

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 OCTOBER 2020

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1.1 Executive summary

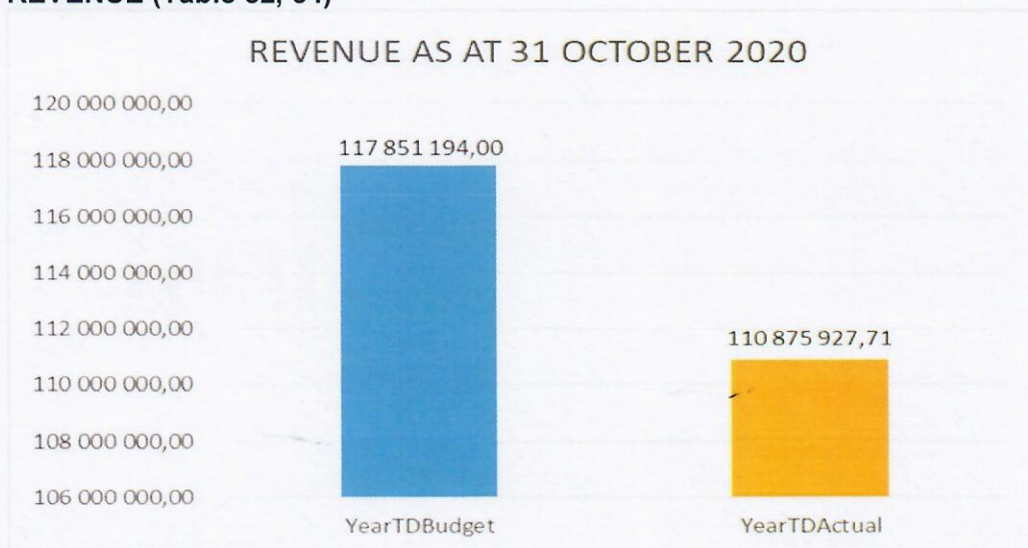
1.1.1 Introduction

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)

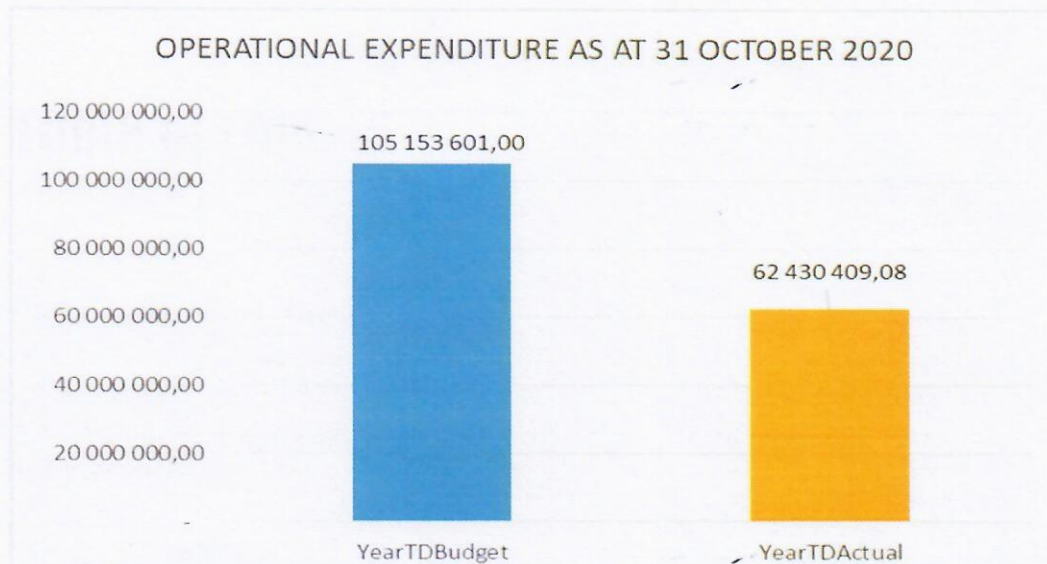
REVENUE (Table c2, c4)



The total revenue received for the month of **October 2020** amount to **R10.5 Million**, and the year to date Actual revenue amount to **R110 Million** in comparison to a year to date budgeted figure of **R117 Million**. There is a favorable variance of **R7 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 **October 2020** amounts to **R17 Million**, and the year to date actual is **R62 Million** which is reported against a year to date budget of **R105 Million**. There is a favorable variance of **R42 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.

