

EPHRAIM MOGALE



LOCAL MUNICIPALITY (LIM471)

Monthly Budget Monitoring Report
(Section 71 of MFMA)

31 JANUARY 2019

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1.1 Executive summary

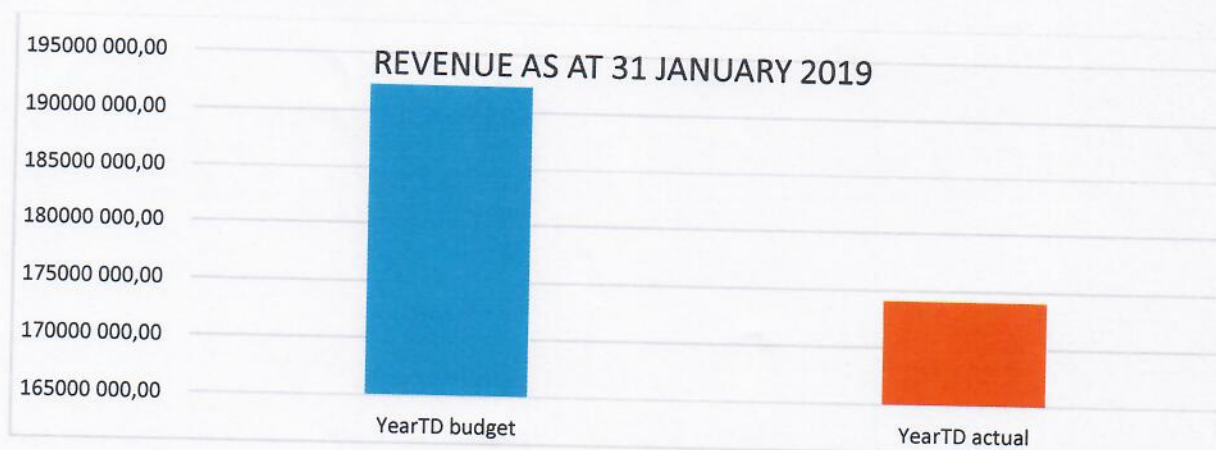
1.1.1 Introduction

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)

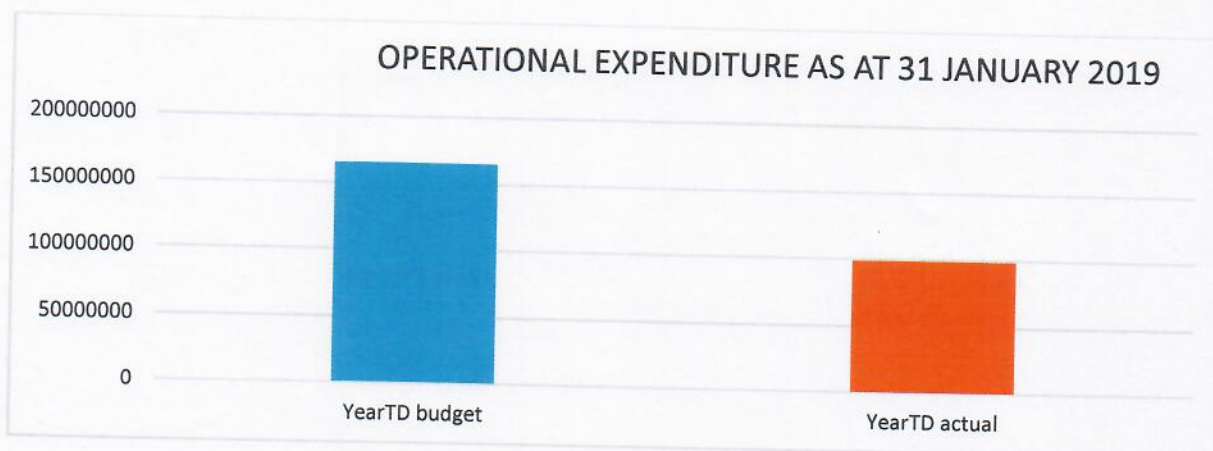


The total revenue received for the month of **January 2019** amount to **R10 Million**, and the year to date revenue amount to **R174 Million** in comparison to a year to date budgeted figure of **R192 Million**. There is an unfavorable variance of **R18 Million** which is due to the following reasons.

