



MAKANA
MUNICIPALITY | EASTERN CAPE
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In-Year Report of the Municipality

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

Monthly Budget Statement JULY 2016

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Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.
Allocations – Money received from Provincial or National Government or other municipalities.
Budget – The financial plan of the Municipality.
Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.
Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.
Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.
DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.
Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.
Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.
GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.
GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.
IDP – Integrated Development Plan. The main strategic planning document of the Municipality.
IHHS – Informal Housing and Human Settlements, provincial grant.
KEDA – Entity of Makana Municipality, Makana Economic Development Agency.
MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.
MDMG – Municipal Disaster Management Grant.
MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.
MIG – Municipal Infrastructure Grant.
MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.
NDPG – Neighbourhood Development Partnership Grant.
Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages
Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.
SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.
Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.
Unauthorised expenditure – Generally, is spending without, or in excess of, an approved budget.
Virement – A transfer of budget.
Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.
Vote – One of the main segments into which a budget. In Makana Municipality this means at directorate level.

PART 1 – IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In-Year Report - Monthly Budget Statement

The monthly budget statement for July 2016 has been prepared to meet the legislative requirements of the Municipal Budget and Reporting Regulations.

1.1.1 Financial problems or risks facing the municipality

The municipality continues to experience challenges regarding liquidity. This is mainly due to the under-collection of revenue and large outstanding debt owed to creditors carried over from previous financial years. The following strategies were put in place:

- A service provider has been appointed to implement the Revenue Enhancement Plan and data cleansing of Debtors. Based on the appointment, the municipal collection rate for 15/16 financial year is forecasted at 85%. As at 30 July 2016, the collection rate is 34%.
- Improving financial sustainability through budget restructuring, Implementation of revenue enhancement initiatives
- Cost containment measures
- Reduction of irregular expenditure and fruitless and wasteful expenditure
- Improving financial data integrity

Section 2 – IN-YEAR REPORTS 2015/2016

RECOMMENDATION:

(a) That Budget Steering Committee notes the monthly budget statement and supporting documentation for JULY 2016.

Section 3 – Executive Summary

3.1 Introduction

The monthly Sec 71 reports aims to provide a regular update on indicators critical to the organisation’s viability and serve as an early warning indicator where remedial action is required.

The Municipal Manager of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a report in a prescribed format to the Mayor within 10 working days after the end of each month on the state of the Municipality’s budget.

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires the Mayor to consider the Section 71 report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

3.2 Consolidated Performance

The following table summarises the overall position on the capital and operating budgets. Take note that the Operating Expenditure only reflects the direct expenditure and exclude all indirect expenditure e.g. Administrative Recharges.

	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Annual Budget %
Operating Revenue (billed)	486 191	-	126 228	26%
Operating Expenditure (accrued/actual mix)	486 191	-	16 706	4%
Capital Expenditure	170 043	-	356	1%

Revenue by Source

Year-to-date Operating Revenue amounts to **26% or R126 228 million** of the operating budget of **R486 191 million**.

Operating expenditure by type

Year-to-date expenditure amounts to **4% or R16 706 million** of the operating budget of **R46 191 million**.

Capital expenditure

Year-to-date expenditure on capital project amounts to **1% or R356 000.00** of the capital budget of **R170 043million**.

