

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

30 November 2019

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1.1 Executive summary

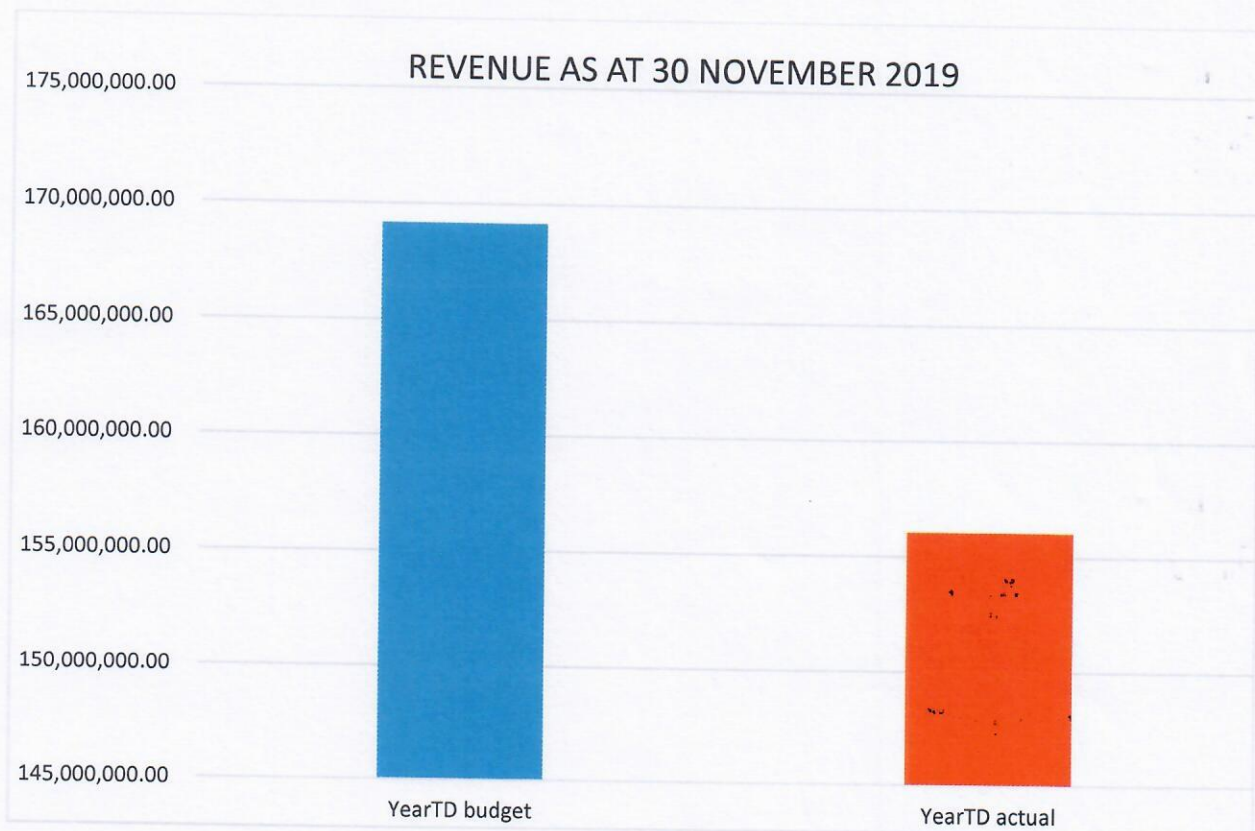
1.1.1 Introduction

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)

