



**EPHRAIM MOGALE LOCAL
MUNICIPALITY
ADJUSTMENTS BUDGET
2021/2022**

&

SUPPORTING DOCUMENTATION

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ABBREVIATIONS

MFMA- Municipal Finance Management Act 56 of 2003

MBRR- Municipal Budget and Reporting Regulations

MTREF- Medium Term Revenue and Expenditure Framework

EPWP – Expanded Public Works Programme

FMG – Finance Management Grant

INEP – Integrated National Electricity Program

MIG –Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

EEDG –Energy Efficiency and Demand Side Management Grant

PART 1-ADJUSTMENTS BUDGET

1. Mayor's Report

EPHRAIM MOGALE LOCAL MUNICIPALITY

111
MARBLE HALL
0450
013-261 8400
013-261 2985



Leeuwfontein Office (013) 261 8509
Elandskraal Office (013) 261 8506
Zamenkomst Office (013) 973 9160
Traffic Section (013) 261 8400

EXTRACTS FROM THE MINUTES OF THE 8th SPECIAL COUNCIL MEETING OF THE COUNCIL OF EPHRAIM MOGALE LOCAL MUNICIPALITY HELD ON WEDNESDAY 25th FEBRUARY 2022

FILE/ 4/7/3

8/08/2022 APPROVAL OF ADJUSTMENT BUDGET 2021/2022 FINANCIAL YEAR

RESOLVED

1. That council approve proposed adjustment budget for 2021/2022 in terms of Municipal Finance Management Act (MFMA) section 28 and Municipal Budget Reporting Regulation.

	Annual Budget 2021/2022	Adjustment Budget 2021/2022
Total Revenue	(350,042,142.00)	(348,645,724.18)
Operational Expenditure	350,081,082.00	354,313,281.96
Capital Expenditure	82,382,550.00	81,776,753.19

2. That the council notes that the municipality received 6.1 million dividend from VBS and,
3. That the approves to utilize 2,5 million from the received dividend for the land audit
4. That council approve revision to the monthly and quarterly service delivery targets and performance indicators in the service delivery budget implementation plan, to correspond with adjustment budget.
5. That council note that no amendment to budget related policies are necessitated by budget adjustment.
6. That the municipal manager implement the decision accordingly

SC8/08/2022 APPROVAL OF ADJUSTMENT BUDGET 2021/2022 FINANCIAL YEAR

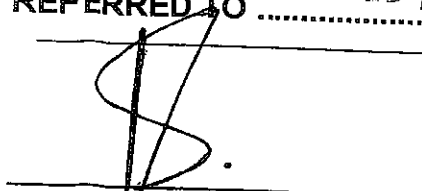

CLLR. RM LENTSOANE
SPEAKER

25 FEBRUARY 2022

FINALISATION BY:

REFERRED TO CFC

BY MUNICIPAL MANAGER


S T MATLADI
MUNICIPAL MANAGER

25/02/2022

DATE RECEIVED

2. Resolution

- That council approve proposed adjustment budget for 2021/2022 in terms of Municipal Finance Management Act (MFMA) section 28 and Municipal Budget Reporting Regulation.

	Annual Budget 2021/2022	Adjustment Budget 2021/2022
Total Revenue	(350,042,142.00)	(348,645,724.18)
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- That council approve revision to the monthly and quarterly service delivery targets and performance indicators in the service delivery budget implementation plan, to correspond with adjustment budget.
- That council note that no amendment to budget related policies are necessitated by budget adjustment.

That the municipal manager implement the decision accordingly

3. Executive Summary

The adjustments budget for 2021/2022 was compiled in accordance with the requirements of the Municipal Finance Management Act, Act 56 of 2003, as well as the Municipal Budget and Reporting Regulations which gives a clear directive on the prescribed reporting framework and structure to be used.

