

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 October 2019

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1.1 Executive summary

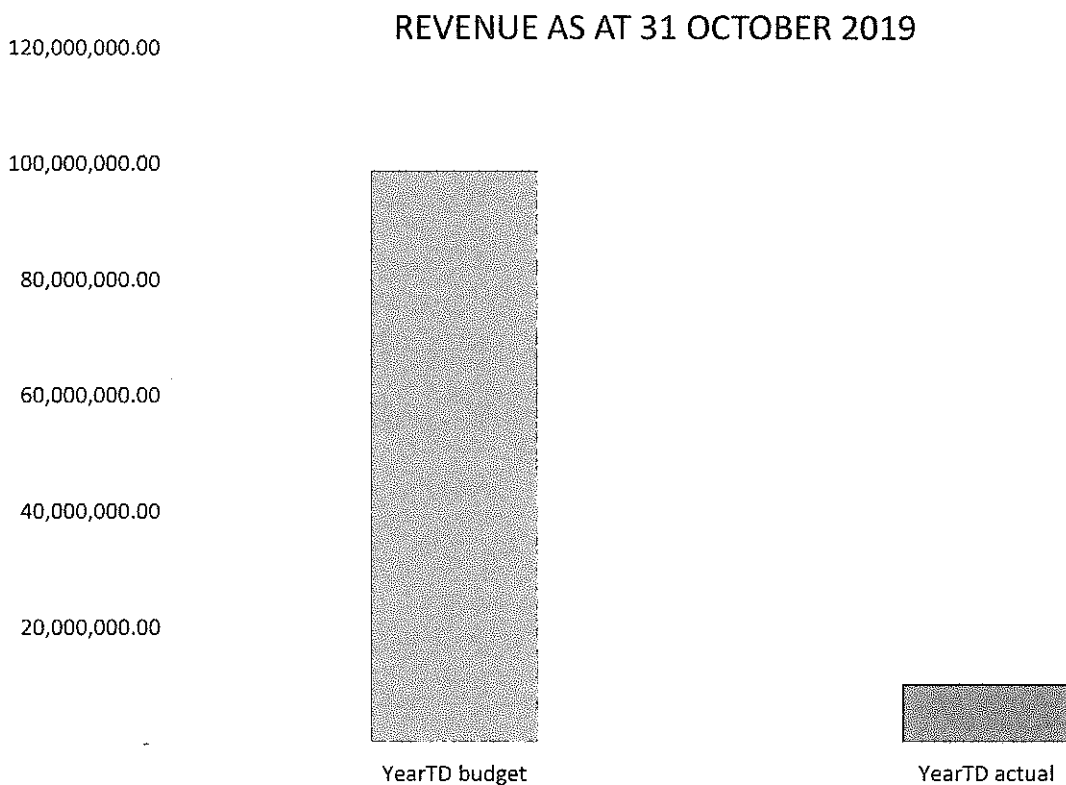
1.1.1 Introduction

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)

