

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

30 NOVEMBER 2020

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1.1 Executive summary

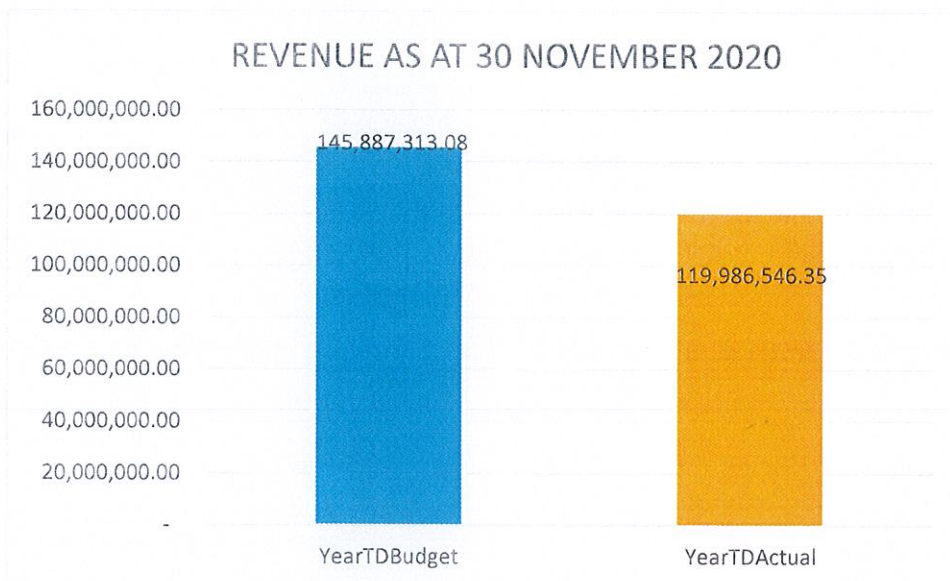
1.1.1 Introduction

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)

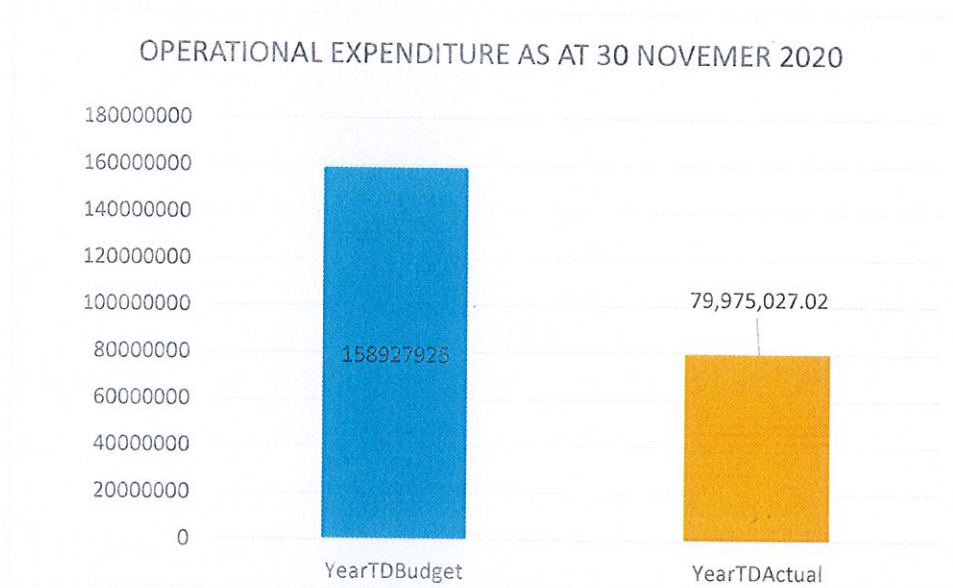
REVENUE (Table c2, c4)



The total revenue received for the month of **November 2020** amount to **R9 Million**, and the year to date Actual revenue amount to **R119 Million** in comparison to a year to date budgeted figure of **R145 Million**. There is a favorable variance of **R25 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 **November 2020** amounts to **R17 Million**, and the year to date actual is **R79.9 Million** which is reported against a year to date budget of **R158 Million**. There is a favorable variance of **R78 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.