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

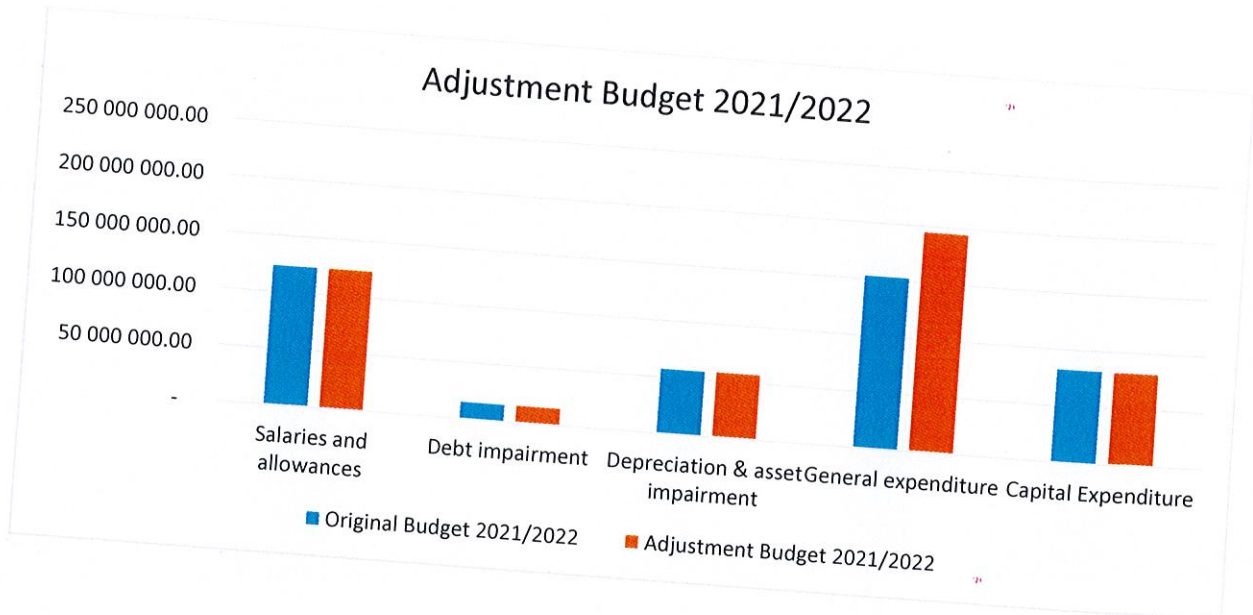
The adjustment budget is based on the performance trend for the last six months, and was done in consultation with various departments within the municipality.

There are no material implications on service delivery for the remainder of this financial year as a result of this adjustments budget. Service Delivery Budget implementation Plan will be affected by adjustment budget due to the shifting of funds from one project to another.

Section 28 of the Municipal Finance Management act, provide that a municipality may revise an approved budget through an adjustment budget.

An adjustment budget needs to be funded. Additional funding can only be allocated from service identified in the votes, where additional revenue is collected in additional to the revenue budgeted for or under certain conditions from cash-backed reserved accumulated surpluses

The proposed adjustment budget can be summarised as follow:



