

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 July 2022

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1.1 Executive summary

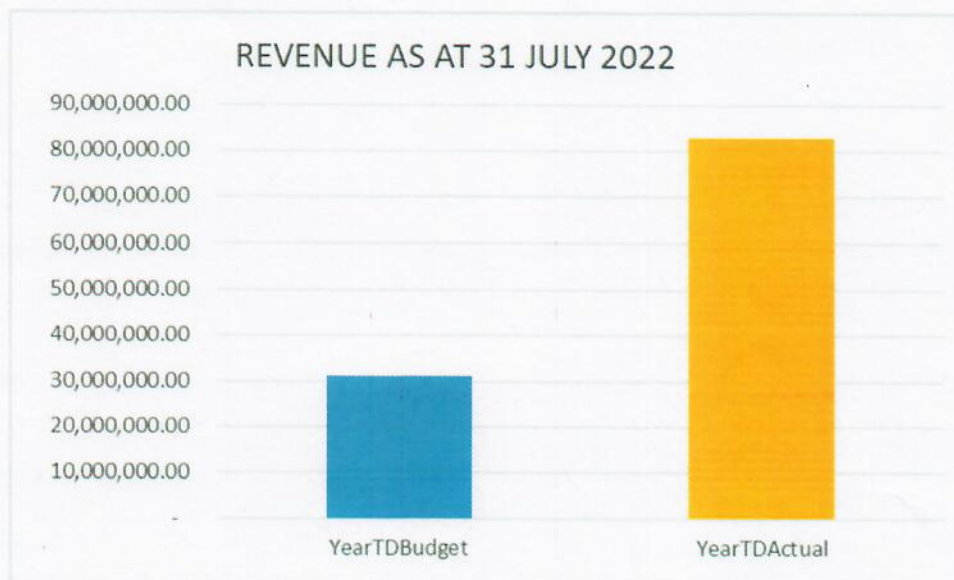
1.1.1 Introduction

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 Mayor and respective provincial treasury within 10 working days after the end of each month on the state of the municipality's budget for that month and for the financial year up to the end of that month.

1.1.2 Consolidated Performance

1.1.2.1 Statement of financial performance (Table c2, c4)

REVENUE (Table c2, c4)

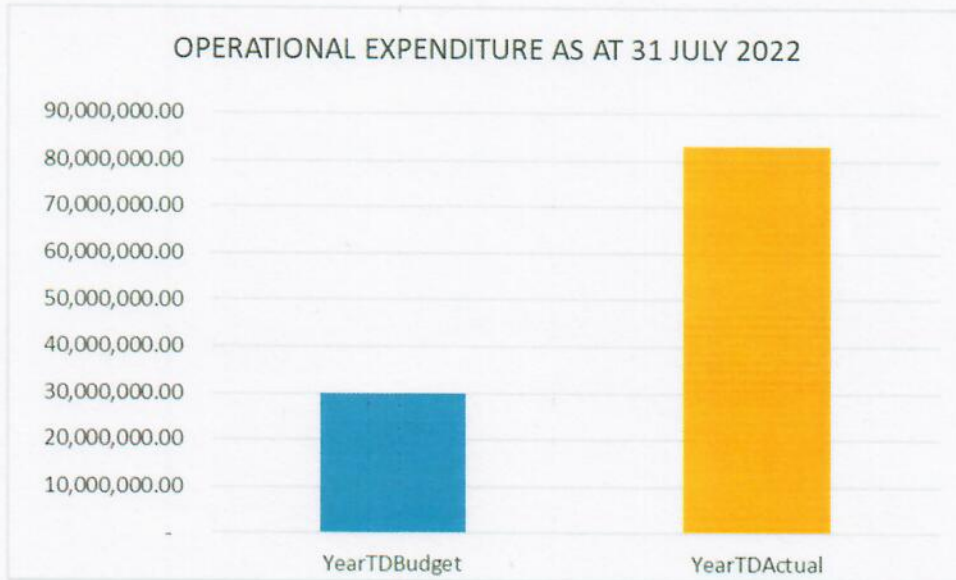


The total revenue received for the month of **July 2022** amount to **R83 Million**, and the year to date actual revenue amount to **R83 Million** in comparison to a year to date budgeted figure of **31 Million**. There is a favorable variance of **2.7%** which is due to the following reason.

