

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

30 JUNE 2019

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1.1 Executive summary

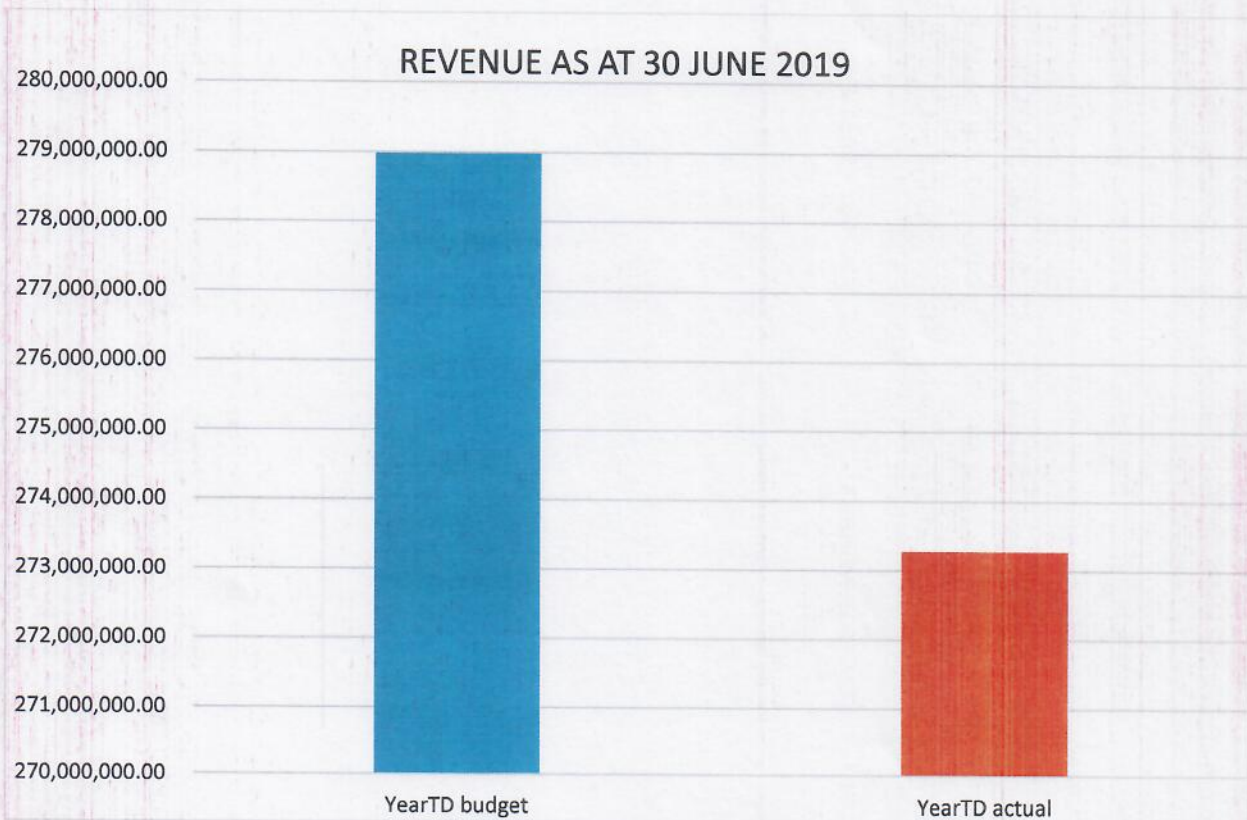
1.1.1 Introduction

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)

