



**Monthly Budget Monitoring Report
(Section 71 of MFMA)**

Period ending: 28 February 2023

TO THE MUNICIPAL COUNCIL

I hereby wish to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the Municipality as at 28 February 2023.

Further to the above, Section 54(1) of the MFMA determines that the mayor must consider the Section 71 report submitted by the accounting officer and check whether the municipality's approved budget is implemented in accordance with the approved Service Delivery and Budget Implementation Plan (SDBIP) and if necessary issue any appropriate instructions to the accounting officer to ensure-

- i. That the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan; and
- ii. That spending of funds and revenue collection proceed in accordance with the budget.

CLLR ZN MGAWULI



Honourable Mayor

Mohokare Local Municipality

TO THE MAYOR

In accordance with Section 71(1) of the Municipal Finance Management Act (MFMA), I submit the required statement on the state of Mohokare Local Municipality's budget reflecting the particulars as at the end of February 2023.

Section 54(1) of the Municipal Finance Management Act (MFMA) requires from the mayor of the municipality to take certain actions if needed on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

TABLE OF CONTENT

1. Introduction
2. Actual operating revenue per revenue source
3. Actual operating expenditure per vote
4. Actual operating expenditure per category
5. Actual capital expenditure per vote and funding source
6. Actual borrowings
7. Allocations received and actual expenditure on allocations received
8. Employees related costs
9. Debtors age analysis and payment rates
10. Creditors age analysis
11. Bank, cash, overdraft balances and investments
12. Recommendations

1. INTRODUCTION

Section 71(1) of the Municipal Finance Management Act (MFMA) requires from the Municipal Manager, as Accounting Officer of the Municipality, to submit a report in a prescribed format to the Executive Mayor within 10 working days after the end of each month on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month: -

- (a) Actual revenue per revenue source;
- (b) Actual expenditure per vote;
- (c) Actual capital expenditure per vote;
- (d) Any allocations received;
- (e) Actual expenditure on allocations received;
- (f) Actual borrowings; and
- (g) Any other budget information as may be required by National and Provincial Treasury for monitoring purposes.

This report is a summary of the main budget issues arising from the monitoring process. It compares the process of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires from the Executive Mayor to consider the Section 71 report and to take appropriate action, if needed, to ensure that the approved budget is implemented in accordance with the approved SDBIP.

2. ACTUAL OPERATING REVENUE PER REVENUE SOURCE

FS163 Mohokare - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		11 537	8 888	10 415	1 317	10 622	6 231	4 392	70%	10 415
Service charges - electricity revenue		33 156	32 627	32 627	-	-	21 751	(21 751)	-100%	32 627
Service charges - water revenue		38 025	45 041	46 396	1 529	22 501	30 298	(7 798)	-26%	46 396
Service charges - sanitation revenue		10 418	9 902	11 899	1 099	8 745	7 001	1 744	25%	11 899
Service charges - refuse revenue		6 112	5 495	7 832	667	5 339	4 131	1 208	29%	7 832
Rental of facilities and equipment		681	560	560	58	466	373	92	25%	560
Interest earned - external investments		230	250	250	(2)	81	167	(85)	-51%	250
Interest earned - outstanding debtors		25 087	9 584	9 584	3 521	26 869	6 390	20 479	321%	9 584
Dividends received		14	12	12	-	19	8	11	142%	12
Fines, penalties and forfeits		86	13 250	13 250	3	4	8 833	(8 829)	-100%	13 250
Licences and permits		0	-	-	-	1	-	1	#DIV/0!	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		85 476	92 025	92 025	-	26 911	61 350	(34 439)	-56%	92 025
Other revenue		400	12 425	12 425	22	209	8 283	(8 074)	-97%	12 425
Gains		43	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		211 264	230 060	237 275	8 213	101 767	154 816	(53 049)	-34%	237 275

Comparison against YTD Budget

We have received more on Property Rates because of Agriculture (farmers) who normally pay their rates & taxes once annually during the 2nd quarter of the year.

Water billing it is very high because it includes estimates which will be reversed when the Municipality does bulk water-meter adjustments and replacement of meters damaged.