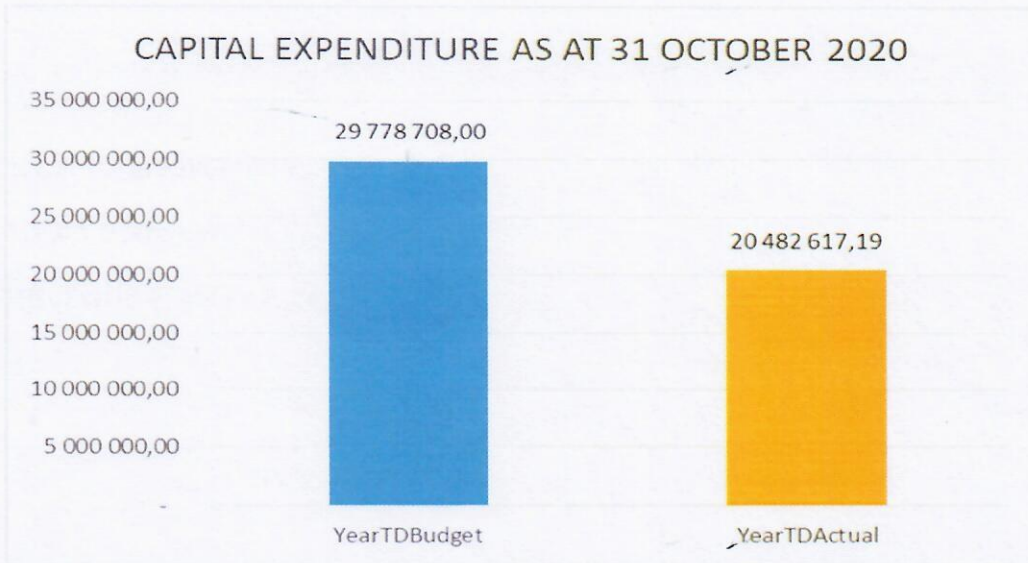
2. Depreciation and assets impairment

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 **October 2020** amounts to **R3 Million** and the year to date actual is **R20 Million** which is reported against a year to date budget of **R29 Million**. There is an favorable variance of **R9 Million**.

Capital budget as at 31 October 2020.

