

**ANNUAL BUDGET
OF
Kopanong
Municipality Local
Municipality**

2019/20 TO 2020/21

**MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

Abbreviations and Acronyms

AMR	Automated Meter Reading
BPC	Budget Planning Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
RG	Restructuring Grant
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Will be included in the final budget

1.2 Council Resolutions

The draft budget for 2020/21 was tabled to council on the 29th of May 2020, attached see council resolution (Annexure b)

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Kopanong Municipality's financial plan is essential and critical to ensure that the Kopanong Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Kopanong Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Kopanong Municipality will be embarking on developing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Kopanong Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 93 and 94 were used to guide the compilation of the 2020/21 MTREF.

The main challenges experienced during the compilation of the 2020/21 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water (Bloem Water), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Salaries increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/21 annual budget;
- The 2017/18 audit results.
- Tariff and property rate 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. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

Table A1 Consolidated Overview of the 2020/21 MTREF

Total operating revenue has decreased by 26% per cent or R96 million for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 5 and 6 per cent respectively, equating to a total revenue growth of R18 million over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2020/21 financial year has been appropriated at R357 Million and translates into a budgeted surplus of R35 million. When compared to the 2019/20 Adjustments Budget, operational expenditure has decreased by 13 per cent in the 2020/21 budget and by 6 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R42 million.

The capital budget of R35 Million for 2020/21 is 61 per cent less when compared to the 2020/21 Adjustment Budget. The reduction is due to various the amount of unspent grant in the previous financial year.

1.4 Operating Revenue Framework

For Kopanong Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Kopanong Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 35 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services to 2240 indigents; and
- Tariff policies of the Kopanong Municipality.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table A2 Summary of revenue classified by main revenue source

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Revenue By Source											
Property rates	2	-	-	7	22 428	33 530	33 530	-	79 952	84 749	89 834
Service charges - electricity revenue	2	-	-	-	-	65 670	65 670	-	77 974	79 197	82 840
Service charges - water revenue	2	-	-	4 687	31 565	31 660	31 660	-	43 705	46 327	49 107
Service charges - sanitation revenue	2	-	-	3 086	16 268	19 754	19 754	-	30 895	32 748	34 713
Service charges - refuse revenue	2	-	-	2 165	11 852	11 494	11 494	-	21 715	23 018	24 399
Rental of facilities and equipment		-	-	156	862	1 171	1 171	-	1 253	1 328	1 408
Interest earned - external investments		-	-	71	1 171	-	-	-	-	-	-
Interest earned - outstanding debtors		-	-	3 703	13 904	13 904	13 904	-	14 865	15 757	16 702
Dividends received		-	-	-	-	-	-	-	350	371	393
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	1 170	1 240	1 315
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	88 121	89 148	89 148	-	94 690	100 030	105 620
Other revenue	2	-	-	14	0	1 279	1 279	-	121	128	136
Gains		-	-	-	-	3 268	3 268	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	13 891	186 171	270 877	270 877	-	366 690	384 894	406 466

Table A3 Percentage growth in revenue by main revenue source

FS162 Kopanong - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 2 - Community Services		-	-	9 944	75 833	62 948	62 948	65 474	69 403	73 567
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Finance Services		-	-	3 947	145 840	39 661	39 661	98 384	104 467	110 697
Vote 5 - Executive & Council		-	-	-	-	139 227	139 227	117 756	127 110	128 806
Vote 6 - Technical Services		-	-	0	7 586	66 785	66 785	77 994	79 218	82 863
Total Revenue by Vote	2	-	-	13 891	229 259	308 621	308 621	359 608	380 198	395 932
Expenditure by Vote to be appropriated	1									
Vote 1 - Office of the Municipal Manager		-	-	969	14 968	1 482	1 482	23 435	24 702	26 148
Vote 2 - Community Services		-	-	63 983	103 041	72 243	72 243	111 442	116 091	120 672
Vote 3 - Corporate Services		-	-	117	14 113	5 887	5 887	7 287	7 670	8 072
Vote 4 - Finance Services		-	-	1 108	35 629	53 123	53 123	71 433	75 031	78 450
Vote 5 - Executive & Council		-	-	3	9 617	26 358	26 358	12 122	12 630	13 160
Vote 6 - Technical Services		-	-	0	19 925	73 894	73 894	81 461	86 319	90 587
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	66 180	197 293	232 988	232 988	307 180	322 443	337 090
Surplus/(Deficit) for the year	2	-	-	(52 289)	31 966	75 633	75 633	52 428	57 755	58 842