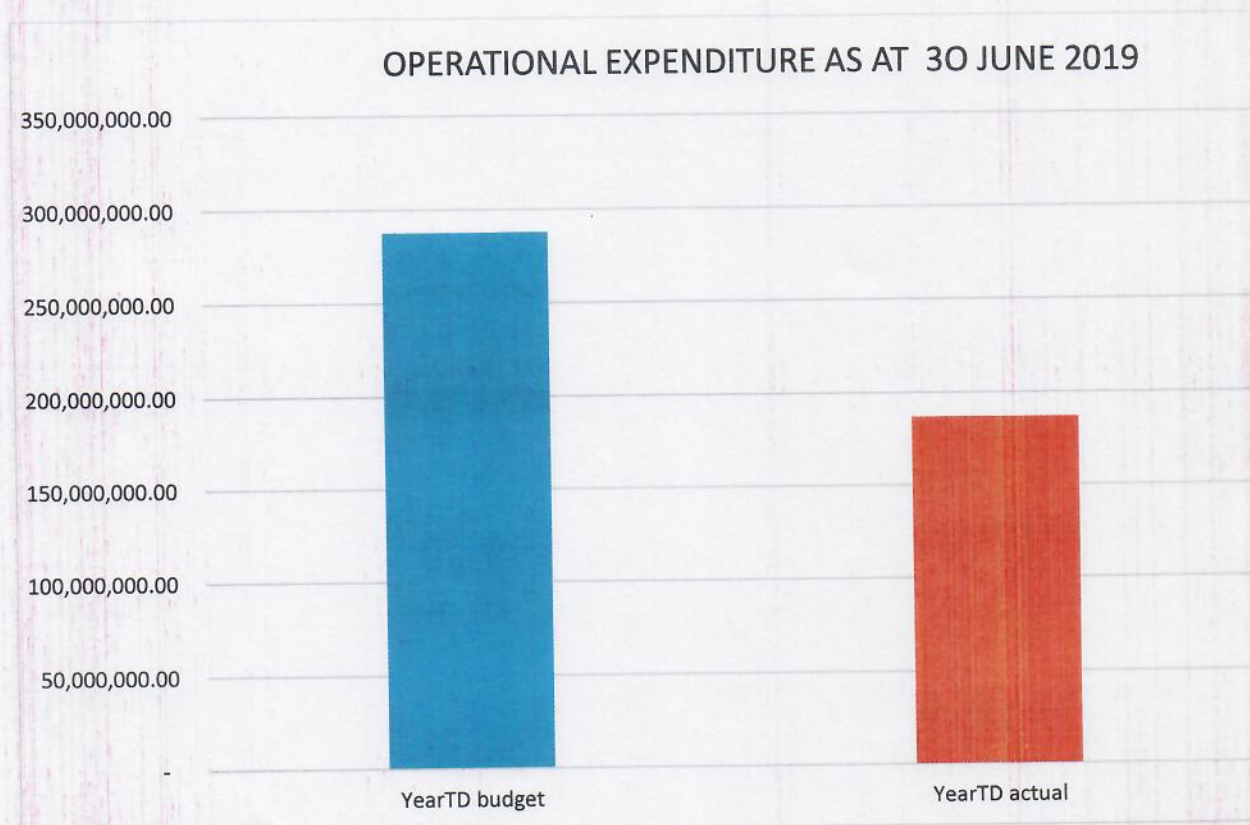


The total revenue received for the month of **June 2019** amount to **R 11.5 Million**, and the year to date revenue amount to **R273 Million** in comparison to a year to date budgeted figure of **R278 Million**. There is an unfavorable variance of **R 8 Million** which is due to the following reasons.

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

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 **June 2019** amounts to **R25 Million**, and the year to date actual is **R186 Million** which is reported against a year to date budget of **R287 Million**. There is an unfavorable variance of **R 5.6 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.

