

**EPHRAIM MOGALE**



**LOCAL MUNICIPALITY (LIM471)**

Monthly Budget Monitoring Report  
(Section 71 of MFMA)

**30 July 2020**

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## 1.1 Executive summary

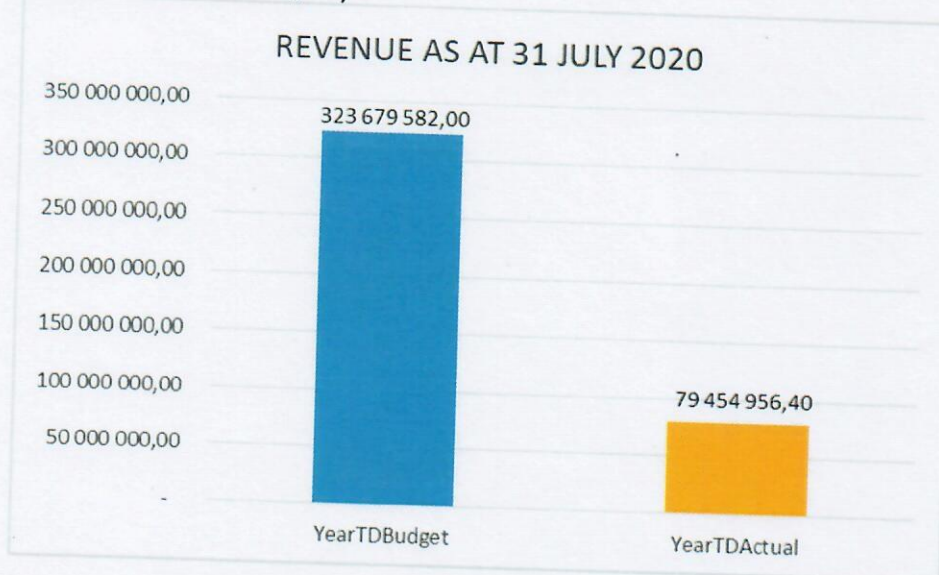
### 1.1.1 Introduction

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)

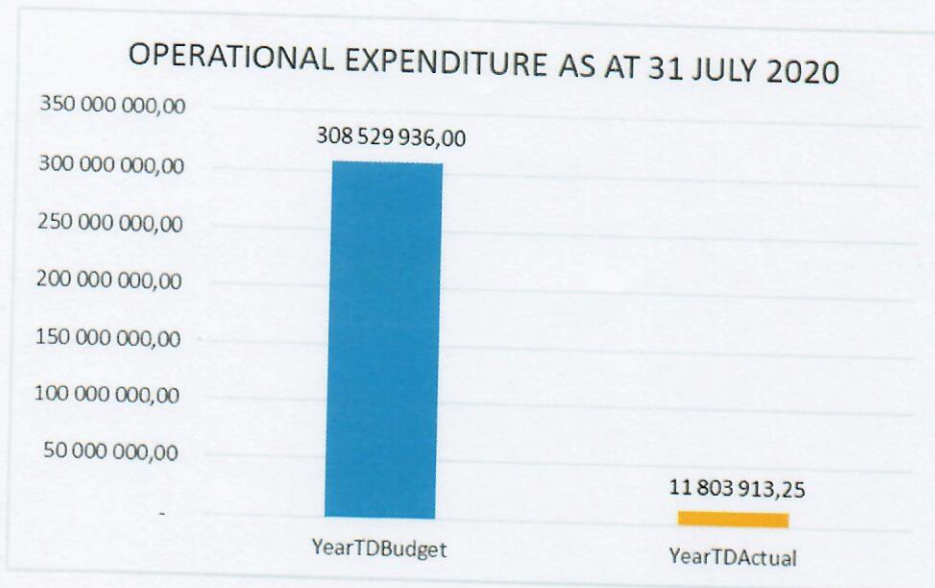


The total revenue received for the month of **July 2020** amount to **R80 Million**, and the year to date Actual revenue amount to **R80 Million** in comparison to a year to date budgeted figure of **R323 Million**. There is a favorable variance of **R47 Million** which is due to the following reason.

