

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 JANUARY 2020

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1.1 Executive summary

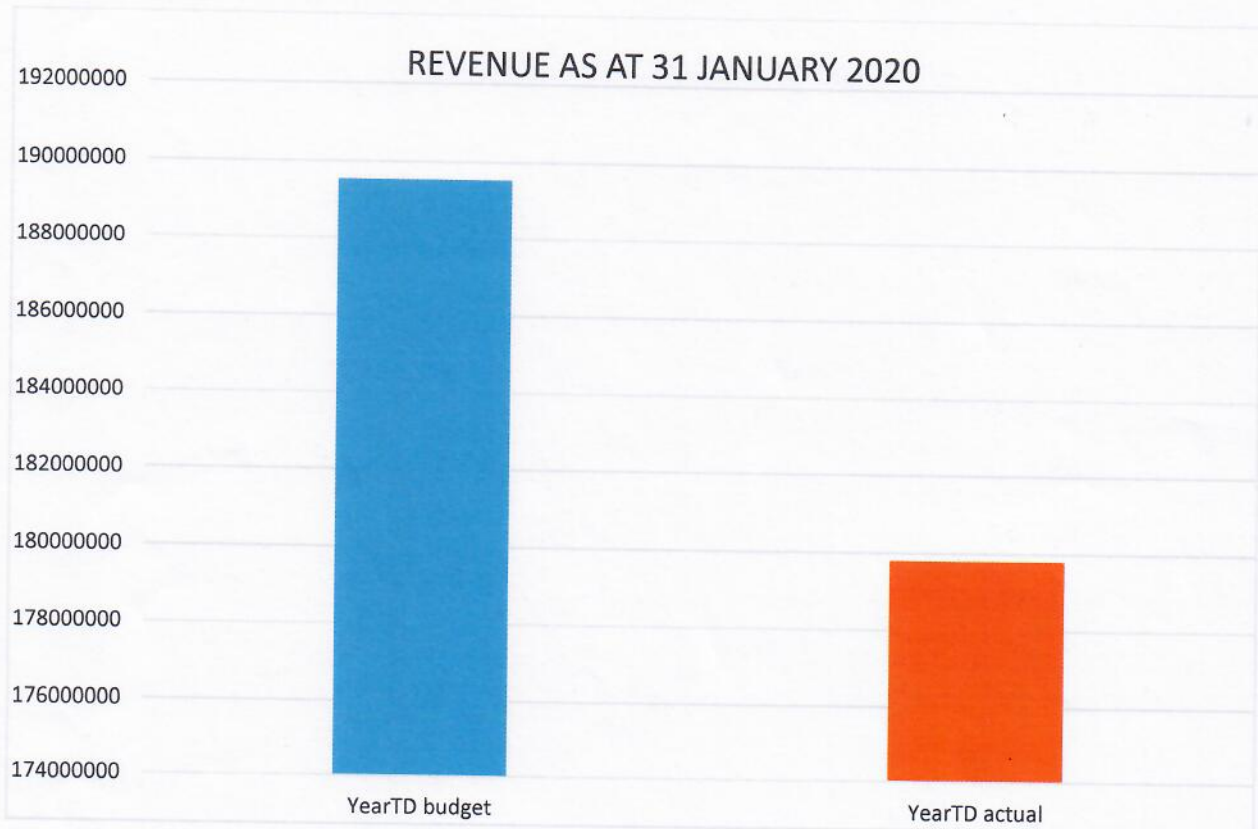
1.1.1 Introduction

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)