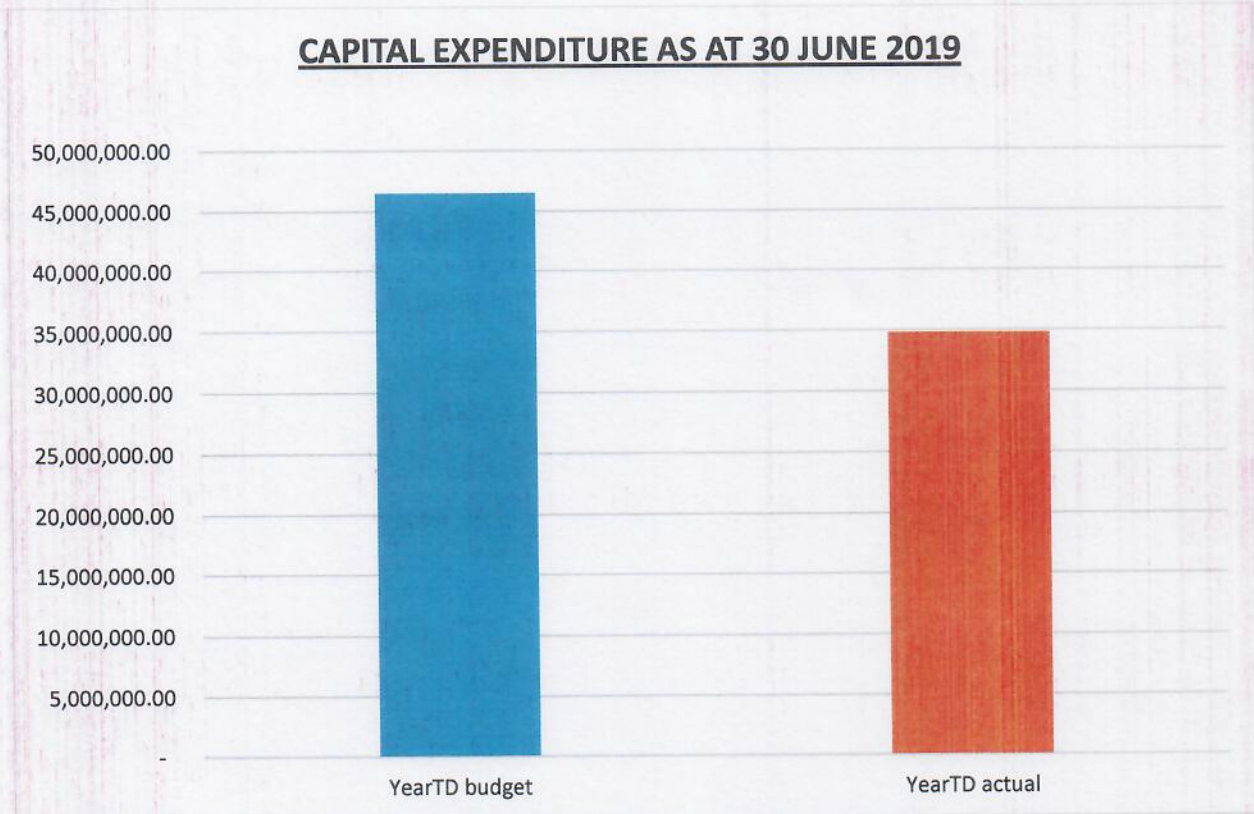
2. Depreciation and assets impairment

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 **June 2019** amounts to **R6.6 Million**, and the year to date actual is **R34 Million** which is reported against a year to date budget of **R38 Million**. There is an unfavorable variance of **R12 Million**.

Capital budget as at 30 June 2019.

Function	Funding	Description	TotalBudget	JUNE	YTD ACTUAL
Administration	OWN REVENUE	Purchase of Furniture (500/305065)	529,404.00	-	64,396.80
Administration	OWN REVENUE	Purchase Of Water Dispensors	30,600.00	-	30,600.00
Parks & Cemeteries	OWN REVENUE	Landscaping & Greening (425/305071)	750,000.00	652.17	743,152.17
Electricity	OWN REVENUE	Install RMU Cable to Connect Ext 5&6	890,000.00	-	-
Electricity	OWN REVENUE	Network Design Software	70,000.00	-	-
Electricity	OWN REVENUE	Replace PEX Cable in Ext 5	1,500,000.00	-	-
Electricity	OWN REVENUE	TRANSFORMER REPLACEMENT 500KVA	500,000.00	-	-
Electricity	OWN REVENUE	Truck Mounted Crane	530,000.00	-	-
Electricity	OWN REVENUE	Upgrade Municipal ESKON Supply	3,000,000.00	1,739,130.43	2,686,458.65
Finance	FMG	Laptops FMG	52,000.00	29,500.00	29,500.00
Fleet Mangement	OWN REVENUE	TOOLS & EQUIPMENTS	200,004.00	139,479.00	194,979.00
Housing and Building	OWN REVENUE	Air Conditioning	200,000.00	-	41,800.00
Information Technology	OWN REVENUE	ICT Computers	120,000.00	20,941.02	20,941.02
Information Technology	OWN REVENUE	Purchase Of ICT Equipments	89,996.00	29,700.00	47,799.00
Information Technology	OWN REVENUE	PURCHASE OF PRINTERS	88,496.00	29,700.00	56,289.90
Information Technology	OWN REVENUE	Replacement Of Switches	164,000.00	27,160.00	27,160.00
Information Technology	OWN REVENUE	SERVER	140,000.00	-	-
Information Technology	OWN REVENUE	Sound System	85,996.00	-	85,000.00
Information Technology	OWN REVENUE	Television	12,996.00	-	-
Licencing and Traffic	OWN REVENUE	Dashboard Camera	12,000.00	-	-
Licencing and Traffic	OWN REVENUE	Machinery and Equipments	573,400.00	-	286,700.00
Roads & Stormwater	MIG	Leeufontein Sports Complex	5,746,219.00	598,410.20	2,527,740.84
Roads & Stormwater	MIG	Mamphogo Sports Complex (650/305178)	18,924,453.00	4,043,381.50	16,987,468.81
Roads & Stormwater	MIG	Ngwalemong Internal Streets	2,827,717.00	-	4,148,289.37
Roads & Stormwater	MIG	Stormwater Extension 6(650/305147)	300,000.00	-	-
Roads & Stormwater	MIG	Upgrading Of Letebejane/Ditholong Inter	4,032,571.00	-	3,795,470.65
Roads & Stormwater	MIG	Mashemong/Mooihoek Internal Street	3,044,767.00	-	2,171,740.46
Solid Waste	OWN REVENUE	Landfill Site Weighbridge 12M	1,100,004.00	-	-
Solid Waste	OWN REVENUE	TIPPER TRUCK	950,004.00	-	850,000.00
GRAND TOTAL			46,464,627.00	6,658,054.32	34,795,486.67