Function	SegmentDesc	Total Budget	Total Actual	Remaining Budget
Administration	Capital Fund Purchase of Furniture (500/305065)	350 000,00	24 200,00	325 800,00
Paks & Cemeteries	Capital Fund Landscaping & Greening (425/305071)	900 000,00	-	900 000,00
Paks & Cemeteries	Compactor Truck	2 000 000,00	-	2 000 000,00
Electricity:Electricity	Capital Fund Network Design Software	80 000,00	-	80 000,00
Electricity:Electricity	Capital Fund Upgrade Municipal ESKON Supply	3 000 000,00	-	3 000 000,00
Electricity:Electricity	Capital Fund Install RMU Cable to Connect Ext 5&6	1 300 000,00	-	1 300 000,00
Electricity:Electricity	Replace old PEX 11kV Cable from 713 to 561	1 600 000,00	-	1 600 000,00
Electricity:Electricity	Uitvlucht Highmast Light	2 000 000,00	-	2 000 000,00
Electricity:Electricity	Manapyan High Mass Lights	4 000 000,00	-	4 000 000,00
Electricity:Electricity	Capital Fund Industrial Substation Second Supply Phase 3	1 200 000,00	1 162 002,86	37 997,14
Electricity:Electricity	Capital Fund Replace Streetlight Wood Poles at Mamphokgo 20	500 000,00	-	500 000,00
Electricity:Electricity	Capital Fund Truck Mounted Crane	950 000,00	-	950 000,00
Electricity:Electricity	Tool sets	50 000,00	-	50 000,00
Health General Services	Sanitising Equipment	150 000,00	-	150 000,00
Housing and Building	Capital Fund Air Conditioning	100 000,00	-	100 000,00
Human Resources	Shredding Machine and Recording System	90 000,00	-	90 000,00
ICT	Capital Fund Purchase of routers and wireless access point	100 008,00	18 005,00	82 003,00
ICT	Capital Fund ICT Computers	300 000,00	-	300 000,00
ICT	Purchase of UPS	100 000,00	-	100 000,00
ICT	Capital Fund PURCHASE OF PRINTERS	150 000,00	-	150 000,00
ICT	Capital Fund master tower pole	120 004,00	-	120 004,00
Licencing and Traffic	Speed Camera (225/305070)	300 000,00	-	300 000,00
Communication	Podium Camera Loud Healing	75 000,00	74 030,99	969,01
Roads:Roads & Stormwater 1	Mamphokgo Sports Complex	500 000,00	-	500 000,00
Roads:Roads & Stormwater 1	Leeufontein Sports Complex	6 500 000,00	-	6 500 000,00
Roads:Roads & Stormwater 1	Capital Fund Stormwater Extension 6(650/305147)	4 000 000,00	1 062 129,50	2 937 870,50
Roads:Roads & Stormwater 2	Mmakgatle A-B Bus Route	-	2 178 164,45	2 178 164,45
Roads:Roads & Stormwater 2	MAKGATLE	8 000 000,00	3 202 671,50	4 797 328,50
Roads:Roads& Stormwater (650)	Tshikanoshi Sports Complex	5 000 000,00	-	5 000 000,00
Roads:Roads& Stormwater (650)	Morarela Internal Road	2 000 000,00	-	2 000 000,00
Roads:Roads& Stormwater (650)	Mabitsi Internal Road	5 000 000,00	-	5 000 000,00
Roads:Roads& Stormwater (650)	Regae Bus Route	5 000 000,00	-	5 000 000,00
Roads:Roads& Stormwater (650)	Mohlalaotwane	2 000 000,00	-	2 000 000,00
Roads:Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	7 600 000,00	7 215 174,27	384 825,73
Roads:Roads& Stormwater (650)	Malebitsa internal road	8 076 000,00	-	8 076 000,00
Roads:Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	7 900 100,00	5 546 238,62	2 353 861,38
Roads:Roads& Stormwater (650)	Rehabilitation Leeuwfontein Internal Streets (650/305180)	4 000 000,00	-	4 000 000,00
Roads:Roads& Stormwater (650)	Boreholes	200 000,00	-	200 000,00
Roads:Roads& Stormwater (650)	Capital Fund Purchasing of motor grader	3 600 000,00	-	3 600 000,00
TOTAL		88 791 112,00	20 482 617,19	68 308 494,81

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 **October 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 2020/2021 financial year is **23%** and **19%** respectively, as at **31 October 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) - M04 October

