

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

28 FEBRUARY 2019

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1.1 Executive summary

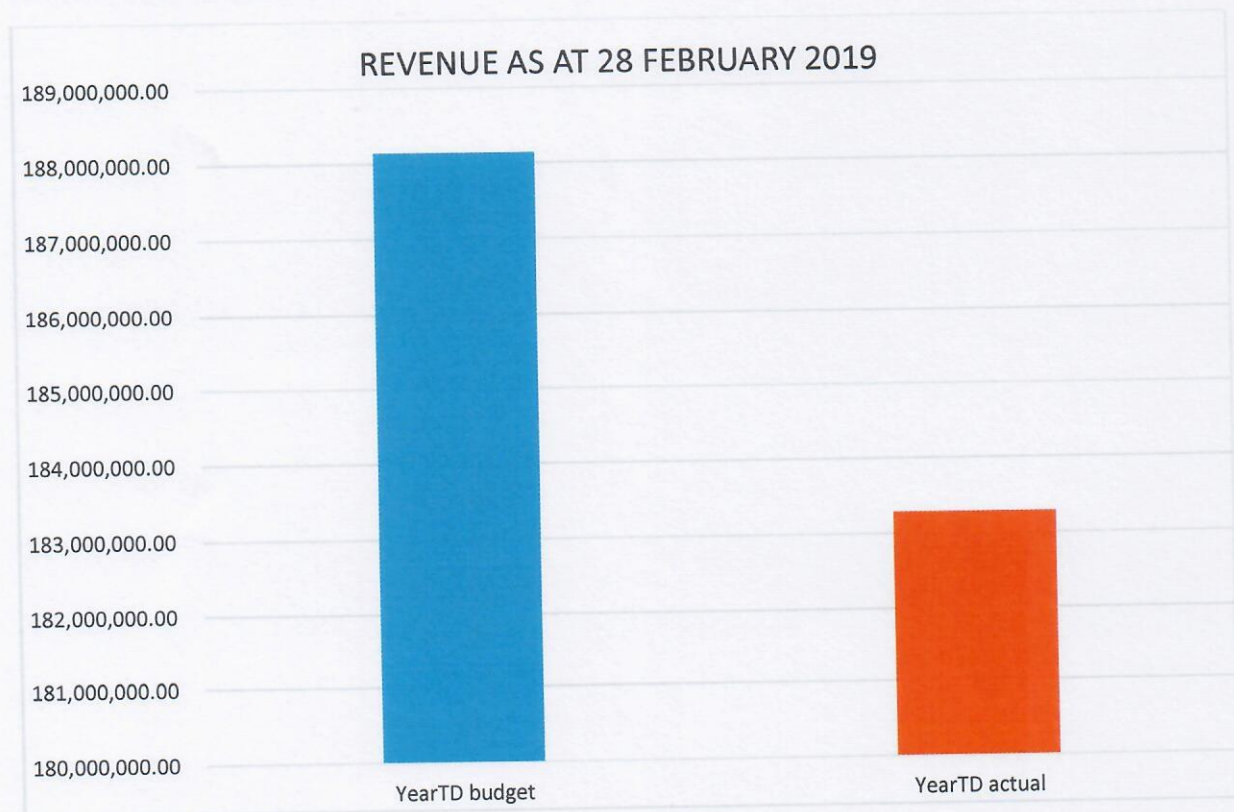
1.1.1 Introduction

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)