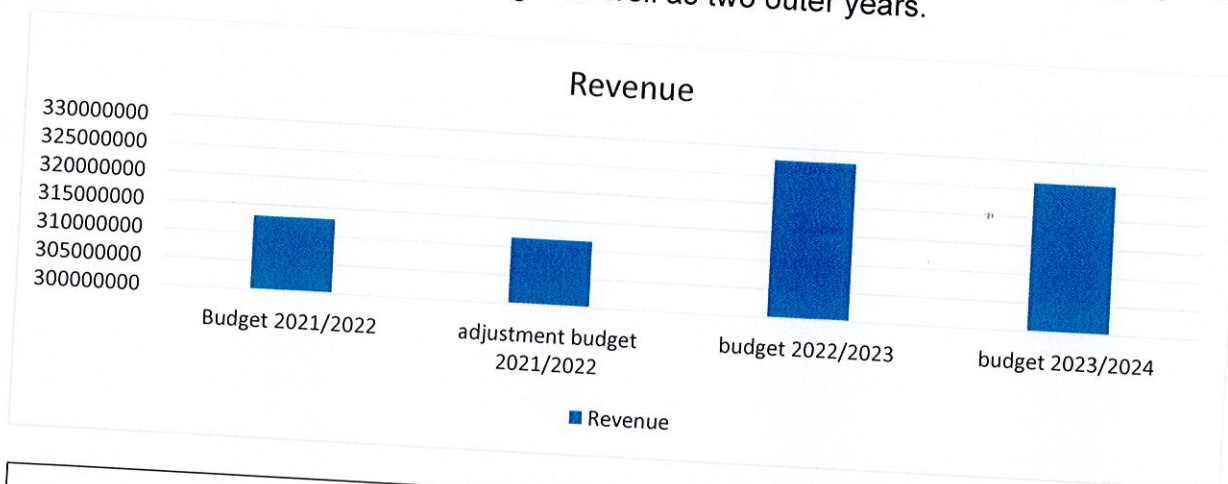
The graph illustrate that there has been slightly movement in 2021/2022 financial year adjustment budget.

The overall operational has slightly increased is a results of moving savings funds capital budget to operational Expenditure manly under electricity Department.

The original capital budget was R82 Million which was adjusted downward to R81 Million. There was a slight shifting of funds from capital budget to operational budget, emanating from savings realised.

Revenue

The following Graph and table represent the summary of annual budget and proposed amendment on the adjustment budget as well as two outer years.

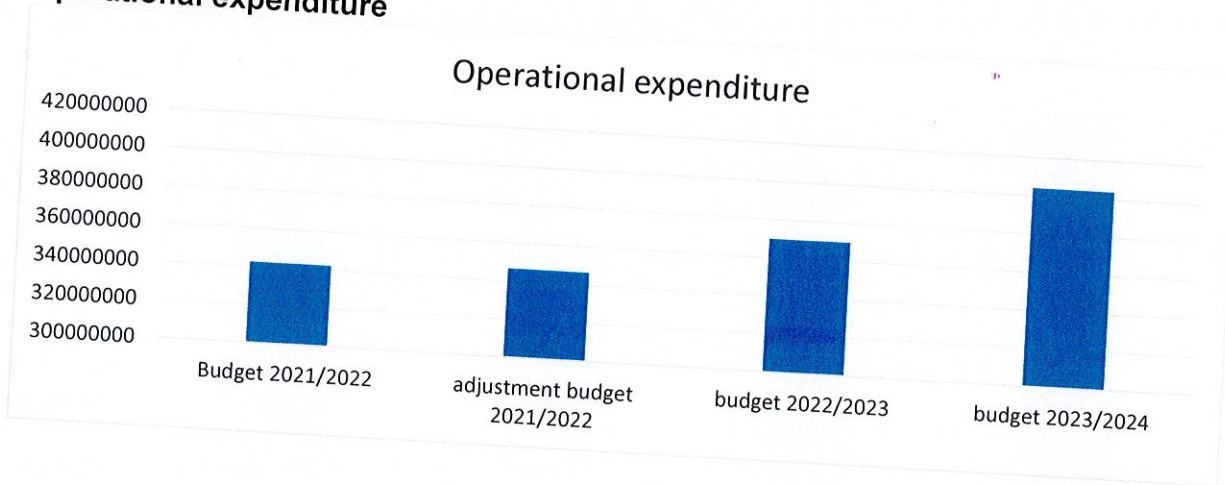


	Annual Budget 2021/2022	Adjustment Budget 2021/2022
Service Charges (Property rates)	(41,762,663.00)	(41,673,959.80)
Service Charges (Electricity)	(78,783,548.00)	(77,087,317.70)
Service Charges (Refuse)	(5,559,751.00)	(5,559,751.00)
Other revenue	(17,966,180.00)	(18,354,695.68)
GRANTS	(205,970,000.00)	(205,970,000.00)
ENERGY EFFICIENT AND DEMAND SIDE MANAGEMENT GRANT	(4,015,000.00)	(4,015,000.00)
Financial Management Grant	(3,100,000.00)	(3,100,000.00)
EPWP Grant	(1,195,000.00)	(1,195,000.00)
MIG	(35,189,000.00)	(35,189,000.00)
Equitable share	(162,471,000.00)	(162,471,000.00)
Total Revenue	(350,042,142.00)	(348,645,724.18)