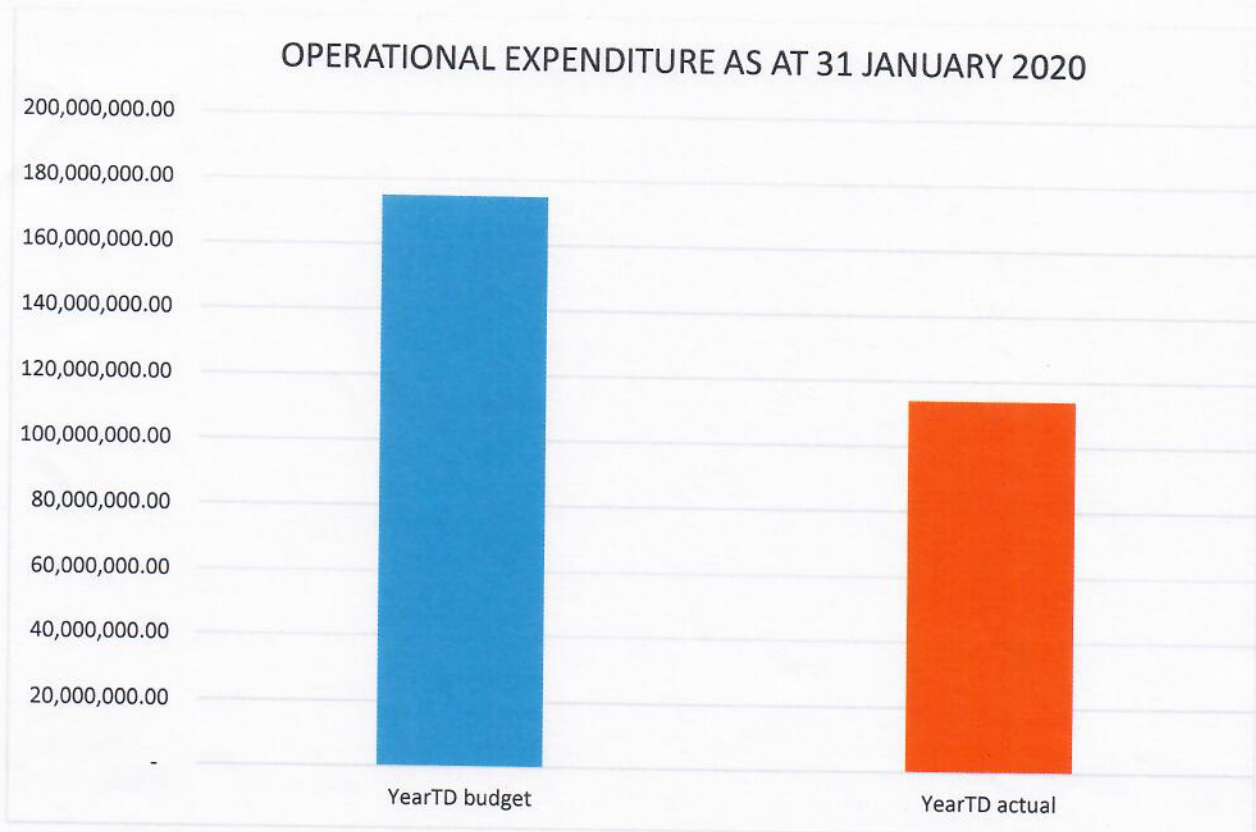
REVENUE (Table c2, c4)



The total revenue received for the month of **January 2019** amount to **R 69 Million**, and the year to date revenue amount to **R 179 Million** in comparison to a year to date budgeted figure of **R189 Million**. There is a favorable variance of **R 10 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 **January 2020** amounts to **R12,5 Million**, and the year to date actual is **R113 Million** which is reported against a year to date budget of **R175 Million**. There is an unfavorable variance of **R 62 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.