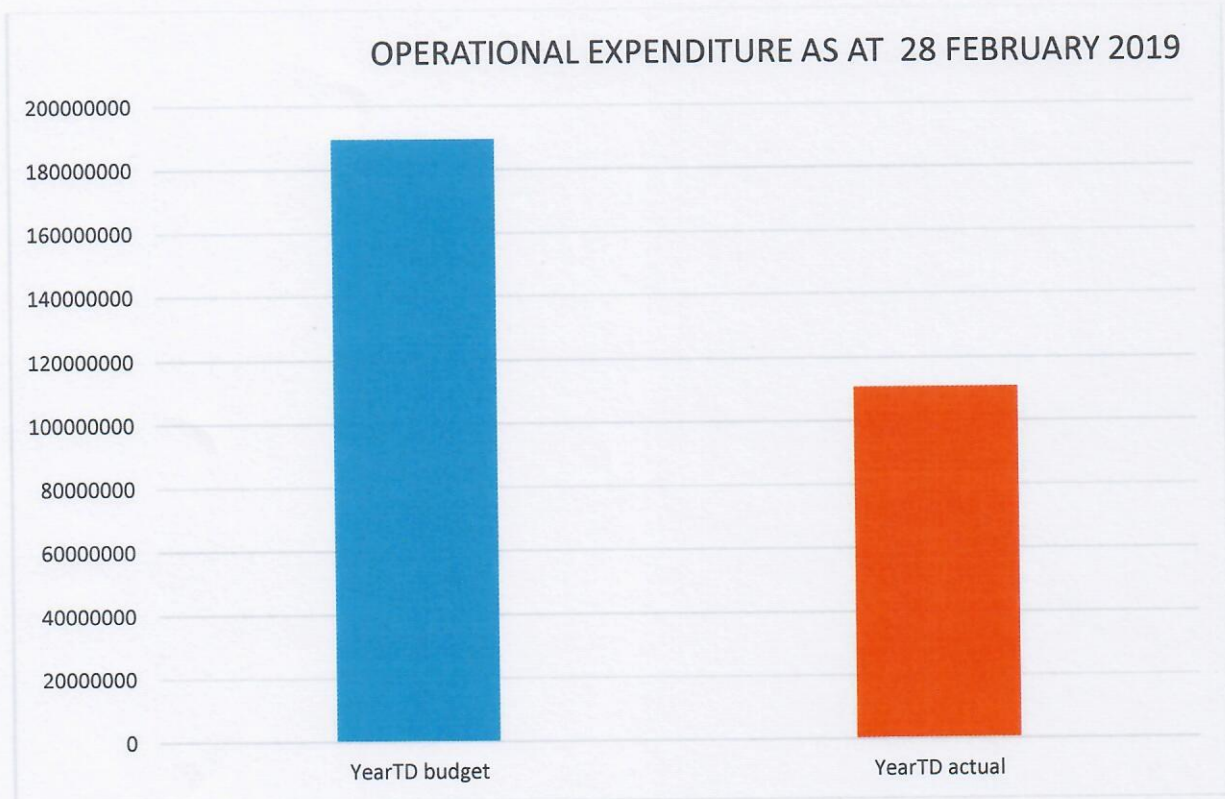


The total revenue received for the month of **February 2019** amount to **R10 Million**, and the year to date revenue amount to **R183 Million** in comparison to a year to date budgeted figure of **R188 Million**. There is an unfavorable variance of **R18 Million** which is due to the following reasons.

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 **February 2019** amounts to **R11.2 Million**, and the year to date actual is **R110 Million** which is reported against a year to date budget of **R189.5 Million**. There is an unfavorable variance of **R78.9 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.

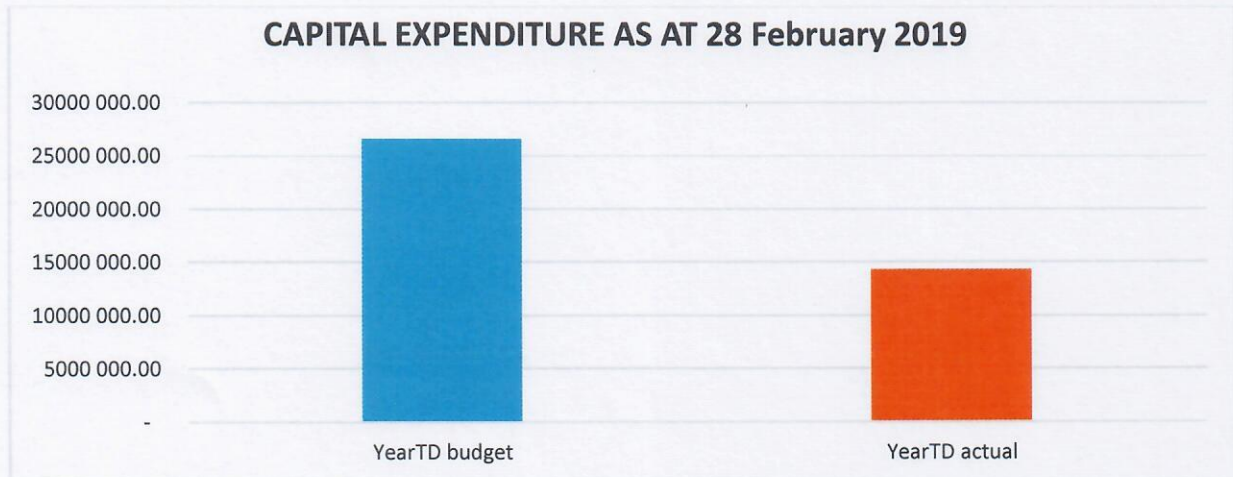
2. Depreciation and assets impairment

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 **February 2019** amounts to **R6.3 Million**, and the year to date actual is **R19 Million** which is reported against a year to date budget of **R34 Million**. There is an unfavorable variance of **R20 Million**.