1. Transfer recognized – capital

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 **January 2019** amounts to **R16.6 Million**, and the year to date actual is **R99 Million** which is reported against a year to date budget of **R165.8 Million**. There is an unfavorable variance of **R66.5 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.

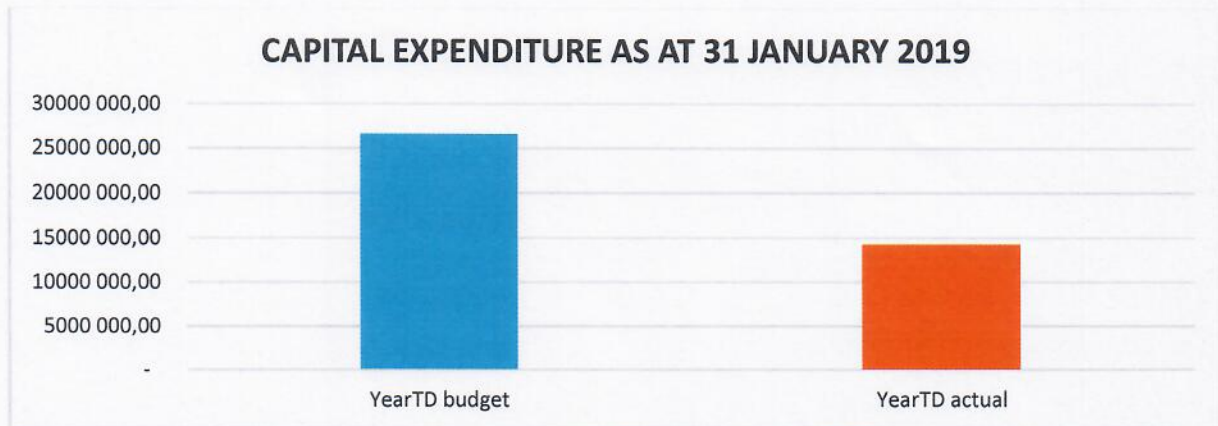
2. Depreciation and assets impairment

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 **January 2019** amounts to **R2.6 Million**, and the year to date actual is **R14 Million** which is reported against a year to date budget of **R29 Million**. There is an unfavorable variance of **R15 Million**.

Capital budget as at 31 January 2019

Function	SegmentDesc	FUNDING	TotalBudget	201 901,00	TotalActual
Administration	Purchase Of Water Dispensors	OWN	60 000,00	-	30 600,00
Administration	Purchase of Furniture (500/305065)	OWN	500 004,00	-	64 396,80
Paks & Cemeteries	Landscaping & Greening (425/305071)	OWN	750 000,00	-	714 400,00
Electricity: Electricity	Network Design Software	OWN	60 000,00	-	-
Electricity: Electricity	TRANSFORMER REPLACEMENT 500KVA	OWN	500 004,00	-	-
Electricity: Electricity	Upgrade Municipal ESKON Supply	OWN	3 000 000,00	-	-
Electricity: Electricity	Install RMU Cable to Connect Ext 5&6	OWN	849 996,00	-	-
Electricity: Electricity	Replace PEX Cable in Ext 5	OWN	1 500 000,00	-	-
Electricity: Electricity	Truck Mounted Crane	OWN	399 996,00	-	-
Fleet Mangement	TOOLS & EQUIPMENTS	OWN	200 004,00	-	-
Housing: Housing and Building	Air Conditioning	OWN	300 000,00	-	16 000,00
Information Technology: (ICT)	Purchase Of ICT Equipments	OWN	39 996,00	-	18 099,00
Information Technology: (ICT)	ICT Computers	OWN	120 000,00	-	-
Information Technology: (ICT)	Replacement Of Switches	OWN	134 000,00	-	-
Information Technology: (ICT)	Television	OWN	12 996,00	-	-
Information Technology: (ICT)	Sound System	OWN	85 996,00	85 000,00	85 000,00
Information Technology: (ICT)	PURCHASE OF PRINTERS	OWN	69 996,00	-	26 589,90
Licencing and Traffic	Machinery and Equipments	OWN	500 000,00	-	286 700,00
Roads: Roads & Stormwater	Leeufontein Sports Complex	MIG	-	-	1 181 159,00
Roads: Roads & Stormwater	Mamphogo Sports Complex (650/305178)	MIG	12 151 228,00	-	7 066 851,89
Roads: Roads & Stormwater	Upgrading Of Letebejane/Ditholong Internal Street	MIG	7 565 141,00	-	-
Roads: Roads & Stormwater	Ngwalemong Internal Streets	MIG	7 791 947,00	-	4 148 289,37
Roads: Roads & Stormwater	Mashemong/Mooihoek Internal Street	MIG	7 000 683,00	-	670 956,45
Solid Waste	Landfill Site Weighbridge 12M	OWN	1 100 004,00	-	-
Solid Waste	TIPPER TRUCK	OWN	950 004,00	-	-
TOTAL			45 641 995,00	85 000,00	14 309 042,41