Section 71 Quarterly Report – February 2023

3. ACTUAL OPERATING EXPENDITURE PER VOTE

FS163 Mohokare - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

Expenditure by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		25 984	23 084	23 370	1 791	14 639	15 478	(840)	-5.4%	23 370
Vote 2 - FINANCE		137 905	91 588	93 001	1 430	17 344	61 321	(43 976)	-71.7%	93 001
Vote 3 - CORPORATE SERVICES		33 358	15 525	16 244	870	7 992	10 471	(2 479)	-23.7%	16 244
Vote 4 - COMMUNITY SERVICES		32 027	22 530	21 039	1 439	13 315	14 722	(1 406)	-9.6%	21 039
Vote 5 - TECHNICAL SERVICES		78 101	71 163	70 234	2 578	28 279	47 268	(18 989)	-40.2%	70 234
Vote 6 -		-	-	-	-	-	-	-		-
Vote 7 -		-	-	-	-	-	-	-		-
Vote 8 -		-	-	-	-	-	-	-		-
Vote 9 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 -		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	307 375	223 891	223 887	8 110	81 569	149 260	(67 691)	-45.4%	223 887
Surplus/ (Deficit) for the year	2	(50 567)	51 655	58 874	104	20 198	35 881	(15 682)	-43.7%	58 874

Comparison against YTD Budget

The actual expenditure to date is less than the budgeted expenditure to date by 43.7% due to financial constraints that the municipality is facing.

4. ACTUAL OPERATING EXPENDITURE PER CATEGORY

Expenditure By Type									
Employee related costs	84 242	87 809	85 363	6 860	57 810	58 050	(240)	0%	85 363
Remuneration of councillors	4 885	5 676	5 537	437	3 643	3 756	(113)	-3%	5 537
Debt impairment	80 393	36 767	36 767	-	-	24 511	(24 511)	-100%	36 767
Depreciation & asset impairment	27 262	21 899	21 899	-	-	14 599	(14 599)	-100%	21 899
Finance charges	16 250	7 056	7 056	3	392	4 704	(4 312)	-92%	7 056
Bulk purchases - electricity	35 264	27 619	26 727	-	446	18 234	(17 789)	-98%	26 727
Inventory consumed	1 418	1 658	970	-	302	968	(665)	-69%	970
Contracted services	21 693	15 671	17 183	140	6 623	10 754	(4 131)	-38%	17 183
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	32 203	19 816	22 386	669	12 354	13 721	(1 367)	-10%	22 386
Losses	3 763	-	-	-	-	-	-	-	-
Total Expenditure	307 375	223 971	223 887	8 110	81 569	149 297	(67 729)	-45%	223 887

Comparison against YTD Budget

Employee related costs and Remuneration of Councilors are performing in line with the budget.

Debt impairment and Depreciation are usually calculated at the end of the financial year, so their impact to the budget will be evaluated at the end of the financial year.

Finance Charges is performing at 92% less than the budget. This is due to the fact that interest on outstanding pension funds will be incorporated at the end of the financial year.

Bulk purchases – Electricity is performing at 98% less than the budget. Expenditure from Centlec will be incorporated in our financials at the end of the financial year.

