

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 July 2018

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1.1 Executive summary

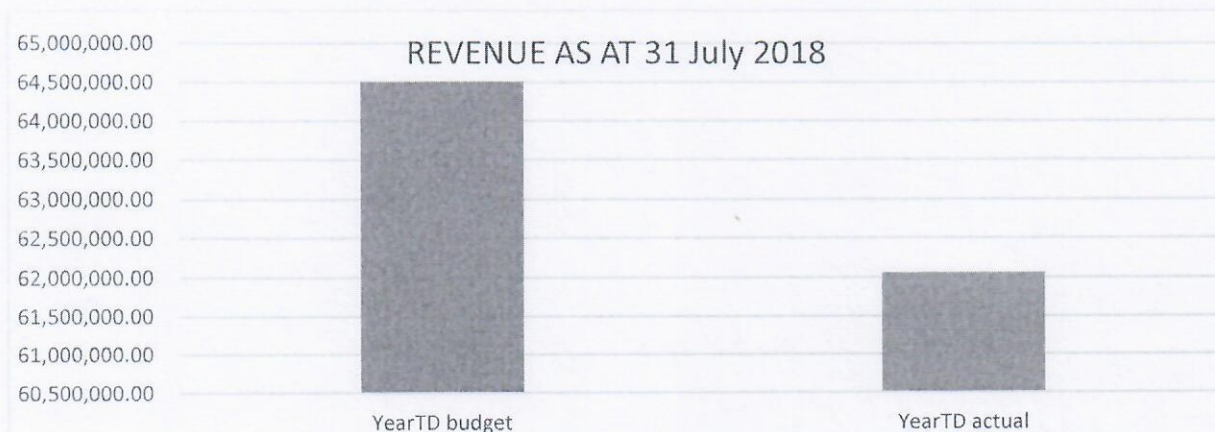
1.1.1 Introduction

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)

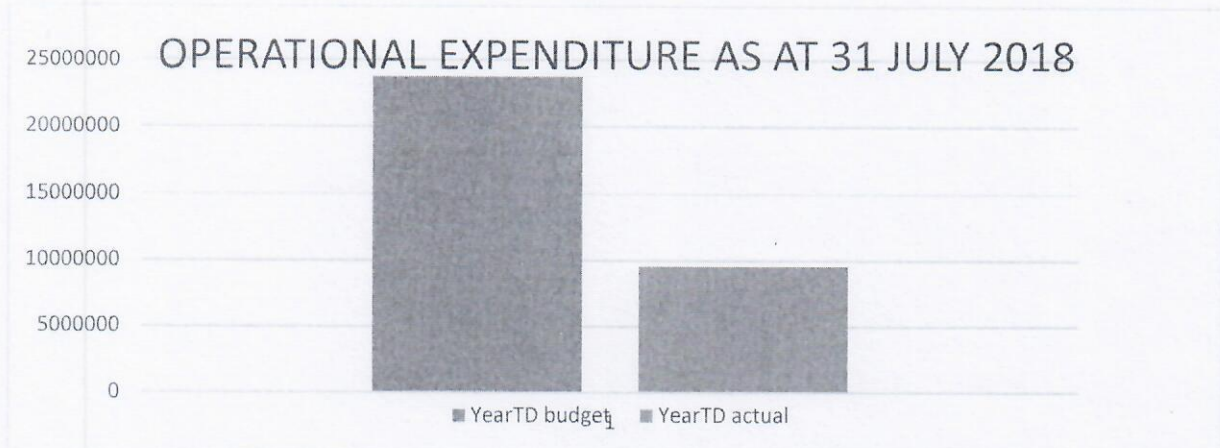


The total revenue received for the month of **July 2018** amounts to **R62 Million**, and the year to date revenue amount to **R62 Million** in comparison to a year to date budgeted figure of **R65 Million**. There is a favorable variance of **R2 Million** which is due to the following reasons.

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 **July 2018** amounts to **R9.5 Million**, and the year to date actual is **R9.5 Million** which is reported against a year to date budget of **R23.7 Million**. There is an unfavorable variance of **R14 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.