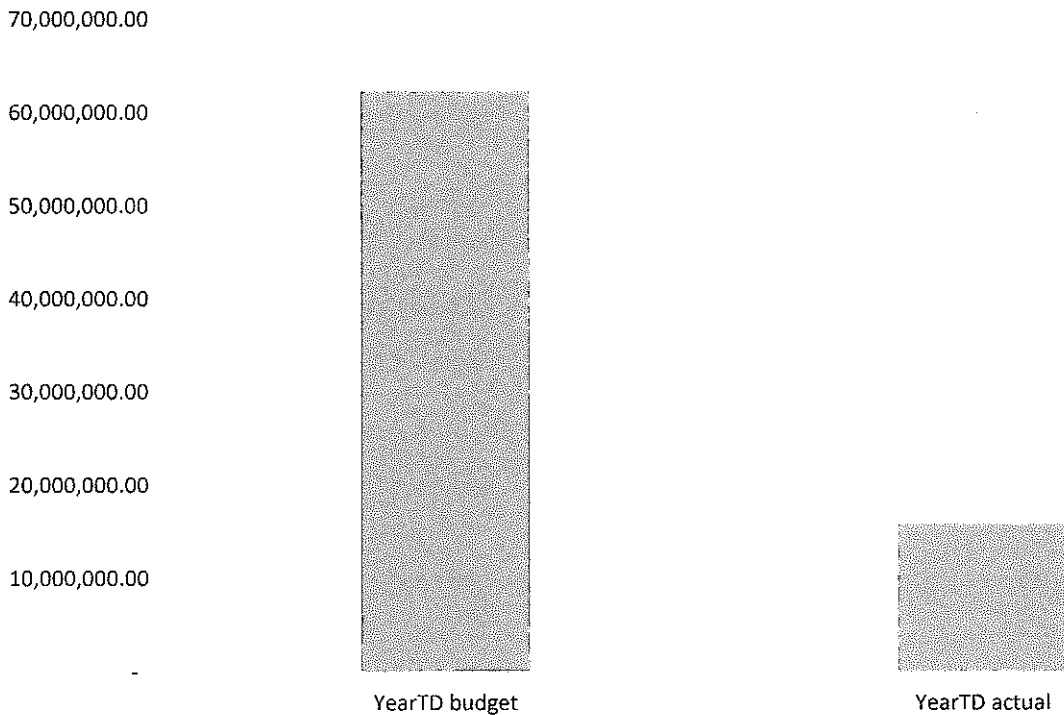


The total revenue received for the month of **October 2019** amount to **R 10.2 Million**, and the year to date revenue amount to **R 98.7 Million** in comparison to a year to date budgeted figure of **R106 Million**. There is a favorable variance of **R 7.9 Million** which is due to the following reason.

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 31 OCTOBER 2019



Operating expenditure for the month of **October 2019** amounts to **R15.7 Million**, and the year to date actual is **R62 Million** which is reported against a year to date budget of **R100 Million**. There is an unfavorable variance of **R37.7 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

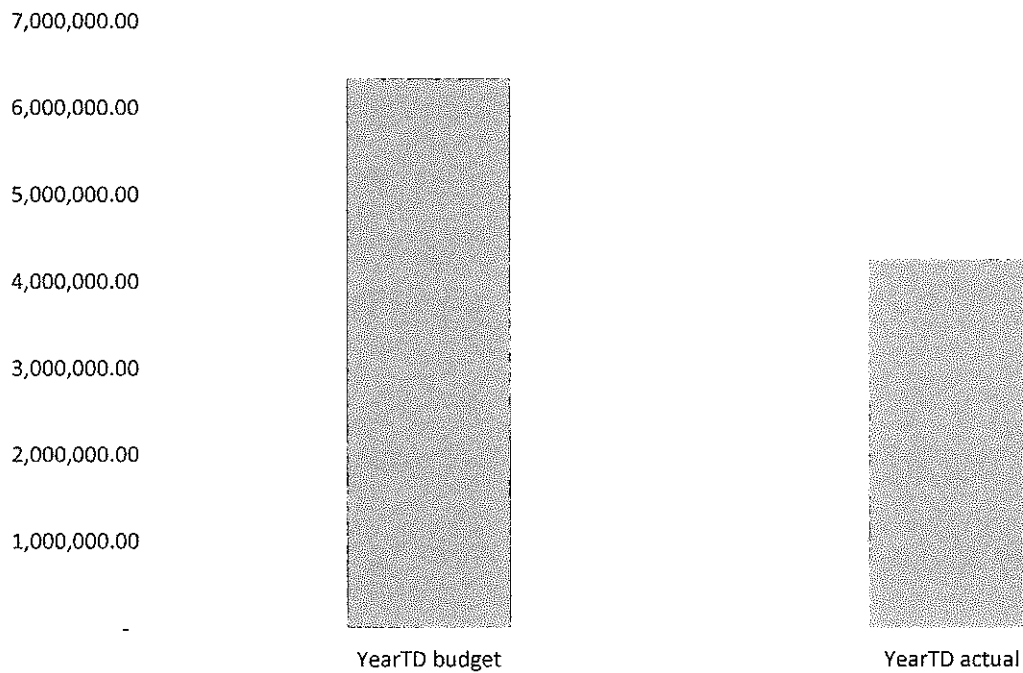
Currently the municipality is accounting for depreciation at year end.

