

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

29 FEBRUARY 2020

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1.1 Executive summary

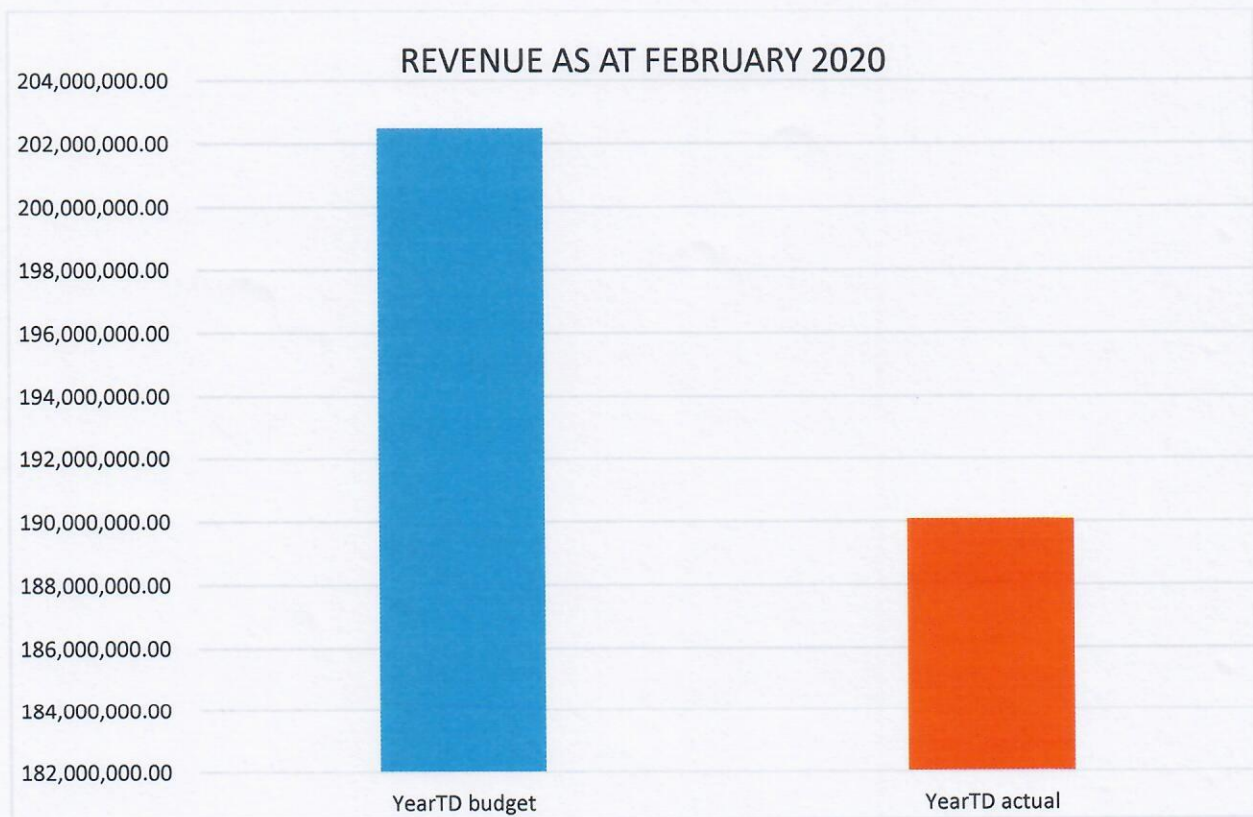
1.1.1 Introduction

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)

