

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 MAY 2019

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1.1 Executive summary

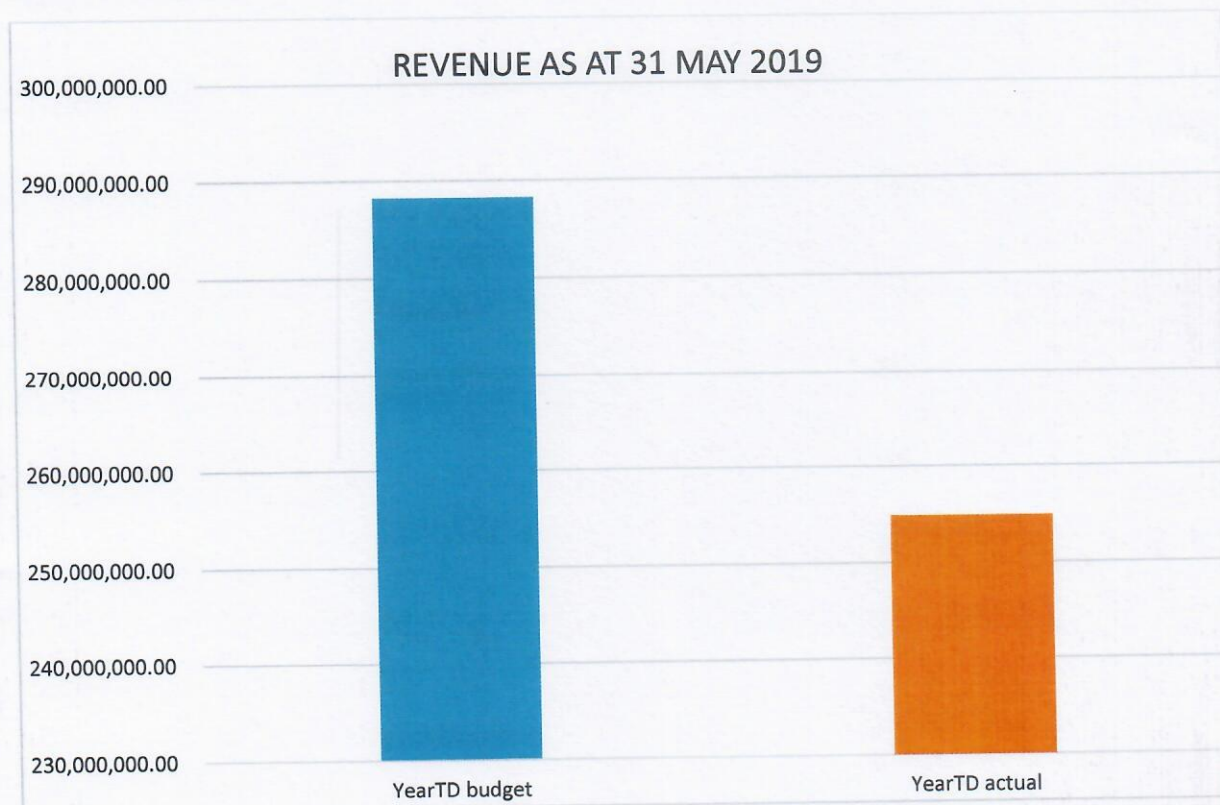
1.1.1 Introduction

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)