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
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		-	212 046	242 320	4 059	86 270	80 773	5 496	7%	242 320
Executive and council		-	2 060	2 060	-	21	687	(665)	-97%	2 060
Finance and administration		-	209 986	240 260	4 059	86 248	80 087	6 162	8%	240 260
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	264	264	23	82	88	(6)	-7%	264
Community and social services		-	56	56	4	20	19	1	6%	56
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	208	208	19	62	69	(7)	-11%	208
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33 285	33 285	2	5	11 095	(11 090)	-100%	33 285
Planning and development		-	47	47	2	5	16	(11)	-69%	47
Road transport		-	33 238	33 238	-	-	11 079	(11 079)	-100%	33 238
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	72 848	72 448	6 405	24 459	24 149	309	1%	72 448
Energy sources		-	67 845	67 445	5 945	22 616	22 482	135	1%	67 445
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5 003	5 003	460	1 842	1 668	175	10%	5 003
<i>Other</i>	4	-	5 237	5 237	12	61	1 746	(1 685)	-96%	5 237
Total Revenue - Functional	2	-	323 680	353 554	10 503	110 876	117 851	(6 975)	-6%	353 554
Expenditure - Functional										
<i>Governance and administration</i>		-	184 595	186 543	8 860	30 173	62 181	(32 007)	-51%	186 543
Executive and council		-	41 138	41 353	3 537	11 278	13 784	(2 506)	-18%	41 353
Finance and administration		-	143 458	145 190	5 323	18 895	48 397	(29 502)	-61%	145 190
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	21 463	25 113	1 309	5 446	8 371	(2 925)	-35%	25 113
Community and social services		-	9 299	9 449	572	2 293	3 150	(857)	-27%	9 449
Sport and recreation		-	2 279	2 329	90	362	776	(415)	-53%	2 329
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	5 091	7 841	300	1 206	2 614	(1 408)	-54%	7 841
Health		-	4 794	5 494	348	1 586	1 831	(246)	-13%	5 494
<i>Economic and environmental services</i>		-	23 692	24 525	1 276	4 578	8 175	(3 597)	-44%	24 525
Planning and development		-	11 586	11 729	205	671	3 910	(3 238)	-83%	11 729
Road transport		-	12 106	12 796	1 070	3 907	4 265	(358)	-8%	12 796
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	65 375	65 725	4 795	18 568	21 908	(3 341)	-15%	65 725
Energy sources		-	58 859	59 009	4 379	16 836	19 670	(2 833)	-14%	59 009
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 517	6 717	415	1 731	2 239	(508)	-23%	6 717
<i>Other</i>		-	13 405	13 555	961	3 666	4 518	(853)	-19%	13 555
Total Expenditure - Functional	3	-	308 530	315 461	17 200	62 430	105 154	(42 723)	-41%	315 461
Surplus/ (Deficit) for the year		-	15 150	38 093	(6 698)	48 446	12 698	35 748	282%	38 093

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)

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
R thousands										
Revenue By Source										
Property rates			39 126	39 126	3 344	13 371	13 042	329	3%	39 126
Service charges - electricity revenue			69 370	69 370	5 945	22 616	23 123	(507)	-2%	69 370
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue			5 003	5 003	445	1 781	1 668	114	7%	5 003
Rental of facilities and equipment			190	190	17	59	63	(4)	-7%	190
Interest earned - external investments			324	324	94	417	108	310	287%	324
Interest earned - outstanding debtors			8 263	8 263	618	2 475	2 754	(280)	-10%	8 263
Dividends received										
Fines, penalties and forfeits			140	140	12	76	47	30	63%	140
Licences and permits			5 102	5 102			1 701	(1 701)	-100%	5 102
Agency services										
Transfers and subsidies			163 620	193 494		69 955	193 494	(123 539)	-64%	193 494
Other revenue			1 161	1 161	28	125	2 754	(2 630)	-95%	1 161
Gains										
Total Revenue (excluding capital transfers and contributions)			292 299	322 173	10 503	110 876	238 755	(127 879)	-54%	322 173
Expenditure By Type										
Employee related costs			97 557	99 057	6 985	27 685	33 019	(5 334)	-16%	99 057
Remuneration of councillors			15 623	15 623	1 113	4 451	5 208	(757)	-15%	15 623
Debt impairment			13 987	13 987			4 662	(4 662)	-100%	13 987
Depreciation & asset impairment										
Finance charges			41	41			14	(14)	-100%	41
Bulk purchases			42 000	42 000	2 935	12 657	14 000	(1 343)	-10%	42 000
Other materials			1 952	1 952	950	1 218	651	567	87%	1 952
Contracted services			6 734	6 734	3 196	6 743	2 245	4 498	200%	6 734
Transfers and subsidies			158 455	158 455			52 818	(52 818)	-100%	158 455
Other expenditure			1 161	43 578	2 021	9 676	14 526	(4 850)	-33%	43 578
Losses										
Total Expenditure			337 510	381 427	17 200	62 430	127 142	(64 712)	-51%	381 427
Surplus/(Deficit)										
Transfers and subsidies - capital (financial allocations)										
(National / Provincial and District)			33 238	33 238			2 770	(2 770)	(0)	33 238
(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			33 238	(11 972)	(6 698)	48 446	114 382			(26 016)
Taxation										
Surplus/(Deficit) after taxation			33 238	(11 972)	(6 698)	48 446	114 382			(26 016)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality			33 238	(11 972)	(6 698)	48 446	114 382			(26 016)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year			33 238	(11 972)	(6 698)	48 446	114 382			(26 016)