Capital budget as at 28 February 2019.

Function	Funding	SegmentDesc	Total Budget	February	Total Actual
Administration	OWN	Purchase of Furniture (500/305065)	529,404.00	-	64,396.80
Administration	OWN	Purchase Of Water Dispensors	30,600.00	-	30,600.00
Paks & Cemeteries	OWN	Landscaping & Greening (425/305071)	750,000.00	28,100.00	742,500.00
Electricity: Electricity	OWN	Install RMU Cable to Connect Ext 5&6	890,000.00	-	-
Electricity: Electricity	OWN	Network Design Software	70,000.00	-	-
Electricity: Electricity	OWN	Replace PEX Cable in Ext 5	1,500,000.00	-	-
Electricity: Electricity	OWN	TRANSFORMER REPLACEMENT 500KVA	500,000.00	-	-
Electricity: Electricity	OWN	Truck Mounted Crane	530,000.00	-	-
Electricity: Electricity	OWN	Upgrade Municipal ESKON Supply	3,000,000.00	-	-
Finance: Finance	FMG	Laptops FMG	52,000.00	-	-
Fleet Mangement	OWN	TOOLS & EQUIPMENTS	200,004.00	-	-
Housing and Building	OWN	Air Conditioning	200,000.00	-	16,000.00
Information Technology: ICT	OWN	ICT Computers	120,000.00	-	-
Information Technology: ICT	OWN	Purchase Of ICT Equipments	89,996.00	-	18,099.00
Information Technology: ICT	OWN	PURCHASE OF PRINTERS	88,496.00	-	26,589.90
Information Technology: ICT	OWN	Replacement Of Switches	164,000.00	-	-
Information Technology: ICT	OWN	SERVER	140,000.00	-	-
Information Technology: ICT	OWN	Sound System	85,996.00	-	85,000.00
Information Technology: ICT	OWN	Television	12,996.00	-	-
Licensing and Regulation	OWN	Dashboard Camera	12,000.00	-	-
Licensing and Regulation	OWN	Machinery and Equipments	573,400.00	-	286,700.00
Roads: Roads & Stormwater	MIG	Leeufontein Sports Complex	7,443,086.00	-	1,181,159.00
Roads: Roads & Stormwater	MIG	Mamphogo Sports Complex (650/30517)	12,151,228.00	980,131.73	8,046,983.62
Roads: Roads & Stormwater	MIG	Ngwalemong Internal Streets	4,184,227.00	-	4,148,289.37
Roads: Roads & Stormwater	OWN	Stormwater Extension 6(650/305147)	300,000.00	-	-
Roads: Roads & Stormwater	MIG	Upgrading Of Letebejane/Ditholong Int	3,796,503.00	3,795,470.65	3,795,470.65
Roads: Roads & Stormwater	MIG	Mashemong/Mooihoek Internal Street	7,000,683.00	1,500,784.01	2,171,740.46
Solid Waste Removal	OWN	Landfill Site Weighbridge 12M	1,100,004.00	-	-
Solid Waste Removal	OWN	TIPPER TRUCK	950,004.00	-	-
TOTAL			46,464,627.00	6,304,486.39	20,613,528.80

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 **February 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 2018/2019 financial year is **31%** and **35%** respectively, as at **28 February 2019**.