Section 4 – In-year budget statement tables

4.1 Monthly budget statements

4.1.1 Table C1: s71 Monthly Budget Statement Summary

EC104 Makana - Table C1 Monthly Budget Statement Summary - M01 July

Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
R thousands						
Financial Performance						
Property rates	52,695	65,215	-	44,110	44,110	59,100
Service charges	260,556	306,690	-	31,038	31,038	299,138
Investment revenue	500	700	-	3,255	3,255	16,759
Transfers recognised - operational	84,920	91,292	-	32,088	32,088	87,727
Other own revenue	28,966	22,295	-	15,737	15,737	17,995
Total Revenue (excluding capital transfers and contributions)	427,637	486,191	-	126,228	126,228	480,720
Employee costs	126,773	144,631	-	12,760	12,760	145,701
Remuneration of Councillors	9,723	10,497	-	1,178	1,178	11,597
Depreciation & asset impairment	31,502	31,639	-	1,876	1,876	31,639
Finance charges	478	-	-	162	162	1
Materials and bulk purchases	89,174	105,926	-	-	-	104,454
Transfers and grants	48,997	50,515	-	254	254	49,161
Other expenditure	120,991	142,983	-	476	476	119,488
Total Expenditure	427,637	486,191	-	16,706	16,706	462,040
Surplus/(Deficit)	(0)	(0)	-	109,522	109,522	18,680
Transfers recognised - capital	-	170,043	-	-	-	1,814
Contributions & Contributed assets	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(0)	170,043	-	109,522	109,522	20,494
Share of surplus/ (deficit) of associate	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(0)	170,043	-	109,522	109,522	20,494
Capital expenditure & funds sources						
Capital expenditure	21,008	176,021	-	356	19,778	152
Capital transfers recognised	57,936	170,043	-	-	-	-
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	5,056	-	-	-	-	-
Total sources of capital funds	62,992	170,043	-	-	-	-
Financial position						
Total current assets	40,656	-	-	-	332,064	-
Total non current assets	1,106,575	176,021	-	-	2,046,473	-
Total current liabilities	188,320	(827)	-	-	525,743	-
Total non current liabilities	107,827	-	-	-	173,891	-
Community wealth/Equity	962,051	(7,693)	-	-	667,466	-
Cash flows						
Net cash from (used) operating	5,042	184,063	-	36,418	(525,244)	52,133
Net cash from (used) investing	(6,857)	(173,043)	-	29,533	39,117	(27,273)
Net cash from (used) financing	(2,500)	-	-	1	114,546	-
Cash/cash equivalents at the month/year end	2,605	13,629	-	-	(341,247)	27,469

4.1.2 Table C2: Monthly Budget Statement – Financial Performance (standard classification)

EC104 Makana - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M01 July							
Description	Ref	2015/16	Budget Year 2016/17				
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
R thousands	1						
Revenue - Standard							
<i>Governance and administration</i>		110,328	143,583	-	60,474	60,473	134,485
Executive and council		8,519	7,660	-	2,145	2,145	6,172
Budget and treasury office		98,799	126,200	-	58,324	58,324	125,153
Corporate services		3,009	9,724	-	5	4	3,160
<i>Community and public safety</i>		4,909	25,371	-	64	64	6,593
Community and social services		3,642	4,796	-	33	33	3,707
Sport and recreation		12	16,803	-	9	9	14
Public safety		1,255	1,851	-	22	22	951
Housing		-	-	-	-	-	-
Health		-	1,921	-	-	-	1,921
<i>Economic and environmental services</i>		4,043	3,918	-	123	123	2,658
Planning and development		2,554	230	-	29	29	227
Road transport		1,489	3,663	-	91	91	2,406
Environmental protection		-	25	-	2	2	25
<i>Trading services</i>		320,759	483,352	-	65,568	65,568	338,788
Electricity		191,064	204,540	-	24,437	24,437	195,461
Water		73,101	116,645	-	24,564	24,564	75,645
Waste water management		37,254	146,403	-	13,199	13,199	51,919
Waste management		19,340	15,764	-	3,369	3,369	15,764
<i>Other</i>	4	15	10	-	-	-	10
Total Revenue - Standard	2	440,054	656,234	-	126,228	126,228	482,535
Expenditure - Standard							
<i>Governance and administration</i>		129,449	158,999	-	7,037	7,037	148,817
Executive and council		33,831	31,862	-	2,325	2,325	26,754
Budget and treasury office		52,069	79,443	-	1,434	1,434	80,093
Corporate services		43,549	47,694	-	3,279	3,279	41,971
<i>Community and public safety</i>		36,101	50,119	-	3,740	3,740	43,697
Community and social services		14,147	25,505	-	954	954	12,383
Sport and recreation		4,876	2,914	-	917	917	11,486
Public safety		17,078	18,822	-	1,667	1,667	16,951
Housing		-	56	-	3	3	56
Health		-	2,821	-	198	198	2,821
<i>Economic and environmental services</i>		39,389	35,790	-	1,842	1,842	29,947
Planning and development		13,443	11,862	-	691	691	11,859
Road transport		18,907	20,392	-	872	872	14,551
Environmental protection		7,039	3,536	-	278	278	3,536
<i>Trading services</i>		232,822	241,114	-	4,075	4,075	(18,654)
Electricity		117,979	129,734	-	(1,217)	(1,217)	(129,032)
Water		55,749	56,891	-	2,697	2,697	56,891
Waste water management		29,739	32,966	-	1,592	1,592	31,964
Waste management		29,354	21,522	-	1,004	1,004	21,522
<i>Other</i>		160	169	-	12	12	169
Total Expenditure - Standard	3	437,921	486,191	-	16,706	16,706	203,976
Surplus/ (Deficit) for the year		2,133	170,043	-	109,522	109,521	278,559

This table reflects the operating budget (Financial Performance) in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main functions are Governance and administration; Community and public safety; Economic and environmental services; and Trading services.

