

**EPHRAIM MOGALE**



**LOCAL MUNICIPALITY (LIM471)**

Monthly Budget Monitoring Report  
(Section 71 of MFMA)

**31 JANUARY 2021**

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## 1.1 Executive summary

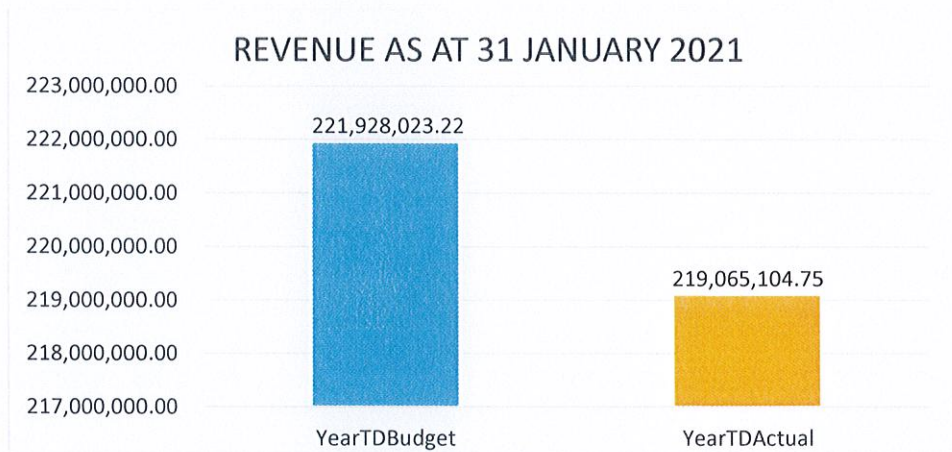
### 1.1.1 Introduction

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)

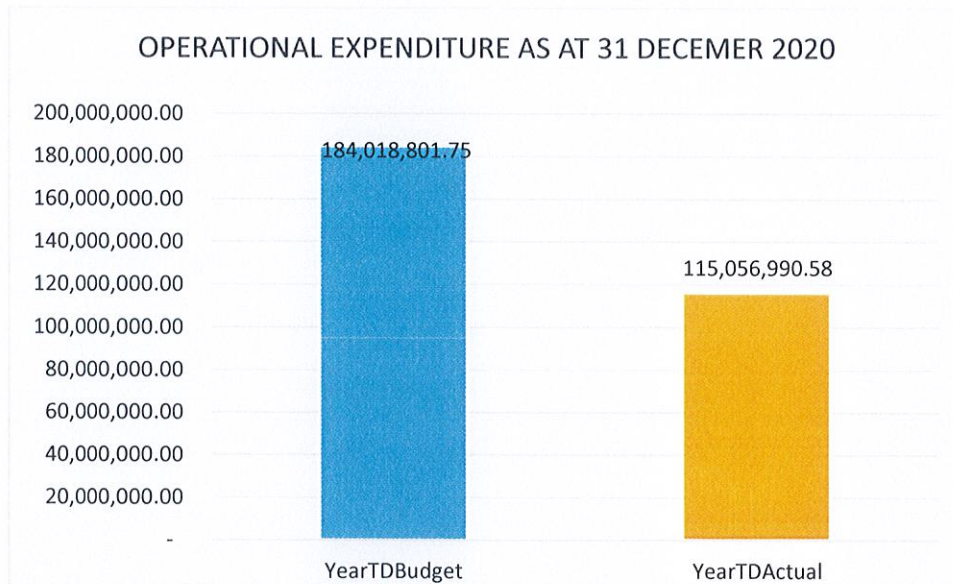
##### REVENUE (Table c2, c4)



The total revenue received for the month of **January 2021** amount to **R10 Million**, and the year to date Actual revenue amount to **R219 Million** in comparison to a year to date budgeted figure of **R221 Million**. There is an unfavorable variance of **R2.8 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 **January 2021** amounts to **R15 Million**, and the year to date actual is **R115 Million** which is reported against a year to date budget of **R184 Million**. There is an unfavorable variance of **R68 Million** due to the following reasons.