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 **January 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 January 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) - M07 January

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>		175 419	187 378	-	4 327	124 715	131 368	(6 653)	-5%	187 378
Executive and council		2 094	2 345	-	157	499	1 368	(869)	-64%	2 345
Finance and administration		173 325	185 033	-	4 170	124 216	130 000	(5 784)	-4%	185 033
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		308	400	-	17	123	233	(111)	-47%	400
Community and social services		52	66	-	2	25	39	(13)	-35%	66
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		256	334	-	15	98	195	(97)	-50%	334
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48 029	32 857	-	-	13 093	25 020	(11 927)	-48%	32 857
Planning and development		28	34	-	-	26	20	6	32%	34
Road transport		48 001	32 823	-	-	13 067	25 000	(11 933)	-48%	32 823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		55 016	57 955	-	5 906	36 122	33 807	2 315	7%	57 955
Energy sources		51 107	53 386	-	5 723	33 963	31 142	2 821	9%	53 386
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 909	4 568	-	183	2 159	2 665	(506)	-19%	4 568
<i>Other</i>	4	-	3 627	-	11	48	1 813	(1 766)	-97%	3 627
Total Revenue - Functional	2	278 773	282 217	-	10 260	174 101	192 241	(18 140)	-9%	282 217
Expenditure - Functional										
<i>Governance and administration</i>		257 918	176 056	-	6 985	53 225	102 700	(49 475)	-48%	176 056
Executive and council		37 980	44 552	-	2 725	22 074	25 989	(3 915)	-15%	44 552
Finance and administration		219 938	131 504	-	4 260	31 151	76 711	(45 560)	-59%	131 504
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17 277	22 806	-	1 372	8 657	13 304	(4 647)	-35%	22 806
Community and social services		6 908	9 060	-	565	3 813	5 285	(1 472)	-28%	9 060
Sport and recreation		1 728	2 108	-	256	859	1 230	(370)	-30%	2 108
Public safety		-	-	-	-	-	-	-	-	-
Housing		5 255	7 481	-	263	1 964	4 364	(2 400)	-55%	7 481
Health		3 385	4 157	-	289	2 021	2 425	(404)	-17%	4 157
<i>Economic and environmental services</i>		15 106	19 876	-	1 095	8 026	11 594	(3 568)	-31%	19 876
Planning and development		6 685	5 458	-	217	1 345	3 184	(1 839)	-58%	5 458
Road transport		8 421	14 418	-	877	6 682	8 410	(1 728)	-21%	14 418
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44 145	53 385	-	6 352	23 829	31 141	(7 313)	-23%	53 385
Energy sources		39 201	47 449	-	5 950	21 265	27 679	(6 414)	-23%	47 449
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 944	5 936	-	403	2 564	3 463	(899)	-26%	5 936
<i>Other</i>		10 211	12 140	-	865	5 544	7 081	(1 538)	-22%	12 140
Total Expenditure - Functional	3	344 658	284 263	-	16 670	99 280	165 820	(66 540)	-40%	284 263
Surplus/ (Deficit) for the year		(65 885)	(2 046)	-	(6 410)	74 821	26 421	48 399	183%	(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)