4.1.3 Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

The operating expenditure budget is approved by Council on the municipal vote level.

The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Technical and Infrastructure; Corporate Services; Financial Services; Community and Social Services; Executive Mayor; Municipal Manager; Local Economic Development; Housing; Electricity; Water.

EC104 Makana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue by Vote										
Vote 1 - TECHNICAL SERVICES	1	38,567	53,842	-	13,210	13,210	53,837	(40,627)	-75.5%	38,563
Vote 2 - CORPORATE SERVICES		929	915	-	14	14	813	(799)	-98.3%	729
Vote 3 - FINANCIAL SERVICES		98,799	126,200	-	58,324	58,324	126,153	(67,829)	-53.8%	98,172
Vote 4 - COMMUNITY & SOCIAL SERVICES		27,716	25,437	-	3,524	3,524	24,536	(21,012)	-85.6%	27,317
Vote 5 - EXECUTIVE & COUNCIL		5,069	7,658	-	2,145	2,145	5,158	(3,013)	-58.4%	5,066
Vote 6 - MUNICIPALITY MANAGER		3,428	2	-	-	-	2	(2)	-100.0%	3
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		1,380	1,032	-	9	9	929	(920)	-99.0%	1,275
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		191,063	195,461	-	24,437	24,437	195,461	(171,024)	-87.5%	174,087
Vote 10 - WATER		73,101	75,645	-	24,564	24,564	75,645	(51,081)	-67.5%	73,098
Vote 11 - DOG TAX		1	1	-	-	-	1	(1)	-100.0%	1
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	440,054	486,191	-	126,228	126,228	482,535	(356,307)	-73.8%	418,312
Expenditure by Vote										
Vote 1 - TECHNICAL SERVICES	1	51,054	59,362	-	2,808	2,808	52,519	(49,711)	-94.7%	49,829
Vote 2 - CORPORATE SERVICES		38,016	37,843	-	2,159	2,159	33,436	(31,277)	-93.5%	31,262
Vote 3 - FINANCIAL SERVICES		50,605	79,443	-	1,339	1,339	80,108	(78,769)	-98.3%	64,653
Vote 4 - COMMUNITY & SOCIAL SERVICES		87,102	77,120	-	4,946	4,946	70,698	(65,752)	-93.0%	64,645
Vote 5 - EXECUTIVE & COUNCIL		16,285	23,444	-	1,182	1,182	17,948	(16,766)	-93.4%	16,824
Vote 6 - MUNICIPALITY MANAGER		5,806	8,418	-	145	145	7,575	(7,430)	-98.1%	5,244
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		16,433	13,877	-	552	552	13,774	(13,222)	-96.0%	13,136
Vote 8 - HOUSING		26	56	-	2	2	56	(55)	-97.2%	53
Vote 9 - ELECTRICITY		116,744	129,734	-	876	876	129,032	(128,156)	-99.3%	119,634
Vote 10 - WATER		55,849	56,891	-	2,697	2,697	56,891	(54,195)	-95.3%	52,203
Vote 11 - DOG TAX		-	1	-	-	-	1	(1)	-100.0%	1
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	437,920	486,191	-	16,707	16,707	462,040	(445,334)	-96.4%	417,484
Surplus/ (Deficit) for the year	2	2,133	0	-	109,521	109,521	20,494	89,027	434.4%	827

