

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 August 2018

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1.1 Executive summary

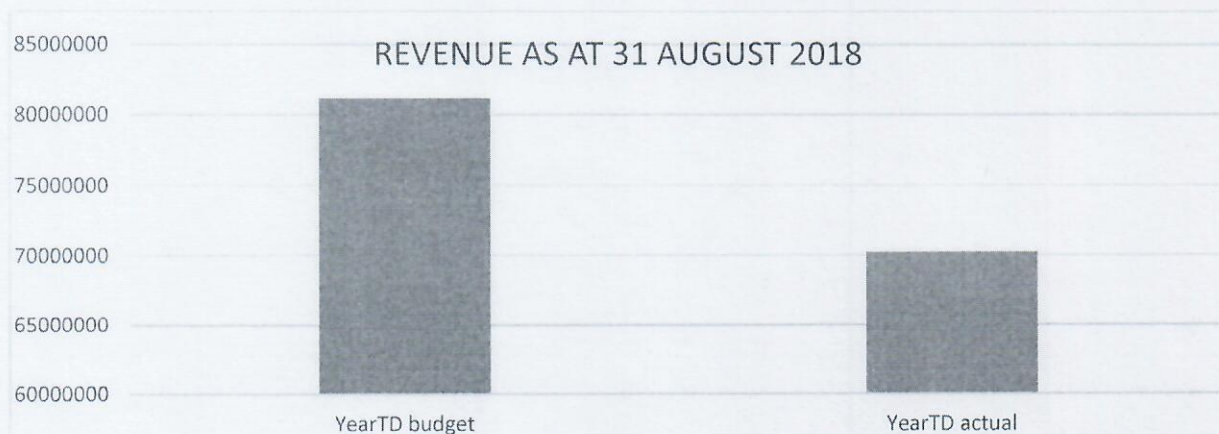
1.1.1 Introduction

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)

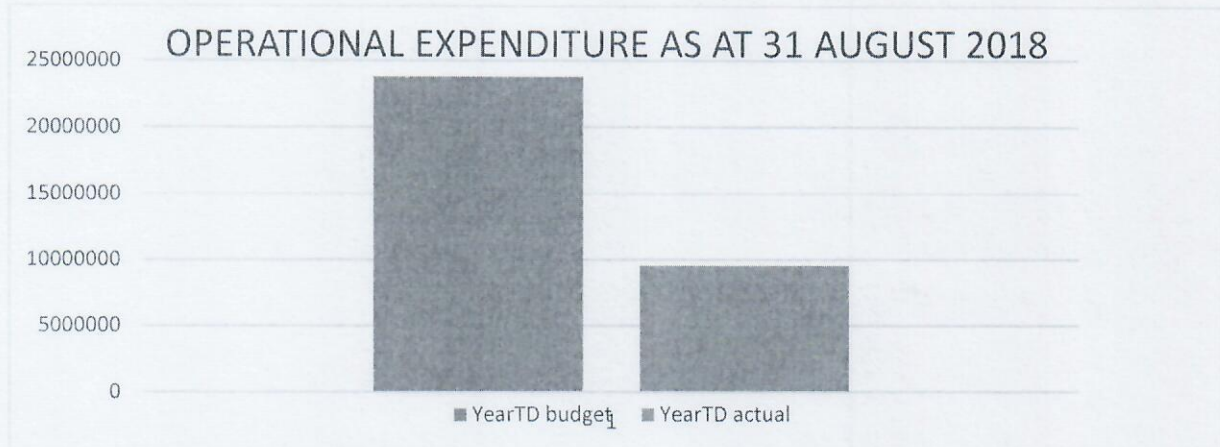


The total revenue received for the month of **August 2018** amount to **R8 Million**, and the year to date revenue amount to **R70 Million** in comparison to a year to date budgeted figure of **R81 Million**. There is a favorable variance of **R10 Million** which is due to the following reasons.

