



MAKANA
MUNICIPALITY | EASTERN CAPE
...a great place to be

Report To: **BUDGET STEERING COMMITTEE**

File ref : _____

Collaborator/Item no: BSC 5.1

Date: **May 2016**

SUBJECT: MONTHLY REPORT: 30 APRIL 2016

REPORT DATED 16 APRIL 2016 FROM THE ACTING CHIEF FINANCIAL OFFICER TO THE BUDGET STEERING COMMITTEE

PURPOSE:

The purpose of this item is to submit a financial report for the month ending APRIL 2016 to the Budget Steering Committee for **APPROVAL**.

LEGAL COMPLIANCE:

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

BACKGROUND:

It is the role of the Finance Department to table, on a monthly basis, financial report indicating the financial performance of the institution at a given point in time. The attached report attempts to comply with that requirement, for the period ending APRIL.

DISCUSSION:

Annexure 1 - Operating Income and Expenditure as at end APRIL 2016.

Annexure 2 - Capital Expenditure per Vote as at end APRIL 2016.

Annexure 3 - 12 Supporting Documents



MAKANA
MUNICIPALITY | EASTERN CAPE
...a great place to be

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 APRIL 2016

Table of Contents

Page Number

Table of Contents 2

2

Glossary 3

3

PART 1 – IN-YEAR REPORT

Section 1 – Mayor’s Report 5

5

Section 2 – In-Year Reports 2015/2016 5

5

Section 3 – Executive Summary 6

6

Section 4 – In-year budget statement tables 7-12

7-12

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis 13

13

- o Debtors' analysis per service rendered
- o REVCO performance report

Section 6 – Creditors' analysis 14

14

- o Summary of all creditors' paid at 30 APRIL 2016
- o Summary of all payables as at 30 APRIL 2016

Section 7 – Allocation and grant receipts and revenue collected..... 15

15

- o Summary of Grants
- o Analysis of revenue collected

Section 8 – Expenditure on allowances and employee benefits 15

15

- o Employee related costs per vote
- o Councillor's Remuneration

Section 9 – Supply Chain Management 17

17

- o Deviation for the month
- o Tenders awarded for the month

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 April 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 April 2016, the collection rate is 80.81%.
- 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 APRIL 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)	427 637	440 053	324 428	74%
Operating Expenditure (accrued/actual mix)	427 637	437 920	254 261	58%
Capital Expenditure	191 857	62 942	16 553	26%

Revenue by Source

Year-to-date Operating Revenue amounts to **74% or R324 428 million** of the adjusted operating budget of **R440, 053 million**.

Refer to – Table C4 for further details on both revenue by source and expenditure by type.

Operating expenditure by type

Year-to-date expenditure amounts to **58% or R252 919 million** of the adjusted operating budget of **R437, 920 million**.

Refer to – Table C4 for further details on both revenue by source and expenditure by type

Capital expenditure

Year-to-date expenditure on capital project amounts to **26% or R16, 553 million** of the capital budget of **R62, 942 million**.

Refer to – Table C5 for more detail.