4.1.4 Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

EC104 Makana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	2015/16	Budget Year 2016/17				
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
R thousands							
Revenue By Source							
Property rates		52,695	65,215	-	44,110	44,110	5,434,564.92
Property rates - penalties & collection charges		-	-	-	-	-	-
Service charges - electricity revenue		168,727	191,033	-	16,546	16,546	15,919
Service charges - water revenue		54,900	63,277	-	5,910	5,910	5,273
Service charges - sanitation revenue		26,016	44,075	-	8,440	8,440	3,673
Service charges - refuse revenue		10,913	8,305	-	137	137	692
Service charges - other		-	-	-	5	5	-
Rental of facilities and equipment		3,176	811	-	10	10	68
Interest earned - external investments		500	700	-	3,255	3,255	58
Interest earned - outstanding debtors		11,393	16,059	-	-	-	1,338
Dividends received		-	-	-	-	-	-
Fines		1,089	1,092	-	11	11	91
Licences and permits		3,448	1,647	-	44	44	137
Agency services		-	500	-	-	-	42
Transfers recognised - operational		84,920	91,292	-	32,088	32,088	7,608
Other revenue		9,860	2,185	-	15,673	15,673	182
Gains on disposal of PPE		-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		427,637	486,191	-	126,228	126,228	40,516
Expenditure By Type							
Employee related costs		126,773	144,631	-	12,760	12,760	12,053
Remuneration of councillors		9,723	10,497	-	1,178	1,178	875
Debt impairment		-	-	-	7	7	-
Depreciation & asset impairment		31,502	31,639	-	1,876	1,876	2,637
Finance charges		478	-	-	162	162	-
Bulk purchases		87,574	104,404	-	-	-	8,700
Other materials		1,600	1,522	-	-	-	127
Contracted services		8,734	28,408	-	469	469	2,367
Transfers and grants		48,997	50,515	-	254	254	4,210
Other expenditure		112,257	114,575	-	-	-	9,548
Loss on disposal of PPE		-	-	-	-	-	-
Total Expenditure		427,637	486,191	-	16,706	16,706	40,516
Surplus/(Deficit)		(0)	(0)	-	109,522	109,522	(0)
Transfers recognised - capital		-	170,043	-	-	-	14,170
Contributions recognised - capital		-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(0)	170,043	-	109,522	109,522	14,170
Taxation		-	-	-	-	-	-
Surplus/(Deficit) after taxation		(0)	170,043	-	109,522	109,522	14,170
Attributable to minorities		-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(0)	170,043	-	109,522	109,522	14,170
Share of surplus/ (deficit) of associate		-	-	-	-	-	-
Surplus/ (Deficit) for the year		(0)	170,043	-	109,522	109,522	14,170

The year-to-date Operating Revenue reflects an achievement of **26% or R126 228 million** of the annual budget of R486 191 million, and Operating Expenditure is **4%** or **R16 706 million** of the annual budget of R486 191 million.

Operating Revenue

Major contributors of Operating Revenue to date amounting to R126 228million are:

- Service Charges-Electricity at R16 546 million or 13%
- Operational Transfers recognised at R32 088 million or 26%.
- Property Rates at R44 110 million or 35%.
- Service Charges-Water R5 910 million or 5%

Operating Expenditure

Major contributors of Operating Expenditure to date amounting to R16 706 million are:

- Employee-related costs at R12 760 million or 77%
- Remuneration of councillors at R1 178 million or 7%.
- Repairs & maintenance at R266 thousand or 2%

4.1.5 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Capital Budget Funding Sources

Capital Expenditure - Standard Classification							
Governance and administration		1,150	6,350	-	-	-	-
Executive and council		-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-
Corporate services		1,150	6,350	-	-	-	-
Community and public safety		1,308	17,878	-	356	356	-
Community and social services		996	1,084	-	-	-	-
Sport and recreation		304	16,794	-	356	356	-
Public safety		8	-	-	-	-	-
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
Economic and environmental services		1,201	1,252	-	-	-	-
Planning and development		-	-	-	-	-	-
Road transport		1,201	1,252	-	-	-	-
Environmental protection		-	-	-	-	-	-
Trading services		59,291	144,563	-	-	-	-
Electricity		5,114	9,079	-	-	-	-
Water		26,000	47,065	-	-	-	-
Waste water management		28,177	88,419	-	-	-	-
Waste management		-	-	-	-	-	-
Other		-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	62,950	170,043	-	356	356	-

Capital Expenditure disclosed in Table C5 reflects only expenditure of grants transferred directly to municipal bank account and internally funded projects. The year- to date expenditure amount to **R356 000.00**