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 **June 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 **76%** and **97%** respectively, as at **30 June 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) - M12 June

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									
Revenue - Functional										
<i>Governance and administration</i>		175,419	187,378	180,804	3,782	172,765	165,398	7,367	4%	187,378
Executive and council		2,094	2,345	2,516	115	878	2,516	(1,637)	-65%	2,345
Finance and administration		173,325	185,033	178,288	3,667	171,887	162,882	9,005	6%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		308	400	225	21	221	225	(5)	-2%	400
Community and social services		52	66	50	7	54	50	4	8%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		256	334	175	14	167	175	(9)	-5%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48,029	32,857	34,675	2	49	34,675	(34,625)	-100%	32,857
Planning and development		28	34	50	2	49	50	(1)	-1%	34
Road transport		48,001	32,823	34,625	-	-	34,625	(34,625)	-100%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		55,016	57,955	59,648	7,394	64,704	59,648	5,056	8%	57,955
Energy sources		51,107	53,386	55,177	5,301	58,984	55,177	3,807	7%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,909	4,568	4,471	2,092	5,720	4,471	1,250	28%	4,568
<i>Other</i>	4	-	3,627	3,627	4	1,913	3,627	(1,714)	-47%	3,627
Total Revenue - Functional	2	278,773	282,217	278,979	11,202	239,652	263,572	(23,920)	-9%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		257,918	176,056	179,894	13,970	99,601	179,894	(80,293)	-45%	176,056
Executive and council		37,980	44,552	46,352	5,772	43,052	46,352	(3,299)	-7%	44,552
Finance and administration		219,938	131,504	133,542	8,198	56,549	133,542	(76,993)	-58%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17,277	22,806	22,596	1,983	16,467	22,596	(6,129)	-27%	22,806
Community and social services		6,908	9,060	9,109	602	6,631	9,109	(2,478)	-27%	9,060
Sport and recreation		1,728	2,108	2,078	448	1,835	2,078	(243)	-12%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		5,255	7,481	7,352	507	4,322	7,352	(3,031)	-41%	7,481
Health		3,385	4,157	4,057	426	3,680	4,057	(377)	-9%	4,157
<i>Economic and environmental services</i>		15,106	19,876	19,860	1,671	15,470	19,860	(4,390)	-22%	19,876
Planning and development		6,685	5,458	4,848	875	5,470	4,848	622	13%	5,458
Road transport		8,421	14,418	15,011	795	9,999	15,011	(5,012)	-33%	14,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44,145	53,385	54,233	6,514	44,055	54,233	(10,178)	-19%	53,385
Energy sources		39,201	47,449	48,387	5,825	39,158	48,387	(9,229)	-19%	47,449
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,944	5,936	5,846	689	4,897	5,846	(949)	-16%	5,936
<i>Other</i>		10,211	12,140	11,161	1,567	11,274	11,161	114	1%	12,140
Total Expenditure - Functional	3	344,658	284,263	287,743	25,704	186,867	287,743	(100,876)	-35%	284,263
Surplus/ (Deficit) for the year		(65,885)	(2,046)	(8,764)	(14,502)	52,785	(24,171)	76,956	-318%	(2,046)

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)

LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

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	35,655	2,948	35,252	32,684	2,568	8%	35,655
Service charges - electricity revenue		43,831	50,000	53,800	5,042	58,550	49,316	9,234	19%	53,800
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		3,909	4,232	4,232	367	3,994	3,880	114	3%	4,232
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		256	225	155	14	155	142	13	9%	155
Interest earned - external investments		7,712	9,274	3,503	373	3,147	3,211	(64)	-2%	3,503
Interest earned - outstanding debtors		6,002	6,020	7,094	671	7,580	6,503	1,077	17%	7,094
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,010	96	96	4	87	88	(2)	-2%	96
Licences and permits		3,895	2,642	2,642	-	1,826	2,422	(596)	-25%	2,642
Agency services		-	888	888	-	-	814	(814)	-100%	888
Transfers and subsidies		127,358	133,485	133,485	-	129,676	133,485	(3,809)	-3%	133,485
Other revenue		8,263	2,918	2,805	2,112	483,913	2,571	481,342	18723%	2,805
Gains on disposal of PPE		100	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		235,764	247,591	244,354	11,530	724,179	235,115	489,064	208%	244,354
Expenditure By Type										
Employee related costs		74,433	92,789	90,906	8,913	73,750	90,906	(17,155)	-19%	90,906
Remuneration of councillors		13,389	13,525	13,525	1,067	12,255	13,525	(1,270)	-9%	13,525
Debt impairment		5,785	17,679	17,679	-	-	17,679	(17,679)	-100%	17,679
Depreciation & asset impairment		47,312	47,700	47,700	-	-	47,700	(47,700)	-100%	47,700
Finance charges		3,598	448	448	-	2	448	(445)	-99%	448
Bulk purchases		30,470	34,341	36,400	2,396	30,372	36,400	(6,028)	-17%	36,400
Other materials		5,565	12,214	12,214	1,432	6,653	12,214	(5,561)	-46%	12,214
Contracted services		14,552	12,288	12,313	811	8,640	12,313	(3,673)	-30%	12,313
Transfers and subsidies		2,571	2,653	2,653	-	1,378	2,653	(1,275)	-48%	2,653
Other expenditure		141,199	50,627	53,735	11,086	53,816	53,735	81	0%	53,735
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		338,873	284,263	287,571	25,704	186,867	287,571	(100,704)	-35%	287,571
Surplus/(Deficit)										
Transfers and subsidies - capital (financial institutions)		(103,109)	(36,672)	(43,217)	(14,174)	537,312	(52,456)	589,768	(0)	(43,217)
(National / Provincial and District)		43,008	32,823	34,625	4,642	29,631	26,313	3,318	0	34,625
(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)	(8,592)	(9,532)	566,943	(26,143)			(8,592)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(60,100)	(3,849)	(8,592)	(9,532)	566,943	(26,143)			(8,592)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(60,100)	(3,849)	(8,592)	(9,532)	566,943	(26,143)			(8,592)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(60,100)	(3,849)	(8,592)	(9,532)	566,943	(26,143)			(8,592)

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)

funding) - M12 June

Vote Descriptive	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									
Total Capital Expenditure		52,107	45,154	46,465	6,658	34,795	38,512	(3,716)	-10%	44,454
Capital Expenditure - Functional Classification										
Governance and administration		869	1,223	1,514	276	557	1,514	(957)	-63%	1,223
Executive and council								-		
Finance and administration	869	1,223	1,514	276	557	1,514	(957)	-63%	1,223	
Internal audit								-		
Community and public services		962	1,550	1,535	1	1,072	1,535	(464)	-30%	1,550
Community and social services	140	750	750	1	743	750	(7)	-1%	750	
Sport and recreation								-		
Public safety	796	500	585	-	287	585	(299)	-51%	500	
Housing	25	300	200	-	42	200	(158)	-79%	300	
Health								-		
Economic and environmental services		48,248	34,509	34,876	4,642	29,631	34,876	(5,245)	-15%	34,509
Planning and development								-		
Road transport	48,248	34,509	34,876	4,642	29,631	34,876	(5,245)	-15%	34,509	
Environmental protection								-		
Trading services		2,029	8,360	8,540	1,739	3,536	8,540	(5,004)	-59%	6,310
Energy services	2,029	6,310	6,490	1,739	2,686	6,490	(3,804)	-59%	6,310	
Water management								-		
Waste water management								-		
Waste management	-	2,050	2,050	-	850	2,050	(1,200)	-59%	-	
Other								-		
Total Capital	3	52,107	45,642	46,465	6,658	34,795	46,465	(11,669)	-25%	43,592
Funded by:										
National Government		43,008	31,576	34,876	4,642	29,631	34,876	(5,245)	-15%	31,576
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		43,008	31,576	34,876	4,642	29,631	34,876	(5,245)	-15%	31,576
Public contributions	5							-		
Borrowing	6							-		
Internally generated funds		9,099	14,078	11,589	2,016	5,165	9,657	(4,493)	-47%	14,078
Total Capital Funding		52,107	45,654	46,465	6,658	34,795	44,533	(9,738)	-22%	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 JUNE 2019 GL							
Type of Service	30 Days 2019/06	60 Days 2019/05	90 Days 2019/04	120 Days 2019/03	150 Days 2019/02	150 Plus 2019/01	Total
Rates	4164177.14	1419090.12	1403898.38	1338275.59	1327034.38	63849700.12	73,502,175.73
Electricity	5566353.86	281783.58	186186.73	297328.15	278728.27	8837911.03	15,448,291.62
Refuse	471509.78	115103.32	106575.59	104397.66	51443.01	3426621.26	4,275,650.62
Other	2153576.26	695966.01	416729.76	680438.67	668625.18	22537002.73	27,152,338.61
Total	12,355,617.04	2,511,943.03	2,113,390.46	2,420,440.07	2,325,830.84	98,651,235.14	120,378,456.58

