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REPORT TO: BUDGET STEERING COMMITTEE

File ref (9/1/2/3)

Collaborator/Item no (BSc 5.5

Date: 6 JANUARY 2016

SUBJECT: BUDGET IMPLEMENTATION REPORT FOR THE MONTH OF DECEMBER 2016

REPORT DATED 12 JANUARY 2016 FROM THE CHIEF FINANCIAL OFFICER TO BUDGET STEERING COMMITTEE

PURPOSE

The purpose of this item is to submit a financial report for the month ending December 2016 to the Council.

LEGAL REQUIREMENTS

In terms of Section 71 of the Municipal Finance Management No.56 of 2003

STATUTORY AUTHORITY

Chapter 24 of the MFMA No. 56 of 2003

BACKGROUND AND REASONING

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.

1. FINANCIAL IMPLICATIONS

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

Description	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Annual Budget %
Operating Revenue (billed)	486 191	-	310 732	64%
Operating Expenditure (accrued/actual mix)	486 191	-	233 029	48%
Capital Expenditure	58 608	-	12 381	21%

1.2 Revenue by Source

Year-to-date Operating Revenue amounts to **64% or R310 732 million** of the operating budget of **R486 191 million**.

The year-to-date Operating Revenue reflects an achievement of **64% or R310 732 million** of the annual budget of R486 191 million, and Operating Expenditure is **48% or R233 029 million** of the annual budget of **R486 191 million**.

1.2.1 Operating Revenue

Major contributors of Operating Revenue to date amounting to R310 732 million are:

- Service Charges-Electricity at R119 267 million or 38%
- Operational Transfers recognised at R65 179 million or 21%.
- Property Rates at R65 116 million or 21%.
- Service Charges-Water R29 243 million or 9%

1.3 Operating expenditure by type

Year-to-date expenditure amounts to **36% or R173 321 million** of the operating budget of **R486 191 million**.

1.3.1 Operating Expenditure

Major contributors of Operating Expenditure to date amounting to **R233 029** million are:

- Employee-related costs at R79 563 million or 34%
- Remuneration of councillors at R5 674 million or 2%.
- Bulk Purchases at R66 864 million or 27%
- Repairs & maintenance at R3 865 million or 2%

1.4 Capital expenditure

Year-to-date expenditure on capital project amounts to **21% or R12 381 million** of the capital budget of **R58 608 million**.

Capital Expenditure of **R58 608 million** disclosed in above table reflects expenditure of grants allocated to the municipality and internally funded projects.

The Municipal Capital Budget is funded from the following Grants:

Grant	Funding Source	Budget
Municipal Infrastructure Grant	Direct Allocation	R34 473 000
Finance Management Grant	Direct Allocation	R350 000
Equitable Share	Direct Allocation	R6 000 000
DSRAC	Direct Allocation	R1 083 000
DWS	Direct Allocation	R820 000
INEP	Direct Allocation	R7 782 000
MIG (Roll-Over)	Direct Allocation	R8 100 000
Total Budget		R58 608 000

The Capital Budget is largely driven by projects emanating from the IDP and projects identified by the community as well as incomplete projects.

1.4.1 The below table summaries roll- over expenditure - MIG allocation

Project Title	Current FY - Total Actual Expenditure on MIG funds in the 2016/16 FY	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
MIG 1 or PMU							
Vukani Taxi Road - A Street extending to B Street	R 3,086,752.12	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Multi-purpose Centre In Ward 7	R 9,403,688.00	R 0.00	R 1,245,127.41	R 465,063.06	R 824,184.47	R 0.00	R 0.00
Replacement of Asbestos Pipes In Grahamstown	R 4,250,883.74	R 0.00	R 77,231.03	R 28,275.15	R 1,148,436.96	R 0.00	R 99,430.62
Construction of 11 High Mast Lights In Mayfield Housing Project	R 2,912,422.81	R 0.00	R 545,011.20	R 585,164.26	R 1,386,876.68	R 0.00	R 385,271.77
Upgrading of Roads In Joza Street	R 122,059.87	R 0.00	R 0.00	R 122,059.87	R 0.00	R 0.00	R 0.00
Budget Maintenance: Upgrade of Surfaced Road - Sani Street Grahamstown	R 883,876.83	R 0.00	R 355,444.33	R 0.00	R 0.00	R 0.00	R 0.00
Alicedale Sewerage Reticulation	R 1,197,313.17	R 0.00	R 0.00	R 182,503.85	-R 81,671.26	R 0.00	R 0.00
PMU: ADMIN	R 1,184,747.67	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
	R 23,063,944.31	R 0.00	R 2,222,813.97	R 1,353,066.21	R 3,386,826.85	R 0.00	R 484,702.69

