



# SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING  
DOCUMENTATION MOPANI DISTRICT  
MUNICIPALITY

ANNUAL BUDGET OF

# MOPANI DISTRICT MUNICIPALITY

2019/20 TO 2021/22  
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

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

## Part 1 – Annual Budget

### 1.1 Mayor's Report

The report will be presented in May 2019 during approval of the budget.

### 1.2 Council Resolutions

SCD/05/2019	F: 5/3/1	DRAFT BUDGET FOR 2019-20; 2020-2021 & 2021-2022
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#### RESOLVED:

1. That Council takes note of the Draft MTREF for 2019/20; 2020/21 and 2021/22.
2. That Council approves the Final Draft MTREF as follows:

#### 2.1. REVENUE

DESCRIPTION	2019/2020 R	2020/2021 R	2021/2022 R
Interest Earned- External Investment	9 000 000	9 486 000	9 998 344
Grants	1 522 020 000	1 796 676 000	1 942 571 000
Other revenue	88 436 393	93 211 958	98 245 404
Water & Sewerage-locals	226 429 876	238 657 089	251 544 572
<b>Total</b>	<b>1 845 891 269</b>	<b>2 138 031 048</b>	<b>2 302 359 220</b>

**2.2. EXPENDITURE**

DESCRIPTION	2019/2020 R	2020/2021 R	2021/2022 R
Employee related cost-Salaries and wages	375 353 601	395 622 695	416 986 321
Employee related cost-Social contribution	96 520 422	101 732 525	107 226 081
Depreciation	178 067 165	187 682 792	197 817 663
Debt impairment	61 339 909	64 652 264	68 143 486
Repairs and Maintenance	108 228 852	114 073 210	120 233 163
Contracted Services	26 669 269	28 109 410	29 627 318
Bulk Purchases	230 662 900	243 118 697	256 247 106
General Expenditure	351 956 028	288 051 822	269 348 686
Capital Outlay	32 650 000	58 742 200	27 686 758
Infrastructure	551 580 250	602 342 350	628 092 350
<b>Total Expenditure</b>	<b>2 013 028 396</b>	<b>2 084 127 965</b>	<b>2 121 408 932</b>
Less Depreciation and Debt Impairment (Non cash)	239 407 074	252 335 056	265 961 149
<b>Adjusted Total Expenditure</b>	<b>1 773 621 322</b>	<b>1 831 792 909</b>	<b>1 855 447 783</b>
<b>SURPLUS</b>	<b>72 269 947</b>	<b>306 238 139</b>	<b>446 911 437</b>

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3. That Council takes note of the surpluses of R 72 269 947 for 2019/20; R306 238 139 for 2020/21 and R 446 911 437 for 2021/22;
4. That council takes note that the surplus is **NOT** cash backed but rather an accounting surplus calculated on an accrual basis of accounting;
5. That Council approves the draft MTREF for 2019/20, 2020/21 and 2021/22 as detailed above;
6. That Council approves tariff increase of CPIX plus 2% on the 2018/19 tariffs;
7. That the draft MTREF as approved be publicised in the various media;
8. That Management ensures that the SDBIP is prepared as per the MFMA, Act 56 of 2003;
9. That the approved MTREF be submitted to the National and Provincial Treasuries.

SCD/04/2019	F: 15/2/1/4	DRAFT REVIEWED IDP FOR 2016-2021 (2019/20 VERSION 4)
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**RESOLVED:**

1. That Council takes note of the Draft Integrated Development Plan (IDP) for 2016 – 2021 (2019/20 version 4);
2. That the Draft Reviewed IDP be subject to public consultation before approval;
3. That projects that will be submitted from any organ of state must be included in the public participation programme;
4. That the Municipal Manager and his management team to prepare the public participation schedule in consultation with the local municipalities before it is publicised.

### **1.3 Executive Summary**

The Mopani District Municipality on the 29<sup>th</sup> July 2018 approved a time schedule outlining the key deadlines in terms of the preparation of both IDP and budget for the 2019/2020 financial year. In the reminding ourselves about the objectives of the Municipal Finance Management Act, the application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the Mopani District Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The service delivery priorities were reviewed as part of this year's planning and budget process. The municipality's budget has been aligned to the national key indicators to allow maximum service delivery. The current climate has given rise to a need by municipality to maximise on water projects. In the previous year, the municipality appointed a service provider for the compilation of the Revenue Enhancement Strategy, which will include policy for credit control and debt collection. The strategy will therefore give birth to compilation of the Indigent Register for an effective implementation of the strategy

The following are the five National key indicators for service delivery:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development, food security and land reform; and
- The fight against crime and corruption

Mopani District Municipality embraces these priorities through the provisioning of water and sanitation services and infrastructure. These will allow for the creation of decent work and sustainable livelihoods. The provision of free basic services by MDM will allow for rural development.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66, 67, 70 , 72 , 74,75, 78 , 79, 83 , 86 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2018/2019 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water infrastructure;
- The need to reprioritise projects and expenditure within the existing available resources given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents.
- Affordability of capital projects considering that the municipality is predominantly rural with no infrastructure.
- Fully taking over the staff and liabilities from DWA.
- Cost effective tariff implementation on residents.
- Non-payment of services by consumers

The above challenges have a potential to deny the municipality sufficient cash resources to ensure that the provision of water and sanitation services is of quality and uninterrupted.

The limited financial resources and financial constraints are illustrated in tables 1 to 2b in the form of overreliance on grants and poor collection of revenue billed for water and sanitation services.

An increase in employee costs emanating mainly from the need to increase personnel to cater for the service delivery needs of our communities together with the devolution of health services to the district by the health department put more strains on the budget and the municipal fiscus. As a consequence the municipality will find it difficult to provide communities with free basic services.

The table below gives an overview of the Mopani District Municipality 2019/2020 budget

**Table 1 Consolidated Overview of the 2019/2020 MTREF**

R Thousand	Budget Year 2019/2020	Budget Year 2020/2021	Budget Year 2021/2022
Total Revenue	1'845'891'269	2'138'031'048	2'302'359'220
Total Expenditure	2 013 028 396	2 084 127 965	2 121 408 932
Surplus/(Deficit) after capital exp	(167 137 127)	53 903 083	180 950 288

### 1.3.1 Operating Revenue Framework

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

The following table is a summary of the 2019/2020 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2019/20	2020/21	2021/22
Equitable Shares	919'537'000	998'379'000	1'086'819'000
EPWP	3'292'000	0	0
Financial Management Grant	2'330'000	2'762'000	3'032'000
Municipal Infrastructure Grant	454'295'000	481'413'000	520'425'000
Rural Roads Asset Management Grant	2'338'000	2'472'000	2'609'000
Water Services Infrastructure Grant	140'233'000	311'650'000	329'692'000
Interest Earned	9'000'000	9'486'000	9'998'244
Services charges- Water and Sewage	226'429'976	238'657'089	251'544'572
Other revenue	88'436'393	93'211'958	98'245'404
<b>Total</b>	<b>1'845'891'269</b>	<b>2'138'031'048</b>	<b>2'302'359'220</b>

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

<b>Municipality</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Ba-Phalaborwa-Water	128'250'886	135'176'434	142'475'962
Ba-Phalaborwa-Sewerage	22'146'353	23'342'256	24'602'738
Greater Giyani- Water	16'716'167	17'618'840	18'570'257
Greater Giyani- Sewerage	2'976'281	3'137'000	3'306'398
Greater Letaba – Water	10'452'913	11'017'370	11'612'308
Greater Letaba – Sewerage	3'857'389	4'065'688	4'285'235
Greater Tzaneen – Water	29'806'761	31'416'326	33'112'808
Greater Tzaneen – Sewerage	7'138'016	7'523'469	7'939'736
Maruleng – Water and Sewerage	4'691'929	4'945'294	5'212'340
Maruleng-Sewerage	393'181	414'412	436'790
<b>Total</b>	<b>226'429'876</b>	<b>238'657'089</b>	<b>251'544'572</b>

Included in the above table which illustrate the services charges on water and sewage are interest on outstanding debtors by local municipalities.

**Table 2b- Interest on outstanding debtors per municipality**

<b>Municipality</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Ba-Phalaborwa-Water	19'480'041	20'531'963	21'640'689
Ba-Phalaborwa-Sewerage	3'826'708	4'033'351	4'251'152
Greater Giyani- Water	5'775'452	6'087'326	6'416'042
Greater Giyani- Sewerage	275'183	290'043	305'705
Greater Letaba – Water	3'460'466	3'647'331	3'844'287
Greater Letaba – Sewerage	422'401	445'211	469'252
Greater Tzaneen – Water	4'330'660	4'564'516	4'810'999
Greater Tzaneen - Sewerage	1'193'482	1'257'930	1'325'858
Maruleng – Water & Sewerage	26'614	28'051	29'566
<b>Total</b>	<b>38'791'224</b>	<b>40'886'298</b>	<b>43'093'922</b>



### **Sale of Water and Sanitation and their Impact of Tariff Increases**

Mopani District Municipality is a Water Services Authority and has appointed the local municipalities as Water Service Providers. In addition to the local municipalities been appointed as water service providers, the Lepelle Northern Water has also been appointed to do water provisioning in other areas of the district. Water Service Level Provision Agreements have been signed will all involved in water service provisioning. The municipality has budgeted R230'662'900 to cater for the bulk purchase of Water

Tariffs policy and indigent policy will be prepared and forms part of the budget related policies presented to give effect to the effective implementation of all issues mentioned above.