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Kopanong Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2020/21 financial year, revenue from rates and services charges totaled R254 Million or 79 per cent. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 6 per cent in 2019/20 to 6 per cent in 2020/21. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in supporting table SA1.

Service charges is the first largest revenue source totaling 48 per cent or R174 289 Million rand and increases to R181 291 Million by 2021/22. The second largest sources is 'Property rates' and the fourth largest source is "other revenue" which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R94 690 million in the 2020/21 financial year and steadily increases to R100 030 Million by 2021/22. Note that the year-on-year growth for the 2020/21 financial year is 6 per cent and 6 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table Operating Transfers and Grant Receipts

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Kopanong Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The tariffs from Bloem Water will be adjusted when it is received. Given that these tariff increases are determined by external agencies. Discounting the impact of these price increases in lower consumer tariffs will erode the Kopanong Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases water, petrol, diesel, chemicals, cement etc. The current challenge facing the Kopanong Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Kopanong Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Please refer to annexure A for 2020/21 proposed tariff list

1.4.2 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are not fully cost-reflective, as they are not including the cost of maintenance, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and

Table 12 MBRR Table SA14 – Household bills

1.5 Operating Expenditure Framework

The Kopanong Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless 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;

- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

The budgeted allocation for employee related costs for the 2020/21 financial year totals R 113 428 Million, which equals 31.8 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/20 financial year. An annual increase of 6.5 per cent has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The settlement reached by the SALGBC parties in the salary dispute resulted in 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 in this regard has been taken into account in compiling the Kopanong Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 35 per cent and the Debt Write-off Policy of the Kopanong Municipality. For the 2020/21 financial year this amount equates to R56 million and escalates to R57 million by 2021/22. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

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. Budget appropriations in this regard total R43 million for the 2020/21 financial and equates to 12 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Contracted services identified. In the 2020/21 financial year, this group of expenditure totals R22 Million and has escalated by just 6 per cent, clearly demonstrating the application of cost efficiencies. For the two outer years growth

has been limited to 6 per cent. Further details relating to contracted services can be seen in Table SA1.

The following table gives a breakdown of the main expenditure categories for the 2020/21 financial year.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

For the 2020/21 financial year, R5 643 million of total repairs and maintenance will be spent on infrastructure assets followed by Transport assets infrastructure at 32.71 per cent (R 786 million), Community assets at 25 per cent (R106 Million) and Computer equipment at 2.69 per cent (R4 751 Million).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Kopanong Municipality's Indigent Policy. The target is to register 2500 or more indigent households during the 2020/21 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2020/21 Medium-term capital budget per vote

