

**EPHRAIM MOGALE**



**LOCAL MUNICIPALITY (LIM471)**

Monthly Budget Monitoring Report  
(Section 71 of MFMA)

**30 September 2019**

# Table of content

## PART 1- IN-YEAR REPORT

1.1 Executive Summary .....	2
1.2 In-Year budget statement tables .....	3

## PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis .....	9
2.2 Creditors' Analysis.....	10
2.3 Investment portfolio analysis.....	10
2.4 Allocation and grants receipts expenditure.....	10
2.5 Councilors allowances and Employee benefits.....	10

## 1.1 Executive summary

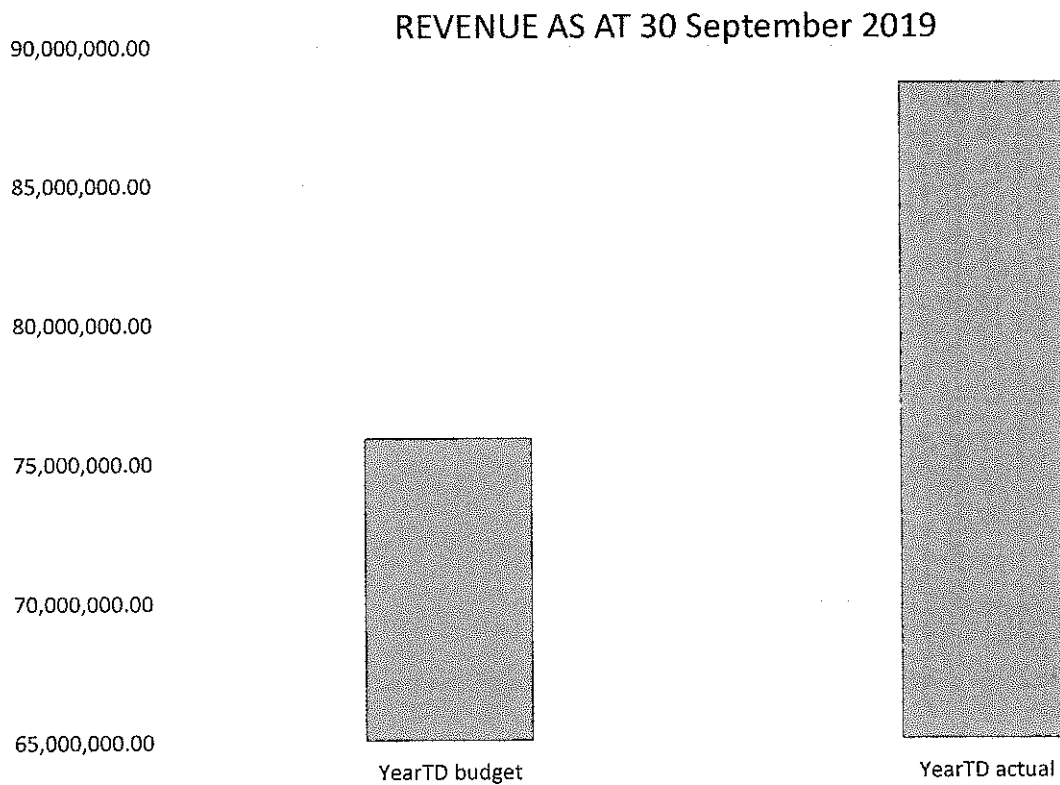
### 1.1.1 Introduction

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)