1.4.2 The below table summaries projects implemented in 2016/17 financial year MIG allocation

Project Title	Current FY - Total Actual Expenditure on MIG funds in the 2016/17 FY	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Oct-16	Nov-16	Dec-16
MIG 1 or PMU									
Alicedale Roads and Improvements Transhylvier and Mandela Park	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Multi-purpose Centre In Ward 7	R 2,495,534.77	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 886,618.29	R 0.00	R 1,608,716.48
Construction of 11 High Mast Lights In Mayfield Housing Project	R 306,368.87	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 306,368.87
Alicedale Sewerage Reticulation	R 217,050.47	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 81,671.26	R 0.00	R 135,379.21
Multi-purpose Indoor Sport Centre: Gymnasium	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
PMU: ADMIN	R 760,609.50	R 116,848.72	R 116,249.01	R 104,345.83	R 0.00	R 0.00	R 109,599.00	R 313,566.94	R 0.00
	R 3,779,663.61	R 116,848.72	R 116,249.01	R 104,345.83	R 0.00	R 0.00	R 1,078,088.66	R 313,566.94	R 2,050,464.66

Section 4 – Allocations for Grant Receipts and Expenditure

5.1 Summary of Grants Received

GRANT	BUDGET	AMOUNT RECEIVED	EXPENDITURE	EXPENDITURE TO DATE
MIG	R36 288 000	R3 295 777	R2 050 464.56	R3 779 563.61
MIG – Roll- Over	R8 100 000	R7 973 325.58	R484 702.59	R 7 489 538.62
INEP	R7 782 000	R2 000 000.00	R0	R0
FMG	R1 810 000	R1 810 000.00	R46 200.00	R1 532 194.00
EPWP	R1 000 000	R700 000.00	R39 600.00	R185 400.00
DWA	R5 000 000	R3 784 959.95	R0	R3 874 084.26
TOTAL	R59 980 000	R19 564 063	R2 620 967.15	R16 860 780.49

Year-to-date Grant Expenditure amounts to **28% or R16 861 million** of the Grants budget of **R59 980 million**.

Supporting Documents

Section 2 – In-year budget statement tables

1.1. Table C1: s71 Monthly Budget Statement Summary

EC104 Makana - Table C1 Monthly Budget Statement Summary - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	56,832	65,215	-	4,358	65,116	58,200	6,916	12%	65,215
Service charges	263,893	306,690	-	21,723	172,121	223,580	(51,460)	-23%	306,690
Investment revenue	17,569	700	-	-	355	450	(95)	-21%	700
Transfers recognised - operational	83,931	91,292	-	25,669	65,179	68,500	(3,321)	-5%	91,292
Other own revenue	21,803	22,294	-	1,133	7,961	13,691	(5,730)	-42%	22,294
Total Revenue (excluding capital transfers and contributions)	444,029	486,191	-	52,884	310,732	364,422	(53,689)	-15%	486,191
Employee costs	117,988	144,631	-	12,458	79,563	72,315	7,248	10%	144,631
Remuneration of Councillors	9,367	10,497	-	826	5,671	5,248	423	8%	10,497
Depreciation & asset impairment	21,227	31,639	-	-	-	-	-	-	31,639
Finance charges	8,344	-	-	-	-	-	-	-	-
Materials and bulk purchases	203,200	105,926	-	15,245	67,430	52,963	14,467	27%	105,926
Transfers and grants	5,237	50,515	-	-	254	80,175	(79,921)	-100%	50,515
Other expenditure	78,127	142,983	-	31,178	80,111	82,636	(2,525)	-3%	142,983
Total Expenditure	443,482	486,191	-	59,706	233,029	293,337	(60,308)	-21%	486,191
Surplus/(Deficit)	537	-	-	(6,824)	77,703	71,084	6,619	9%	-
Transfers recognised - capital	1,541	2,604	-	3,296	-	2,209	(2,209)	-100%	2,604
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2,079	2,604	-	(3,528)	77,703	73,294	4,410	6%	2,604
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	2,079	2,604	-	(3,528)	77,703	73,294	4,410	6%	2,604
Capital expenditure & funds sources									
Capital expenditure	21,008	170,043	-	2,300	12,381	12,440	(59)	-0%	-
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	40,656	278,678	-	-	218,428				278,678
Total non current assets	1,106,575	920,961	-	-	1,126,504				920,961
Total current liabilities	188,320	281,004	-	-	123,034				281,004
Total non current liabilities	107,827	109,841	-	-	175,002				109,841
Community wealth/Equity	962,051	1,043,057	-	-	1,046,897				1,043,057
Cash flows									
Net cash from (used) operating	123,329	184,064	-	13,454	4,542	104,727	100,185	96%	184,064
Net cash from (used) investing	2,893	170,043	-	(3,296)	(17,545)	(100,545)	(83,000)	83%	170,043
Net cash from (used) financing	64	(5,500)	-	-	2,448	-	(2,448)	#DIV/0!	(5,500)
Cash/cash equivalents at the month/year end	133,206	351,216	-	-	(397)	6,791	7,188	106%	358,765
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys- 1 Yr	Over 1Yr	Total

