

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 December 2018

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1.1 Executive summary

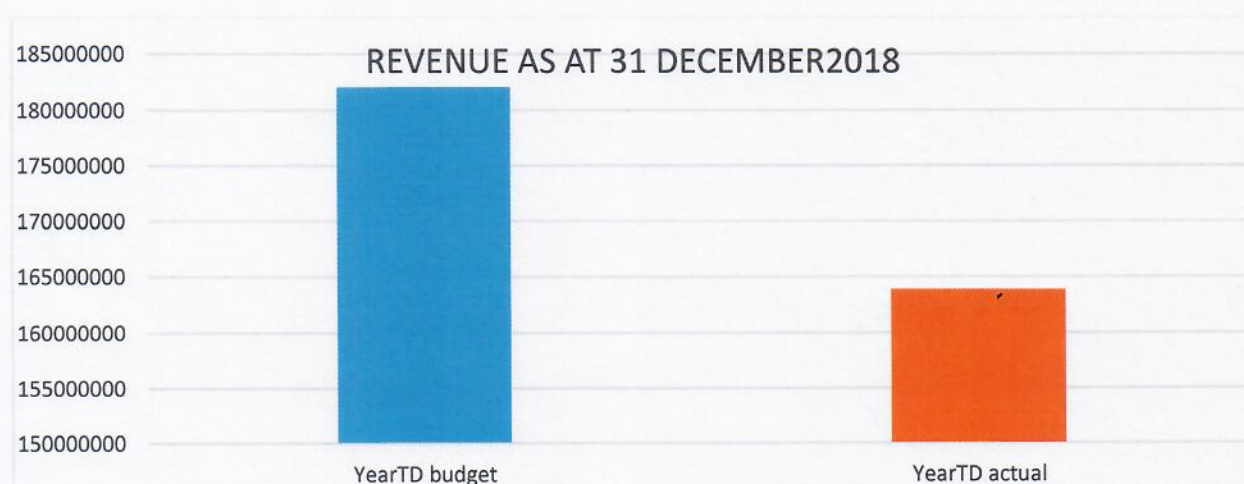
1.1.1 Introduction

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)

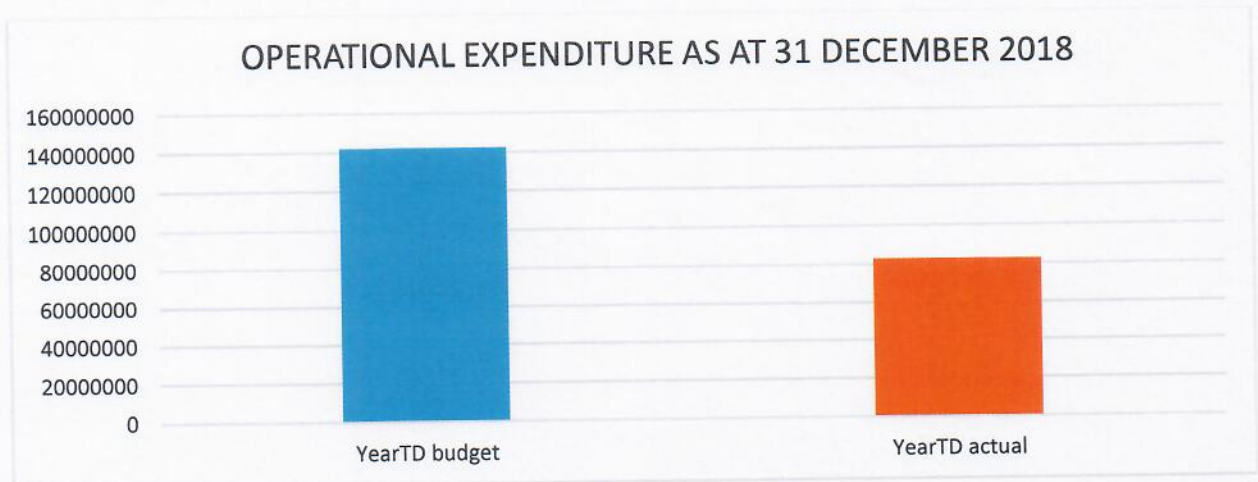


The total revenue received for the month of **December 2018** amount to **R52 Million**, and the year to date revenue amount to **R163 Million** in comparison to a year to date budgeted figure of **R182 Million**. There is an unfavorable variance of **R18 Million** which is due to the following reasons.

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 **December 2018** amounts to **R12 Million**, and the year to date actual is **R82 Million** which is reported against a year to date budget of **R142 Million**. There is an unfavorable variance of **R59 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 during third quarter.