4.1.6 Table C6: Monthly Budget Statement - Financial Position

EC104 Makana - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		16,901	7,533	–	76,428	7,533
Call investment deposits		(4,769)	12,940	–	1,653	12,940
Consumer debtors		(23,446)	189,259	–	168,255	189,259
Other debtors		45,446	52,347	–	69,564	52,347
Current portion of long-term receivables		–	30	–	–	30
Inventory		6,525	16,568	–	16,164	16,568
Total current assets		40,656	278,677	–	332,064	278,677
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		3,930	–	–	4,419	–
Investment property		219,050	–	–	219,050	–
Investments in Associate		652	151	–	652	151
Property, plant and equipment		878,387	908,810	–	1,819,132	908,810
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		1,947	12,000	–	4,247	12,000
Other non-current assets		2,609	–	–	(1,027)	–
Total non current assets		1,106,575	920,961	–	2,046,473	920,961
TOTAL ASSETS		1,147,231	1,199,638	–	2,378,537	1,199,638
LIABILITIES						
Current liabilities						
Bank overdraft		6,442	–	–	–	–
Borrowing		(122)	440	–	61,036	440
Consumer deposits		–	2,474	–	2,448	2,474
Trade and other payables		178,634	263,776	–	417,306	263,776
Provisions		3,365	10,353	–	44,953	10,353
Total current liabilities		188,320	277,043	–	525,743	277,043
Non current liabilities						
Borrowing		56,512	60,534	–	107,452	60,534
Provisions		51,315	49,307	–	66,438	49,307
Total non current liabilities		107,827	109,841	–	173,891	109,841
TOTAL LIABILITIES		296,147	386,884	–	699,634	386,884
NET ASSETS	2	851,084	812,754	–	1,678,903	812,754
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		962,051	1,037,308	–	661,542	1,037,308
Reserves		–	5,749	–	5,924	5,749
TOTAL COMMUNITY WEALTH/EQUITY	2	962,051	1,043,057	–	667,466	1,043,057

Table C6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet). The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

4.1.7 Table C7: Monthly Budget Statement - Cash Flow

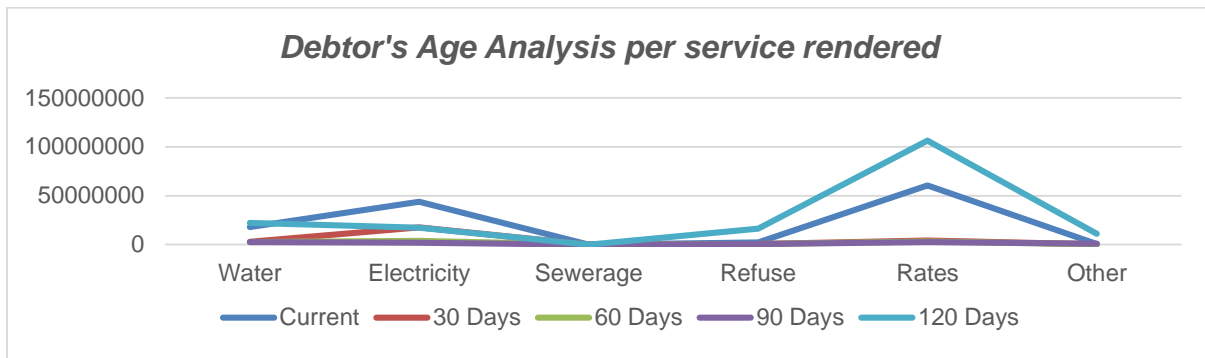
EC104 Makana - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	Budget Year 2016/17								
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		248,006	304,318	-	82,415	82,415	376,234	(293,819)	-78%	344,500
Government - operating		84,920	89,475	-	32,086	32,086	87,727	(55,641)	-63%	82,734
Government - capital		1,801	173,043	-	-	-	1,814	(1,814)	-100%	1,185
Interest		7,393	12,100	-	3,255	3,255	16,759	(13,504)	-81%	11,893
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(259,776)	(351,972)	-	(98,247)	(98,247)	(381,239)	(282,992)	74%	(538,204)
Finance charges		(1,713)	(5,000)	-	2,062	(162)	(1)	161	-16146%	(1)
Transfers and Grants		(75,589)	(37,901)	-	(12,551)	(12,551)	(49,161)	(36,610)	74%	(74,434)
NET CASH FROM/(USED) OPERATING ACTIVITIES		5,042	184,063	-	9,021	6,796	52,133	45,337	87%	(172,328)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	(1,079)	1,079	-100%	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	2,609
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(6,857)	(173,043)	-	(556)	(556)	(26,193)	(25,638)	98%	(191,857)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6,857)	(173,043)	-	(556)	(556)	(27,273)	(26,717)	98%	(189,248)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	122
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		(2,500)	-	-	-	-	-	-	-	(56,512)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,500)	-	-	-	-	-	-	-	(56,390)
NET INCREASE/ (DECREASE) IN CASH HELD		(4,315)	11,020	-	8,465	6,240	24,860			(417,966)
Cash/cash equivalents at beginning:		6,920	9,833	-	-	5,179	9,833			5,179
Cash/cash equivalents at month/year end:		2,605	20,853	-	-	11,420	34,693			(412,787)

The cash flow report shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget with the expected 85% collection rate.

