

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 October 2018

Table of content

PART 1- IN-YEAR REPORT

1.1 Executive Summary	2
1.2 In-Year budget statement tables	7

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis	10
2.2 Creditors' Analysis.....	11
2.3 Investment portfolio analysis.....	11
2.4 Allocation and grants receipts expenditure.....	11
2.5 Councilors allowances and Employee benefits.....	11

1.1 Executive summary

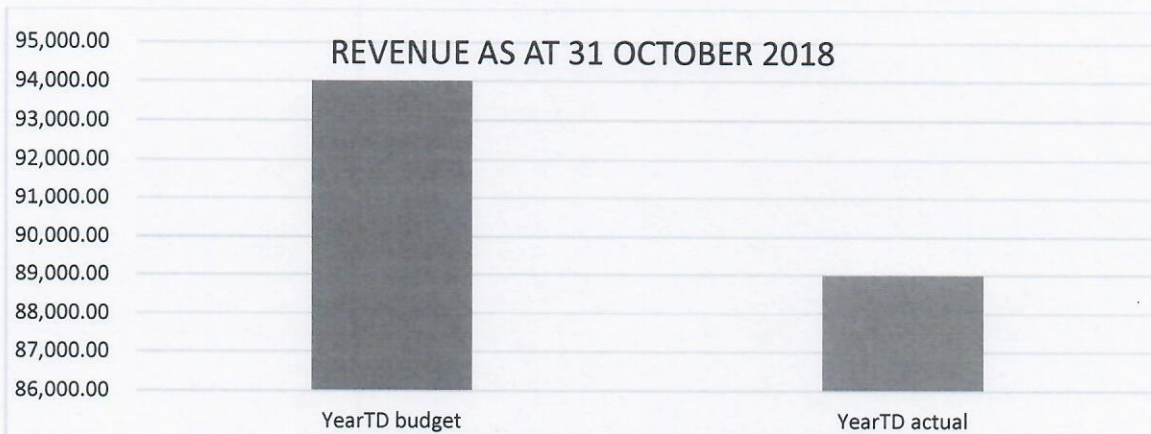
1.1.1 Introduction

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)

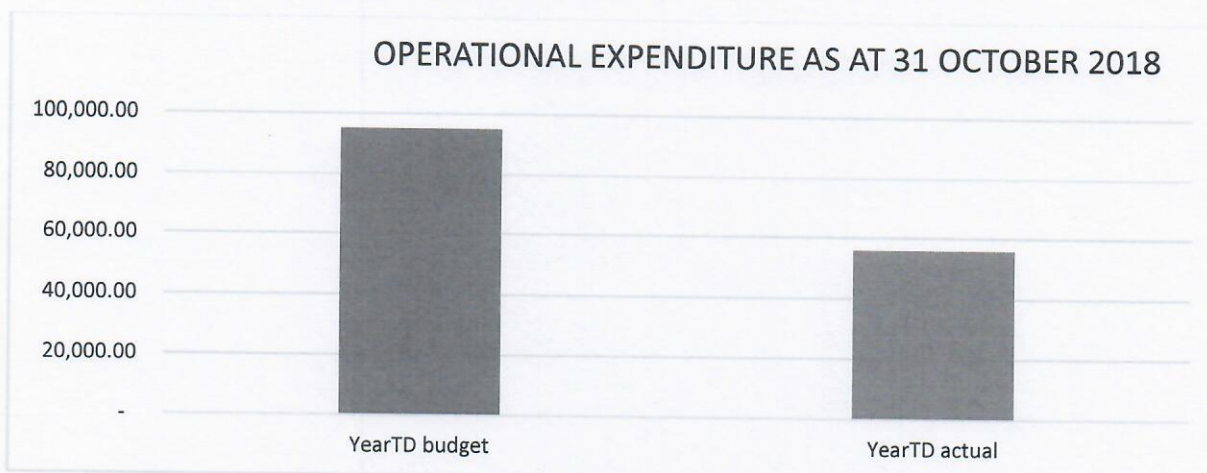


The total revenue received for the month of **October 2018** amount to **R9 Million**, and the year to date revenue amount to **R89 Million** in comparison to a year to date budgeted figure of **R94 Million**. There is a favorable variance of **R4.7 Million** which is due to the following reasons.