The original total revenue budget was **R350 Million** which was adjusted downward to **R348 Million** mainly as a result of the following:

- **Interest earned - external investments**
Reduction on interest earned on external investment is as a result of reduction on interest rate.
- **Service Charges - Electricity**
Service charges has been reduced by over R1 million based on the performance.

Operational expenditure

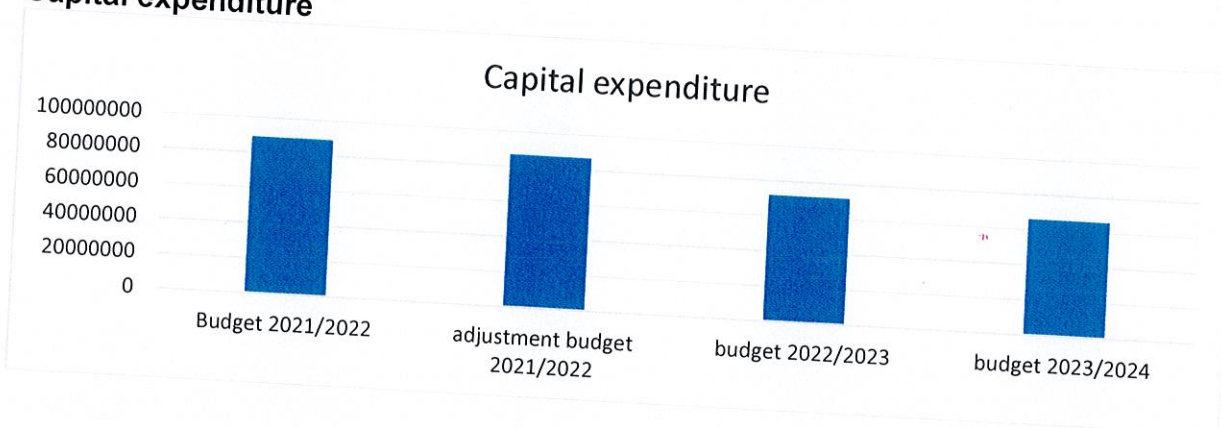


Description	Ref	2021/22									Budget Year 2022/23	Budget Year 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	t	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Expenditure By Type												
Employee related costs		105,982	-	-	-	-	-	-	-	-	-	-
Remuneration of councillors		16,717	-	-	-	-	-	-	-	-	-	-
Debt impairment		14,546	-	-	-	-	-	290	290	106,272	113,400	121,337
Depreciation & asset impairment		56,784	-	-	-	-	-	-	-	16,717	17,887	19,139
Finance charges		11	-	-	-	-	-	-	-	14,546	15,128	15,733
Bulk purchases - electricity		49,793	-	-	-	-	-	-	-	56,784	59,055	61,418
Inventory consumed		1,550	-	-	-	-	-	-	-	11	11	12
Contracted services		48,793	-	-	-	-	-	-	-	49,793	62,542	68,170
Transfers and subsidies		-	-	-	-	-	-	287	287	1,637	2,467	2,562
Other expenditure		47,880	-	-	-	-	-	2,336	2,336	61,134	50,146	45,504
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		342,064	-	-	-	-	-	4,308	4,308	346,372	369,707	403,745

The operational budget was initially budgeted for **R342 Million** and has been adjusted upward to **R346 Million**. This expenditure excludes internal billing payments.

- The increase is mainly as a result moving funds from Capital expenditure to Operational expenditure.

