

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 MARCH 2019

Table of content

PART 1- IN-YEAR REPORT

1.1 Executive Summary	2
1.2 In-Year budget statement tables	6

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors' Analysis	10
2.2 Creditors' Analysis.....	10
2.3 Investment portfolio analysis.....	10
2.4 Allocation and grants receipts expenditure.....	10
2.5 Councilors allowances and Employee benefits.....	10

1.1 Executive summary

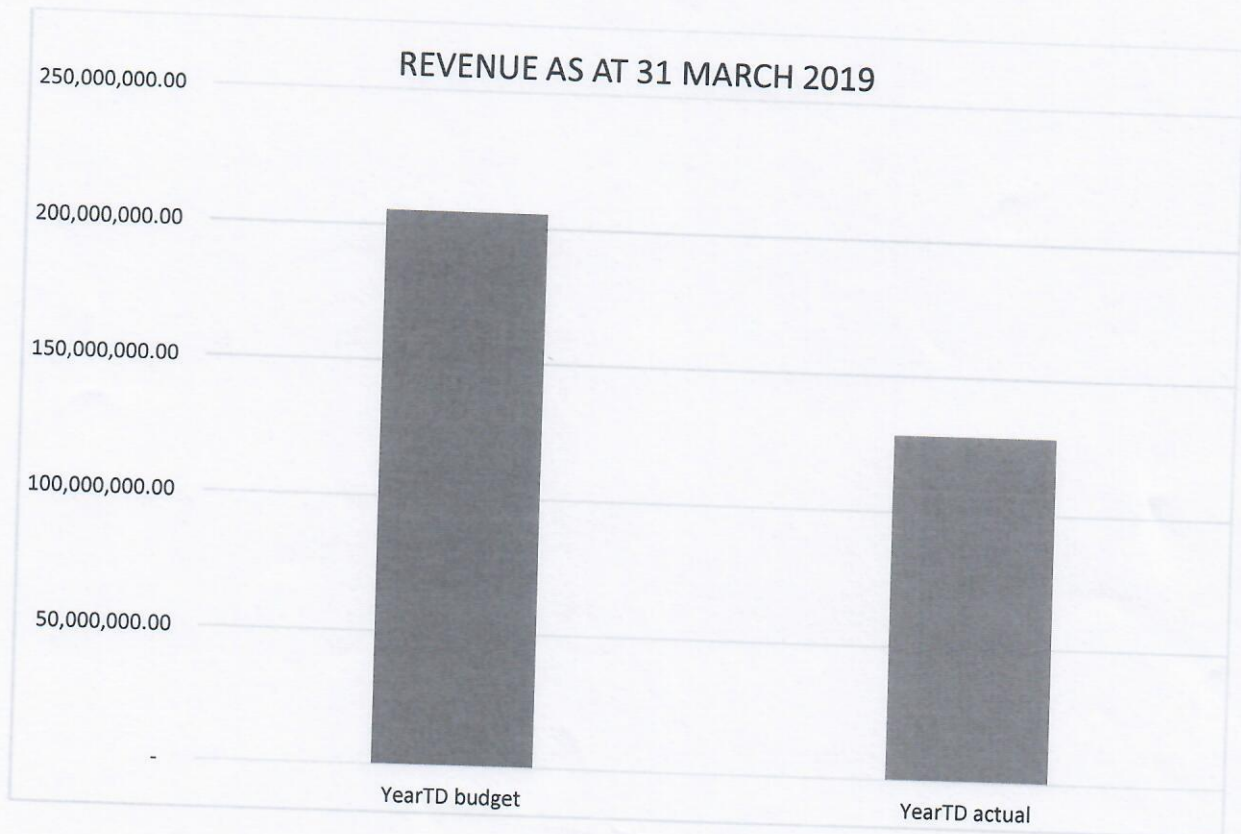
1.1.1 Introduction

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)