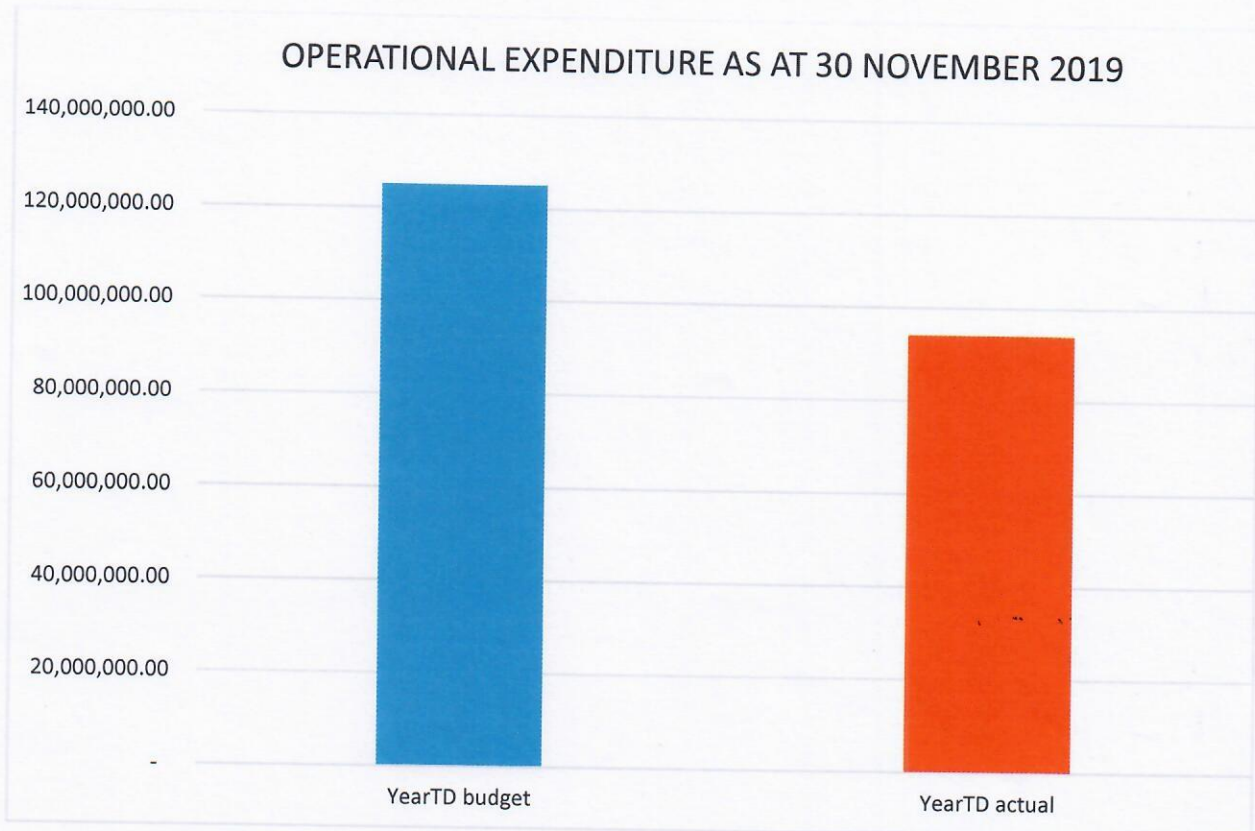
REVENUE (Table c2, c4)



The total revenue received for the month of **November 2019** amount to **R 10.1 Million**, and the year to date revenue amount to **R 156 Million** in comparison to a year to date budgeted figure of **R169 Million**. There is a favorable variance of **R 35 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 **November 2019** amounts to **R31.8 Million**, and the year to date actual is **R94 Million** which is reported against a year to date budget of **R125 Million**. There is an unfavorable variance of **R30.8 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.