1. Employee related cost

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

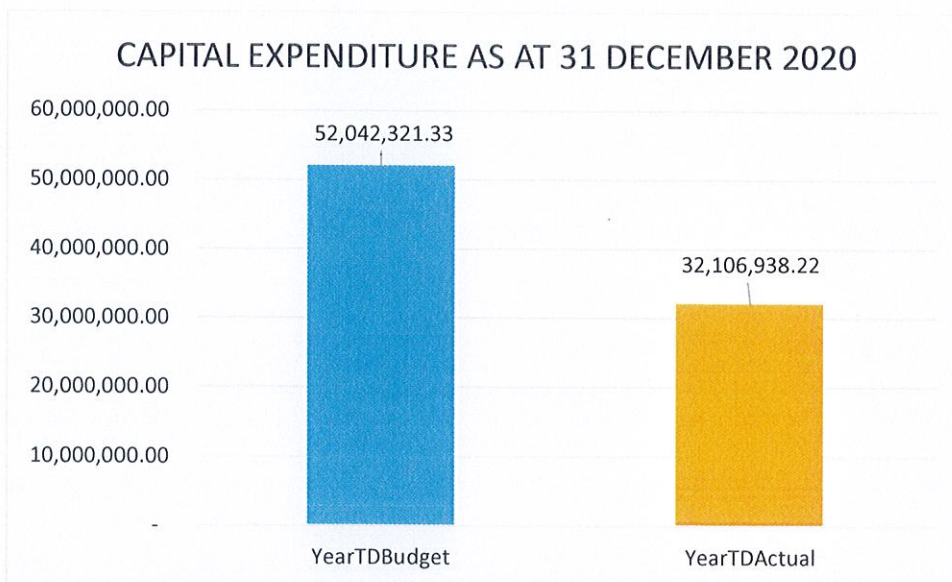
2. Depreciation and assets impairment

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 year to date actual is **R32 Million** which is reported against a year to date budget of **R52 Million**. There is unfavorable variance of **R19 Million** due to non-spending in majority of internal funded project.

### Capital budget as at 31 January 2021

Function	Segment Desc	Total Budget	202101	Total Actual
Administration	Capital Fund Purchase of Furniture (500/3050)	350,000.00	-	24,200.00
Paks & Cemeteries	Capital Fund Landscaping & Greening (425/30)	900,000.00	-	-
Paks & Cemeteries	Compactor Truck	2,000,000.00	-	-
Electricity	Capital Fund Network Design Software	80,000.00	-	-
Electricity	Capital Fund Upgrade Municipal ESKON Suppl	3,000,000.00	-	-
Electricity	Manapyan High Mass Lights	4,000,000.00	-	-
Electricity	Uitvlucht Highmast Light	2,000,000.00	-	-
Electricity	Capital Fund Install RMU Cable to Connect Ext	1,300,000.00	-	571,547.80
Electricity	Replace old PEX 11kV Cable from 713 to 561	1,600,000.00	-	-
Electricity	Capital Fund Replace Streetlight Wood Poles	500,000.00	-	-
Electricity	Capital Fund Industrial Substation Second Sup	1,200,000.00	-	1,162,002.86
Electricity	Capital Fund Truck Mounted Crane	950,000.00	-	-
Electricity	Tool sets	50,000.00	-	-
Health General Services	Sanitising Equipment	150,000.00	-	-
Housing and Building	Capital Fund Air Conditioning	100,000.00	-	-
Human Resources	Shredding Machine and Recording System	90,000.00	-	-
Information Technology (ICT)	Capital Fund Purchase of routers and wireless	100,008.00	-	40,917.00
Information Technology (ICT)	Purchase of UPS	100,000.00	-	-
Information Technology (ICT)	Capital Fund ICT Computers	300,000.00	-	-
Information Technology (ICT)	Capital Fund master tower pole	120,004.00	-	-
Information Technology (ICT)	Capital Fund PURCHASE OF PRINTERS	150,000.00	-	-
Licencing and Traffic	Speed Camera (225/305070)	300,000.00	-	-
Communication	Podium Camera Loud Healing	75,000.00	-	74,030.99
Roads:Roads & Stormwater 1	Mamphokgo Sports Complex	500,000.00	-	343,528.78
Roads:Roads & Stormwater 1	Leeufontein Sports Complex	6,500,000.00	-	-
Roads:Roads & Stormwater 1	Capital Fund Stormwater Extension 6(650/305)	4,000,000.00	-	2,365,655.13
Roads:Roads & Stormwater 2	MAKGATLE	7,075,453.00	-	7,006,610.97
Roads:Roads& Stormwater (650)	Tshikanoshi Sports Complex	5,000,000.00	-	-
Roads:Roads& Stormwater (650)	Regae Bus Route	5,000,000.00	-	-
Roads:Roads& Stormwater (650)	Morarela Internal Road	2,000,000.00	-	-
Roads:Roads& Stormwater (650)	Mohlalaotwane	2,000,000.00	-	-
Roads:Roads& Stormwater (650)	Mabitsi Internal Road	5,000,000.00	-	-
Roads:Roads& Stormwater (650)	Mashemong/Mooihoek Internal Street	7,600,000.00	-	7,397,568.09
Roads:Roads& Stormwater (650)	Malebitsa internal road	8,076,001.00	-	6,814,115.67
Roads:Roads& Stormwater (650)	Phetwane Internal Road (650/305184)	6,969,460.00	-	6,306,760.93
Roads:Roads& Stormwater (650)	Rehabilitation Leeufontein Internal Streets	4,000,000.00	-	-
Roads:Roads& Stormwater (650)	Boreholes	200,000.00	-	-
Roads:Roads& Stormwater (650)	Capital Fund Purchasing of motor grader	3,600,000.00	-	-
		<b>86,935,926.00</b>	-	<b>32,106,938.22</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 **January 2021** 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 **36%** respectively, as at **31 January 2021**.