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 **October 2018** amounts to **R15 Million**, and the year to date actual is **R55.9 Million** which is reported against a year to date budget of **R94 Million**. There is an unfavorable variance of **R38.7 Million** due to the following reasons.

1. Employee related cost

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

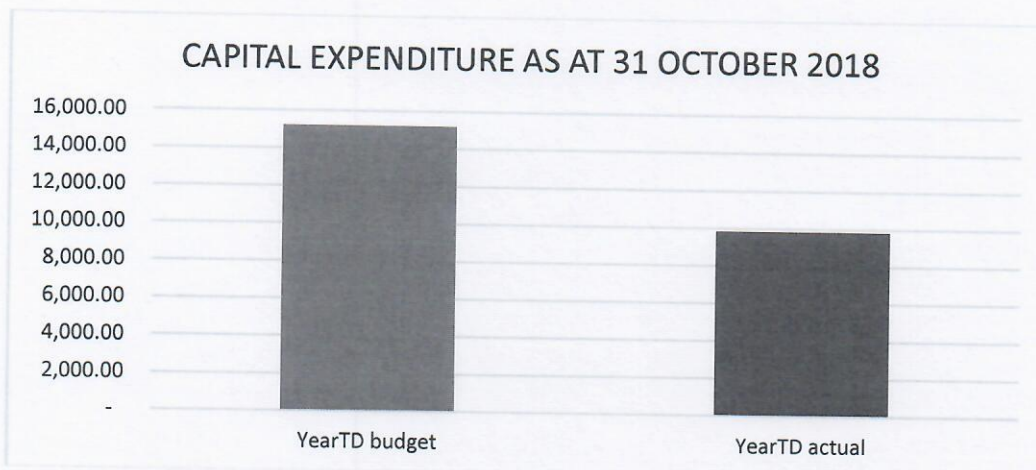
2. Depreciation and assets impairment

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 **October 2018** amounts to **R5.7 Million**, and the year to date actual is **R9.8 Million** which is reported against a year to date budget of **R15 Million**. There is an unfavorable variance of **R5 Million**

Capital budget as at 31 October 2018

Function	SegmentDesc	TotalBudget	Oct-18	Total Actual as at October 2018	Remaining Budget as at October 2018
Administration	Purchase of Furniture (500/305065)	500,004.00	-	-	500,004.00
Administration	Purchase Of Water Dispensors	60,000.00	-	-	60,000.00
Parlours and Crematoriums	Landscaping & Greening (425/305071)	750,000.00	714,400.00	714,400.00	35,600.00
Electricity: Electricity	Install RMU Cable to Connect Ext 5&6	849,996.00	-	-	849,996.00
Electricity: Electricity	Network Design Software	60,000.00	-	-	60,000.00
Electricity: Electricity	Replace PEX Cable in Ext 5	1,500,000.00	-	-	1,500,000.00
Electricity: Electricity	TRANSFORMER REPLACEMENT 500KVA	500,004.00	-	-	500,004.00
Electricity: Electricity	Truck Mounted Crane	399,996.00	-	-	399,996.00
Electricity: Electricity	Upgrade Municipal ESKON Supply	3,000,000.00	-	-	3,000,000.00
Fleet Management: Fleet Mangement	TOOLS & EQUIPMENTS	200,004.00	-	-	200,004.00
Housing: Housing and Building	Air Conditioning	300,000.00	-	-	300,000.00
Information Communication Technology (ICT)	ICT Computers	120,000.00	-	-	120,000.00
Information Communication Technology (ICT)	Purchase Of ICT Equipments	39,996.00	-	18,099.00	21,897.00
Information Communication Technology (ICT)	PURCHASE OF PRINTERS	69,996.00	26,589.90	26,589.90	43,406.10
Information Communication Technology (ICT)	Replacement Of Switches	150,000.00	-	-	150,000.00
Information Communication Technology (ICT)	Sound System	69,996.00	-	-	69,996.00
Information Communication Technology (ICT)	Television	12,996.00	-	-	12,996.00
Licencing and Traffic	Dashboard Camera	12,000.00	-	-	12,000.00
Licencing and Traffic	Machinery and Equipments	500,000.00	286,700.00	286,700.00	213,300.00
Roads & Stormwater	Mamphogo Sports Complex (650/305178)	12,151,228.00	3,023,208.40	4,702,780.09	7,448,447.91
Roads & Stormwater	Ngwalemong Internal Streets	7,791,947.00	1,696,616.97	2,248,754.81	5,543,192.19
Roads & Stormwater	Upgrading Of Letebejane/Ditholong Internal Streets	7,565,141.00	-	-	7,565,141.00
Roads & Stormwater	Leeufontein Sports Complex	-	-	1,181,159.00	- 1,181,159.00
Roads & Stormwater	Mashemong/Mooihoek Internal Street	7,000,683.00	-	670,956.45	6,329,726.55
Solid Waste	Landfill Site Weighbridge 12M	1,100,004.00	-	-	1,100,004.00
Solid Waste	TIPPER TRUCK	950,004.00	-	-	950,004.00
Grand Total		45,653,995.00	5,747,515.27	9,849,439.25	35,804,555.75

