

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 August 2019

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1.1 Executive summary

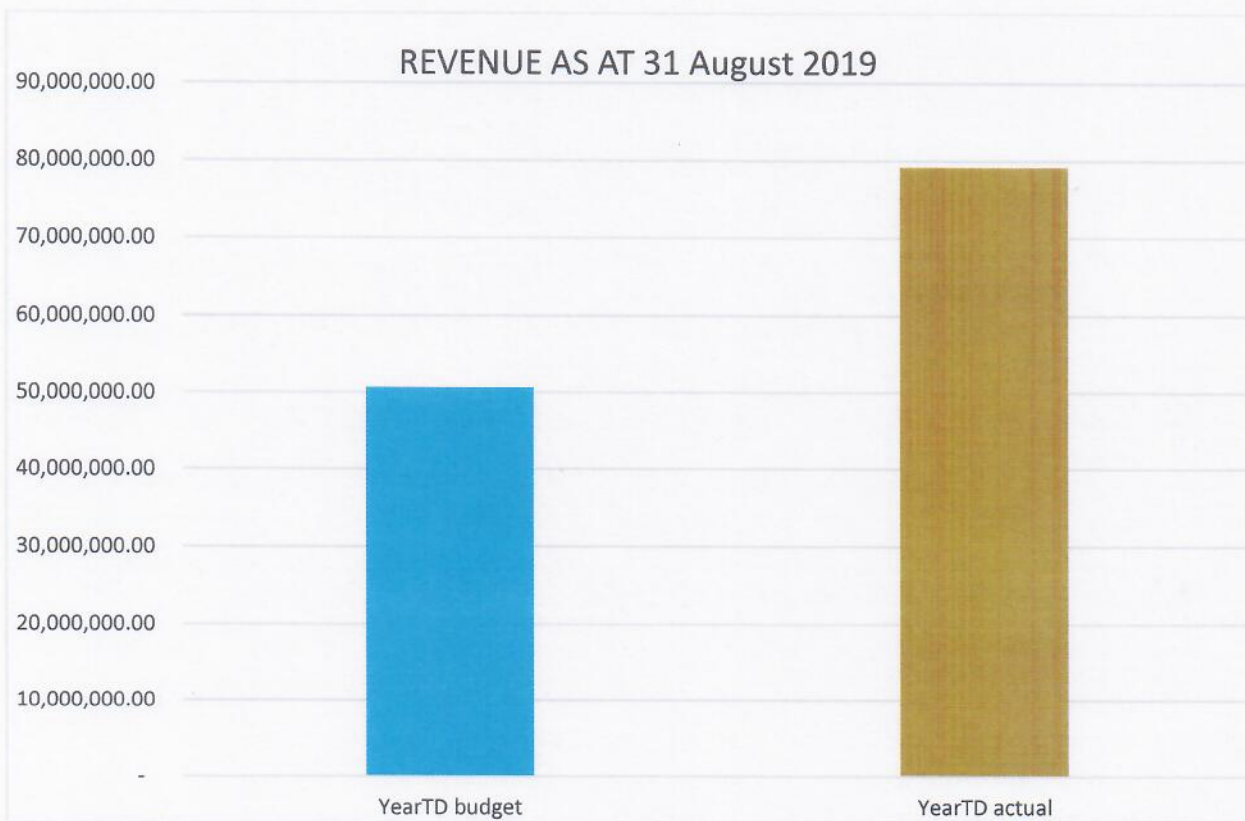
1.1.1 Introduction

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)

