

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 July 2019

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1.1 Executive summary

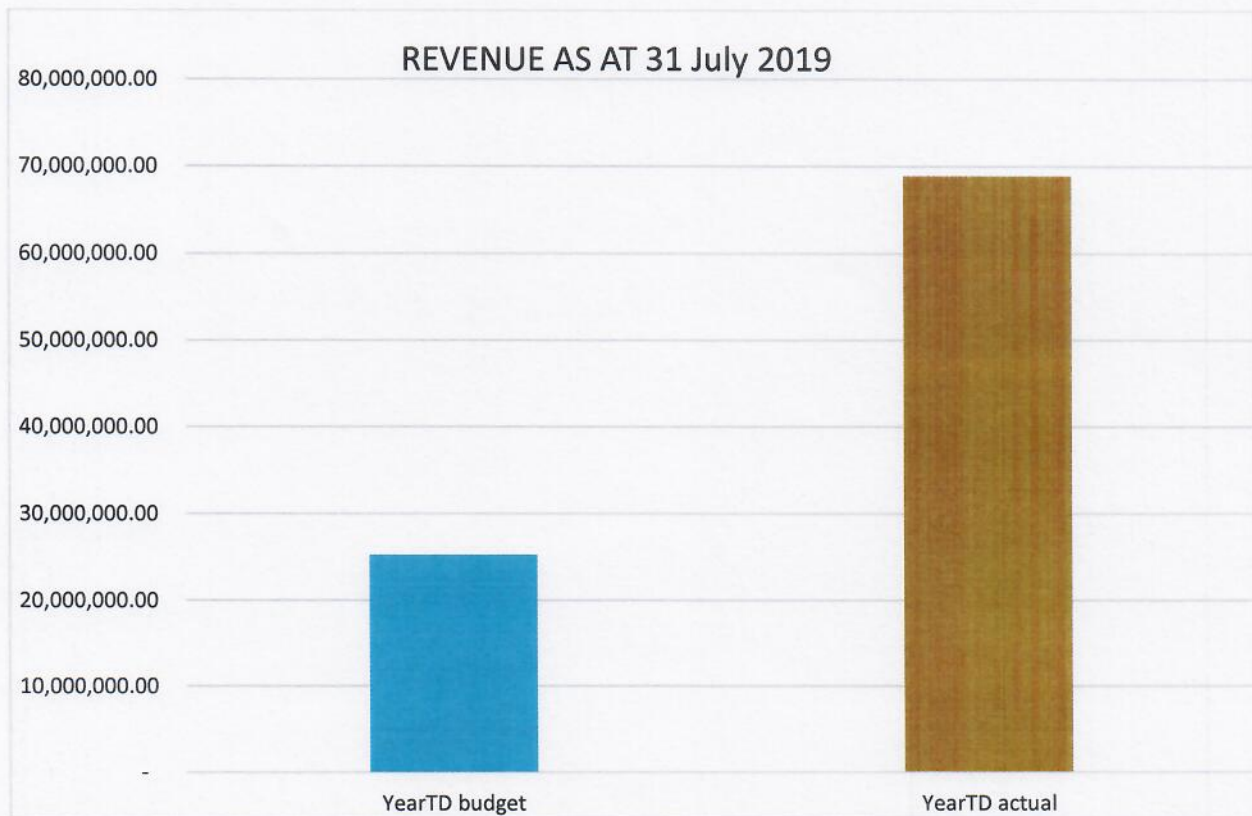
1.1.1 Introduction

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)