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 **July 2020** amounts to **R12 Million**, and the year to date actual is **R12 Million** which is reported against a year to date budget of **R308 Million**. There is a favorable variance of **R14 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.

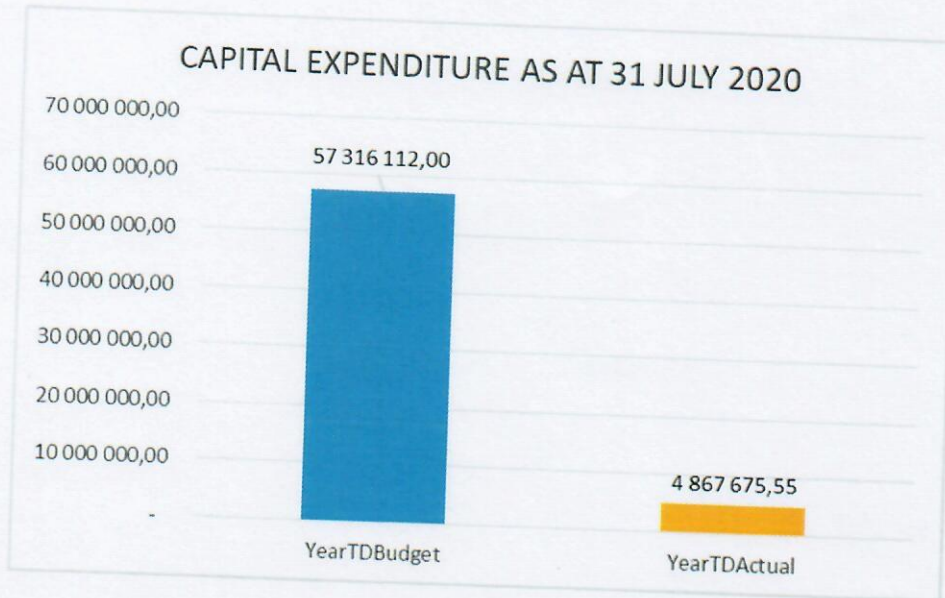
2. Depreciation and assets impairment

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 **July 2020** amounts to **R4.8 Million** and the year to date actual is **R4.8 Million** which is reported against a year to date budget of **R57 Million**. There is a favorable variance of **R9 Million**.



### Capital budget as at 31 July 2020.

Function	SegmentDesc	TotalBudget	202 007,00	TotalActual
Administration	Capital Fund Purchase of Furniture (500/305065)	350 000,00	-	-
Community Services Managemen	Capital Fund DIGITAL CAMERAS	75 000,00	-	-
Electricity:Electricity	Capital Fund Upgrade Municipal ESKON Supply	2 000 000,00	-	-
Electricity:Electricity	Replace old PEX 11kV Cable from 713 to 561	1 600 000,00	-	-
Electricity:Electricity	Capital Fund Install RMU Cable to Connect Ext 5&6	930 000,00	-	-
Electricity:Electricity	Capital Fund Replace Streetlight Wood Poles at Mamphokgc	500 000,00	-	-
Electricity:Electricity	Capital Fund Industrial Substation Second Supply Phase 3	1 000 000,00	-	-
Electricity:Electricity	Capital Fund Truck Mounted Crane	700 000,00	-	-
Electricity:Electricity	Tool sets	50 000,00	-	-
Health General Services	Capital Fund Sanitising Equipment	150 000,00	-	-
Housing and Building	Capital Fund Air Conditioning	100 000,00	-	-
Human Resources	Shredding Machine and Recording System	90 000,00	-	-
ICT	Capital Fund Purchase of routers and wireless access point	100 008,00	-	-
ICT	Capital Fund ICT Computers	300 000,00	-	-
ICT	Purchase of UPS	100 000,00	-	-
ICT	Capital Fund master tower pole	95 004,00	-	-
ICT	Capital Fund PURCHASE OF PRINTERS	20 000,00	-	-
Paks & Cemeteries	Capital Fund Landscaping & Greening (425/305071)	500 000,00	-	-
Roads:Roads& Stormwater (650)	Mabitsi Internal Road	1 000 000,00	-	-
Roads:Roads& Stormwater (650)	Regae Bus Route	1 000 000,00	-	-
Roads:Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	7 900 100,00	3 770 424,53	3 770 424,53
Roads:Roads& Stormwater (650)	Rehabilitation Leeufontein Internal Streets (650/305180)	4 000 000,00	-	-
Roads:Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	7 600 000,00	-	-
Roads:Roads& Stormwater (650)	Malebitsa internal road	8 076 000,00	-	-
Roads:Roads& Stormwater 1	Mamphokgo Sports Complex	500 000,00	-	-
Roads:Roads& Stormwater 1	Leeufontein Sports Complex	6 500 000,00	-	-
Roads:Roads& Stormwater 1	Capital Fund Stormwater Extension 6(650/305147)	4 000 000,00	-	-
Roads:Roads& Stormwater 2	MAKGATLE	8 000 000,00	1 097 251,02	1 097 251,02
<b>TOTAL</b>		<b>57 236 112,00</b>	<b>4 867 675,55</b>	<b>4 867 675,55</b>