EC104 Makana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		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		56,832	65,215	-	4,358	65,116	58,200	6,916	12%	65,215
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		276,009	191,033	-	13,212	119,267	122,386	(3,118)	-3%	191,033
Service charges - water revenue		(39,526)	63,277	-	6,344	28,339	60,902	(31,564)	-52%	63,277
Service charges - sanitation revenue		20,350	44,075	-	1,393	18,412	26,593	(10,181)	-36%	44,075
Service charges - refuse revenue		7,225	8,305	-	775	5,103	11,699	(6,597)	-56%	8,305
Service charges - other		(165)	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,167	811	-	126	916	520	396	76%	811
Interest earned - external investments		17,569	700	-	-	355	450	(85)	-21%	700
Interest earned - outstanding debtors		-	16,059	-	659	4,733	8,566	(3,832)	-45%	16,059
Dividends received		-	-	-	-	-	-	-	-	-
Fines		49	1,082	-	-	500	1,544	(1,044)	-68%	1,082
Licences and permits		1,857	1,647	-	328	566	765	(200)	-26%	1,647
Agency services		223	500	-	-	680	1,042	(361)	-35%	500
Transfers recognised - operational		63,831	91,292	-	25,668	65,179	68,500	(3,321)	-5%	91,292
Other revenue		18,507	2,185	-	20	565	1,255	(689)	-55%	2,185
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		444,029	486,191	-	52,884	310,732	364,422	(53,689)	-15%	486,191
Expenditure By Type										
Employee related costs		117,988	144,631	-	12,458	79,563	72,315	7,248	10%	144,631
Remuneration of councillors		9,367	10,497	-	826	5,671	5,248	423	8%	10,497
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		21,227	31,639	-	-	-	-	-	-	31,639
Finance charges		8,344	-	-	-	-	-	-	-	-
Bulk purchases		203,200	104,404	-	15,245	66,864	52,202	14,662	28%	104,404
Other materials		-	1,522	-	-	566	761	(195)	-26%	1,522
Contracted services		7,855	28,406	-	4,499	46,525	26,078	20,448	78%	28,406
Transfers and grants		5,237	50,515	-	-	254	80,175	(79,921)	-100%	50,515
Other expenditure		70,272	114,575	-	26,679	33,586	56,559	(22,973)	-41%	114,575
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		443,482	486,191	-	59,708	233,629	292,357	(60,308)	-21%	486,191
Surplus/(Deficit)		537	-	-	(6,824)	77,703	71,064	6,619	0	-
Transfers recognised - capital		1,541	2,604	-	3,296	-	2,209	(2,209)	(0)	2,604
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2,079	2,604	-	(3,528)	77,703	73,294			2,604
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		2,079	2,604	-	(3,528)	77,703	73,294			2,604
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		2,079	2,604	-	(3,528)	77,703	73,294			2,604
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/(Deficit) for the year		2,079	2,604	-	(3,528)	77,703	73,294			2,604