Capital expenditure



Function	SegmentDesc	AccType	Annual Budget 2021/2022	Adjustment Budget 2021/2022
Administration	Heavy duty shredder	A	80,000.00	130,000.00
Administration	Capital Fund Purchase of Furniture (500/305065)	A	200,000.00	350,000.00
Paks & Cemeteries	Capital Fund Landscaping & Greening (425/3050)	A	500,000.00	565,000.00
Paks & Cemeteries	BUSH CUTTERS	A	120,000.00	120,000.00
Electricity:Electricity	Capital Fund Network Design Software	A	80,000.00	54,060.00
Electricity:Electricity	Radio Repeter	A	70,000.00	90,000.00
Electricity:Electricity	Capital Fund Upgrade Municipal ESKON Supply	A	3,000,000.00	3,000,000.00
Electricity:Electricity	Replace 35MM PILC 11KV Cable ERF 181-830	A	2,000,000.00	2,000,000.00
Electricity:Electricity	Replce 20 kWh meters	A	50,000.00	130,000.00
Electricity:Electricity	Electrical Infrastructure	A	790,000.00	165,687.31
Electricity:Electricity	Manapyan High Mass Lights	A	2,788,000.00	2,377,347.37
Electricity:Electricity	New LDV with Toolbox		600,000.00	600,000.00
Electricity:Electricity	Uitvlucht Highmast Light	A	1,715,000.00	1,431,659.01
Electricity:Electricity	Replace 30 KWh meters	A	90,000.00	30,000.00
Electricity:Electricity	Electrical Infrastructure	A	200,000.00	130,000.00
Electricity:Electricity	Electrical Infrastructure	A	200,000.00	130,000.00
Electricity:Electricity	Capital Fund Truck Mounted Crane	A	1,000,000.00	1,000,000.00
Electricity:Electricity	Quality of supply recorders	A	600,000.00	700,000.00
Electricity:Electricity	Tool sets	A	50,000.00	76,000.00
Fleet Mangement	TOOLS & EQUIPMENTS	A	50,000.00	50,000.00
Fleet Mangement	Finance Bakkie	A	600,000.00	675,000.00
Housing:Housing and Building	Capital Fund Air Conditioning	A	50,000.00	50,000.00
(ICT)	SWITCH	A	40,000.00	40,000.00
(ICT)	Capital Fund ICT Computers	A	250,000.00	250,000.00
(ICT)	Capital Fund Purchase of routers and wireless ad	A	200,000.00	150,000.00
(ICT)	WIFI	A	1,000,000.00	500,000.00
(ICT)	Capital Fund PURCHASE OF PRINTERS	A	150,000.00	200,000.00
(ICT)	SERVER	A	180,000.00	280,000.00
Roads:Roads & Stormwater 1	Leeufontein Sports Complex	A	1,500,000.00	1,500,000.00
Roads:Roads & Stormwater 1	Mamphokgo Sports Complex	A	300,000.00	1,300,000.00
Roads:Roads & Stormwater 1	Truck Mounted Crane	A	250,000.00	250,000.00
Roads:Roads & Stormwater 1	Capital Fund Stormwater Extension 6(650/30514)	A	5,000,000.00	5,000,000.00
Roads:Roads& Stormwater (650)	Spitzpunt community hall	A	3,500,000.00	5,800,000.00
Roads:Roads& Stormwater (650)	Tshikanoshi Sports Complex	A	6,000,000.00	2,700,000.00
Roads:Roads& Stormwater (650)	Purchase of TLB	A	1,300,000.00	1,300,000.00
Roads:Roads& Stormwater (650)	Purchasing of saw cutter	A	200,000.00	200,000.00
Roads:Roads& Stormwater (650)	Purchasing of Dumper	A	650,000.00	650,000.00
Roads:Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	A	2,693,651.00	3,096,151.00
Roads:Roads& Stormwater (650)	Matlala Ramoshebo Internal Route (4.5KM)	A	1,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Mokgwaneng Internal road	A	1,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Mathukuthela Internal Road	A	1,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Moeding Internal street	A	2,000,000.00	2,000,000.00
Roads:Roads& Stormwater (650)	Drefontein internal road	A	1,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Uitvlucht Internal Bus Route	A	1,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Matlerekeng internal bus route	A	1,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Mohlalaotwane	A	7,189,000.00	-
Roads:Roads& Stormwater (650)	Regae Bus Route	A	8,500,000.00	14,304,952.95
Roads:Roads& Stormwater (650)	Mabitsi Internal Road	A	6,546,899.00	12,800,895.55
Roads:Roads& Stormwater (650)	Morarela Internal Road	A	8,500,000.00	1,500,000.00
Roads:Roads& Stormwater (650)	Vehicle	A	600,000.00	600,000.00
Roads:Roads& Stormwater (650)	Rathoke Internal Street	A		1,200,000.00
Roads:Roads& Stormwater (650)	Dichoeung Internal Street	A		700,000.00
Solid Waste	508 REFUSE CONTAINER	A	700,000.00	700,000.00
Solid Waste	Compactor Truck	A	1,900,000.00	1,900,000.00
			82,982,550.00	81,776,753.19

