

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 DECEMBER 2020

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1.1 Executive summary

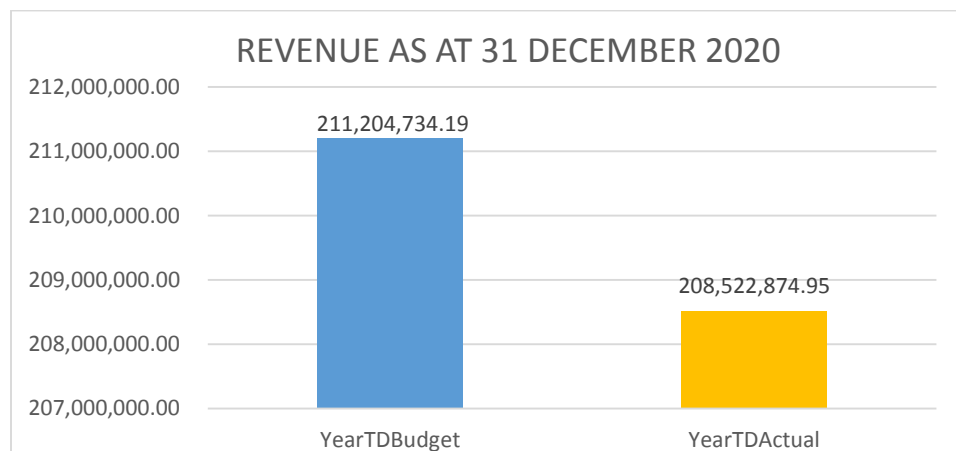
1.1.1 Introduction

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)

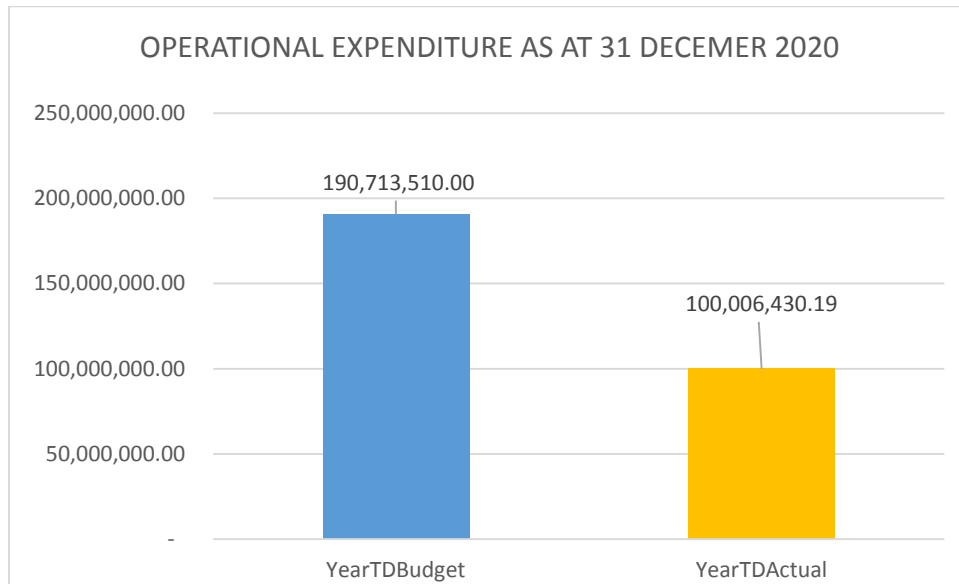
REVENUE (Table c2, c4)



The total revenue received for the month of **December 2020** amount to **R88 Million**, and the year to date Actual revenue amount to **R208 Million** in comparison to a year to date budgeted figure of **R211 Million**. There is an unfavorable variance of **R2.6 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 **December 2020** amounts to **R20 Million**, and the year to date actual is **R100 Million** which is reported against a year to date budget of **R190 Million**. There is an unfavorable variance of **R90 Million** due to the following reasons.

1. Employee related cost

This major variance is due to vacant posts not yet filled.