Section 71 Quarterly Report – February 2023

5. ACTUAL CAPITAL EXPENDITURE PER VOTE AND FUNDING SOURCE

FS163 Mohokare - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE		3 846	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		309	790	850	22	755	539	216	40%	850
Vote 4 - COMMUNITY SERVICES		(4 156)	4 718	4 668	-	-	3 135	(3 135)	-100%	4 668
Vote 5 - TECHNICAL SERVICES		29 087	40 969	41 069	25	6 164	27 332	(21 169)	-77%	41 069
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	29 086	46 476	46 586	47	6 919	31 006	(24 088)	-78%	46 586
Total Capital Expenditure		29 086	46 476	46 586	47	6 919	31 006	(24 088)	-78%	46 586
Capital Expenditure - Functional Classification										
Governance and administration		4 155	790	850	22	755	539	216	40%	850
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		4 155	790	850	22	755	539	216	40%	850
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(4 156)	1 019	969	-	-	670	(670)	-100%	969
Community and social services		(15)	100	50	-	-	57	(57)	-100%	50
Sport and recreation		(4 141)	919	919	-	-	613	(613)	-100%	919
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		336	889	889	-	-	593	(593)	-100%	889
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		336	889	889	-	-	593	(593)	-100%	889
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		28 751	43 778	43 878	25	6 164	29 205	(23 042)	-79%	43 878
Energy sources		1 849	-	-	-	-	-	-	-	-
Water management		17 229	17 354	17 454	25	83	11 589	(11 506)	-99%	17 454
Waste water management		9 674	22 726	22 726	-	6 080	15 151	(9 070)	-60%	22 726
Waste management		-	3 698	3 698	-	-	2 466	(2 466)	-100%	3 698
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	29 086	46 476	46 586	47	6 919	31 006	(24 088)	-78%	46 586
Funded by:										
National Government		30 169	45 486	45 486	-	6 080	30 324	(24 244)	-80%	45 486
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		30 169	45 486	45 486	-	6 080	30 324	(24 244)	-80%	45 486
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		333	990	1 100	47	838	682	156	23%	1 100
Total Capital Funding		30 502	46 476	46 586	47	6 919	31 006	(24 088)	-78%	46 586

Comparison against YTD Budget

Capital Expenditure is at 78% less than budget to date. Capital projects needs to be prioritized. Movable assets that are funded by internally generated funds are performing at 64% of the budget to date. This is due to the fact that the municipality had to purchase new machinery and equipment for water services as there was a major breakdown of such machinery during the first half of the financial year.

6. ACTUAL BORROWINGS

The municipality does not any borrowings for the month of February 2023.

7. ALLOCATIONS RECEIVED AND ACTUAL EXPENDITURE ON ALLOCATIONS RECEIVED

Description	Total Allocation	Received to date	Spent to date	% spent for 2022/23 allocation received	% spent for 2022/23 total allocation
EPWP	1 073 000.00	269 000.00	1 079 679.98	401%	101%
FMG	3 000 000.00	3 000 000.00	538 667.83	18%	18%
MIG	19 991 000.00	1 944 000.00	1 733 976.46	89%	9%
WSIG	22 088 000.00	17 008 000.00	6 568 759.50	39%	30%
RBIG	4 407 000.00	4 407 000.00	443 079.95	10%	10%
INEP	-	-	-	0%	0%
	50 559 000.00	26 628 000.00	10 364 163.72		

Remedial actions in terms of Grant expenditure include under more the following:

- ✓ Capital projects and expenditure needs to be prioritized;
- ✓ We need to identify risk areas where possible additional costs may be incurred;
- ✓ Needs of the community needs to be identified for service delivery which could lead to additional capital costs; and
- ✓ We need better planning of budgeting for the capital and operational expenditure of the municipality, and to limit wastages and identify unforeseen expenditure.

8. EMPLOYEE RELATED COST

FS163 Mohokare - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 700	3 297	2 974	257	2 002	2 133	(131)	-6%	2 974
Pension and UIF Contributions		17	19	26	2	17	14	3	20%	26
Medical Aid Contributions		147	166	82	7	55	94	(39)	-42%	82
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		439	497	515	43	343	335	8	2%	515
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1 582	1 696	1 941	128	1 226	1 180	46	4%	1 941
Sub Total - Councillors		4 885	5 676	5 537	437	3 643	3 756	(113)	-3%	5 537
% increase	4		16.2%	13.3%						13.3%
Senior Managers of the Municipality										
Basic Salaries and Wages		4 061	3 180	3 168	200	2 174	2 118	56	3%	3 168
Pension and UIF Contributions		8	8	8	1	5	5	(0)	-3%	8
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		420	440	303	36	223	266	(43)	-16%	303
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		686	581	629	30	365	397	(32)	-8%	629
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	8	0	-	-	4	(4)	-100%	0
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 176	4 218	4 107	266	2 768	2 790	(22)	-1%	4 107
% increase	4		-18.5%	-20.6%						-20.6%
Other Municipal Staff										
Basic Salaries and Wages		47 327	49 324	50 814	4 019	33 495	33 181	314	1%	50 814
Pension and UIF Contributions		8 583	10 037	9 204	744	6 041	6 525	(484)	-7%	9 204
Medical Aid Contributions		4 989	5 201	5 258	431	3 484	3 479	5	0%	5 258
Overtime		6 189	6 253	4 470	487	4 075	3 812	264	7%	4 470
Performance Bonus		3 220	4 498	3 433	315	2 470	2 786	(316)	-11%	3 433
Motor Vehicle Allowance		4 288	4 548	4 602	363	3 009	3 043	(34)	-1%	4 602
Cellphone Allowance		89	94	79	6	52	60	(7)	-12%	79
Housing Allowances		762	801	748	61	496	524	(28)	-5%	748
Other benefits and allowances		1 759	1 959	1 860	139	1 311	1 286	25	2%	1 860
Payments in lieu of leave		259	390	427	-	378	267	111	41%	427
Long service awards		1 560	486	361	28	231	299	(68)	-23%	361
Post-retirement benefit obligations	2	41	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		79 067	83 591	81 255	6 593	55 043	55 260	(218)	0%	81 255
% increase	4		5.7%	2.8%						2.8%
Total Parent Municipality		89 128	93 485	90 899	7 297	61 453	61 806	(354)	-1%	90 899