1. Transfer recognized – capital

The municipality is currently recognizing conditional grant such as Municipal Infrastructure Grant as liability which is the requirements if 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 **August 2018** amounts to **R15 Million**, and the year to date actual is **R24 Million** which is reported against a year to date budget of **R47 Million**. There is an unfavorable variance of **R22 Million** due to the following reasons.

1. Employee related cost

This major variance is due to critical vacant posts not yet filled .E.G Senior Manager Infrastructure.

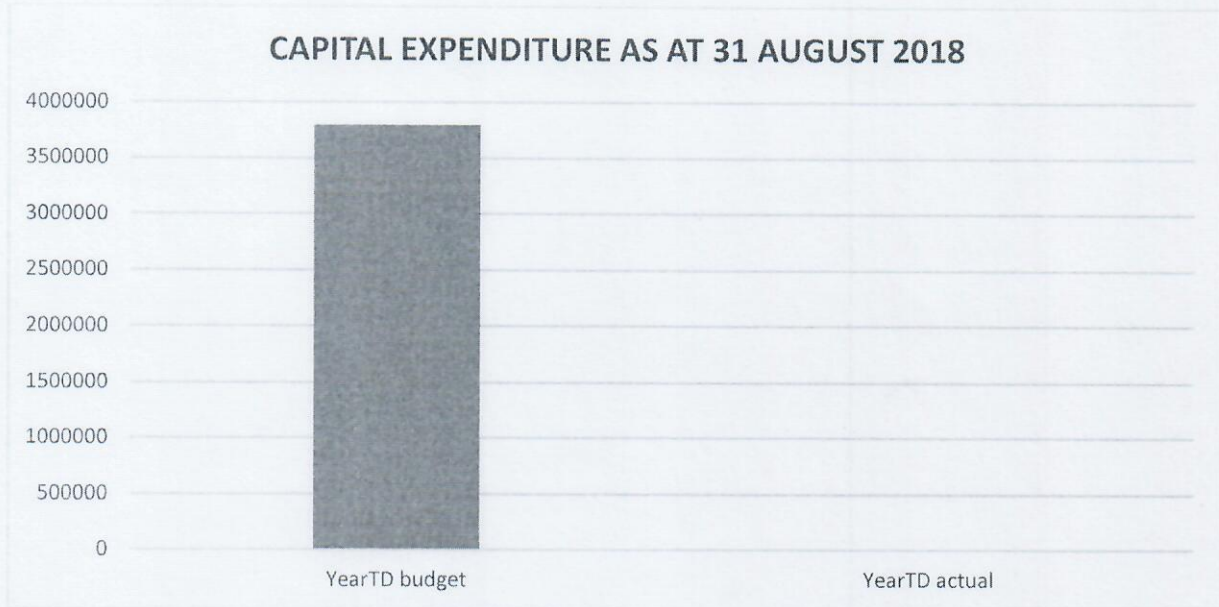
2. Depreciation and assets impairment

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 **August 2018** amounts to **R2.7 Million**, and the year to date actual is **R2.7 Million** which is reported against a year to date budget of **R4,7 Million**. There is an unfavorable variance of **R4.7 Million**