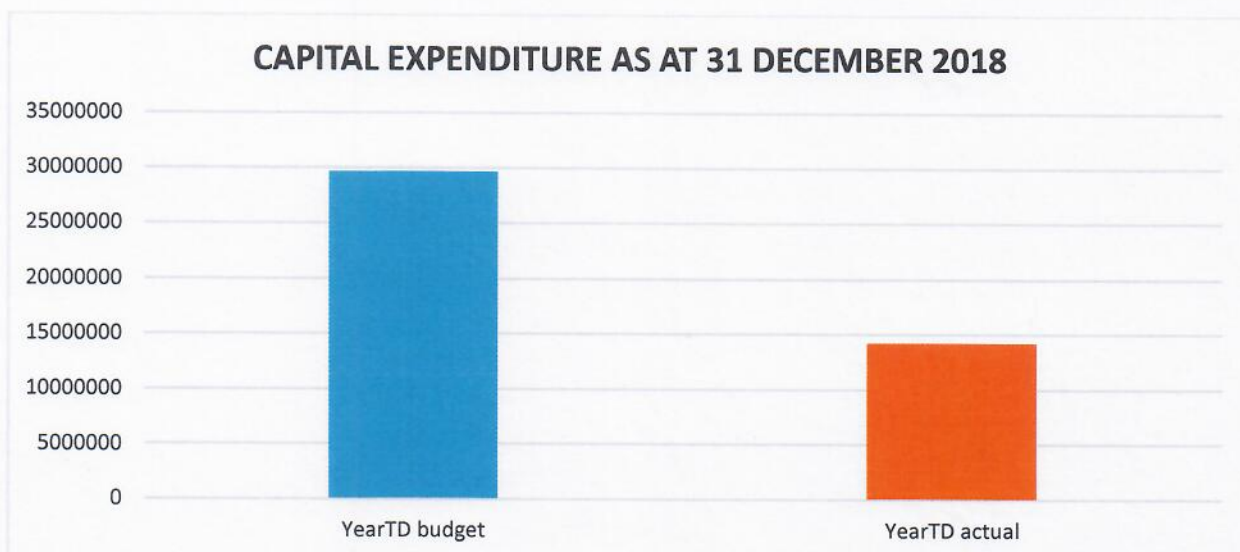
2. Depreciation and assets impairment

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 **December 2018** amounts to **R2.6 Million**, and the year to date actual is **R14 Million** which is reported against a year to date budget of **R29 Million**. There is an unfavorable variance of **R15 Million**.

Capital budget as at 31 December 2018

Function	SegmentDesc	Funding	TotalBudget	TotalActual as at 31 December 2018	RemainingBudget
Administration	Purchase Of Water Dispensors	OWN	60,000.00	30,600.00	29,400.00
Administration	Purchase of Furniture (500/305065)	OWN	500,004.00	64,396.80	435,607.20
Paks & Cemeteries	Landscaping & Greening (425/305071)	OWN	750,000.00	714,400.00	35,600.00
Electricity: Electricity	Network Design Software	OWN	60,000.00	-	60,000.00
Electricity: Electricity	TRANSFORMER REPLACEMENT 500KVA	OWN	500,004.00	-	500,004.00
Electricity: Electricity	Upgrade Municipal ESKON Supply	OWN	3,000,000.00	-	3,000,000.00
Electricity: Electricity	Replace PEX Cable in Ext 5	OWN	1,500,000.00	-	1,500,000.00
Electricity: Electricity	Install RMU Cable to Connect Ext 5&6	OWN	849,996.00	-	849,996.00
Electricity: Electricity	Truck Mounted Crane	OWN	399,996.00	-	399,996.00
Fleet Management: Fleet Mangement	TOOLS & EQUIPMENTS	OWN	200,004.00	-	200,004.00
Housing: Housing and Building	Air Conditioning	OWN	300,000.00	16,000.00	284,000.00
Information Communication Technology (ICT)	Replacement Of Switches	OWN	134,000.00	-	134,000.00
Information Communication Technology (ICT)	Purchase Of ICT Equipments	OWN	39,996.00	18,099.00	21,897.00
Information Communication Technology (ICT)	ICT Computers	OWN	120,000.00	-	120,000.00
Information Communication Technology (ICT)	Television	OWN	12,996.00	-	12,996.00
Information Communication Technology (ICT)	Sound System	OWN	85,996.00	-	85,996.00
Information Communication Technology (ICT)	PURCHASE OF PRINTERS	OWN	69,996.00	26,589.90	43,406.10
Licensing and Regulation: Licencing and Traffic	Machinery and Equipments	OWN	500,000.00	286,700.00	213,300.00
Licensing and Regulation: Licencing and Traffic	Dashboard Camera	OWN	12,000.00	-	12,000.00
Roads: Roads & Stormwater	Mamphogo Sports Complex (650/305178)	MIG	12,151,228.00	7,066,851.89	5,084,376.11
Roads: Roads & Stormwater	Leeufontein Sports Complex	MIG	-	1,181,159.00	(1,181,159.00)
Roads: Roads & Stormwater	Upgrading Of Letebejane/Ditholong Internal Streets	MIG	7,565,141.00	-	7,565,141.00
Roads: Roads & Stormwater	Ngwalemong Internal Streets	MIG	7,791,947.00	4,148,289.37	3,643,657.63
Roads: Roads & Stormwater	Mashemong/Mooihoek Internal Street	MIG	7,000,683.00	670,956.45	6,329,726.55
Solid Waste Removal: Solid Waste	Landfill Site Weighbridge 12M	OWN	1,100,004.00	-	1,100,004.00
Solid Waste Removal: Solid Waste	TIPPER TRUCK	OWN	950,004.00	-	950,004.00
			45,653,995.00	14,224,042.41	31,429,952.59