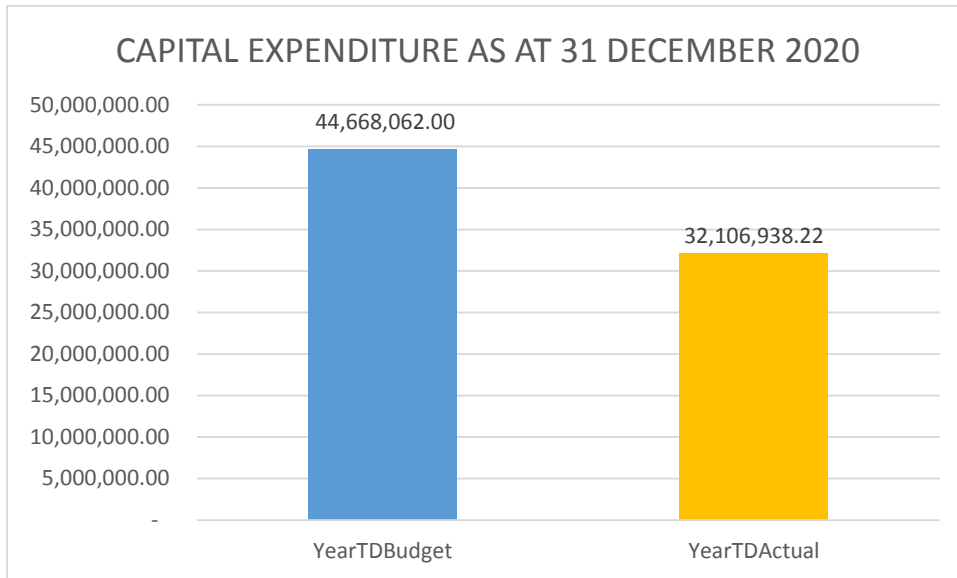
2. Depreciation and assets impairment

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 **December 2020** amounts to **R8 Million** and the year to date actual is **R32 Million** which is reported against a year to date budget of **R44 Million**. There is a unfavorable variance of **R12.5 Million** due to non-spending in majority of internal funded project.

Capital budget as at 31 December 2020.