## 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										
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	212,046	242,320	4,496	175,206	141,353	33,853	24%	242,320
Executive and council		-	2,060	2,060	-	39	1,202	(1,162)	-97%	2,060
Finance and administration		-	209,986	240,260	4,496	175,167	140,151	35,015	25%	240,260
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	264	264	20	140	154	(13)	-9%	264
Community and social services		-	56	56	10	37	32	5	15%	56
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	208	208	10	103	121	(18)	-15%	208
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,285	33,285	-	18	19,416	(19,398)	-100%	33,285
Planning and development		-	47	47	-	18	27	(9)	-34%	47
Road transport		-	33,238	33,238	-	-	19,389	(19,389)	-100%	33,238
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	72,848	72,448	5,917	43,620	42,261	1,359	3%	72,448
Energy sources		-	67,845	67,445	5,457	40,399	39,343	1,056	3%	67,445
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5,003	5,003	460	3,221	2,918	303	10%	5,003
<i>Other</i>	4	-	5,237	5,237	3	81	3,055	(2,974)	-97%	5,237
<b>Total Revenue - Functional</b>	2	-	323,680	353,554	10,436	219,065	206,240	12,826	6%	353,554
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	184,595	186,543	7,169	53,627	108,817	(55,190)	-51%	186,543
Executive and council		-	41,138	41,353	2,865	20,239	24,122	(3,883)	-16%	41,353
Finance and administration		-	143,458	145,190	4,305	33,387	84,694	(51,307)	-61%	145,190
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	21,463	25,113	1,191	9,470	14,649	(5,179)	-35%	25,113
Community and social services		-	9,299	9,449	579	4,246	5,512	(1,267)	-23%	9,449
Sport and recreation		-	2,279	2,329	90	660	1,358	(699)	-51%	2,329
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	5,091	7,841	214	1,925	4,574	(2,649)	-58%	7,841
Health		-	4,794	5,494	307	2,640	3,205	(565)	-18%	5,494
<i>Economic and environmental services</i>		-	23,692	24,525	1,207	9,419	14,306	(4,888)	-34%	24,525
Planning and development		-	11,586	11,729	534	2,975	6,842	(3,867)	-57%	11,729
Road transport		-	12,106	12,796	673	6,443	7,464	(1,021)	-14%	12,796
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	65,375	65,725	4,527	35,528	38,340	(2,811)	-7%	65,725
Energy sources		-	58,859	59,009	4,116	32,606	34,422	(1,816)	-5%	59,009
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,517	6,717	411	2,923	3,918	(995)	-25%	6,717
<i>Other</i>		-	13,405	13,555	984	7,013	7,907	(895)	-11%	13,555
<b>Total Expenditure - Functional</b>	3	-	308,530	315,461	15,078	115,057	184,019	(68,962)	-37%	315,461
<b>Surplus/ (Deficit) for the year</b>		-	15,150	38,093	(4,642)	104,009	22,221	81,788	368%	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) - M07 January