The bulk supply of water is done by Lepelle Northern Water using Politsi, Modjadji, Ba-Phalaborwa and Nkowankowa schemes.

An average across the board tariff increase of 5.2 per cent from 1 July 2019 for water is proposed. This is based on input cost assumptions of for each individual schemes. National Treasury continues to encourage the municipalities to keep increases rates, tariffs and other charges as low as possible. Municipalities must justify their budget documentation an average tariff increase across the board of 5.2 percent upper boundary of the South African Reserve Banks inflation rate. In addition 6 kℓ water per month will again be granted free of charge to all indigents households.

**The following are the tariffs for the district services**

**AWAITING NTHABISENG**

A tariff increase of 5.2 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and

### Overall impact of tariff increases on households

The overall percentage increase on tariffs is on average 5.2 for the sale of tenders, these are the reviewed tariffs determined in terms of the approved tariff policy.

## 1.4 Operating Expenditure Framework

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

- Balanced there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

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

**Table 4 Summary of operating expenditure by standard classification item**

<b>DESCRIPTION</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Employee related cost-Salaries and wages	375 353 601	395 622 695	416 986 321
Employee related cost-Social contribution	96 520 422	101 732 525	107 226 081
Depreciation	178 067 165	187 682 792	197 817 663
Debt impairment	61 339 909	64 652 264	68 143 486

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Repairs and Maintenance	108 228 852	114 073 210	120 233 163
Contracted Services	26 669 269	28 109 410	29 627 318
Bulk Purchases	230 662 900	243 118 697	256 247 106
General Expenditure	351 956 028	288 051 822	269 348 686
<b>Total</b>	<b>1 428 798 146</b>	<b>1 423 043 415</b>	<b>1 465 629 824</b>

The budgeted allocation for employee related costs and remuneration of councillors for the 2019/20 financial year totals R471 874 023, which is 33 per cent of the total operating expenditure. Salary increases have been factored into this budget as per the Municipal Finance Management Act Circular no. 94 at a percentage increase of 5.2 per cent for the 2019/2020 financial year. An annual increase of 5.4 and 5.4 per cent has been included in the two outer years of the MTREF respectively.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation and the adjustment in the equitable share allocation in this regard have been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Bulk purchases are directly informed by the purchase of water from Lepelle Northern Water and the Department of Water Affairs. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

#### **1.4.1 Priority given to repairs and maintenance**

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the asset renewal strategy and repairs and maintenance plan from the municipality.

During the compilation of the budget, operational repairs and maintenance was identified as a strategic imperative owing to the aging of municipal infrastructure and historic deferred maintenance.

Due to financial constraint, the municipality could not provide adequately for the repairs and maintenance of Property, plant and equipment.

#### **1.4.2 Free Basic Services: Basic Social Services Package**

Mopani District Municipality provides as part of its basic social services package both free basic water of 6kl and free sanitation for all indigent households per month.

#### **1.4.3 Past performance**

The municipality has not been performing well on the following areas in the past three financial years:

- Collection of own revenue from water and sanitation
- Repairs and maintenance of water and sanitation infrastructure
- Capital expenditure mainly with regard to Municipal Infrastructure Grant and Water Services Operating Grant.

As a result service delivery has been negative affected due to poor infrastructure due to limited funds to repair and maintain the infrastructure, as well as that no adequate new and better infrastructure was introduced.

Refer to tables from 1.7.2 to 1.7.10 for more numeric information.

## 1.5 Capital expenditure

The total capital budget for the **2019/2020** financial year amounts to **R584 230 250** of which **R431 580 250** for municipal infrastructure grant, **R120 000 000** for Water Services Infrastructure Grant and **R 32 650 000** for Own funding (Equitable Shares).

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The following are the capital expenditure projects to be implemented in the 2019/2020 financial year:

No	Projects Names	Amount
1.	Hoedspruit Bulk Water Supply	10 721 887
2.	Jopie Mawa- Ramotshinyadi	43 033 060
3.	Tours Bulk Water Scheme upgrading of Tours water Treatment Plant	20 407 708
4.	Sefototse to Ditshosini Bulk Water Supply(Bellevue, Sefototse)	43 060 013
5.	Thapane Water supply scheme -Upgrading and extension	57 217 835
6.	Thapane Water supply scheme -Upgrading of Water Reticulation and extension	25 810 819
7.	Mopani Household Sanitation	15 000 000
8.	Lephepane Bulk Water	15 000 000
9.	Kampersrus Sewage Plant	24 588 804
10.	Upgrading of Nkowankowa Sewage Plant	3 679 165
11.	Kampersrus Water Reticulation	20 123 400
12.	Upgrading of Middle Letaba Water Treatment Plant	33 802 924
13.	Lulekani Water Scheme( Benfarm)	12 000 000

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14.	Ritavhi 2 Water Scheme	22 500 000
15.	Thabina to Lenyenye Bulk Water Supply	35 000 000
16.	Tours Water Scheme( Reticulation of 24 Villages)	14 634 634
17.	Sekgosese Water Scheme	20 000 000
18.	Makhushane Water Scheme	15 000 000
19.	Installation of bulk meters	5 000 000
20.	Electrical Transformers	5 000 000
22.	Dzingidzingi_ Refurbishment of package plant and internal water reticulation	4 000 000
23.	Mapuve_ Refurbishment of package plant and internal water reticulation	4 000 000
24.	Dzumeri_ upgrading of internal reticulation	4 000 000
25.	Khujwana_ Refurbishment of package plant and internal water reticulation	4 000 000
26.	Mabjepilong_ upgrading of internal reticulation	1 400 000
27.	Replacement and resizing of asbestos cement pipes in Namakgale	4 000 000
28.	Replacement and resizing of asbestos cement pipes in Lulekani	4 000 000
29.	Metz Refurbishment , rehabilitation of internal water reticulation network	4 000 000
30.	Makhuvha_ upgrading of internal water reticulation network	4 000 000
31.	Mokwashele_ Refurbishment , rehabilitation of internal water reticulation network	4 000 000
32.	Mapikiri- Replacement and resizing of water storage tank and pipes	4 000 000
33.	Construction of Sewer Emergency Dam at Tshelang Gape sewer booster station	820 000
34.	Makgagapatse_ upgrading of internal water reticulation network	3 150 000
35.	Mariveni_ Refurbishment , rehabilitation and upgrading of internal water reticulation network	2 000 000
36.	Makosha_ Construction of 1.7x110mm PVC pipeline and 300l steel tank	1 500 000
37.	Lenyenye_ Erection of the perimeter fence	1 550 000
38.	Makhubidung_ Refurbishment of Internal Network	4 000 000
39.	Kgapane_ Refurbishment of Bulk Water Supply	4 000 000
40.	Eco-Park (Xikukwane) water reticulation	4 000 000
41.	Hlaneki water reticulation	4 000 000
42.	Ngove_ Construction of Water Reticulation	4 000 000
43.	Rotterdam (Manyunyu) Ground Water Scheme	550 000
44.	Santeng source development	2 500 000

45.	Construction of 4 Operator houses at Nondweni treatment plant	3 240 000
46.	Kuranta_Construction of Water reticulation pipeline	3 605 100
47.	Thabina/Lenyenye _Upgrading of bulk line	4 000 000
48.	Senwamokgope_Construction of Sewer Reticulation	4 000 000
49.	Ramaroka_Construction of Water Reticulation	4 000 000
50.	Modjadji Water Scheme_ Iketleng	5 684 900
51.	Nkambako_Refurbishment of Water Treatment Plant	4 000 000
52.	Middle Letaba_Refurbishment of Water Treatment Plant	4 000 000
53.	Namakgale _Refurbishment of Water Treatment Plant	4 000 000

### **1.5.1 Future operational cost of new infrastructure**

The infrastructure development done is mainly in the rural areas and presently there is no revenue collection done at these areas hence no operational cost of new infrastructure.