EC104 Makana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - TECHNICAL SERVICES		9,435	89,671	-	-	478	1,252	(774)	-62%	-
Vote 2 - CORPORATE SERVICES		909	6,350	-	-	-	650	(650)	-100%	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		6,343	17,878	-	1,609	8,130	10,538	(2,409)	-23%	-
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		1,062	9,079	-	682	3,774	-	3,774	#DIV/0!	-
Vote 10 - WATER		2,099	47,065	-	-	-	-	-	-	-
Vote 11 - DOG TAX		-	-	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	19,848	170,043	-	2,300	12,381	12,440	(59)	0%	-
Single Year expenditure appropriation	2									
Vote 1 - TECHNICAL SERVICES		773	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		386	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-
Vote 11 - DOG TAX		-	-	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	1,160	-	-	-	-	-	-	-	-
Total Capital Expenditure		21,008	170,043	-	2,300	12,381	12,440	(59)	0%	-

EC104 Makana - Table C6 Monthly Budget Statement - Financial Position - M06 December

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	-	10,158	7,533
Call investment deposits		(4,769)	12,940	-	1,639	12,940
Consumer debtors		(23,446)	189,260	-	177,177	189,260
Other debtors		45,446	52,347	-	22,533	52,347
Current portion of long-term receivables		-	30	-	-	30
Inventory		6,525	16,568	-	6,922	16,568
Total current assets		40,656	278,678	-	218,428	278,678
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		3,930	-	-	1,104	-
Investment property		219,050	-	-	219,050	-
Investments in Associate		652	151	-	-	151
Property, plant and equipment		878,387	908,810	-	904,251	908,810
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		1,947	12,000	-	2,100	12,000
Other non-current assets		2,609	-	-	-	-
Total non current assets		1,106,575	920,961	-	1,126,504	920,961
TOTAL ASSETS		1,147,231	1,199,639	-	1,344,933	1,199,639
LIABILITIES						
Current liabilities						
Bank overdraft		6,442	-	-	-	-
Borrowing		(122)	4,400	-	-	4,400
Consumer deposits		-	2,474	-	3,853	2,474
Trade and other payables		178,634	263,776	-	108,155	263,776
Provisions		3,365	10,354	-	11,026	10,354
Total current liabilities		188,320	281,004	-	123,034	281,004
Non current liabilities						
Borrowing		56,512	60,534	-	107,452	60,534
Provisions		51,315	49,307	-	67,550	49,307
Total non current liabilities		107,827	109,841	-	175,002	109,841
TOTAL LIABILITIES		296,147	390,845	-	298,036	390,845
NET ASSETS	2	851,084	808,794	-	1,046,897	808,794
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		962,051	1,037,308	-	1,046,897	1,037,308
Reserves		-	5,749	-	-	5,749
TOTAL COMMUNITY WEALTH/EQUITY	2	962,051	1,043,057	-	1,046,897	1,043,057

EC104 Makana - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		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		507,870	304,318	-	29,354	239,348	278,253	(38,904)	-14%	304,318
Government - operating		83,831	88,475	-	25,669	65,179	70,500	(5,321)	-8%	88,475
Government - capital		1,541	173,043	-	3,286	13,269	18,500	(5,231)	-28%	173,043
Interest		17,569	12,100	-	-	1,255	7,500	(6,245)	-83%	12,100
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(474,002)	(351,872)	-	(44,865)	(298,650)	(250,500)	48,150	-19%	(351,872)
Finance charges		(8,344)	(5,000)	-	-	-	(2,000)	(2,000)	100%	(5,000)
Transfers and Grants		(5,237)	(37,801)	-	-	(15,859)	(17,525)	(1,667)	10%	(37,801)
NET CASH FROM/(USED) OPERATING ACTIVITIES		123,329	184,064	-	13,454	4,542	104,727	100,185	96%	184,064
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(1,078)	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		1,070	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		25,766	-	-	-	-	-	-	-	-
Payments										
Capital assets		(22,863)	170,043	-	(3,286)	(17,545)	(100,545)	(83,000)	83%	170,043
NET CASH FROM/(USED) INVESTING ACTIVITIES		2,893	170,043	-	(3,286)	(17,545)	(100,545)	(83,000)	83%	170,043
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		6,395	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(2,321)	-	-	-	2,448	-	2,448	#DIV/0!	-
Payments										
Repayment of borrowing		(4,010)	(5,500)	-	-	-	-	-	-	(5,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		64	(5,500)	-	-	2,448	-	(2,448)	#DIV/0!	(5,500)
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		126,286	348,607	-	10,158	(10,555)	4,182			348,607
Cash/cash equivalents at monthly year end:		6,820	2,609	-		10,158	2,609			10,158
Cash/cash equivalents at monthly year end:		133,206	351,216	-		(397)	6,791			356,765

