

**EPHRAIM MOGALE**



**LOCAL MUNICIPALITY (LIM471)**

Monthly Budget Monitoring Report  
(Section 71 of MFMA)

**30 May 2020**

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## 1.1 Executive summary

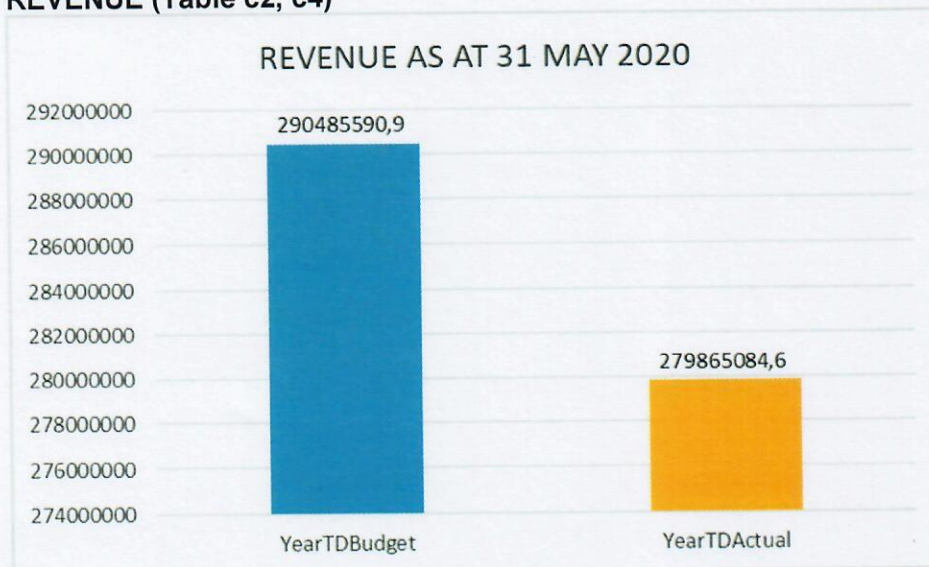
### 1.1.1 Introduction

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)

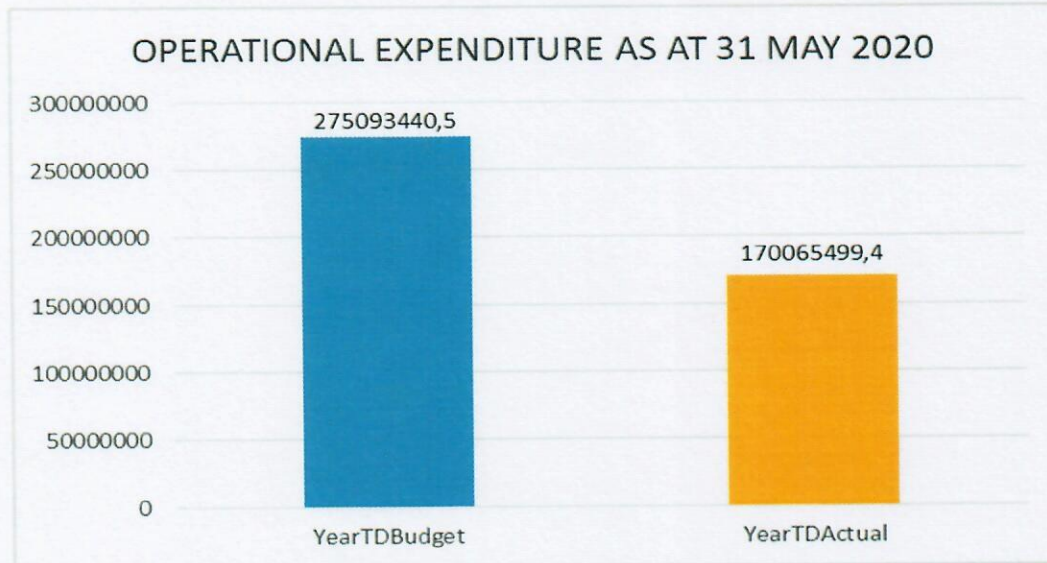
##### REVENUE (Table c2, c4)



The total revenue received for the month of **May 2020** amount to **R9 Million**, and the year to date Actual revenue amount to **R 280 Million** in comparison to a year to date budgeted figure of **R290 Million**. There is a favorable variance of **R11 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 **May 2020** amounts to **R15 Million**, and the year to date actual is **R170 Million** which is reported against a year to date budget of **R275 Million**. There is a favorable variance of **R 105 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.