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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates			39,126	39,126	3,344	23,402	22,824	578	3%	39,126
Service charges - electricity revenue			69,370	69,370	5,356	39,554	40,466	(912)	-2%	69,370
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue			5,003	5,003	445	3,115	2,918	197	7%	5,003
Rental of facilities and equipment			190	190	10	219	111	108	97%	190
Interest earned - external investments			324	324	113	725	189	537	284%	324
Interest earned - outstanding debtors			8,263	8,263	489	3,579	4,820	(1,242)	-26%	8,263
Dividends received										
Fines, penalties and forfeits			140	140	3	81	82	(1)	-1%	140
Licences and permits			5,102	5,102			2,976	(2,976)	-100%	5,102
Agency services										
Transfers and subsidies			163,620	193,494		146,865	146,865			193,494
Other revenue			1,161	1,161	675	1,525	677	848	125%	1,161
Gains										
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>292,299</b>	<b>322,173</b>	<b>10,435</b>	<b>219,065</b>	<b>221,928</b>	<b>(2,863)</b>	<b>-1%</b>	<b>322,173</b>
<b>Expenditure By Type</b>										
Employee related costs			97,557	99,057	6,715	49,345	57,783	(8,438)	-15%	99,057
Remuneration of councillors			15,623	15,623	1,113	7,801	9,114	(1,313)	-14%	15,623
Debt impairment			13,987	13,987			8,159	(8,159)	-100%	13,987
Depreciation & asset impairment			54,600	54,600			31,850	(31,850)	-100%	
Finance charges			41	41			24	(24)	-100%	41
Bulk purchases			42,000	42,000	3,516	22,640	24,500	(1,860)	-8%	42,000
Other materials			2,252	2,252	294	6,715	1,314	5,401	411%	2,252
Contracted services			44,323	44,323	1,406	11,135	25,855	(14,721)	-57%	44,323
Transfers and subsidies										
Other expenditure			8,641	43,578	2,035	17,422	25,420	(7,998)	-31%	43,578
Losses										
<b>Total Expenditure</b>			<b>279,024</b>	<b>315,461</b>	<b>15,078</b>	<b>115,057</b>	<b>184,019</b>	<b>(68,962)</b>	<b>-37%</b>	<b>260,861</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (provincial and district)										
(National / Provincial and District)			33,238	33,238			19,389	(19,389)	(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)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>33,238</b>	<b>46,514</b>	<b>(4,643)</b>	<b>104,008</b>	<b>57,298</b>			<b>94,551</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>			<b>33,238</b>	<b>46,514</b>	<b>(4,643)</b>	<b>104,008</b>	<b>57,298</b>			<b>94,551</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>			<b>33,238</b>	<b>46,514</b>	<b>(4,643)</b>	<b>104,008</b>	<b>57,298</b>			<b>94,551</b>
Share of surplus/ (deficit) of associates										
<b>Surplus/ (Deficit) for the year</b>			<b>33,238</b>	<b>46,514</b>	<b>(4,643)</b>	<b>104,008</b>	<b>57,298</b>			<b>94,551</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) - M07 January