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 31 OCTOBER 2019



Capital expenditure for the month of **October 2019** amounts to **R4.2 Million**, and the year to date actual is **R6.3 Million** which is reported against a year to date budget of **R16 Million**. There is an unfavorable variance of **R10 Million**.

Capital budget as at 31 October 2019.

Function	Funding	SegmentDesc	TotalBudget	October	TotalActual
Administrative and Corpor	OWN REVENUE	Purchase of Furniture (500/305065)	300000	0	0
Cemeteries Funeral Park	OWN REVENUE	Landscaping & Greening (425/305071)	500004	0	0
Cemeteries Funeral Park	OWN REVENUE	Lawnmower	200004	0	0
Electricity: Electricity	OWN REVENUE	Upgrade Municipal ESKON Supply	2000004	0	0
Electricity: Electricity	OWN REVENUE	Replace 50 kWh Meters	100008	0	0
Electricity: Electricity	OWN REVENUE	Replace PEX Cable in Ext 5	750000	0	0
Electricity: Electricity	OWN REVENUE	Industrial Substation Second Supply F	3250008	0	0
Electricity: Electricity	OWN REVENUE	Replace Streetlight Wood Poles at Ma	200004	0	0
Finance: Finance	OWN REVENUE	CASH cOUNTING MACHINES	60000	0	0
Finance: Finance	OWN REVENUE	Money-safe	10008	0	0
Housing: Housing and Bu	OWN REVENUE	Air Conditioning	100008	0	0
Information Technology: O	OWN REVENUE	Purchase of routers and wireless acce	100008	0	0
Information Technology: O	OWN REVENUE	ICT Computers	180000	0	0
Information Technology: O	OWN REVENUE	Purchase Of ICT Equipments	77004	0	0
Information Technology: O	OWN REVENUE	Television	28008	0	0
Information Technology: O	OWN REVENUE	master tower pole	95004	0	0
Information Technology: O	OWN REVENUE	Community wifi	1000008	0	0
Information Technology: O	OWN REVENUE	PURCHASE OF PRINTERS	130008	0	0
Licensing and Regulation	OWN REVENUE	Vehicle - Traffic	600000	0	0
Roads: Roads& Stormwat	OWN REVENUE	Rehabilitation Leeuwfontein Internal	2500008	0	0
Roads: Roads & Stormwa	OWN REVENUE	Stormwater Extension 6(650/305147)	6000000	1606.96	447466.17
Roads: Roads& Stormwat	MIG	Phetwane Internal Road (650/305184)	8384160	0	561529.49
Roads: Roads& Stormwat	MIG	Mashemong/Mooihoek Internal Stree	8768304	1000693.58	1227517.73
Roads: Roads & Stormwa	MIG	Malebitsa Internal Streets	7500000	1140225.63	1954815.93
Roads: Roads& Stormwat	MIG	Malebitsa internal road	7384152	1917457.09	2147706.66
GRAND TOTAL			50216712	4059983.26	6339035.98

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 **October 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 **14%** and **21%** respectively, as at **31 October 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) - M04 October

