

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

30 June 2020

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1.1 Executive summary

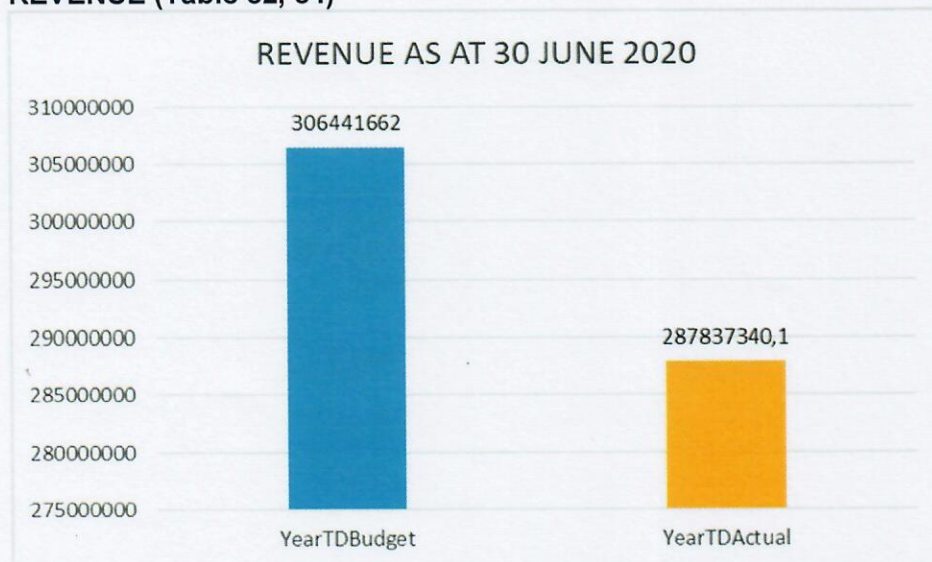
1.1.1 Introduction

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)

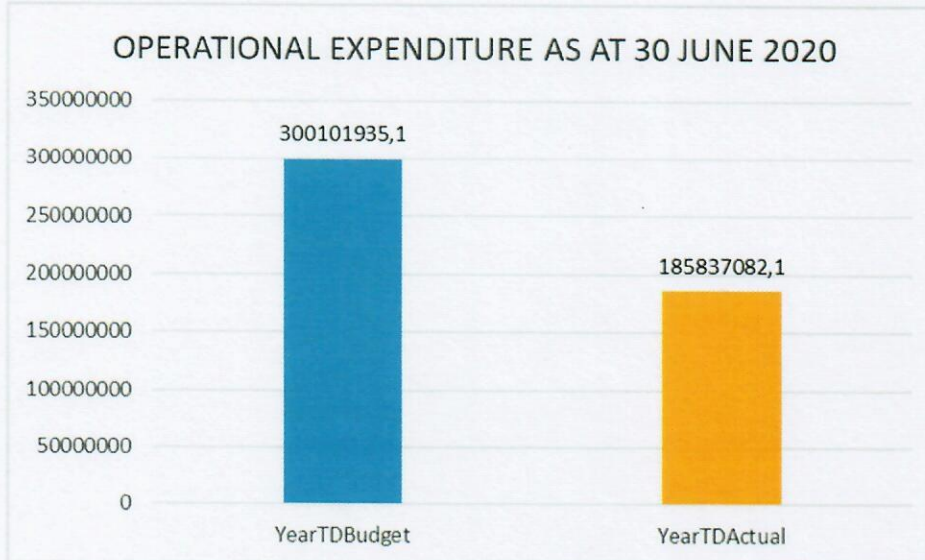
REVENUE (Table c2, c4)



The total revenue received for the month of **June 2020** amount to **R8 Million**, and the year to date Actual revenue amount to **R 287 Million** in comparison to a year to date budgeted figure of **R306 Million**. There is a favorable variance of **R13 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 **June 2020** amounts to **R16 Million**, and the year to date actual is **R185 Million** which is reported against a year to date budget of **R300 Million**. There is a favorable variance of **R 114 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.