## **1.6 Annual Budget Tables – Mopani District Municipality**

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

### **1.6.1. Explanatory notes to MBRR Table A1 - Budget Summary**

Mopani District Municipality 2019/2020 Draft Annual Budget and MTREF

DC33 Mopani - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	268 610	207 261	178 850	213 293	213 293	213 293	213 293	187 665	197 799	208 481
Investment revenue	11 790	10 300	5 438	6 500	8 000	8 000	8 000	9 000	9 486	9 998
Transfers recognised - operational	656 590	705 950	1 254 190	858 918	858 918	858 918	858 918	925 159	1 001 141	1 089 845
Other own revenue	89 042	1 094	46 151	119 917	119 987	119 987	119 987	127 227	134 098	141 339
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 026 032</b>	<b>924 605</b>	<b>1 484 629</b>	<b>1 198 628</b>	<b>1 200 198</b>	<b>1 200 198</b>	<b>1 200 198</b>	<b>1 249 052</b>	<b>1 342 524</b>	<b>1 449 663</b>
Employee costs	297 129	367 641	376 318	411 623	367 714	367 714	367 714	458 478	483 236	509 330
Remuneration of councillors	12 396	13 297	13 179	12 308	13 378	13 378	13 378	13 396	14 119	14 882
Depreciation & asset impairment	175 358	169 021	177 884	184 688	184 688	184 688	184 688	178 067	187 683	197 818
Finance charges	-	-	226	-	-	-	-	-	-	-
Materials and bulk purchases	433 136	271 184	353 196	382 059	382 632	382 632	382 632	338 892	357 192	376 480
Transfers and grants	-	-	1 326	-	-	-	-	-	-	-
Other expenditure	167 260	328 942	305 221	246 942	310 463	310 463	310 463	439 965	380 813	367 119
<b>Total Expenditure</b>	<b>1 085 278</b>	<b>1 150 085</b>	<b>1 227 349</b>	<b>1 237 620</b>	<b>1 258 875</b>	<b>1 258 875</b>	<b>1 258 875</b>	<b>1 428 798</b>	<b>1 423 043</b>	<b>1 465 630</b>
<b>Surplus/(Deficit)</b>	<b>(59 247)</b>	<b>(225 480)</b>	<b>257 280</b>	<b>(38 992)</b>	<b>(58 678)</b>	<b>(58 678)</b>	<b>(58 678)</b>	<b>(179 746)</b>	<b>(80 519)</b>	<b>(15 967)</b>
Transfers and subsidies - capital (monetary allocations) (Net)	241 468	440 956	-	553 699	656 110	656 110	656 110	596 839	795 507	852 696
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>182 222</b>	<b>215 476</b>	<b>257 280</b>	<b>514 707</b>	<b>597 432</b>	<b>597 432</b>	<b>597 432</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>182 222</b>	<b>215 476</b>	<b>257 280</b>	<b>514 707</b>	<b>597 432</b>	<b>597 432</b>	<b>597 432</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	271 175	449 835	541 698	581 459	722 153	722 153	722 153	584 230	661 085	655 779
Transfers recognised - capital	205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	66 078	8 328	3 472	27 760	27 680	27 680	27 680	32 650	14 092	27 687
<b>Total sources of capital funds</b>	<b>271 175</b>	<b>449 835</b>	<b>541 698</b>	<b>581 459</b>	<b>722 153</b>	<b>722 153</b>	<b>722 153</b>	<b>584 230</b>	<b>661 085</b>	<b>655 779</b>
<b>Financial position</b>										
Total current assets	990 871	680 729	551 271	671 937	671 937	671 937	671 937	706 878	745 049	785 282
Total non current assets	4 717 448	4 813 022	5 177 610	4 813 022	4 813 022	4 813 022	4 813 022	5 063 299	5 336 718	5 624 900
Total current liabilities	1 300 435	542 451	1 730 115	542 451	542 451	542 451	542 451	570 659	601 474	633 954
Total non current liabilities	78 700	57 937	108 235	57 937	57 937	57 937	57 937	60 949	64 241	67 710
Community wealth/Equity	4 329 183	4 893 363	3 890 531	4 884 571	4 884 571	4 884 571	4 884 571	5 138 569	5 416 051	5 708 518
<b>Cash flows</b>										
Net cash from (used) operating	266 675	563 666	587 013	736 337	767 112	767 112	767 112	605 439	755 404	879 328
Net cash from (used) investing	(271 652)	(449 284)	(460 822)	(615 241)	(722 057)	(722 057)	(722 057)	(584 230)	(661 085)	(655 779)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>109 350</b>	<b>223 740</b>	<b>133 952</b>	<b>128 848</b>	<b>52 807</b>	<b>52 807</b>	<b>52 807</b>	<b>74 016</b>	<b>168 335</b>	<b>391 884</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	109 358	16 545	131 304	7 752	7 752	7 752	7 752	8 156	8 596	9 060
Application of cash and investments	1 244 516	178 043	1 370 469	(39 634)	(45 813)	(45 813)	(45 813)	(129 554)	(109 550)	(88 465)
<b>Balance - surplus (shortfall)</b>	<b>(1 135 158)</b>	<b>(161 498)</b>	<b>(1 239 166)</b>	<b>47 386</b>	<b>53 565</b>	<b>53 565</b>	<b>53 565</b>	<b>137 710</b>	<b>118 146</b>	<b>97 525</b>
<b>Asset management</b>										
Asset register summary (WDV)	4 484 743	4 816 440	5 168 154	5 776 203	5 776 203	5 776 203	5 776 203	583 330	661 085	655 929
Depreciation	175 358	169 021	177 884	184 688	184 688	184 688	184 688	178 067	187 683	197 818
Renewal and Upgrading of Existing Assets	99 500	90 316	256 140	138 319	519 485	-	-	216 518	303 103	172 042
Repairs and Maintenance	106 068	95 296	64 407	109 219	164 792	164 792	164 792	108 229	114 073	120 233
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	44	-	44	44	-	-	-	-	-
Sanitation/sewerage:	98	98	-	98	98	-	-	-	-	-
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.

### 1.6.2 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	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>	1									
<i>Governance and administration</i>		912 989	1 158 300	1 305 779	1 507 453	1 611 434	1 611 434	1 619 461	1 899 374	2 050 815
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		912 989	1 158 300	1 305 779	1 507 453	1 611 434	1 611 434	1 619 461	1 899 374	2 050 815
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		354 511	207 261	178 850	244 873	244 873	244 873	226 430	238 657	251 545
Energy sources		-	-	-	-	-	-	-	-	-
Water management		316 772	171 665	165 532	203 231	203 231	203 231	190 312	200 589	211 420
Waste water management		37 739	35 596	13 319	41 642	41 642	41 642	36 118	38 068	40 124
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	1 267 500	1 365 561	1 484 629	1 752 327	1 856 307	1 856 307	1 845 891	2 138 031	2 302 359
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		95 005	197 191	260 780	268 965	316 709	316 709	321 994	320 665	323 392
Executive and council		8 087	47 644	48 641	78 093	82 703	82 703	77 671	81 865	86 286
Finance and administration		86 918	149 546	212 139	190 873	234 006	234 006	234 447	228 390	226 134
Internal audit		-	-	-	-	-	-	9 876	10 409	10 971
<i>Community and public safety</i>		65 921	107 127	103 894	113 218	109 219	109 219	143 029	151 287	159 458
Community and social services		33 832	31 322	28 301	31 711	30 302	30 302	39 507	42 544	44 843
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		4 590	50 460	51 942	51 935	48 004	48 004	63 203	66 247	69 824
Housing		-	-	-	-	-	-	-	-	-
Health		27 499	25 345	23 651	29 573	30 913	30 913	40 319	42 496	44 791
<i>Economic and environmental services</i>		10 279	15 383	15 921	32 389	42 094	42 094	63 921	63 522	56 350
Planning and development		1 143	14 909	12 581	22 466	30 666	30 666	54 298	45 268	47 712
Road transport		9 136	474	3 340	9 923	11 428	11 428	9 623	18 254	8 638
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		914 073	744 220	846 755	810 297	790 853	790 853	899 854	887 570	926 430
Energy sources		1 404	1 369	1 127	1 516	1 029	1 029	1 709	1 801	1 898
Water management		115 656	706 102	773 521	778 852	759 895	759 895	869 845	855 224	892 076
Waste water management		797 013	36 749	72 107	29 929	29 929	29 929	28 300	30 544	32 455
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	1 085 278	1 063 921	1 227 349	1 224 870	1 258 875	1 258 875	1 428 798	1 423 043	1 465 630
<b>Surplus/(Deficit) for the year</b>		182 222	301 640	257 280	527 457	597 432	597 432	417 093	714 988	836 729

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. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Sanitation. This

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situation is due to distribution losses, debt impairment and salaries and allowances of personnel operating in rural areas where there is no billing. The tariffs for local municipalities are also not cost reflective. The revenue generated is less than the expenditure.

