

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 August 2020

Table of content

PART 1- IN-YEAR REPORT

1.1 Executive Summary	2
1.2 In-Year budget statement tables	3

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis	9
2.2 Creditors' Analysis.....	10
2.3 Investment portfolio analysis.....	10
2.4 Allocation and grants receipts expenditure.....	10
2.5 Councilors allowances and Employee benefits.....	10

1.1 Executive summary

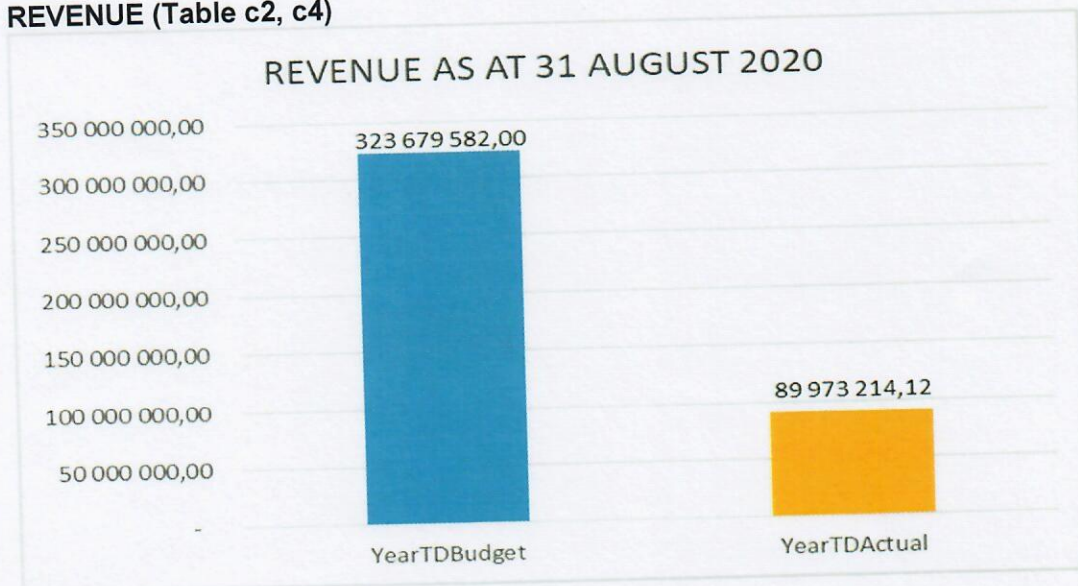
1.1.1 Introduction

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)

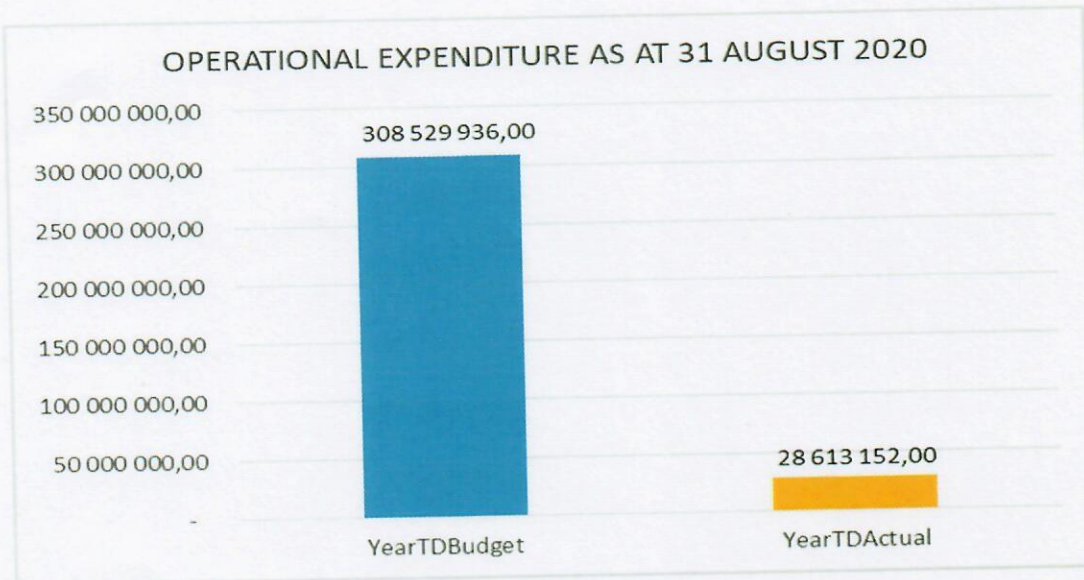
REVENUE (Table c2, c4)



The total revenue received for the month of **August 2020** amount to **R10.5 Million**, and the year to date Actual revenue amount to **R 90 Million** in comparison to a year to date budgeted figure of **R323 Million**. There is a favorable variance of **R36 Million** 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 meet conditions of those grants.