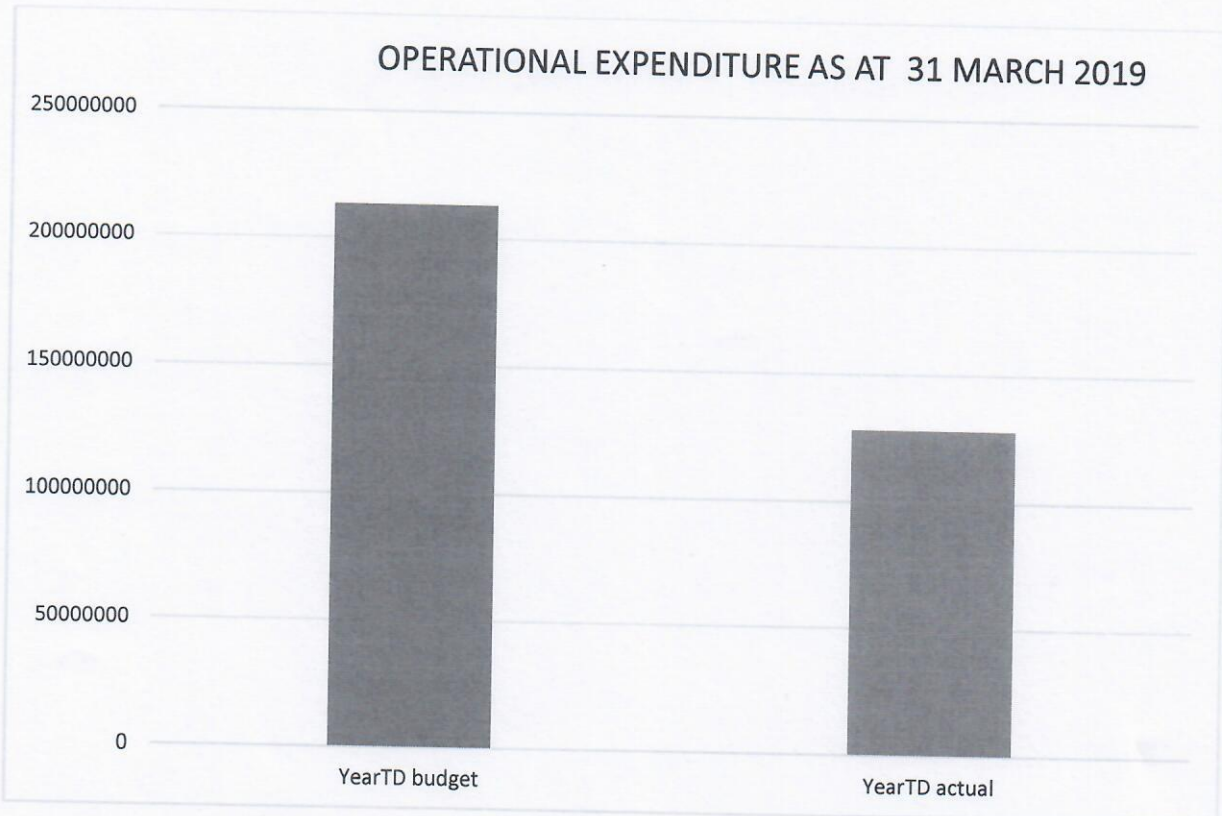
REVENUE (Table c2, c4)



The total revenue received for the month of **MARCH 2019** amount to **R40.7 Million**, and the year to date revenue amount to **R224 Million** in comparison to a year to date budgeted figure of **R212 Million**. There is a favorable variance of **R12 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 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 **MARCH 2019** amounts to **R17.4 Million**, and the year to date actual is **R128 Million** which is reported against a year to date budget of **R205.2 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.