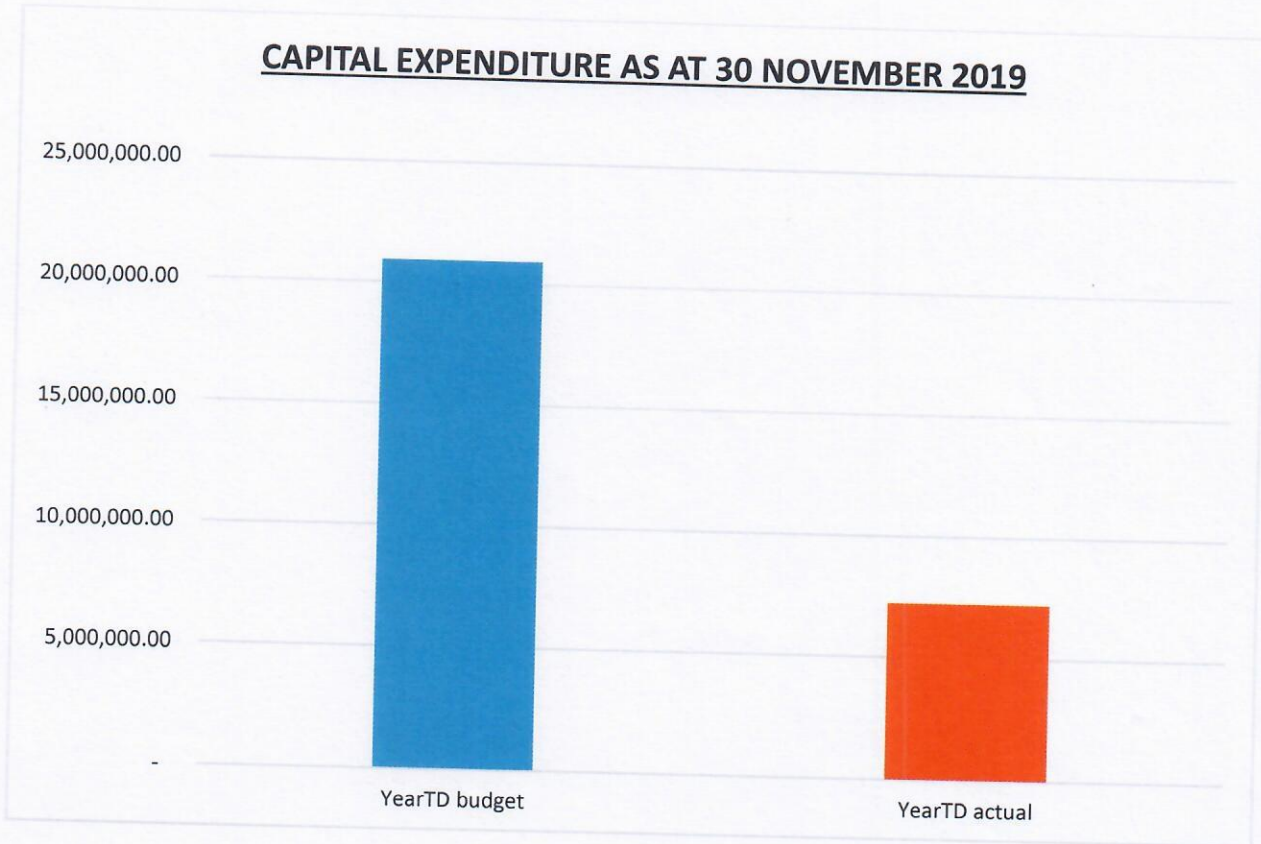
2. Depreciation and assets impairment

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 **November 2019** amounts to **R58 Thousands**, and the year to date actual is **R7.2 Million** which is reported against a year to date budget of **R20.9 Million**. There is an unfavorable variance of **R13.7 Million**.

Capital budget as at 30 November 2019.

Function	Funding	SegmentDesc	TotalBudget	November	TotalActual
Administrative and Co	OWN REVENUE	Purchase of Furniture (500/305065)	300000	0	0
Cemeteries Funeral Pa	OWN REVENUE	Landscaping & Greening (425/305071)	500004	0	0
Cemeteries Funeral Pa	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 P	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	OWN REVENUE	Air Conditioning	100008	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	Television	28008	0	0
Information Technolog	OWN REVENUE	PURCHASE OF PRINTERS	130008	0	0
Information Technolog	OWN REVENUE	master tower pole	95004	0	0
Information Technolog	OWN REVENUE	Community wifi	1000008	0	0
Licensing and Regulati	OWN REVENUE	Vehicle - Traffic	600000	0	0
Roads: Roads & Stormw	OWN REVENUE	Stormwater Extension 6(650/305147)	6000000	0	447466.17
Information Technolog	OWN REVENUE	Purchase Of ICT Equipments	77004	57949.52	57949.52
Roads: Roads& Stormw	MIG	Phetwane Internal Road (650/305184)	8384160	0	561529.49
Roads: Roads & Stormw	MIG	Leeufontein Sports Complex	2500008	0	836282.88
Roads: Roads& Stormw	MIG	Mashemong/Mooihoek Internal Stree	8768304	0	1227517.73
Roads: Roads & Stormw	MIG	MAKGATLE	7500000	0	1954815.93
Roads: Roads& Stormw	MIG	Malebitsa internal road	7384152	0	2147706.66
GRAND TOTAL			50216712	57949.52	7233268.38

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 **November 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 **30 November 2019**.