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 **December 2018** indicates a favourable/positive closing balance (cash and cash equivalents) of R129 Million.

1.2.2.5 Conclusion

The total spending on the overall capital and operational budget of 2018/2019 financial year is **31%** and **29%** respectively, as at **31 December 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) - M06 December

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>		175,419	187,378	-	47,242	120,388	126,045	(5,657)	-4%	187,378
Executive and council		2,094	2,345	-	49	342	1,172	(830)	-71%	2,345
Finance and administration		173,325	185,033	-	47,193	120,046	124,873	(4,826)	-4%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		308	400	-	16	106	200	(94)	-47%	400
Community and social services		52	66	-	4	23	33	(10)	-30%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		256	334	-	12	83	167	(84)	-50%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48,029	32,857	-	9	13,094	25,017	(11,923)	-48%	32,857
Planning and development		28	34	-	9	26	17	9	54%	34
Road transport		48,001	32,823	-	-	13,067	25,000	(11,933)	-48%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		55,016	57,955	-	5,593	30,216	28,977	1,239	4%	57,955
Energy sources		51,107	53,386	-	5,409	28,240	26,693	1,547	6%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,909	4,568	-	184	1,976	2,284	(308)	-13%	4,568
<i>Other</i>	4	-	3,627	-	5	39	1,813	(1,774)	-98%	3,627
Total Revenue - Functional	2	278,773	282,217	-	52,865	163,844	182,053	(18,209)	-10%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		257,918	176,056	-	8,494	46,239	88,028	(41,789)	-47%	176,056
Executive and council		37,980	44,552	-	2,309	19,349	22,276	(2,927)	-13%	44,552
Finance and administration		219,938	131,504	-	6,185	26,890	65,752	(38,862)	-59%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17,277	22,806	-	915	7,406	11,403	(3,997)	-35%	22,806
Community and social services		6,908	9,060	-	369	3,369	4,530	(1,161)	-26%	9,060
Sport and recreation		1,728	2,108	-	72	603	1,054	(451)	-43%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		5,255	7,481	-	237	1,701	3,741	(2,040)	-55%	7,481
Health		3,385	4,157	-	238	1,732	2,078	(346)	-17%	4,157
<i>Economic and environmental services</i>		15,106	20,876	-	1,522	6,811	9,938	(3,127)	-31%	20,876
Planning and development		6,685	5,458	-	209	992	2,729	(1,737)	-64%	5,458
Road transport		8,421	15,418	-	1,313	5,818	7,209	(1,390)	-19%	15,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44,145	53,385	-	804	17,476	26,693	(9,216)	-35%	53,385
Energy sources		39,201	47,449	-	565	15,315	23,725	(8,410)	-35%	47,449
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,944	5,936	-	239	2,161	2,968	(807)	-27%	5,936
<i>Other</i>		10,211	12,140	-	694	4,678	6,070	(1,392)	-23%	12,140
Total Expenditure - Functional	3	344,658	285,263	-	12,429	82,611	142,131	(59,521)	-42%	285,263
Surplus/ (Deficit) for the year		(65,885)	(3,046)	-	40,436	81,233	39,921	41,312	103%	(3,046)