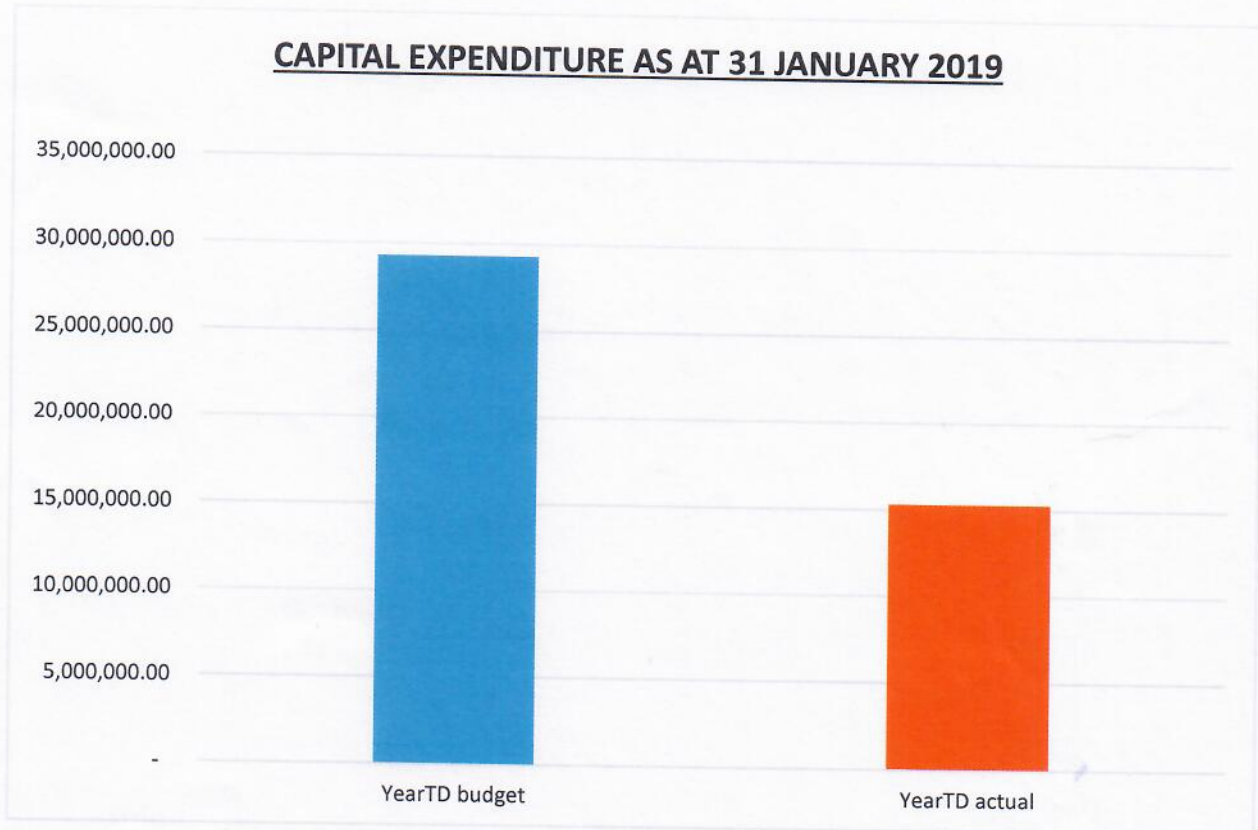
2. Depreciation and assets impairment

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 **January 2020** amounts to **R 2 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 **R14 Million**.

Capital budget as at 31 January 2020.

