

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 SEPTEMBER 2020

Table of content

PART 1- IN-YEAR REPORT

1.1 Executive Summary	2
1.2 In-Year budget statement tables	3

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis	9
2.2 Creditors' Analysis.....	10
2.3 Investment portfolio analysis.....	10
2.4 Allocation and grants receipts expenditure.....	10
2.5 Councilors allowances and Employee benefits.....	10

1.1 Executive summary

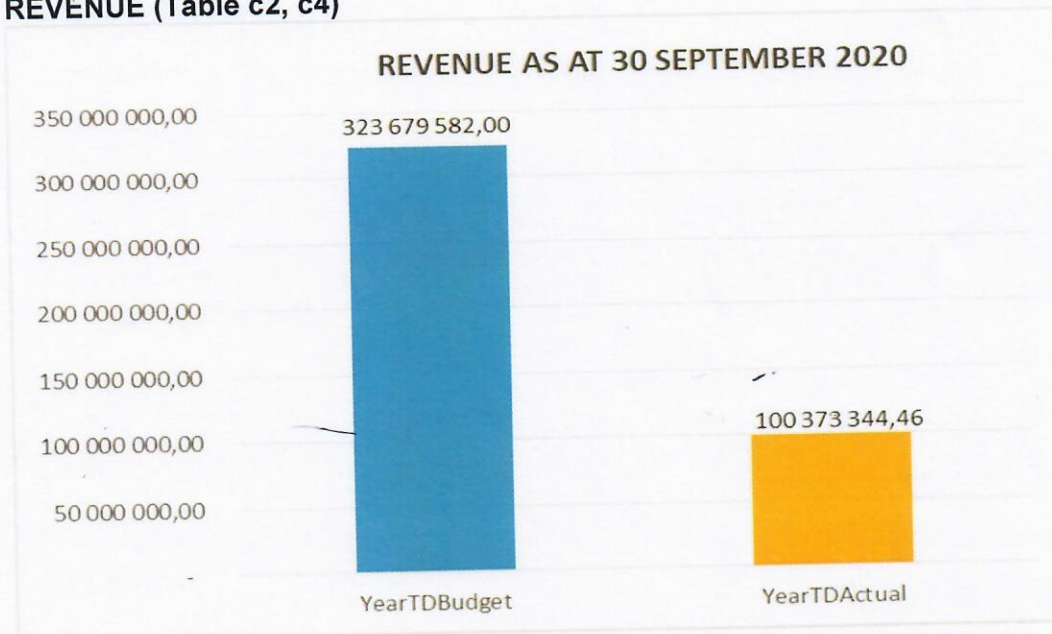
1.1.1 Introduction

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)

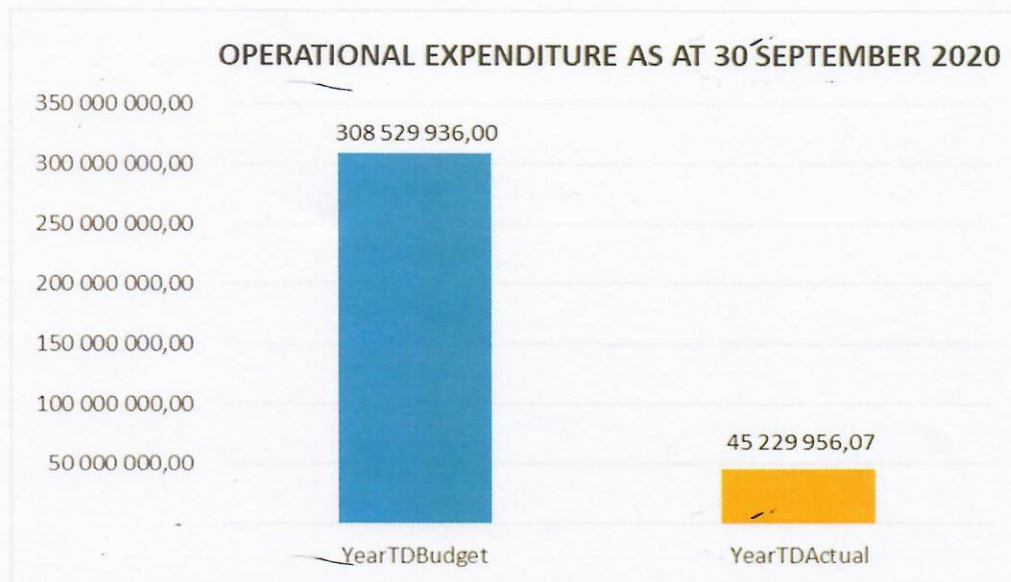
REVENUE (Table c2, c4)



The total revenue received for the month of **September 2020** amount to **R10.4 Million**, and the year to date Actual revenue amount to **R100 Million** in comparison to a year to date budgeted figure of **R323 Million**. There is a favorable variance of **R19.5 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 **September 2020** amounts to **R16.5 Million**, and the year to date actual is **R45 Million** which is reported against a year to date budget of **R308 Million**. There is a favorable variance of **R36 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.