Category	2019/06	2019/05	2019/04	2019/03	2019/02	2019/01	Total
Psi	3840.76	1916.78	1914.38	1911.98	1909.58	120057.66	131,551.14
Farms / agri	2926799.02	1330648.74	1282116.35	1276046.7	1276033.79	52304871.57	60,396,516.17
Business	3627113.37	237705.77	-18583.29	197938.63	189911.72	6846466.5	11,080,552.70
Churches	16855.84	3658.09	18063.66	2344.69	2092.51	51986.73	95,001.52
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	942383.32	120091.33	120181.7	125802.08	122776.34	4659265.68	6,090,500.45
Municipality	114745.01	59700.74	54955.38	62486.44	46998.9	1044477.98	1,383,364.45
Residential	4692794.83	755156.39	654572.45	753757.35	686011.36	33572433.84	41,114,726.22
School/hosp	31084.89	3065.19	169.83	152.2	96.64	7395.12	41,963.87
Total	12,355,617.04	2,511,943.03	2,113,390.46	2,420,440.07	2,325,830.84	98,651,235.14	120,378,456.58

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 June 2019** amount to **R120 Million**.

2.2 Creditors' Analysis

Year End	Month End	Mun	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
2019	M12	LIM471	0100	Bulk Electricity	0	0	0	0	0	0	0	0	0
			0200	Bulk Water	0	0	0	0	0	0	0	0	0
			0300	PAYE deductions	0	0	0	0	0	0	0	0	0
			0400	VAT (output less input)	0	0	0	0	0	0	0	0	0
			0500	Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
			0600	Loan repayments	0	0	0	0	0	0	0	0	0
			0700	Trade Creditors	0	0	0	0	0	0	0	0	0
			0800	Auditor General	0	0	0	0	0	0	0	0	0
			0900	Other	0	0	0	0	0	0	0	0	0
			1000	Total	0	0	0	0	0	0	0	0	0
			TP01	Top 1 Creditor	0	0	0	0	0	0	0	0	0
			TP02	Top 2 Creditor	0	0	0	0	0	0	0	0	0
			TP03	Top 3 Creditor	0	0	0	0	0	0	0	0	0
			TP04	Top 4 Creditor	0	0	0	0	0	0	0	0	0
			TP05	Top 5 Creditor	0	0	0	0	0	0	0	0	0
			TP06	Top 6 Creditor	0	0	0	0	0	0	0	0	0
			TP07	Top 7 Creditor	0	0	0	0	0	0	0	0	0
			TP08	Top 8 Creditor	0	0	0	0	0	0	0	0	0
			TP09	Top 9 Creditor	0	0	0	0	0	0	0	0	0
			TP10	Top 10 Creditor	0	0	0	0	0	0	0	0	0
			TOT	Total	0	0	0	0	0	0	0	0	0

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 June 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for June 2019 is **R8.9 Million** and **R 1.067Million** respectively.



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

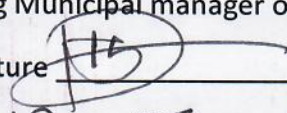
I, Mantaneng Phaahla the acting municipal manager of Ephraim Mogale Local Municipality, here by certify that-

- the monthly budget statement

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

Print name **M. PHAAHLA**

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

Signature 

Date 12-07-2019