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 **October 2018** indicates a favourable/positive closing balance (cash and cash equivalents).

LIM471 Ephraim Mogale - Table C7 Monthly Budget Statement - Cash Flow - M04 October

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										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			30,248		1,634	7,205	10,083	(2,878)	-29%	30,248	
Service charges			43,386		4,475	17,729	14,462	3,267	23%	43,386	
Other revenue			6,769		98	293	2,256	(1,963)	-87%	6,769	
Government - operating			133,485			54,032	44,495	9,537	21%	133,485	
Government - capital			32,823				10,941	(10,941)	-100%	32,823	
Interest			15,294		322	1,640	5,098	(3,458)	-68%	15,294	
Dividends								-			
Payments											
Suppliers and employees			(214,590)		(15,391)	(55,638)	(70,291)	(14,653)	21%	(214,590)	
Finance charges			(448)		(1)	(2)	(112)	(109)	98%	(448)	
Transfers and Grants			(2,653)			(346)	(663)	(317)	48%	(2,653)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	44,315	-	(8,863)	24,913	16,269	(8,644)	-53%	44,315
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE								-			
Decrease (increase) in non-current debtors								-			
Decrease (increase) other non-current receivables								-			
Decrease (increase) in non-current investments								-			
Payments											
Capital assets			(44,654)		(5,748)	(9,849)	(11,413)	(1,564)	14%	(44,654)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(44,654)	-	(5,748)	(9,849)	(11,413)	(1,564)	14%	(44,654)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-			
Borrowing long term/refinancing								-			
Increase (decrease) in consumer deposits								-			
Payments											
Repayment of borrowing			(1,535)				(512)	(512)	100%	(1,535)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(1,535)	-	-	(512)	(512)	100%	(1,535)	
NET INCREASE/ (DECREASE) IN CASH HELD			-	(1,875)	-	(14,610)	15,064	4,344		(1,875)	
Cash/cash equivalents at beginning:			124,746			44,746	124,746			44,746	
Cash/cash equivalents at month/year end:			-	122,871	-	59,810	129,090			42,871	

References

1. Material variances to be explained in Table SC1

1.2.2.5 Conclusion

The total spending on the overall capital and operational budget of 2018/2019 financial year is **9%** and **14%** respectively, as at **31 October 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) - M04 October