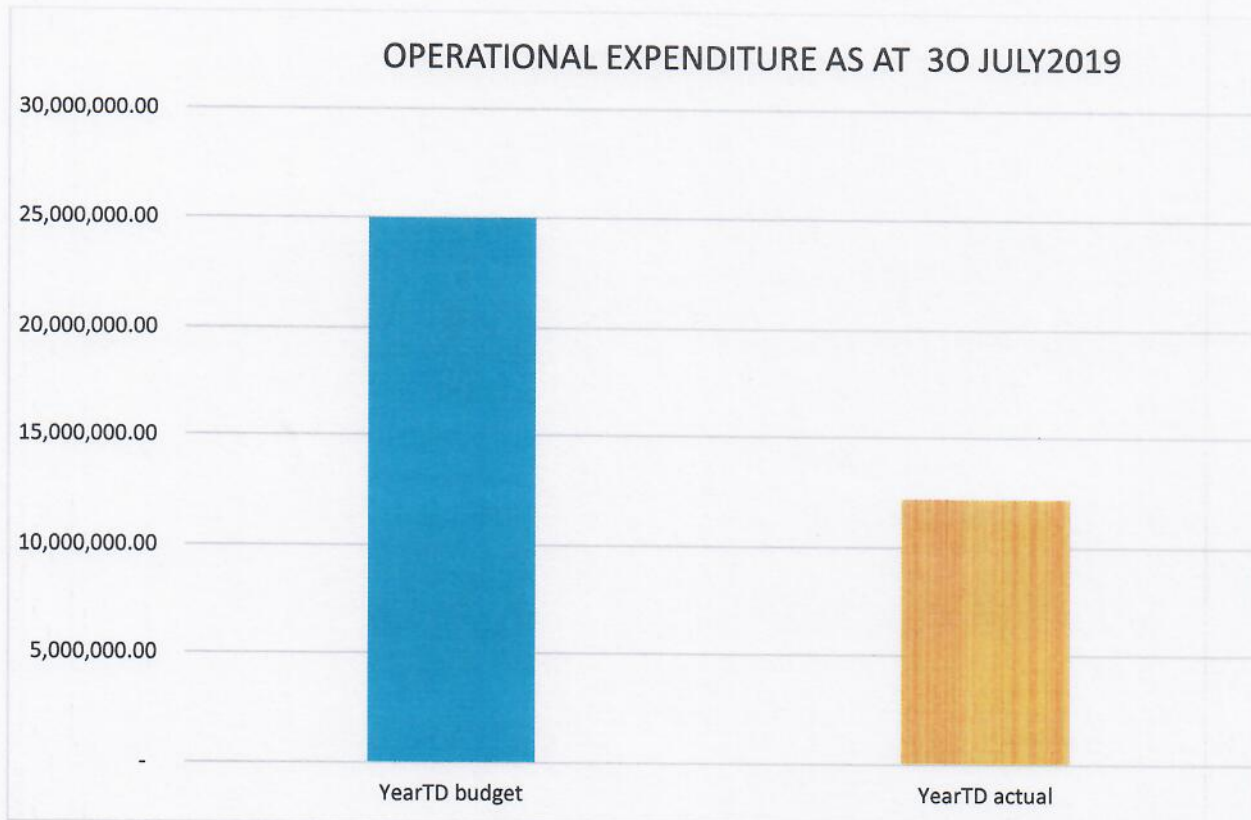


The total revenue received for the month of **July 2019** amount to **R 69 Million**, and the year to date revenue amount to **R69 Million** in comparison to a year to date budgeted figure of **R25 Million**. There is a favorable variance of **R 46 Million** which is due to the following reasons.

1. Transfer recognized – All the anticipated revenue ranging from equitable shares, EPWP as well as the Municipal Infrastructure Grant has been received as at 31 July 2019.

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 **July 2019** amounts to **R12 Million**, and the year to date actual is **R12 Million** which is reported against a year to date budget of **R25 Million**. There is an unfavorable variance of **R12 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 fourth quarter.