Function	SegmentDesc	TotalBudget	Jan-20	TotalActual	RemainingBudget
Administrative and Corporate Support	Purchase of Furniture (500/305065)	300,000.00	-	-	300,000.00
Administrative and Corporate Support Total		300,000.00		-	300,000.00
Paks & Cemeteries	Lawnmower	200,004.00	-	-	200,004.00
Paks & Cemeteries	Landscaping & Greening (425/305071)	500,004.00	3,400.00	16,828.70	483,175.30
Paks & Cemeteries Total		700,008.00		16,828.70	683,179.30
Electricity: Electricity	Replace 50 kWh Meters	84,216.00	84,216.80	84,216.80	(0.80)
Electricity: Electricity	Replace Streetlight Wood Poles at Mamph	200,004.00	-	-	200,004.00
Electricity: Electricity	Replace PEX Cable in Ext 5	750,000.00	273,223.51	739,968.47	10,031.53
Electricity: Electricity	Upgrade Municipal ESKON Supply	2,000,004.00	-	-	2,000,004.00
Electricity: Electricity	Industrial Substation Second Supply Phase	3,250,008.00	-	-	3,250,008.00
Electricity: Electricity Total		6,284,232.00		824,185.27	5,460,046.73
Finance: Finance	Money-safe	10,008.00	-	-	10,008.00
Finance: Finance	CASH cOUNTING MACHINES	60,000.00	-	-	60,000.00
Finance: Finance Total		70,008.00		-	70,008.00
Housing: Housing and Building	Air Conditioning	100,008.00	-	-	100,008.00
Housing: Housing and Building Total		100,008.00		-	100,008.00
Information Communication Technology (ICT)	Television	28,008.00	-	28,000.00	8.00
Information Communication Technology (ICT)	master tower pole	95,004.00	-	-	95,004.00
Information Communication Technology (ICT)	Purchase of routers and wireless access po	100,008.00	-	-	100,008.00
Information Communication Technology (ICT)	PURCHASE OF PRINTERS	130,008.00	-	17,500.00	112,508.00
Information Communication Technology (ICT)	Purchase Of ICT Equipments	137,004.00	-	58,619.09	78,384.91
Information Communication Technology (ICT)	ICT Computers	280,002.00	150,271.68	150,271.68	129,730.32
Information Communication Technology (ICT)	Community wifi	1,000,008.00	-	-	1,000,008.00
Information Communication Technology Total		1,770,042.00		254,390.77	1,515,651.23
Licencing and Traffic	Vehicle - Traffic	600,000.00	-	-	600,000.00
Licencing and Traffic Total		600,000.00		-	600,000.00
Roads: Roads & Stormwater 1	Stormwater Extension 6(650/305147)	6,000,000.00	527,482.95	1,486,213.76	4,513,786.24
Roads: Roads & Stormwater 1 Total		6,000,000.00		1,486,213.76	4,513,786.24
Roads: Roads & Stormwater 2	MAKGATLE	7,500,000.00	420,110.22	3,091,967.73	4,408,032.27
Roads: Roads & Stormwater 2 Total		7,500,000.00		3,091,967.73	4,408,032.27
Roads: Roads& Stormwater (650)	Rehabilitation Leeuwfontein Internal Stree	2,500,008.00	-	-	2,500,008.00
Roads: Roads& Stormwater (650)	Malebitsa internal road	7,384,152.00	-	4,772,815.36	2,611,336.64
Roads: Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	8,384,160.00	869,439.27	1,430,968.76	6,953,191.24
Roads: Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	8,768,304.00	-	3,432,383.88	5,335,920.12
Roads: Roads& Stormwater (650) Total		27,036,624.00		9,636,168.00	17,400,456.00
Grand Total		50,360,922.00	2,328,144.43	15,309,754.23	35,051,167.77

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 **January 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 **30%** and **38%** respectively, as at **31 January 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) - M07 January