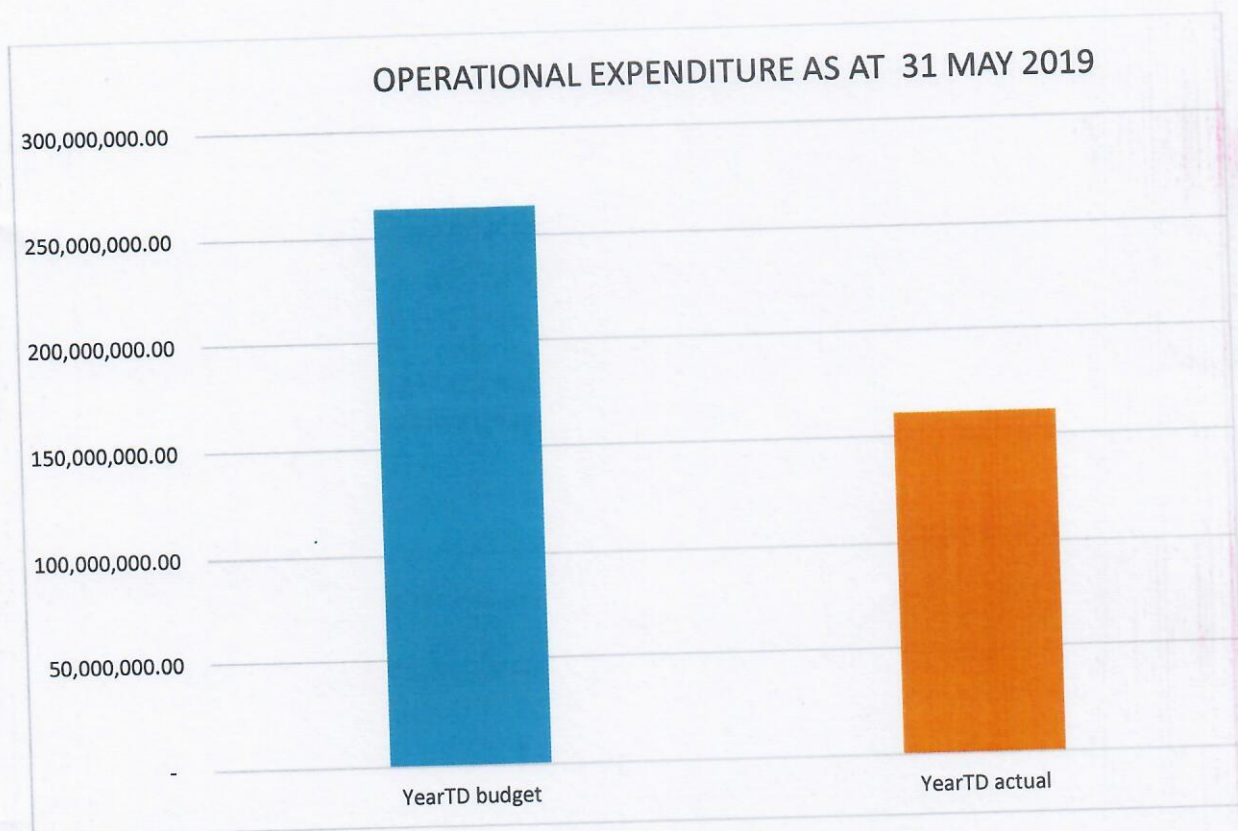


The total revenue received for the month of **MAY 2019** amount to **R 11.9 Million**, and the year to date revenue amount to **R254 Million** in comparison to a year to date budgeted figure of **R261 Million**. There is an unfavorable variance of **R 4 Million** which is due to the following reasons.

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 **MAY 2019** amounts to **R16.4 Million**, and the year to date actual is **R161 Million** which is reported against a year to date budget of **R263 Million**. There is an unfavorable variance of **R 102 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.