Discussion(s)

Remuneration of Councillors and Employee Related Costs are performing in line with budget to date.

9. DEBTOR'S AGE ANALYSIS AND PAYMENT RATES

FS163 Mohokare - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

Description	NT Code	Budget Year 2022/23									Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr					
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	4 564	4 056	4 406	4 890	4 175	6 175	23 279	197 119	248 664	235 639	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	4	4	4	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	1 110	1 019	936	907	890	1 088	2 393	29 256	37 599	34 534	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	1 240	1 198	1 178	1 165	1 184	1 310	5 062	58 028	70 365	66 749	-	-	
Receivables from Exchange Transactions - Waste Management	1600	754	744	733	728	729	731	3 073	30 752	38 245	36 013	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	3 530	3 485	3 428	3 372	3 325	3 349	15 524	39 215	75 238	64 785	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	133	133	133	133	133	133	569	10 780	12 148	11 748	-	-	
Total By Income Source	2000	11 331	10 646	10 814	11 195	10 436	12 787	49 900	365 153	482 262	449 471	-	-	
2022/23 - totals only		10 152	10 052	10 848	10 937	10 072	9 936	43 480	307 293	412 771	381 719	-	-	
Debtors Age Analysis By Customer Group														
Organs of State	2200	10 137	9 586	9 820	10 199	9 290	11 518	46 632	335 746	442 927	413 384	-	-	
Commercial	2300	1 194	1 060	994	995	1 146	1 269	3 269	29 408	39 335	36 087	-	-	
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	11 331	10 646	10 814	11 195	10 436	12 787	49 900	365 153	482 262	449 471	-	-	

10. CREDITORS AGE ANALYSIS

Due Totals.....

Total	Current	30 Days	60 Days	90 Days	120 Days+
133 286 744,05	18 000,00	2 758 826,77	129 731,68	82 620,85	130 297 564,75
97 704 185,14	1 011 169,33	1 071 050,31	1 028 040,50	94 593 925,00	-
230 990 929,19	1 029 169,33	3 829 877,08	1 157 772,18	94 676 545,85	130 297 564,75

Total creditors ageing includes employee related creditors that is due to provident funds that are long outstanding.

11. BANK, CASH, OVERDRAFT BALANCE AND INVESTMENTS

Financial Institution	Description	Balance
FNB	Main account	3 448 859,43
ABSA	Main account	112 420,54
ABSA Traffic	Traffic account	64 470,16
ABSA MIG	MIG	975,37
ABSA RBIG	RBIG	966,21
FNB Call	Call account	978,27
ABSA WSIG	WSIG account	987,26
FNB Investment	Investment account	81 976,95
		<hr/> 3 711 634,19 <hr/>

Section 71 Quarterly Report – February 2023

Municipal Manager's Quality Certificate

I, Mr. M.J. Kanwendo, Municipal Manager of Mohokare Local Municipality, hereby certify that –

- The monthly budget statement
- The monthly report on the implementation of the budget and financial state of affairs of the municipality

for the month of **February 2023**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Name: Mr. M.J. Kanwendo

Municipal Manager of Mohokare Local Municipality:

Signature: _____

Date: _____