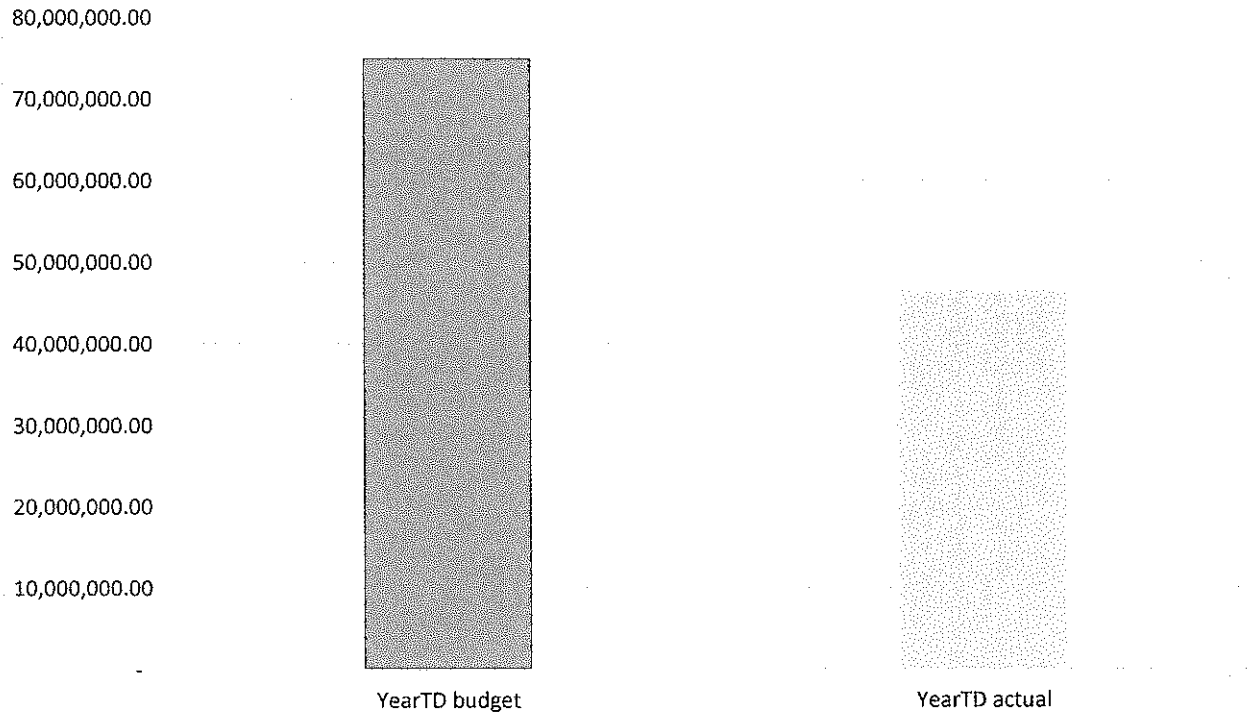


The total revenue received for the month of **September 2019** amount to **R 9.6 Million**, and the year to date revenue amount to **R 88.7 Million** in comparison to a year to date budgeted figure of **R89.9 Million**. There is a favorable variance of **R 1.2 Million** which is due to the following 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)

### OPERATIONAL EXPENDITURE AS AT 30 September 2019



Operating expenditure for the month of **September 2019** amounts to **R18.9 Million**, and the year to date actual is **R46 Million** which is reported against a year to date budget of **R75 Million**. There is an unfavorable variance of **R28.5 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