1.2 In-Year budget statement tables

1.2.1 Table C2: Monthly Budget Statement - Financial Performance (standard Classification)

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LIM471 Ephraim Mogale - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M05 November

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									
Revenue - Functional										
<i>Governance and administration</i>		-	198,754	-	4,170	129,079	82,814	46,265	56%	198,754
Executive and council		-	2,287	-	12	382	953	(571)	-60%	2,287
Finance and administration		-	196,467	-	4,158	128,697	81,861	46,836	57%	196,467
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	237	-	26	114	99	15	15%	237
Community and social services		-	53	-	2	22	22	0	1%	53
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	184	-	24	92	77	15	19%	184
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	33,496	-	-	8	8,383	(8,375)	-100%	33,496
Planning and development		-	53	-	-	8	22	(14)	-62%	53
Road transport		-	33,443	-	-	-	8,361	(8,361)	-100%	33,443
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	67,465	-	5,926	26,816	28,110	(1,294)	-5%	67,465
Energy sources		-	62,761	-	5,526	24,772	26,151	(1,379)	-5%	62,761
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	4,703	-	400	2,044	1,960	85	4%	4,703
<i>Other</i>	4	-	3,815	-	12	60	1,590	(1,530)	-96%	3,815
Total Revenue - Functional	2	-	303,766	-	10,134	156,077	120,996	35,082	29%	303,766
Expenditure - Functional										
<i>Governance and administration</i>		-	181,487	-	12,650	44,277	75,619	(31,343)	-41%	181,487
Executive and council		-	47,087	-	5,244	16,282	19,620	(3,338)	-17%	47,087
Finance and administration		-	134,399	-	7,406	27,995	56,000	(28,005)	-50%	134,399
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	23,565	-	2,669	8,176	9,819	(1,643)	-17%	23,565
Community and social services		-	9,148	-	1,183	3,801	3,812	(11)	0%	9,148
Sport and recreation		-	2,264	-	254	711	943	(233)	-25%	2,264
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	7,807	-	582	1,795	3,253	(1,458)	-45%	7,807
Health		-	4,347	-	651	1,870	1,811	59	3%	4,347
<i>Economic and environmental services</i>		-	20,929	-	3,424	8,485	8,720	(235)	-3%	20,929
Planning and development		-	9,368	-	1,013	3,465	3,903	(439)	-11%	9,368
Road transport		-	11,561	-	2,411	5,020	4,817	203	4%	11,561
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	62,249	-	11,300	28,008	25,937	2,072	8%	62,249
Energy sources		-	56,177	-	10,458	25,487	23,407	2,080	9%	56,177
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,071	-	842	2,521	2,530	(9)	0%	6,071
<i>Other</i>		-	11,872	-	1,814	5,211	4,947	264	5%	11,872
Total Expenditure - Functional	3	-	300,102	-	31,857	94,158	125,042	(30,885)	-25%	300,102
Surplus/ (Deficit) for the year		-	3,664	-	(21,723)	61,920	(4,047)	65,967	-1630%	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) - M05 November