#### 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 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 **6%** and **9%** respectively, as at **30 July 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) - M01 July

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
<b>R thousands</b>										
<b>Revenue - Functional</b>										
<b>Governance and administration</b>										
Executive and council		-	212 046	-	74 061	74 061	17 670	56 390	319%	212 046
Finance and administration		-	2 060	-	21	21	172	(151)	-88%	2 060
Internal audit		-	209 986	-	74 040	74 040	17 499	56 541	323%	209 986
<b>Community and public safety</b>										
Community and social services		-	264	-	20	20	22	(2)	-11%	264
Sport and recreation		-	56	-	8	8	5	3	68%	56
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	208	-	12	12	17	(6)	-32%	208
<b>Economic and environmental services</b>										
Planning and development		-	33 285	-	2	2	8 313	(8 312)	-100%	33 285
Road transport		-	47	-	2	2	4	(2)	-61%	47
Environmental protection		-	33 238	-	-	-	8 310	(8 310)	-100%	33 238
<b>Trading services</b>										
Energy sources		-	72 848	-	5 356	5 356	6 071	(715)	-12%	72 848
Water management		-	67 845	-	4 894	4 894	5 654	(760)	-13%	67 845
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	5 003	-	462	462	417	45	11%	5 003
<b>Total Revenue - Functional</b>	<b>2</b>	-	<b>323 680</b>	-	<b>79 455</b>	<b>79 455</b>	<b>32 513</b>	<b>46 942</b>	<b>144%</b>	<b>323 680</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>										
Executive and council		-	184 595	-	7 071	7 071	15 383	(8 312)	-54%	184 595
Finance and administration		-	41 138	-	2 824	2 824	3 428	(604)	-18%	41 138
Internal audit		-	143 458	-	4 247	4 247	11 955	(7 708)	-64%	143 458
<b>Community and public safety</b>										
Community and social services		-	21 463	-	1 485	1 485	1 789	(304)	-17%	21 463
Sport and recreation		-	9 299	-	541	541	775	(234)	-30%	9 299
Public safety		-	2 279	-	93	93	190	(97)	-51%	2 279
Housing		-	-	-	-	-	-	-	-	-
Health		-	5 091	-	293	293	424	(132)	-31%	5 091
<b>Economic and environmental services</b>										
Planning and development		-	4 794	-	559	559	399	160	40%	4 794
Planning and development		-	23 692	-	994	994	1 974	(980)	-50%	23 692
Road transport		-	11 586	-	159	159	965	(806)	-84%	11 586
Environmental protection		-	12 106	-	835	835	1 009	(174)	-17%	12 106
<b>Trading services</b>										
Energy sources		-	65 375	-	1 320	1 320	5 448	(4 128)	-76%	65 375
Water management		-	58 859	-	840	840	4 905	(4 065)	-83%	58 859
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	6 517	-	480	480	543	(63)	-12%	6 517
<b>Total Expenditure - Functional</b>	<b>3</b>	-	<b>308 530</b>	-	<b>11 804</b>	<b>11 804</b>	<b>25 711</b>	<b>(13 907)</b>	<b>-54%</b>	<b>308 530</b>
<b>Surplus/ (Deficit) for the year</b>		-	<b>15 150</b>	-	<b>67 651</b>	<b>67 651</b>	<b>6 802</b>	<b>60 849</b>	<b>895%</b>	<b>15 150</b>