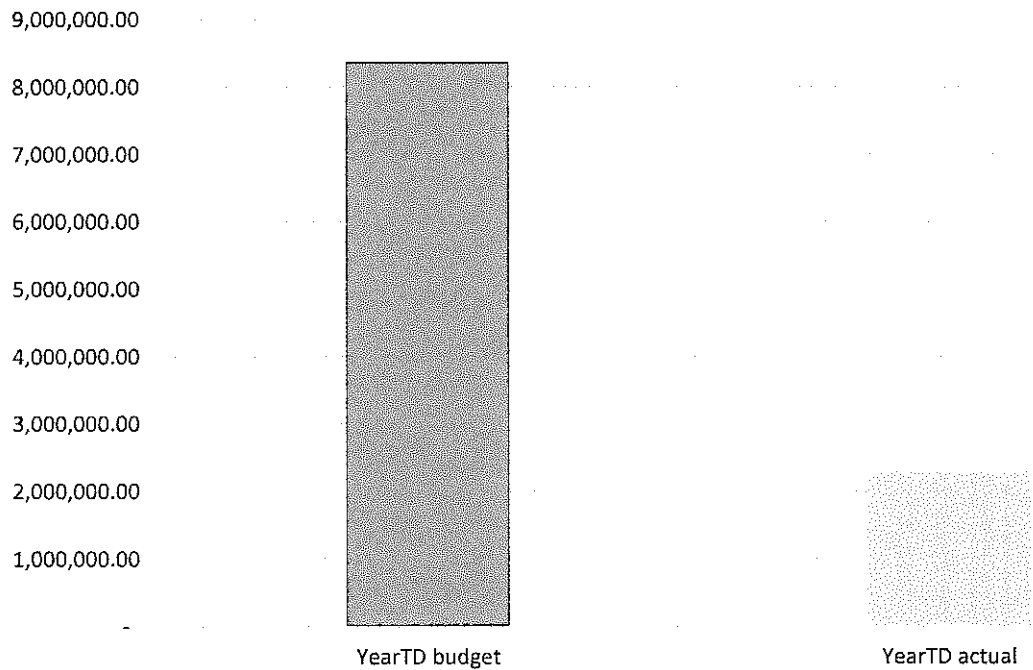
Currently the municipality is accounting for depreciation at year end.

### 3. Debt Impairment

Currently the municipality is accounting for debt impairment at year end

#### 1.1.2.2 CAPITAL EXPENDITURE (Table C5)

##### CAPITAL EXPENDITURE AS AT 30 September 2019



Capital expenditure for the month of **September 2019** amounts to **R2.2 Million**, and the year to date actual is **R2.2 Million** which is reported against a year to date budget of **R8.3 Million**. There is an unfavorable variance of **R6 Million**.

**Capital budget as at 30 September 2019.**

Function	SegmentDesc	TotalBudget	September	TotalActual
Administrative and Corpc	OWN REVENUE Purchase of Furniture (500/305065)	300,000.00	-	-
Cemeteries Funeral Parlo	OWN REVENUE Landscaping & Greening (425/305071)	500,004.00	-	-
Cemeteries Funeral Parlo	OWN REVENUE Lawnmower	200,004.00	-	-
Electricity: Electricity	OWN REVENUE Industrial Substation Second Supply F	3,250,008.00	-	-
Electricity: Electricity	OWN REVENUE Upgrade Municipal ESKON Supply	2,000,004.00	-	-
Electricity: Electricity	OWN REVENUE Replace PEX Cable in Ext 5	750,000.00	-	-
Electricity: Electricity	OWN REVENUE Replace Streetlight Wood Poles at Ma	200,004.00	-	-
Electricity: Electricity	OWN REVENUE Replace 50 kWh Meters	100,008.00	-	-
Finance: Finance	OWN REVENUE CASH COUNTING MACHINES	60,000.00	-	-
Finance: Finance	OWN REVENUE Money-safe	10,008.00	-	-
Housing: Housing and Bui	OWN REVENUE Air Conditioning	100,008.00	-	-
Information Technology:	OWN REVENUE Community wifi	1,000,008.00	-	-
Information Technology:	OWN REVENUE ICT Computers	180,000.00	-	-
Information Technology:	OWN REVENUE PURCHASE OF PRINTERS	130,008.00	-	-
Information Technology:	OWN REVENUE Purchase of routers and wireless acce	100,008.00	-	-
Information Technology:	OWN REVENUE master tower pole	95,004.00	-	-
Information Technology:	OWN REVENUE Purchase Of ICT Equipments	77,004.00	-	-
Information Technology:	OWN REVENUE Television	28,008.00	-	-
Licensing and Regulation:	OWN REVENUE Vehicle - Traffic	600,000.00	-	-
Roads: Roads & Stormwat	OWN REVENUE Stormwater Extension 6(650/305147)	6,000,000.00	-	445,859.21
Roads: Roads & Stormwat	MIG Malebitsa Internal Streets	7,500,000.00	-	814,590.30
Roads: Roads& Stormwat	MIG Mashemong/Mooihoek Internal Stree	8,768,304.00	-	226,824.15
Roads: Roads& Stormwat	MIG Phetwane Internal Road (650/305184	8,384,160.00	-	561,529.49
Roads: Roads& Stormwat	MIG Malebitsa internal road	7,384,152.00	-	230,249.57
Roads: Roads& Stormwat	OWN REVENUE Rehabilitation Leeuwfontein Internal	2,500,008.00	-	-
<b>GRAND TOTAL</b>		<b>50,216,712.00</b>		<b>2,279,052.72</b>