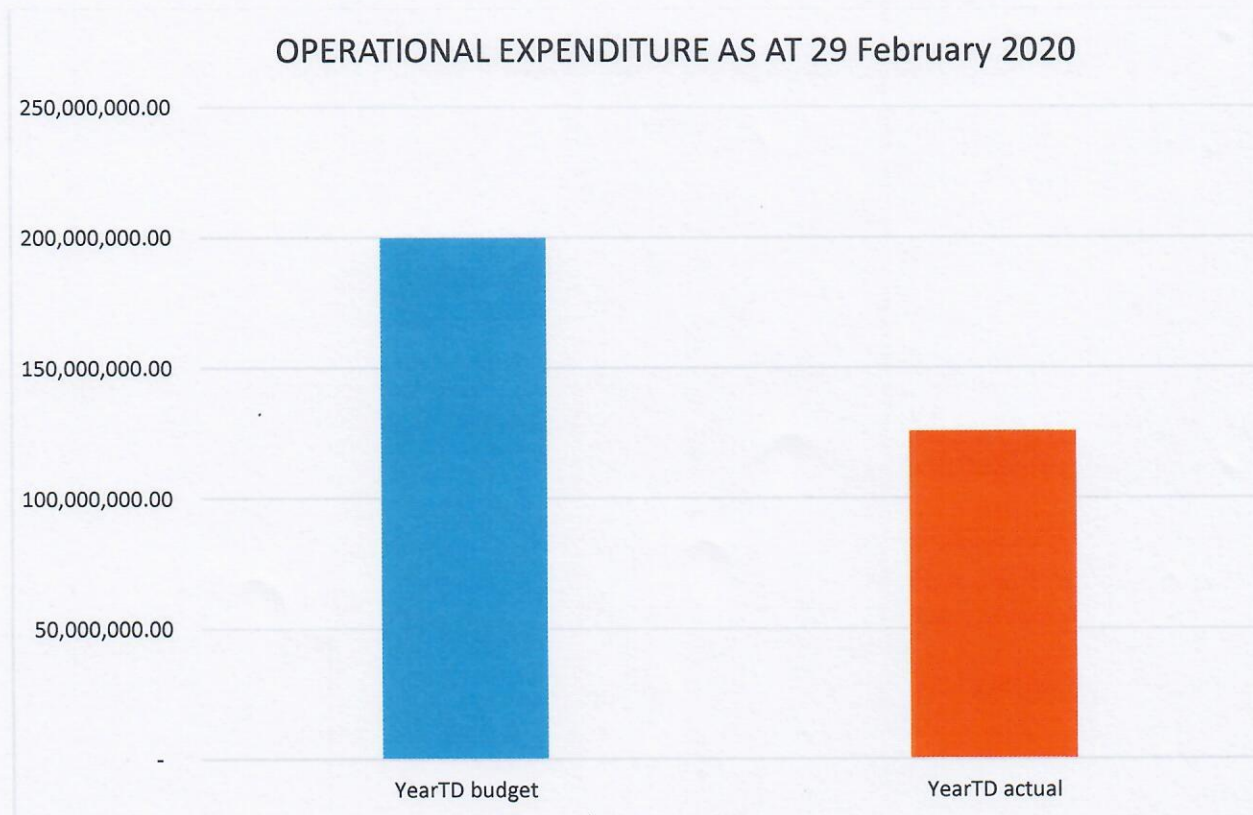
REVENUE (Table c2, c4)



The total revenue received for the month of **February 2020** amount to **R 10.6 Million**, and the year to date revenue amount to **R 190 Million** in comparison to a year to date budgeted figure of **R202 Million**. There is a favorable variance of **R 12 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 **February 2020** amounts to **R11.8 Million**, and the year to date actual is **R126 Million** which is reported against a year to date budget of **R200 Million**. There is an unfavorable variance of **R 74 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.

