

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 December 2019

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1.1 Executive summary

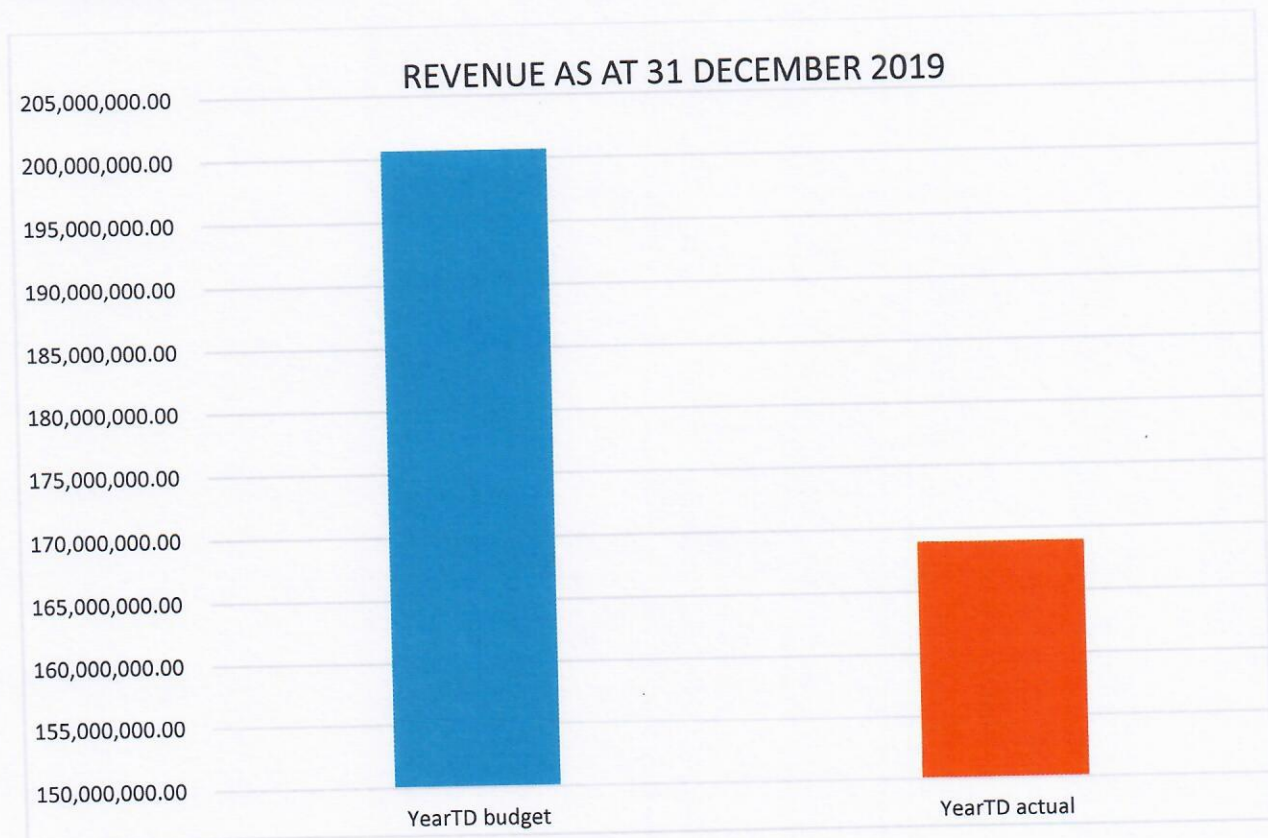
1.1.1 Introduction

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)