EC104 Makana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2015/16	Budget Year 2016/17					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	Full Year Forecast
R thousands								
RECEIPTS:	1,2							
Operating Transfers and Grants								
National Government:		77,754	77,632	-	25,669	62,079	62,079	77,632
Local Government Equitable Share		74,637	73,008	-	25,669	57,755	57,755	73,008
Finance Management		-	1,810	-	-	1,810	1,810	1,810
Municipal Systems Improvement		930	-	-	-	-	-	-
EPWP Incentive		1,002	1,000	-	-	700	700	1,000
MIG OPERATIONAL		1,185	1,814	-	-	1,814	1,814	1,814
Provincial Government:		2,581	2,901	-	-	2,901	2,901	2,901
Sports and Recreation		2,581	2,901	-	-	2,901	2,901	2,901
Health Subsidy		-	-	-	-	-	-	-
District Municipality:		1,500	1,817	-	-	1,800	1,800	1,817
Health Subsidy		1,500	1,817	-	-	1,800	1,800	1,817
Fire Subsidy		-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	81,835	82,450	-	25,669	66,580	66,580	82,450
Capital Transfers and Grants								
National Government:		42,510	152,790	-	-	5,296	5,296	152,790
Municipal Infrastructure Grant (MIG)		22,510	34,474	-	-	3,296	3,296	34,474
Regional Bulk Infrastructure		20,000	86,000	-	-	-	-	86,000
Neighbourhood Development Partnership		-	-	-	-	-	-	-
Budget Eradication		-	24,893	-	-	-	-	24,893
INEP		-	7,423	-	-	2,000	2,000	7,423
Provincial Government:		996	1,084	-	-	1,084	1,084	1,084
Sports & Recreation		996	1,084	-	-	1,084	1,084	1,084
District Municipality:		-	-	-	-	-	-	-
(insert description)		-	-	-	-	-	-	-
Other grant providers:		-	16,169	-	-	3,785	3,785	16,169
Externally Funding- Unconditional Grants		-	16,169	-	-	3,785	3,785	16,169
Total Capital Transfers and Grants	5	43,506	170,043	-	-	10,165	10,165	170,043
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	125,341	252,493	-	25,669	76,745	76,745	252,493

EC104 Makana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	77,754	77,632	-	26,068	60,233	60,066	168	0.3%
Local Government Equitable Share	74,637	73,008		25,669	57,755	57,755	-	
Finance Management	-	1,810		46	1,532	1,200	332	27.7%
Municipal Systems Improvement	930	-	-	-	-	-	-	
EPWP Incentive	1,002	1,000	-	40	185	350	(165)	-47.0%
MIG OPERATIONAL	1,185	1,814		314	761	761	-	
Provincial Government	2,581	2,901	-	-	1,152	1,200	(48)	-4.0%
Sport and Recreation	2,581	2,901	-	-	1,152	1,200	(48)	-4.0%
Other transfers and grants (insert description)								
District Municipality:	1,500	1,917	-	-	-	-	-	
	-	-	-	-	-	-	-	
Health Subsidy	1,500	1,917	-	-	-	-	-	
Other grant providers:	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
Total operating expenditure of Transfers and Grants:	81,835	82,450	-	26,068	61,386	61,266	120	0.2%
Capital expenditure of Transfers and Grants								
National Government:	42,510	152,790	-	460	1,876	1,876	-	
Municipal Infrastructure Grant (MIG)	22,510	34,474	-	460	1,876	1,876	-	
Bucket Eradication	-	24,893	-	-	-	-	-	
NEP	-	7,423	-	-	-	-	-	
Provincial Government:	996	1,064	-	-	350	500	(150)	-30.0%
	996	1,064	-	-	350	500	(150)	-30.0%
District Municipality:	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
Other grant providers:	-	16,169	-	-	-	-	-	
	-	16,169	-	-	-	-	-	
Total capital expenditure of Transfers and Grants	43,506	170,043	-	460	2,226	2,376	(150)	-6.3%
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	125,341	252,493	-	26,528	63,611	63,641	(30)	0.0%

OTHER PARTIES CONSULTED

There were no other parties consulted.