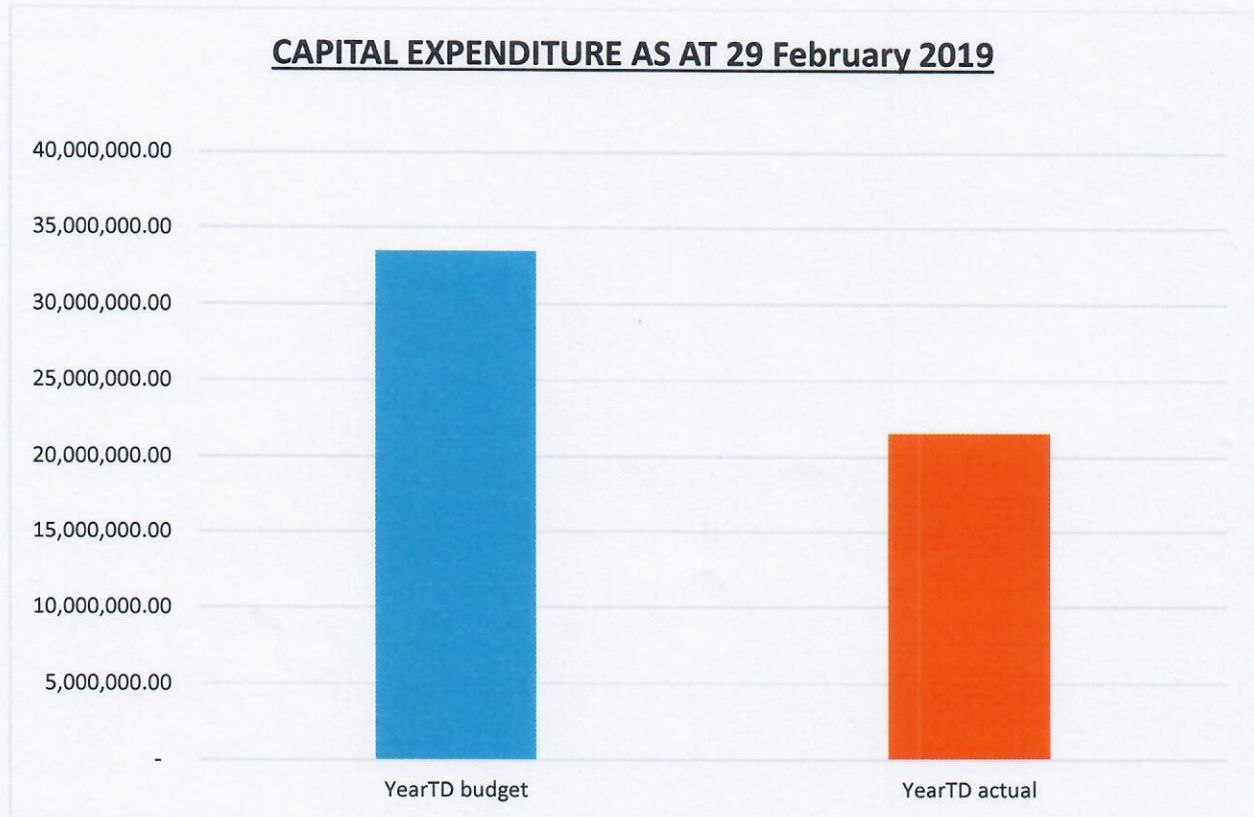
2. Depreciation and assets impairment

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 **February 2020** amounts to **R 6 Million** and the year to date actual is **R21.5 Million** which is reported against a year to date budget of **R33 Million**. There is an unfavorable variance of **R11.8 Million**.

Capital budget as at 29 February 2020.

LIM471 Ephraim Mogale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08

Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		1,673	370	370	370	-	247	(247)	-100%	370
Executive and council								-		
Finance and administration		1,673	370	370	370	-	247	(247)	-100%	370
Internal audit								-		
<i>Community and public safety</i>		1,546	2,570	2,570	-	17	1,647	(1,630)	-99%	2,570
Community and social services		1,377	2,470	2,470		17	1,647	(1,630)	-99%	2,470
Sport and recreation								-		
Public safety								-		
Housing		169	100	100				-		100
Health								-		
<i>Economic and environmental services</i>		28,954	40,537	40,537	6,205	20,419	27,024	(6,605)	-24%	40,537
Planning and development								-		
Road transport		28,954	40,537	40,537	6,205	20,419	27,024	(6,605)	-24%	40,537
Environmental protection								-		
<i>Trading services</i>		601	6,284	6,284	44	868	4,189	(3,321)	-79%	6,284
Energy sources		601	6,284	6,284	44	868	4,189	(3,321)	-79%	6,284
Water management								-		
Waste water management								-		
Waste management								-		
<i>Other</i>		646	456	600		254	304	(49)	-16%	600
Total Capital Expenditure - Functional Classification	3	33,420	50,217	50,361	6,619	21,559	33,411	(11,852)	-35%	50,361
Funded by:										
National Government		28,954	33,443	33,443	6,205	21,559	22,295	(737)	-3%	33,443
Provincial Government					-			-		
District Municipality					-			-		
Other transfers and grants								-		
Transfers recognised - capital		28,954	33,443	33,443	6,205	21,559	22,295	(737)	-3%	33,443
Borrowing										
Internally generated funds	6	4,466	16,774	16,918	414	-	11,116	(11,116)	-100%	16,918
Total Capital Funding		33,420	50,217	50,361	6,619	21,559	33,411	(11,852)	-35%	50,361

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 **February 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 **43%** and **62%** respectively, as at **29 February 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) - M08 February