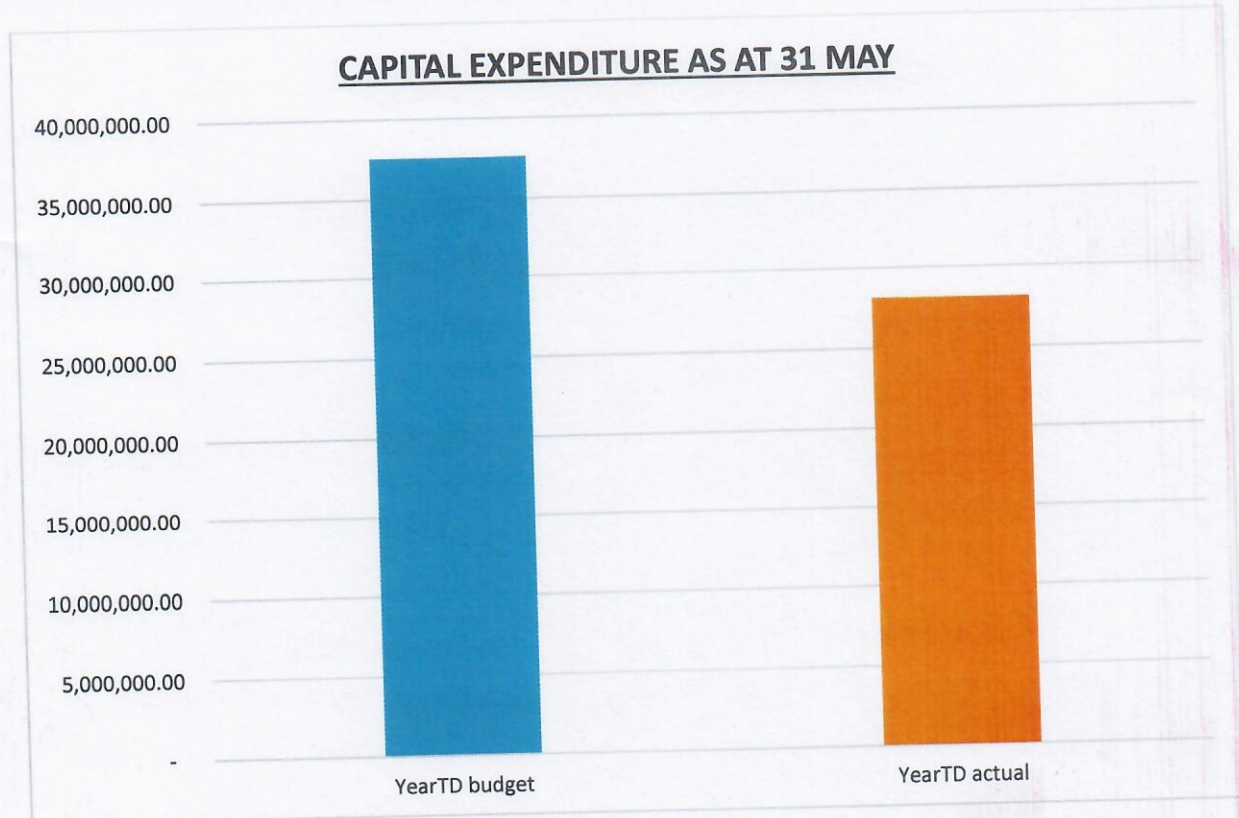
2. Depreciation and assets impairment

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 **MAY 2019** amounts to **R3.9 Million**, and the year to date actual is **R28 Million** which is reported against a year to date budget of **R38 Million**. There is an unfavorable variance of **R10 Million**.

Capital budget as at 31 MAY 2019.