OPERATIONAL EXPENDITURE (Table c2, c4)



Operating expenditure for the month of **August 2020** amounts to **R17 Million**, and the year to date actual is **R28 Million** which is reported against a year to date budget of **R308 Million**. There is a favorable variance of **R22 Million** due to the following reasons.

1. Employee related cost

This major variance is due to vacant posts not yet filled. Majority of this vacant position are already advertised and the process of shortlisting and interview will be finalised.

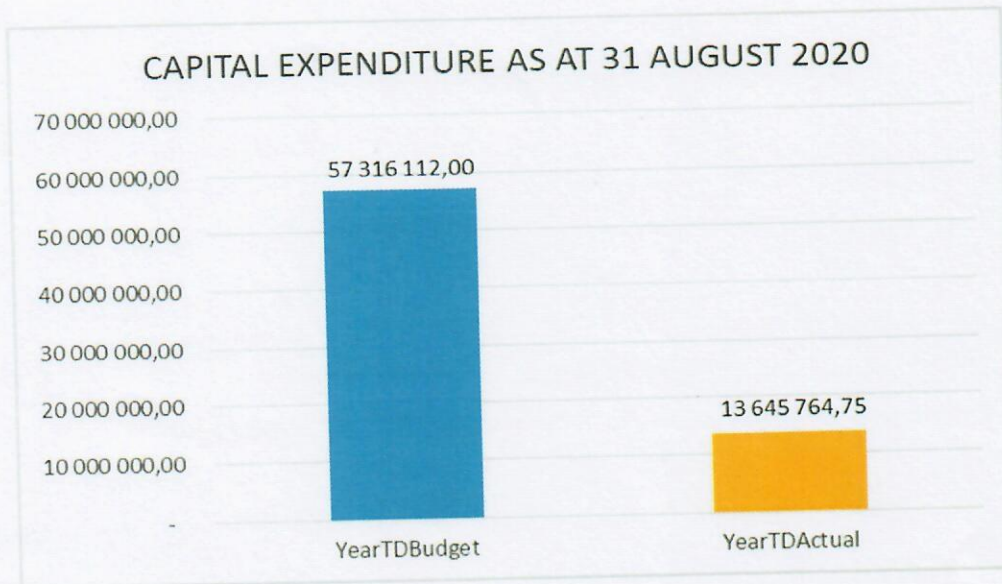
2. Depreciation and assets impairment

Currently the municipality is accounting for depreciation at year end.

3. 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 **August 2020** amounts to **R9 Million** and the year to date actual is **R13 Million** which is reported against a year to date budget of **R57 Million**. There is an favorable variance of **R45 Million**.

Capital budget as at 31 August 2020.