Description	Ref	Budget Year 2018/19								
		2017/18 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	-	3,877	15,247	62,459	(47,213)	-76%	187,378
Executive and council		-	2,345	-	52	215	782	(567)	-72%	2,345
Finance and administration		-	185,033	-	3,825	15,032	61,678	(46,646)	-76%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	400	-	17	74	133	(59)	-45%	400
Community and social services		-	66	-	5	16	22	(6)	-28%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	334	-	12	58	111	(53)	-48%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	32,857	-	2	17	10,952	(10,935)	-100%	32,857
Planning and development		-	34	-	2	17	11	6	51%	34
Road transport		-	32,823	-	-	-	10,941	(10,941)	-100%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	57,955	-	5,276	19,993	19,318	674	3%	57,955
Energy sources		-	53,386	-	4,911	18,566	17,795	771	4%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,568	-	365	1,426	1,523	(96)	-6%	4,568
<i>Other</i>	4	-	3,627	-	13	27	1,209	(1,182)	-98%	3,627
Total Revenue - Functional	2	-	282,217	-	9,185	35,358	94,072	(58,715)	-62%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		-	176,056	-	8,585	30,170	58,685	(28,516)	-49%	176,056
Executive and council		-	44,552	-	3,660	13,364	14,851	(1,487)	-10%	44,552
Finance and administration		-	131,504	-	4,925	16,805	43,835	(27,029)	-62%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	22,806	-	1,314	5,148	7,602	(2,454)	-32%	22,806
Community and social services		-	9,060	-	582	2,270	3,020	(750)	-25%	9,060
Sport and recreation		-	2,108	-	181	426	703	(277)	-39%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,481	-	225	1,241	2,494	(1,253)	-50%	7,481
Health		-	4,157	-	326	1,211	1,386	(174)	-13%	4,157
<i>Economic and environmental services</i>		-	20,876	-	1,124	4,126	6,959	(2,832)	-41%	20,876
Planning and development		-	5,458	-	228	832	1,819	(987)	-54%	5,458
Road transport		-	15,418	-	896	3,294	5,139	(1,845)	-36%	15,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	59,322	-	3,492	13,374	19,774	(6,401)	-32%	59,322
Energy sources		-	53,386	-	3,121	11,842	17,795	(5,953)	-33%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5,936	-	371	1,531	1,979	(448)	-23%	5,936
<i>Other</i>		-	12,140	-	876	3,169	4,047	(878)	-22%	12,140
Total Expenditure - Functional	3	-	291,200	-	15,392	55,986	97,067	(41,080)	-42%	291,200
Surplus/ (Deficit) for the year		-	(8,983)	-	(6,207)	(20,629)	(2,994)	(17,634)	589%	(8,983)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in the Financial Performance Statement
3. Total Expenditure by functional classification must reconcile to total operating expenditure shown in 'Financial Performance Statement'
4. All amounts must be classified under a functional classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