- The original capital budget was R82 Million which was adjusted downward to R81 Million. The slight decrease is as a result of savings realised from completed projects mainly under electricity Unit.

4. Adjustment budget tables

a. Table B1-Adjustment budget summary

- The table provides an overview of the amounts on adjustment budget 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.
- Table B1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- Table B1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance). *(See attached B Schedule and executive summary for further explanation)*

b. Table B2-Adjustment budget financial performance (Revenue and expenditure by standard classification)

- Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. *.(See attached B Schedule and executive summary for further explanation)*

c. Table B3-Adjustment budget financial performance (Revenue and expenditure by municipal vote)

- Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. *.(See attached B Schedule and executive summary for further explanation)*

d. Table B4-Adjustment budget financial performance (Revenue and expenditure)

- This table summarises income and expenditure by type. (See attached B Schedule and executive summary for further explanation)

e. Table B5-Adjustment capital expenditure budget by vote and funding

- Table B5 shows 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.). (See attached B Schedule and executive summary for further explanation)

f. Table B6-Adjustment budget financial position

- Table B6 shows a good financial management practice, and improves of the impact of the budget on the statement of financial position.
- Movements on Capital budget and recent unbundling of community asset has yield an impact on our financial position. See attached B Schedule

g. Table B7-Adjustment budget cash flow

- 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.
- The Budgeted cash flow show a favorable closing balance which clearly indicate that the municipality will be able to finance the adjustment budget. The municipality has a positive/favourable cash flow balance during adjustment budget. See attached B Schedule

h. Table B8-Cash back reserves/Accumulated surplus reconciliation

- This table 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.

i. Table B10-Basic service delivery measurement

- This table proves an overview of service delivery levels for each main Service

- The following services is not offered by Ephraim Mogale Local municipality hence there are no inputs
 - (a) Water (Sekhukhune District Municipality)
 - (b) Sanitation (Sekhukhune District Municipality)