1. The municipality is currently recognizing conditional grant such as Municipal Infrastructure Grant as liability which is the requirements with generally Accepted

Accounting Practice (GRAP). This grants will only be recognized as revenue once they have met conditions of those grants

OPERATIONAL EXPENDITURE (Table c2, c4)



Operating expenditure for the month of **July 2022** amounts to **R15 Million**, and the year to date actual is **R15 Million** which is reported against a year to date budget of **R29 Million**. There is an unfavorable variance of **50%** due to the following reasons.

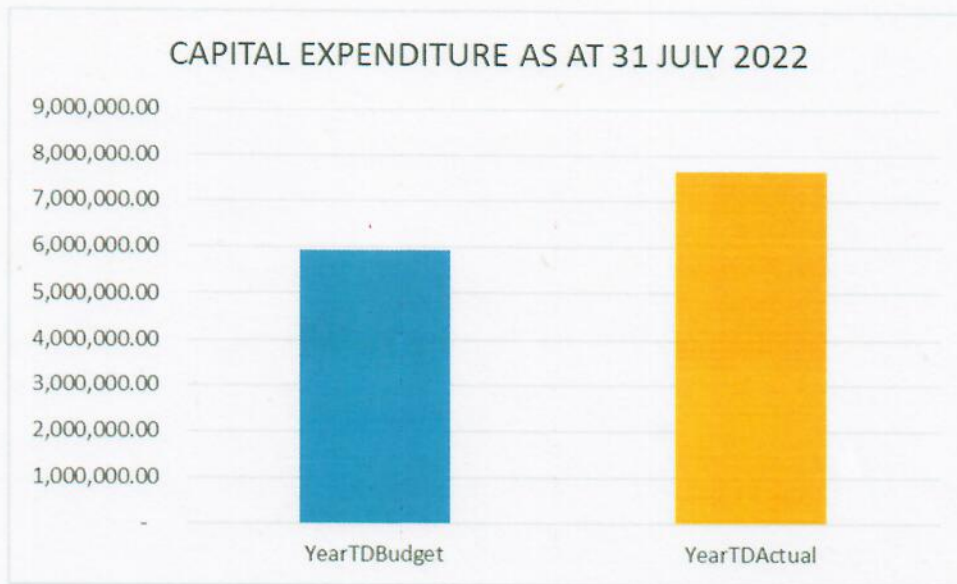
1. Depreciation and assets impairment

Currently the municipality is accounting for depreciation at year end.

2. Debt Impairment

Currently the municipality is accounting for debt impairment at year end

1.1.2.2 CAPITAL EXPENDITURE (Table C5)



Capital expenditure for the month of **July 2022** amounts to **R7.6 million** which and the year to date actual is **R7.6 million** which is reported against a year to date budget of **R5.5 Million**. There is a favorable variance of **R2 Million** due to spending in capital budget in the first month of the financial year.

Capital budget as at 31 July 2022

Function	Segment Description	Total-Budget	Total-Actual	Remaining-Budget	%
Administration	Purchase of Furniture (500/305065)	500,000.00	-	500,000.00	0%
Paks & Cemeteries	Landscaping & Greening (425/305071)	500,000.00	-	500,000.00	0%
Electricity	Upgrade Municipal ESKON Supply	3,000,000.00	-	3,000,000.00	0%
Electricity	Replace 35MM PILC 11KV Cable ERF 181-830	100,000.00	-	100,000.00	0%
Electricity	Replace 30 KWh meters	150,000.00	-	150,000.00	0%
Electricity	Moganyaka High Mast	3,500,000.00	-	3,500,000.00	0%
Electricity	Serithing High mast light	3,500,000.00	-	3,500,000.00	0%
Electricity	Electrical Infrastructure	250,000.00	-	250,000.00	0%
Electricity	Replce 20 kWh meters	100,000.00	-	100,000.00	0%
Electricity	PEX 11KV Cable from 812 to 1/900	1,000,000.00	-	1,000,000.00	0%
Electricity	Replace Minisubstation ERF 338 MOPANI STREET	1,800,000.00	-	1,800,000.00	0%
Electricity	Electrical Infrastructure	180,000.00	-	180,000.00	0%
Electricity	Generator For Office Admin 220KVA	1,200,000.00	-	1,200,000.00	0%
Fleet Mangement	TOOLS & EQUIPMENTS	50,000.00	-	50,000.00	0%
Fleet Mangement	yellow fleet	10,000,000.00	-	10,000,000.00	0%
Fleet Mangement	Finance Bakkie	600,000.00	-	600,000.00	0%
Housing and Building	Air Conditioning	50,000.00	-	50,000.00	0%
(ICT)	Purchase of routers and wireless access point	100,000.00	-	100,000.00	0%
(ICT)	ICT Computers	432,000.00	-	432,000.00	0%
(ICT)	SWITCH	30,000.00	-	30,000.00	0%
(ICT)	WIFI	600,000.00	-	600,000.00	0%
(ICT)	SERVER	242,000.00	-	242,000.00	0%
(ICT)	PURCHASE OF PRINTERS	50,000.00	-	50,000.00	0%
Licencing and Traffic	speed camera	400,000.00	-	400,000.00	0%
Roads & Stormwater 1	Mamphokgo Sports Complex	600,000.00	362,505.67	237,494.33	60%
Roads& Stormwater (650)	Leeuwfontein Sports Complex	3,000,000.00	-	3,000,000.00	0%
Roads& Stormwater (650)	Rathoke Internal Street	829,239.00	-	829,239.00	0%
Roads& Stormwater (650)	Dichoeung Internal Street	5,620,000.00	-	5,620,000.00	0%
Roads& Stormwater (650)	Tshikanoshi Sports Complex	2,000,000.00	-	2,000,000.00	0%
Roads& Stormwater (650)	Regae Bus Route	9,621,336.00	3,517,470.40	6,103,865.60	37%
Roads& Stormwater (650)	Mabitsi Internal Road	19,030,135.00	3,769,648.15	15,260,486.85	20%
Roads& Stormwater (650)	Morarela Internal Road	829,239.00	-	829,239.00	0%
Roads& Stormwater (650)	Purchasing of 1X LDV	650,000.00	-	650,000.00	0%
Solid Waste Removal	508 REFUSE CONTAINER	950,000.00	-	950,000.00	0%
TOTAL		71,463,949.00	7,649,624.22	63,814,324.78	11%