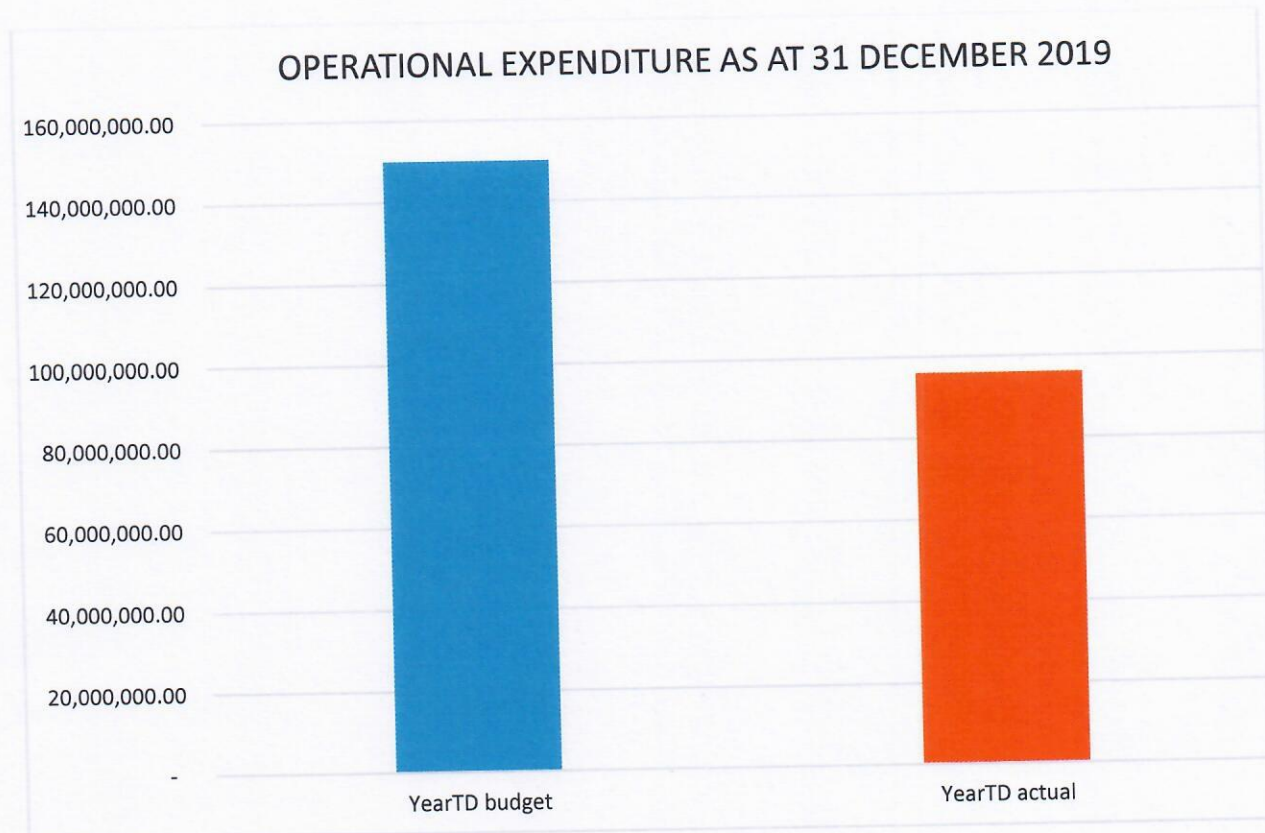
REVENUE (Table c2, c4)



The total revenue received for the month of **December 2019** amount to **R 60 Million**, and the year to date revenue amount to **R 168.9 Million** in comparison to a year to date budgeted figure of **R200 Million**. There is a favorable variance of **R 23 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 **December 2019** amounts to **R5.9 Million**, and the year to date actual is **R95.7 Million** which is reported against a year to date budget of **R150 Million**. There is an unfavorable variance of **R54 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.