Capital budget as at 31 AUGUST 2018

Function	SegmentDesc	TotalBudget	TotalActual	Remaining Budget
Administration	Purchase Of Water Dispensors	60,000	-	60,000
Administration	Purchase of Furniture (500/305065)	500,004	-	500,004
Paks & Cemeteries	Landscaping & Greening (425/305071)	750,000	-	750,000
Electricity: Electricity	Network Design Software	60,000	-	60,000
Electricity: Electricity	TRANSFORMER REPLACEMENT 500KVA	500,004	-	500,004
Electricity: Electricity	Upgrade Municipal ESKON Supply	3,000,000	-	3,000,000
Electricity: Electricity	Replace PEX Cable in Ext 5	1,500,000	-	1,500,000
Electricity: Electricity	Install RMU Cable to Connect Ext 5&6	849,996	-	849,996
Electricity: Electricity	Truck Mounted Crane	399,996	-	399,996
Fleet Management	TOOLS & EQUIPMENTS	200,004	-	200,004
Housing and Building	Air Conditioning	300,000	-	300,000
(ICT)	Replacement Of Switches	150,000	-	150,000
(ICT)	ICT Computers	120,000	-	120,000
(ICT)	Purchase Of ICT Equipments	39,996	-	39,996
(ICT)	Sound System	69,996	-	69,996
(ICT)	Television	12,996	-	12,996
(ICT)	PURCHASE OF PRINTERS	69,996	-	69,996
Licencing and Traffic	Dashboard Camera	12,000	-	12,000
Licencing and Traffic	Machinery and Equipments	500,000	-	500,000
Roads: Roads & Stormwater	Mamphogo Sports Complex (650/305178)	12,151,228	1,679,572	10,471,656
Roads: Roads & Stormwater	Upgrading Of Letebejane/Ditholong Internal Streets	7,565,141	-	7,565,141
Roads: Roads & Stormwater	Ngwalemong Internal Streets	7,791,947	552,138	7,239,809
Roads: Roads & Stormwater	Mashemong/Mooihoek Internal Street	7,000,683	670,956	6,329,727
Solid Waste Removal	Landfill Site Weighbridge 12M	1,100,004	-	1,100,004
Solid Waste Removal	TIPPER TRUCK	950,004	-	950,004
		45,653,995	2,902,666	42,751,329

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 **August 2018** 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 2018/2019 financial year is **6%** and **8%** respectively, as at **31 August 2018**.

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) - M02 August

Description	Ref	2017/18	Budget Year 2018/19							
		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>		-	187,378	-	2,572	60,216	65,391	(5,175)	-8%	187,378
Executive and council		-	2,345	-	46	106	391	(284)	-73%	2,345
Finance and administration		-	185,033	-	2,525	60,110	65,000	(4,890)	-8%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	400	-	16	38	67	(29)	-44%	400
Community and social services		-	66	-	2	8	11	(3)	-28%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	334	-	14	30	56	(26)	-47%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	32,857	-	2	2	5,476	(5,474)	-100%	32,857
Planning and development		-	34	-	2	2	6	(4)	-67%	34
Road transport		-	32,823	-	-	-	5,471	(5,471)	-100%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	57,955	-	5,589	9,985	9,659	326	3%	57,955
Energy sources		-	53,386	-	5,243	9,292	8,898	394	4%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,568	-	347	693	761	(68)	-9%	4,568
<i>Other</i>	4	-	3,627	-	2	2	604	(603)	-100%	3,627
Total Revenue - Functional	2	-	282,217	-	8,181	70,243	81,197	(10,955)	-13%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		-	176,056	-	7,321	13,529	28,187	(14,658)	-52%	176,056
Executive and council		-	44,552	-	4,021	6,179	7,425	(1,246)	-17%	44,552
Finance and administration		-	131,504	-	3,301	7,350	20,761	(13,412)	-65%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	22,806	-	1,409	2,661	3,801	(1,140)	-30%	22,806
Community and social services		-	9,060	-	582	1,073	1,510	(437)	-29%	9,060
Sport and recreation		-	2,108	-	92	164	351	(187)	-53%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,481	-	435	821	1,247	(426)	-34%	7,481
Health		-	4,157	-	300	604	693	(89)	-13%	4,157
<i>Economic and environmental services</i>		-	20,876	-	1,042	1,911	3,479	(1,568)	-45%	20,876
Planning and development		-	5,458	-	173	300	910	(610)	-67%	5,458
Road transport		-	15,418	-	869	1,612	2,570	(958)	-37%	15,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	59,322	-	4,645	5,066	9,887	(4,821)	-49%	59,322
Energy sources		-	53,386	-	4,251	4,315	8,898	(4,583)	-52%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5,936	-	394	752	989	(237)	-24%	5,936
<i>Other</i>		-	12,140	-	797	1,568	2,023	(455)	-22%	12,140
Total Expenditure - Functional	3	-	291,200	-	15,214	24,736	47,377	(22,641)	-48%	291,200
Surplus/ (Deficit) for the year		-	(8,983)	-	(7,033)	45,507	33,820	11,687	35%	(8,983)