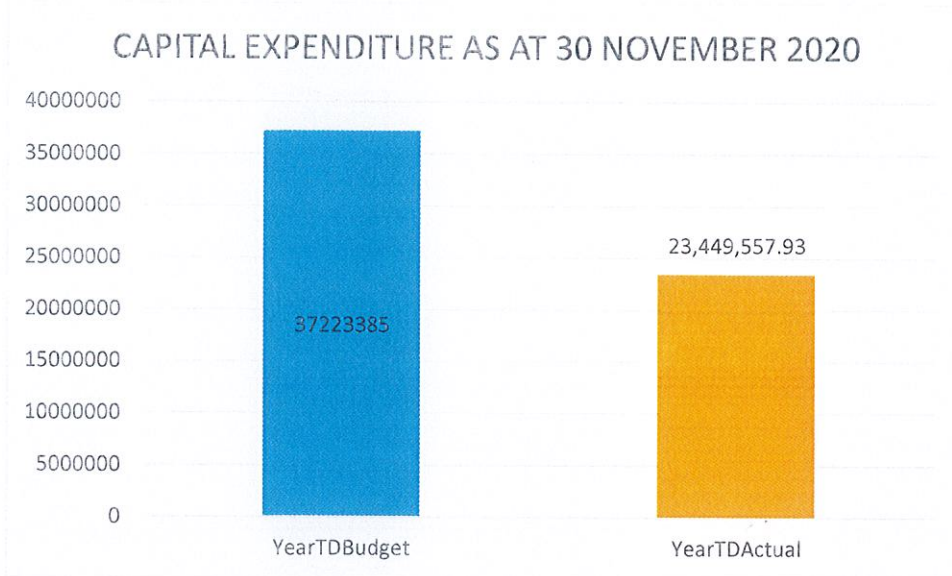
2. Depreciation and assets impairment

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 **November 2020** amounts to **R5 Million** and the year to date actual is **R23.4 Million** which is reported against a year to date budget of **R37 Million**. There is a favorable variance of **R13 Million**.

Capital budget as at 30 November 2020.

Function	SegmentDesc	TotalBudget	TotalActual	RemainingBudget
Administration	Capital Fund Purchase of Furniture (500/305065)	350,000.00	24,200.00	325,800.00
Parks & Cemeteries	Compactor Truck	2,000,000.00	-	2,000,000.00
Parks & Cemeteries	Capital Fund Landscaping & Greening (425/305071)	900,000.00	-	900,000.00
Electricity:Electricity	Tool sets	50,000.00	-	50,000.00
Electricity:Electricity	Capital Fund Truck Mounted Crane	950,000.00	-	950,000.00
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	500,000.00	-	500,000.00
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	Manapanye High Mast Lights	4,000,000.00	-	4,000,000.00
Electricity:Electricity	Capital Fund Upgrade Municipal ESKON Supply	3,000,000.00	-	3,000,000.00
Electricity:Electricity	Capital Fund Network Design Software	80,000.00	-	80,000.00
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 PRINTERS	150,000.00	-	150,000.00
ICT	Capital Fund master tower pole	120,004.00	-	120,004.00
ICT	Capital Fund Purchase of routers and wireless access point	100,008.00	40,917.00	59,091.00
ICT	Capital Fund ICT Computers	300,000.00	-	300,000.00
ICT	Purchase of UPS	100,000.00	-	100,000.00
Licensing and Traffic	Speed Camera (225/305070)	300,000.00	-	300,000.00
Communication	Podium Camera Loud Hearing	75,000.00	74,030.99	969.01
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 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 2	MAKGATLE	8,000,000.00	6,566,801.84	508,651.16
Roads:Roads& Stormwater (650)	Capital Fund Purchasing of motor grader	4,000,000.00	-	3,600,000.00
Roads:Roads& Stormwater (650)	Boreholes	200,000.00	-	200,000.00
Roads:Roads& Stormwater (650)	Morareia 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)	Michlalaotwane	2,000,000.00	-	2,000,000.00
Roads:Roads& Stormwater (650)	Mashemong/Mooibok internal Street	7,600,000.00	7,397,568.09	202,431.91
Roads:Roads& Stormwater (650)	Malebitsa internal road	8,076,001.00	1,575,669.03	6,500,331.97
Roads:Roads& Stormwater (650)	Phetwane internal Road (650/305184)	7,900,100.00	5,546,238.62	1,423,221.38
Roads:Roads& Stormwater (650)	Rehabilitation Leeufontein Internal Streets (650/305180)	4,000,000.00	-	4,000,000.00
Roads:Roads& Stormwater (350)	Tspankosh Sports Complex	5,000,000.00	-	5,000,000.00
GRAND TOTAL:		89,191,113.00	23,449,557.93	63,486,368.07