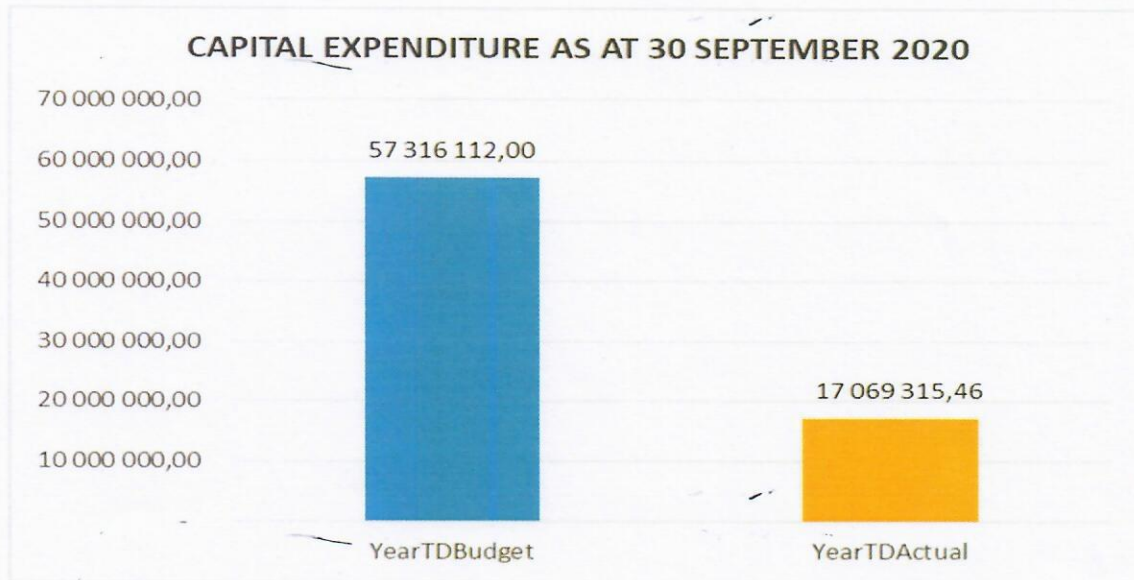
2. Depreciation and assets impairment

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 **September 2020** amounts to **R3 Million** and the year to date actual is **R17 Million** which is reported against a year to date budget of **R57 Million**. There is an favorable variance of **R3 Million**.

Capital budget as at 31 September 2020.

Function	SegmentDesc	Total Budget	Total Actual	Remaining Budget
Administration	Capital Fund Purchase of Furniture (500/305065)	350 000,00	-	350 000,00
Parks & Cemeteries	Capital Fund Landscaping & Greening (425/305071)	500 000,00	-	500 000,00
Electricity:Electricity	Capital Fund Network Design Software	80 000,00	-	80 000,00
Electricity:Electricity	Capital Fund Upgrade Municipal ESKON Supply	2 000 000,00	-	2 000 000,00
Electricity:Electricity	Replace old PEX 11kV Cable from 713 to 561	1 600 000,00	-	1 600 000,00
Electricity:Electricity	Capital Fund Install RMU Cable to Connect Ext 5&6	930 000,00	-	930 000,00
Electricity:Electricity	Capital Fund Replace Streetlight Wood Poles at Mamphokgo 20	500 000,00	-	500 000,00
Electricity:Electricity	Capital Fund Industrial Substation Second Supply Phase 3	1 000 000,00	986 229,83	13 770,17
Electricity:Electricity	Capital Fund Truck Mounted Crane	700 000,00	-	700 000,00
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	-	100 008,00
ICT	Purchase of UPS	100 000,00	-	100 000,00
ICT	Capital Fund ICT Computers	300 000,00	-	300 000,00
ICT	Capital Fund PURCHASE OF PRINTERS	20 000,00	-	20 000,00
ICT	Capital Fund master tower pole	95 004,00	-	95 004,00
Communication	Podium Camera Loud Healing	75 000,00	-	75 000,00
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	623 324,58	3 376 675,42
Roads:Roads & Stormwater 2	MAKGATLE	8 000 000,00	5 380 835,95	2 619 164,05
Roads:Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	7 900 100,00	4 394 301,45	3 505 798,55
Roads:Roads& Stormwater (650)	Rehabilitation Leeuwfontein Internal Streets (650/305180)	4 000 000,00	-	4 000 000,00
Roads:Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	7 600 000,00	5 684 623,65	1 915 376,35
Roads:Roads& Stormwater (650)	Malebitsa internal road	8 076 000,00	-	8 076 000,00
Roads:Roads& Stormwater (650)	Mabitsi Internal Road	1 000 000,00	-	1 000 000,00
Roads:Roads& Stormwater (650)	Regae Bus Route	1 000 000,00	-	1 000 000,00
TOTALS		57 316 112,00	17 069 315,46	40 246 796,54