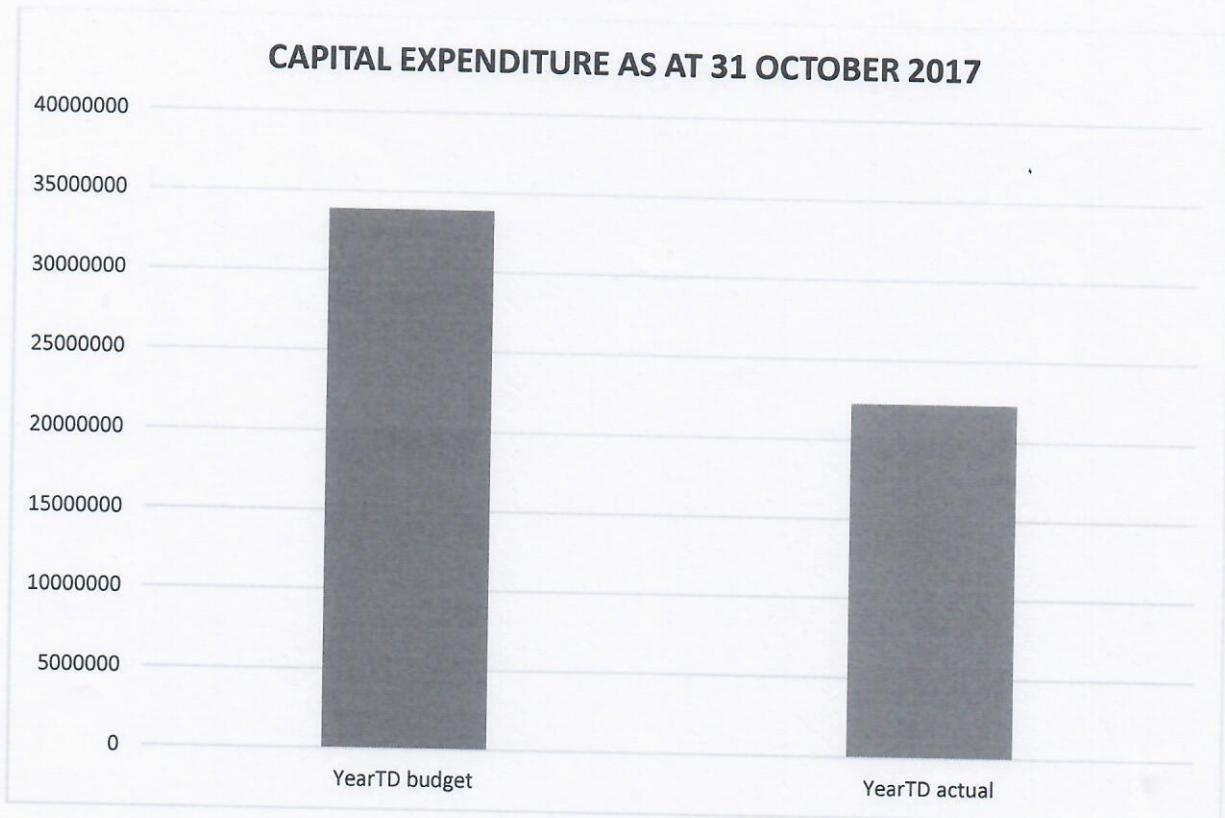
2. Depreciation and assets impairment

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 **MARCH 2019** amounts to **R1.6 Million**, and the year to date actual is **R22 Million** which is reported against a year to date budget of **R33 Million**. There is an unfavorable variance of **R11 Million**.

Capital budget as at 31 MARCH 2019.

Function	Funding	SegmentDesc	TotalBudget	201,903.00	TotalActual
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
Parks & Cemeteries	OWN	Landscaping & Greening (425/305071)	750,000.00	-	742,500.00
Electricity	OWN	Install RMU Cable to Connect Ext 5&6	890,000.00	-	-
Electricity	OWN	Network Design Software	70,000.00	-	-
Electricity	OWN	Replace PEX Cable in Ext 5	1,500,000.00	-	-
Electricity	OWN	TRANSFORMER REPLACEMENT 500KVA	500,000.00	-	-
Electricity	OWN	Truck Mounted Crane	530,000.00	-	-
Electricity	OWN	Upgrade Municipal ESKON Supply	3,000,000.00	-	-
Finance: BTO	OWN	Net Assets: Accumulated Surplus/(Def	-	-	2,300.00
Finance	MIG	Laptops FMG	52,000.00	-	-
Fleet Mangement	OWN	TOOLS & EQUIPMENTS	200,004.00	-	-
Housing	OWN	Air Conditioning	200,000.00	-	16,000.00
Information Technology	OWN	ICT Computers	120,000.00	-	-
Information Technology	OWN	Purchase Of ICT Equipments	89,996.00	-	18,099.00
Information Technology	OWN	PURCHASE OF PRINTERS	88,496.00	-	26,589.90
Information Technology	OWN	Replacement Of Switches	164,000.00	-	-
Information Technology	OWN	SERVER	140,000.00	-	-
Information Technology	OWN	Sound System	85,996.00	-	85,000.00
Information Technology	OWN	Television	12,996.00	-	-
: Licencing and Traffic	OWN	Dashboard Camera	12,000.00	-	-
: Licencing and Traffic	OWN	Machinery and Equipments	573,400.00	-	286,700.00
Roads& Stormwater	MIG	Leeufontein Sports Complex	7,443,086.00	-	1,181,159.00
Roads& Stormwater	MIG	Mamphogo Sports Complex (650/3051	12,151,228.00	1,642,167.74	9,689,151.36
Roads& Stormwater	MIG	Ngwalemong Internal Streets	4,184,227.00	-	4,148,289.37
Roads& Stormwater	OWN	Stormwater Extension 6(650/305147)	300,000.00	-	-
Roads& Stormwater	MIG	Upgrading Of Letebejane/Ditholong In	3,796,503.00	-	3,795,470.65
Roads& Stormwater	MIG	Mashemong/Mooihoek Internal Street	7,000,683.00	-	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	-	-
GRAND TOTAL			46,464,627.00	1,642,167.74	22,257,996.54