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 **November 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 **26%** and **25%** respectively, as at **30 November 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										
<i>Governance and administration</i>		-	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		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	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		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	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		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	72,848	72,448	5,454	29,957	30,186	(230)	-1%	72,448
Energy sources		-	67,645	67,445	4,964	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
<i>Other</i>	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										
<i>Governance and administration</i>		-	184,595	186,543	7,427	37,601	77,726	(40,126)	-52%	186,543
Executive and council		-	41,136	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		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	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	54	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	1,580	2,289	(309)	-14%	5,494
<i>Economic and environmental services</i>		-	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)	-58%	11,729
Road transport		-	12,106	12,796	1,925	4,877	5,332	(454)	-9%	12,796
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	65,375	65,725	5,291	23,859	27,385	(3,526)	-13%	65,725
Energy sources		-	58,856	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
<i>Other</i>		-	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)

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	16,714	16,303	412	3%	39,126
Service charges - electricity revenue			69,370	69,370	4,890	27,007	28,904	(1,897)	-7%	69,370
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue			5,003	5,003	445	2,227	2,084	143	7%	5,003
Rental of facilities and equipment			190	190	18	77	79	(2)	-3%	190
Interest earned - external investments			324	324	85	503	135	368	273%	324
Interest earned - outstanding debtors			8,263	8,263	119	2,593	3,443	(850)	-25%	8,263
Dividends received										
Fines, penalties and forfeits			140	140	9	72	69	14	23%	140
Licences and permits			5,102	5,102			2,126	(2,126)	-100%	5,102
Agency services										
Transfers and subsidies			163,620	193,494		69,955	90,000	(20,045)	-22%	193,494
Other revenue			32,541	32,541	155	838	2,764	(1,915)	-70%	32,541
Gains										
Total Revenue (excluding capital transfers and contributions)			323,680	353,554	9,064	119,987	145,887	(25,901)	-18%	353,554
Expenditure By Type										
Employee related costs			97,557	99,057	7,117	34,802	41,274	(6,472)	-16%	99,057
Remuneration of councillors			15,623	15,623	1,116	5,566	6,510	(943)	-14%	15,623
Debt impairment			13,987	13,987			5,828	(5,828)	-100%	13,987
Depreciation & asset impairment										
Finance charges			41	41			17	(17)	-100%	41
Bulk purchases			42,000	42,000	4,890	27,007	17,500	9,507	54%	42,000
Other materials			1,952	1,952	2,113	3,755	813	2,941	362%	1,952
Contracted services			6,734	6,734	2,025	7,126	2,806	4,321	154%	6,734
Transfers and subsidies			158,455	158,455			66,023	(66,023)	-100%	158,455
Other expenditure			1,161	43,578	284	1,719	18,157	(16,438)	-91%	43,578
Losses										
Total Expenditure			337,510	381,427	17,545	79,975	158,928	(78,953)	-50%	381,427
Surplus/(Deficit)			(13,830)	(27,873)	(8,481)	40,012	(13,041)	53,052	(0)	(27,873)