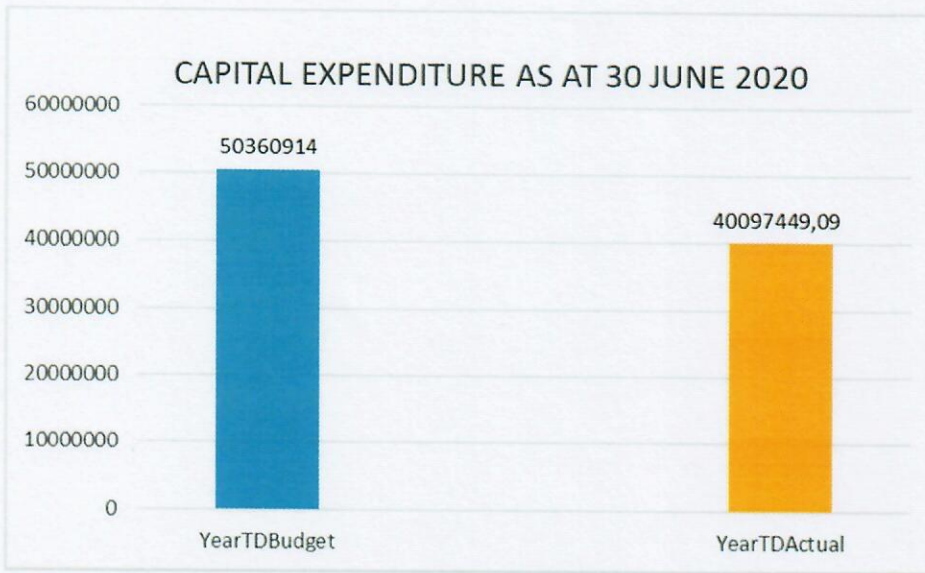
2. Depreciation and assets impairment

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 **June 2020** amounts to **R 6.5 Million** and the year to date actual is **R40 Million** which is reported against a year to date budget of **R50 Million**. There is an favorable variance of **R9 Million**.

Capital budget as at 31 June 2020.

Function	SegmentDesc	AccType	TotalBudget	202006	TotalActual
Administration	Purchase of Furniture (50 A		300 000,00	-	-
Paks & Cemeteries	Landscaping & Greening (A		500 004,00	-	16 828,70
Paks & Cemeteries	Lawnmower	A	200 004,00	-	140 000,00
Electricity: Electricity	Upgrade Municipal ESKON A		3 044 049,00	3 000 000,00	3 044 049,00
Electricity: Electricity	Replace 50 kWh Meters	A	84 216,00	-	84 216,80
Electricity: Electricity	Replace PEX Cable in Ext 5 A		1 159 309,00	397 481,34	1 137 449,81
Electricity: Electricity	Replace Streetlight Wood A		200 004,00	132 896,50	132 896,50
Electricity: Electricity	Industrial Substation Secc A		2 000 008,00	622 665,96	1 274 445,31
Finance: Finance	CASH cOUNTING MACHIN A		60 000,00	57 946,20	57 946,20
Finance: Finance	Money-safe	A	10 008,00	-	-
Housing and Building	Air Conditioning	A	100 008,00	-	-
(ICT)	ICT Computers	A	280 002,00	106 329,03	256 600,71
(ICT)	Purchase Of ICT Equipmer A		137 004,00	-	58 619,09
(ICT)	Purchase of routers and w A		100 008,00	-	5 857,81
(ICT)	Television	A	28 008,00	-	28 000,00
(ICT)	PURCHASE OF PRINTERS	A	130 008,00	-	17 500,00
(ICT)	master tower pole	A	95 004,00	-	-
(ICT)	Community wifi	A	1 000 008,00	-	-
Licencing and Traffic	Vehicle - Traffic	A	600 000,00	-	530 776,00
Roads: Roads & Stormwater 1	Leeufontein Sports Comp A		-	-	836 282,88
Roads: Roads & Stormwater 1	Stormwater Extension 6(6 A		6 000 000,00	656 122,41	3 764 169,20
Roads: Roads & Stormwater 2	Mmakgatle A-B Bus Route A		-	-	1 147 416,90
Roads: Roads & Stormwater 2	MAKGATLE	A	7 500 000,00	275 012,78	5 303 614,93
Roads: Roads& Stormwater (I	Mashemong/Mooihoek In A		8 768 304,00	916 225,21	7 714 831,71
Roads: Roads& Stormwater (I	Malebitsa internal road	A	7 384 152,00	382 011,38	6 789 172,61
Roads: Roads& Stormwater (I	Phetwane Internal Road (A		8 384 160,00	-	7 756 774,93
Roads: Roads& Stormwater (I	Rehabilitation Leeuwfont A		2 500 008,00	-	-
TOTALS			50 564 276,00	6 546 690,81	40 097 449,09

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 **June 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 60% and 53% respectively, as at 30 June 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) - M12 June