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) - M02 August

Description	Ref	2017/18	Budget Year 2018/19								
		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			37,810			1,607	4,335	6,302	(1,967)	-31%	37,810
Service charges - electricity revenue			50,000			5,241	9,280	8,333	947	11%	50,000
Service charges - water revenue			-			-	-	-	-	-	-
Service charges - sanitation revenue			-			-	-	-	-	-	-
Service charges - refuse revenue			4,232			347	693	705	(12)	-2%	4,232
Service charges - other			-			-	-	-	-	-	-
Rental of facilities and equipment			225			14	26	38	(12)	-32%	225
Interest earned - external investments			9,274			322	622	1,546	(924)	-60%	9,274
Interest earned - outstanding debtors			6,020			595	1,116	1,003	113	11%	6,020
Dividends received			-			-	-	-	-	-	-
Fines, penalties and forfeits			96			5	8	16	(8)	-47%	96
Licences and permits			2,642			2	2	440	(438)	-99%	2,642
Agency services			888			-	-	148	(148)	-100%	888
Transfers and subsidies			133,485			-	54,032	51,225	2,807	5%	133,485
Other revenue			2,918			48	-	486	(486)	-100%	2,918
Gains on disposal of PPE			-			-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			-	247,591	-	8,181	70,115	70,243	(128)	0%	247,591
Expenditure By Type											
Employee related costs			92,789			6,284	11,995	15,465	(3,470)	-22%	92,789
Remuneration of councillors			13,525			996	1,979	2,254	(275)	-12%	13,525
Debt impairment			17,679			-	-	2,946	(2,946)	-100%	17,679
Depreciation & asset impairment			47,700			-	-	7,950	(7,950)	-100%	47,700
Finance charges			448			20	43	75	(32)	-43%	448
Bulk purchases			34,341			4,100	4,100	5,724	(1,624)	-28%	34,341
Other materials			12,214			47	201	2,036	(1,835)	-90%	12,214
Contracted services			12,288			168	610	2,048	(1,438)	-70%	12,288
Transfers and subsidies			2,653			107	207	442	(235)	-53%	2,653
Other expenditure			50,627			3,493	5,602	8,438	(2,836)	-34%	50,627
Loss on disposal of PPE			-			-	-	-	-	-	-
Total Expenditure			-	284,263	-	15,214	24,736	47,377	(22,641)	-48%	284,263
Surplus/(Deficit)			-	(36,672)	-	(7,033)	45,379	22,865	22,514	0	(36,672)
Transfers and subsidies - capital (provincial, national, district)											
(National / Provincial and District)				32,823				5,471	(5,471)	(0)	32,823
(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			-	(3,849)	-	(7,033)	45,379	28,336			(3,849)
Taxation											
Surplus/(Deficit) after taxation			-	(3,849)	-	(7,033)	45,379	28,336			(3,849)
Attributable to minorites											
Surplus/(Deficit) attributable to municipality			-	(3,849)	-	(7,033)	45,379	28,336			(3,849)
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year			-	(3,849)	-	(7,033)	45,379	28,336			(3,849)