Description	Ref	2018/19	Budget Year 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>		181,161	198,754	200,840	4,204	143,112	132,502	10,610	8%	200,840
Executive and council		2,472	2,287	2,173	6	466	1,524	(1,059)	-69%	2,173
Finance and administration		178,689	196,467	198,667	4,199	142,647	130,978	11,669	9%	198,667
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		221	237	252	26	172	158	14	9%	252
Community and social services		54	53	53	6	35	35	(0)	0%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		167	184	199	20	137	123	14	11%	199
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33,496	33,496	33,488	0	8	22,330	(22,322)	-100%	33,488
Planning and development		49	53	45	0	8	35	(27)	-76%	45
Road transport		33,446	33,443	33,443	-	-	22,295	(22,295)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		61,387	67,465	64,854	5,976	44,674	44,976	(302)	-1%	64,854
Energy sources		57,394	62,761	60,072	5,563	41,393	41,841	(448)	-1%	60,072
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,993	4,703	4,783	413	3,281	3,135	145	5%	4,783
<i>Other</i>	4	4,552	3,815	7,007	4	2,106	2,544	(438)	-17%	7,007
Total Revenue - Functional	2	280,817	303,766	306,442	10,210	190,072	202,511	(12,439)	-6%	306,442
Expenditure - Functional										
<i>Governance and administration</i>		157,208	181,487	178,107	5,819	63,163	120,991	(57,828)	-48%	178,107
Executive and council		42,057	47,087	44,745	2,240	24,126	31,392	(7,266)	-23%	44,745
Finance and administration		115,151	134,399	133,361	3,579	39,037	89,600	(50,563)	-56%	133,361
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14,922	23,565	23,126	801	10,972	15,710	(4,738)	-30%	23,126
Community and social services		6,528	9,148	8,775	243	4,893	6,098	(1,205)	-20%	8,775
Sport and recreation		1,796	2,264	2,196	90	1,142	1,509	(368)	-24%	2,196
Public safety		-	-	-	-	-	-	-	-	-
Housing		3,037	7,807	7,753	370	2,493	5,204	(2,711)	-52%	7,753
Health		3,560	4,347	4,403	97	2,444	2,898	(454)	-16%	4,403
<i>Economic and environmental services</i>		15,254	20,929	22,733	917	11,184	13,953	(2,769)	-20%	22,733
Planning and development		5,365	9,368	11,212	496	4,502	6,245	(1,743)	-28%	11,212
Road transport		9,889	11,561	11,520	421	6,682	7,707	(1,025)	-13%	11,520
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		50,961	62,249	57,576	3,580	33,491	41,499	(8,008)	-19%	57,576
Energy sources		46,093	56,177	51,782	3,568	30,052	37,451	(7,400)	-20%	51,782
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,868	6,071	5,794	12	3,440	4,048	(608)	-15%	5,794
<i>Other</i>		9,903	11,872	11,554	702	6,960	7,915	(955)	-12%	11,554
Total Expenditure - Functional	3	248,248	300,102	293,096	11,819	125,771	200,068	(74,297)	-37%	293,096
Surplus/ (Deficit) for the year		32,569	3,664	13,346	(1,609)	64,302	2,443	61,859	2532%	13,346

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) - M08 February

Description	Ref	Budget Year 2019/20								
		2018/19 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		36,282	37,509	37,406	3,105	24,861	25,006	(145)	-1%	37,406
Service charges - electricity revenue		50,358	61,224	60,000	5,563	41,393	40,816	577	1%	60,000
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3,994	4,464	4,783	399	3,184	2,976	208	7%	4,783
Rental of facilities and equipment		155	184	199	20	125	123	2	2%	199
Interest earned - external investments		4,017	3,685	5,570	659	5,272	2,457	2,815	115%	5,570
Interest earned - outstanding debtors		7,477	7,463	7,900	665	3,295	4,975	(1,681)	-34%	7,900
Dividends received										
Fines, penalties and forfeits		1,290	101	126	4	73	68	6	9%	126
Licences and permits		3,271	3,519	4,881		2,032	2,346	(314)	-13%	4,881
Agency services										
Transfers and subsidies		166,931	182,417	182,417	0	108,748	121,611	(12,863)	-11%	182,417
Other revenue		7,041	2,724	2,847	206	1,089	1,816	(727)	-40%	2,847
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		280,817	303,291	306,128	10,622	190,072	202,194	(12,122)	-6%	306,128
Expenditure By Type										
Employee related costs		77,767	87,715	90,067	4,372	85,695	58,476	27,219	47%	90,067
Remuneration of councillors		13,236	14,533	14,533	1,095	1,999	9,689	(7,689)	-79%	14,533
Debt impairment		12,472	13,321	13,321			8,881	(8,881)	-100%	13,321
Depreciation & asset impairment		51,853	52,000	52,000			34,667	(34,667)	-100%	52,000
Finance charges		3,841	365	106		52	243	(191)	-79%	106
Bulk purchases		33,901	42,224	39,000	2,911	23,074	28,149	(5,075)	-18%	39,000
Other materials		1,425	1,275	1,881	234	9,684	850	8,834	1039%	1,881
Contracted services		15,024	36,355	38,287	188	1,810	24,237	(22,427)	-93%	38,287
Transfers and subsidies		2,910								
Other expenditure		35,820	52,314	43,900	3,018	4,177	34,876	(30,698)	-88%	43,900
Loss on disposal of PPE										
Total Expenditure		248,248	300,102	293,096	11,818	126,492	200,068	(73,576)	-37%	293,096
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32,569	3,189	13,032	(1,196)	63,580	2,126	61,454	0	13,032
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all)			33,443			21,559	22,295	(737)	(0)	33,443
Surplus/(Deficit) after capital transfers & contributions		32,569	36,632	13,032	(1,196)	85,139	24,422			46,475
Taxation										
Surplus/(Deficit) after taxation		32,569	36,632	13,032	(1,196)	85,139	24,422			46,475
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		32,569	36,632	13,032	(1,196)	85,139	24,422			46,475
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		32,569	36,632	13,032	(1,196)	85,139	24,422			46,475