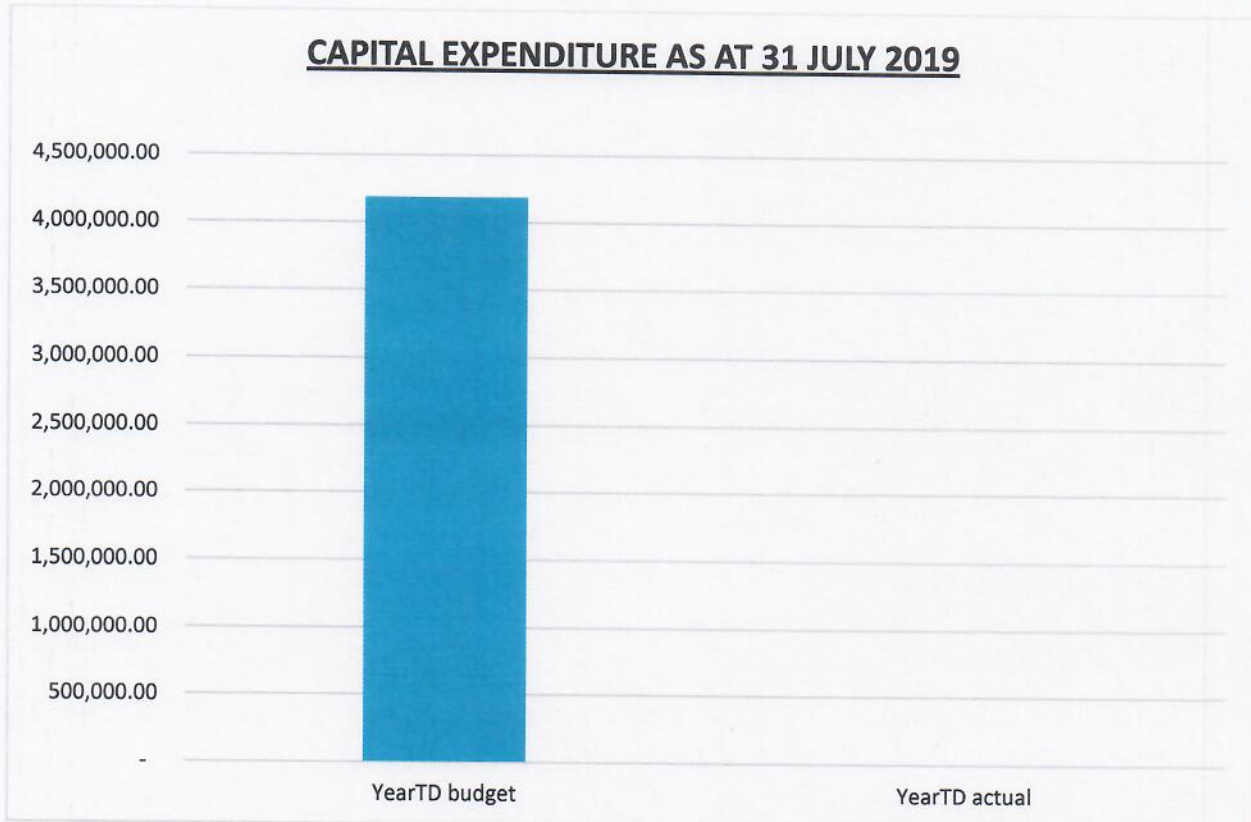
2. Depreciation and assets impairment

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 **July 2019** amounts to **R0**, and the year to date actual is **R0** **which** is reported against a year to date budget of **R4.1 Million**. There is an unfavorable variance of **R4.1 Million**.

Capital budget as at 31 July 2019.

Function	Funding	SegmentDesc	AccType	TotalBudget	July	TotalActual
Administration	OWN REVENUE	Purchase of Furniture (500/305065)	A	300000	0	0
Paks & Cemeteries	OWN REVENUE	Landscaping & Greening (425/305071)	A	500004	0	0
Paks & Cemeteries	OWN REVENUE	Lawnmower	A	200004	0	0
Electricity	OWN REVENUE	Upgrade Municipal ESKON Supply	A	2000004	0	0
Electricity	OWN REVENUE	Replace 50 kWh Meters	A	100008	0	0
Electricity	OWN REVENUE	Replace PEX Cable in Ext 5	A	750000	0	0
Electricity	OWN REVENUE	Industrial Substation Second Supply Phase 3	A	3250008	0	0
Electricity	OWN REVENUE	Replace Streetlight Wood Poles at Mamphokgo 20	A	200004	0	0
Finance	OWN REVENUE	CASH COUNTING MACHINES	A	60000	0	0
Finance	OWN REVENUE	Money-safe	A	10008	0	0
Housing	OWN REVENUE	Air Conditioning	A	100008	0	0
Information Technology	OWN REVENUE	Purchase of routers and wireless access point	A	100008	0	0
Information Technology	OWN REVENUE	Purchase Of ICT Equipments	A	77004	0	0
Information Technology	OWN REVENUE	ICT Computers	A	180000	0	0
Information Technology	OWN REVENUE	Television	A	28008	0	0
Information Technology	OWN REVENUE	master tower pole	A	95004	0	0
Information Technology	OWN REVENUE	Community wifi	A	1000008	0	0
Information Technology	OWN REVENUE	PURCHASE OF PRINTERS	A	130008	0	0
Licencing and Traffic	OWN REVENUE	Vehicle - Traffic	A	600000	0	0
Roads & Stormwater	MIG	Malebitsa Internal Streets	A	7500000	0	0
Roads & Stormwater	OWN REVENUE	Stormwater Extension 6(650/305147)	A	6000000	0	0
Roads & Stormwater	MIG	Malebitsa internal road	A	7384152	0	0
Roads & Stormwater	MIG	Mashemong/Mooihoek Internal Street	A	8768304	0	0
Roads & Stormwater	MIG	Phetwane Internal Road (650/305184)	A	8384160	0	0
Roads & Stormwater	MIG	Rehabilitation Leeuwfontein Internal Streets (650/305180)	A	2500008	0	0
	Grand 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 **July 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 **0%** and **8.3%** respectively, as at **31 July 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) - M01 July