1.2 In-Year budget statement tables

1.2.1 Table C2: Monthly Budget Statement - Financial Performance (standard 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
LIM471 Ephraim Mogale - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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>		175,419	187,378	-	3,990	128,705	124,919	3,787	3%	187,378
Executive and council		2,094	2,345	-	46	545	1,563	(1,018)	-65%	2,345
Finance and administration		173,325	185,033	-	3,944	128,160	123,356	4,804	4%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		308	400	-	16	139	266	(128)	-48%	400
Community and social services		52	66	-	4	29	44	(15)	-34%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		256	334	-	12	110	223	(113)	-51%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48,029	32,857	-	17	13,107	21,905	(8,798)	-40%	32,857
Planning and development		28	34	-	17	40	23	17	76%	34
Road transport		48,001	32,823	-	-	13,067	21,882	(8,815)	-40%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		55,016	57,955	-	5,138	41,260	38,636	2,624	7%	57,955
Energy sources		51,107	53,386	-	4,772	38,735	35,591	3,144	9%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,909	4,568	-	366	2,525	3,045	(520)	-17%	4,568
<i>Other</i>	4	-	3,627	-	19	69	2,418	(2,348)	-97%	3,627
Total Revenue - Functional	2	278,773	282,217	-	9,180	183,281	188,144	(4,864)	-3%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		257,918	176,056	-	7,791	61,016	117,371	(56,355)	-48%	176,056
Executive and council		37,980	44,552	-	3,161	25,235	29,702	(4,467)	-15%	44,552
Finance and administration		219,938	131,504	-	4,630	35,781	87,669	(51,888)	-59%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17,277	22,806	-	1,068	9,725	15,204	(5,479)	-36%	22,806
Community and social services		6,908	9,060	-	494	4,307	6,040	(1,733)	-29%	9,060
Sport and recreation		1,728	2,108	-	103	962	1,405	(443)	-32%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		5,255	7,481	-	192	2,156	4,988	(2,832)	-57%	7,481
Health		3,385	4,157	-	279	2,300	2,771	(471)	-17%	4,157
<i>Economic and environmental services</i>		15,106	19,876	-	908	8,935	13,250	(4,316)	-33%	19,876
Planning and development		6,685	5,458	-	144	1,489	3,639	(2,150)	-59%	5,458
Road transport		8,421	14,418	-	764	7,446	9,612	(2,166)	-23%	14,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44,145	53,385	-	651	24,479	35,590	(11,111)	-31%	53,385
Energy sources		39,201	47,449	-	310	21,575	31,633	(10,058)	-32%	47,449
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,944	5,936	-	341	2,905	3,957	(1,052)	-27%	5,936
<i>Other</i>		10,211	12,140	-	858	6,401	8,093	(1,692)	-21%	12,140
Total Expenditure - Functional	3	344,658	284,263	-	11,276	110,556	189,509	(78,953)	-42%	284,263
Surplus/ (Deficit) for the year		(65,885)	(2,046)	-	(2,096)	72,725	(1,364)	74,089	-5431%	(2,046)

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										
Revenue By Source										
Property rates		33,428	37,810		2,971	23,393	25,207	(1,814)	-7%	37,810
Service charges - electricity revenue		43,831	50,000		4,775	38,597	33,333	5,264	16%	50,000
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3,909	4,232		366	2,525	2,822	(296)	-11%	4,232
Service charges - other										
Rental of facilities and equipment		256	225		12	110	131	(21)	-16%	225
Interest earned - external investments		7,712	9,274		305	2,421	6,183	(3,762)	-61%	9,274
Interest earned - outstanding debtors		6,002	6,020		666	4,874	3,512	1,362	39%	6,020
Dividends received										
Fines, penalties and forfeits		1,010	96		19	66	56	10	18%	96
Licences and permits		3,895	2,642				1,541	(1,541)	-100%	2,642
Agency services			888				518	(518)	-100%	888
Transfers and subsidies		127,358	133,485			97,257	88,990	8,267	9%	133,485
Other revenue		8,263	2,918		66	970	1,945	(975)	-50%	2,918
Gains on disposal of PPE		100								
Total Revenue (excluding capital transfers and contributions)		235,764	247,591	-	9,180	170,213	164,238	5,976	4%	247,591
Expenditure By Type										
Employee related costs		74,433	92,789		5,839	47,143	61,859	(14,716)	-24%	92,789
Remuneration of councillors		13,389	13,525		1,076	7,943	9,016	(1,074)	-12%	13,525
Debt impairment		5,785	17,679				11,786	(11,786)	-100%	17,679
Depreciation & asset impairment		47,312	47,700				31,800	(31,800)	-100%	47,700
Finance charges		3,598	448				298	(296)	-99%	448
Bulk purchases		30,470	34,341			18,198	22,894	(4,696)	-21%	34,341
Other materials		5,565	12,214		525	3,363	8,143	(4,780)	-59%	12,214
Contracted services		14,552	12,288		1,830	5,469	8,192	(2,723)	-33%	12,288
Transfers and subsidies		2,571	2,653			368	1,769	(1,401)	-79%	2,653
Other expenditure		141,199	50,627		2,005	28,071	33,751	(5,681)	-17%	50,627
Loss on disposal of PPE										
Total Expenditure		338,873	284,263	-	11,276	110,556	189,509	(78,953)	-42%	284,263
Surplus/(Deficit)										
Transfers and subsidies - capital (financial assistance)		(103,109)	(36,672)		(2,096)	59,657	(25,271)	84,928	(0)	(36,672)
(National / Provincial and District)		43,008	32,823			13,067	21,882	(8,815)	(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)	-	(2,096)	72,725	(3,389)			(3,849)
Taxation										
Surplus/(Deficit) after taxation		(60,100)	(3,849)	-	(2,096)	72,725	(3,389)			(3,849)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(60,100)	(3,849)	-	(2,096)	72,725	(3,389)			(3,849)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(60,100)	(3,849)	-	(2,096)	72,725	(3,389)			(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)