LIM471 Ephraim Mogale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Financial Performance (Revenue and Expenditure) - Municipality										
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		33 428	37 810		2 948	20 422	22 056	(1 634)	-7%	37 810
Service charges - electricity revenue		43 831	50 000		5 609	33 822	29 166	4 656	16%	50 000
Service charges - water revenue		-	-		-	-	-	-	-	-
Service charges - sanitation revenue		-	-		-	-	-	-	-	-
Service charges - refuse revenue		3 909	4 232		183	2 159	2 469	(310)	-13%	4 232
Service charges - other		-	-		-	-	-	-	-	-
Rental of facilities and equipment		256	225		12	88	131	(43)	-33%	225
Interest earned - external investments		7 712	9 274		364	2 116	5 410	(3 294)	-61%	9 274
Interest earned - outstanding debtors		6 002	6 020		662	4 208	3 512	697	20%	6 020
Dividends received		-	-		-	-	-	-	-	-
Fines, penalties and forfeits		1 010	96		11	48	56	(8)	-15%	96
Licences and permits		3 895	2 642	-	1	3	1 541	(1 538)	-100%	2 642
Agency services		-	888		-	-	518	(518)	-100%	888
Transfers and subsidies		127 358	133 485		-	97 257	105 000	(7 743)	-7%	133 485
Other revenue		8 263	2 918		471	910	1 702	(792)	-47%	2 918
Gains on disposal of PPE		100	-		-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		235 764	247 591	-	10 260	161 034	171 562	(10 528)	-6%	247 591
Expenditure By Type										
Employee related costs		74 433	92 789	-	6 236	41 303	54 127	(12 823)	-24%	92 789
Remuneration of councillors		13 389	13 525		989	6 991	7 889	(898)	-11%	13 525
Debt impairment		5 785	17 679		-	-	10 313	(10 313)	-100%	17 679
Depreciation & asset impairment		47 312	47 700		-	-	27 825	(27 825)	-100%	47 700
Finance charges		3 598	448			2	261	(259)	-99%	448
Bulk purchases		30 470	34 341		5 123	18 198	20 032	(1 834)	-9%	34 341
Other materials		5 565	12 214		312	2 838	7 125	(4 287)	-60%	12 214
Contracted services		14 552	12 288		749	3 638	7 168	(3 530)	-49%	12 288
Transfers and subsidies		2 571	2 653		-	368	1 548	(1 180)	-76%	2 653
Other expenditure		141 199	50 627		3 260	25 941	29 533	(3 591)	-12%	50 627
Loss on disposal of PPE		-	-		-	-	-	-	-	-
Total Expenditure		338 873	284 263	-	16 670	99 280	165 820	(66 540)	-40%	284 263
Surplus/(Deficit)		(103 109)	(36 672)	-	(6 409)	61 753	5 742	56 012	0	(36 672)
Transfers and subsidies - capital (financially assisted)		-	-		-	-	-	-	-	-
(National / Provincial and District)		43 008	32 823			13 067	20 680	(7 612)	(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)		-	-		-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(60 100)	(3 849)	-	(6 409)	74 821	26 421			(3 849)
Taxation		-	-		-	-	-	-	-	-
Surplus/(Deficit) after taxation		(60 100)	(3 849)	-	(6 409)	74 821	26 421			(3 849)
Attributable to minorities		-	-		-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(60 100)	(3 849)	-	(6 409)	74 821	26 421			(3 849)
Share of surplus/ (deficit) of associate		-	-		-	-	-	-	-	-
Surplus/ (Deficit) for the year		(60 100)	(3 849)	-	(6 409)	74 821	26 421			(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)