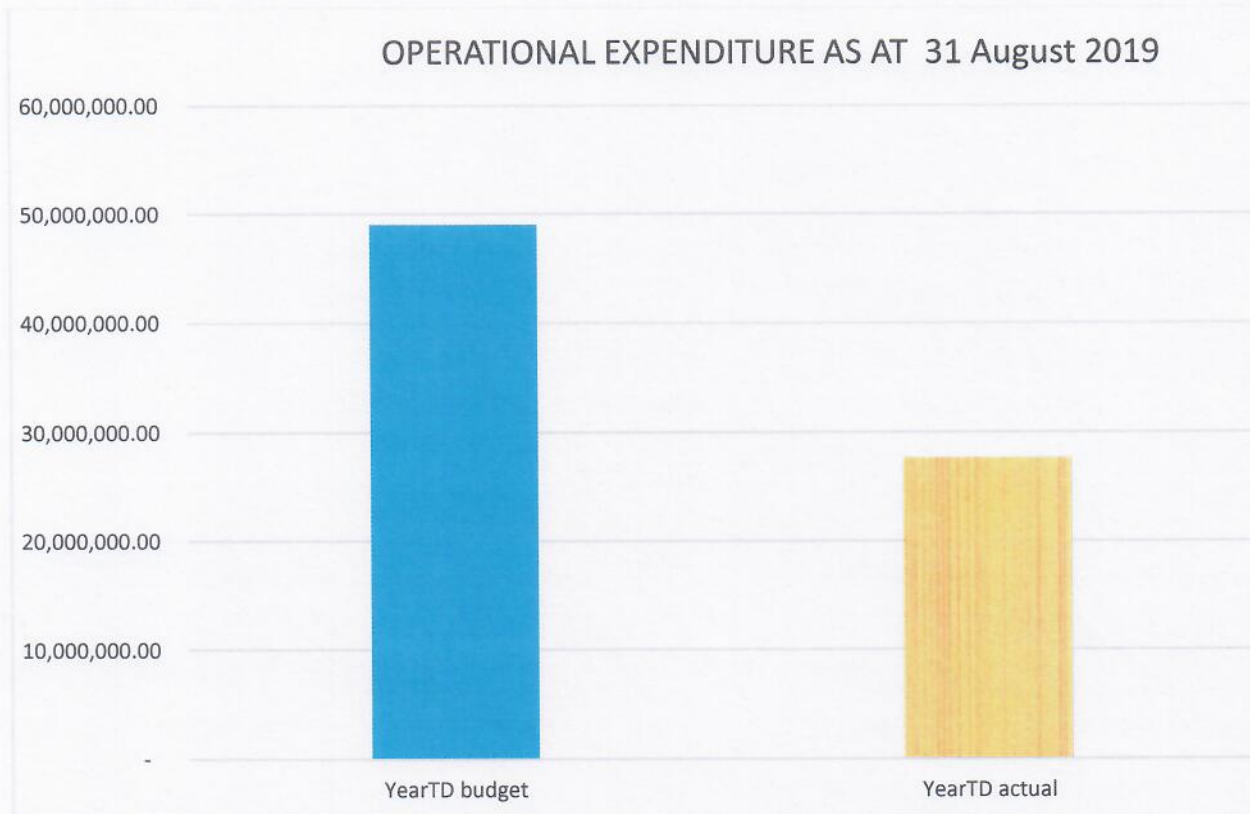
REVENUE (Table c2, c4)



The total revenue received for the month of **August 2019** amount to **R 9.6 Million**, and the year to date revenue amount to **R 79 Million** in comparison to a year to date budgeted figure of **R50 Million**. There is a favorable variance of **R 28.5 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)



Operating expenditure for the month of **August 2019** amounts to **R15 Million**, and the year to date actual is **R27 Million** which is reported against a year to date budget of **R49 Million**. There is an unfavorable variance of **R21 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.