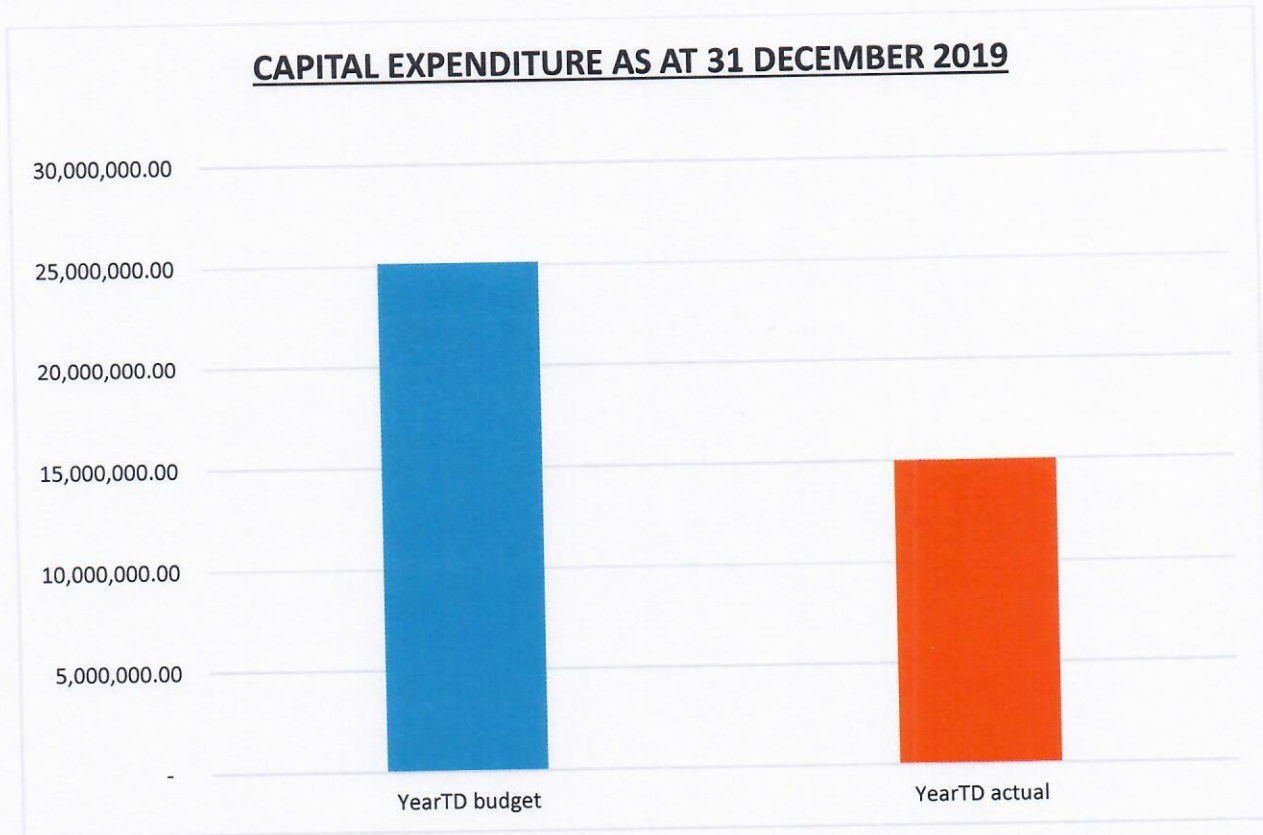
2. Depreciation and assets impairment

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 **December 2019** amounts to **R7.7 Million**, and the year to date actual is **R14.9 Million** which is reported against a year to date budget of **R25 Million**. There is an unfavorable variance of **R10 Million**.

Capital budget as at 31 December 2019.

Function	Funding	SegmentDesc	TotalBudget	December	TotalActual
Administrative and Co	OWN REVENUE	Purchase of Furniture (500/305065)	300000	0	0
Cemeteries Funeral Pa	OWN REVENUE	Lawnmower	200004	0	0
Electricity: Electricity	OWN REVENUE	Replace 50 kWh Meters	100008	0	0
Electricity: Electricity	OWN REVENUE	Replace Streetlight Wood Poles at Ma	200004	0	0
Electricity: Electricity	OWN REVENUE	Upgrade Municipal ESKON Supply	2000004	0	0
Electricity: Electricity	OWN REVENUE	Industrial Substation Second Supply F	3250008	0	0
Finance: Finance	OWN REVENUE	Money-safe	10008	0	0
Finance: Finance	OWN REVENUE	CASH cOUNTING MACHINES	60000	0	0
Housing: Housing and I	OWN REVENUE	Air Conditioning	100008	0	0
Information Technolog	OWN REVENUE	master tower pole	95004	0	0
Information Technolog	OWN REVENUE	Purchase of routers and wireless acce	100008	0	0
Information Technolog	OWN REVENUE	ICT Computers	180000	0	0
Information Technolog	OWN REVENUE	Community wifi	1000008	0	0
Licensing and Regulati	OWN REVENUE	Vehicle - Traffic	600000	0	0
Cemeteries Funeral Pa	OWN REVENUE	Landscaping & Greening (425/305071)	500004	13428.7	13428.7
Information Technolog	OWN REVENUE	PURCHASE OF PRINTERS	130008	17500	17500
Information Technolog	OWN REVENUE	Television	28008	28000	28000
Information Technolog	OWN REVENUE	Purchase Of ICT Equipments	77004	669.57	58619.09
Electricity: Electricity	OWN REVENUE	Replace PEX Cable in Ext 5	750000	466744.96	466744.96
Roads: Roads & Stormw	MIG	Leeufontein Sports Complex	2500008	0	836282.88
Roads: Roads& Stormw	MIG	Phetwane Internal Road (650/305184)	8384160	0	561529.49
Roads: Roads & Stormw	MIG	Stormwater Extension 6(650/305147)	6000000	511264.64	958730.81
Roads: Roads& Stormw	MIG	Mashemong/Mooihoek Internal Stree	8768304	2204866.15	3432383.88
Roads: Roads & Stormw	MIG	MAKGATLE	7500000	1864458.48	3819274.41
Roads: Roads& Stormw	MIG	Malebitsa internal road	7384152	2625108.7	4772815.36
GRAND TOTAL			50216712	7732041.2	14965309.58

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 **December 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 **17%** and **32%** respectively, as at **31 December 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).