Function	Funding	SegmentDesc	TotalBudget	MAY	TotalActual
Administration	OWN REVENUE	Purchase Of Water Dispensors	30,600.00	-	30,600.00
Administration	OWN REVENUE	Purchase of Furniture (500/305065)	529,404.00	-	64,396.80
Paks & Cemeteries	OWN REVENUE	Landscaping & Greening (425/305071)	750,000.00	-	742,500.00
Electricity	OWN REVENUE	Network Design Software	70,000.00	-	-
Electricity	OWN REVENUE	TRANSFORMER REPLACEMENT 500KVA	500,000.00	-	-
Electricity	OWN REVENUE	Upgrade Municipal ESKON Supply	3,000,000.00	930,563.00	947,328.22
Electricity	OWN REVENUE	Install RMU Cable to Connect Ext 5&6	890,000.00	-	-
Electricity	OWN REVENUE	Replace PEX Cable in Ext 5	1,500,000.00	-	-
Electricity	OWN REVENUE	Truck Mounted Crane	530,000.00	-	-
Finance	FMG	Laptops FMG	52,000.00	-	-
Fleet Mangement	OWN REVENUE	TOOLS & EQUIPMENTS	200,004.00	-	55,500.00
Housing and Building	OWN REVENUE	Air Conditioning	200,000.00	-	41,800.00
Information Technology	OWN REVENUE	Purchase Of ICT Equipments	89,996.00	-	18,099.00
Information Technology	OWN REVENUE	ICT Computers	120,000.00	-	-
Information Technology	OWN REVENUE		164,000.00	-	-
Information Technology	OWN REVENUE	Television	12,996.00	-	-
Information Technology	OWN REVENUE	Sound System	85,996.00	-	85,000.00
Information Technology	OWN REVENUE	PURCHASE OF PRINTERS	88,496.00	-	26,589.90
Information Technology	OWN REVENUE	SERVER	140,000.00	-	-
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	-	1,929,330.64
Roads & Stormwater	MIG	Ngwalemong Internal Streets	2,827,717.00	-	4,148,289.37
Roads & Stormwater	MIG	Upgrading Of Letebejane/Ditholong Internal	4,032,571.00	-	3,795,470.65
Roads & Stormwater	MIG	Stormwater Extension 6(650/305147)	300,000.00	-	-
Roads & Stormwater	MIG	Mamphogo Sports Complex (650/305178)	18,924,453.00	2,191,281.50	12,944,087.31
Roads & Stormwater	MIG	Mashemong/Mooihoek Internal Street	3,044,767.00	-	2,171,740.46
Roads & Stormwater	MIG		1,100,004.00	-	-
Solid Waste	OWN REVENUE	Landfill Site Weighbridge 12M	950,004.00	850,000.00	850,000.00
Solid Waste	OWN REVENUE	TIPPER TRUCK			
GRAND TOTAL			46,464,627.00	3,971,844.50	28,137,432.35

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 **MAY 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 **62%** and **57%** respectively, as at **31 MAY 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) - M11 May

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	3,819	172,650	165,188	7,462	5%	187,378
Executive and council		2,094	2,345	2,516	153	763	2,306	(1,543)	-67%	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	35	200	206	(7)	-3%	400
Community and social services		52	66	50	8	47	46	1	2%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		256	334	175	27	153	161	(8)	-5%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48,029	32,857	34,675	2	22,845	34,671	(11,825)	-34%	32,857
Planning and development		28	34	50	2	48	46	2	4%	34
Road transport		48,001	32,823	34,625	-	22,798	34,625	(11,827)	-34%	32,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		55,016	57,955	59,648	6,291	57,310	54,677	2,633	5%	57,955
Energy sources		51,107	53,386	55,177	5,925	53,682	50,579	3,104	6%	53,386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,909	4,568	4,471	366	3,628	4,098	(470)	-11%	4,568
<i>Other</i>	4	-	3,627	3,627	1,828	1,909	33,549	(31,640)	-94%	3,627
Total Revenue - Functional	2	278,773	282,217	278,979	11,975	254,914	288,291	(33,376)	-12%	282,217
Expenditure - Functional										
<i>Governance and administration</i>		257,918	176,056	179,894	9,499	85,631	156,952	(71,321)	-45%	176,056
Executive and council		37,980	44,552	46,352	4,289	37,280	42,489	(5,209)	-12%	44,552
Finance and administration		219,938	131,504	133,542	5,210	48,351	114,463	(66,112)	-58%	131,504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17,277	22,806	22,596	1,096	14,484	20,713	(6,229)	-30%	22,806
Community and social services		6,908	9,060	9,109	545	6,029	8,350	(2,321)	-28%	9,060
Sport and recreation		1,728	2,108	2,078	102	1,386	1,904	(518)	-27%	2,108
Public safety		-	-	-	-	-	-	-	-	-
Housing		5,255	7,481	7,352	196	3,815	6,740	(2,925)	-43%	7,481
Health		3,385	4,157	4,057	254	3,254	3,719	(465)	-13%	4,157
<i>Economic and environmental services</i>		15,106	19,876	19,860	1,592	13,799	17,801	(4,002)	-22%	19,876
Planning and development		6,685	5,458	4,848	273	2,444	4,040	(1,596)	-39%	5,458
Road transport		8,421	14,418	15,011	1,319	11,355	13,760	(2,406)	-17%	14,418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44,145	53,385	54,233	3,453	37,541	49,714	(12,173)	-24%	53,385
Energy sources		39,201	47,449	48,387	3,059	33,333	44,355	(11,022)	-25%	47,449
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,944	5,936	5,846	394	4,208	5,359	(1,151)	-21%	5,936
<i>Other</i>		10,211	12,140	11,161	771	9,708	10,230	(523)	-5%	12,140
Total Expenditure - Functional	3	344,658	284,263	287,743	16,412	161,163	255,410	(94,247)	-37%	284,263
Surplus/ (Deficit) for the year		(65,885)	(2,046)	(8,764)	(4,437)	93,751	32,881	60,871	185%	(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

LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May

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 By Source										
Property rates		33,428	37,810	35,655	2,969	32,304	32,684	(380)	-1%	35,655
Service charges - electricity revenue		43,831	50,000	53,800	5,927	53,508	49,316	4,192	8%	53,800
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		3,909	4,232	4,232	366	3,628	3,880	(252)	-6%	4,232
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		256	225	155	27	153	142	10	7%	155
Interest earned - external investments		7,712	9,274	3,503	-	2,774	3,211	(437)	-14%	3,503
Interest earned - outstanding debtors		6,002	6,020	7,094	692	6,909	6,503	406	6%	7,094
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,010	96	96	5	83	88	(5)	-6%	96
Licences and permits		3,895	2,642	2,642	1,823	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	166	1,256	2,571	(1,315)	-51%	2,805
Gains on disposal of PPE		100	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		235,764	247,591	244,354	11,975	232,117	235,115	(2,998)	-1%	244,354
Expenditure By Type										
Employee related costs		74,433	92,789	90,906	6,003	66,461	83,330	(16,869)	-20%	90,906
Remuneration of councillors		13,389	13,525	13,525	967	11,189	12,398	(1,209)	-10%	13,525
Debt impairment		5,785	17,679	17,679	-	-	16,205	(16,205)	-100%	17,679
Depreciation & asset impairment		47,312	47,700	47,700	-	-	43,725	(43,725)	-100%	47,700
Finance charges		3,598	448	448	-	2	410	(408)	-99%	448
Bulk purchases		30,470	34,341	36,400	2,249	27,976	33,367	(5,391)	-16%	36,400
Other materials		5,565	12,214	12,214	769	5,221	11,196	(5,975)	-53%	12,214
Contracted services		14,552	12,288	12,313	1,189	7,829	11,286	(3,457)	-31%	12,313
Transfers and subsidies		2,571	2,653	2,653	-	1,378	2,432	(1,054)	-43%	2,653
Other expenditure		141,199	50,627	53,735	5,235	41,107	49,257	(8,151)	-17%	53,735
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		338,873	284,263	287,571	16,412	161,163	263,607	(102,444)	-39%	287,571
Surplus/(Deficit)		(103,109)	(36,672)	(43,217)	(4,437)	70,954	(28,492)	99,446	(0)	(43,217)
Transfers and subsidies - capital (in-kind - all) (National / Provincial and District)		43,008	32,823	34,625	-	22,798	26,313	(3,515)	(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)	(4,437)	93,751	(2,179)			(8,592)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(60,100)	(3,849)	(8,592)	(4,437)	93,751	(2,179)			(8,592)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(60,100)	(3,849)	(8,592)	(4,437)	93,751	(2,179)			(8,592)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(60,100)	(3,849)	(8,592)	(4,437)	93,751	(2,179)			(8,592)

