✓	✓	✓	4	✓

- Asset Transfer Regulations

The municipality has transferred landfill site to Maruleng Local Municipality in the 2022/23 financial year

- 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.

GRAP

The municipality still has a room to improve on compliance with GRAP reporting requirements.

The municipality has developed the action plan and is currently ensuring that findings emanating from the 2023/24 Audit Report are resolved.

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

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

Basic Conditions of Employment Act

The municipality is complying with BCEA.

2.12 Other supporting documents

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

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

2.13 Municipal manager's quality certificate

Conclusion

The 2025/26 final budget has been prepared within the legislative timelines and is aligned to the IDP of the municipality. The budget related policies have been reviewed and were a cornerstone in the preparation of the Final budget including the budget assumptions and basis. Once approved and adopted by council the budget will be submitted to the Provincial and National Treasury offices.

Certification

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

Mogano TJ

Municipal Manager: Municipal Manager of Mopani District Municipality (DC 33)

Signature: _____