1.1.2.3 FINANCIAL POSITION

The municipality will be able to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels.

CASH FLOW STATEMENT

The cash flow statement report for **July 2022** indicates a favourable/positive closing balance (cash and cash equivalents).

1.2.2.5 Conclusion

The total spending on the overall capital and operational budget of 2021/2022 financial year is **10%** and **4%** respectively, as at **31 July 2022**.

1.2 In-Year budget statement tables:

1.2.1 Table C2: Monthly Budget Statement - Financial Performance (standard Classification)

This table reflects the operating budget (Financial Performance) in the standard classifications which is the Government Finance Statistics Functions and Sub-function.

These are used by National Treasury to assist in the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures being used by the different institutions. The main functions are Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading services. It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3. (See executive summary for detail explanation on variances).

1.1.2 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

Table C4 indicates revenue by source which indicates the types of income budgeted for and the performance of these items individually and expenditure by type reflecting operational budget per main type/category of expenditure. (See executive summary for detail explanation on variances)

1.1.3 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Table c5 indicates capital expenditure budget and performance by vote. (See executive summary For detail explanation on variances)

1.2.6 Table C6: Monthly Budget Statement - Financial Position

This format of presenting the statement of financial position 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.

1.2.7 Table C7: Monthly Budget Statement - Cash Flow

The municipality cash flow shows a favourable/positive balance.

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis

EPHRAIM MOGALE LOCAL MUNICIPALITY							
FINANCIAL YEAR 2022/23							
AGEING REPORT JULY 2022 GL							
Type of Service	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	Total
	202205	202204	202203	202202	202201	202112	
Rates	3660163.71	2275785.97	1734168.02	1673915.02	1659370.67	98149006.64	109,152,410.03
Electricity	5646717.89	358698.1	194703.21	144485.11	150400.28	7647257.31	14,142,261.90
Refuse	442808.29	179273.82	151013.06	145139.57	140527.24	6937211.93	7,995,973.91
Other	906,288.11	351,614.09	907,431.78	872,014.73	886,041.99	45,156,834.95	48,169,990.97
Total	10,655,978.00	3,924,840.88	3,009,609.17	2,903,864.05	2,526,358.09	157,890,310.83	180,910,961.02
Category	202205	202204	202203	202202	202201	202112	Total
Psi	2559.13	2436.55	2425.6	2422.18	2415.28	203417.97	215,676.71
Farms / agri	2408171.48	2197293.2	1513175.77	1543315.97	1265723.63	82490704.64	91,418,384.69
Business	3354202.09	460472.68	332810.52	262838.31	224275.84	9620320.97	14,254,920.41
Churches	26845.71	4307.66	4258.24	4241.65	4209.92	187519.8	231,382.98
Commercial	0	0	0	0	0	29222.58	29,222.58
Domestic	0	0	0	0	0	15900.87	15,900.87
Industrial	1983616.25	269812.5	217637.5	197720.44	215936.71	10294437.3	13,179,160.70
Municipality	11039.14	928.97	1353.45	1237.23	1385.61	92644.82	108,589.22
Residential	2822372.38	983214.38	931547.86	885731.06	817791.33	54930551.41	61,371,208.42
School/hosp	47171.82	6374.94	6400.23	6357.21	-5380.23	25590.47	86,514.44
Total	10,655,978.00	3,924,840.88	3,009,609.17	2,903,864.05	2,526,358.09	157,890,310.83	180,910,961.02