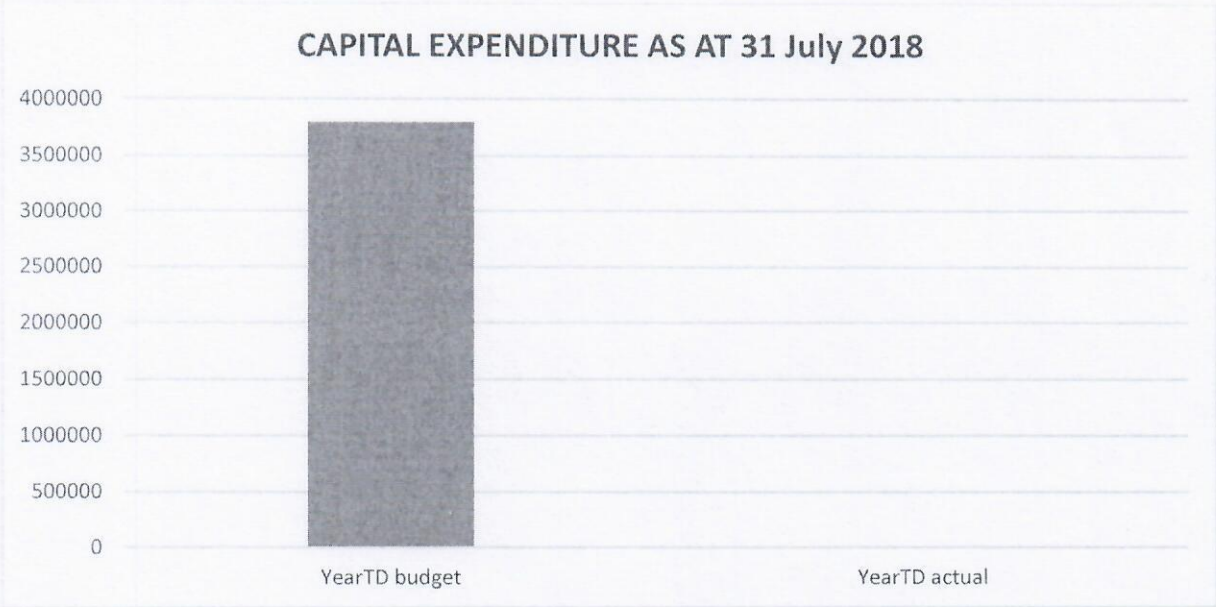
2. Depreciation and assets impairment

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)



There is no spending on Capital expenditure for the month of **July 2018**. Spending will be reported in August 2018 since July 2018 is the beginning on the month.

Capital budget as at July 2018

Function	SegmentDesc	AccTyp	TotalBudget	TotalActual	Remaining Budget
Administration	Purchase of Furniture (500/305065)	A	500,004.00	-	500,004.00
Administration	Purchase Of Water Dispensors	A	60,000.00	-	60,000.00
Paks & Cemeteries	Landscaping & Greening (425/305071)	A	750,000.00	-	750,000.00
Electricity: Electricity	Install RMU Cable to Connect Ext 5&6	A	849,996.00	-	849,996.00
Electricity: Electricity	Network Design Software	A	60,000.00	-	60,000.00
Electricity: Electricity	Replace PEX Cable in Ext 5	A	1,500,000.00	-	1,500,000.00
Electricity: Electricity	TRANSFORMER REPLACEMENT 500KVA	A	500,004.00	-	500,004.00
Electricity: Electricity	Truck Mounted Crane	A	399,996.00	-	399,996.00
Electricity: Electricity	Upgrade Municipal ESKON Supply	A	3,000,000.00	-	3,000,000.00
Fleet Mangement	TOOLS & EQUIPMENTS	A	200,004.00	-	200,004.00
Housing and Building	Air Conditioning	A	300,000.00	-	300,000.00
(ICT)	ICT Computers	A	120,000.00	-	120,000.00
(ICT)	Purchase Of ICT Equipments	A	39,996.00	-	39,996.00
(ICT)	PURCHASE OF PRINTERS	A	69,996.00	-	69,996.00
(ICT)	Replacement Of Switches	A	150,000.00	-	150,000.00
(ICT)	Sound System	A	69,996.00	-	69,996.00
(ICT)	Television	A	12,996.00	-	12,996.00
Licencing and Traffic	Dashboard Camera	A	12,000.00	-	12,000.00
Licencing and Traffic	Machinery and Equipments	A	500,000.00	-	500,000.00
Roads: Roads & Stormwater	Mamphogo Sports Complex (650/305178)	A	12,151,228.00	-	12,151,228.00
Roads: Roads & Stormwater	Ngwalemong Internal Streets	A	7,791,947.00	-	7,791,947.00
Roads: Roads & Stormwater	Upgrading Of Letebejane/Ditholong Internal S	A	7,565,141.00	-	7,565,141.00
Roads: Roads& Stormwater	Mashemong/Mooihoek Internal Street	A	7,000,683.00	-	7,000,683.00
Solid Waste	Landfill Site Weighbridge 12M	A	1,100,004.00	-	1,100,004.00
Solid Waste	TIPPER TRUCK	A	950,004.00	-	950,004.00
			45,653,995.00	-	45,653,995.00

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 **July 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 **0%** and **03%** respectively, as at **31 July 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) - M01 July