RESOLVED TO RECOMMEND

1. That Section 71 report for the month of December 2016 be noted by the Budget Steering Committee.

FOR FURTHER DETAILS CONTACT:

NAME	N. SIWAHLA
CONTACT NUMBERS	046 603 6007
E-MAIL ADDRESS	nsiwahla@makana.gov.za
DIRECTORATE	Budget and Treasury

.....
CHIEF FINANCIAL OFFICER
MS. N.F. SIWAHLA



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REPORT TO: BUDGET STEERING COMMITTEE

File ref (9/1/2/3)

Collaborator/Item no (BSC)5.6

Date: 6 DECEMBER 2016

**SUBJECT: BUDGET AND TREASURY DEPARTMENT: REVENUE
COLLECTED REPORT AS AT 31 DECEMBER 2016**

**REPORT DATED 12 DECEMBER 2016 FROM THE CHIEF FINANCIAL
OFFICER TO BUDGET STEERING COMMITTEE**

PURPOSE

To report to the Committee about revenue received by the municipality for the month of December 2016.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

S64 of the MFMA No 56 of 2003 -Revenue management

BACKGROUND AND REASONING

The report shows revenue received by the municipality for the Month of December 2016. Collection is calculated as a percentage of payments received against billing and annual budget.

- Overall actual collection on billed services amounted to R15 182 911.72 against billing of R26 184 213.75 which translates to 58%

Collection Report

Category	Amount Billed	Amount Received	Percentage
Rates	R 4 334 548.22	R 3 742 100.13	86
Electricity	R13 211 928.42	R 7 819 874.64	59
Water	R 4 953 137.74	R 1 631 159.34	33
Water Connection	R 1 390 439.62	R 634 494.67	46
Refuse Removal	R 775 276.84	R 281 263.71	36
Sewer Connection	R 1 392 602.07	R 893 423.58	64
Lease Income	R 95 952.40	R 137 964.26	144
Housing Rental Income	R 20 575.50	R 13 494.38	66
Sundry Debtors	R 9 752.94	R 29 137.01	299%

Electricity Purchases	R 8 974 578.85
Prepaid Sales	R 1 895 277.12
Credit Sales	R13 211 928.42
Profit	R 6 132 626.69

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Increased revenue collection will result in positive service delivery

SERVICE DELIVERY IMPLICATIONS

Increased revenue collection will result in positive service delivery

OTHER PARTIES CONSULTED

None

ANNEXURES

None

RECOMMENDATION

That the revenue collection report for December 2016 be noted by the Committee.

BUDGET AND TREASURY DEPARTMENT: DEBTORS REPORT AS AT 31 December 2016

PURPOSE

To report to the Committee about consumer billing for the month of December 2016.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

S64 (f) of the MFMA N0 56 of 2003

BACKGROUND AND REASONING

CONSUMER DEBTORS

Billings for the month of December was done and interest was raised on all overdue accounts. As at 31 December 2016, the municipality's debtors amounted to R343 592 013.60

This amount is made up as follows

CATEGORY	BALANCE AT 31 December 2016
Business	R 44 621 042
Residential	R290 355 583
Government	R 7 648 627
Councillors	R 105 637
Staff Debtors	R 861 122

DEBT COLLECTOR

The municipality employed REVCO for a period of 3 years, to perform services of debt collection. The supplier is commission based and is paid at 9.12% based on revenue collected by Revco. This means that whatever collected by REVCO, the municipality has to pay an amount equal to 9.12% to REVCO.

Payments made to REVCO for the past months are as follows:

Month	REVCO Collection	Amount paid to REVCO
July	R8 087 135.91	R737 546.79
August	R8 051 389.93	R734 286.76

September	R5 361 020.47	R488 925.07
October	R4 487340.60	R409 245.46
November	R4 098 139.35	R373 750.31

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None.

ANNEXURES

Annexure B Summary Ageing Report

RECOMMENDATION

That debtor's report of December 2016 be noted by the Committee.

Committee.

**BUDGET AND TREASURY DEPARTMENT: FREE BASIC SERVICES / INDIGENT
REPORT AS AT 31 December 2016**

PURPOSE

To report to the Committee on Free basic services for the month of December 2016.

LEGAL REQUIREMENTS

Constitution of the Republic of South Africa, 1996.
Local Government: Municipal Systems Act, No 32 of 2000.