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
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	1,055	1,285	-	24	750	(725)	-97%	1,285
Executive and council								-		
Finance and administration			1,055	1,285	-	24	749,590.33	(725)	-97%	1,285
Internal audit								-		
<b>Community and public services</b>		-	825	3,150	-	115	1,838	(1,723)	-94%	3,150
Community and social services			575	2,900		115	1,692	(1,577)	-93%	2,900
Sport and recreation			-			-	-	-		-
Public safety			-			-	-	-		-
Housing			100	100			58,333.33	(58)	-100%	100
Health			150	150			88	(88)	-100%	150
<b>Economic and environmental</b>		-	48,576	69,376	-	30,234	40,469	(10,235)	-25%	69,376
Planning and development								-		
Road transport			48,576	69,376	-	30,234	40,469	(10,235)	-25%	69,376
Environmental protection								-		
<b>Trading services</b>		-	6,860	14,680	-	1,734	8,563	(6,830)	-80%	14,680
Energy sources			6,860	14,680	-	1,734	8,563	(6,830)	-80%	14,680
Water management								-		
Waste water management								-		
Waste management								-		
<b>Other</b>			845	845	-	-	423	(423)	-100%	845
<b>Total Capital</b>	3	-	58,161	89,336	-	32,107	52,042	(19,935)	-38%	89,336
<b>Funded by:</b>										
National Government			42,576	42,576	-	20,518	28,907	(8,388)	-29%	42,576
Provincial Government								-		
District Municipality								-		
<b>Transfers recognised - capital</b>		-	42,576	42,576	-	20,518	28,907	(8,388)	-29%	42,576
<b>Borrowing</b>	6							-		
<b>Internally generated funds</b>			15,585	46,760	-	11,588	23,136	(11,547)	-50%	46,760
<b>Total Capital Funding</b>		-	58,161	89,336	-	32,107	52,042	(19,935)	-38%	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 JANUARY 2021 GL							
Type of Service	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	Total
	202012	202011	202010	202009	202008	202007	
<b>Rates</b>	4724484.55	1683765.28	1618016.87	1625549.08	1568478.13	80702299.58	91,922,593.49
<b>Electricity</b>	5084358.3	283399.36	147631.59	175081.36	108717.32	5669569.02	11,468,756.95
<b>Refuse</b>	569081.89	154485.92	137101.59	133032.23	132331.48	4663052.96	5,789,086.07
<b>Other</b>	1951563.2	786286.44	620452.87	697724.17	578105.45	33553619.38	38,187,751.51
<b>Total</b>	<b>12,329,487.94</b>	<b>2,907,937.00</b>	<b>2,523,202.92</b>	<b>2,631,386.84</b>	<b>2,387,632.38</b>	<b>124,588,540.94</b>	<b>147,368,188.02</b>
Category	202012	202011	202010	202009	202008	202007	Total
<b>Psi</b>	4588.31	2289.56	2286.5	2283.44	2280.39	159002.88	172,731.08
<b>Farms / agri</b>	3363326.54	1448565.82	1408194.84	1414394.12	1381703.06	67830441.04	76,846,625.42
<b>Business</b>	4134398.3	283230.88	251801.63	216901.28	215593.82	7467972.17	12,569,898.08
<b>Churches</b>	21121.55	3645.33	4391.31	5124.88	4335.07	110064.23	148,682.37
<b>Commercial</b>	0	0	0	0	0	29221.64	29,221.64
<b>Domestic</b>	0	0	0	0	0	15873.28	15,873.28
<b>Industrial</b>	947855.07	163281.19	54346.22	207092.34	968.32	6571176.57	7,944,719.71
<b>Municipality</b>	4971.22	199.6	198.4	197.2	196	56680.42	62,442.84
<b>Residential</b>	3802141.81	994329.46	789557.17	777377.85	775120.22	42332735.33	49,471,261.84
<b>School/hosp</b>	51085.14	12395.16	12426.85	8015.73	7435.5	15373.38	106,731.76
<b>Total</b>	<b>12,329,487.94</b>	<b>2,907,937.00</b>	<b>2,523,202.92</b>	<b>2,631,386.84</b>	<b>2,387,632.38</b>	<b>124,588,540.94</b>	<b>147,368,188.02</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 January 2021** amount to **R147 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

There were no Grants received for the month of January 2020,

### 2.5 Councilors allowances and Employee benefit

The employee benefits and councilors allowance for **31 January 2021** is **R6 Million and R1 Million respectively**



## EPHRAIM MOGALE LOCAL MUNICIPALITY

### QUALITY CERTIFICATE

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

- the monthly budget statement

For the month of **January 2021** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act

Print name **Harry Mantaneng Phaahla**

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

Signature 

Date 04-02-2021