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	-	57,644	57,644	15,615	42,030	269%	187,378
Executive and council		-	2,345	-	60	60	195	(135)	-69%	2,345
Finance and administration		-	185,033	-	57,584	57,584	15,419	42,165	273%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	400	-	22	22	33	(12)	-35%	400
Community and social services		-	66	-	6	6	6	0	3%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	334	-	16	16	28	(12)	-43%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	32,857	-	0	0	2,738	(2,738)	-100%	32,857
Planning and development		-	34	-	0	0	3	(3)	-97%	34
Road transport		-	32,823	-	-	-	2,735	(2,735)	-100%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	57,955	-	4,396	4,396	4,830	(434)	-9%	57,955
Energy sources		-	53,386	-	4,049	4,049	4,449	(400)	-9%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,568	-	347	347	381	(34)	-9%	4,568
<i>Other</i>	4	-	3,627	-	4	4	302	(298)	-99%	3,627
Total Revenue - Functional	2	-	282,217	-	62,066	62,066	23,518	38,547	164%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		-	176,056	-	6,207	6,207	14,671	(8,464)	-58%	176,056
Executive and council		-	44,552	-	2,158	2,158	3,713	(1,554)	-42%	44,552
Finance and administration		-	131,504	-	4,049	4,049	10,959	(6,910)	-63%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	22,806	-	1,252	1,252	1,901	(649)	-34%	22,806
Community and social services		-	9,060	-	491	491	755	(264)	-35%	9,060
Sport and recreation		-	2,108	-	72	72	176	(104)	-59%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,481	-	386	386	623	(238)	-38%	7,481
Health		-	4,157	-	304	304	346	(43)	-12%	4,157
<i>Economic and environmental services</i>		-	20,876	-	869	869	1,740	(870)	-50%	20,876
Planning and development		-	5,458	-	288	288	455	(167)	-37%	5,458
Road transport		-	15,418	-	581	581	1,285	(704)	-55%	15,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	59,322	-	422	422	4,944	(4,522)	-91%	59,322
Energy sources		-	53,386	-	64	64	4,449	(4,385)	-99%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5,936	-	358	358	495	(137)	-28%	5,936
<i>Other</i>		-	12,140	-	771	771	1,012	(240)	-24%	12,140
Total Expenditure - Functional	3	-	291,200	-	9,522	9,522	24,267	(14,745)	-61%	291,200
Surplus/ (Deficit) for the year		-	(8,983)	-	52,544	52,544	(749)	53,292	-7119%	(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) - M01 July