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 - M10 April

Description	2014/15	Budget Year 2015/16							
	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	49,813	52,695	52,694	3,304	50,239	43,912	6,327	14%	52,695
Service charges	197,214	261,748	277,532	13,556	165,133	217,953	(52,820)	-24%	261,544
Investment revenue	12,392	500	500	1,603	14,134	9,910	4,224	43%	11,893
Transfers recognised - operational	81,144	84,920	80,361	19,716	83,479	81,970	1,509	2%	82,734
Other own revenue	5,400	27,774	28,966	664	11,443	6,885	4,558	66%	8,262
Total Revenue (excluding capital transfers and contributions)	345,963	427,637	440,053	38,843	324,428	360,631	(36,203)	-10%	417,127
Employee costs	129,931	121,519	131,969	11,869	119,241	101,264	17,977	18%	121,519
Remuneration of Councillors	9,458	9,723	9,723	778	7,832	8,101	(269)	-3%	9,721
Depreciation & asset impairment	55,486	31,502	31,502	1,876	18,758	27,115	(8,357)	-31%	32,538
Finance charges	8,707	478	478	2,010	6,673	1	6,672	803839%	1
Materials and bulk purchases	79,094	94,427	82,857	27,647	61,332	73,335	(12,002)	-16%	88,002
Transfers and grants	25,328	48,997	48,997	(25)	3,667	62,028	(58,362)	-94%	74,434
Other expenditure	55,757	120,991	132,394	8,219	36,758	76,054	(39,297)	-52%	91,268
Total Expenditure	363,763	427,637	437,920	52,376	254,261	347,898	(93,637)	-27%	417,484
Surplus/(Deficit)	(17,799)	0	2,133	(13,533)	70,167	12,733	57,435	451%	(357)
Transfers recognised - capital	-	191,857	62,942	1,185	16,553	16,553	-	-	1,185
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(17,799)	191,857	65,075	(12,348)	86,720	29,286	57,435	196%	827
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(17,799)	191,857	65,075	(12,348)	86,720	29,286	57,435	196%	827
Capital expenditure & funds sources									
Capital expenditure	36,197	191,857	-	772	14,868	159,881	(145,013)	-91%	191,857
Capital transfers recognised	-	179,776	57,886	772	16,577	19,164	(2,587)	-13%	57,886
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	12,081	5,056	-	146	3,371	(3,225)	-96%	5,056
Total sources of capital funds	-	191,857	62,942	772	16,723	22,535	(5,812)	-26%	62,942
Financial position									
Total current assets	211,810	-	-	-	225,814	-	-	-	-
Total non current assets	1,111,381	191,857	-	-	1,100,019	-	-	-	191,857
Total current liabilities	247,697	(903)	-	-	196,329	-	-	-	(903)
Total non current liabilities	114,816	-	-	-	118,108	-	-	-	-
Community wealth/Equity	960,678	(250)	-	-	1,014,706	-	-	-	(250)
Cash flows									
Net cash from (used) operating	102,194	32,463	81,233	(7,502)	36,208	40,280	4,072	10%	81,233
Net cash from (used) investing	(43,844)	(191,857)	(62,942)	(772)	(19,880)	(19,880)	0	-0%	(62,942)
Net cash from (used) financing	23	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	44,502	(159,394)	25,211	-	44,126	27,321	(16,806)	-62%	46,089

The table above indicates that total municipality's own revenue recognised, consisting of Property Rates at R50,239 million, Service Charges at R165,133 million, interest from outstanding debtors and investments at R14,134 million and other Own Revenue at R11,443 million. The total internally generated revenue amounts to R239 276 million or 80%, while revenue from transfers amounts to R83 479 million or 20% of the total of R324, 428 million to date.

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

EC104 Makana - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M10 April

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		89,764	110,328	110,328	15,258	88,181	94,713	(6,533)	-7%	105,973
Executive and council		4,937	8,520	8,520	1,307	5,062	5,920	(858)	-14%	6,091
Budget and treasury office		83,700	98,799	98,799	12,513	80,527	86,336	(5,809)	-7%	97,170
Corporate services		1,127	3,009	3,009	1,438	2,592	2,458	135	5%	2,712
<i>Community and public safety</i>		6,484	4,509	4,909	38	6,595	4,924	1,671	34%	5,908
Community and social services		4,509	3,242	3,642	34	4,533	2,607	1,926	74%	3,128
Sport and recreation		31	12	12	2	20	15	5	34%	18
Public safety		204	1,255	1,255	2	682	1,046	(364)	-35%	1,255
Housing		-	-	-	-	-	-	-	-	-
Health		1,740	-	-	1	1,360	1,256	104	8%	1,507
<i>Economic and environmental services</i>		4,291	9,003	4,043	(521)	792	3,399	(2,608)	-77%	4,059
Planning and development		641	7,514	2,554	9	278	352	(74)	-21%	403
Road transport		3,172	1,489	1,489	(532)	118	3,028	(2,911)	-96%	3,634
Environmental protection		478	-	-	2	396	19	377	1969%	23
<i>Trading services</i>		245,769	303,782	320,757	24,107	228,859	258,767	(29,907)	-12%	302,356
Electricity		116,556	174,087	191,063	9,339	121,031	145,960	(24,930)	-17%	174,087
Water		76,715	73,101	73,101	8,700	60,887	63,945	(3,059)	-5%	73,098
Waste water management		34,102	37,254	37,254	3,960	31,428	32,937	(1,509)	-5%	37,277
Waste management		18,396	19,340	19,340	2,108	15,514	15,924	(410)	-3%	17,893
<i>Other</i>	4	-	15	15	1	1	13	(12)	-96%	15
Total Revenue - Standard	2	346,308	427,637	440,053	38,883	324,428	361,815	(37,388)	-10%	418,312
Expenditure - Standard										
<i>Governance and administration</i>		109,057	132,160	129,449	9,562	64,917	111,387	(46,470)	-42%	133,666
Executive and council		19,612	32,474	33,831	1,369	15,239	20,902	(5,663)	-27%	25,083
Budget and treasury office		60,708	59,180	52,069	3,701	10,611	53,413	(42,802)	-80%	64,096
Corporate services		28,737	40,506	43,548	4,492	39,066	37,072	1,994	5%	44,487
<i>Community and public safety</i>		38,208	33,475	36,101	3,290	35,265	31,399	3,866	12%	37,681
Community and social services		10,159	12,144	14,147	895	9,588	8,142	1,446	18%	9,772
Sport and recreation		8,925	4,852	4,876	906	8,491	7,938	552	7%	9,527
Public safety		16,661	16,479	17,078	1,328	15,219	12,687	2,532	20%	15,225
Housing		48	-	-	2	43	44	(1)	-3%	53
Health		2,415	-	-	159	1,924	2,587	(663)	-26%	3,104
<i>Economic and environmental services</i>		22,290	36,831	39,391	3,090	26,162	20,469	5,693	28%	24,564
Planning and development		6,931	15,076	13,444	1,131	7,901	8,041	(140)	-2%	9,649
Road transport		12,404	14,597	18,907	1,664	15,325	9,797	5,527	56%	11,757
Environmental protection		2,955	7,158	7,039	295	2,937	2,632	305	12%	3,158
<i>Trading services</i>		193,954	225,011	232,820	36,421	127,725	184,510	(56,785)	-31%	221,414
Electricity		106,402	120,032	117,977	30,045	70,309	99,695	(29,386)	-29%	119,634
Water		48,304	52,203	55,749	3,784	28,746	43,502	(14,756)	-34%	52,203
Waste water management		23,455	29,996	29,739	1,619	18,146	24,916	(6,770)	-27%	29,900
Waste management		15,793	22,781	29,354	974	10,525	16,397	(5,872)	-36%	19,677
<i>Other</i>		253	160	160	12	192	133	59	45%	160
Total Expenditure - Standard	3	363,762	427,637	437,920	52,376	254,261	347,898	(93,637)	-27%	417,484
Surplus/ (Deficit) for the year		(17,454)	(0)	2,132	(13,493)	70,167	13,917	56,249	404%	827