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 **September 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 **30%** and **15%** respectively, as at **30 September 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) - M03 September

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	-	4 066	82 210	53 011	29 199	55%	212 046
Executive and council		-	2 060	-	-	21	515	(494)	-96%	2 060
Finance and administration		-	209 986	-	4 066	82 189	52 496	29 693	57%	209 986
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	264	-	18	58	66	(8)	-12%	264
Community and social services		-	56	-	4	15	14	2	12%	56
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	208	-	14	43	52	(9)	-18%	208
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33 285	-	-	2	8 321	(8 319)	-100%	33 285
Planning and development		-	47	-	-	2	12	(9)	-79%	47
Road transport		-	33 238	-	-	-	8 310	(8 310)	-100%	33 238
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	72 848	-	6 299	18 054	18 212	(158)	-1%	72 848
Energy sources		-	67 845	-	5 839	16 671	16 961	(290)	-2%	67 845
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5 003	-	460	1 383	1 251	132	11%	5 003
<i>Other</i>	4	-	5 237	-	17	49	1 309	(1 261)	-96%	5 237
Total Revenue - Functional	2	-	323 680	-	10 400	100 373	80 920	19 453	24%	323 680
Expenditure - Functional										
<i>Governance and administration</i>		-	184 595	-	7 333	21 314	46 149	(24 835)	-54%	184 595
Executive and council		-	41 138	-	2 191	7 741	10 284	(2 543)	-25%	41 138
Finance and administration		-	143 458	-	5 141	13 572	35 864	(22 292)	-62%	143 458
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	21 463	-	1 365	4 136	5 366	(1 229)	-23%	21 463
Community and social services		-	9 299	-	574	1 721	2 325	(604)	-26%	9 299
Sport and recreation		-	2 279	-	90	272	570	(298)	-52%	2 279
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	5 091	-	320	906	1 273	(367)	-29%	5 091
Health		-	4 794	-	381	1 238	1 198	39	3%	4 794
<i>Economic and environmental services</i>		-	23 692	-	1 149	3 303	5 923	(2 620)	-44%	23 692
Planning and development		-	11 586	-	154	466	2 896	(2 430)	-84%	11 586
Road transport		-	12 106	-	996	2 837	3 026	(190)	-6%	12 106
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	65 375	-	5 887	13 773	16 344	(2 571)	-16%	65 375
Energy sources		-	58 859	-	5 497	12 457	14 715	(2 257)	-15%	58 859
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 517	-	390	1 316	1 629	(313)	-19%	6 517
<i>Other</i>		-	13 405	-	882	2 704	3 351	(647)	-19%	13 405
Total Expenditure - Functional	3	-	308 530	-	16 617	45 230	77 132	(31 903)	-41%	308 530
Surplus/ (Deficit) for the year		-	15 150	-	(6 217)	55 143	3 787	51 356	1356%	15 150

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) - M03 September

Description	Ref	Budget Year 2020/21								
		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			39 126		3 337	10 027	9 782	245	3%	39 126
Service charges - electricity revenue			69 370		5 839	16 671	17 342	(671)	-4%	69 370
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue			5 003		445	1 337	1 251	86	7%	5 003
Rental of facilities and equipment			190		14	43	48	(5)	-10%	190
Interest earned - external investments			324		92	324	81	243	300%	324
Interest earned - outstanding debtors			8 263		627	1 857	2 066	(209)	-10%	8 263
Dividends received										
Fines, penalties and forfeits			140		17	49	35	14	39%	140
Licences and permits			5 102				1 276	(1 276)	-100%	5 102
Agency services										
Transfers and subsidies			163 620			69 955	40 905	29 050	71%	163 620
Other revenue			1 161		28	111	290	(179)	-62%	1 161
Gains										
Total Revenue (excluding capital transfers and contributions)			292 299		10 400	100 373	73 075	27 298	37%	292 299
Expenditure By Type										
Employee related costs			97 557		6 798	20 700	24 389	(3 689)	-15%	97 557
Remuneration of councillors			15 623		1 113	3 338	3 906	(568)	-15%	15 623
Debt impairment			13 987				3 497	(3 497)	-100%	13 987
Depreciation & asset impairment										
Finance charges			41				10	(10)	-100%	41
Bulk purchases			42 000		4 518	9 722	10 500	(778)	-7%	42 000
Other materials			1 952		406	713	488	224	46%	1 952
Contracted services			6 734		1 829	3 547	1 684	1 863	111%	6 734
Transfers and subsidies			158 455				39 614	(39 614)	-100%	158 455
Other expenditure			1 161		1 952	7 211	290	6 921	2385%	1 161
Losses										
Total Expenditure			337 510		16 617	45 230	84 377	(39 147)	-46%	337 510
Surplus/(Deficit)										
Transfers and subsidies - capital (municipality and province) (National / Provincial and District)							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		(6 217)	55 143	(8 533)			(11 972)
Taxation										
Surplus/(Deficit) after taxation			33 238		(6 217)	55 143	(8 533)			(11 972)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality			33 238		(6 217)	55 143	(8 533)			(11 972)
Share of surplus/ (deficit) of associates										
Surplus/ (Deficit) for the year			33 238		(6 217)	55 143	(8 533)			(11 972)