STATUTORY

Constitution of the Republic of SA – section 27 (1) (c).
Local Government Municipal systems act- section 73 (1) (c).

BACKGROUND AND REASONING

The municipality's indigent register is currently not up to date due to time and human resource constraints. The municipality's process of updating the register involves audit of information submitted by applicant through submission of indigent application form. This is time consuming and needs human resource.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Improved indigent registrations will result in an increase in equitable share.

SERVICE DELIVERY IMPLICATIONS

Increased equitable share will result in better service delivery.

OTHER PARTIES CONSULTED

None

INDIGENT REPORT

Applications Received	Audited & Captured
26	62

INDIGENT REGISTER		
SERVICE	QUANTITY	VALUE OF FREE BASIC SERVICES
WATER CONNECTION	5246	R663 052.41
WATER USAGE	4290	R187 597.98
SEWER CONNECTION	5077	R445 913.55
RATES	5563	R152 207.37
REFUSE REMOVAL	6063	R355 974.42
ELECTRICITY USAGE (MUNICIPAL)	22	R 20 070.91
ELECTRICITY USAGE (ESKOM)	5519	R302 911.97
TOTAL		R2 127 728.61

RECOMMENDATION

1. That indigent report be noted by the committee

BUDGET AND TREASURY DEPARTMENT: METER READING REPORT

PURPOSE

To report to the Committee about the meter reading progress.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

Section 64 (1)

BACKGROUND AND REASONING

Meter readers performance for the month of December has decreased due to meter readers being on annual leave and will return towards the end of January.

LABOUR IMPLICATIONS

The municipality has 9 meter readers with 1 supervisor. So far, only one idle employee has been identified from recently absorbed employees. HR processes will be followed in terms of appointing additional meter readers.

FINANCIAL IMPLICATIONS

Appropriate readings will result in increased municipal revenue

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

METER READERS REPORT:

Meter reader	Total Meters	Meters Visited	%read
Fulani, Vuyani	1513	651	20%
Cana, Mbuzeli	593	193	31%
Maswana, Mandlenkosi	1630	1257	20%
Ngqoyiya, Thembinkosi	1580	608	24%
Nelo, Mzwandile	1746	844	31%

Adam, Thandiwe	1557	550	12%
Patwana, Luvuyo	1622	328	9%
Charlie Boma	1806	974	19%
Noluvuyo Coko	1509	452	12%
Luvuyo Zondani	1569	710	22%

RECOMMENDATION

1. That meter reading report be noted by the committee.
2. That the committee be informed that the Municipality is looking into establishing a revenue protection unit to ensure all metered services used are billed for and focused attention is given to billing of electricity and water usage.

OTHER PARTIES CONSULTED

There were no other parties consulted.

RESOLVED TO RECOMMEND

1. That Section 71 report for the month of December 2016 be noted by the Budget Steering Committee.

FOR FURTHER DETAILS CONTACT:

NAME	N. SIWAHLA
CONTACT NUMBERS	046 603 6007
E-MAIL ADDRESS	nsiwahla@makana.gov.za
DIRECTORATE	Budget and Treasury

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CHIEF FINANCIAL OFFICER
MS. N.F. SIWAHLA



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REPORT TO: BUDGET STEERING COMMITTEE

File ref (9/1/2/3)

Collaborator/Item no (BSG 5.7)

Date: 12 JANUARY 2017

SUBJECT: PROCURED GOODS REPORT FOR THE MONTH OF DECEMBER 2016

REPORT DATED 12 JANUARY 2017 FROM THE CHIEF FINANCIAL OFFICER TO BUDGET STEERING COMMITTEE

PURPOSE

To inform the Council to note all the goods and services that have been procured for the month of December 2016.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003
Approved Supply Chain Management Policy
Supply Chain Management Regulations

STATUTORY AUTHORITY

Chapter 11 of the MFMA No. 56 of 2003

BACKGROUND AND REASONING

Request for Quotations were called for from prospective service providers for procurement less than R30 000-00 and for procurement above R30 000-00 were advertised on the notice board and website and they met the municipal needs and specifications and therefore were considered and approved.

A credible supplier database is in place and procurement is done with suppliers registered on Makana Database.