LIM471 Ephraim Mogale - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	Budget Year 2019/20								
		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>		-	198,754	-	52,697	134,621	99,377	35,245	35%	198,754
Executive and council		-	2,287	-	78	460	1,143	(684)	-60%	2,287
Finance and administration		-	196,467	-	52,619	134,162	98,234	35,928	37%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	237	-	15	128	118	10	8%	237
Community and social services		-	53	-	3	25	26	(2)	-6%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	184	-	12	104	92	11	12%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,496	-	-	8	10,387	(10,379)	-100%	33,496
Planning and development		-	53	-	-	8	26	(18)	-68%	53
Road transport		-	33,443	-	-	-	10,361	(10,361)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	67,465	-	5,293	32,080	33,732	(1,652)	-5%	67,465
Energy sources		-	62,761	-	4,881	29,624	31,381	(1,757)	-6%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,703	-	412	2,456	2,352	105	4%	4,703
<i>Other</i>	4	-	3,815	-	2,038	2,095	1,908	187	10%	3,815
Total Revenue - Functional	2	-	303,766	-	60,043	168,933	145,523	23,411	16%	303,766
Expenditure - Functional										
<i>Governance and administration</i>		-	181,487	-	5,914	48,727	90,743	(42,016)	-46%	181,487
Executive and council		-	47,087	-	2,481	18,431	23,544	(5,113)	-22%	47,087
Finance and administration		-	134,399	-	3,433	30,296	67,200	(36,904)	-55%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	23,565	-	202	8,070	11,783	(3,712)	-32%	23,565
Community and social services		-	9,148	-	110	3,736	4,574	(838)	-18%	9,148
Sport and recreation		-	2,264	-	16	675	1,132	(457)	-40%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,807	-	20	1,804	3,903	(2,099)	-54%	7,807
Health		-	4,347	-	56	1,855	2,173	(319)	-15%	4,347
<i>Economic and environmental services</i>		-	20,929	-	297	8,453	10,464	(2,011)	-19%	20,929
Planning and development		-	9,368	-	167	3,525	4,684	(1,159)	-25%	9,368
Road transport		-	11,561	-	131	4,928	5,780	(852)	-15%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	62,249	-	418	25,257	31,124	(5,868)	-19%	62,249
Energy sources		-	56,177	-	378	22,747	28,089	(5,341)	-19%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,071	-	40	2,510	3,036	(526)	-17%	6,071
<i>Other</i>		-	11,872	-	130	5,258	5,936	(678)	-11%	11,872
Total Expenditure - Functional	3	-	300,102	-	6,962	95,766	150,051	(54,285)	-36%	300,102
Surplus/ (Deficit) for the year		-	3,664	-	53,080	73,168	(4,528)	77,696	-1716%	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)

LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2019/20									
		2018/19 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	18,648	18,754	(106)	-1%	37,509	
Service charges - electricity revenue			61,224		4,881	29,624	30,612	(989)	-3%	61,224	
Service charges - water revenue			-		-	-	-	-	-	-	
Service charges - sanitation revenue			-		-	-	-	-	-	-	
Service charges - refuse revenue			4,463		398	2,387	2,231	156	7%	4,463	
Rental of facilities and equipment			163		12	94	82	13	16%	163	
Interest earned - external investments			3,685		515	2,786	1,842	944	51%	3,685	
Interest earned - outstanding debtors			7,463		655	3,947	3,731	215	6%	7,463	
Dividends received			-		-	-	-	-	-	-	
Fines, penalties and forfeits			101		7	63	51	12	24%	101	
Licences and permits			3,345		2,031	2,032	1,673	360	22%	3,345	
Agency services			-		-	-	-	-	-	-	
Transfers and subsidies			148,974		-	69,416	140,000	(70,584)	-50%	148,974	
Other revenue			3,396		48,435	39,936	1,698	38,238	2252%	3,396	
Gains on disposal of PPE			-		-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)			-		-	60,043	168,933	200,675	(31,741)	-16%	270,323
Expenditure By Type											
Employee related costs			87,715		633	39,431	43,857	(4,427)	-10%	87,715	
Remuneration of councillors			14,533		8	6,690	7,267	(577)	-8%	14,533	
Debt impairment			13,321		-	-	6,660	(6,660)	-100%	13,321	
Depreciation & asset impairment			52,000		-	-	26,000	(26,000)	-100%	52,000	
Finance charges			365		-	117	183	(66)	-36%	365	
Bulk purchases			42,224		15	17,484	21,112	(3,628)	-17%	42,224	
Other materials			1,275		130	3,664	638	3,027	475%	1,275	
Contracted services			36,355		3,038	13,200	18,177	(4,977)	-27%	36,355	
Transfers and subsidies			-		-	-	-	-	-	-	
Other expenditure			52,314		2,142	15,180	26,157	(10,977)	-42%	52,314	
Loss on disposal of PPE			-		-	-	-	-	-	-	
Total Expenditure			-		5,966	95,766	150,051	(54,285)	-36%	300,102	
Surplus/(Deficit)											
Transfers and subsidies - capital (national and district)			-		-	-	-	-	-	-	
(National / Provincial and District)			33,443		-	14,381	16,890	(2,509)	(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			-		3,664	87,549	67,514			3,664	
Taxation			-		-	-	-	-	-	-	
Surplus/(Deficit) after taxation			-		3,664	87,549	67,514			3,664	
Attributable to minorities			-		-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality			-		3,664	87,549	67,514			3,664	
Share of surplus/ (deficit) of associate			-		-	-	-	-	-	-	
Surplus/ (Deficit) for the year			-		3,664	87,549	67,514			3,664	