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) - M10 April

Vote Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - TECHNICAL SERVICES	1	35,407	38,567	38,567	5,231	32,932	34,206	(1,275)	-3.7%	38,563
Vote 2 - CORPORATE SERVICES		403	929	929	169	386	624	(238)	-38.2%	729
Vote 3 - FINANCIAL SERVICES		83,700	98,799	98,799	11,449	85,708	87,171	(1,463)	-1.7%	98,172
Vote 4 - COMMUNITY & SOCIAL SERVICES		28,469	27,316	27,716	2,680	21,973	23,777	(1,804)	-7.6%	27,317
Vote 5 - EXECUTIVE & COUNCIL		4,209	5,069	3,988	1,307	4,363	5,066	(702)	-13.9%	5,066
Vote 6 - MUNICIPALITY MANAGER		740	3,431	4,508	-	-	3	(3)	-100.0%	3
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		109	6,336	1,376	9	142	1,063	(921)	-86.7%	1,275
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		116,556	174,087	191,063	9,339	120,909	145,960	(25,051)	-17.2%	174,087
Vote 10 - WATER		76,715	73,101	73,101	8,700	58,015	63,945	(5,930)	-9.3%	73,098
Vote 11 - DOG TAX		-	1	-	-	-	1	(1)	-100.0%	1
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	346,308	427,637	440,048	38,883	324,428	361,815	(37,388)	-10.3%	418,312
Expenditure by Vote										
Vote 1 - TECHNICAL SERVICES	1	44,396	49,834	51,054	3,821	37,835	41,523	(3,688)	-8.9%	49,829
Vote 2 - CORPORATE SERVICES		25,738	30,744	38,016	3,718	32,099	26,051	6,049	23.2%	31,262
Vote 3 - FINANCIAL SERVICES		60,708	59,180	50,605	3,820	14,253	53,877	(39,625)	-73.5%	64,653
Vote 4 - COMMUNITY & SOCIAL SERVICES		58,543	67,402	87,102	4,707	45,828	53,869	(8,040)	-14.9%	64,645
Vote 5 - EXECUTIVE & COUNCIL		11,099	16,824	20,116	1,212	15,956	14,019	1,936	13.8%	16,824
Vote 6 - MUNICIPALITY MANAGER		4,158	13,193	2,973	211	1,951	4,370	(2,419)	-55.4%	5,244
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		4,866	18,197	16,433	589	7,301	10,947	(3,646)	-33.3%	13,136
Vote 8 - HOUSING		48	28	28	2	41	44	(3)	-6.7%	53
Vote 9 - ELECTRICITY		106,402	120,032	116,744	30,512	70,309	99,695	(29,386)	-29.5%	119,634
Vote 10 - WATER		48,304	52,203	55,849	3,783	28,688	43,502	(14,813)	-34.1%	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	364,262	427,639	438,921	52,376	254,261	347,898	(93,637)	-26.9%	417,484
Surplus/ (Deficit) for the year	2	(17,954)	(2)	1,128	(13,493)	70,166	13,917	56,249	404.2%	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) - M10 April