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 **MARCH 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 **31 MARCH 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) - M09 March

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										
Revenue - Functional										
<i>Governance and administration</i>		175,419	187,378	-	36,425	165,130	140,534	24,596	18%	187,378
Executive and council		2,094	2,345	-	3	548	1,758	(1,210)	-69%	2,345
Finance and administration		173,325	185,033	-	36,422	164,582	138,775	25,806	19%	185,033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		308	400	-	14	153	300	(147)	-49%	400
Community and social services		52	66	-	6	35	50	(14)	-29%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		256	334	-	8	118	251	(133)	-53%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48,029	32,857	-	2	13,109	24,643	(11,534)	-47%	32,857
Planning and development		28	34	-	2	42	26	17	65%	34
Road transport		48,001	32,823	-	-	13,067	24,617	(11,550)	-47%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		55,016	57,955	-	4,334	45,594	43,466	2,128	5%	57,955
Energy sources		51,107	53,386	-	3,963	42,698	40,040	2,658	7%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,909	4,568	-	371	2,896	3,426	(530)	-15%	4,568
<i>Other</i>	4	-	3,627	-	4	73	2,720	(2,647)	-97%	3,627
Total Revenue - Functional	2	278,773	282,217	-	40,779	224,059	211,663	12,397	6%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		257,918	176,056	-	6,616	67,632	124,110	(56,479)	-46%	176,056
Executive and council		37,980	44,552	-	3,303	28,538	33,414	(4,877)	-15%	44,552
Finance and administration		219,938	131,504	-	3,313	39,094	90,696	(51,602)	-57%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17,277	22,806	-	1,501	11,226	17,105	(5,879)	-34%	22,806
Community and social services		6,908	9,060	-	486	4,793	6,795	(2,002)	-29%	9,060
Sport and recreation		1,728	2,108	-	138	1,100	1,581	(481)	-30%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		5,255	7,481	-	600	2,755	5,611	(2,855)	-51%	7,481
Health		3,385	4,157	-	277	2,577	3,118	(540)	-17%	4,157
<i>Economic and environmental services</i>		15,106	19,876	-	1,855	10,790	14,907	(4,117)	-28%	19,876
Planning and development		6,685	5,458	-	422	1,911	4,093	(2,183)	-53%	5,458
Road transport		8,421	14,418	-	1,433	8,879	10,813	(1,934)	-18%	14,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44,145	53,385	-	5,969	30,449	40,039	(9,590)	-24%	53,385
Energy sources		39,201	47,449	-	5,604	27,178	35,587	(8,409)	-24%	47,449
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,944	5,936	-	366	3,271	4,452	(1,181)	-27%	5,936
<i>Other</i>		10,211	12,140	-	1,547	7,949	9,105	(1,156)	-13%	12,140
Total Expenditure - Functional	3	344,658	284,263	-	17,488	128,044	205,265	(77,221)	-38%	284,263
Surplus/ (Deficit) for the year		(65,885)	(2,046)	-	23,291	96,015	6,397	69,618	1401%	(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)

1.1.2 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March
LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