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	3 797	197 581	200 954	(3 373)	-2%	200 840
Executive and council		2 472	2 287	2 173	11	1 128	2 287	(1 158)	-51%	2 173
Finance and administration		178 689	196 467	198 667	3 786	196 453	198 667	(2 214)	-1%	198 667
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		221	237	252	31	242	237	5	2%	252
Community and social services		54	53	53	12	53	53	1	1%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		167	184	199	19	189	184	4	2%	199
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 496	33 496	33 488	3	22 228	28 496	(6 268)	-22%	33 488
Planning and development		49	53	45	3	13	53	(40)	-75%	45
Road transport		33 446	33 443	33 443	-	22 215	28 443	(6 228)	-22%	33 443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		61 387	67 465	64 854	4 124	65 606	67 465	(1 859)	-3%	64 854
Energy sources		57 394	62 761	60 072	3 710	60 677	62 761	(2 085)	-3%	60 072
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 993	4 703	4 783	413	4 929	4 703	226	5%	4 783
<i>Other</i>	4	4 552	3 815	7 007	18	2 180	3 815	(1 635)	-43%	7 007
Total Revenue - Functional	2	280 817	303 766	306 442	7 972	287 837	300 966	(13 129)	-4%	306 442
Expenditure - Functional										
<i>Governance and administration</i>		157 208	181 487	178 107	7 322	92 601	181 487	(88 886)	-49%	178 107
Executive and council		42 057	47 087	44 745	2 849	37 895	47 087	(9 193)	-20%	44 745
Finance and administration		115 151	134 399	133 361	4 473	54 706	134 399	(79 693)	-59%	133 361
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14 922	23 565	23 126	1 970	17 183	23 565	(6 382)	-27%	23 126
Community and social services		6 528	9 148	8 775	508	7 285	9 148	(1 862)	-20%	8 775
Sport and recreation		1 796	2 264	2 196	85	1 629	2 264	(635)	-28%	2 196
Public safety		-	-	-	-	-	-	-	-	-
Housing		3 037	7 807	7 753	499	4 037	7 807	(3 769)	-48%	7 753
Health		3 560	4 347	4 403	879	4 232	4 347	(115)	-3%	4 403
<i>Economic and environmental services</i>		15 254	20 929	22 733	1 550	16 656	20 929	(4 273)	-20%	22 733
Planning and development		5 365	9 368	11 212	144	3 349	9 368	(6 019)	-64%	11 212
Road transport		9 889	11 561	11 520	1 405	13 307	11 561	1 746	15%	11 520
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		50 961	62 249	57 576	4 032	48 919	62 249	(13 330)	-21%	57 576
Energy sources		46 093	56 177	51 782	3 467	43 581	56 177	(12 596)	-22%	51 782
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 868	6 071	5 794	565	5 338	6 071	(734)	-12%	5 794
<i>Other</i>		9 903	11 872	11 554	898	10 478	11 872	(1 394)	-12%	11 554
Total Expenditure - Functional	3	248 248	300 102	293 096	15 772	185 837	300 102	(114 265)	-38%	293 096
Surplus/ (Deficit) for the year		32 569	3 664	13 346	(7 799)	102 000	865	101 136	11698%	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) - M12 June

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										
Revenue By Source										
Property rates		36 282	37 509	37 406	3 104	37 289	37 509	(220)	-1%	37 406
Service charges - electricity revenue		50 358	61 224	60 000	3 710	60 677	61 224	(548)	-1%	60 000
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3 994	4 464	4 783	413	4 929	4 464	465	10%	4 783
Rental of facilities and equipment		155	184	199	19	177	184	(8)	-4%	199
Interest earned - external investments		4 017	3 685	5 570	107	4 680	3 685	995	27%	5 570
Interest earned - outstanding debtors		7 477	7 463	7 900	568	7 672	7 463	209	3%	7 900
Dividends received										
Fines, penalties and forfeits		1 290	101	126	18	148	101	47	46%	126
Licences and permits		3 271	3 519	4 881	18	148	3 519	(3 371)	-96%	4 881
Agency services										
Transfers and subsidies		166 931	182 417	182 417		169 690	179 111	(9 421)	-5%	182 417
Other revenue		7 041	2 724	2 847	15	2 428	2 724	(296)	-11%	2 847
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		280 817	303 291	306 128	7 972	287 837	299 986	(12 148)	-4%	306 128
Expenditure By Type										
Employee related costs		77 767	87 715	90 067	6 499	79 947	87 715	(7 768)	-9%	90 067
Remuneration of councillors		13 236	14 533	14 533	1 265	15 411	14 533	877	6%	14 533
Debt impairment		12 472	13 321	13 321			13 321	(13 321)	-100%	13 321
Depreciation & asset impairment		51 853	52 000	52 000			52 000	(52 000)	-100%	52 000
Finance charges		3 841	365	106		52	365	(313)	-86%	106
Bulk purchases		33 901	42 224	39 000	2 636	33 508	42 224	(8 716)	-21%	39 000
Other materials		15 024	36 355	38 287	5 192	10 333	36 355	(26 022)	-72%	1 881
Contracted services		1 425	1 275	1 881	1 080	23 209	1 275	21 934	1720%	38 287
Transfers and subsidies		2 910	2 331	2 331		1 155	2 331	(1 176)	-50%	
Other expenditure		35 820	52 314	43 900			52 314	(52 314)	-100%	43 900
Loss on disposal of PPE										
Total Expenditure		248 248	302 433	295 427	16 671	163 615	302 433	(138 818)	-46%	293 096
Surplus/(Deficit)		32 569	858	10 701	(8 699)	124 223	(2 447)	126 670	(0)	13 032
(National / Provincial and District)			33 443			22 215	33 443	(11 228)	(0)	33 443
(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		32 569	34 301	10 701	(8 699)	146 438	30 996			46 475
Taxation										
Surplus/(Deficit) after taxation		32 569	34 301	10 701	(8 699)	146 438	30 996			46 475
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		32 569	34 301	10 701	(8 699)	146 438	30 996			46 475
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		32 569	34 301	10 701	(8 699)	146 438	30 996			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)