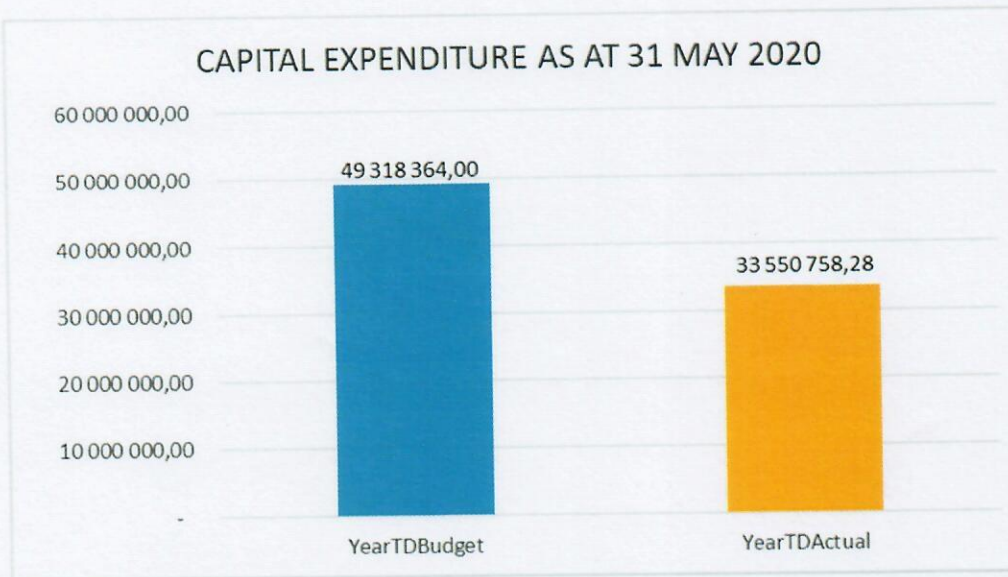
2. Depreciation and assets impairment

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 **May 2020** amounts to **R 3.2 Million** and the year to date actual is **R33.5 Million** which is reported against a year to date budget of **R50 Million**. There is an favorable variance of **R16 Million**.

### Capital budget as at 31 May 2020.

Function	SegmentDesc	TotalBudget	202 005,00	TotalActual
Administration	Purchase of Furniture (500/305065)	300 000,00	-	-
Paks & Cemeteries	Landscaping & Greening (425/305071)	500 004,00	-	16 828,70
Paks & Cemeteries	Lawnmower	200 004,00	-	140 000,00
Electricity:Electricity	Upgrade Municipal ESKON Supply	1 590 695,00	-	44 049,00
Electricity:Electricity	Replace 50 kWh Meters	84 216,00	-	84 216,80
Electricity:Electricity	Replace PEX Cable in Ext 5	1 159 309,00	-	739 968,47
Electricity:Electricity	Replace Streetlight Wood Poles at Mamphokgo 20	200 004,00	-	-
Electricity:Electricity	Industrial Substation Second Supply Phase 3	3 250 008,00	651 779,35	651 779,35
Finance:Finance	CASH cOUNTING MACHINES	60 000,00	-	-
Finance:Finance	Money-safe	10 008,00	-	-
Housing:Housing and Building	Air Conditioning	100 008,00	-	-
(ICT)	ICT Computers	280 002,00	-	150 271,68
(ICT)	Purchase of routers and wireless access point	100 008,00	-	5 857,81
(ICT)	Purchase Of ICT Equipments	137 004,00	-	58 619,09
(ICT)	Television	28 008,00	-	28 000,00
(ICT)	PURCHASE OF PRINTERS	130 008,00	-	17 500,00
(ICT)	master tower pole	95 004,00	-	-
(ICT)	Community wifi	1 000 008,00	-	-
Licencing and Traffic	Vehicle - Traffic	600 000,00	-	530 776,00
Roads:Roads & Stormwater 1	Leeufontein Sports Complex	-	-	836 282,88
Roads:Roads & Stormwater 1	Stormwater Extension 6(650/305147)	6 000 000,00	240 993,69	3 108 046,79
Roads:Roads & Stormwater 2	Mmakgatle A-B Bus Route	-	-	1 147 416,90
Roads:Roads & Stormwater 2	MAKGATLE	7 500 000,00	647 612,22	5 028 602,15
Roads:Roads& Stormwater (65C Phetwane Internal Road (650/305184)		8 384 160,00	-	7 756 774,93
Roads:Roads& Stormwater (65C Rehabilitation Leeuwofontein Internal Streets (650/305180)		2 500 008,00	-	-
Roads:Roads& Stormwater (65C Mashemong/Mooihoek Internal Street		8 768 304,00	1 669 538,57	6 798 606,50
Roads:Roads& Stormwater (65C Malebitsa internal road		7 384 152,00	-	6 407 161,23
<b>TOTALS</b>		<b>50 360 922,00</b>	<b>3 209 923,83</b>	<b>33 550 758,28</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 **May 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 **67%** and **58%** respectively, as at **31May 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) - M11 May