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	-	14	-	-	-	-	-	-	-
Vote 2 - Community Services		-	-	-	14 000	-	-	-	17 703	18 889	22 933
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Finance Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	1 027	0	0	-	2 725	2 985	-
Capital multi-year expenditure sub-total	7	-	-	14	15 027	0	0	-	20 428	21 874	22 933
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	14	15 027	0	0	-	20 428	21 874	22 933
Capital Expenditure - Functional											
Community and public safety		-	-	-	940	940	940	-	925	975	1 040
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	940	940	940	-	925	975	1 040
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	2 300	2 300	2 300	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	2 300	2 300	2 300	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	44 273	48 539	48 539	-	18 482	19 805	20 746
Energy sources		-	-	-	-	3 266	3 266	-	2 725	2 985	-
Water management		-	-	-	33 993	34 993	34 993	-	-	4 721	11 867
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	10 279	10 279	10 279	-	15 757	12 098	8 880
Other		-	-	-	1 027	0	0	-	1 021	1 094	1 147
Total Capital Expenditure - Functional	3	-	-	-	48 540	51 779	51 779	-	20 428	21 874	22 933
Funded by:											
National Government		-	-	-	48 540	51 779	51 779	-	20 428	21 874	22 933
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	48 540	51 779	51 779	-	20 428	21 874	22 933
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	-	-	-	48 540	51 779	51 779	-	20 428	21 874	22 933

For 2020/21 an amount of R20 Million has been appropriated for the development of infrastructure capital budget. In the outer years this amount totals R 21 Million and 22 Million respectively for each of the financial years.

Total new assets represent 90 per cent or R18 Million of the total capital budget while asset renewal equates to 5 per cent or R1 021 Million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR 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

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

FS162 Kopanong - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Municipal Vote	2										
Multi-year expenditure appropriation											
Vote 1 - Office of the Municipal Manager		-	-	14	-	-	-	-	-	-	-
Vote 2 - Community Services		-	-	-	14 000	-	-	-	17 703	18 889	22 933
Vote 6 - Technical Services		-	-	-	1 027	0	0	-	2 725	2 985	-
Capital multi-year expenditure sub-total		-	-	14	15 027	0	0	-	20 428	21 874	22 933
Capital expenditure - Municipal Vote	2										
Single-year expenditure appropriation											
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		-	-	14	15 027	0	0	-	20 428	21 874	22 933

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. Kopanong local municipality does not have multi-year appropriations for the 2020/21
3. Single-year capital expenditure has been appropriated at R20 million for the 2020/21 financial year and remains relatively constant over the MTREF at levels of R21 million and R22 million respectively for the two outer years.

The capital programme is funded from national grants and transfers, public contributions and internally generated funds from proceeds from sale of assets. For 2020/21, capital transfers totals R20 million and escalates to R21 million by 2021/22.

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

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

FS162 Kopanong - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	(66 122)	(196 969)	1 484	1 484	-	(256 730)	(528 565)	(815 541)
Other current investments > 90 days		-	-	(49 722)	196 969	239 340	239 340	-	256 730	528 565	815 541
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	(115 844)	0	240 824	240 824	-	-	-	-
Application of cash and investments											
Unspent conditional transfers		-	-	(6 129)	(0)	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	(42 499)	(0)	-	-	-	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	(48 628)	(1)	-	-	-	-	-	-
Surplus(shortfall)		-	-	(67 216)	1	240 824	240 824	-	-	-	-

References

1. From the table it can be seen that for the period 2019/20 to 2020/21 the *deficit deteriorated
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 MTREF was funded
3. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Explanatory notes to Table A9 - Asset Management

1. 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.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 26 MBRR Table A9 - Asset Management

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.

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 August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.4 Community Consultation

The draft 2020/21 MTREF will be tabled before Council on 29 May 2020 for community consultation is published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries

Below is Kopanong Municipality's budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).
- Deb write-off Policy
- Policy on Unauthorized, Fruitless and Wasteful Expenditure
- Assets Management Policy
- Banking and Investment Policy
- Credit Control Policy
- SCM Policy
- Tariff Policy
- Travel & Subsistence Policy

2.13 Legislation compliance status

1. In year reporting

Reporting to National Treasury in electronic format was not fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).

2. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

3. Audit Committee

A new audit committee has been appointed

4. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF directly aligned and informed by the 2019/20 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

2.15 Municipal manager's quality certificate

I, municipal manager of Kopanong Municipality Municipality, hereby certify that the annual 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 annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____
Municipal manager of Kopanong Municipality(FS162)

Signature _____

Date _____