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	-	64,201	64,201	65,680	(1,478)	-2%	198,754
Executive and council		-	2,287	-	49	49	191	(142)	-74%	2,287
Finance and administration		-	196,467	-	64,153	64,153	65,489	(1,336)	-2%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	237	-	14	14	20	(6)	-29%	237
Community and social services		-	53	-	4	4	4	(0)	-9%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	184	-	10	10	15	(5)	-35%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,496	-	2	2	11,152	(11,150)	-100%	33,496
Planning and development		-	53	-	2	2	4	(2)	-54%	53
Road transport		-	33,443	-	-	-	11,148	(11,148)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	67,465	-	4,692	4,692	5,622	(930)	-17%	67,465
Energy sources		-	62,761	-	4,280	4,280	5,230	(950)	-18%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,703	-	411	411	392	19	5%	4,703
<i>Other</i>	4	-	3,815	-	10	10	318	(307)	-97%	3,815
Total Revenue - Functional	2	-	303,766	-	68,920	68,920	82,791	(13,872)	-17%	303,766
Expenditure - Functional										
<i>Governance and administration</i>		-	181,487	-	8,209	8,209	15,124	(6,914)	-46%	181,487
Executive and council		-	47,087	-	2,746	2,746	3,924	(1,178)	-30%	47,087
Finance and administration		-	134,399	-	5,464	5,464	11,200	(5,736)	-51%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	23,565	-	1,281	1,281	1,964	(683)	-35%	23,565
Community and social services		-	9,148	-	570	570	762	(193)	-25%	9,148
Sport and recreation		-	2,264	-	86	86	189	(102)	-54%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,807	-	279	279	651	(371)	-57%	7,807
Health		-	4,347	-	346	346	362	(17)	-5%	4,347
<i>Economic and environmental services</i>		-	20,929	-	1,007	1,007	1,744	(738)	-42%	20,929
Planning and development		-	9,368	-	398	398	781	(383)	-49%	9,368
Road transport		-	11,561	-	609	609	963	(354)	-37%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	62,249	-	1,120	1,120	5,187	(4,067)	-78%	62,249
Energy sources		-	56,177	-	714	714	4,681	(3,967)	-85%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,071	-	406	406	506	(100)	-20%	6,071
<i>Other</i>		-	11,872	-	866	866	989	(123)	-12%	11,872
Total Expenditure - Functional	3	-	300,102	-	12,483	12,483	25,008	(12,525)	-50%	300,102
Surplus/ (Deficit) for the year		-	3,664	-	56,436	56,436	57,783	(1,347)	-2%	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) - M01 July

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			37,509			3,057	3,057	3,126	(69)	-2%	37,509
Service charges - electricity revenue			61,224			4,194	4,194	5,102	(908)	-18%	61,224
Service charges - water revenue			-			-	-	-	-	-	-
Service charges - sanitation revenue			4,463			397	397	372	25	7%	4,463
Service charges - refuse revenue			-			-	-	-	-	-	-
Rental of facilities and equipment			163			9	9	14	(5)	-35%	163
Interest earned - external investments			3,685			0	0	307	(307)	-100%	3,685
Interest earned - outstanding debtors			7,463			677	677	622	55	9%	7,463
Dividends received			-			-	-	-	-	-	-
Fines, penalties and forfeits			101			10	10	8	2	24%	101
Licences and permits			3,345			-	-	279	(279)	-100%	3,345
Agency services			-			-	-	-	-	-	-
Transfers and subsidies			148,974			60,416	60,416	49,658	10,758	22%	148,974
Other revenue			3,396			159	159	283	(124)	-44%	3,396
Gains on disposal of PPE			-			-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			-			68,920	68,920	59,770	9,149	15%	270,323
Expenditure By Type											
Employee related costs			87,715			6,651	6,651	7,310	(659)	-9%	87,715
Remuneration of councillors			14,533			1,138	1,138	1,211	(73)	-6%	14,533
Debt impairment			13,321			-	-	1,110	(1,110)	-100%	13,321
Depreciation & asset impairment			52,000			-	-	4,333	(4,333)	-100%	52,000
Finance charges			365			23	23	30	(7)	-23%	365
Bulk purchases			42,224			-	-	3,519	(3,519)	-100%	42,224
Other materials			1,275			341	341	106	235	221%	1,275
Contracted services			36,355			1,292	1,292	3,030	(1,738)	-57%	36,355
Transfers and subsidies			-			-	-	-	-	-	-
Other expenditure			52,314			2,760	2,760	4,359	(1,599)	-37%	52,314
Loss on disposal of PPE			-			-	-	-	-	-	-
Total Expenditure			-			12,206	12,206	25,008	(12,803)	-51%	300,102
Surplus/(Deficit)											
			-			(29,779)		34,762	21,952	0	(29,779)
(National / Provincial and District)			33,443			-	-	11,148	(11,148)	(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	-	56,714	56,714	45,910	3,664
Taxation			-			-	-	-	-	-	-
Surplus/(Deficit) after taxation			-			3,664	-	56,714	56,714	45,910	3,664
Attributable to minorities			-			-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			-			3,664	-	56,714	56,714	45,910	3,664
Share of surplus/ (deficit) of associate			-			-	-	-	-	-	-
Surplus/ (Deficit) for the year			-			3,664	-	56,714	56,714	45,910	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 variances)