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 %	
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		181 161	198 754	200 840	3 869	193 784	196 437	(2 653)	-1%	200 840
Executive and council		2 472	2 287	2 173	-	1 117	2 096	(979)	-47%	2 173
Finance and administration		178 689	196 467	198 667	3 869	192 667	194 341	(1 674)	-1%	198 667
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		221	237	252	12	211	217	(6)	-3%	252
Community and social services		54	53	53	2	41	48	(7)	-15%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		167	184	199	11	170	169	1	1%	199
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		33 496	33 496	33 488	-	22 225	28 491	(6 266)	-22%	33 488
Planning and development		49	53	45	-	10	48	(38)	-79%	45
Road transport		33 446	33 443	33 443	-	22 215	28 443	(6 228)	-22%	33 443
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		61 387	67 465	64 854	5 229	61 482	61 842	(360)	-1%	64 854
Energy sources		57 394	62 761	60 072	4 817	56 967	57 531	(564)	-1%	60 072
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 993	4 703	4 783	412	4 516	4 311	204	5%	4 783
<i><b>Other</b></i>	4	4 552	3 815	7 007	26	2 162	3 498	(1 335)	-38%	7 007
<b>Total Revenue - Functional</b>	2	280 817	303 766	306 442	9 137	279 865	290 486	(10 621)	-4%	306 442
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		157 208	181 487	178 107	8 301	85 278	166 363	(81 084)	-49%	178 107
Executive and council		42 057	47 087	44 745	3 337	35 045	43 163	(8 118)	-19%	44 745
Finance and administration		115 151	134 399	133 361	4 965	50 233	123 199	(72 966)	-59%	133 361
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		14 922	23 565	23 126	1 239	15 213	21 601	(6 389)	-30%	23 126
Community and social services		6 528	9 148	8 775	552	6 777	8 385	(1 608)	-19%	8 775
Sport and recreation		1 796	2 264	2 196	107	1 544	2 076	(531)	-26%	2 196
Public safety		-	-	-	-	-	-	-	-	-
Housing		3 037	7 807	7 753	286	3 539	7 156	(3 617)	-51%	7 753
Health		3 560	4 347	4 403	294	3 353	3 984	(632)	-16%	4 403
<i><b>Economic and environmental services</b></i>		15 254	20 929	22 733	1 228	15 107	19 185	(4 078)	-21%	22 733
Planning and development		5 365	9 368	11 212	174	3 205	8 588	(5 382)	-63%	11 212
Road transport		9 889	11 561	11 520	1 055	11 902	10 597	1 304	12%	11 520
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		50 961	62 249	57 576	3 511	44 887	57 061	(12 174)	-21%	57 576
Energy sources		46 093	56 177	51 782	3 056	40 114	51 496	(11 381)	-22%	51 782
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 868	6 071	5 794	455	4 773	5 566	(793)	-14%	5 794
<i><b>Other</b></i>		9 903	11 872	11 554	939	9 580	10 883	(1 303)	-12%	11 554
<b>Total Expenditure - Functional</b>	3	248 248	300 102	293 096	15 218	170 065	275 093	(105 028)	-38%	293 096
<b>Surplus/ (Deficit) for the year</b>		32 569	3 664	13 346	(6 082)	109 800	15 392	94 407	613%	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) - M11 May