**1.6.3 Explanatory notes to MBRR Table 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	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		912 989	1 158 300	1 305 779	1 507 453	1 611 434	1 611 434	1 619 461	1 899 374	2 050 815
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		316 772	197 193	165 532	203 231	203 231	203 231	190 312	200 589	211 420
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		37 739	40 527	13 319	41 642	41 642	41 642	36 118	38 068	40 124
<b>Total Revenue by Vote</b>	2	<b>1 267 500</b>	<b>1 396 020</b>	<b>1 484 629</b>	<b>1 752 327</b>	<b>1 856 307</b>	<b>1 856 307</b>	<b>1 845 891</b>	<b>2 138 031</b>	<b>2 302 359</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council/Mayor & council		6 457	35 215	36 674	41 411	42 868	42 868	48 934	51 576	54 361
Vote 2 - Executive & Council/Municipal Manager		1 631	12 429	11 966	36 682	39 835	39 835	38 613	40 698	42 896
Vote 3 - Finance & Admin/Finance		35 495	38 414	85 645	83 304	78 497	78 497	101 776	107 272	113 065
Vote 4 - Corporate Services/HR		11 422	25 691	15 614	22 099	17 370	17 370	54 122	42 597	30 308
Vote 5 - Finance & Admin/Other Admin		24 618	71 045	86 708	76 132	90 029	90 029	88 001	88 483	93 261
Vote 6 - Planning & Development/Economic		1 143	14 909	12 581	22 466	17 218	17 218	31 584	21 326	22 478
Vote 7 - Health/Other		27 499	25 345	23 651	29 573	30 913	30 913	40 319	42 496	44 791
Vote 8 - Community Services/Other Community		8 082	5 341	10 938	7 264	7 231	7 231	10 363	10 923	11 513
Vote 9 - Public Services/Fire		4 590	50 460	51 942	51 935	48 004	48 004	63 203	66 247	69 824
Vote 10 - Public Safety/Other		25 750	25 981	17 362	24 447	23 072	23 072	29 144	31 621	33 330
Vote 11 - Roads Transport/Roads		9 136	474	3 340	9 923	11 428	11 428	9 623	18 254	8 638
Vote 12 - Water/Water Distribution		115 656	706 102	773 521	778 852	805 928	805 928	869 845	855 224	892 076
Vote 13 - Electricity/Electricity Distribution		1 404	1 369	1 127	1 516	1 029	1 029	1 709	1 801	1 898
Vote 14 - Corporate Services/Information Technology		15 383	14 396	24 173	9 332	15 531	15 531	13 264	13 980	14 735
Vote 15 - Waste Water Management/Sewerage		797 013	36 749	72 107	29 929	29 929	29 929	28 300	30 544	32 455
<b>Total Expenditure by Vote</b>	2	<b>1 085 278</b>	<b>1 063 921</b>	<b>1 227 349</b>	<b>1 224 864</b>	<b>1 258 881</b>	<b>1 258 881</b>	<b>1 428 798</b>	<b>1 423 043</b>	<b>1 465 630</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>182 222</b>	<b>332 099</b>	<b>257 280</b>	<b>527 463</b>	<b>597 426</b>	<b>597 426</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>

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.

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

DC33 Mopani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	230 871	171 665	165 532	176 775	176 775	176 775	176 775	157 265	165 758	174 708
Service charges - sanitation revenue	2	37 739	35 596	13 319	36 518	36 518	36 518	36 518	30 400	32 042	33 772
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	54	-	-	-	-	-	-	-	-
Interest earned - external investments		11 790	10 300	5 438	6 500	8 000	8 000	8 000	9 000	9 486	9 998
Interest earned - outstanding debtors		85 901	-	39 629	31 581	31 581	31 581	31 581	38 791	40 886	43 094
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		656 590	705 950	1 254 190	858 918	858 918	858 918	858 918	925 159	1 001 141	1 089 845
Other revenue	2	3 141	1 040	6 522	88 336	88 406	88 406	88 406	88 436	93 212	98 245
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 026 032</b>	<b>924 605</b>	<b>1 484 629</b>	<b>1 198 628</b>	<b>1 200 198</b>	<b>1 200 198</b>	<b>1 200 198</b>	<b>1 249 052</b>	<b>1 342 524</b>	<b>1 449 663</b>
<b>Expenditure By Type</b>											
Employee related costs	2	297 129	367 641	376 318	411 623	367 714	367 714	367 714	458 478	483 236	509 330
Remuneration of councillors		12 396	13 297	13 179	12 308	13 378	13 378	13 378	13 396	14 119	14 882
Debt impairment	3	12 400	23 582	65 968	24 122	24 122	24 122	24 122	61 340	64 652	68 143
Depreciation & asset impairment	2	175 358	169 021	177 884	184 688	184 688	184 688	184 688	178 067	187 683	197 818
Finance charges		-	-	226	-	-	-	-	-	-	-
Bulk purchases	2	327 068	175 887	288 789	272 840	217 840	217 840	217 840	230 663	243 119	256 247
Other materials	8	106 068	95 296	64 407	109 219	164 792	164 792	164 792	108 229	114 073	120 233
Contracted services		32 645	10 877	68 499	18 377	22 377	22 377	22 377	26 669	28 109	29 627
Transfers and subsidies		-	-	1 326	-	-	-	-	-	-	-
Other expenditure	4,5	122 214	294 483	170 755	204 444	263 965	263 965	263 965	351 956	288 052	269 349
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1 085 278</b>	<b>1 150 085</b>	<b>1 227 349</b>	<b>1 237 620</b>	<b>1 258 875</b>	<b>1 258 875</b>	<b>1 258 875</b>	<b>1 428 798</b>	<b>1 423 043</b>	<b>1 465 630</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(59 247)	(225 480)	257 280	(38 992)	(58 678)	(58 678)	(58 678)	(179 746)	(80 519)	(15 967)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	241 468	440 956	-	553 699	656 110	656 110	656 110	596 839	795 507	852 696
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>182 222</b>	<b>215 476</b>	<b>257 280</b>	<b>514 707</b>	<b>597 432</b>	<b>597 432</b>	<b>597 432</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>182 222</b>	<b>215 476</b>	<b>257 280</b>	<b>514 707</b>	<b>597 432</b>	<b>597 432</b>	<b>597 432</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>182 222</b>	<b>215 476</b>	<b>257 280</b>	<b>514 707</b>	<b>597 432</b>	<b>597 432</b>	<b>597 432</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>182 222</b>	<b>215 476</b>	<b>257 280</b>	<b>514 707</b>	<b>597 432</b>	<b>597 432</b>	<b>597 432</b>	<b>417 093</b>	<b>714 988</b>	<b>836 729</b>

Total revenue excluding capital transfers is R1 249 052 250 in 2019/2020 and escalates to R1 342 524 235 and R1 449 663 211 by 2020/21 and 2021/2021 respectively. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The main component of the total revenue is grant and subsidies amounting to R1 522 025 000; R1 796 676 000 and R 1942 571 000 for the financial years 2019/2020, 2020/2021 and 2021/2022 respectively. The other revenue component is Service charges

for water & sanitation amount to R226 429 876; R238 657 089 and R 251 544 572 for the financial years 2019/2020, 2020/2021 and 2021/2022 respectively.

The total operating expenditure is projected to be R1 428 798 146 in 2019/20, R 1 423 415 and R 1 465 629 824 in the 2020/21 and 2021/22 financial years. The finance charges constitute of interest paid and bank charges.

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

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	-	-	-	-	-	2 000	13 000	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	166	-	2 207	2 207	2 207	2 207	-	3 062	3 243
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	60	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		2 800	4 350	801	18 500	18 500	18 500	18 500	17 100	28 750	18 000
Vote 10 - Public Safety/Other		-	500	-	600	600	600	600	3 850	1 430	1 070
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		182 573	282 475	243 274	107 000	196 018	196 018	196 018	260 186	501 242	384 000
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 550	1 700	-	1 310	980	980	980	700	500	254
Vote 15 - Waste Water Management/Sewerage		15 300	-	7 738	-	(2 500)	(2 500)	(2 500)	40 409	51 000	121 000
<b>Capital multi-year expenditure sub-total</b>	7	204 223	289 501	251 814	129 617	215 805	215 805	215 805	324 245	598 985	527 567
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	2 194	3 250	3 500	3 500	3 500	300	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	1 450	-	4 000	4 000	4 000	4 000	1 700	2 000	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	500	-	100	100	100	100	3 000	10 000	5 120
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		41 693	126 900	210 040	444 492	465 454	465 454	465 454	247 306	21 409	123 092
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 800	1 600	476	-	-	-	-	4 000	-	-
Vote 15 - Waste Water Management/Sewerage		21 459	29 084	77 174	-	33 324	33 324	33 324	3 679	28 691	-
<b>Capital single-year expenditure sub-total</b>		66 952	159 784	289 884	451 842	506 378	506 378	506 378	259 986	62 100	128 212
<b>Total Capital Expenditure - Vote</b>		271 175	449 285	541 698	581 459	722 183	722 183	722 183	584 230	661 085	655 779
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		61 028	5 416	2 670	8 560	8 480	8 480	8 480	8 700	18 562	3 497
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		1 200	500	2 670	8 560	8 480	8 480	8 480	8 700	18 562	3 497
Internal audit		59 828	4 916	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		5 050	5 410	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Community and social services		-	60	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		5 050	5 350	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		205 097	439 009	538 227	553 699	694 473	694 473	694 473	551 580	602 342	628 092
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		182 573	409 925	453 314	488 699	663 649	663 649	663 649	507 492	522 652	507 092
Waste water management		22 525	29 084	84 912	65 000	30 824	30 824	30 824	44 088	79 691	121 000
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	271 175	449 835	541 698	581 459	722 153	722 153	722 153	584 230	661 085	655 779
<b>Funded by:</b>											
National Government		205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		66 078	8 328	3 472	27 760	27 680	27 680	27 680	32 650	14 092	27 687
<b>Total Capital Funding</b>	7	271 175	449 835	541 698	581 459	722 153	722 153	722 153	584 230	661 085	655 779

**1.6.6**

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

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classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2019/2020 R 584 230 250 has been allocated.