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) - M04 October

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
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		-	1 055	1 285	24	24	428	(404)	-94%	1 285
Executive and council								-		
Finance and administration			1 055	1 285	24	24	428	(404)	-94%	1 285
Internal audit								-		
Community and public safety		-	825	3 150	-	-	1 050	(1 050)	-100%	3 150
Community and social services			575	2 900			967	(967)	-100%	2 900
Sport and recreation			-				-	-		
Public safety			-				-	-		
Housing			100	100			33	(33)	-100%	100
Health			150	150			50	(50)	-100%	150
Economic and environmental services		-	48 576	69 376	3 121	19 204	23 125	(3 921)	-17%	69 376
Planning and development								-		
Road transport			48 576	69 376	3 121	19 204	23 125	(3 921)	-17%	69 376
Environmental protection								-		
Trading services		-	6 860	14 680	176	1 162	4 893	(3 731)	-76%	14 680
Energy sources			6 860	14 680	176	1 162	4 893	(3 731)	-76%	14 680
Water management								-		
Waste water management								-		
Waste management								-		
Other			845	845	92	92	282	(190)	-67%	845
Total Capital Expenditure - Functional Classification	3	-	58 161	89 336	3 413	20 483	29 779	(9 296)	-31%	89 336
Funded by:										
National Government			42 576	42 576	3 121	19 204	10 644	8 560	80%	42 576
Provincial Government								-		
District Municipality								-		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private								-		
Transfers recognised - capital		-	42 576	42 576	3 121	19 204	10 644	8 560	80%	42 576
Borrowing	6							-		
Internally generated funds			14 740	37 565	292	1 278	19 135	(17 856)	-93%	37 565
Total Capital Funding		-	57 316	80 141	3 413	20 483	29 779	(9 296)	-31%	80 141

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 OCTOBER 2020 GL							
Type of Service	30 Days 202010	60 Days 202009	90 Days 202008	120 Days 202007	150 Days 202006	150 Plus 202005	Total
Rates	2847832,84	1798947,18	1707422,88	1004803,56	1778447,16	79491237,64	88 628 691,26
Electricity	3864765,22	252587,11	127475,67	-80137,17	129922,8	5667831,38	9 962 445,01
Refuse	362055,16	159863,48	146477,43	134279,72	108461,44	4468334,1	5 379 471,33
Other	1185370,12	742237,15	587780,69	418589,37	626410,44	33205230,65	36 765 618,42
Total	8 260 023,34	2 953 634,92	2 569 156,67	1 477 535,48	2 643 241,84	122 832 633,77	140 736 226,02

Category	202010	202009	202008	202007	202006	202005	Total
Psi	2286,5	2283,44	2280,39	2271,87	2887,65	153843,36	165 853,21
Farms / agri	1771053,61	1494032,58	1442006,8	964950,89	1562586,02	67070837,71	74 305 467,61
Business	3082686,74	291258,68	273966,95	-80023,58	216464,54	7443398,42	11 227 751,75
Churches	22266,2	5124,88	4335,07	3968,48	3363,64	102732,11	141 790,38
Commercial	0	0	0	-1010,51	0	30232,15	29 221,64
Domestic	0	0	0	-4512,16	0	20239,57	15 727,41
Industrial	895381,49	210753,22	968,32	149748,34	136275,13	6240400,81	7 633 527,31
Municipality	2310,29	197,2	196	-66819,29	148,18	123351,53	59 383,91
Residential	2441737,59	937560,43	832980,98	496577,82	709695,3	41621413,15	47 039 965,27
School/hosp	42300,92	12424,49	12422,16	12383,62	11821,38	26184,96	117 537,53
Total	8 260 023,34	2 953 634,92	2 569 156,67	1 477 535,48	2 643 241,84	122 832 633,77	140 736 226,02

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 October 2020** amount to **R140 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 September 2020.

2.5 Councilors allowances and Employee benefits The employee benefits and councilors allowance for **31 October 2020** is **R7 Million** and **R1 Million** respectively



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

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

- the monthly budget statement

For the month of **October 2020** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act

Print name **Mantaneng Phaahla**

Acting Municipal manager of **Ephraim Mogale Local Municipality (LIM471)**

Signature  _____

Date 09-11-2020