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 %	
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		36 282	37 509	37 406	3 107	34 184	34 383	(199)	-1%	37 406
Service charges - electricity revenue		50 358	61 224	60 000	4 727	56 149	56 122	27	0%	60 000
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3 994	4 464	4 783	398	4 378	4 092	285	7%	4 783
Rental of facilities and equipment		155	184	199	11	158	169	(11)	-6%	199
Interest earned - external investments		4 017	3 685	5 570	168	4 573	3 378	1 195	35%	5 570
Interest earned - outstanding debtors		7 477	7 463	7 900	589	7 104	6 841	263	4%	7 900
Dividends received										
Fines, penalties and forfeits		1 290	101	126	26	138	93	45	49%	126
Licences and permits		3 271	3 519	4 881		2 032	3 226	(1 194)	-37%	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	109	1 458	2 497	(1 039)	-42%	2 847
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>280 817</b>	<b>303 291</b>	<b>306 128</b>	<b>9 137</b>	<b>279 865</b>	<b>289 913</b>	<b>(10 048)</b>	<b>-3%</b>	<b>306 128</b>
<b>Expenditure By Type</b>										
Employee related costs		77 767	87 715	90 067	7 077	73 342	80 405	(7 063)	-9%	90 067
Remuneration of councillors		13 236	14 533	14 533	1 350	12 410	13 322	(912)	-7%	14 533
Debt impairment		12 472	13 321	13 321			12 211	(12 211)	-100%	13 321
Depreciation & asset impairment		51 853	52 000	52 000			47 667	(47 667)	-100%	52 000
Finance charges		3 841	365	106		52	335	(282)	-84%	106
Bulk purchases		33 901	42 224	39 000	2 278	30 872	38 705	(7 833)	-20%	39 000
Other materials		15 024	36 355	38 287	91	5 232	33 325	(28 093)	-84%	1 881
Contracted services		1 425	1 275	1 881	1 990	22 129	1 169	20 960	1793%	38 287
Transfers and subsidies		2 910	2 331	2 331		1 155	2 137	(982)	-46%	
Other expenditure		35 820	52 314	43 900	2 432	24 872	47 954	(23 082)	-48%	43 900
Loss on disposal of PPE										
<b>Total Expenditure</b>		<b>248 248</b>	<b>302 433</b>	<b>295 427</b>	<b>15 218</b>	<b>170 065</b>	<b>277 230</b>	<b>(107 165)</b>	<b>-39%</b>	<b>293 096</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (financial institutions)		32 569	858	10 701	(6 082)	109 800	12 683	97 117	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)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>32 569</b>	<b>34 301</b>	<b>10 701</b>	<b>(6 082)</b>	<b>132 015</b>	<b>46 126</b>			<b>46 475</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>32 569</b>	<b>34 301</b>	<b>10 701</b>	<b>(6 082)</b>	<b>132 015</b>	<b>46 126</b>			<b>46 475</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>32 569</b>	<b>34 301</b>	<b>10 701</b>	<b>(6 082)</b>	<b>132 015</b>	<b>46 126</b>			<b>46 475</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>32 569</b>	<b>34 301</b>	<b>10 701</b>	<b>(6 082)</b>	<b>132 015</b>	<b>46 126</b>			<b>46 475</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) - M11 May

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									
<b>Capital Expenditure - Functional Classification</b>										
<i><b>Governance and administration</b></i>		1 673	370	370	-	-	339	(339)	-100%	370
Executive and council								-		
Finance and administration		1 673	370	370			339	(339)	-100%	370
Internal audit								-		
<i><b>Community and public safety</b></i>		1 546	2 570	2 570	-	157	2 264	(2 107)	-93%	2 570
Community and social services		1 377	2 470	2 470			2 264	(2 107)	-93%	2 470
Sport and recreation								-		
Public safety								-		
Housing		169	100	100			-	-		100
Health								-		
<i><b>Economic and environmental services</b></i>		28 954	40 537	40 537	2 558	31 083	40 537	(9 454)	-23%	40 537
Planning and development								-		
Road transport		28 954	40 537	40 537	2 558	31 083	40 537	(9 454)	-23%	40 537
Environmental protection								-		
<i><b>Trading services</b></i>		601	6 284	6 284	652	1 520	5 761	(4 241)	-74%	6 284
Energy sources		601	6 284	6 284	652	1 520	5 761	(4 241)	-74%	6 284
Water management								-		
Waste water management								-		
Waste management								-		
<i><b>Other</b></i>		646	456	600		791	418	373	89%	600
<b>Total Capital Expenditure - Functional Classification</b>	3	33 420	50 217	50 361	3 210	33 551	49 318	(15 768)	-32%	50 361
<b>Funded by:</b>										
National Government		28 954	33 443	33 443		24 821	8 361	16 461	197%	33 443
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		28 954	33 443	33 443	-	24 821	8 361	16 461	197%	33 443
Borrowing	6							-		
Internally generated funds		4 466	16 774	16 918	3 210	5 519	40 958	(35 438)	-87%	16 918
<b>Total Capital Funding</b>		33 420	50 217	50 361	3 210	30 341	49 318	(18 978)	-38%	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
<b>Total</b>	<b>10 806 882,22</b>	<b>3 038 941,36</b>	<b>2 562 756,10</b>	<b>2 419 097,95</b>	<b>2 413 246,84</b>	<b>112 802 974,17</b>	<b>134 043 898,64</b>

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
<b>Total</b>	<b>10 806 882,22</b>	<b>3 038 941,36</b>	<b>2 562 756,10</b>	<b>2 419 097,95</b>	<b>2 413 246,84</b>	<b>112 802 974,17</b>	<b>134 043 898,64</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 **31 May 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 May 2020

### 2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for **31 May 2020** is **R7 Million** and **R1.3Million** 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 **May 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

09/06/2020