Function	SegmentDesc	Total Budget	Total Actual	RemainingBudget
Administrative and Corporate Support	Capital Fund Purchase of Furniture (500/3050)	350,000.00	24,200.00	325,800.00
Cemeteries Funeral Parlours and Crematoriums	Capital Fund Landscaping & Greening (425/3050)	900,000.00	-	900,000.00
Cemeteries Funeral Parlours and Crematoriums	Compactor Truck	2,000,000.00	-	2,000,000.00
Electricity:Electricity	Tool sets	50,000.00	-	50,000.00
Electricity:Electricity	Capital Fund Network Design Software	80,000.00	-	80,000.00
Electricity:Electricity	Capital Fund Replace Streetlight Wood Poles	500,000.00	-	500,000.00
Electricity:Electricity	Capital Fund Truck Mounted Crane	950,000.00	-	950,000.00
Electricity:Electricity	Capital Fund Industrial Substation Second Supply	1,200,000.00	1,162,002.86	37,997.14
Electricity:Electricity	Capital Fund Install RMU Cable to Connect Existing	1,300,000.00	571,547.80	728,452.20
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	Capital Fund Upgrade Municipal ESKON Supply	3,000,000.00	-	3,000,000.00
Electricity:Electricity	Manapyanne High Mass Lights	4,000,000.00	-	4,000,000.00
Health Services:Health General Services	Sanitising Equipment	150,000.00	-	150,000.00
Housing:Housing and Building	Capital Fund Air Conditioning	100,000.00	-	100,000.00
Human Resources:Human Resources	Shredding Machine and Recording System	90,000.00	-	90,000.00
Information Technology:Information Technology	Purchase of UPS	100,000.00	-	100,000.00
Information Technology:Information Technology	Capital Fund Purchase of routers and wireless	100,008.00	40,917.00	59,091.00
Information Technology:Information Technology	Capital Fund master tower pole	120,004.00	-	120,004.00
Information Technology:Information Technology	Capital Fund PURCHASE OF PRINTERS	150,000.00	-	150,000.00
Information Technology:Information Technology	Capital Fund ICT Computers	300,000.00	-	300,000.00
Licensing and Regulation:Licensing and Regulation	Speed Camera (225/305070)	300,000.00	-	300,000.00
Marketing Customer Relations Public	Podium Camera Loud Healing	75,000.00	74,030.99	969.01
Roads:Roads & Stormwater 1	Mamphokgo Sports Complex	500,000.00	343,528.78	156,471.22
Roads:Roads & Stormwater 1	Capital Fund Stormwater Extension 6(650/3050)	4,000,000.00	2,365,655.13	1,634,344.87
Roads:Roads & Stormwater 1	Leeufontein Sports Complex	6,500,000.00	-	6,500,000.00
Roads:Roads & Stormwater 2	Mmakgatle A-B Bus Route	-	-	-
Roads:Roads & Stormwater 2	MAKGATLE	7,075,453.00	7,006,610.97	68,842.03
Roads:Roads& Stormwater (650)	Boreholes	200,000.00	-	200,000.00
Roads:Roads& Stormwater (650)	Morarela Internal Road	2,000,000.00	-	2,000,000.00
Roads:Roads& Stormwater (650)	Mohlalaotwane	2,000,000.00	-	2,000,000.00
Roads:Roads& Stormwater (650)	Capital Fund Purchasing of motor grader	3,600,000.00	-	3,600,000.00
Roads:Roads& Stormwater (650)	Rehabilitation Leeufontein Internal Streets	4,000,000.00	-	4,000,000.00
Roads:Roads& Stormwater (650)	Tshikanoshi Sports Complex	5,000,000.00	-	5,000,000.00
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)	Phetwane Internal Road (650/305184)	6,969,460.00	6,306,760.93	662,699.07
Roads:Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	7,600,000.00	7,397,568.09	202,431.91
Roads:Roads& Stormwater (650)	Malebitsa internal road	8,076,001.00	6,814,115.67	1,261,885.33
GRAND TOTAL		86,935,926.00	32,106,938.22	54,828,987.78

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 **December 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 **37%** and **32%** respectively, as at **31 December 2020**.

1.2 In-Year budget statement tables

1.2.1 Table C2: Monthly Budget Statement - Financial Performance (standard Classification)

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										
Governance and administration		-	212,046	242,320	3,574	89,843	100,967	(11,123)	-11%	242,320
Executive and council		-	2,060	2,060	18	39	859	(820)	-95%	2,060
Finance and administration		-	209,986	240,260	3,556	89,804	100,108	(10,304)	-10%	240,260
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	264	264	22	104	110	(6)	-6%	264
Community and social services		-	56	56	4	24	23	1	4%	56
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	208	208	18	80	87	(7)	-8%	208
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	33,285	33,285	6	11	13,869	(13,858)	-100%	33,285
Planning and development		-	47	47	6	11	20	(9)	-46%	47
Road transport		-	33,238	33,238	-	-	13,849	(13,849)	-100%	33,238
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	72,848	72,448	5,454	29,957	30,186	(230)	-1%	72,448
Energy sources		-	67,845	67,445	4,994	27,655	28,102	(447)	-2%	67,445
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5,003	5,003	460	2,302	2,084	218	10%	5,003
Other	4	-	5,237	5,237	9	72	2,182	(2,110)	-97%	5,237
Total Revenue - Functional	2	-	323,680	353,554	9,064	119,987	147,314	(27,327)	-19%	353,554
Expenditure - Functional										
Governance and administration		-	184,595	186,543	7,427	37,601	77,726	(40,126)	-52%	186,543
Executive and council		-	41,138	41,353	2,947	14,226	17,230	(3,005)	-17%	41,353
Finance and administration		-	143,458	145,190	4,480	23,375	60,496	(37,121)	-61%	145,190
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	21,463	25,113	1,474	6,919	10,464	(3,544)	-34%	25,113
Community and social services		-	9,299	9,449	720	3,013	3,937	(925)	-23%	9,449
Sport and recreation		-	2,279	2,329	94	456	970	(514)	-53%	2,329
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	5,091	7,841	265	1,471	3,267	(1,796)	-55%	7,841
Health		-	4,794	5,494	394	1,980	2,289	(309)	-14%	5,494
Economic and environmental services		-	23,692	24,525	2,320	6,898	10,219	(3,320)	-32%	24,525
Planning and development		-	11,586	11,729	395	2,021	4,887	(2,866)	-59%	11,729
Road transport		-	12,106	12,796	1,925	4,877	5,332	(454)	-9%	12,796
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	65,375	65,725	5,291	23,859	27,385	(3,526)	-13%	65,725
Energy sources		-	58,859	59,009	4,922	21,758	24,587	(2,829)	-12%	59,009
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,517	6,717	370	2,101	2,799	(698)	-25%	6,717
Other		-	13,405	13,555	1,032	4,698	5,648	(950)	-17%	13,555
Total Expenditure - Functional	3	-	308,530	315,461	17,545	79,975	131,442	(51,467)	-39%	315,461
Surplus/ (Deficit) for the year		-	15,150	38,093	(8,481)	40,012	15,872	24,140	152%	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)

LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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	39,126	3,344	20,058	19,563	495	3%	39,126	
Service charges - electricity revenue			69,370	69,370	7,237	34,199	34,685	(485)	-1%	69,370	
Service charges - water revenue											
Service charges - sanitation revenue											
Service charges - refuse revenue			5,003	5,003	445	2,671	2,501	170	7%	5,003	
Rental of facilities and equipment			190	190	13	90	95	(5)	-5%	190	
Interest earned - external investments			324	324	-	503	162	341	210%	324	
Interest earned - outstanding debtors			8,263	8,263	497	3,090	4,132	(1,042)	-25%	8,263	
Dividends received											
Fines, penalties and forfeits			140	140	8	78	70	8	11%	140	
Licences and permits			5,102	5,102	-	-	2,551	(2,551)	-100%	5,102	
Agency services											
Transfers and subsidies			163,620	193,494	76,910	146,865	146,865	-		193,494	
Other revenue			1,161	1,161	129	968	580	388	67%	1,161	
Gains											
Total Revenue (excluding capital transfers and contributions)			-	292,299	322,173	88,583	208,523	211,205	(2,682)	-1%	322,173
Expenditure By Type											
Employee related costs			97,557	99,057	7,869	42,671	49,528	(6,857)	-14%	99,057	
Remuneration of councillors			15,623	15,623	1,122	6,688	7,812	(1,124)	-14%	15,623	
Debt impairment			13,987	13,987			6,993	(6,993)	-100%	13,987	
Depreciation & asset impairment											
Finance charges			41	41			20	(20)	-100%	41	
Bulk purchases			42,000	42,000	3,300	19,123	21,000	(1,877)	-9%	42,000	
Other materials			1,952	1,952	2,736	6,491	976	5,515	565%	1,952	
Contracted services			6,734	6,734	2,636	9,763	3,367	6,396	190%	6,734	
Transfers and subsidies			158,455	158,455			79,228	(79,228)	-100%	158,455	
Other expenditure			1,161	43,578	2,366	15,271	21,789	(6,518)	-30%	43,578	
Losses											
Total Expenditure			-	337,510	381,427	20,030	100,006	190,714	(90,707)	-48%	381,427
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			-	(45,210)	(59,254)	68,554	108,516	20,491	88,025	0	(59,254)
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			33,238	33,238	33,238		16,619	(16,619)	(0)		33,238
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions			33,238	(11,972)	(26,016)	68,554	108,516	37,110			(26,016)
Taxation											
Surplus/(Deficit) after taxation			33,238	(11,972)	(26,016)	68,554	108,516	37,110			(26,016)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			33,238	(11,972)	(26,016)	68,554	108,516	37,110			(26,016)
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year			33,238	(11,972)	(26,016)	68,554	108,516	37,110			(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) - M06 December										
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	643	(618)	-96%	1,285
Executive and council								-		
Finance and administration			1,055	1,285	-	24	643	(618)	-96%	1,285
Internal audit								-		
Community and public safety		-	825	3,150	-	115	1,575	(1,460)	-93%	3,150
Community and social services			575	2,900		115	1,450	(1,335)	-92%	2,900
Sport and recreation			-			-	-	-		-
Public safety			-			-	-	-		-
Housing			100	100			50	(50)	-100%	100
Health			150	150			75	(75)	-100%	150
Economic and environmental services		-	48,576	69,376	8,086	30,234	34,688	(4,454)	-13%	69,376
Planning and development								-		
Road transport			48,576	69,376	8,086	30,234	34,688	(4,454)	-13%	69,376
Environmental protection								-		
Trading services		-	6,860	14,680	572	1,734	7,340	(5,606)	-76%	14,680
Energy sources			6,860	14,680	572	1,734	7,340	(5,606)	-76%	14,680
Water management								-		
Waste water management								-		
Waste management								-		
Other			845	845	-	-	423	(423)	-100%	845
Total Capital	3	-	58,161	89,336	8,657	32,107	44,668	(12,561)	-28%	89,336
Funded by:										
National Government			42,576	42,576	5,122	22,148	28,907	(6,758)	-23%	42,576
Provincial Government								-		
District Municipality								-		
Transfers recognised - capital		-	42,576	42,576	5,122	22,148	28,907	(6,758)	-23%	42,576
Borrowing	6							-		
Internally generated funds			15,585	46,760	3,535	9,959	15,761	(5,803)	-37%	46,760
Total Capital Funding		-	58,161	89,336	8,657	32,107	44,668	(12,561)	-28%	89,336