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 M05 November

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										
<i>Governance and administration</i>		–	1,055	1,285	23	139	535	(396)	-74%	1,285
Executive and council								–		
Finance and administration			1,055	1,285	23	139	535	(396)	-74%	1,285
Internal audit								–		
<i>Community and public safety</i>		–	825	3,150	–	–	1,313	(1,313)	-100%	3,150
Community and social services			575	2,900			1,208	(1,208)	-100%	2,900
Sport and recreation			–	–			–	–		–
Public safety			–	–			–	–		–
Housing			100	100			42	(42)	-100%	100
Health			150	150			63	(63)	-100%	150
<i>Economic and environmental services</i>		–	48,576	69,376	5,122	22,148	28,907	(6,758)	-23%	69,376
Planning and development								–		
Road transport			48,576	69,376	5,122	22,148	28,907	(6,758)	-23%	69,376
Environmental protection								–		
<i>Trading services</i>		–	6,860	14,680	–	1,162	6,117	(4,955)	-81%	14,680
Energy sources			6,860	14,680	–	1,162	6,117	(4,955)	-81%	14,680
Water management								–		
Waste water management								–		
Waste management								–		
<i>Other</i>			845	845	–	–	352	(352)	-100%	845
Total Capital Expenditure - Functional Classification	3	–	58,161	89,336	5,145	23,450	37,223	(13,774)	-37%	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 and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Companies, Higher Education)								–		
Transfers recognised - capital		–	42,576	42,576	5,122	22,148	28,907	(6,758)	-23%	42,576
Borrowing	6							–		
Internally generated funds			14,740	37,565	23	1,301	8,317	(7,016)	-84%	37,565
Total Capital Funding		–	57,316	80,141	5,145	23,450	37,223	(13,774)	-37%	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 NOVEMBER 2020 GL							
Type of Service	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	Total
	202011	202010	202009	202008	202007	202006	
Rates	2870603.43	1733185.95	1698618.58	1643921.09	950904.6	80620796.35	89,518,030.00
Electricity	4066822.07	361164.31	192013.75	116572	-84573.27	5770273.06	10,422,271.92
Refuse	377693.87	160104.91	139180.07	136830.19	127805.07	4560535.38	5,502,149.49
Other	398161.2	647149.05	713522.01	582681.88	409048.87	33462374.33	36,212,937.34
Total	7,713,280.57	2,901,604.22	2,743,334.41	2,480,005.16	1,403,185.27	124,413,979.12	141,655,388.75

Category	202011	202010	202009	202008	202007	202006	Total
Psi	2289.56	2286.5	2283.44	2280.39	2271.87	156731.01	158,142.77
Farms / agri	1751665.75	1571879.51	1456913.17	1420133.84	936140.1	67864497.16	75,001,229.53
Business	2336452.4	307944.94	251686.65	251687.87	-98185.03	7597990.51	10,647,577.34
Churches	21184.13	4391.31	5124.88	4335.07	3968.48	106095.75	145,099.62
Commercial	0	0	0	0	-1010.51	30232.15	29,221.64
Domestic	0	0	0	0	-4366.29	20239.57	15,873.28
Industrial	1072563.85	55180.26	207092.34	968.32	149748.34	6391593.37	7,877,146.48
Municipality	2249.49	198.4	197.2	196	-66819.29	123499.71	59,521.51
Residential	2486108.77	947296.45	812021	792968.17	474040.64	42103623.47	47,616,058.50
School/hosp	40766.62	12426.85	8015.73	7435.5	7396.96	19476.42	95,518.08
Total	7,713,280.57	2,901,604.22	2,743,334.41	2,480,005.16	1,403,185.27	124,413,979.12	141,655,388.75

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 November 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 November 2020.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for **30 November 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 **November 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 09-12-2012