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	15,540	15,629	(89)	-1%	37,509
Service charges - electricity revenue			61,224			5,438	24,425	25,510	(1,085)	-4%	61,224
Service charges - water revenue			-						-		-
Service charges - sanitation revenue			-						-		-
Service charges - refuse revenue			4,463			387	1,989	1,860	129	7%	4,463
Rental of facilities and equipment			163			21	82	68	14	21%	163
Interest earned - external investments			3,685			397	2,271	1,535	736	48%	3,685
Interest earned - outstanding debtors			7,463			644	3,291	3,109	182	6%	7,463
Dividends received									-		
Fines, penalties and forfeits			101			12	59	42	16	39%	101
Licences and permits			-			-	1	-	1	#DIV/0!	3,345
Agency services			-			-	-	-	-		-
Transfers and subsidies			148,974			-	67,416	71,828	(4,412)	-6%	148,974
Other revenue			3,396			127	41,002	1,415	39,587	2798%	3,396
Gains on disposal of PPE			-			-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)			266,978			10,134	156,077	120,996	35,080	29%	270,323
Expenditure By Type											
Employee related costs			87,715			13,228	39,668	36,548	3,121	9%	87,715
Remuneration of councillors			14,533			2,319	6,747	6,056	692	11%	14,533
Debt impairment			13,321			-	-	5,550	(5,550)	-100%	13,321
Depreciation & asset impairment			52,000			-	-	21,667	(21,667)	-100%	52,000
Finance charges			365			24	117	152	(35)	-23%	365
Bulk purchases			42,224			8,832	20,413	17,593	2,819	16%	42,224
Other materials			1,275			1,822	3,937	531	3,405	641%	1,275
Contracted services			36,355			2,626	8,637	15,148	(6,511)	-43%	36,355
Transfers and subsidies			-			-	-	-	-		-
Other expenditure			52,314			3,007	14,639	21,797	(7,159)	-33%	52,314
Loss on disposal of PPE			-			-	-	-	-		-
Total Expenditure			300,102			31,857	94,157	125,042	(30,885)	-25%	300,102
Surplus/(Deficit)											
Transfers and subsidies - capital (financial institutions, (National / Provincial and District)			(33,124)			(21,723)	61,919	(4,046)	65,965	(0)	(29,779)
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			33,443				7,175	16,890	(9,715)	(0)	33,443
Transfers and subsidies - capital (in-kind - all)			-			-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions			319			(21,723)	69,095	12,844			3,664
Taxation			-			-	-	-	-		-
Surplus/(Deficit) after taxation			319			(21,723)	69,095	12,844			3,664
Attributable to minorities			-			-	-	-	-		-
Surplus/(Deficit) attributable to municipality			319			(21,723)	69,095	12,844			3,664
Share of surplus/ (deficit) of associate			-			-	-	-	-		-
Surplus/ (Deficit) for the year			319			(21,723)	69,095	12,844			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) - M05 November										
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	-	58	58	842	(784)	-93%	2,020
Executive and council										
Finance and administration			2,020		58	58	842	(784)	-93%	2,020
Internal audit										
Community and public services		-	800	-	-	-	333	(333)	-100%	800
Community and social services			700				292	(292)	-100%	700
Sport and recreation										
Public safety										
Housing			100				42	(42)	-100%	100
Health										
Economic and environmental services		-	40,537	-	-	7,175	16,890	(9,715)	-58%	40,537
Planning and development										
Road transport			40,537			7,175	16,890	(9,715)	-58%	40,537
Environmental protection										
Trading services		-	6,300	-	-	-	2,625	(2,625)	-100%	6,300
Energy sources			6,300				2,625	(2,625)	-100%	6,300
Water management										
Waste water management										
Waste management										
Other			600				250	(250)	-100%	600
Total Capital	3		50,257		58	7,233	20,940	(13,707)	-65%	50,257
Funded by:										
National Government			33,443			7,175	16,890	(9,715)	-58%	33,443
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital			33,443			7,175	16,890	(9,715)	-58%	33,443
Borrowing	6									
Internally generated funds			16,814		58	58	4,050	(3,992)	-99%	16,814
Total Capital Funding			50,257		58	7,233	20,940	(13,707)	-65%	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 NOVEMBER 2019 GL							
Type of Service	30 Days	60 Days	90 Days	120 Days	150 Days	150 Plus	Total
	2019/11	2019/10	2019/09	2019/08	2019/07	2019/06	
Rates	4221252.39	1477274.05	1462072.46	1416071.11	1265408.08	67574079.98	77,416,158.07
Electricity	3897875.37	154535.21	154639.43	132315.98	101780.08	4360750.58	8,801,896.65
Refuse	456119.44	115775.58	100493.61	98668.13	85570.37	3393351.1	4,249,978.23
Other	2007693.54	390111.73	798553.05	742621.72	568594.74	26406571.51	30,914,146.29
Total	10,582,940.74	2,137,696.57	2,515,758.55	2,389,676.94	2,021,353.27	101,734,753.17	121,382,179.24

Category	2019/11	2019/10	2019/09	2019/08	2019/07	2019/06	Total
Psi	4049.93	2021.27	2019.17	2016.7	1921.58	129629.56	141,658.21
Farms / agri	3028690.5	1356902.96	1374362.45	1352277.64	1291304.28	56822367.56	65,225,905.39
Business	3154278.29	172121.66	213082.65	179008.42	-84429.44	5234917.82	8,868,979.40
Churches	24371.87	2281.63	2394.72	2207.12	2140.02	71452.14	104,847.50
Commercial	0	0	0	0	0	29221.64	29,221.64
Domestic	-4440.06	-4143.73	0	0	0	15058.42	6,474.63
Industrial	1047694.56	-129723.51	145540.23	133457.56	131769.27	5276120.73	6,604,858.84
Municipality	11977.54	5978.02	8522.29	6063.73	-234	16362.38	48,669.96
Residential	3300626.39	731421.95	764474.25	709328.18	675298.73	34131466.11	40,312,615.61
School/hosp	15691.72	836.32	5362.79	5317.59	3582.83	8156.81	38,948.06
Total	10,582,940.74	2,137,696.57	2,515,758.55	2,389,676.94	2,021,353.27	101,734,753.17	121,382,179.24

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 November 2019** amount to **R121 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 November 2019 were received.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for November 2019 is **R13 Million** and **R 2.3 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 **November 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 10/12/2019