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 2020/21							
AGEING REPORT DECEMBER 2020 GL							
Type of Service	30 Days 202012	60 Days 202011	90 Days 202010	120 Days 202009	150 Days 202008	150 Plus 202007	Total
Rates	2936352.16	1751160.06	1668324.88	1663938.26	1593997.03	81139237.14	90,753,009.53
Electricity	4644494.31	317116.35	155054.38	182233.24	113726.71	5672548.98	11,085,173.97
Refuse	381301.45	166240.02	140649.9	135241.05	133331.48	4666967.89	5,623,731.79
Other	948000.94	847626.46	621038.28	704500.5	580944.25	33715876.3	37,417,986.73
Total	8,910,148.86	3,082,142.89	2,585,067.44	2,685,913.05	2,421,999.47	125,194,630.31	144,879,902.02
Category	202012	202011	202010	202009	202008	202007	Total
Psi	2292.63	2289.56	2286.5	2283.44	2280.39	159002.88	170,435.40
Farms / agri	1747572.66	1466808.5	1422616.66	1432947.13	1393520.26	68371940.16	75,835,405.37
Business	3555909.65	302054.05	281673.48	243276.81	227941.41	7484233.5	12,095,088.90
Churches	23829.11	3645.33	4391.31	5124.88	4335.07	110064.23	151,389.93
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15873.28	15,873.28
Industrial	858828.05	162993.89	54346.22	207092.34	968.32	6556259.14	7,840,487.96
Municipality	2752.04	213.41	198.4	197.2	196	56680.42	60,237.47
Residential	2684598.38	1131742.99	807128.02	786975.52	785322.52	42395981.68	48,591,749.11
School/hosp	34366.34	12395.16	12426.85	8015.73	7435.5	15373.38	90,012.96
Total	8,910,148.86	3,082,142.89	2,585,067.44	2,685,913.05	2,421,999.47	125,194,630.31	144,879,902.02

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 December 2020** amount to **R144 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 which is currently under the curatorship.

2.4 Allocation and grants receipts expenditure

Grants for the month of December 2020, where received including Equitable share of R76 910 000.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for **31 December 2020** is **R7 Million** and **R1 Million** respectively