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) - M06 December

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										
Revenue By Source										
Property rates		33,428	37,810		2,946	17,474	18,905	(1,431)	-8%	37,810
Service charges - electricity revenue		43,831	50,000		5,405	28,213	25,000	3,213	13%	50,000
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3,909	4,232		184	1,975	2,116	(141)	-7%	4,232
Service charges - other										
Rental of facilities and equipment		256	225		12	76	113	(36)	-32%	225
Interest earned - external investments		7,712	9,274		366	1,751	4,637	(2,886)	-62%	9,274
Interest earned - outstanding debtors		6,002	6,020		654	3,547	3,010	537	18%	6,020
Dividends received										
Fines, penalties and forfeits		1,010	96		5	37	48	(11)	-23%	96
Licences and permits		3,895	2,642				1,321	(1,321)	-100%	2,642
Agency services			888				444	(444)	-100%	888
Transfers and subsidies		127,358	133,485		43,225	97,257	105,000	(7,743)	-7%	133,485
Other revenue		8,263	2,918		59	446	1,459	(1,013)	-69%	2,918
Gains on disposal of PPE		100								
Total Revenue (excluding capital transfers and contributions)		235,764	247,591	-	52,856	150,777	162,053	(11,276)	-7%	247,591
Expenditure By Type										
Employee related costs		74,433	92,789		4,905	35,067	46,394	(11,327)	-24%	92,789
Remuneration of councillors		13,389	13,525		945	6,002	6,762	(760)	-11%	13,525
Debt impairment		5,785	17,679				8,839	(8,839)	-100%	17,679
Depreciation & asset impairment		47,312	47,700				23,850	(23,850)	-100%	47,700
Finance charges		3,598	448			2	224	(221)	-99%	448
Bulk purchases		30,470	34,341			13,075	17,171	(4,096)	-24%	34,341
Other materials		5,565	12,214		1,175	2,525	6,107	(3,582)	-59%	12,214
Contracted services		14,552	12,288		2	2,889	6,144	(3,255)	-53%	12,288
Transfers and subsidies		2,571	2,653			368	1,327	(959)	-72%	2,653
Other expenditure		141,199	50,627		5,402	22,681	25,314	(2,632)	-10%	50,627
Loss on disposal of PPE										
Total Expenditure		338,873	284,263	-	12,429	82,611	142,131	(59,521)	-42%	284,263
Surplus/(Deficit)										
Transfers and subsidies - capital (in-kind - all)		(103,109)	(36,672)		40,427	68,166	19,921	48,244	0	(36,672)
(National / Provincial and District)		43,008	32,823			13,067	20,000	(6,933)	(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		(60,100)	(3,849)	-	40,427	81,233	39,921			(3,849)
Taxation										
Surplus/(Deficit) after taxation		(60,100)	(3,849)	-	40,427	81,233	39,921			(3,849)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(60,100)	(3,849)	-	40,427	81,233	39,921			(3,849)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(60,100)	(3,849)	-	40,427	81,233	39,921			(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 - M06 December										
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>		869	1,223	-	329	140	510	(370)	-73%	1,223
Executive and council								-		
Finance and administration		869	1,223		329	140	510	(370)	-73%	1,223
Internal audit								-		
<i>Community and public safety</i>		962	1,562	-	-	1,017	651	366	56%	1,562
Community and social services		140	750			714	313	402	129%	750
Sport and recreation								-		
Public safety		796	512			287	213	73	34%	512
Housing		25	300			16	125	(109)	-87%	300
Health								-		
<i>Economic and environmental services</i>		48,248	34,509	-	2,364	13,067	25,000	(11,933)	-48%	34,509
Planning and development								-		
Road transport		48,248	34,509		2,364	13,067	25,000	(11,933)	-48%	34,509
Environmental protection								-		
<i>Trading services</i>		2,029	8,360	-	-	-	3,483	(3,483)	-100%	8,360
Energy sources		2,029	6,310				2,629	(2,629)	-100%	6,310
Water management								-		
Waste water management								-		
Waste management		-	2,050				854	(854)	-100%	2,050
<i>Other</i>								-		
Total Capital Expenditure - Functional Classification	3	52,107	45,654	-	2,693	14,224	29,644	(15,420)	-52%	45,654
Funded by:										
National Government		43,008	31,576		2,364	13,067	25,000	(11,933)	-48%	31,576
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		43,008	31,576	-	2,364	13,067	25,000	(11,933)	-48%	31,576
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds		9,099	14,078		329	1,157	4,644	(3,487)	-75%	14,078
Total Capital Funding		52,107	45,654	-	2,693	14,224	29,644	(15,420)	-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