To ensure Local Economic Development, quotations are first requested from Makana Service providers. However, the municipality finds it difficult to award to Makana Suppliers due to the following:

- o Some Makana Suppliers charge huge mark up as compared to other suppliers.
- o Some Makana Suppliers also include huge delivery costs
- o Some Makana Suppliers refuse to do business with the municipality as the municipality is unable to pay them within 30 days upon receipt of valid invoice

LABOUR IMPLICATIONS

None of the bids awarded will entail additional labour costs.

FINANCIAL IMPLICATIONS

Funding for the goods and services procured has been budgeted for in 2016/17 financial year. Awards were made as follows

Local Services Providers	External Service Providers	Total Awards
R314,589.76	R1,751,728.72	R2,066,318.48

PROCUREMENT AS PER SCM THRESHOLDS

Below R30, 000	Above R30, 000	Total Awards
R348,097.95	R1,718,220.53	R2,066,318.48

OTHER PARTIES CONSULTED

There were no other parties consulted.

ANNEXURES

Annexures - Procured goods / Quotations Register.

RESOLVED TO RECOMMEND

1. That Procured goods and services report for the month of December 2016 be noted by the Council.

BUDGET & TREASURY DEPARTMENT: FLEET MANAGEMENT FUEL USAGE REPORT FOR DECEMBER 2016.

PURPOSE

To inform the end Council to note the fuel expenditure and fleet usage for the month December 2016.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY REQUIREMENT

Supply Chain Management Policy & Regulations

BACKGROUND AND REASONING

The municipality is owning numerous fleet (vehicles and trucks) which use fuel and oil on a monthly basis. The municipality also incurs major expenditure as a result of repairs and maintenance on the municipal fleet.

Fuel: The municipality's vehicles are refueled at main stores every Monday upon submission of request for fuel memo signed by supervisor / Manager. Due to non-payment of creditors within 30 days upon receipt of valid invoice, the municipality purchases fuel from PE fuel upon making an advance payment almost on a weekly basis.

Repairs & Maintenance: The municipality's vehicles are repaired and maintained internally at municipal workshop. Repairs and maintenance items are items are purchased through annual tenders.

Months	November	December
Fuel Consumption	R114,400.00	R271,158.48
Repairs & Maintenance	R1,198,365.75	R179,868.57

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Funding for the fuel and oil has been budgeted for in the 2016/17 financial year.

BUDGET & TREASURY DEPARTMENT: ASSETS ACQUISITION AND INVENTORY MANAGEMENT FOR DECEMBER 2016.

PURPOSE

To inform the Council to note the Assets acquired, capital projects completed and Inventory Management reports for the month of December 2016.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003, GRAP 17, GRAP 12.

STATUTORY REQUIREMENT

Chapter 08, Section 63 (1) (a) of the Municipal Finance Management Act 56 of 2003.

BACKGROUND AND REASONING

The accounting officer must for all the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as December 2016.

INVENTORY

STOCK ITEMS: The municipality has embarked on a system for inventory management. Approved Inventory policy is currently implemented. Monthly stock takes were done and monthly reconciliation for the month of December 2016 have been prepared wherein the balance brought forward from the previous month, issues and purchases for the current month as well as the closing balance is reflected.

The municipality is currently monitoring inventory re-order levels to ensure that excessive stock is not purchased at the same time ensuring that the municipality does not run out of stock.

ASSETS

The municipality has a fully GRAP compliant Asset Management System in place to record all municipal assets. Depreciation is calculated on a monthly basis and fully GRAP compliant asset register is produced.

There were no new assets or completed capital projects during the month of December.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

RESOLVED TO RECOMMEND

1. That the Assets acquisition and inventory management reports for the month of December 2016 be noted the Council.

BUDGET & TREASURY DEPARTMENT: DEVIATIONS REPORT FOR OCTOBER

PURPOSE

To inform the Council to note the deviations to the SCM Policy for the month of December 2016.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY REQUIREMENT

Municipal Supply Chain Management Regulations.

BACKGROUND AND REASONING

The Accounting officer may allow deviations from, and ratifications of minor breaches of, procurement process. These deviations can only be in the following circumstances.

- (i) in an emergency
- (ii) If such goods or services are produced or available from a single provider only.
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile.
- (iv) Acquisition of animals for zoos; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

The reasons for these deviations must be recorded and reported in the next council meeting and included as a note to the annual financial statements.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

RESOLVED TO RECOMMEND