The Debtors report has been prepared on the basis of the format required to be lodged electronically with National Treasury. This format provides an extended aged analysis, as well as an aged analysis by debtor type. Outstanding debtors as at **31 July 2022** amount to **R180 Million**.

2.2 Creditors' Analysis

The Municipality is paying its creditors within 30 days as prescribed by MFMA.

2.3 Investment portfolio analysis

There were no investments made.

2.4 Allocation and grants receipts expenditure

There were no Grants received for July 2022.

2.5 Councilors allowances and Employee benefit

The employee benefits and councilors allowance for **31 July 2022** is **R7 Million** and **R1.2 Million** respectively.

Row Labels	Total-Budget	2022-07	Total-Actual	Remaining-Budget
Revenue	(374,364,194.00)	(83,040,888.02)	(83,040,888.02)	(291,323,305.98)
Exchange Revenue	(98,552,245.00)	(8,760,651.26)	(8,760,651.26)	(89,791,593.74)
Interest; Dividend and Rent on L	(1,834,000.00)	(2,133,890.51)	(2,133,890.51)	299,890.51
Licences or Permits	(5,566,443.00)	-	-	(5,566,443.00)
Rental from Fixed Assets	(179,464.00)	(10,794.98)	(10,794.98)	(168,669.02)
Sales of Goods and Rendering of	(651,797.00)	(43,312.52)	(43,312.52)	(608,484.48)
Service Charges	(89,881,558.00)	(6,489,827.57)	(6,489,827.57)	(83,391,730.43)
Non-exchange Revenue	(275,811,949.00)	(74,280,236.76)	(74,280,236.76)	(201,531,712.24)
Fines; Penalties and Forfeits	(156,576.00)	(3,350.00)	(3,350.00)	(153,226.00)
Interest; Dividend and Rent on L	(8,464,627.00)	(867,056.68)	(867,056.68)	(7,597,570.32)
Property Rates	(46,133,746.00)	(3,667,830.08)	(3,667,830.08)	(42,465,915.92)
Transfers and Subsidies	(221,057,000.00)	(69,742,000.00)	(69,742,000.00)	(151,315,000.00)

EXPENDITURE JULY 2022

Row Labels	Total-Budget	2022-07	Total-Actual	Remaining-Budget
Expenditure	373,245,404.00	15,011,432.12	15,011,432.12	358,233,971.88
Bulk Purchases	55,481,835.00	2,834.00	2,834.00	55,479,001.00
Contracted Services	52,944,592.00	2,318,101.67	2,318,101.67	50,626,490.33
Depreciation and Amortisation	60,555,370.00	-	-	60,555,370.00
Employee Related Cost	111,678,338.00	7,819,472.75	7,819,472.75	103,858,865.25
Interest; Dividends and Rent on	2,000,000.00	-	-	2,000,000.00
Inventory Consumed	2,682,286.00	129,214.50	129,214.50	2,553,071.50
Operating Leases	2,545,294.00	48,123.47	48,123.47	2,497,170.53
Operational Cost	52,843,741.00	3,486,110.71	3,486,110.71	49,357,630.29
Remuneration of Councillors	17,385,665.00	1,207,575.02	1,207,575.02	16,178,089.98
Surplus / Deficit	1,118,805.00	68,029,455.90	68,029,455.90	(66,910,650.90)
Transfer to Accumulated Surplus	1,118,805.00	68,029,455.90	68,029,455.90	(66,910,650.90)
Gains and Losses	15,128,296.00	-	-	15,128,296.00
Assets	1,180,927,727.00	76,731,200.40	1,508,930,148.85	(328,002,421.85)
Liabilities	(229,371,750.00)	(8,701,744.50)	(206,176,978.69)	(23,194,771.31)
Net Assets	(951,555,992.00)	(68,029,455.90)	(1,302,753,170.16)	351,197,178.16

Revenue and Expenditure for the month of July 2022 as per the Pivot chart.