LIM471 Ephraim Mogale - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

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		1,456	10,363	15,124	(4,761)	-31%	30,248
Service charges		78,163	43,386		4,302	26,782	21,693	5,089	23%	43,386
Other revenue		6,983	6,769		1,133	5,429	3,385	2,044	60%	6,769
Government - operating		172,043	133,485		43,225	97,257	105,000	(7,743)	-7%	133,485
Government - capital			32,823				16,412	(16,412)	-100%	32,823
Interest		10,055	15,294		407	2,383	7,647	(5,265)	-69%	15,294
Dividends							-			
Payments										
Suppliers and employees		270,381	(214,590)		(11,254)	(80,083)	(103,111)	(23,028)	22%	(214,590)
Finance charges		1,715	(448)			(2)	(224)	(221)	99%	(448)
Transfers and Grants			(2,653)		(1,175)	(2,525)	(6,107)	(3,582)	59%	(2,653)
NET CASH FROM/(USED) OPERATING ACTIVITIES		539,341	44,315	-	38,094	59,603	59,818	215	0%	44,315
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1,711				-		-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		51,205	(44,654)		(2,693)	(14,224)	(29,644)	(15,420)	52%	(44,654)
NET CASH FROM/(USED) INVESTING ACTIVITIES		52,916	(44,654)	-	(2,693)	(14,224)	(29,644)	(15,420)	52%	(44,654)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing							-	-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing		1,835	(1,535)				(640)	(640)	100%	(1,535)
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,835	(1,535)	-	-	-	(640)	(640)	100%	(1,535)
NET INCREASE/ (DECREASE) IN CASH HELD		594,092	(1,875)	-	35,401	45,379	29,535			(1,875)
Cash/cash equivalents at beginning:			124,746			83,966	124,746			83,966
Cash/cash equivalents at month/year end:		594,092	122,871			129,346	154,281			82,092

References

The municipality cash flow shows a favourable/positive closing balance Of R129 Million.

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis

EPHRAIM MOGALE LOCAL MUNICIPALITY FINANCIAL YEAR 2018/19 AGEING REPORT DECEMBER 2018 GL							
	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	
Type of Service	2018/12	2018/11	2018/10	2018/09	2018/08	2018/07	Total
Electricity	3620742.33	808596.07	532311.64	521746	575291.09	7116372.92	13,175,060.05
Refuse	167859.68	155583.98	128924.37	113914.75	110070.55	3016850.31	3,693,203.64
Rates	2639806.28	1551284.21	1446573.83	11519319.37	1244501.61	50446008.11	68,847,493.41
Other	1076526.17	590876.76	680010.01	625050.89	629292.05	19781093.38	23,382,849.26
Total	7,504,934.46	3,106,341.02	2,787,819.85	12,780,031.01	2,559,155.30	80,360,324.72	109,098,606.36

Category	2018/12	2018/11	2018/10	2018/09	2018/08	2018/07	Total
Psi	1907.18	1904.19	1901.84	15684.82	1789.21	96870.42	120,057.66
State	2229.31	2228.73	2228.53	14518.5	2192.61	76748.49	100,146.17
Farms / agri	1492131.94	1211702.32	1314790.57	7352290.12	1207330.54	43602877.48	56,181,122.97
Business	2707611.17	384816.9	387161.06	1004098.69	452125.52	4842789.37	9,778,602.71
Churches	14533.49	2239.96	1751.2	15628.92	1593.04	32577.53	68,324.14
Commercial	0	0	0	0	-1.62	29223.26	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	866179.22	507982.64	168528.56	139096.66	133956.31	3994582.72	5,810,326.11
Municipality	52442.3	57823.82	57016.98	82925.83	60133.23	714032.19	1,024,374.35
Residential	2331216.68	931133.51	847977.26	4148504.82	698432.9	27089262.54	36,046,527.71
School/hosp	36683.17	6508.95	6463.85	11251.07	4601.7	7760.58	73,269.32
State Owned	0	0	0	-3968.42	-2998.14	-141458.28	-148,424.84
Total	7,504,934.46	3,106,341.02	2,787,819.85	12,780,031.01	2,559,155.30	80,360,324.72	109,098,606.36

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 December 2018** amount to **R109 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.

2.4 Allocation and grants receipts expenditure

All grants till the month of December 2018 were received. Remaining Grants will be received in March 2019.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for December 2018 is R4.9 Million and R945 Thousand respectively.



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

I, **Lekola M** the Acting municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

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

Print name **Lekola M**

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

Signature 

Date 18/01/2019