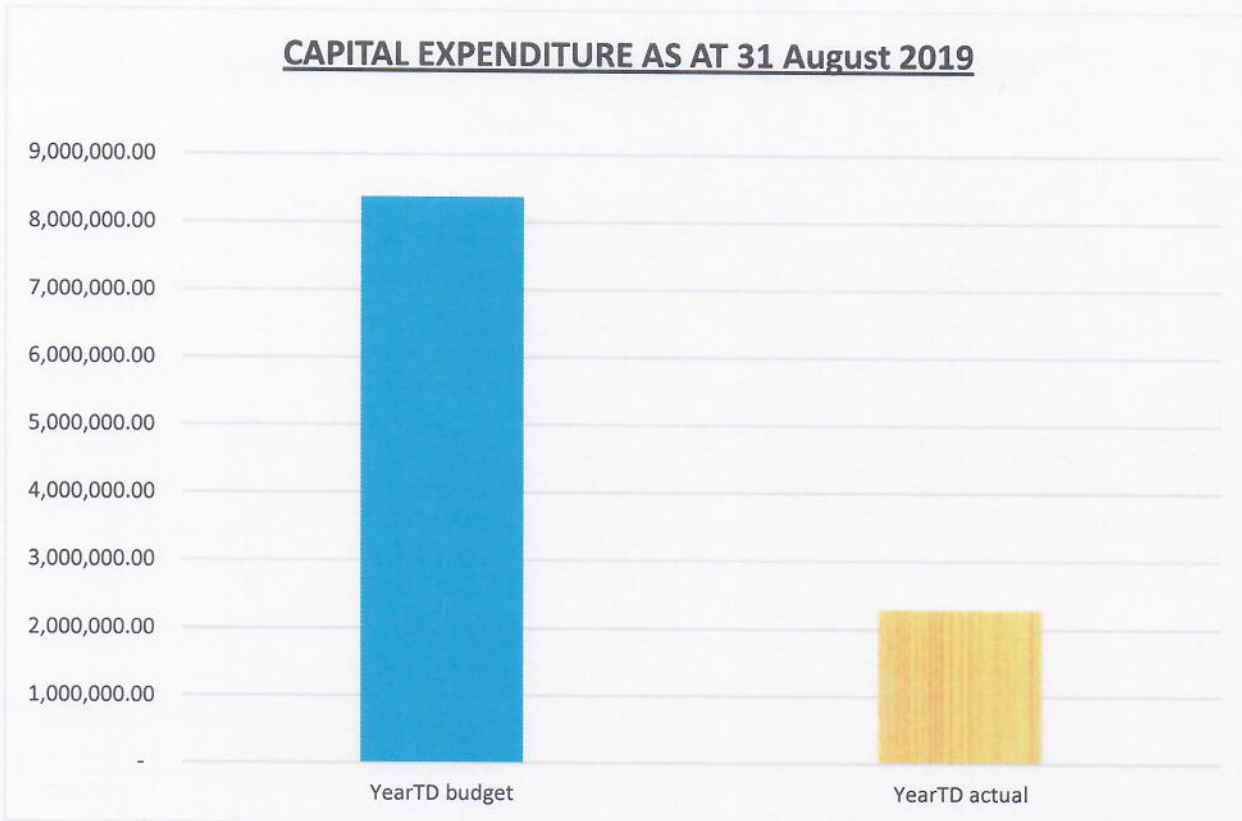
2. Depreciation and assets impairment

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 for the month of **August 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 31 August 2019.

Function	Funding	SegmentDesc	AccTyp	TotalBudget	August	TotalActual
Administration	OWN REVENUE	Purchase of Furniture (500/305065)	A	300,000.00	-	-
Paks & Cemeteries	OWN REVENUE	Landscaping & Greening (425/305071)	A	500,004.00	-	-
Paks & Cemeteries	OWN REVENUE	Lawnmower	A	200,004.00	-	-
Electricity	OWN REVENUE	Upgrade Municipal ESKON Supply	A	2,000,004.00	-	-
Electricity	OWN REVENUE	Replace 50 kWh Meters	A	100,008.00	-	-
Electricity	OWN REVENUE	Replace PEX Cable in Ext 5	A	750,000.00	-	-
Electricity	OWN REVENUE	Replace Streetlight Wood Poles at Mamphokgo 20	A	200,004.00	-	-
Electricity	OWN REVENUE	Industrial Substation Second Supply Phase 3	A	3,250,008.00	-	-
Finance	OWN REVENUE	CASH COUNTING MACHINES	A	60,000.00	-	-
Finance	OWN REVENUE	Money-safe	A	10,008.00	-	-
Housing	OWN REVENUE	Air Conditioning	A	100,008.00	-	-
Information Technology	OWN REVENUE	ICT Computers	A	180,000.00	-	-
Information Technology	OWN REVENUE	Purchase of routers and wireless access point	A	100,008.00	-	-
Information Technology	OWN REVENUE	Purchase Of ICT Equipments	A	77,004.00	-	-
Information Technology	OWN REVENUE	Television	A	28,008.00	-	-
Information Technology	OWN REVENUE	master tower pole	A	95,004.00	-	-
Information Technology	OWN REVENUE	PURCHASE OF PRINTERS	A	130,008.00	-	-
Information Technology	OWN REVENUE	Community wifi	A	1,000,008.00	-	-
Licencing and Traffic	OWN REVENUE	Vehicle - Traffic	A	600,000.00	-	-
Roads & Stormwater	MIG	Malebitsa Internal Streets	A	7,500,000.00	814,590.30	814,590.30
Roads & Stormwater	OWN REVENUE	Stormwater Extension 6(650/305147)	A	6,000,000.00	445,859.21	445,859.21
Roads & Stormwater	MIG	Malebitsa internal road	A	7,384,152.00	230,249.57	230,249.57
Roads & Stormwater	MIG	Mashemong/Mooihoek Internal Street	A	8,768,304.00	226,824.15	226,824.15
Roads & Stormwater	OWN REVENUE	Rehabilitation Leeuwfontein Internal Streets (650/3	A	2,500,008.00	-	-
Roads & Stormwater	MIG	Phetwane Internal Road (650/305184)	A	8,384,160.00	561,529.49	561,529.49
		Grant Total		50,216,712.00		

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 **August 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 **31 August 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) - M02 August