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 M02 August										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		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>		-	1,223	-	-	-	204	(204)	-100%	1,223
Executive and council								-		
Finance and administration			1,223				204	(204)	-100%	1,223
Internal audit								-		
<i>Community and public safety</i>		-	1,562	-	-	-	260	(260)	-100%	1,562
Community and social services			750				125	(125)	-100%	750
Sport and recreation								-		
Public safety			512				85	(85)	-100%	512
Housing			300				50	(50)	-100%	300
Health								-		
<i>Economic and environmental services</i>		-	34,509	-	2,903	2,903	5,751	(2,849)	-50%	34,509
Planning and development								-		
Road transport			34,509		2,903	2,903	5,751	(2,849)	-50%	34,509
Environmental protection								-		
<i>Trading services</i>		-	8,360	-	-	-	1,393	(1,393)	-100%	8,360
Energy sources			6,310				1,052	(1,052)	-100%	6,310
Water management								-		
Waste water management			2,050				342	(342)	-100%	2,050
Waste management								-		
<i>Other</i>								-		
Total Capital Expenditure - Functional Classification	3	-	45,654	-	2,903	2,903	7,609	(4,706)	-62%	45,654
Funded by:										
National Government			31,576		2,903	2,903	5,263	(2,360)	-45%	31,576
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		-	31,576	-	2,903	2,903	5,263	(2,360)	-45%	31,576
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds			14,078				2,346	(2,346)	-100%	14,078
Total Capital Funding		-	45,654	-	2,903	2,903	7,609	(4,706)	-62%	45,654

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. (See executive summary for more detail).

1.2.7 Table C7: Monthly Budget Statement - Cash Flow

The municipality cash flow shows a favourable/positive closing balance.

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis

EPHRAIM MOGALE LOCAL MUNICIPALITY FINANCIAL YEAR 2017/18 AGEING REPORT AUGUST 2018 GL							
Type of Service	30 Days 2018/08	60 Days 2018/07	90 Days 2018/06	120 Days 2018/05	150 Days 2018/04	150 Plus 2018/03	Total
Electricity	4808834.34	1063880.56	431299.55	315893.56	267688.36	6090530.56	12,978,126.93
Refuse	292570.6	127090.29	100412.03	95357.73	88944.95	2683318.85	3,387,694.45
Rates	5591317.54	6495175.23	1243423.64	1183881.41	1181459.7	46580931.98	62,276,189.50
Other	1027506.23	1687496.98	556619.4	519830.77	534700.9	16828656.86	21,154,811.14
Total	11,720,228.71	9,373,643.06	2,331,754.62	2,114,963.47	2,072,793.91	72,183,438.25	99,796,822.02
Category	2018/08	2018/07	2018/06	2018/05	2018/04	2018/03	Total
Psi	3816.57	1805.86	1641.74	2688.01	2162.29	92111.21	104,225.68
State	-62882.62	2192.61	2082.65	2082.65	2082.65	68307.93	13,865.87
Farms / agri	7239380.85	1009095.58	1188484.47	1165293.65	1162574.3	44017720.39	55,782,549.24
Business	5212229.84	1562267.54	272820.62	163618.16	136650.99	3899383.95	11,246,971.10
Churches	-30178.41	1667.13	1575.62	1569.98	1564.34	25467.38	1,666.04
Commercial	-1.62	0	0	0	0	29223.26	29,221.64
Domestic	0	0	0	0	-364.33	14892.26	14,527.93
Industrial	804316.2	124340.93	123749.76	129089.13	118112.22	3529149.97	4,828,758.21
Municipality	62021.64	66205.32	49484.32	49601.45	51819.72	492946.63	772,079.08
Residential	-1564672.35	6616031.98	684375.73	601973.74	597853.9	20130386.31	27,065,949.31
School/hosp	59196.75	6456.61	7539.71	6042.3	337.83	6083.62	85,656.82
State Owned	-2998.14	-16420.5	0	-6995.6	0	-122234.66	-148,648.90
Total	11,720,228.71	9,373,643.06	2,331,754.62	2,114,963.47	2,072,793.91	72,183,438.25	99,796,822.02

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 August 2018** amount to **R99.7 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 currently invested R80 Million at a rate of 9.15% over 12 month with VBS Mutual Bank.

2.4 Allocation and grants receipts expenditure

Additional allocations will be received during the month of December 2018.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for August 2018 is R6 Million and R1 Million respectively.



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

I, **Mathebela MM** the municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

for the month of **August 2018** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act

Print name **Mathebela MM**

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

Signature _____

Date 13/09/18