Function	SegmentDesc	Total Budget	Total Actual	RemainingBudget
		100 000,00	-	350 000,00
ICT	Purchase of UPS	300 000,00	-	100 000,00
ICT	Capital Fund ICT Computers	100 008,00	-	300 000,00
ICT	Capital Fund Purchase of routers and wireless access point	20 000,00	-	100 008,00
ICT	Capital Fund PURCHASE OF PRINTERS	95 004,00	-	20 000,00
ICT	Capital Fund master tower pole	350 000,00	-	95 004,00
Administration	Capital Fund Purchase of Furniture (500/305065)	-	-	-
ICT	Purchase of routers and wireless access point	-	-	-
ICT	Purchase Of ICT Equipments	-	-	-
ICT	Television	-	-	-
ICT	PURCHASE OF PRINTERS	75 000,00	-	75 000,00
Communication	Podium Camera Loud Hearing	-	-	-
Electricity:Electricity	Upgrade Municipal ESKON Supply	-	-	-
Electricity:Electricity	Replace 50 kWh Meters	-	-	-
Electricity:Electricity	Replace PEX Cable in Ext 5	-	-	-
Electricity:Electricity	Replace Streetlight Wood Poles at Mamphokgo 20	80 000,00	-	80 000,00
Electricity:Electricity	Capital Fund Network Design Software	-	-	-
Electricity:Electricity	Industrial Substation Second Supply Phase 3	2 000 000,00	-	2 000 000,00
Electricity:Electricity	Capital Fund Upgrade Municipal ESKON Supply	930 000,00	-	930 000,00
Electricity:Electricity	Capital Fund Install RMU Cable to Connect Ext 5&6	1 600 000,00	-	1 600 000,00
Electricity:Electricity	Replace old PEX 11kV Cable from 713 to 561	1 000 000,00	764 061,55	235 938,45
Electricity:Electricity	Capital Fund Industrial Substation Second Supply Phase 3	500 000,00	-	500 000,00
Electricity:Electricity	Capital Fund Replace Streetlight Wood Poles at Mamphokgo 20	700 000,00	-	700 000,00
Electricity:Electricity	Capital Fund Truck Mounted Crane	50 000,00	-	50 000,00
Electricity:Electricity	Tool sets	-	-	-
Finance:Finance	CASH COUNTING MACHINES	150 000,00	-	150 000,00
Health General Services	Capital Fund Sanitising Equipment	100 000,00	-	100 000,00
Housing and Building	Capital Fund Air Conditioning	90 000,00	-	90 000,00
Human Resources	Shredding Machine and Recording System	-	-	-
ICT	ICT Computers	-	-	-
Licencing and Traffic	Vehicle - Traffic	-	-	-
Paks & Cemeteries	Landscaping & Greening (425/305071)	-	-	-
Paks & Cemeteries	Lawnmower	500 000,00	-	500 000,00
Paks & Cemeteries	Capital Fund Landscaping & Greening (425/305071)	-	-	-
Roads:Roads & Stormwater 1	515 Ngwalemong Internal Streets	-	-	-
Roads:Roads & Stormwater 1	521 Replacement Of 20 Catchment Concrete Cover	-	-	-
Roads:Roads & Stormwater 1	518 Upgrading Of Letebejane/Ditholong Internal Streets	-	-	-
Roads:Roads & Stormwater 1	Stormwater Extension 6(650/305147)	8 076 000,00	-	8 076 000,00
Roads:Roads& Stormwater (650)	Malebitsa internal road	7 900 100,00	3 770 424,53	4 129 675,47
Roads:Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	4 000 000,00	-	4 000 000,00
Roads:Roads& Stormwater (650)	Rehabilitation Leeuwfontein Internal Streets (650/305180)	1 000 000,00	-	1 000 000,00
Roads:Roads& Stormwater (650)	Mabitsi Internal Road	-	-	-
Roads:Roads& Stormwater (650)	517 Construction Industria Road (650/305175)	1 000 000,00	-	1 000 000,00
Roads:Roads& Stormwater (650)	Regae Bus Route	7 600 000,00	5 492 919,50	2 107 080,50
Roads:Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	500 000,00	-	500 000,00
Roads:Roads& Stormwater 1	Mamphokgo Sports Complex	6 500 000,00	-	6 500 000,00
Roads:Roads& Stormwater 1	Leeufontein Sports Complex	4 000 000,00	623 324,58	3 376 675,42
Roads:Roads& Stormwater 1	Capital Fund Stormwater Extension 6(650/305147)	8 000 000,00	2 995 034,59	5 004 965,41
Roads:Roads& Stormwater 2	MAKGATLE	57 316 112,00	13 645 764,75	43 670 347,25
TOTALS				

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 **August 2020** 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 2019/2020 financial year is **24%** and **9%** respectively, as at **31 August 2020**.