**1.6.7 Explanatory notes to Table A6 - Budgeted Financial Position**

DC33 Mopani - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		109 358	16 545	131 304	7 752	7 752	7 752	7 752	8 156	8 596	9 060
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	552 632	298 579	73 022	298 579	298 579	298 579	298 579	314 105	331 066	348 944
Other debtors		146 774	338 753	332 770	338 753	338 753	338 753	338 753	356 368	375 612	395 895
Current portion of long-term receivables		158 453	11 304	-	11 304	11 304	11 304	11 304	11 892	12 534	13 211
Inventory	2	23 653	15 549	14 175	15 549	15 549	15 549	15 549	16 357	17 241	18 172
<b>Total current assets</b>		<b>990 871</b>	<b>680 729</b>	<b>551 271</b>	<b>671 937</b>	<b>671 937</b>	<b>671 937</b>	<b>671 937</b>	<b>706 878</b>	<b>745 049</b>	<b>785 282</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	4 707 900	4 802 348	5 169 975	4 802 348	4 802 348	4 802 348	4 802 348	5 052 070	5 324 882	5 612 426
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		9 100	10 242	7 187	10 242	10 242	10 242	10 242	10 775	11 356	11 970
Other non-current assets		448	432	448	432	432	432	432	454	479	505
<b>Total non current assets</b>		<b>4 717 448</b>	<b>4 813 022</b>	<b>5 177 610</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>5 063 299</b>	<b>5 336 718</b>	<b>5 624 900</b>
<b>TOTAL ASSETS</b>		<b>5 708 318</b>	<b>5 493 752</b>	<b>5 728 881</b>	<b>5 484 959</b>	<b>5 484 959</b>	<b>5 484 959</b>	<b>5 484 959</b>	<b>5 770 177</b>	<b>6 081 766</b>	<b>6 410 182</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	1 061	3 368	1 061	1 061	1 061	1 061	1 116	1 177	1 240
Consumer deposits		6 364	4 675	4 352	4 675	4 675	4 675	4 675	4 918	5 183	5 463
Trade and other payables	4	1 246 283	531 127	1 722 395	531 127	531 127	531 127	531 127	558 746	588 918	620 720
Provisions		47 789	5 588	-	5 588	5 588	5 588	5 588	5 879	6 196	6 531
<b>Total current liabilities</b>		<b>1 300 435</b>	<b>542 451</b>	<b>1 730 115</b>	<b>542 451</b>	<b>542 451</b>	<b>542 451</b>	<b>542 451</b>	<b>570 659</b>	<b>601 474</b>	<b>633 954</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		78 700	57 937	108 235	57 937	57 937	57 937	57 937	60 949	64 241	67 710
<b>Total non current liabilities</b>		<b>78 700</b>	<b>57 937</b>	<b>108 235</b>	<b>57 937</b>	<b>57 937</b>	<b>57 937</b>	<b>57 937</b>	<b>60 949</b>	<b>64 241</b>	<b>67 710</b>
<b>TOTAL LIABILITIES</b>		<b>1 379 135</b>	<b>600 388</b>	<b>1 838 350</b>	<b>600 388</b>	<b>600 388</b>	<b>600 388</b>	<b>600 388</b>	<b>631 608</b>	<b>665 715</b>	<b>701 664</b>
<b>NET ASSETS</b>	5	<b>4 329 183</b>	<b>4 893 363</b>	<b>3 890 531</b>	<b>4 884 571</b>	<b>4 884 571</b>	<b>4 884 571</b>	<b>4 884 571</b>	<b>5 138 569</b>	<b>5 416 051</b>	<b>5 708 518</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		4 329 183	4 893 363	3 890 531	4 884 571	4 884 571	4 884 571	4 884 571	5 138 569	5 416 051	5 708 518
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>4 329 183</b>	<b>4 893 363</b>	<b>3 890 531</b>	<b>4 884 571</b>	<b>4 884 571</b>	<b>4 884 571</b>	<b>4 884 571</b>	<b>5 138 569</b>	<b>5 416 051</b>	<b>5 708 518</b>

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 SA3 provides a detailed analysis of the major components of budgeted financial position items, including:

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

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

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

#### **1.6.8. Explanatory notes to Table A7 - Budgeted Cash Flow Statement**



Mopani District Municipality 2019/2020 Draft Annual Budget and MTREF

DC33 Mopani - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	114 535	-	214 293	214 293	214 293	214 293	-	-	-
Other revenue		904	894	195 134	87 406	87 406	87 406	87 406	88 436	93 212	98 245
Government - operating	1	656 590	705 950	772 495	858 918	858 918	858 918	858 918	925 159	1 001 141	1 089 845
Government - capital	1	241 468	440 956	544 950	553 699	655 299	655 299	655 299	596 839	795 507	852 696
Interest		11 790	10 300	4 345	38 081	8 000	8 000	8 000	47 791	50 372	53 092
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(642 234)	(708 969)	(929 606)	(1 016 060)	(1 056 804)	(1 056 804)	(1 056 804)	(1 052 787)	(1 184 828)	(1 214 551)
Finance charges		(1 843)	-	(306)	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>266 675</b>	<b>563 666</b>	<b>587 013</b>	<b>736 337</b>	<b>767 112</b>	<b>767 112</b>	<b>767 112</b>	<b>605 439</b>	<b>755 404</b>	<b>879 328</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(271 652)	(449 284)	(460 822)	(615 241)	(722 057)	(722 057)	(722 057)	(584 230)	(661 085)	(655 779)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(271 652)</b>	<b>(449 284)</b>	<b>(460 822)</b>	<b>(615 241)</b>	<b>(722 057)</b>	<b>(722 057)</b>	<b>(722 057)</b>	<b>(584 230)</b>	<b>(661 085)</b>	<b>(655 779)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(4 977)</b>	<b>114 382</b>	<b>126 191</b>	<b>121 096</b>	<b>45 055</b>	<b>45 055</b>	<b>45 055</b>	<b>21 208</b>	<b>94 319</b>	<b>223 549</b>
Cash/cash equivalents at the year begin:	2	114 327	109 358	7 761	7 752	7 752	7 752	7 752	52 807	74 016	168 335
Cash/cash equivalents at the year end:	2	109 350	223 740	133 952	128 848	52 807	52 807	52 807	74 016	168 335	391 884

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 2019/2020 amounts to R 74 016 000.

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

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	109 350	223 740	133 952	128 848	52 807	52 807	52 807	74 016	168 335	391 884
Other current investments > 90 days	8	-	(207 195)	(2 648)	(121 096)	(45 055)	(45 055)	(45 055)	(65 860)	(159 739)	(382 824)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>109 358</b>	<b>16 545</b>	<b>131 304</b>	<b>7 752</b>	<b>7 752</b>	<b>7 752</b>	<b>7 752</b>	<b>8 156</b>	<b>8 596</b>	<b>9 060</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		76 199	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	(500 000)	(500 000)	(500 000)
Other working capital requirements	3	1 168 317	178 043	1 370 469	(45 934)	(45 813)	(45 813)	(45 813)	370 446	390 450	411 535
Other provisions		-	-	-	6 300	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>1 244 516</b>	<b>178 043</b>	<b>1 370 469</b>	<b>(39 634)</b>	<b>(45 813)</b>	<b>(45 813)</b>	<b>(45 813)</b>	<b>(129 554)</b>	<b>(109 550)</b>	<b>(88 465)</b>
<b>Surplus(shortfall)</b>		<b>(1 135 158)</b>	<b>(161 498)</b>	<b>(1 239 166)</b>	<b>47 386</b>	<b>53 565</b>	<b>53 565</b>	<b>53 565</b>	<b>137 710</b>	<b>118 146</b>	<b>97 525</b>

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

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be 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.

As indicated in Table SA 10, the Mopani District Municipality's budget is fully funded for the 2017/2018 financial year

#### **1.6.10 Explanatory notes to Table A9 - Asset Management**



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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 R367 711 798 will be spent on new assets in the 2019/2020 financial year while an amount of R 216 518 452 will be spent on renewal of existing assets.

**1.6.10 Explanatory notes to Table A10 - Basic Service Delivery Measurement**

DC33 Mopani - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		155 022	155 022	151 520	149 769	149 769	149 769	149 769	149 769	149 769
Piped water inside yard (but not in dwelling)		218 262	218 262	271 622	298 302	298 302	298 302	298 302	298 302	298 302
Using public tap (at least min.service level)	2	328 023	328 023	109 341	-	-	-	-	-	-
Other water supply (at least min.service level)	4	87 654	87 654	96 764	101 319	101 319	101 319	101 319	101 319	101 319
<i>Minimum Service Level and Above sub-total</i>		788 961	788 961	629 247	549 390	549 390	549 390	549 390	549 390	549 390
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	43 935	131 805	131 265	131 265	131 265	131 265	131 805
No water supply		4 606	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	43 935	131 805	131 265	131 265	131 265	131 265	131 805
<b>Total number of households</b>	5	<b>793 567</b>	<b>788 961</b>	<b>673 182</b>	<b>681 195</b>	<b>680 655</b>	<b>680 655</b>	<b>680 655</b>	<b>680 655</b>	<b>681 195</b>
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		128 241	128 241	136 431	140 526	140 526	140 526	140 526	140 526	140 526
Flush toilet (with septic tank)		17 964	17 964	20 218	21 345	21 345	21 345	21 345	21 345	21 345
Chemical toilet		1 662	1 662	6 870	9 474	9 474	9 474	9 474	9 474	9 474
Pit toilet (ventilated)		85 560	85 560	142 942	171 633	171 633	171 633	171 633	171 633	171 633
Other toilet provisions (> min.service level)		382 881	382 881	402 923	412 944	412 944	412 944	412 944	412 944	412 944
<i>Minimum Service Level and Above sub-total</i>		616 308	616 308	709 384	755 922	755 922	755 922	755 922	755 922	755 922
Bucket toilet		-	-	1 099	3 297	3 297	3 297	3 297	3 297	3 297
Other toilet provisions (< min.service level)		179 559	179 559	179 559	179 559	179 559	179 559	179 559	179 559	179 559
No toilet provisions		-	-	37 067	111 201	111 201	111 201	111 201	111 201	111 201
<i>Below Minimum Service Level sub-total</i>		-	-	217 725	294 057	294 057	294 057	294 057	294 057	294 057
<b>Total number of households</b>	5	<b>795 867</b>	<b>795 867</b>	<b>927 109</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

As indicated in the Mayor's Report, the Municipality continues to make good progress with the eradication of backlogs with sanitation backlog being targeted. The new statics information shows that the households have increased with around 25 percent from the previous statistics, hence the increase in backlogs.