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) - M01 July

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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates			39 126		3 345	3 345	3 261	84	3%	39 126
Service charges - electricity revenue			69 370		4 894	4 894	5 781	(887)	-15%	69 370
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue			5 003		446	446	417	29	7%	5 003
Rental of facilities and equipment			190		12	12	16	(4)	-26%	190
Interest earned - external investments			4 000		131	131	333	(202)	-61%	4 000
Interest earned - outstanding debtors			8 263		608	608	689	(80)	-12%	8 263
Dividends received										
Fines, penalties and forfeits			140		17	17	12	5	46%	140
Licences and permits			5 102				425	(425)	-100%	5 102
Agency services										
Transfers and subsidies										
Other revenue			163 620		69 955	69 955	13 635	56 320	413%	163 620
Gains			1 161		46	46	97	(50)	-52%	1 161
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>295 976</b>		<b>79 455</b>	<b>79 455</b>	<b>24 665</b>	<b>54 790</b>	<b>222%</b>	<b>295 976</b>
<b>Expenditure By Type</b>										
Employee related costs			97 557		7 020	7 020	8 130	(1 110)	-14%	97 557
Remuneration of councillors			15 623		1 262	1 262	1 302	(40)	-3%	15 623
Debt impairment			13 987				1 166	(1 166)	-100%	13 987
Depreciation & asset impairment										
Finance charges			41				3	(3)	-100%	41
Bulk purchases										
Other materials			1 952		62	62	163	(101)	-62%	1 952
Contracted services										
Transfers and subsidies			158 455		69 955	69 955	13 205	56 750	430%	158 455
Other expenditure			1 161		1 157	1 157	97	1 060	1096%	1 161
Losses										
<b>Total Expenditure</b>			<b>288 775</b>		<b>79 455</b>	<b>79 455</b>	<b>24 065</b>	<b>55 390</b>	<b>230%</b>	<b>288 775</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (in-kind - all)			7 200				600	(600)	(0)	7 200
(National / Provincial and District)										
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			33 238				8 310	(8 310)	(0)	33 238
Transfers and subsidies - capital (in-kind - all)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>33 238</b>		<b>7 200</b>		<b>8 910</b>			<b>40 438</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>			<b>33 238</b>		<b>7 200</b>		<b>8 910</b>			<b>40 438</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>			<b>33 238</b>		<b>7 200</b>		<b>8 910</b>			<b>40 438</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>			<b>33 238</b>		<b>7 200</b>		<b>8 910</b>			<b>40 438</b>