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
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		-	198,754	-	4,337	69,076	33,126	35,951	109%	198,754
Executive and council		-	2,287	-	47	96	381	(285)	-75%	2,287
Finance and administration		-	196,467	-	4,290	68,980	32,745	36,236	111%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	237	-	23	40	39	1	2%	237
Community and social services		-	53	-	5	13	9	4	45%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	184	-	18	28	31	(3)	-10%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,496	-	5	7	5,583	(5,576)	-100%	33,496
Planning and development		-	53	-	5	7	9	(2)	-24%	53
Road transport		-	33,443	-	-	-	5,574	(5,574)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	67,465	-	5,298	10,016	11,244	(1,228)	-11%	67,465
Energy sources		-	62,761	-	4,887	9,193	10,460	(1,267)	-12%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,703	-	411	822	784	39	5%	4,703
<i>Other</i>	4	-	3,815	-	8	21	636	(615)	-97%	3,815
Total Revenue - Functional	2	-	303,766	-	9,671	79,160	50,628	28,532	56%	303,766
Expenditure - Functional										
<i>Governance and administration</i>		-	181,487	-	5,787	14,008	30,248	(16,240)	-54%	181,487
Executive and council		-	47,087	-	2,414	5,172	7,848	(2,676)	-34%	47,087
Finance and administration		-	134,399	-	3,373	8,836	22,400	(13,564)	-61%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	23,565	-	1,305	2,586	3,928	(1,342)	-34%	23,565
Community and social services		-	9,148	-	595	1,164	1,525	(360)	-24%	9,148
Sport and recreation		-	2,264	-	86	173	377	(205)	-54%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,807	-	354	633	1,301	(668)	-51%	7,807
Health		-	4,347	-	270	616	724	(109)	-15%	4,347
<i>Economic and environmental services</i>		-	20,929	-	1,192	2,221	3,488	(1,267)	-36%	20,929
Planning and development		-	9,368	-	515	921	1,561	(640)	-41%	9,368
Road transport		-	11,561	-	677	1,300	1,927	(627)	-33%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	62,249	-	6,003	7,110	10,375	(3,265)	-31%	62,249
Energy sources		-	56,177	-	5,518	6,218	9,363	(3,145)	-34%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,071	-	486	892	1,012	(120)	-12%	6,071
<i>Other</i>		-	11,872	-	819	1,685	1,979	(293)	-15%	11,872
Total Expenditure - Functional	3	-	300,102	-	15,106	27,610	50,017	(22,407)	-45%	300,102
Surplus/ (Deficit) for the year		-	3,664	-	(5,436)	51,550	611	50,940	8341%	3,664

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) - M02 August

Description	Ref	2018/19	Budget Year 2019/20							Full Year Forecast		
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %			
R thousands												
Revenue By Source												
Property rates			37,509		3,109	6,218	6,251	(34)	-1%	37,509		
Service charges - electricity revenue			61,224		4,770	8,990	10,204	(1,214)	-12%	61,224		
Service charges - water revenue			-		-	-	-	-	-	-		
Service charges - sanitation revenue			4,463		397	795	744	51	7%	4,463		
Service charges - refuse revenue			-		-	-	-	-	-	-		
Rental of facilities and equipment			163		13	22	27	(6)	-21%	163		
Interest earned - external investments			3,685		492	978	614	364	59%	3,685		
Interest earned - outstanding debtors			7,463		685	1,363	1,244	119	10%	7,463		
Dividends received			-		-	-	-	-	-	-		
Fines, penalties and forfeits			101		7	20	17	3	16%	101		
Licences and permits			3,345		1	1	558	(556)	-100%	3,345		
Agency services			-		-	-	-	-	-	-		
Transfers and subsidies			148,974		-	60,416	24,829	35,587	143%	148,974		
Other revenue			3,396		195	358	566	(208)	-37%	3,396		
Gains on disposal of PPE			-		-	-	-	-	-	-		
Total Revenue (excluding capital transfers and contributions)			-		270,323	-	9,671	79,160	45,054	34,106	76%	270,323
Expenditure By Type												
Employee related costs			87,715		6,689	13,339	14,619	(1,280)	-9%	87,715		
Remuneration of councillors			14,533		1,115	2,253	2,422	(169)	-7%	14,533		
Debt impairment			13,321		-	-	2,220	(2,220)	-100%	13,321		
Depreciation & asset impairment			52,000		-	-	8,667	(8,667)	-100%	52,000		
Finance charges			365		23	46	61	(15)	-24%	365		
Bulk purchases			42,224		4,505	4,505	7,037	(2,532)	-36%	42,224		
Other materials			1,275		475	816	213	603	284%	1,275		
Contracted services			36,355		1,023	1,974	6,059	(4,085)	-67%	36,355		
Transfers and subsidies			-		-	-	-	-	-	-		
Other expenditure			52,314		1,278	4,677	8,719	(4,042)	-46%	52,314		
Loss on disposal of PPE			-		-	-	-	-	-	-		
Total Expenditure			-		300,102	-	15,106	27,610	50,017	(22,407)	-45%	300,102
Surplus/(Deficit)			-		(29,779)	-	(5,436)	51,550	(4,963)	56,513	(0)	(29,779)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			33,443		-	-	5,574	(5,574)	(0)	33,443		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all)			-		-	-	-	-	-	-		
Surplus/(Deficit) after capital transfers & contributions			-		3,664	-	(5,436)	51,550	611			3,664
Taxation			-		-	-	-	-	-	-		
Surplus/(Deficit) after taxation			-		3,664	-	(5,436)	51,550	611			3,664
Attributable to minorities			-		-	-	-	-	-	-		
Surplus/(Deficit) attributable to municipality			-		3,664	-	(5,436)	51,550	611			3,664
Share of surplus/ (deficit) of associate			-		-	-	-	-	-	-		
Surplus/ (Deficit) for the year			-		3,664	-	(5,436)	51,550	611			3,664