**1.6.11 Amendments to the policies**

No amendments were effected to the budget related policies

## 2 Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Head of Finance Portfolio Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in July 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The first IDP Review Framework and the Process Plan that ushered in the current Council were approved by the then Mopani District Council on 31 May 2016. Broadly, Municipalities (including the District) did not fully adhere to the IDP Review Framework and process plans due to number of processes to get Councils fully functional through established council committees. These were also met with the usual service delivery challenges which would not be postponed. To-date, great improvement has been noted. Mopani District municipality managed to go through IDP/Budget Strategic planning session as facilitated by service provider on 13 – 14 December 2018. On 29th February 2019 Mopani District held IDP Lekgotla to concretise the developmental strategies. On 4-5 February 2019 MDM family of municipalities had engagement session with sector departments to discuss the strategies that deal with issues raised. On 22 March 2019 the District finalized Strategies and Projects phase through the IDP Rep forum

**The activities that transpired during the latest Mopani IDP/Budget review process:**

2018/19 IDP Review Actual Activities		
Phase	Activities and purpose	Date
Preparatory	IDP Technical Committee: Preparatory phase	15/6/2018
	ISCO/MANCO: Preparatory phase	18/7/2018
	IDP Rep Forum: Preparatory phase	20/7/2018
	Council sitting: Adoption of IDP Framework, Process plan & Code of conduct	31/07/2018
Performance		
	ISCO/MANCO: Performance analysis	18/9/2018
	IDP Rep. Forum: Performance Analysis	28/9/2018
Analysis	IDP Engagement session: IDP Analysis phase & Performance Analysis	11/9/2018
	ISCO IDP Analysis phase & Performance Analysis	9/10/2018
	IDP Rep. Forum: Analysis phase	2/11/2018
Strategies	ISCO/ MANCO: Preparation of Strategic planning session..... planning	31/10/2018
	Strategic Planning session	13-14/12/2018
	Municipal Manager's forum	21/1/2019
	IDP Lekgotla	29/1/2019
	IDP Engagement Session: Strategies and Projects	4-5/2/2019

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	IDP Rep. Forum: Strategies and projects	5/3/2019
Projects	IDP Rep Forum: IDP projects phase	22/3/2019
	Budget Steering Committee: Projects & Budget	26/3/2019
Approval	Mayoral committee: Draft IDP and Budget	28/03/2019
	Council sitting: Approval of draft IDP/Budget 2019/20	29/3/ 2019
	<i>Publication of draft IDP/Budget documents in Local Newspapers, calling for public comments</i>	<i>6 April – 22 May 2019</i>
	Public participation on draft IDP/Budget (Municipal governance meet communities)	25 April – 22 May 2019
	ISCO/MANCO consider effecting changes to draft IDP/Budget as per public/ community inputs.	15/05/2019
	Mayor's IDP session noted the draft IDP 2019/20	17/05/2019
	IDP Rep Forum: Consider final draft IDP/Budget & Public participation report	21/05/2019
	Mayoral Committee: Final IDP/Budget 2019/20	29/05/2019
	Council sitting: Adoption of final IDP/Budget 2019/20	30/5/2019
	Submission of IDP to the MEC for COGHSTA & Provincial Treasury	9/6/2019
	Publication of the adopted IDP/ Budget 2019/20	13/6/2019
	IDP Steering committee: SDBIP and Process plan for 2019/20 FY	20/6/2019
	Approval of SDBIP to the Executive Mayor	28/6/2019

### **Planning process**

The municipality was guided mainly by the budget policy which is aligned to the MFMA in terms of key deadlines and considerations.

The municipality then developed key deadlines based on the requirements of the policy and the MFMA as detailed above under the key deadlines as originally approved.

The cost containment measures as adopted by council also informed the budgeting processes of the municipality due to the need to cut on certain expenditures.

## **Community Consultation**

After the draft 2019/20 MTREF would have been tabled before Council on 31 March 2019 for community consultation was published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

The public participation process took place in May 2019.

The draft IDP and Budget will be presented to the communities in the form of highlighting the water and sanitation projects that will be provided in the year under budget, together with the two ensuing financial years.

Communities will be afforded an opportunity to comment on the planned projects in terms of sufficiency and economy. The community comments were noted and taken into account to the extent possible in the final budget.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

### **2.2 Overview of alignment of annual budget with IDP**

Budget and the IDP are aligned, and no amendments were anticipated at the time of preparing this report.

### **2.3 Measurable performance objectives and indicators**

For the measurable performance and indicators, refer to the Service Delivery and Budget Implementation plan



## **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

### **2.4.1 Credit control and debt collection procedures/policies**

Review collection policy was applied by Council and adopted in May 2018, the policy is credible, sustainable, and manageable and informed by affordability and value for money. The Credit control and debt collection will be reviewed for the 2019/2020 financial year.

### **2.4.2 Asset Management Policy**

The Asset Management, Infrastructure and Funding Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. The policy will be reviewed for 2019/2020 financial year.

### **2.4.3 Budget Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continue to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget processes will be utilises to ensure that underperforming functions are identified and funds redirected to performing functions. The policy will be reviewed for 2019/2020 financial year and adopted by Council.

### **2.4.4 Supply Chain Management Policy**

The goal of this Policy is to provide a mechanism to ensure sound, sustainable and accountable supply chain management within the Mopani District Municipality, whilst promoting black economic empowerment.

The Supply Chain Management Policy has been reviewed and comments were also sought from Provincial Treasury. The policy will be reviewed for 2019/2020 financial year and adopted by Council.

#### **1.4.5 Cash Management and Investment Policy**

The purpose of this policy is to secure the sound and sustainable management of Mopani District Municipality's surplus cash and investments.

The Municipality's Cash Management and Investment Policy will be reviewed for 2019/2020 financial year.

#### **1.4.6 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy will be reviewed for 2019/2020 financial year.

#### **1.4.7 Indigent policy**

The indigent policy seeks to balance the immediate needs of the poor population to have access to affordable basic services with the long term implications of failure to implement remedial measures coupled with the provision of affordable services to indigents in a financially viable manner. The policy will be reviewed for 2019/2020 financial year.

#### **1.4.8 Writing off of bad debts**

The purpose of this policy is to ensure that the principles and procedures for writing off irrecoverable debt are formalised.

The policy will be reviewed for 2019/2020 financial year.

#### **1.4.9 Virement policy**

The purpose of this policy is to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials. The policy will be reviewed for 2019/2020 financial year.

#### **1.4.10 Inventory Policy**

The purpose of this policy is to ensure that all the inventory management processes relating to purchasing, issuing and control are formalised. The policy will be reviewed for 2019/2020 financial year.

#### **1.4.11 Support to Traditional Leaders Policy**

The purpose of this policy is to provide guidance to the municipality on the support to be provided to the traditional leaders within the district jurisdiction. The policy will be reviewed for 2019/2020 financial year.

#### **2.1.12 Fleet management Policy**

The purpose of this policy is to clarify the position regarding the municipal transport. This covers the use of municipal transport within the municipality and inter alia the use of municipal vehicles permanently allocated to a specific department. The policy will be reviewed for the 2019/2020 financial year.

## **2.5 Overview of budget assumptions**

### **2.5.1 Collection rate for revenue services**

- The debt impairment as indicated in the budget seeks to indicate that more efforts need to be put in the collection process.
- Revenue from local municipalities is never transferred to the district
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.

## **2.5.2 Salary increases**

### **Remuneration of employees**

The guideline is from CPIX as per the Circular 94

- 2019/20 Financial Year – 5.2%
- 2020/21 Financial Year\_5.4%
- 2021/22 Financial Year\_5.4%

### **Remuneration of councilors**

We've also considered the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2018 by the Department of Cooperative Governance and add 5.2% CPI

## **2.5.3 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

The municipality's infrastructure projects are labour intensive.

## **2.5.4 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2018/2019 MTREF of which performance has been factored into the cash flow budget.

### **2.5.5 Other factors**

The following factors have been taken into consideration in the compilation of the 2019/2020 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook of 5.2%
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The 2018/19 Adjustments Budget priorities and targets,
- Equitable shares informed expenses as no own cash collection
- Conditional grants are ring-fenced
- Public participation comments are incorporated
- The need to ensure that the budget is cash backed
- The lessons learned from the 2018/19 Adjustments Budget process in terms of spending, priorities and targets,
- The fact that service delivery and capital projects are labour intensive;
- The need to increase support for LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on the job training
- The need to fully implement cost containment measure from National Treasury.