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									
Revenue - Functional										
<i>Governance and administration</i>		181,161	198,754	-	4,286	138,908	115,940	22,968	20%	198,754
Executive and council		2,472	2,287	-	-	460	1,334	(874)	-66%	2,287
Finance and administration		178,689	196,467	-	4,286	138,448	114,606	23,842	21%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		221	237	-	17	146	138	8	5%	237
Community and social services		54	53	-	4	29	31	(2)	-5%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		167	184	-	13	117	108	9	8%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33,496	33,496	-	2	8	10,392	(10,383)	-100%	33,496
Planning and development		49	53	-	2	8	31	(22)	-73%	53
Road transport		33,446	33,443	-	-	-	10,361	(10,361)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		61,387	67,465	-	5,784	38,637	39,354	(718)	-2%	67,465
Energy sources		57,394	62,761	-	5,386	35,768	36,611	(842)	-2%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,993	4,703	-	398	2,868	2,744	125	5%	4,703
<i>Other</i>	4	4,552	3,815	-	7	2,102	2,226	(124)	-6%	3,815
Total Revenue - Functional	2	280,817	303,766	-	10,097	179,801	168,050	11,751	7%	303,766
Expenditure - Functional										
<i>Governance and administration</i>		157,208	181,487	-	8,201	57,373	105,867	(48,494)	-46%	181,487
Executive and council		42,057	47,087	-	3,466	21,897	27,468	(5,571)	-20%	47,087
Finance and administration		115,151	134,399	-	4,735	35,476	78,400	(42,924)	-55%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14,922	23,565	-	2,027	10,172	13,746	(3,575)	-26%	23,565
Community and social services		6,528	9,148	-	914	4,650	5,336	(686)	-13%	9,148
Sport and recreation		1,796	2,264	-	376	1,052	1,321	(269)	-20%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		3,037	7,807	-	245	2,123	4,554	(2,431)	-53%	7,807
Health		3,560	4,347	-	492	2,347	2,536	(188)	-7%	4,347
<i>Economic and environmental services</i>		15,254	20,929	-	1,814	10,267	12,209	(1,942)	-16%	20,929
Planning and development		5,365	9,368	-	481	4,006	5,465	(1,459)	-27%	9,368
Road transport		9,889	11,561	-	1,333	6,261	6,744	(483)	-7%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		50,961	62,249	-	4,560	29,911	36,312	(6,400)	-18%	62,249
Energy sources		46,093	56,177	-	3,655	26,484	32,770	(6,286)	-19%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,868	6,071	-	904	3,428	3,542	(114)	-3%	6,071
<i>Other</i>		9,903	11,872	-	1,000	6,258	6,926	(668)	-10%	11,872
Total Expenditure - Functional	3	248,248	300,102	-	17,601	113,981	175,059	(61,079)	-35%	300,102
Surplus/ (Deficit) for the year		32,569	3,664	-	(7,504)	65,820	(7,010)	72,830	-1039%	3,664

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) - M07 January

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		3,108	21,756	21,880	(124)	-1%	37,509
Service charges - electricity revenue		50,358	61,224		5,386	35,294	35,714	(420)	-1%	61,224
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3,994	4,463		398	2,786	2,603	182	7%	4,463
Rental of facilities and equipment		155	163		10	105	95	10	10%	163
Interest earned - external investments		4,017	3,685		509	4,550	2,149	2,401	112%	3,685
Interest earned - outstanding debtors		7,477	7,463		665	3,295	4,353	(1,059)	-24%	7,463
Dividends received										
Fines, penalties and forfeits		1,290	101		7	73	59	14	24%	101
Licences and permits		3,271	3,345			2,032	1,951	81	4%	3,345
Agency services										
Transfers and subsidies		166,931	148,974			108,748	118,748	(10,000)	-8%	148,974
Other revenue		7,041	3,396		11	1,161	1,981	(820)	-41%	3,396
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		280,817	270,323	-	10,095	179,801	189,535	(9,734)	-5%	270,323
Expenditure By Type										
Employee related costs		77,767	87,715		8,992	48,423	51,167	(2,744)	-5%	87,715
Remuneration of councillors		13,236	14,533		1,073	7,763	8,478	(715)	-8%	14,533
Debt impairment		12,472	13,321				7,771	(7,771)	-100%	13,321
Depreciation & asset impairment		51,853	52,000				30,333	(30,333)	-100%	52,000
Finance charges		3,841	365			52	213	(161)	-76%	365
Bulk purchases		33,901	42,224		2,679	20,163	24,631	(4,468)	-18%	42,224
Other materials		1,425	1,275		80	615	744	(129)	-17%	1,275
Contracted services		15,024	36,355		1,780	15,132	21,207	(6,075)	-29%	36,355
Transfers and subsidies		2,910								
Other expenditure		35,820	52,314		2,997	21,834	30,516	(8,683)	-28%	52,314
Loss on disposal of PPE										
Total Expenditure		248,248	300,102	-	17,601	113,981	175,059	(61,079)	-35%	300,102
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32,569	(29,779)		(7,506)	65,820	14,476	51,344	0	(29,779)
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			14,214	23,646	(9,432)	(0)	33,443
Surplus/(Deficit) after capital transfers & contributions		32,569	3,664	-	(7,506)	80,034	38,122			3,664
Taxation										
Surplus/(Deficit) after taxation		32,569	3,664	-	(7,506)	80,034	38,122			3,664
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		32,569	3,664	-	(7,506)	80,034	38,122			3,664
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		32,569	3,664	-	(7,506)	80,034	38,122			3,664