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) - M06 December

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 administration		-	2,020	-	526	584	1,010	(426)	-42%	2,020
Executive and council								-		
Finance and administration			2,020		526	584	1,010	(426)	-42%	2,020
Internal audit								-		
Community and public services		-	800	-	-	-	400	(400)	-100%	800
Community and social services			700				350	(350)	-100%	700
Sport and recreation								-		
Public safety								-		
Housing			100				50	(50)	-100%	100
Health								-		
Economic and environmental services		-	40,537	-	7,206	14,381	20,268	(5,887)	-29%	40,537
Planning and development								-		
Road transport			40,537		7,206	14,381	20,268	(5,887)	-29%	40,537
Environmental protection								-		
Trading services		-	6,300	-	-	-	3,150	(3,150)	-100%	6,300
Energy sources			6,300				3,150	(3,150)	-100%	6,300
Water management								-		
Waste water management								-		
Waste management								-		
Other			600				300	(300)	-100%	600
Total Capital	3	-	50,257	-	7,732	14,965	25,128	(10,163)	-40%	50,257
Funded by:										
National Government			33,443			14,381	16,890	(2,509)	-15%	33,443
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		-	33,443	-	-	14,381	16,890	(2,509)	-15%	33,443
Borrowing	6									
Internally generated funds			16,814		7,732	584	8,238	(7,654)	-93%	16,814
Total Capital Funding		-	50,257	-	7,732	14,965	25,128	(10,163)	-40%	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 DECEMBER 2019 GL							
	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	
Type of Service	2019/12	2019/11	2019/10	2019/09	2019/08	2019/07	Total
Rates	4370465.7	1476421.06	1464445.77	1451100.24	1408430.11	66939818.03	77,110,680.91
Electricity	5429245	146172.48	146346.75	141925.52	104592.24	4450952.66	10,419,234.65
Refuse	495152.11	104894.73	111039.4	99870	96029.31	3472592.32	4,379,577.87
Other	1232583.61	700010.96	413371.28	793160.31	739036.62	26803267.05	30,681,429.83
Total	11,527,446.42	2,427,499.23	2,135,203.20	2,486,056.07	2,348,088.28	101,666,630.06	122,590,923.26

Category	2019/12	2019/11	2019/10	2019/09	2019/08	2019/07	Total
Psi	4054.86	2023.73	2021.27	2019.17	2016.7	131551.14	143,686.87
Farms / agri	3083800.68	1356470.13	1358799.21	1369735.87	1346937.8	56097016.74	64,612,760.43
Business	3376812.37	216381.06	171457.87	210967.49	179008.42	5145833.51	9,300,460.72
Churches	25332.69	2289.67	2281.63	2394.72	2207.12	73592.16	108,097.99
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	1574228.49	148017.34	-129723.51	145540.23	133457.56	5407890	7,279,410.11
Municipality	5433.51	5916.32	5978.02	8522.29	6063.73	16128.38	48,042.25
Residential	3416710.51	705717.5	722362.39	741513.51	674959.72	34742008.07	41,003,271.70
School/hosp	41073.31	-9316.52	2026.32	5362.79	3437.23	8330	50,913.13
Total	11,527,446.42	2,427,499.23	2,135,203.20	2,486,056.07	2,348,088.28	101,666,630.06	122,590,923.26

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 December 2019** amount to **R122 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 December 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for December 2019 is **R632 Thousands**.



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

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

- the monthly budget statement

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

Print name **Phasha K**

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

Signature

Date

17/01/2020