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) - M01 July

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
<b>R thousands</b>	1									
<b>Capital Expenditure - Functional Classification</b>										
<i><b>Governance and administration</b></i>										
Executive and council		-	1 055	-	-	-	88	(88)	-100%	1 055
Finance and administration			1 055				88	(88)	-100%	1 055
Internal audit										
<i><b>Community and public safety</b></i>										
Community and social services		-	825	-	-	-	69	(69)	-100%	825
Sport and recreation			575				48	(48)	-100%	575
Public safety										
Housing										
Health			100				8	(8)	-100%	100
<i><b>Economic and environmental services</b></i>										
Planning and development		-	48 576	-	4 868	4 868	4 048	820	20%	48 576
Road transport										
Environmental protection			48 576		4 868	4 868	4 048	820	20%	48 576
<i><b>Trading services</b></i>										
Energy sources		-	6 860	-	-	-	572	(572)	-100%	6 860
Water management			6 860				572	(572)	-100%	6 860
Waste water management										
Waste management										
<i><b>Other</b></i>										
<b>Total Capital Expenditure - Functional Classification</b>	3	-	57 316	-	4 868	4 868	4 776	91	2%	57 316
<b>Funded by:</b>										
National Government										
Provincial Government			42 576		4 868	4 868	10 644	(5 776)	-54%	42 576
District Municipality										
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Companies, Municipalities, Education)										
Transfers recognised - capital			42 576	-	4 868	4 868	10 644	(5 776)	-54%	42 576
Borrowing	6									
Internally generated funds			14 740				3 685	(3 685)	-100%	14 740
<b>Total Capital Funding</b>		-	57 316	-	4 868	4 868	14 329	(9 461)	-66%	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 JULY 2020 GL							
Type of Service	30 Days 202007	60 Days 202006	90 Days 202005	120 Days 202004	150 Days 202003	150 Plus 202002	Total
<b>Rates</b>	2361671,28	2025160,69	1617026,09	1526344,63	1465746,39	78256950,78	87 252 899,86
<b>Electricity</b>	3522200,74	594404,87	396666,73	192544	184717,81	5374842,45	10 265 376,60
<b>Refuse</b>	391381,3	161893,7	135963,78	122899,02	115339,1	4194513,58	5 121 990,48
<b>Other</b>	883833,04	726281,84	44081,09	735033,62	836513,35	32662214,86	35 887 957,80
<b>Total</b>	<b>7 159 086,36</b>	<b>3 507 741,10</b>	<b>2 193 737,69</b>	<b>2 576 821,27</b>	<b>2 602 316,65</b>	<b>120 488 521,67</b>	<b>138 528 224,74</b>

Category	202007	202006	202005	202004	202003	202002	Total
<b>Psi</b>	2271,87	2887,65	2027,5	2025,51	2034,66	147755,69	159 002,88
<b>Farms / agri</b>	1339983,87	1630964,12	1353536,2	1342097,65	1390983,49	66748102,33	73 805 667,66
<b>Business</b>	2506038,22	474504,11	340322,5	275486,36	260989,49	6950694,12	10 808 034,80
<b>Churches</b>	35430,78	3363,64	3377,13	4567,97	2787,14	91999,87	141 526,53
<b>Commercial</b>	-1010,51	0	0	0	0	30232,15	29 221,64
<b>Domestic</b>	-4512,16	0	0	0	0	19885,63	15 373,47
<b>Industrial</b>	911464,61	139901,17	-392369,63	140558,2	146590,36	6300893,41	7 247 038,12
<b>Municipality</b>	-86691,9	148,18	147,76	146,78	147,4	144866,1	58 764,32
<b>Residential</b>	2416821,48	1229990,63	865051,71	800146,91	793090,13	40034648,03	46 139 748,89
<b>School/hosp</b>	39290,1	25981,6	21644,52	11791,89	5693,98	19444,34	123 846,43
<b>Total</b>	<b>7 159 086,36</b>	<b>3 507 741,10</b>	<b>2 193 737,69</b>	<b>2 576 821,27</b>	<b>2 602 316,65</b>	<b>120 488 521,67</b>	<b>138 528 224,74</b>

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 July 2020** amount to **R138 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

Grant received in June 2020 Equitable Shares of **R69 955 000.00**



**2.5 Councilors allowances and Employee benefits**

The employee benefits and councilors allowance for 30 July 2020 is R7 Million and R1.2 Million respectively





**EPHRAIM MOGALE LOCAL MUNICIPALITY**  
**QUALITY CERTIFICATE**

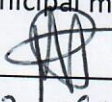
I, **Kgopelo Phasha** the acting municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

For the month of **July 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 12/08/2020