LIM471 Ephraim Mogale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

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										
Governance and administration		1 673	370	370	58	58	370	(312)	-84%	370
Executive and council								-		
Finance and administration		1 673	370	370	58	58	370	(312)	-84%	370
Internal audit								-		
Community and public safety		1 546	2 570	2 570	-	157	2 264	(2 107)	-93%	2 570
Community and social services		1 377	2 470	2 470		157	2 264	(2 107)	-93%	2 470
Sport and recreation								-		
Public safety								-		
Housing		169	100	100				-		100
Health								-		
Economic and environmental services		28 954	40 537	40 537	2 229	33 312	40 537	(7 224)	-18%	40 537
Planning and development								-		
Road transport		28 954	40 537	40 537	2 229	33 312	40 537	(7 224)	-18%	40 537
Environmental protection								-		
Trading services		601	6 284	6 284	4 153	5 673	6 284	(611)	-10%	6 284
Energy sources		601	6 284	6 284	4 153	5 673	6 284	(611)	-10%	6 284
Water management								-		
Waste water management								-		
Waste management								-		
Other		646	456	600	106	897	418	480	115%	600
Total Capital Expenditure - Functional Classification	3	33 420	50 217	50 361	6 547	40 097	49 873	(9 775)	-20%	50 361
Funded by:										
National Government		28 954	33 443	33 443		33 312	8 361	24 952	298%	33 443
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		28 954	33 443	33 443	-	33 312	8 361	24 952	298%	33 443
Borrowing	6									
Internally generated funds		4 466	16 774	16 918		5 519	41 512	(35 993)	-87%	16 918
Total Capital Funding		33 420	50 217	50 361	-	38 832	49 873	(11 041)	-22%	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

FINANCIAL YEAR 2019/20							
AGEING REPORT MAY 2020 GL							
Type of Service	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	Total
	202004	202003	202002	202001	2019/12	2019/11	
<i>Rates</i>	4479987,24	1592007,64	1522471,77	1439900,58	1422556,06	73694212,46	84 151 135,75
<i>Electricity</i>	4398733,9	520854,68	144367,33	112795,19	116542,45	4978177,33	10 271 470,88
<i>Refuse</i>	512396,36	139373,38	108849,64	99440,54	95310,48	3899645,42	4 855 015,82
<i>Other</i>	1415764,72	786705,66	787067,36	766961,64	778837,85	30230938,96	34 766 276,19
Total	10 806 882,22	3 038 941,36	2 562 756,10	2 419 097,95	2 413 246,84	112 802 974,17	134 043 898,64

Category	202004	202003	202002	202001	2019/12	2019/11	Total
<i>Psi</i>	4053,01	2034,66	2032,24	2031,13	2028,66	141658,21	153 837,91
<i>Farms / agri</i>	3056397,55	1313736,79	1403403,7	1397231,61	1367564,16	62581939,12	71 120 272,93
<i>Business</i>	3805067,43	533163,31	286644,89	194591,62	197288,85	6168204,69	11 184 960,79
<i>Churches</i>	17828,24	2787,14	2317,41	2313,75	2305,72	85062,99	112 615,25
<i>Commercial</i>	0	0	0	0	0	29221,64	29 221,64
<i>Domestic</i>	0	0	0	0	0	15373,47	15 373,47
<i>Industrial</i>	474401,16	146952,75	140593,68	142505,29	151378,34	5858487,21	6 914 318,43
<i>Municipality</i>	2402,79	147,4	146,22	145,2	144	38786,89	41 772,50
<i>Residential</i>	3382442,61	1034424,88	721926,56	675983,51	692346,27	37874973,75	44 382 097,58
<i>School/hosp</i>	64289,43	5694,43	5691,4	4295,84	190,84	9266,2	89 428,14
Total	10 806 882,22	3 038 941,36	2 562 756,10	2 419 097,95	2 413 246,84	112 802 974,17	134 043 898,64

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 June 2020** amount to **R134 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 June 2020

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for **30 June 2020** is **R6.5 Million** and **R1.3 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 **June 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

09/07/2020