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

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	on	on	on	on	on	on	on
Total Capital Expenditure		-	50,257	-	2,279	2,279	4,188	(1,909)	-46%	50,257
Capital Expenditure - Functional Classification										
Governance and administration										
		-	2,020	-	-	-	337	(337)	-100%	2,020
	Executive and council									
	Finance and administration		2,020				337	(337)	-100%	2,020
	Internal audit									
Community and public safety										
		-	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									
Economic and environmental services										
		-	40,537	-	2,279	2,279	6,756	(4,477)	-66%	40,537
	Planning and development									
	Road transport		40,537		2,279	2,279	6,756	(4,477)	-66%	40,537
	Environmental protection									
Trading services										
		-	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									
Other										
			600				100	(100)	-100%	600
Total Capital Expenditure - Functional Classification	3	-	50,257	-	2,279	2,279	8,376	(6,097)	-73%	50,257
Funded by:										
	National Government		33,443				5,574	(5,574)	-100%	33,443
	Provincial Government									
	District Municipality									
	Other transfers and grants									
	Transfers recognised - capital		33,443	-	-	-	5,574	(5,574)	-100%	33,443
	Borrowing	6								
	Internally generated funds		16,814				2,802	(2,802)	-100%	16,814
Total Capital Funding		-	50,257	-	-	-	8,376	(8,376)	-100%	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 AUGUST 2019 GL							
Type of Service	30 Days 2019/08	60 Days 2019/07	90 Days 2019/06	120 Days 2019/05	150 Days 2019/04	150 Plus 2019/03	Total
Rates	2755488.52	1565926.02	1353642.09	1361042.32	1341613.16	67187887.89	75,565,600.00
Electricity	3816899.83	500794.73	229587.77	1426566.33	185541.3	6559339.28	12,718,729.24
Refuse	326975.42	125313.26	95575.63	89536.69	87660.88	3247052.22	3,972,114.10
Other	334328.24	717567.32	495189.92	857262.77	655990.68	23228432.6	26,288,771.53
Total	7,233,692.01	2,909,601.33	2,173,995.41	3,734,408.11	2,270,806.02	100,222,711.99	118,545,214.87

Category	2019/08	2019/07	2019/06	2019/05	2019/04	2019/03	Total
Psi	2019.17	2016.7	1921.58	1919.18	1916.78	125793.6	135,587.01
Farms / agri	1686334.06	1402947.83	1322333.82	1318305.08	1307281.27	55355234.68	62,392,436.74
Business	1867161.83	404290.04	-30878.52	147460.11	134882.37	5151277.46	7,674,193.29
Churches	22783.71	4331.72	3793.9	4221.94	3658.09	73487.59	112,276.95
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	891537.33	140856.88	131963.32	128141.86	120091.33	5028025.8	6,440,616.52
Municipality	7551.79	6157.01	-234	0	0	16362.38	29,837.18
Residential	2719001.75	926073.27	739594.24	2131046.11	702805.23	34420436.63	41,638,957.23
School/hosp	37302.37	22927.88	5501.07	3313.83	170.95	7813.79	77,029.89
Total	7,233,692.01	2,909,601.33	2,173,995.41	3,734,408.11	2,270,806.02	100,222,711.99	118,545,214.87

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 2019** amount to **R118 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 August 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for August 2019 is **R6.6 Million** and **R 1 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 **August 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 10-09-2019