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors' Analysis



The below table summarises data cleansing findings – Debt Collector

Reason	Count of Matter No	Sum of Outstanding Balance Amount
Deceased	2203	70,355,314
Indigent	416	7,012,468
Informal Settlement	324	800,454
Municipal Properties	845	3,381,286
Possible Indigent	447	10,019,383
Prescribed	793	3,272,932
RDP Properties	264	8,291,063
Grand Total		103 132 900

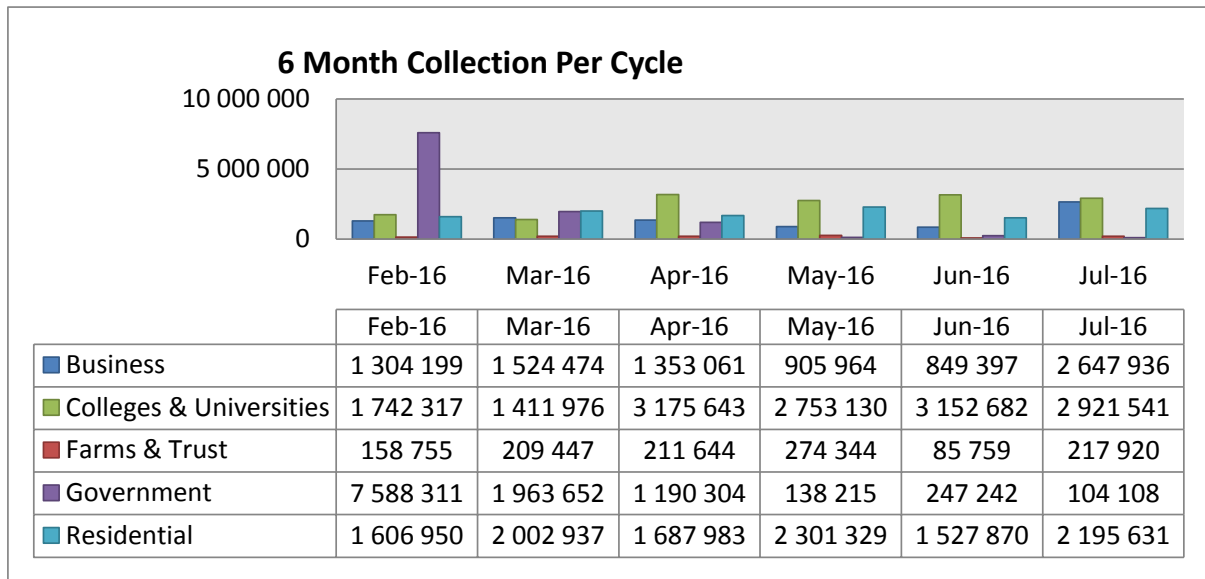
It is indicative that R103 133 million is irrecoverable, and further investigation should take place as means of recovering or writing off these debts. Currently July Age Analysis report shows a balance R339 591 million.

5.1 REVCO Performance Report

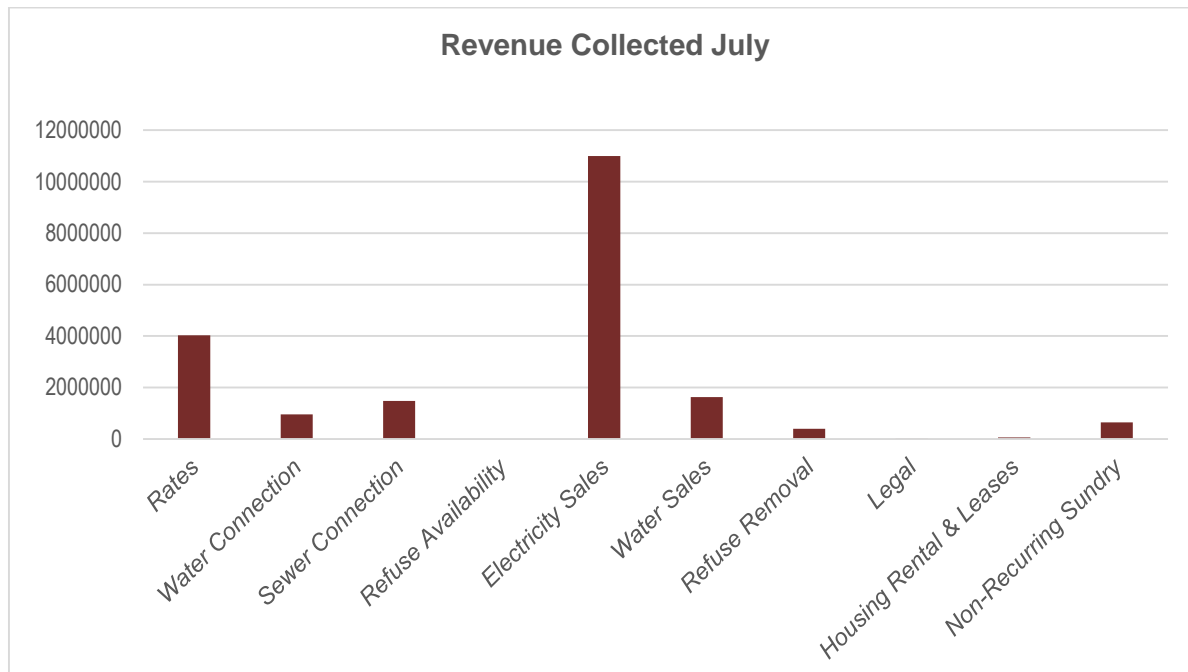
The below table shows active account and actual collection for July 2016