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			2,728	2,728	3,151	(423)	-13%	37,810
Service charges - electricity revenue			50,000			4,038	4,038	4,167	(128)	-3%	50,000
Service charges - water revenue			-			-	-	-	-	-	-
Service charges - sanitation revenue			-			-	-	-	-	-	-
Service charges - refuse revenue			4,232			347	347	353	(6)	-2%	4,232
Service charges - other			-			-	-	-	-	-	-
Rental of facilities and equipment			225			16	16	19	(3)	-16%	225
Interest earned - external investments			9,274			300	300	773	(473)	-61%	9,274
Interest earned - outstanding debtors			6,020			521	521	502	19	4%	6,020
Dividends received			-			-	-	-	-	-	-
Fines, penalties and forfeits			96			4	4	8	(4)	-53%	96
Licences and permits			2,642			-	-	220	(220)	-100%	2,642
Agency services			888			-	-	74	(74)	-100%	888
Transfers and subsidies			133,485			54,032	54,032	55,000	(968)	-2%	133,485
Other revenue			2,918			80	80	243	(164)	-67%	2,918
Gains on disposal of PPE			-			-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			-	247,591	-	62,066	62,066	64,509	(2,443)	-4%	247,591
Expenditure By Type											
Employee related costs			92,789			5,711	5,711	7,732	(2,022)	-26%	92,789
Remuneration of councillors			13,525			996	996	1,127	(131)	-12%	13,525
Debt impairment			17,679			-	-	1,473	(1,473)	-100%	17,679
Depreciation & asset impairment			47,700			-	-	3,975	(3,975)	-100%	47,700
Finance charges			448			23	23	37	(15)	-40%	448
Bulk purchases			34,341			-	-	2,862	(2,862)	-100%	34,341
Other materials			12,214			356	356	1,018	(662)	-65%	12,214
Contracted services			12,288			442	442	1,024	(582)	-57%	12,288
Transfers and subsidies			2,653			100	100	221	(121)	-55%	2,653
Other expenditure			50,627			1,894	1,894	4,219	(4,219)	-100%	50,627
Loss on disposal of PPE			-			-	-	-	-	-	-
Total Expenditure			-	284,263	-	9,522	7,627	23,689	(16,061)	-68%	284,263
Surplus/(Deficit)											
Transfers and subsidies - capital (financial institutions)			-	(36,672)	-	52,544	54,438	40,820	13,618	0	(36,672)
(National / Provincial and District)				32,823		-	-	2,735	(2,735)	(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)	-	52,544	54,438	43,555	-	-	(3,849)
Taxation				-		-	-	-	-	-	-
Surplus/(Deficit) after taxation			-	(3,849)	-	52,544	54,438	43,555	-	-	(3,849)
Attributable to minorities				-		-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			-	(3,849)	-	52,544	54,438	43,555	-	-	(3,849)
Share of surplus/ (deficit) of associate				-		-	-	-	-	-	-
Surplus/ (Deficit) for the year			-	(3,849)	-	52,544	54,438	43,555	-	-	(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 (municipal vote, functional classification and funding) - M01 July										
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	-	-	-	102	(102)	-100%	1,223
Executive and council								-		
Finance and administration			1,223				102	(102)	-100%	1,223
Internal audit								-		
<i>Community and public safety</i>		-	1,562	-	-	-	130	(130)	-100%	1,562
Community and social services			750				63	(63)	-100%	750
Sport and recreation								-		
Public safety			512				43	(43)	-100%	512
Housing			300				25	(25)	-100%	300
Health								-		
<i>Economic and environmental services</i>		-	34,509	-	-	-	2,876	(2,876)	-100%	34,509
Planning and development								-		
Road transport			34,509				2,876	(2,876)	-100%	34,509
Environmental protection								-		
<i>Trading services</i>		-	8,360	-	-	-	697	(697)	-100%	8,360
Energy sources			6,310				526	(526)	-100%	6,310
Water management								-		
Waste water management			2,050				171	(171)	-100%	2,050
Waste management								-		
<i>Other</i>								-		
Total Capital Expenditure - Functional	3	-	45,654	-	-	-	3,804	(3,804)	-100%	45,654
Funded by:										
National Government			31,576				2,631	(2,631)	-100%	31,576
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		-	31,576	-	-	-	2,631	(2,631)	-100%	31,576
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds			14,078				1,083	(1,083)	-100%	14,078
Total Capital Funding		-	45,654	-	-	-	3,714	(3,714)	-100%	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 JULY 2018 GL							
Type of Service	30 Days 2018/07	60 Days 2018/06	90 Days 2018/05	120 Days 2018/04	150 Days 2018/03	150 Plus 2018/02	Total
<i>Electricity</i>	4104014.59	547097.8	325890.48	273403.21	280012.27	5922569.01	11,452,987.36
<i>Refuse</i>	310054.3	113875.18	99294.31	95469.19	90600.66	2605042.26	3,314,335.90
<i>Rates</i>	7602318.01	1383040.59	1272771.61	1261849.45	1269998.06	50167125.84	62,957,103.56
<i>Other</i>	1770746.17	571378.4	507769.85	530074.28	462541.7	16607994.08	20,450,504.48
Total	13,787,133.07	2,615,391.97	2,205,726.25	2,160,796.13	2,103,152.69	75,302,731.19	98,174,931.30

Category	2018/07	2018/06	2018/05	2018/04	2018/03	2018/02	Total
<i>Psi</i>	1913.74	1744.24	2790.51	2264.79	2263.65	99573.09	110,550.02
<i>State</i>	2224.46	2113.28	2113.08	2112.89	2112.95	78345.16	89,021.82
<i>Farms / agri</i>	1189846.3	1223550.48	1188364.23	1191025.76	1204302.54	45274905.47	51,271,994.78
<i>Business</i>	3677728.23	383635.57	168236.87	144353.55	160583.02	3810443.15	8,344,980.39
<i>Churches</i>	13324.12	1862.61	1856.97	1851.33	1339.89	32039.25	52,274.17
<i>Commercial</i>	0	0	0	0	0	30651.64	30,651.64
<i>Domestic</i>	0	0	0	-364.33	0	14892.26	14,527.93
<i>Industrial</i>	823490.27	125702.38	129089.14	118112.22	120250.07	3408866.9	4,725,510.98
<i>Municipality</i>	67887.14	49484.32	49601.45	51819.72	50176.64	438100.07	707,069.34
<i>Residential</i>	8020704.13	811126.15	664493.72	645015.95	597970.05	22200252.16	32,939,562.16
<i>School/hosp</i>	9433.28	16172.94	6175.88	4604.25	131.38	5935.74	42,453.47
<i>State Owned</i>	-19418.6	0	-6995.6	0	-35977.5	-91273.7	-153,665.40
Total	13,787,133.07	2,615,391.97	2,205,726.25	2,160,796.13	2,103,152.69	75,302,731.19	98,174,931.30

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 July 2018** amount to **R98 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

The Municipality has receive Equitable share of R54 Million for the month of July 2018.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for July 2018 is R5.7 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 **July 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 14/08/2018