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) - M07 January								
Vote Description	Ref	2018/19	Budget Year 2019/20							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	
Capital Expenditure - Functional Classification										
Governance and administration		1,673	2,020	-	150	254	1,178	(924)	-78%	2,020
Executive and council								-		
Finance and administration		1,673	2,020		150	254	1,178	(924)	-78%	2,020
Internal audit								-		
Community and public services		1,546	800	-	3	17	467	(450)	-96%	800
Community and social services		1,377	700		3	17	408,333.33	(392)	-96%	700
Sport and recreation								-		
Public safety								-		
Housing		169	100				58,333.33	(58)	-100%	100
Health								-		
Economic and environmental services		28,954	40,537	-	1,817	14,214	23,646	(9,432)	-40%	40,537
Planning and development								-		
Road transport		28,954	40,537		1,817	14,214	23,646	(9,432)	-40%	40,537
Environmental protection								-		
Trading services		601	6,300	-	357	824	3,675	(2,851)	-78%	6,300
Energy sources		601	6,300		357	824	3,675	(2,851)	-78%	6,300
Water management								-		
Waste water management								-		
Waste management								-		
Other		646	600				350	(350)	-100%	600
Total Capital	3	33,420	50,257	-	2,328	15,310	29,316	(14,007)	-48%	50,257
Funded by:										
National Government		28,954	33,443		48	14,214	16,890	(2,676)	-16%	33,443
Provincial Government					-			-		
District Municipality					-			-		
Other transfers and grants								-		
Transfers recognised - capital		28,954	33,443	-	48	14,214	16,890	(2,676)	-16%	33,443
Borrowing	6									
Internally generated funds		4,466	16,814			1,095	12,426	(11,331)	-91%	16,814
Total Capital Funding		33,420	50,257	-	48	15,310	29,316	(14,007)	-48%	50,257

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 JANUARY 2020 GL							
	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	
Category of Services	2020/01	2019/12	2019/11	2019/10	2019/09	2019/08	Total
Rates	4343564.83	1497927	1450043	1436620	1423470	68297329.8	78,348,954.36
Electricity	4435060.49	143285.9	141670.9	128530.8	119013.8	4554833.5	9,522,395.39
Refuse	454815.01	110919.2	102994.6	106128.5	97396.1	3563300.09	4,435,553.50
Other	2193710.32	767553.7	718376.1	430865.8	792371.4	27524525	32,427,402.32
Total	11,427,150.65	2,519,685.80	2,413,084.60	2,102,145.10	2,432,251.30	103,939,988.39	124,734,305.57
Category	2020/01	2019/12	2019/11	2019/10	2019/09	2019/08	Total
Psi	4059.79	2026.2	2023.73	2021.27	2019.17	133567.84	145,718.00
Farms	3095797.43	1380488.33	1358876.61	1355254.05	1364208.41	57396108.7	65,950,733.53
Business	3867240	221671.97	193030.16	161137.37	189208.81	5321475.29	9,953,763.60
Church	23411.03	2297.69	2289.67	2281.63	2394.72	75799.28	108,474.02
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	1036941.25	153316.52	148006.41	-129723.51	145540.23	5541347.56	6,895,428.46
Municipal	2784.68	1380.68	5916.32	5978.02	8522.29	22192.11	46,774.10
Residential	3266057.95	752813.62	707271.56	701979.87	717032.38	35396702.7	41,541,858.08
School	30858.53	5690.72	-4329.86	3216.32	3325.18	8514.84	47,275.73
Total	11,327,150.66	2,519,685.73	2,413,084.60	2,102,145.02	2,432,251.19	103,939,988.38	124,734,305.58

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 January 2020** amount to **R124 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 January 2020.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for January 2020 is **R 9 Million and 1 Million respectively**



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

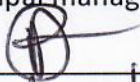
I, Kgopelo Phasha the acting municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

For the month of **January 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 10/02/2020