### **2.6 Overview budget funding**

Tables A2; A3, A4; A5; A6 and their respective narrative above, provide detailed information and narratives regarding the overview budget funding.

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

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

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

## 2.7 Expenditure on grants and reconciliation of unspent funds

DC33 Mopani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		635 448	692 376	819 637	950 859	950 859	950 859	965 159	1 117 191	1 179 845
Local Government Equitable Share		631 553	686 633	757 360	840 762	840 762	840 762	919 537	998 379	1 086 819
Finance Management		1 325	1 460	1 795	1 865	1 865	1 865	2 330	2 762	3 026
Municipal Systems Improvement		940	2 340	-	-	-	-	-	-	-
Water Services Operating Subsidy		-	-	58 757	107 000	107 000	107 000	40 000	116 050	90 000
EPWP Incentive		1 630	1 943	1 725	1 232	1 232	1 232	3 292	-	-
LP- Health (EHP)										
Provincial Government:		-	-	-	-	-	-	-	-	-
LP- Health (EHP)										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>LG SETA</i>		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	635 448	692 376	819 637	950 859	950 859	950 859	965 159	1 117 191	1 179 845
<b>Capital Transfers and Grants</b>										
National Government:		447 153	440 956	422 938	446 699	549 110	549 110	556 866	679 485	762 726
Municipal Infrastructure Grant (MIG)		445 152	438 907	420 736	444 492	444 492	444 492	454 295	481 413	520 425
Rural Transport Services and Infrastructure		2 001	2 049	2 202	2 207	2 207	2 207	2 338	2 472	2 609
RBIG-MAMETJA-SEKORORO		-	-	-	-	17 911	17 911	-	-	-
Drought Relief WSIG		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	10 674	15 059	15 059	15 059	-	-	-
LP Health (EHP)		-	-	10 674	15 059	15 059	15 059	-	-	-
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>LG SETA</i> <i>LP Econ (Biosphere)</i>		-	-	941	2 000	2 000	2 000	-	-	-
<b>Total Capital Transfers and Grants</b>	5	447 153	440 956	434 553	463 758	566 169	566 169	556 866	679 485	762 726
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		1 082 601	1 133 332	1 254 190	1 414 617	1 517 028	1 517 028	1 522 025	1 796 676	1 942 571

The table below depicts the grants that the municipality will be received as per the DORA bill. The municipality is grant dependant. It is 83% dependent on grant in all the 2019/20 MTREF

## **2.8 Councillors and employees benefits**

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DC33 Mopani - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		7 876	8 698		8 927	9 927	9 927	12 285	12 948	13 647
Pension and UIF Contributions		707	807		-	-	-	-	-	-
Medical Aid Contributions		104	104		-	-	-	-	-	-
Motor Vehicle Allowance		2 808	543		2 211	2 251	2 251	-	-	-
Cellphone Allowance		543	3 146		1 171	1 201	1 201	1 111	1 171	1 235
Housing Allowances		-	-		-	-	-	-	-	-
Other benefits and allowances		-	-		-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>12 038</b>	<b>13 297</b>	<b>-</b>	<b>12 308</b>	<b>13 378</b>	<b>13 378</b>	<b>13 396</b>	<b>14 119</b>	<b>14 882</b>
% increase	4		10.5%	(100.0%)	-	8.7%	-	0.1%	5.4%	5.4%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		4 895	372		9 614	9 614	9 614	10 114	10 660	11 236
Pension and UIF Contributions		300	71		82	82	82	86	91	96
Medical Aid Contributions		79	-		-	-	-	-	-	-
Overtime		-	-		-	-	-	-	-	-
Performance Bonus		-	-		-	-	-	-	-	-
Motor Vehicle Allowance		2 155	2 166		2 509	2 509	2 509	2 640	2 782	2 933
Cellphone Allowance		72	-		-	-	-	-	-	-
Housing Allowances		1 158	399		462	462	462	486	512	540
Other benefits and allowances		608	70		81	81	81	86	90	95
Payments in lieu of leave		-	-		-	-	-	-	-	-
Long service awards		-	-		-	-	-	-	-	-
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>9 266</b>	<b>3 079</b>	<b>-</b>	<b>12 749</b>	<b>12 749</b>	<b>12 749</b>	<b>13 412</b>	<b>14 136</b>	<b>14 900</b>
% increase	4		(66.8%)	(100.0%)	-	-	-	5.2%	5.4%	5.4%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		231 619	210 345		219 905	196 542	196 542	256 790	270 657	285 272
Pension and UIF Contributions		44 668	41 759		49 331	35 638	35 638	51 897	54 699	57 653
Medical Aid Contributions		21 303	24 805		37 425	13 274	13 274	39 371	41 498	43 738
Overtime		17 398	22 918		24 658	30 724	30 724	25 940	27 341	28 818
Performance Bonus		108	-		-	-	-	-	-	-
Motor Vehicle Allowance		18 198	16 272		26 391	23 481	23 481	27 764	29 263	30 843
Cellphone Allowance		67	79		790	790	790	831	876	923
Housing Allowances		10 279	7 819		8 511	6 487	6 487	8 953	9 437	9 946
Other benefits and allowances		12 554	31 845		29 831	32 161	32 161	31 383	33 077	34 863
Payments in lieu of leave		-	1 421		1 441	1 441	1 441	1 516	1 598	1 684
Long service awards		558	574		590	640	640	621	654	690
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>356 753</b>	<b>357 837</b>	<b>-</b>	<b>398 874</b>	<b>341 178</b>	<b>341 178</b>	<b>445 066</b>	<b>469 100</b>	<b>494 431</b>
% increase	4		0.3%	(100.0%)	-	(14.5%)	-	30.4%	5.4%	5.4%
<b>Total Parent Municipality</b>		<b>378 057</b>	<b>374 213</b>	<b>-</b>	<b>423 931</b>	<b>367 305</b>	<b>367 305</b>	<b>471 874</b>	<b>497 355</b>	<b>524 212</b>
% increase			(1.0%)	(100.0%)	-	(13.4%)	-	28.5%	5.4%	5.4%
<b>Board Members of Entities</b>										
Basic Salaries and Wages		-	-		-	-	-	-	-	-
Pension and UIF Contributions		-	-		-	-	-	-	-	-
Medical Aid Contributions		-	-		-	-	-	-	-	-
Overtime		-	-		-	-	-	-	-	-
Performance Bonus		-	-		-	-	-	-	-	-
Motor Vehicle Allowance		-	-		-	-	-	-	-	-
Cellphone Allowance		-	-		-	-	-	-	-	-
Housing Allowances		-	-		-	-	-	-	-	-
Other benefits and allowances		-	-		-	-	-	-	-	-
Board Fees		-	-		-	-	-	-	-	-
Payments in lieu of leave		-	-		-	-	-	-	-	-
Long service awards		-	-		-	-	-	-	-	-
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% increase	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		-	-		-	-	-	-	-	-
Pension and UIF Contributions		-	-		-	-	-	-	-	-
Medical Aid Contributions		-	-		-	-	-	-	-	-
Overtime		-	-		-	-	-	-	-	-
Performance Bonus		-	-		-	-	-	-	-	-
Motor Vehicle Allowance		-	-		-	-	-	-	-	-
Cellphone Allowance		-	-		-	-	-	-	-	-
Housing Allowances		-	-		-	-	-	-	-	-
Other benefits and allowances		-	-		-	-	-	-	-	-
Payments in lieu of leave		-	-		-	-	-	-	-	-
Long service awards		-	-		-	-	-	-	-	-
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% increase	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		-	-		-	-	-	-	-	-
Pension and UIF Contributions		-	-		-	-	-	-	-	-
Medical Aid Contributions		-	-		-	-	-	-	-	-
Overtime		-	-		-	-	-	-	-	-
Performance Bonus		-	-		-	-	-	-	-	-
Motor Vehicle Allowance		-	-		-	-	-	-	-	-
Cellphone Allowance		-	-		-	-	-	-	-	-
Housing Allowances		-	-		-	-	-	-	-	-
Other benefits and allowances		-	-		-	-	-	-	-	-
Payments in lieu of leave		-	-		-	-	-	-	-	-
Long service awards		-	-		-	-	-	-	-	-
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% increase	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>378 057</b>	<b>374 213</b>	<b>-</b>	<b>423 931</b>	<b>367 305</b>	<b>367 305</b>	<b>471 874</b>	<b>497 355</b>	<b>524 212</b>
% increase	4		(1.0%)	(100.0%)	-	(13.4%)	-	28.5%	5.4%	5.4%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>366 019</b>	<b>360 915</b>	<b>-</b>	<b>411 623</b>	<b>353 927</b>	<b>353 927</b>	<b>458 478</b>	<b>483 236</b>	<b>509 330</b>



Mopani District Municipality 2019/2020 Draft Annual Budget and MTREF

The total salaries and Wages for the municipality including Councillors allowance for the 2019/20 financial year is R471 874 023