Total Capital Expenditure		-	50,257	-	-	-	4,188	(4,188)	-100%	50,257
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		-	2,020	-	-	-	168	(168)	-100%	2,020
Executive and council										
Finance and administration			2,020				168	(168)	-100%	2,020
Internal audit										
<i>Community and public safety</i>		-	800	-	-	-	67	(67)	-100%	800
Community and social services			700				58	(58)	-100%	700
Sport and recreation										
Public safety										
Housing			100				8	(8)	-100%	100
Health										
<i>Economic and environmental services</i>		-	40,537	-	-	-	3,378	(3,378)	-100%	40,537
Planning and development										
Road transport			40,537				3,378	(3,378)	-100%	40,537
Environmental protection										
<i>Trading services</i>		-	6,300	-	-	-	525	(525)	-100%	6,300
Energy sources			6,300				525	(525)	-100%	6,300
Water management										
Waste water management										
Waste management										
<i>Other</i>			600				50	(50)	-100%	600
Total Capital Expenditure - Functional Classification	3	-	50,257	-	-	-	4,188	(4,188)	-100%	50,257
Funded by:										
National Government			33,443				2,787	(2,787)	-100%	33,443
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital		-	33,443	-	-	-	2,787	(2,787)	-100%	33,443
Borrowing	6									
Internally generated funds			16,814				1,401	(1,401)	-100%	16,814
Total Capital Funding		-	50,257	-	-	-	4,188	(4,188)	-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 JULY 2019 GL							
Type of Service	30 Days 2019/07	60 Days 2019/06	90 Days 2019/05	120 Days 2019/04	150 Days 2019/03	150 Plus 2019/02	Total
Rates	4209900.63	1374630.21	1363948.98	1348989.82	1326823.16	64816147.95	74,440,440.75
Electricity	3900178.53	1435629.54	192846.21	108543.69	191364.03	6355468.86	12,184,030.86
Refuse	440717.61	91155.7	88428.04	83407.25	82677.66	3088841.57	3,875,227.83
Other	1657754.1	850530.62	652542.8	365806.97	629175.31	22360148.72	26,515,958.52
Total	10,208,550.87	3,751,946.07	2,297,766.03	1,906,747.73	2,230,040.16	96,620,607.10	117,015,657.96

Category	2019/07	2019/06	2019/05	2019/04	2019/03	2019/02	Total
Psi	3933.53	1919.18	1916.78	1914.38	1911.98	121967.24	133,563.09
Farms / agri	3072382.55	1323838.85	1319901.18	1271421.17	1270803.49	53191272.86	61,449,620.10
Business	2860120.23	152492.71	151179.5	-105289.22	128262.05	5149941.75	8,336,707.02
Churches	27460.31	4221.94	3658.09	18063.66	2344.69	54079.24	109,827.93
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	943054.62	128141.86	120091.33	120181.7	125802.08	4782042.02	6,219,313.61
Municipality	6433.24	0	0	0	0	16362.38	22,795.62
Residential	3246568.69	2138017.7	700848.2	600286.21	700763.67	33253169.79	40,639,654.26
School/hosp	48597.7	3313.83	170.95	169.83	152.2	7491.76	59,896.27
Total	10,208,550.87	3,751,946.07	2,297,766.03	1,906,747.73	2,230,040.16	96,620,607.10	117,015,657.96

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 2019** amount to **R117 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 July 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for July 2019 is **R6.6 Million** and **R 1 Million** respectively.



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

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

- the monthly budget statement

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

Print name **M. Lekola**

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

Signature 

Date 13/08/2019