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 - Functional										
<i>Governance and administration</i>		-	198,754	-	4,347	77,755	66,251	11,504	17%	198,754
Executive and council		-	2,287	-	142	369	762	(383)	-52%	2,287
Finance and administration		-	196,467	-	4,205	77,386	65,489	11,897	18%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	237	-	20	89	79	10	13%	237
Community and social services		-	53	-	4	20	18	3	16%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	184	-	15	69	61	8	13%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,496	-	2	8	8,379	(8,370)	-100%	33,496
Planning and development		-	53	-	2	8	18	(9)	-52%	53
Road transport		-	33,443	-	-	-	8,361	(8,361)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	67,465	-	5,820	20,895	22,488	(1,593)	-7%	67,465
Energy sources		-	62,761	-	5,409	19,251	20,920	(1,669)	-8%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,703	-	411	1,644	1,568	76	5%	4,703
<i>Other</i>	4	-	3,815	-	19	46	1,272	(1,226)	-96%	3,815
Total Revenue - Functional	2	-	303,766	-	10,206	98,793	98,469	324	0%	303,766
Expenditure - Functional										
<i>Governance and administration</i>		-	181,487	-	8,800	31,627	60,496	(28,869)	-48%	181,487
Executive and council		-	47,087	-	2,738	11,038	15,696	(4,658)	-30%	47,087
Finance and administration		-	134,399	-	6,062	20,589	44,800	(24,211)	-54%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	23,565	-	1,325	5,507	7,855	(2,348)	-30%	23,565
Community and social services		-	9,148	-	545	2,617	3,049	(432)	-14%	9,148
Sport and recreation		-	2,264	-	141	457	755	(298)	-39%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,807	-	315	1,213	2,602	(1,389)	-53%	7,807
Health		-	4,347	-	324	1,219	1,449	(230)	-16%	4,347
<i>Economic and environmental services</i>		-	20,929	-	1,219	5,061	6,976	(1,915)	-27%	20,929
Planning and development		-	9,368	-	553	2,452	3,123	(671)	-21%	9,368
Road transport		-	11,561	-	666	2,610	3,854	(1,244)	-32%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	62,249	-	3,565	16,709	20,750	(4,041)	-19%	62,249
Energy sources		-	56,177	-	3,178	15,029	18,726	(3,697)	-20%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,071	-	386	1,680	2,024	(344)	-17%	6,071
<i>Other</i>		-	11,872	-	875	3,396	3,957	(562)	-14%	11,872
Total Expenditure - Functional	3	-	300,102	-	15,783	62,300	100,034	(37,734)	-38%	300,102
Surplus/ (Deficit) for the year		-	3,664	-	(5,577)	36,493	(1,565)	38,059	-2432%	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) - M04 October

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		3,108	12,432	12,503	(71)	-1%	37,509	
Service charges - electricity revenue			61,224		5,550	19,251	20,408	(1,157)	-6%	61,224	
Service charges - water revenue			-		-	-	-	-	-	-	
Service charges - sanitation revenue			-		-	-	-	-	-	-	
Service charges - refuse revenue			4,463		411	1,644	1,488	156	10%	4,463	
Rental of facilities and equipment			163		15	61	54	7	12%	163	
Interest earned - external investments			3,685		443	1,874	1,228	646	53%	3,685	
Interest earned - outstanding debtors			7,463		648	2,647	2,488	159	6%	7,463	
Dividends received			-		-	-	-	-	-	-	
Fines, penalties and forfeits			101		19	44	34	11	31%	101	
Licences and permits			-		-	1	-	1	#DIV/0!	3,345	
Agency services			-		-	-	-	-	-	-	
Transfers and subsidies			148,974		-	60,416	67,416	(7,000)	-10%	148,974	
Other revenue			3,396		11	423	1,132	(709)	-63%	3,396	
Gains on disposal of PPE			-		-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)			-	266,978	-	10,206	98,793	106,751	(7,958)	-7%	270,323
Expenditure By Type											
Employee related costs			87,715		6,573	26,441	29,238	(2,798)	-10%	87,715	
Remuneration of councillors			14,533		1,094	4,429	4,844	(416)	-9%	14,533	
Debt impairment			13,321		-	-	4,440	(4,440)	-100%	13,321	
Depreciation & asset impairment			52,000		-	-	17,333	(17,333)	-100%	52,000	
Finance charges			365		24	93	122	(29)	-23%	365	
Bulk purchases			42,224		2,630	11,580	14,075	(2,494)	-18%	42,224	
Other materials			1,275		285	2,115	425	1,690	397%	1,275	
Contracted services			36,355		1,680	7,945	12,118	(4,173)	-34%	36,355	
Transfers and subsidies			-		-	-	-	-	-	-	
Other expenditure			52,314		3,497	9,698	17,438	(7,740)	-44%	52,314	
Loss on disposal of PPE			-		-	-	-	-	-	-	
Total Expenditure			-	300,102	-	15,783	62,300	100,034	(37,734)	-38%	300,102
Surplus/(Deficit)											
Transfers and subsidies - capital (in-kind - all)			-	(33,124)	-	(5,578)	36,493	6,717	29,776	0	(29,779)
(National / Provincial and District)			33,443		4,058	5,892	11,148	(5,256)	(0)	33,443	
(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			-	319	-	(1,519)	42,384	17,864			3,664
Taxation			-		-	-	-	-	-	-	
Surplus/(Deficit) after taxation			-	319	-	(1,519)	42,384	17,864			3,664
Attributable to minorities			-		-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality			-	319	-	(1,519)	42,384	17,864			3,664
Share of surplus/ (deficit) of associate			-		-	-	-	-	-	-	
Surplus/ (Deficit) for the year			-	319	-	(1,519)	42,384	17,864			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)