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) - M03 September

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									
Multi-Year expenditure appropriation	2									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		-	1 055	-	-	-	264	(264)	-100%	1 055
Executive and council										
Finance and administration			1 055				264	(264)	-100%	1 055
Internal audit										
<i>Community and public safety</i>		-	825	-	-	-	206	(206)	-100%	825
Community and social services			575				144	(144)	-100%	575
Sport and recreation			-				-	-		-
Public safety			-				-	-		-
Housing			100				25	(25)	-100%	100
Health			150				38	(38)	-100%	150
<i>Economic and environmental services</i>		-	48 576	-	3 201	16 083	12 144	3 939	32%	48 576
Planning and development										
Road transport			48 576		3 201	16 083	12 144	3 939	32%	48 576
Environmental protection										
<i>Trading services</i>		-	6 860	-	222	986	1 715	(729)	-42%	6 860
Energy sources			6 860		222	986	1 715	(729)	-42%	6 860
Water management										
Waste water management										
Waste management										
<i>Other</i>										
Total Capital Expenditure - Functional Classification	3	-	57 316	-	3 424	17 069	14 329	2 740	19%	57 316
Funded by:										
National Government			42 576		3 201	16 083	10 644	5 439	51%	42 576
Provincial Government										
District Municipality										
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Companies, Higher Education)										
Transfers recognised - capital		-	42 576	-	3 201	16 083	10 644	5 439	51%	42 576
Borrowing	6									
Internally generated funds			14 740		222	986	3 685	(2 699)	-73%	14 740
Total Capital Funding		-	57 316	-	3 424	17 069	14 329	2 740	19%	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 SEPTEMBER 2020 GL							
Type of Service	30 Days 202009	60 Days 202008	90 Days 202007	120 Days 202006	150 Days 202005	150 Plus 202004	Total
Rates	2961897,74	1840662,72	1123112,72	1890268,57	1506462,39	79385257,87	88 707 662,01
Electricity	3958556,59	354032,35	26328,37	258166,63	253780,44	5585283,6	10 436 147,98
Refuse	382953,43	168420,68	146178,5	116650,45	112128,68	4390544,48	5 316 876,22
Other	1395958,82	587033,86	445999,91	652741,38	86981,32	33653661,64	36 822 376,93
Total	8 699 366,58	2 950 149,61	1 741 619,50	2 917 827,03	1 959 352,83	123 014 747,59	141 283 063,14

Category	202009	202008	202007	202006	202005	202004	Total
Psi	2283,44	2280,39	2271,87	2887,65	2027,5	151815,86	163 566,71
Farms / agri	1778892,18	1470172,34	990746,33	1592577,31	1328876,04	67325097,23	74 486 361,43
Business	3290924,21	346344,57	12103,76	304860,95	238176,16	7333540,89	11 525 950,54
Churches	23395,62	5427,21	3968,48	3363,64	3377,13	99354,98	138 887,06
Commercial	0	0	-1010,51	0	0	30232,15	29 221,64
Domestic	0	0	-4512,16	0	0	20239,57	15 727,41
Industrial	1029057,21	4677,77	149748,34	136275,13	-362558,59	6588041,97	7 545 241,83
Municipality	3602,11	310,65	-90066,59	148,18	147,76	145160,28	59 302,39
Residential	2531081,73	1108514,52	665986,36	865892,79	737512,08	41290084,45	47 199 071,93
School/hosp	40130,08	12422,16	12383,62	11821,38	11794,75	31180,21	119 732,20
Total	8 699 366,58	2 950 149,61	1 741 619,50	2 917 827,03	1 959 352,83	123 014 747,59	141 283 063,14

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 September 2020** amount to **R141 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 **30 September 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 **September 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 2020-10-07