### **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 **September 2019** 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 2019/2020 financial year is **5%** and **9%** respectively, as at **30 September 2019**.

## **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) - M03 September

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	198,754	-	4,332	73,408	49,688	23,720	48%	198,754
Executive and council		-	2,287	-	132	228	572	(344)	-60%	2,287
Finance and administration		-	196,467	-	4,200	73,180	49,117	24,064	49%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	237	-	27	68	59	8	14%	237
Community and social services		-	53	-	3	16	13	3	22%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	184	-	24	52	46	6	12%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,496	-	0	7	8,374	(8,367)	-100%	33,496
Planning and development		-	53	-	0	7	13	(6)	-49%	53
Road transport		-	33,443	-	-	-	8,361	(8,361)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	67,465	-	5,233	15,225	16,866	(1,642)	-10%	67,465
Energy sources		-	62,761	-	4,822	13,991	15,690	(1,699)	-11%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,703	-	411	1,233	1,176	57	5%	4,703
<i>Other</i>	<b>4</b>	-	3,815	-	7	27	954	(927)	-97%	3,815
<b>Total Revenue - Functional</b>	<b>2</b>	-	<b>303,766</b>	-	<b>9,598</b>	<b>88,734</b>	<b>75,942</b>	<b>12,792</b>	<b>17%</b>	<b>303,766</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	181,487	-	8,819	22,827	45,372	(22,545)	-50%	181,487
Executive and council		-	47,087	-	3,128	8,300	11,772	(3,472)	-29%	47,087
Finance and administration		-	134,399	-	5,691	14,527	33,600	(19,073)	-57%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	23,565	-	1,596	4,182	5,891	(1,709)	-29%	23,565
Community and social services		-	9,148	-	908	2,072	2,287	(215)	-9%	9,148
Sport and recreation		-	2,264	-	143	316	566	(250)	-44%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,807	-	265	898	1,952	(1,053)	-54%	7,807
Health		-	4,347	-	280	895	1,087	(191)	-18%	4,347
<i>Economic and environmental services</i>		-	20,929	-	1,635	3,856	5,232	(1,377)	-26%	20,929
Planning and development		-	9,368	-	978	1,899	2,342	(443)	-19%	9,368
Road transport		-	11,561	-	657	1,957	2,890	(933)	-32%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	62,249	-	6,021	13,131	15,562	(2,431)	-16%	62,249
Energy sources		-	56,177	-	5,619	11,837	14,044	(2,207)	-16%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,071	-	401	1,293	1,518	(224)	-15%	6,071
<i>Other</i>		-	11,872	-	837	2,522	2,968	(446)	-15%	11,872
<b>Total Expenditure - Functional</b>	<b>3</b>	-	<b>300,102</b>	-	<b>18,907</b>	<b>46,518</b>	<b>75,025</b>	<b>(28,508)</b>	<b>-38%</b>	<b>300,102</b>
<b>Surplus/ (Deficit) for the year</b>		-	<b>3,664</b>	-	<b>(9,309)</b>	<b>42,216</b>	<b>916</b>	<b>41,300</b>	<b>4507%</b>	<b>3,664</b>