funding) - M04 October

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
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and adminis		-	2,020	-	-	-	673	(673)	-100%	2,020
Executive and council								-		
Finance and administration			2,020				673	(673)	-100%	2,020
Internal audit								-		
Community and public s		-	800	-	-	-	267	(267)	-100%	800
Community and social services			700				233	(233)	-100%	700
Sport and recreation								-		
Public safety								-		
Housing			100				33	(33)	-100%	100
Health								-		
Economic and environm		-	40,537	-	4,262	6,339	13,512	(7,173)	-53%	40,537
Planning and development								-		
Road transport			40,537		4,262	6,339	13,512	(7,173)	-53%	40,537
Environmental protection								-		
Trading services		-	6,300	-	-	-	2,100	(2,100)	-100%	6,300
Energy sources			6,300				2,100	(2,100)	-100%	6,300
Water management								-		
Waste water management								-		
Waste management								-		
Other			600				100	(100)	-100%	600
Total Capital	3	-	50,257	-	4,262	6,339	16,652	(10,313)	-62%	50,257
Funded by:										
National Government			33,443		4,262	6,339	6,756	(417)	-6%	33,443
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - ca		-	33,443	-	4,262	6,339	6,756	(417)	-6%	33,443
Borrowing	6									
Internally generated funds			16,814				9,896	(9,896)	-100%	16,814
Total Capital Funding		-	50,257	-	4,262	6,339	16,652	(10,313)	-62%	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 OCTOBER 2019 GL							
Type of Service	30 Days 2019/10	60 Days 2019/09	90 Days 2019/08	120 Days 2019/07	150 Days 2019/06	150 Plus 2019/05	Total
<i>Rates</i>	4284316.4	1530294.49	1447322.75	1294470.84	1304806.6	66778966.87	76,640,177.95
<i>Electricity</i>	4247872.95	381878.48	341178.15	214638.18	194771.27	6581712.66	11,962,051.69
<i>Refuse</i>	459259.39	104254.68	100188.28	86692.89	82656.6	3319957.8	4,153,009.64
<i>Other</i>	1387394.17	694711.03	680433.33	481957.12	667222.4	23605217.54	27,516,935.59
Total	10,378,842.91	2,711,138.68	2,569,122.51	2,077,759.03	2,249,456.87	100,285,854.87	120,272,174.87

Category	2019/10	2019/09	2019/08	2019/07	2019/06	2019/05	Total
<i>Psi</i>	4045	2019.17	2016.7	1921.58	1919.18	127710.38	139,632.01
<i>Farms / agri</i>	3052667.37	1395573.04	1365364.88	1303718.26	1300368.81	56178155.43	64,595,847.79
<i>Business</i>	3321500.76	378564.43	342499.07	-59395.94	128630.28	5130279.24	9,242,077.84
<i>Churches</i>	25855.67	3073.24	2207.12	2140.02	2132.68	69319.46	104,728.19
<i>Commercial</i>	0	0	0	0	0	29221.64	29,221.64
<i>Domestic</i>	-8583.79	0	0	0	0	15058.42	6,474.63
<i>Industrial</i>	787676.94	142480.93	133457.56	131769.27	128003.6	5148117.13	6,471,505.43
<i>Municipality</i>	14178.32	8566.25	6157.01	-234	0	16362.38	45,029.96
<i>Residential</i>	3171369.54	775498.83	712102.58	694257.01	688230.25	33563646.05	39,605,104.26
<i>School/hosp</i>	10133.1	5362.79	5317.59	3582.83	172.07	7984.74	32,553.12
Total	10,378,842.91	2,711,138.68	2,569,122.51	2,077,759.03	2,249,456.87	100,285,854.87	120,272,174.87

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 October 2019** amount to **R120 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 October 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for October 2019 is **R6.5 Million** and **R 2.6 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 **October 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 12-11-2019