1.2 In-Year budget statement tables

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

LIM471 Ephraim Mogale - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	Budget Year 2020/21								
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		-	212 046	-	4 084	78 145	35 341	42 804	121%	212 046
Executive and council		-	2 060	-	1	21	343	(322)	-94%	2 060
Finance and administration		-	209 986	-	4 083	78 123	34 998	43 126	123%	209 986
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	264	-	20	40	44	(4)	-9%	264
Community and social services		-	56	-	4	12	9	2	25%	56
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	208	-	17	28	35	(6)	-18%	208
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33 285	-	1	2	5 548	(5 545)	-100%	33 285
Planning and development		-	47	-	1	2	8	(5)	-69%	47
Road transport		-	33 238	-	-	-	5 540	(5 540)	-100%	33 238
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	72 848	-	6 398	11 754	12 141	(387)	-3%	72 848
Energy sources		-	67 845	-	5 937	10 832	11 308	(476)	-4%	67 845
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5 003	-	461	923	834	89	11%	5 003
<i>Other</i>	4	-	5 237	-	15	32	873	(841)	-96%	5 237
Total Revenue - Functional	2	-	323 680	-	10 518	89 973	53 947	36 027	67%	323 680
Expenditure - Functional										
<i>Governance and administration</i>		-	184 595	-	6 910	13 981	30 766	(16 785)	-55%	184 595
Executive and council		-	41 138	-	2 726	5 550	6 856	(1 306)	-19%	41 138
Finance and administration		-	143 458	-	4 184	8 431	23 910	(15 479)	-65%	143 458
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	21 463	-	1 286	2 771	3 577	(806)	-23%	21 463
Community and social services		-	9 299	-	606	1 146	1 550	(403)	-26%	9 299
Sport and recreation		-	2 279	-	90	182	380	(198)	-52%	2 279
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	5 091	-	293	586	849	(263)	-31%	5 091
Health		-	4 794	-	298	857	799	58	7%	4 794
<i>Economic and environmental services</i>		-	23 692	-	1 159	2 153	3 949	(1 795)	-45%	23 692
Planning and development		-	11 586	-	153	312	1 931	(1 619)	-84%	11 586
Road transport		-	12 106	-	1 006	1 841	2 018	(177)	-9%	12 106
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	65 375	-	6 566	7 885	10 896	(3 010)	-28%	65 375
Energy sources		-	58 859	-	6 120	6 960	9 810	(2 850)	-29%	58 859
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 517	-	446	925	1 086	(161)	-15%	6 517
<i>Other</i>		-	13 405	-	888	1 822	2 234	(412)	-18%	13 405
Total Expenditure - Functional	3	-	308 530	-	16 809	28 613	51 422	(22 809)	-44%	308 530
Surplus/ (Deficit) for the year		-	15 150	-	(6 291)	61 360	2 525	58 835	2330%	15 150

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)

LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		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			39 126		3 345	6 690	6 521	169	3%	39 126
Service charges - electricity revenue			69 370		5 937	10 832	11 562	(730)	-6%	69 370
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue			5 003		446	893	834	59	7%	5 003
Rental of facilities and equipment			190		17	28	32	(3)	-10%	190
Interest earned - external investments			4 000		100	232	667	(435)	-65%	4 000
Interest earned - outstanding debtors			8 263		621	1 229	1 377	(148)	-11%	8 263
Dividends received										
Fines, penalties and forfeits			140		15	32	23	8	36%	140
Licences and permits			5 102				850	(850)	-100%	5 102
Agency services										
Transfers and subsidies			163 620			69 955	27 270	42 685	157%	163 620
Other revenue			1 161		37	83	193	(111)	-57%	1 161
Gains										
Total Revenue (excluding capital transfers and contributions)			295 976		10 518	89 973	49 329	40 644	82%	295 976
Expenditure By Type										
Employee related costs			97 557		6 882	13 902	16 259	(2 358)	-15%	97 557
Remuneration of councillors			15 623		1 115	2 230	2 604	(374)	-14%	15 623
Debt impairment			13 987				2 331	(2 331)	-100%	13 987
Depreciation & asset impairment							7	(7)	-100%	41
Finance charges			41							
Bulk purchases			42 000		5 204	5 204	7 000	(1 796)	-26%	42 000
Other materials			1 952		245	27	325	(298)	-92%	1 952
Contracted services			6 734		22	45	1 122	(1 078)	-96%	6 734
Transfers and subsidies			158 455				26 409	(26 409)	-100%	158 455
Other expenditure			1 161		3 341	7 206	193	7 013	3625%	1 161
Losses										
Total Expenditure			337 510		16 809	28 613	56 252	(27 638)	-49%	337 510
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary contributions) (National / Provincial and District)							2 770	(2 770)	(0)	33 238
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions			33 238		(41 534)		(6 291)	61 360	(4 153)	(8 296)
Taxation										
Surplus/(Deficit) after taxation			33 238		(41 534)		(6 291)	61 360	(4 153)	(8 296)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality			33 238		(41 534)		(6 291)	61 360	(4 153)	(8 296)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year			33 238		(41 534)		(6 291)	61 360	(4 153)	(8 296)