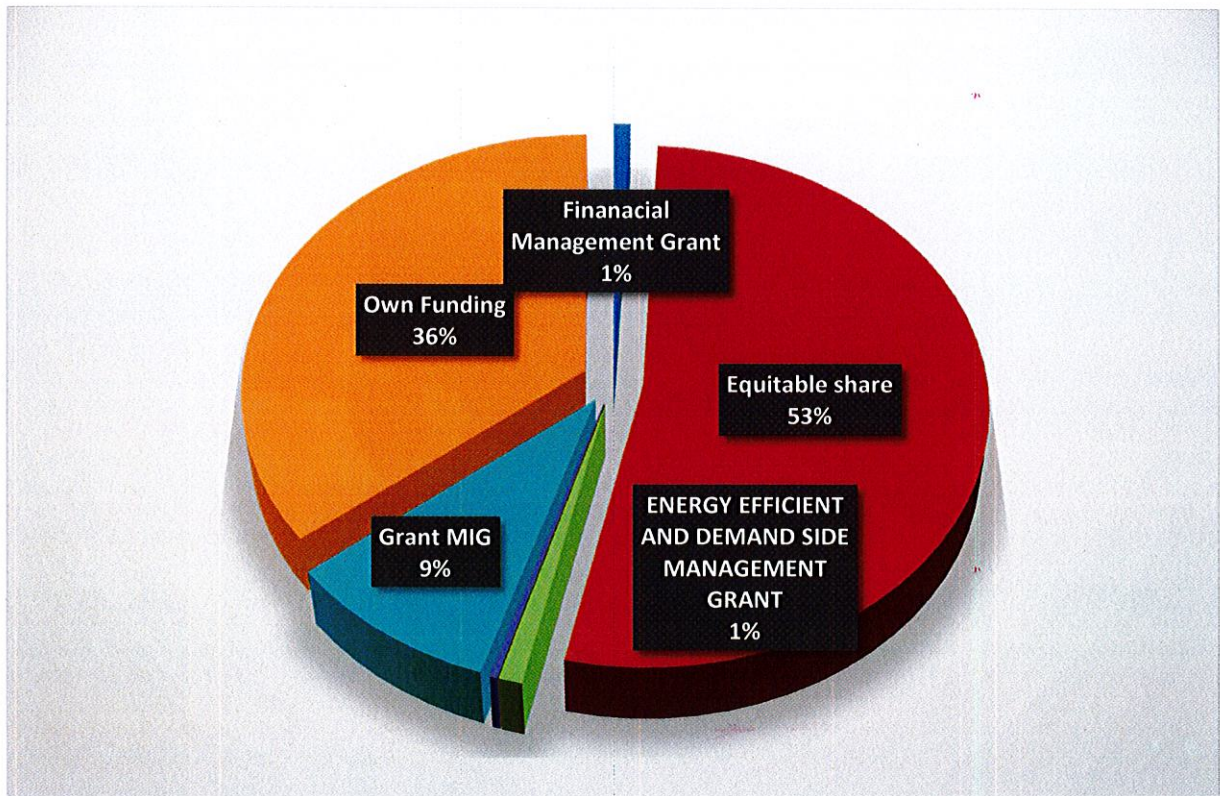
5. Adjustments to budget assumption

- The adjustment budget was done in terms of MFMA and municipal budget reporting regulation. This budget was done in line with the mid-year budget assessment of the municipality and projections were based on the trend of actual figures for the six month of the financial year.
- Budgets adjustment was prepared in an environment of uncertainty and assumptions need to be made about internal and external factors that could impact on the budget during the course of the financial year.
- We have also look at the following factors
 - (a) Economic climate
 - (b) Poverty levels
 - (c) Inflation
 - (d) Service delivery cost increases
 - (e) Increase of staff costs and demands

6. Adjustments to budget funding

Adjustment budget has been funded by the following:

Adjustment Budget funding 2021/2022



7. Adjustments to expenditure on allocations and grant programmes

There was no new allocation on grant.

8. Adjustments to allocation and grants made by the municipality

Grants made by municipality includes:

- Community bursary
- Staff bursary
- Free basic electricity

9. Adjustments to councilor's allowance and employee benefits

- Employee related cost and councillors remuneration amount to R122 Million.

10. Adjustments to service delivery and budget implementation plan

- The monthly and quarterly service delivery targets and performance indicators will be revised to correspond with the adjustment budget.

11. Adjustment to capital expenditure

The original capital budget was R82 Million which was adjusted downward to R81 Million



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

I **ST MATLADI** the municipal manager of **Ephraim Mogale Local Municipality**, hereby certify that the adjustment budget and supporting documentation for 2022/2023 have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name

: **ST MATLADI**

Municipal manager of : **Ephraim Mogale Local Municipality (Lim471)**

Signature

Date

25/02/2022