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

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
Capital Expenditure - Functional Classification										
Governance and administration		869	1,223	-	-	225	815	(591)	-72%	1,223
Executive and council										
Finance and administration		869	1,223			225	815	(591)	-72%	1,223
Internal audit										
Community and public services		962	1,550	-	28	1,045	1,008	37	4%	1,550
Community and social services		140	750		28	743	500	243	49%	750
Sport and recreation										
Public safety		796	500			287	333	(47)	-14%	500
Housing		25	300			16	175	(159)	-91%	300
Health										
Economic and environmental		48,248	34,509	-	6,276	19,344	23,006	(3,662)	-16%	34,509
Planning and development										
Road transport		48,248	34,509		6,276	19,344	23,006	(3,662)	-16%	34,509
Environmental protection										
Trading services		2,029	8,360	-	-	-	5,573	(5,573)	-100%	6,310
Energy sources		2,029	6,310				4,207	(4,207)	-100%	6,310
Water management										
Waste water management										
Waste management		-	2,050				1,367	(1,367)	-100%	-
Other										
Total Capital	3	52,107	45,642	-	6,304	20,614	30,403	(9,789)	-32%	43,592
Funded by:										
National Government		43,008	31,576			13,067	21,050	(7,983)	-38%	31,576
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital		43,008	31,576	-	-	13,067	21,050	(7,983)	-38%	31,576
Public contribution	5									
Borrowing	6									
Internally generated funds		9,099	14,078		28	1,242	13,468	(12,226)	-91%	14,078
Total Capital Funding		52,107	45,654	-	28	14,309	34,518	(20,209)	-59%	45,654

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 balance.

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis

EPHRAIM MOGALE LOCAL MUNICIPALITY FINANCIAL YEAR 2018/19 AGEING REPORT FEBRUARY 2019 GL							
	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	
Type of Service	2019/02	2019/01	2018/12	2018/11	2018/10	2018/09	Total
<i>Electricity</i>	3967374.75	379668.62	343420.63	369017.56	401154.76	8151122.19	13,611,758.51
<i>Refuse</i>	322928.92	62296.55	59095.82	115313.25	112645.68	3214621.61	3,886,901.83
<i>Rates</i>	2572451.89	1465612.28	1412935.15	1394989.16	1380059.13	61221788.44	69,447,836.05
<i>Other</i>	1077166.15	689848.04	643539.57	646136.73	669824.3	20913561.83	24,640,076.62
Total	7,939,921.71	2,597,425.49	2,458,991.17	2,525,456.70	2,563,683.87	93,501,094.07	111,586,573.01

Category	2019/02	2019/01	2018/12	2018/11	2018/10	2018/09	Total
<i>Psi</i>	1911.98	1909.58	1907.18	1904.19	1901.84	114344.45	123,879.22
<i>Farms / agri</i>	1551154.39	1345183.97	1326462.16	1294219.96	1290783.73	50043518.75	56,851,322.96
<i>Business</i>	3010886.85	221599.65	179666.61	257584.95	287957.18	6244603.04	10,202,298.28
<i>Churches</i>	31681	2092.51	2281.46	2239.96	1894.92	50757.66	90,947.51
<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>	764279.21	158059.8	129929.82	128525.96	135163.41	4267067.78	5,583,025.98
<i>Municipality</i>	65105.88	46998.9	46374.23	53532.02	53031.54	876002.77	1,141,045.34
<i>Residential</i>	2484810.5	812599.29	765854.95	780940.71	786487.4	31842532.56	37,473,225.41
<i>School/hosp</i>	30091.9	8981.79	6514.76	6508.95	6463.85	17987	76,548.25
Total	7,939,921.71	2,597,425.49	2,458,991.17	2,525,456.70	2,563,683.87	93,501,094.07	111,586,573.01

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 28 February 2019 amount to **R111 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 till the month of February 2019 were received. Remaining Grants will be received in March 2019.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for February 2019 is **R6 Million** and **R1 .1 Million** Thousand respectively.



EPHRAIM MOGALE LOCAL MUNICIPALITY
QUALITY CERTIFICATE

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

- the monthly budget statement

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

Print name **Makoko Lekola**

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

Signature _____

Date 13/03/2019