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		2,971	26,364	28,358	(1,993)	-7%	37,810
Service charges - electricity revenue		43,831	50,000		3,938	42,536	37,500	5,036	13%	50,000
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		3,909	4,232		371	2,896	3,174	(278)	-9%	4,232
Service charges - other										
Rental of facilities and equipment		256	225		7	107	169	(61)	-36%	225
Interest earned - external investments		7,712	9,274		353	2,774	6,956	(4,182)	-60%	9,274
Interest earned - outstanding debtors		6,002	6,020		677	5,551	4,515	1,036	23%	6,020
Dividends received										
Fines, penalties and forfeits		1,010	96		4	70	72	(2)	-3%	96
Licences and permits		3,895	2,642				1,981	(1,981)	-100%	2,642
Agency services			888				666	(666)	-100%	888
Transfers and subsidies		127,358	133,485				100,114	(100,114)	-100%	133,485
Other revenue		8,263	2,918		39	1,018	2,189	(1,170)	-53%	2,918
Gains on disposal of PPE		100								
Total Revenue (excluding capital transfers and contributions)		235,764	247,591	-	8,360	81,316	185,693	(104,377)	-56%	247,591
Expenditure By Type										
Employee related costs		74,433	92,789		5,540	52,683	69,591	(16,909)	-24%	92,789
Remuneration of councillors		13,389	13,525		1,021	8,964	10,144	(1,180)	-12%	13,525
Debt impairment		5,785	17,679				13,259	(13,259)	-100%	17,679
Depreciation & asset impairment		47,312	47,700				35,775	(35,775)	-100%	47,700
Finance charges		3,598	448			2	336	(333)	-99%	448
Bulk purchases		30,470	34,341		5,087	23,285	25,756	(2,471)	-10%	34,341
Other materials		5,565	12,214		572	3,934	9,160	(5,226)	-57%	12,214
Contracted services		14,552	12,288		625	6,093	9,216	(3,123)	-34%	12,288
Transfers and subsidies		2,571	2,653			368	1,990	(1,622)	-82%	2,653
Other expenditure		141,199	50,627		4,644	32,715	37,970	(5,256)	-14%	50,627
Loss on disposal of PPE										
Total Expenditure		338,873	284,263	-	17,488	128,044	213,197	(85,153)	-40%	284,263
Surplus/(Deficit)										
Transfers and subsidies - capital (inter-municipal)		(103,109)	(36,672)		(9,128)	(46,728)	(27,504)	(19,224)	0	(36,672)
(National / Provincial and District)		43,008	32,823		32,419	142,743	24,617	118,126	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)			1,803				1,803	(1,803)	(0)	
Surplus/(Deficit) after capital transfers & contributions		(60,100)	(2,046)	-	23,291	96,015	(1,084)			(3,849)
Taxation										
Surplus/(Deficit) after taxation		(60,100)	(2,046)	-	23,291	96,015	(1,084)			(3,849)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(60,100)	(2,046)	-	23,291	96,015	(1,084)			(3,849)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(60,100)	(2,046)	-	23,291	96,015	(1,084)			(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)

funding) - M09 March										
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									
Capital Expenditure - Functional Classification										
Governance and administration		869	1,223	-	-	225	917	(693)	-76%	1,223
Executive and council								-		
Finance and administration		869	1,223			225	917	(693)	-76%	1,223
Internal audit								-		
Community and public services		962	1,550	-	-	1,045	1,163	(117)	-10%	1,550
Community and social services		140	750			743	563	180	32%	750
Sport and recreation								-		
Public safety		796	500			287	375	(88)	-24%	500
Housing		25	300			16	225	(209)	-93%	300
Health								-		
Economic and environmental services		48,248	34,509	-	1,642	20,986	25,882	(4,896)	-19%	34,509
Planning and development								-		
Road transport		48,248	34,509		1,642	20,986	25,882	(4,896)	-19%	34,509
Environmental protection								-		
Trading services		2,029	8,360	-	-	-	6,270	(6,270)	-100%	6,310
Energy sources		2,029	6,310				4,733	(4,733)	-100%	6,310
Water management								-		
Waste water management								-		
Waste management		-	2,050				1,538	(1,538)	-100%	-
Other								-		
Total Capital	3	52,107	45,642	-	1,642	22,256	34,231	(11,976)	-35%	43,592
Funded by:										
National Government		43,008	31,576		1,642	13,067	23,682	(10,615)	-45%	31,576
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		43,008	31,576	-	1,642	13,067	23,682	(10,615)	-45%	31,576
Public contribution	5							-		
Borrowing	6							-		
Internally generated funds		9,099	14,078			1,242	13,468	(12,226)	-91%	14,078
Total Capital Funding		52,107	45,654	-	1,642	14,309	37,150	(22,841)	-61%	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 MARCH 2019 GL							
Type of Service	30 Days 2019/03	60 Days 2019/02	90 Days 2019/01	120 Days 2018/12	150 Days 2018/11	150 Plus 2018/10	Total
Electricity	3634372.58	429603.67	320531.02	332595.85	362461.01	8483813.47	13,563,377.60
Refuse	324390.07	126330	57945.15	56821.89	112194.18	3304490.6	3,982,171.89
Rates	2601242.99	1465057.35	1403596.75	1380565.48	1373424.21	62402845.87	70,626,732.65
Other	38475.98	657840.77	685017.94	649342.18	645644.52	21550149.8	24,226,471.19
Total	6,598,481.62	2,678,831.79	2,467,090.86	2,419,325.40	2,493,723.92	95,741,299.74	112,398,753.33