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)



LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2018/19	Budget Year 2019/20								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>											
<b>Revenue By Source</b>											
Property rates			37,509		3,106	9,323	9,377	(54)	-1%	37,509	
Service charges - electricity revenue			61,224		4,724	13,691	15,306	(1,615)	-11%	61,224	
Service charges - water revenue			-		-	-	-	-	-	-	
Service charges - sanitation revenue			-		-	-	-	-	-	-	
Service charges - refuse revenue			4,463		397	1,192	1,116	76	7%	4,463	
Rental of facilities and equipment			163		24	46	41	5	12%	163	
Interest earned - external investments			3,685		453	1,431	921	510	55%	3,685	
Interest earned - outstanding debtors			7,463		636	1,999	1,866	133	7%	7,463	
Dividends received			-		-	-	-	-	-	-	
Fines, penalties and forfeits			101		7	26	25	0	2%	101	
Licences and permits			-		1	1	-	1	#DIV/0!	3,345	
Agency services			-		-	-	-	-	-	-	
Transfers and subsidies			148,974		-	60,416	60,416	-	-	148,974	
Other revenue			3,396		250	609	849	(240)	-28%	3,396	
Gains on disposal of PPE			-		-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>			-	266,978	-	9,598	88,733	89,917	(1,184)	-1%	270,323
<b>Expenditure By Type</b>											
Employee related costs			87,715		6,650	19,991	21,929	(1,939)	-9%	87,715	
Remuneration of councillors			14,533		1,082	3,335	3,633	(299)	-8%	14,533	
Debt impairment			13,321		-	-	3,330	(3,330)	-100%	13,321	
Depreciation & asset impairment			52,000		-	-	13,000	(13,000)	-100%	52,000	
Finance charges			365		23	46	91	(45)	-49%	365	
Bulk purchases			42,224		4,445	8,950	10,556	(1,606)	-15%	42,224	
Other materials			1,275		1,014	1,829	319	1,510	474%	1,275	
Contracted services			36,355		4,193	6,167	9,089	(2,921)	-32%	36,355	
Transfers and subsidies			-		-	-	-	-	-	-	
Other expenditure			52,314		1,500	6,201	13,078	(6,578)	-53%	52,314	
Loss on disposal of PPE			-		-	-	-	-	-	-	
<b>Total Expenditure</b>			-	300,102	-	18,907	46,518	75,025	(28,507)	-38%	300,102
<b>Surplus/(Deficit)</b>			-	(33,124)	-	(9,309)	42,214	14,892	27,323	0	(29,779)
Transfers and subsidies - capital (provincial and district)				33,443				5,574	(6,574)	(0)	33,443
(National / Provincial and District)											
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)											
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			-	319	-	(9,309)	42,214	20,465			3,664
Taxation											
<b>Surplus/(Deficit) after taxation</b>			-	319	-	(9,309)	42,214	20,465			3,664
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>			-	319	-	(9,309)	42,214	20,465			3,664
Share of surplus/ (deficit) of associate											
<b>Surplus/ (Deficit) for the year</b>			-	319	-	(9,309)	42,214	20,465			3,664

**1.1.2 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)**

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)

Table c5 indicates capital expenditure budget and performance by vote. (See executive summary For detail explanation on variances)