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)

LIM471 Ephraim Mogale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Capital Expenditure - Functional Classification										
Governance and administration		-	1 055	-	-	-	176	(176)	-100%	1 055
Executive and council								-		
Finance and administration			1 055				176	(176)	-100%	1 055
Internal audit								-		
Community and public safety		-	825	-	-	-	138	(138)	-100%	825
Community and social services			575				96	(96)	-100%	575
Sport and recreation			-				-	-		-
Public safety			-				-	-		-
Housing			100				17	(17)	-100%	100
Health			150				25	(25)	-100%	150
Economic and environmental services		-	48 576	-	8 014	12 882	12 144	738	6%	48 576
Planning and development								-		
Road transport			48 576		8 014	12 882	12 144	738	6%	48 576
Environmental protection								-		
Trading services		-	6 860	-	764	764	1 143	(379)	-33%	6 860
Energy sources			6 860		764	764	1 143	(379)	-33%	6 860
Water management								-		
Waste water management								-		
Waste management								-		
Other								-		
Total Capital Expenditure - Functional Classification	3	-	57 316	-	8 778	13 646	13 601	45	0%	57 316
Funded by:										
National Government			42 576		8 014	12 882	12 144	738	6%	42 576
Provincial Government								-		
District Municipality								-		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Companies, Other Entities)								-		
Transfers recognised - capital		-	42 576	-	8 014	12 882	12 144	738	6%	42 576
Borrowing	6							-		
Internally generated funds			14 740		764	764	1 457	(693)	-48%	14 740
Total Capital Funding		-	57 316	-	8 778	13 646	13 601	45	0%	57 316

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 2019/20 AGEING REPORT AUGUST 2020 GL							
Type of Service	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	Total
	202008	202007	202006	202005	202004	202003	
Rates	2994424,96	1205541,61	1933804,1	1553308,28	1479561,67	79401696,03	88 568 336,65
Electricity	5029242,24	425923,1	380322,26	329229,95	148049,48	5526619,56	11 839 386,59
Refuse	386511,22	183680,18	138412,25	123156,98	114789,46	4297086,88	5 243 636,97
Other	1260745,85	507710,46	686601,42	71094,17	715812,28	33369261,12	36 611 225,30
Total	9 670 924,27	2 322 855,35	3 139 140,03	2 076 789,38	2 458 212,89	122 594 663,59	142 262 585,51

Category	202008	202007	202006	202005	202004	202003	Total
Psi	2271,87	2887,65	2027,5	2025,51	2034,66	147755,69	159 002,88
Farms / agri	1339983,87	1630964,12	1353536,2	1342097,65	1390983,49	66748102,33	73 805 667,66
Business	2506038,22	474504,11	340322,5	275486,36	260989,49	6950694,12	10 808 034,80
Churches	35430,78	3363,64	3377,13	4567,97	2787,14	91999,87	141 526,53
Commercial	-1010,51	0	0	0	0	30232,15	29 221,64
Domestic	-4512,16	0	0	0	0	19885,63	15 373,47
Industrial	911464,61	139901,17	-392369,63	140558,2	146590,36	6300893,41	7 247 038,12
Municipality	-86691,9	148,18	147,76	146,78	147,4	144866,1	58 764,32
Residential	2416821,48	1229990,63	865051,71	800146,91	793090,13	40034648,03	46 139 748,89
School/hosp	39290,1	25981,6	21644,52	11791,89	5693,98	19444,34	123 846,43
Total	7 159 086,36	3 507 741,10	2 193 737,69	2 576 821,27	2 602 316,65	120 488 521,67	138 528 224,74

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 **30 August 2020** amount to **R142 Million**.

2.2 Creditors' Analysis

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

2.3 Investment portfolio analysis

The municipality has invested R80 Million at a rate of 9.15% with VBS Mutual Bank that is currently under curatorship.

2.4 Allocation and grants receipts expenditure

No Grant received in August 2020.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for **30 August 2020** is **R7 Million** and **R2.2 Million** respectively



EPHRAIM MOGALE LOCAL MUNICIPALITY
QUALITY CERTIFICATE

I, **Kgopelo Phasha** the acting municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

For the month of **August 2020** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act

Print name **Kgopelo Phasha**

Acting Municipal manager of **Ephraim Mogale Local Municipality (LIM471)**

Signature 

Date 07/09/2020