Average Payment Value Per Month					
Month	Active Accounts Balance	Actual collection	Nr. Of Accounts Paid	% Yield Achieved On Collection	Average Payment Value
Feb-16	121 034 958	12 400 532	1 773	10.25%	6 994
Mar-16	126 602 195	7 112 486	2 409	5.62%	2 952
Apr-16	113 464 720	7 618 635	2 151	6.71%	3 542
May-16	115 241 511	6 372 982	2 546	5.53%	2 503
Jun-16	129 832 184	5 862 950	2 659	4.52%	2 205
Jul-16	106 622 706	8 087 136	2 118	7.58%	3 818

Payment Analysis by Customer Group – July 2016



5.2 Income by Source – July 2016



5.3 Billing vs Receipts Report – July 2016

Category	Receipts	Billing	Percentage
RATES	R 4 025 370.00	R 23 915 897.00	16.83%
WATER CONN	R 955 936.00	R 7 000 120.00	13.66%
REFUSE REMOVAL	R 393 585.00	R 1 140 356.00	34.51%
SEWER CONN	R 1 477 355.00	R 10 361 982.00	14.26%
WATER	R 1 628 158.00	R 3 760 197.00	43.30%
ELECTRICITY	R 10 998 072.00	R 12 519 261.00	87.85%
LEGAL FEES	R 12 774.00	R 0.00	0.00%
RENT HOUSING/LEASES	R 59 670.00	R 121 119.00	49.27%
SUNDRY DEBTORS	R 646 271.00	R 0.00	0.00%
Overall Collection %	R 20 197 191.00	R 58 818 932.00	34.34%

5.4 Credit Control Statistics Report

DISCONNECTION, RESTRICTION & RECONNECTION STATISTICS	
	JULY 2016
<u>ELECTRICITY</u>	
Warning notice issued: Business	
Warning notice issued: Domestic	102
Warning notice issued: School	
Disconnected: Business	36
Disconnected: Domestic	
Reconnection: Business	
Reconnection: Domestic	21
Not Reconnected: Business	
Not Reconnected: Domestic	
Arrangements	23
<u>WATER</u>	
Warning notice issued: Domestic	
Restrictions	
Reconnections	
Arrangements	

Section 6 – Creditors' Analysis

Total Payments made in July amounts to **R41 743 934.13** amongst those payment **R35 553 354** relates to payment plans, Eskom being the highest creditor with payment of R30 million.

The outstanding creditors have decreased by **R32 802 773.67** from the previous month to **R68 522 108.67** in the current month. Although the municipality has entered into payment arrangements with all major creditors, it is imperative that austerity measures be strictly adhered to, in order not to incur further debt.

A list of creditors the municipality made arrangements with, is as follows:

PAYMENT PLANS REPORT				
Company Name	Monthly Instalments	Total Debt	Payments	Comments
SALGA arrangement	500,000.00	2,242,045.00	500,000.00	unpaid
Smith Tabata arrangement	100,000.00	408,515.16	600,000.00	pd April16 R195 454
B & R arrangement	238,982.33	238,982.33	838,982.33	paid Mrch16
AG arrangement	350,000.00	10,577,075.88	1,188,982.33	pd Aug 16
SALA arrangement	106,249.13	1,274,988.00	1,295,231.46	unpaid
Business Connexion	162,741.22	325,482.42	1,457,972.68	Paid April 16
Ducharme arrangement	0.00	0.00	1,457,972.68	Fully paid June 16
North Robertson arrangement	100,000.00	277,621.27	1,557,972.68	paid Mrch16
Sibanye arrangement	250,000.00	324,698.00	1,807,972.68	pd May16
Give Ziyawa arrangement	764,857.36	1,529,714.72	2,572,830.04	
Amatola Water	0	18,000,000.00	2,572,830.04	pending
Dept Water and Sanitation	400,000.00	9,429,977.60	2,972,830.04	Start 30 June 2016
Afrisec Security	100,000.00	561,232.00	3,072,830.04	pd April16
WK Construction	150,000.00	807,730.00	3,222,830.04	pd April16 for March
Lumotech	150,000.00	681,343.80	3,372,830.04	unpaid
TOTAL	3,372,830.04	46,679,406.18	3,372,830.04	
ESKOM Main/Bulk account	current account	55,612,107.24		As at 28/7/2016
Payments made in July 2016		30,000,000.00		Paid 29/7/2016
		25,612,107.24		As at 30 July 2016
ESKOM status quo				
ESKOM Feb main account	4,924,640.71	3,924,640.71	3,924,640.71	o/s Feb 16
ESKOM March main account	6,803,105.08	5,803,105.08	9,727,745.79	o/s March 16
ESKOM March arrear account	4,560,072.00	4,560,072.00	14,287,817.79	o/s March 16
ESKOM April main account	7,089,651.25	4,589,651.25	18,877,469.04	
ESKOM small accounts	513,775.25		18,877,469.04	paid May16
ESKOM FBE account	280,000.00	556,155.59	19,433,624.63	paid Mrch16
	24,171,244.29	19,433,624.63	19,433,624.63	

Section 7 – Allocations for Operating Grant Receipts and Expenditure

7.1 Conditional Grants Revenue and Expenditure

GRANT	BUDGET	AMOUNT RECEIVED TO DATE	EXPENDITURE	EXPENDITURE YEAR TO DATE
MIG	R36 288 000.00	R0.00	R118 204.45	R118 204.45
FMG	R1 810 000.00	R0.00	R6 666.00	R6 666.00
EPWP	R1 000 000.00	R0.00	R48 000.00	R48 000.00
DWA	R5 000 000.00	R538 118.26	R0.00	R0.00
TOTAL	R44 098 000.00	R538 118.26	R172 870.45	R172 870.45

Capital Grant – MIG

- The was no capital expenditure incurred except administrative cost for PMU

Operating Grants

- FMG – Stipends for Interns was incurred in the month of July
- EPWP- Stipends for field workers
- DWA- There is no expenditure in the month of July

Section 8 – Expenditure on Councillor Allowances and Employee Benefits

SALARIES PAID JULY 2016						
ITEM DESCRIPTION	ITEM NUMBER	BUDGET	ADJ BUDGET	ACTUAL 01	TOTAL MOVEMENT	%SPENT
SALARIES	6000	102 579 303	-	8 520 579	8 520 579	8.31%
OVERTIME	6010	1 127 585	-	908 828	908 828	80.60%
ALLOWANCE:HOUSING	6020	1 726 785	-	161 335	161 335	9.34%
ALLOWANCE:TELEPHONE	6025	284 730	-	25 187	25 187	8.85%
ALLOWANCE:TRANSPORT	6030	3 764 370	-	302 721	302 721	8.04%
ALLOWANCE:INCONVENIENCE	6050	1 365 857	-	400	400	0.03%
PENSION/PROVIDENT FUND	6100	18 070 868	-	1 401 506	1 401 506	7.76%
MEDICAL AID FUND	6110	7 248 268	-	633 936	633 936	8.75%
GROUP LIFE ASSURANCE	6120	988 085	-	68 243	68 243	6.91%
TOTAL		137 155 851	-	12 022 735	12 022 735	138.59%

COUNCILLOR ALLOWANCES PAID JULY 2016						
ITEM DESCRIPTION	ITEM NUMBER	BUDGET	ADJ BUDGET	ACTUAL 01	TOTAL MOVEMENT	%SPENT
COUNCILLORS ALLOWANCE	6385001	7 340 676	-	523 377	523 377	7.13%
CNL TELEPHONE ALLANCE	6385006	3 370 487	-	43 644	43 644	1.29%
CNL TRAVELLING ALLOWANCE	6385007	885 977	-	174 459	174 459	19.69%
TOTAL		11 597 140	-	741 480	741 480	28.11%