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)

funding) - M08 February

Vote Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Total Capital Expenditure		33,420	50,257	-	58	7,233	33,504	(26,271)	-78%	50,257
Capital Expenditure - Functional Classification										
Governance and administration		1,673	370	370	370	-	247	(247)	-100%	370
Executive and council								-		
Finance and administration		1,673	370	370	370	-	247	(247)	-100%	370
Internal audit								-		
Community and public services		1,546	2,570	2,570	-	17	1,647	(1,630)	-99%	2,570
Community and social services		1,377	2,470	2,470		17	1,647	(1,630)	-99%	2,470
Sport and recreation								-		
Public safety								-		
Housing		169	100	100		-	-	-		100
Health								-		
Economic and environmental services		28,954	40,537	40,537	6,205	20,419	27,024	(6,605)	-24%	40,537
Planning and development								-		
Road transport		28,954	40,537	40,537	6,205	20,419	27,024	(6,605)	-24%	40,537
Environmental protection								-		
Trading services		601	6,284	6,284	44	868	4,189	(3,321)	-79%	6,284
Energy sources		601	6,284	6,284	44	868	4,189	(3,321)	-79%	6,284
Water management								-		
Waste water management								-		
Waste management								-		
Other		646	456	600		254	304	(49)	-16%	600
Total Capital	3	33,420	50,217	50,361	6,619	21,559	33,411	(11,852)	-35%	50,361
Funded by:										
National Government		28,954	33,443	33,443	6,205	21,559	22,295	(737)	-3%	33,443
Provincial Government					-			-		
District Municipality					-			-		
Other transfers and grants								-		
Transfers recognised - capital		28,954	33,443	33,443	6,205	21,559	22,295	(737)	-3%	33,443
Borrowing	6									
Internally generated funds		4,466	16,774	16,918	414	-	11,116	(11,116)	-100%	16,918
Total Capital Funding		33,420	50,217	50,361	6,619	21,559	33,411	(11,852)	-35%	50,361

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 FEBRUARY 2020 GL							
Type of Service	30 Days 202002	60 Days 202001	90 Days 2019/12	120 Days 2019/11	150 Days 2019/10	150 Plus 2019/09	Total
Rates	4248013.27	1494545.83	1458110.36	1426145.77	1424087.77	69663790.05	79,714,693.05
Electricity	3931039.68	152127.42	142297.48	121260.37	109285.72	4669290.47	9,125,301.14
Refuse	454846.19	106311.42	104306.83	100915.65	95887.97	3650397.95	4,512,666.01
Other	2115039.13	797149.76	764537.29	724023.13	446551.22	28273229.16	33,120,529.69
Total	10,748,938.27	2,550,134.43	2,469,251.96	2,372,344.92	2,075,812.68	106,256,707.63	126,473,189.89

Category	202002	202001	2019/12	2019/11	2019/10	2019/09	Total
Psi	4063.37	2028.66	2026.2	2023.73	2021.27	135587.01	147,750.24
Farms / agri	3125541.5	1396929.72	1369092.63	1355208.89	1352863.19	58731497.48	67,331,133.41
Business	3095478.54	236812.6	203805.68	185497.32	166765.46	5510930.49	9,399,290.09
Churches	24147.9	2305.72	2297.69	2289.67	2281.63	78194	111,516.61
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	1140045.3	151378.34	153316.52	148006.41	-129723.51	5686887.79	7,149,910.85
Municipality	616.68	144	236.08	5100.03	4913.46	28537.32	39,547.57
Residential	3322964.38	754842.84	732786.44	673562.07	674435.72	36032092.6	42,190,684.05
School/hosp	36080.6	5692.55	5690.72	656.8	2255.46	8700.88	59,077.01
Total	10,748,938.27	2,550,134.43	2,469,251.96	2,372,344.92	2,075,812.68	106,256,707.63	126,473,189.89

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 **29 February 2020** amount to **R126 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 was receive in February 2020.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for February 2020 is R **4 Million and 1 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 **February 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 09/03/2020