LIM471 Ephraim Mogale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03

Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		-	2,020	-	-	-	337	(337)	-100%	2,020
Executive and council										
Finance and administration			2,020				337	(337)	-100%	2,020
Internal audit										
<i>Community and public safety</i>		-	800	-	-	-	133	(133)	-100%	800
Community and social services			700				117	(117)	-100%	700
Sport and recreation										
Public safety										
Housing			100				17	(17)	-100%	100
Health										
<i>Economic and environmental services</i>		-	40,537	-	-	2,279	6,756	(4,477)	-66%	40,537
Planning and development										
Road transport			40,537			2,279	6,756	(4,477)	-66%	40,537
Environmental protection										
<i>Trading services</i>		-	6,300	-	-	-	1,050	(1,050)	-100%	6,300
Energy sources			6,300				1,050	(1,050)	-100%	6,300
Water management										
Waste water management										
Waste management										
<i>Other</i>			600				100	(100)	-100%	600
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	-	50,257	-	-	2,279	8,376	(6,097)	-73%	50,257
<b>Funded by:</b>										
National Government			33,443			2,279	6,756	(4,477)	-66%	33,443
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital		-	33,443	-	-	2,279	6,756	(4,477)	-66%	33,443
<b>Borrowing</b>	<b>6</b>									
Internally generated funds			16,814				1,620	(1,620)	-100%	16,814
<b>Total Capital Funding</b>		-	50,257	-	-	2,279	8,376	(6,097)	-73%	50,257

### 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 SEPTEMBER 2019 GL							
Type of Service	30 Days 2019/09	30 Days 2019/08	60 Days 2019/07	90 Days 2019/06	120 Days 2019/05	150 Plus 2019/04	Total
<i>Rates</i>	2744999.94	2755488.52	1565926.02	1353642.09	1361042.32	67187887.89	76,968,986.78
<i>Electricity</i>	2534235.07	3816899.83	500794.73	229587.77	1426566.33	6559339.28	15,067,423.01
<i>Refuse</i>	301,423.75	326975.42	125313.26	95575.63	89536.69	3247052.22	4,185,876.97
<i>Other</i>	1,872,283.22	334328.24	717567.32	495189.92	857262.77	23228432.6	27,505,064.07
<b>Total</b>	<b>7,572,011.56</b>	<b>7,233,692.01</b>	<b>2,909,601.33</b>	<b>2,173,995.41</b>	<b>3,734,408.11</b>	<b>100,222,711.99</b>	<b>120,507,305.11</b>
	7,452,941.98						123,727,350.83

Category	2019/09	2019/08	2019/07	2019/06	2019/05	2019/04	Total
<i>Psi</i>	2021.27	2019.17	2016.7	1921.58	1919.18	125793.6	133,670.23
<i>Farms / agri</i>	1673850.13	1686334.06	1402947.83	1322333.82	1318305.08	55355234.68	61,085,155.47
<i>Business</i>	2892074.04	1867161.83	404290.04	-30878.52	147460.11	5151277.46	7,539,310.92
<i>Churches</i>	2042604	22783.71	4331.72	3793.9	4221.94	73487.59	108,618.86
<i>Commercial</i>	0	0	0	0	0	29221.64	29,221.64
<i>Domestic</i>	0	0	0	0	0	15058.42	15,058.42
<i>Industrial</i>	602954.4	891537.33	140856.88	131963.32	128141.86	5028025.8	6,320,525.19
<i>Municipality</i>	10720.33	7551.79	6157.01	-234	0	16362.38	29,837.18
<i>Residential</i>	2632721.26	2719001.75	926073.27	739594.24	2131046.11	34420436.63	40,936,152.00
<i>School/hosp</i>	31696.08	37302.37	22927.88	5501.07	3313.83	7813.79	76,858.94
<b>Total</b>	<b>4232896.26</b>	<b>7,233,692.01</b>	<b>2,909,601.33</b>	<b>2,173,995.41</b>	<b>3,734,408.11</b>	<b>100,222,711.99</b>	<b>120,507,305.11</b>

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 September 2019** amount to **R123 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

All grants for the month of September 2019 were received.

### 2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for September 2019 is **R6.6 Million** and **R 2 Million** respectively.



## EPHRAIM MOGALE LOCAL MUNICIPALITY

### QUALITY CERTIFICATE

I, Khensani V Sithole the acting municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

For the month of **September 2019** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act

Print name K.V Sithole

Acting Municipal manager of Ephraim Mogale Local Municipality (LIM471)

Signature \_\_\_\_\_

Date 15-10-2019