LIM471 Ephraim Mogale - Table C5 Monthly Budget Statement - Capital Expenditure - M07 January										
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		869	1 223	-	85	225	713	(489)	-69%	1 223
Executive and council								-		
Finance and administration		869	1 223		85	225	713	(489)	-69%	1 223
Internal audit								-		
Community and public safety		962	1 550	-	-	1 017	904	113	12%	1 550
Community and social services		140	750			714	438	277	63%	750
Sport and recreation								-		
Public safety		796	500		-	287	292	(5)	-2%	500
Housing		25	300		-	16	175	(159)	-91%	300
Health								-		
Economic and environmental services		48 248	34 509	-	-	13 067	20 130	(7 063)	-35%	34 509
Planning and development								-		
Road transport		48 248	34 509		-	13 067	20 130	(7 063)	-35%	34 509
Environmental protection								-		
Trading services		2 029	8 360	-	-	-	4 877	(4 877)	-100%	6 310
Energy sources		2 029	6 310				3 681	(3 681)	-100%	6 310
Water management								-		
Waste water management								-		
Waste management		-	2 050				1 196	(1 196)	-100%	-
Other								-		
Total Capital Expenditure - Functional Classification	3	52 107	45 642	-	85	14 309	26 624	(12 315)	-46%	43 592
Funded by:										
National Government		43 008	31 576		-	13 067	13 157	(89)	-1%	31 576
Provincial Government								-		
District Municipality					-		-	-		-
Other transfers and grants								-		
Transfers recognised - capital		43 008	31 576	-	-	13 067	13 157	(89)	-1%	31 576
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds		9 099	14 078		85	1 242	13 468	(12 226)	-91%	14 078
Total Capital Funding		52 107	45 654	-	85	14 309	26 624	(12 315)	-46%	45 654

Table c5 indicates capital expenditure budget and performance by vote. (See executive summary for detail explanation on variances)

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

EPHRAIM MOGALE LOCAL MUNICIPALITY FINANCIAL YEAR 2018/19 AGEING REPORT JANUARY 2019 GL							
Type of Service	30 Days 2019/01	60 Days 2018/12	90 Days 2018/11	120 Days 2018/10	150 Days 2018/09	150 Plus 2018/08	Total
Electricity	4795448,23	439575,92	396858,75	422818,02	518217,57	7640553,58	14 213 472,07
Refuse	163160,8	69643,22	127000,92	119853,56	111689,42	3122055,11	3 713 403,03
Rates	2606684,5	1481798,25	1429329,97	1392846,4	11421909,21	49846336,39	68 178 904,72
Other	1289857,19	656833,73	646749,34	675171,81	625363,22	20358670,7	24 252 645,99
Total	8 855 150,72	2 647 851,12	2 599 938,98	2 610 689,79	12 677 179,42	80 967 615,78	110 358 425,81

Category	2019/01	2018/12	2018/11	2018/10	2018/09	2018/08	Total
Psi	1909,58	1907,18	1904,19	1901,84	15684,82	98659,63	121 967,24
State	2192,65	2192,65	2192,61	2192,61	12976,93	78941,1	100 688,55
Farms / agri	1599527,71	1349185,09	1307646,01	1298126,07	7276838,24	42806635,73	55 637 958,85
Business	4200472,89	228117,57	263694,21	290795,17	986206,89	5277131,95	11 246 418,68
Churches	14315,39	2281,46	2239,96	1814,83	15628,92	34594,78	70 875,34
Commercial	0	0	0	0	0	29221,64	29 221,64
Domestic	0	0	0	0	0	15058,42	15 058,42
Industrial	824715,46	138325,84	136846,14	135163,41	139096,66	4128539,03	5 502 686,54
Municipality	52513,75	50000,87	57823,82	57016,98	82925,83	774165,42	1 074 446,67
Residential	2127151,43	869325,7	821083,09	817215,03	4140538,48	27855705,85	36 631 019,58
School/hosp	32351,86	6514,76	6508,95	6463,85	11251,07	12370,53	75 461,02
State Owned	0	0	0	0	-3968,42	-143408,3	-147 376,72
Total	8 855 150,72	2 647 851,12	2 599 938,98	2 610 689,79	12 677 179,42	80 967 615,78	110 358 425,81

2.1 Debtors' Analysis

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 January 2019 amount to R110 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 January 2019 were received. Remaining Grants will be received in March 2019.

2.5 Councilors allowances and Employee benefits

The employee benefits and councilors allowance for January 2019 is **R6 Million** and R989 Thousand respectively.



EPHRAIM MOGALE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

I, **Lekola M** the Acting municipal manager of **Ephraim Mogale Local Municipality**, here by certify that-

- the monthly budget statement

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

Print name **Lekola M**

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

Signature _____

Date 14/02/2019