Category	2019/03	2019/02	2019/01	2018/12	2018/11	2018/10	Total
Pst	1914.38	1911.98	1909.58	1907.18	1904.19	116246.29	125,793.60
Farms / agri	1537923.17	1313754.49	1323153.19	1315176.17	1287270.52	51202249.63	57,979,527.17
Business	1775552.5	231742.48	211400.76	182518.45	257329.71	6520005.66	9,178,549.56
Churches	31456.1	2344.69	2092.51	2281.46	2239.96	53266.63	93,681.35
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	821773.8	162316.93	130009.16	129929.82	128525.96	4402231.19	5,774,786.86
Municipality	57860.8	62486.44	46998.9	46374.23	53532.02	932649.91	1,199,902.30
Residential	2376558.22	897756.86	747274.97	737829.21	757541.36	32459269.93	37,976,230.55
School/hosp	-4557.35	6517.92	4251.79	3308.88	5380.2	11100.44	26,001.88
Total	6,598,481.62	2,678,831.79	2,467,090.86	2,419,325.40	2,493,723.92	95,741,299.74	112,398,753.33

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 MARCH 2019** amount to **R112 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 MARCH 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for MARCH 2019 is **R5.5 Million** and **R1. 02Million** respectively.

SECTION 71 PORTFOLIO REPORT MARCH 2019

SECTION 71 REPORT: 31 MARCH 2019

PURPOSE

For Council to take note of the financial report in compliance with section 71 of the MFMA no 56 of 2003 for the month of 31 March 2019.

BACKGROUND

The MFMA requires that municipalities prepare and submit to the Mayor and the relevant provincial treasury by no later than the 10th working day of each month, budget statements in a format prescribed by the National Treasury reflecting actual performance of budgeted votes for that month.

The reports as prescribed were submitted as follows:

Mayor: Hardcopy submitted and signed by the 10th working day of each month

Provincial Treasury: Email copy sent by the 10th working day of each month

National Treasury: Email copy sent by the 10th working day of each month

Summary of the reports

	ANNUAL BUDGET	ACTUALS TO DATE	%
MIG Funding	31,575,726	20,985,811	66%
OWN Funding	14,078,273	1,269,886	9%
TOTAL CAPITAL EXPENDITURE	45,653,999	22,255,697	49%
OPERATING EXPENDITURE	284,262,827	128,044,192	45%
OPERATING REVENUE	282,216,827	224,059,376	79%

PROPOSED RECOMMENDATIONS

1. That Council notes the section 71 reports submitted to National and Provincial Treasuries for the month of March 2019.

	ANNUAL BUDGET	ACTUALS TO DATE	%
MIG Funding	31,575,726	20,985,811	66%
OWN Funding	14,078,273	1,269,886	9%
TOTAL CAPITAL EXPENDITURE	45,653,999	22,255,697	49%
OPERATING EXPENDITURE	284,262,827	128,044,192	45%
OPERATING REVENUE	282,216,827	224,059,376	79%

2. That council notes that the reports were submitted timeously as required by legislation.
3. That the Municipal Manager implements decision accordingly.



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 **March 2019** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act

Print name **Makoko Lekola**

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

Signature 

Date 09/07/2019