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

DC33 Mopani - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>													1		
<b>Cash Receipts By Source</b>															
Property rates															
Service charges - electricity revenue															
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue															
Rental of facilities and equipment															
Interest earned - external investments	108	368	229	222	172	854	257	155	1 255	356	568	4 456	9 000	9 486	9 998
Interest earned - outstanding debtors				1 500	4 590	1 523	5 246	4 000		1 256		20 676	38 791	40 886	43 094
Dividends received															
Fines, penalties and forfeits															
Licences and permits															
Agency services															
Transfer receipts - operational	273 274	748	3 558	422	3 558	295 995	107 000	4 072	151 658	66 973		17 901	925 159	1 001 141	1 089 845
Other revenue	686	3 628	2 570	18 599	4 026	1 655	2 011	22	216	14 568		40 455	88 436	93 212	98 245
<b>Cash Receipts by Source</b>	<b>274 069</b>	<b>4 745</b>	<b>6 357</b>	<b>20 743</b>	<b>12 346</b>	<b>300 026</b>	<b>114 514</b>	<b>8 249</b>	<b>153 128</b>	<b>83 154</b>	<b>568</b>	<b>83 488</b>	<b>1 061 386</b>	<b>1 144 725</b>	<b>1 241 182</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	99 221	1 545	31 437			153 900		662	298 371			11 703	596 839	795 507	852 696
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/re-financing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (Increase) other non-current receivables															
Decrease (Increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>373 290</b>	<b>6 290</b>	<b>37 794</b>	<b>20 743</b>	<b>12 346</b>	<b>453 926</b>	<b>114 514</b>	<b>8 911</b>	<b>451 499</b>	<b>83 154</b>	<b>568</b>	<b>95 192</b>	<b>1 658 226</b>	<b>1 940 232</b>	<b>2 093 879</b>
<b>Cash Payments by Type</b>															
Employee related costs	28 722	23 368	19 920	26 166	32 082	29 453	18 895	20 790	21 569	21 582	23 100	86 227	351 874	497 355	524 212
Remuneration of councillors	968	997	999	991	992	1 710	1 119	991	991	1 055	879	1 705	13 396	14 119	14 882
Finance charges															
Bulk purchases - Electricity															
Bulk purchases - Water & Sewer	50 000	10 000				40 000	10 000	10 000	30 000	10 000		70 663	230 463	243 119	256 247
Other materials	5 594	3 057	3 610	3 123	3 602	10 513	3 794	31 541	1 902	1 520	4 000	35 973	188 229	114 073	120 233
Contracted services	704	41	1 132	2 035	996	468	1 546	3 250	855	259	1 569	13 816	26 669	28 109	29 627
Transfers and grants - other municipalities															
Transfers and grants - other															
Other expenditure	12 483	9 832	7 065	2 775	2 691	13 375	84 764	18 102	13 858	9 834	15 200	131 977	321 956	288 052	269 349
<b>Cash Payments by Type</b>	<b>98 471</b>	<b>47 296</b>	<b>32 726</b>	<b>35 090</b>	<b>40 362</b>	<b>95 519</b>	<b>120 118</b>	<b>84 674</b>	<b>69 174</b>	<b>44 250</b>	<b>44 748</b>	<b>340 361</b>	<b>1 052 787</b>	<b>1 184 828</b>	<b>1 214 551</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	106 779	30 299	10 864	35 391	1 184	120 750	15 841	54 429	114 803	35 869	35 800	22 220	584 230	661 085	655 779
Repayment of borrowing															
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>205 250</b>	<b>77 595</b>	<b>43 591</b>	<b>70 481</b>	<b>41 545</b>	<b>216 270</b>	<b>135 959</b>	<b>139 103</b>	<b>183 977</b>	<b>80 119</b>	<b>80 548</b>	<b>362 581</b>	<b>1 637 017</b>	<b>1 845 912</b>	<b>1 870 330</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>168 039</b>	<b>(71 305)</b>	<b>(5 797)</b>	<b>(49 737)</b>	<b>(29 199)</b>	<b>237 656</b>	<b>(21 445)</b>	<b>(130 192)</b>	<b>267 523</b>	<b>3 035</b>	<b>(79 979)</b>	<b>(267 389)</b>	<b>21 208</b>	<b>94 319</b>	<b>223 549</b>
Cash/cash equivalents at the month/year begin:	52 807	220 846	149 541	143 744	94 007	64 808	302 464	281 019	150 826	418 349	421 384	341 405	52 807	74 016	168 335
Cash/cash equivalents at the month/year end:	220 846	149 541	143 744	94 007	64 808	302 464	281 019	150 826	418 349	421 384	341 405	74 016	74 016	168 335	391 884

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2019/20 financial year is amounting to R1 522 025 000.

## 2.10 Contract having future budgetary implications

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

## 2.11 Capital expenditure details

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	-	-	-	-	-	2 000	13 000	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	166	-	2 207	2 207	2 207	2 207	-	3 062	3 243
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	60	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		2 800	4 350	801	18 500	18 500	18 500	18 500	17 100	28 750	18 000
Vote 10 - Public Safety/Other		-	500	-	600	600	600	600	3 850	1 430	1 070
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		182 573	282 475	243 274	107 000	196 018	196 018	196 018	260 186	501 242	384 000
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 550	1 700	-	1 310	980	980	980	700	500	254
Vote 15 - Waste Water Management/Sewerage		15 300	-	7 738	-	(2 500)	(2 500)	(2 500)	40 409	51 000	121 000
<b>Capital multi-year expenditure sub-total</b>	7	<b>204 223</b>	<b>289 501</b>	<b>251 814</b>	<b>129 617</b>	<b>215 805</b>	<b>215 805</b>	<b>215 805</b>	<b>324 245</b>	<b>598 985</b>	<b>527 567</b>
<b>Single-year expenditure, to be appropriated</b>	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	2 194	3 250	3 500	3 500	3 500	300	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	1 450	-	4 000	4 000	4 000	4 000	1 700	2 000	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	500	-	100	100	100	100	3 000	10 000	5 120
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		41 693	126 900	210 040	444 492	465 454	465 454	465 454	247 306	21 409	123 092
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 800	1 600	476	-	-	-	-	4 000	-	-
Vote 15 - Waste Water Management/Sewerage		21 459	29 084	77 174	-	33 324	33 324	33 324	3 679	28 691	-
<b>Capital single-year expenditure sub-total</b>		<b>66 952</b>	<b>159 784</b>	<b>289 884</b>	<b>451 842</b>	<b>506 378</b>	<b>506 378</b>	<b>506 378</b>	<b>259 986</b>	<b>62 100</b>	<b>128 212</b>
<b>Total Capital Expenditure - Vote</b>		<b>271 175</b>	<b>449 285</b>	<b>541 698</b>	<b>581 459</b>	<b>722 183</b>	<b>722 183</b>	<b>722 183</b>	<b>584 230</b>	<b>661 085</b>	<b>655 779</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		61 028	5 416	2 670	8 560	8 480	8 480	8 480	8 700	18 562	3 497
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		1 200	500	2 670	8 560	8 480	8 480	8 480	8 700	18 562	3 497
Internal audit		59 828	4 916	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		5 050	5 410	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Community and social services		-	60	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		5 050	5 350	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		205 097	439 009	538 227	553 699	694 473	694 473	694 473	551 580	602 342	628 092
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		182 573	409 925	453 314	488 699	663 649	663 649	663 649	507 492	522 652	507 092
Waste water management		22 525	29 084	84 912	65 000	30 824	30 824	30 824	44 088	79 691	121 000
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	<b>271 175</b>	<b>449 835</b>	<b>541 698</b>	<b>581 459</b>	<b>722 153</b>	<b>722 153</b>	<b>722 153</b>	<b>584 230</b>	<b>661 085</b>	<b>655 779</b>
<b>Funded by:</b>											
National Government		205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		66 078	8 328	3 472	27 760	27 680	27 680	27 680	32 650	14 092	27 687
<b>Total Capital Funding</b>	7	<b>271 175</b>	<b>449 835</b>	<b>541 698</b>	<b>581 459</b>	<b>722 153</b>	<b>722 153</b>	<b>722 153</b>	<b>584 230</b>	<b>661 085</b>	<b>655 779</b>

## **2.12 Legislation compliance status**

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

### **Municipal Finance Management Act**

The municipality is still have a room to improve on reporting requirement to the Provincial and National Treasury.

### **Municipal Systems Act**

The municipality is compliance in this regard

### **Municipal Structures Act**

The municipality is compliance in this regard

### **Treasury Regulations**

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

### **mSCOA**

The municipality to date is not compliant with mSCOA requirements and set time frames.

### **GRAP**

The municipality is still having a room to improve on compliance with GRAP reporting requirements

### **Basic Conditions of Employment Act**

The municipality is still having a room to improve on the compliance with BCEA

## **2.13 Other supporting documents**

See attached copy of the Annual 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
- MBRR SA 9 – Social, economic and demographic statistics and assumptions
- MBRR SA 32 – List of external mechanisms

#### **2.14 Municipal manager's quality certificate**

I **Selemo Republic Monakedi**, Municipal Manager of Mopani District Municipality (DC 33), hereby certify that the draft 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 draft budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

**Selemo Republic Monakedi**

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

**Signature:**

**Date:**