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) - M11 May

Vote Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		869	1,223	1,514	-	282	1,261	(980)	-78%	1,223
Executive and council								-		
Finance and administration		869	1,223	1,514	-	282	1,261	(980)	-78%	1,223
Internal audit								-		
Community and public services		962	1,550	1,535	-	1,071	1,280	(209)	-16%	1,550
Community and social services		140	750	750	-	743	625	118	19%	750
Sport and recreation								-		
Public safety		796	500	585	-	287	488	(201)	-41%	500
Housing		25	300	200	-	42	167	(125)	-75%	300
Health								-		
Economic and environmental		48,248	34,509	34,876	2,191	22,817	29,063	(6,246)	-21%	34,509
Planning and development								-		
Road transport		48,248	34,509	34,876	2,191	22,817	29,063	(6,246)	-21%	34,509
Environmental protection								-		
Trading services		2,029	8,360	8,540	1,781	1,797	7,117	(5,319)	-75%	6,310
Energy sources		2,029	6,310	6,490	931	947	5,408	(4,461)	-82%	6,310
Water management								-		
Waste water management								-		
Waste management		-	2,050	2,050	850	850	1,708	(858)	-50%	-
Other								-		
Total Capital	3	52,107	45,642	46,465	3,972	25,967	38,721	(12,754)	-33%	43,592
Funded by:										
National Government		43,008	31,576	34,876	2,191	22,817	29,063	(6,246)	-21%	31,576
Provincial Government								-		
District Municipality					-			-		
Other transfers and grants								-		
Transfers recognised - capital		43,008	31,576	34,876	2,191	22,817	29,063	(6,246)	-21%	31,576
Public contribution	5							-		
Borrowing	6							-		
Internally generated funds		9,099	14,078	11,589	1,781	5,320	9,657	(4,337)	-45%	14,078
Total Capital Funding		52,107	45,654	46,465	3,972	28,137	38,721	(10,583)	-27%	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 MAY 2019 GL							
Type of Service	30 Days 2019/05	60 Days 2019/04	90 Days 2019/03	120 Days 2019/02	150 Days 2019/01	150 Plus 2018/12	Total
Rates	2563879.78	1472291.92	1433746.81	1365726.39	1348300	64153145.75	72,337,090.65
Electricity	4487177.77	302027.83	192329.88	300658.45	283590.43	8928947.81	14,494,732.17
Refuse	316614.55	123037.5	113146.68	110048.68	54400.01	3446515.43	4,163,762.85
Other	1305665.21	634883.05	415133.44	673068.24	671817.99	22522853.13	26,223,421.06
Total	8,673,337.31	2,532,240.30	2,154,356.81	2,449,501.76	2,358,108.43	99,051,462.12	117,219,006.73
Category	2019/05	2019/04	2019/03	2019/02	2019/01	2018/12	Total
Psi	1919.18	1916.78	1914.38	1911.98	1909.58	120057.66	129,629.56
Farms / agri	1576000.79	1334232.08	1295379.96	1285830.31	1286176.88	52688313.56	59,465,933.58
Business	2545895.46	248481.41	-12334.42	207958.03	198841.77	6918139.7	10,106,981.95
Churches	19972.96	3658.13	18063.66	2344.69	2092.51	51716.15	97,848.10
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	0	0	0	0	0	15058.42	15,058.42
Industrial	806794.16	120092.01	120181.7	125802.08	122776.34	4659265.68	5,954,911.97
Municipality	60151.1	59700.74	54955.38	62486.44	46998.9	1040654	1,324,946.56
Residential	3636296.12	774209.39	669615.68	756650.31	695060.66	33514305.79	40,046,137.95
School/hosp	26307.54	-10050.24	6580.47	6517.92	4251.79	14729.52	48,337.00
Total	8,673,337.31	2,532,240.30	2,154,356.81	2,449,501.76	2,358,108.43	99,051,462.12	117,219,006.73

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 MAY 2019** amount to **R117 Million**.



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 **MAY 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 13/06/2019