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) - M04 October

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			2,951	11,588	12,603	(1,016)	-8%	37,810
Service charges - electricity revenue			50,000			4,898	18,546	16,667	1,880	11%	50,000
Service charges - water revenue			-			-	-	-	-	-	-
Service charges - sanitation revenue			-			-	-	-	-	-	-
Service charges - refuse revenue			4,232			364	1,426	1,411	15	1%	4,232
Service charges - other			-			-	-	-	-	-	-
Rental of facilities and equipment			225			12	51	75	(24)	-32%	225
Interest earned - external investments			9,274			261	1,159	3,091	(1,933)	-63%	9,274
Interest earned - outstanding debtors			6,020			614	2,272	2,007	265	13%	6,020
Dividends received			-			-	-	-	-	-	-
Fines, penalties and forfeits			96			13	25	32	(7)	-23%	96
Licences and permits			2,642	448			2	881	(878)	-100%	2,642
Agency services			888					296	(296)	-100%	888
Transfers and subsidies			133,485				54,032	56,037	(2,005)	-4%	133,485
Other revenue			2,918			73	284	973	(688)	-71%	2,918
Gains on disposal of PPE			-			-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			-	247,591	448	9,185	89,385	94,072	(4,687)	-5%	247,591
Expenditure By Type											
Employee related costs			92,789	9,957		6,185	24,071	30,930	(6,858)	-22%	92,789
Remuneration of councillors			13,525			1,020	4,056	4,508	(452)	-10%	13,525
Debt impairment			17,679			-	-	5,893	(5,893)	-100%	17,679
Depreciation & asset impairment			47,700			-	-	15,900	(15,900)	-100%	47,700
Finance charges			448			1	2	149,197.12	(147)	-98%	448
Bulk purchases			34,341			2,420	10,573	11,447	(874)	-8%	34,341
Other materials			12,214			726	391	4,071	(3,681)	-90%	12,214
Contracted services			12,288			603	2,399	4,096	(1,697)	-41%	12,288
Transfers and subsidies			2,653			-	346	884	(538)	-61%	2,653
Other expenditure			50,627			4,438	14,147	16,876	(2,729)	-16%	50,627
Loss on disposal of PPE			-			-	-	-	-	-	-
Total Expenditure			-	284,263	9,957	15,392	55,986	94,754	(38,768)	-41%	284,263
Surplus/(Deficit)			-	(36,672)	(9,510)	(6,206)	33,399	(682)	34,081	(0)	(36,672)
Transfers and subsidies - capital (in-kind - all)											
(National / Provincial and District)				32,823				10,941	(10,941)	(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)	(9,510)	(6,206)	33,399	10,259			(3,849)
Taxation									-		
Surplus/(Deficit) after taxation			-	(3,849)	(9,510)	(6,206)	33,399	10,259			(3,849)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			-	(3,849)	(9,510)	(6,206)	33,399	10,259			(3,849)
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year			-	(3,849)	(9,510)	(6,206)	33,399	10,259			(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 - Q1 First Quarter										
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	-	18	18	306	(288)	-94%	1,223
Executive and council								-		
Finance and administration			1,223		18	18	306	(288)	-94%	1,223
Internal audit								-		
<i>Community and public safety</i>		-	1,562	-	-	-	391	(391)	-100%	1,562
Community and social services			750				188	(188)	-100%	750
Sport and recreation								-		
Public safety			512				128	(128)	-100%	512
Housing			300				75	(75)	-100%	300
Health								-		
<i>Economic and environmental services</i>		-	34,509	-	-	4,084	5,751	(1,668)	-29%	34,509
Planning and development								-		
Road transport			34,509		-	4,084	5,751	(1,668)	-29%	34,509
Environmental protection								-		
<i>Trading services</i>		-	8,360	-	-	-	2,090	(2,090)	-100%	8,360
Energy sources			6,310				1,578	(1,578)	-100%	6,310
Water management								-		
Waste water management			2,050				513	(513)	-100%	2,050
Waste management								-		
<i>Other</i>								-		
Total Capital Expenditure - Functional Classification	3	-	45,654	-	18	4,102	8,538	(4,436)	-52%	45,654
Funded by:										
National Government			31,576		-	4,084	7,894	(3,810)	-48%	31,576
Provincial Government								-		
District Municipality					-			-		
Other transfers and grants								-		
Transfers recognised - capital		-	31,576	-	-	4,084	7,894	(3,810)	-48%	31,576
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds			14,078		18	18	644	(626)	-97%	14,078
Total Capital Funding		-	45,654	-	18	4,102	8,538	(4,436)	-52%	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 2018/19							
AGEING REPORT OCTOBER 2018 GL							
Type of Service	30 Days 2018/10	60 Days 2018/09	90 Days 2018/08	120 Days 2018/07	150 Days 2018/06	150 Plus 2018/05	Total
<i>Electricity</i>	3733994.02	910774.46	590510.74	520386.28	370310.64	6461119.34	12,587,095.48
<i>Refuse</i>	315052.4	125802.27	113891.65	111043.8	91297	2840430.1	3,597,517.22
<i>Rates</i>	2592084.49	11657957.19	1261986.27	6262866.68	1106396.84	43336552.07	66,217,843.54
<i>Other</i>	609945.2	657975.17	617024.06	1574728.29	547312.81	17783871.76	21,790,857.29
Total	7,251,076.11	13,352,509.09	2,583,412.72	8,469,025.05	2,115,317.29	70,421,973.27	104,193,313.53
Category	2018/10	2018/09	2018/08	2018/07	2018/06	2018/05	Total
<i>Psi</i>	1901.84	15684.82	1789.21	1805.86	1641.74	93422.82	116,246.29
<i>State</i>	2228.53	14518.5	2192.61	2192.61	2082.65	72473.23	95,688.13
<i>Farms / agri</i>	1611680.67	7463552.25	1214068.99	903743.51	1106223.97	41783065.44	54,082,334.83
<i>Business</i>	2399557.34	1410948.76	436211.86	867300.5	240648.37	3762757.48	9,117,424.31
<i>Churches</i>	13219.84	15795.83	1593.04	1587.04	1497.48	28534.84	62,228.07
<i>Commercial</i>	0	0	-1.62	0	0	29223.26	29,221.64
<i>Domestic</i>	0	0	0	0	0	15058.42	15,058.42
<i>Industrial</i>	760141.13	139097.42	133956.31	123378.32	123607.37	3747982.67	5,028,163.22
<i>Municipality</i>	57300	82925.83	60133.23	66205.32	49484.32	598342.55	914,391.25
<i>Residential</i>	2369924.11	4209874.41	731132.53	6514760.65	589997.65	20410789.23	34,826,478.58
<i>School/hosp</i>	35122.65	4079.69	5334.7	4471.74	133.74	7457.35	56,599.87
<i>State Owned</i>	0	-3968.42	-2998.14	-16420.5	0	-127134.02	-150,521.08
Total	7,251,076.11	13,352,509.09	2,583,412.72	8,469,025.05	2,115,317.29	70,421,973.27	104,193,313.53

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 October 2018** amount to **R104 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% 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 October 2018 is R4.1 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 **October 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 14/11/18