Description	Ref	Budget Year 2015/16								
		2014/15 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		49,813	52,695	52,694	3,304	50,239	43,912	6,327	14%	52,695
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		112,430	168,727	185,703	7,897	107,057	140,436	(33,379)	-24%	168,523
Service charges - water revenue		53,344	54,900	54,900	4,009	33,918	45,750	(11,831)	-26%	54,900
Service charges - sanitation revenue		21,525	26,037	26,016	1,060	18,201	21,698	(3,496)	-16%	26,037
Service charges - refuse revenue		9,813	11,783	10,913	587	5,937	9,819	(3,883)	-40%	11,783
Service charges - other		102	301	-	4	19	251	(231)	-92%	301
Rental of facilities and equipment		1,012	3,176	3,176	89	997	129	868	671%	155
Interest earned - external investments		12,392	500	500	1,603	14,134	9,910	4,224	43%	11,893
Interest earned - outstanding debtors		-	11,893	11,393	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines		55	1,089	1,089	0	30	907	(877)	-97%	1,089
Licences and permits		2,344	3,448	3,448	2	1,003	1,911	(908)	-48%	2,293
Agency services		850	1,300	-	532	1,020	1,083	(63)	-6%	1,300
Transfers recognised - operational		81,144	84,920	80,361	19,716	83,479	81,970	1,509	2%	82,734
Other revenue		1,138	6,868	9,860	40	8,392	2,853	5,539	194%	3,424
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		345,963	427,637	440,053	38,843	324,428	360,631	(36,203)	-10%	417,127
Expenditure By Type										
Employee related costs		129,931	121,519	131,969	11,869	119,241	101,264	17,977	18%	121,519
Remuneration of councillors		9,458	9,723	9,723	778	7,832	8,101	(269)	-3%	9,721
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		55,486	31,502	31,502	1,876	18,758	27,115	(8,357)	-31%	32,538
Finance charges		8,707	478	478	2,010	6,673	1	6,672	803839%	1
Bulk purchases		79,094	87,574	81,258	27,647	61,332	73,335	(12,002)	-16%	88,002
Other materials		-	6,853	1,600	-	-	-	-	-	-
Contracted services		4,302	8,734	10,128	634	6,671	3,807	2,863	75%	4,569
Transfers and grants		25,328	48,997	48,997	(25)	3,667	62,028	(58,362)	-94%	74,434
Other expenditure		51,455	112,257	122,265	7,586	30,087	72,247	(42,160)	-58%	86,699
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		363,763	427,637	437,920	52,376	254,261	347,898	(93,637)	-27%	417,484
Surplus/(Deficit)										
Transfers recognised - capital		-	191,857	62,942	1,185	16,553	16,553	-	-	1,185
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(17,799)	191,857	65,075	(12,348)	86,720	29,286			827
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(17,799)	191,857	65,075	(12,348)	86,720	29,286			827
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(17,799)	191,857	65,075	(12,348)	86,720	29,286			827
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(17,799)	191,857	65,075	(12,348)	86,720	29,286			827

The year-to-date Operating Revenue reflects an achievement of **74%** or **R324,428 million** of the adjusted annual budget of R440, 053 million, and Operating Expenditure is **58%** or **R254,261 million** of the adjusted annual budget of R437, 920 million.

Operating Revenue

Major contributors of Operating Revenue to date amounting to R324, 428 million are:

- Service Charges-Electricity at R107, 057 million or 33%
- Operational Transfers recognised at R83, 479 million or 24%.
- Property Rates at R50, 239 million or 15%.
- Service Charges-Water R33, 918 million or 10%

Operating Expenditure

Major contributors of Operating Expenditure to date amounting to R254 261 million are:

- Employee-related costs at R119, 241 million or 47%
- Bulk purchases at R61, 332 million or 24%.
- Remuneration of councillors at R7, 832 million or 3%.
- Maintenance expenditure at R8, 322 million or 3%

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

Capital Budget Funding Sources

EC104 Makana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M10 April

Vote Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Standard Classification										
Governance and administration		1,130	1,200	1,150	(286)	1,007	1,000	7	1%	1,000
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		215	-	-	-	(3)	-	(3)	#DIV/0!	-
Corporate services		915	1,200	1,150	(286)	1,010	1,000	10	1%	1,000
Community and public safety		1,080	13,983	1,300	28	(3,596)	11,652	(15,248)	-131%	11,652
Community and social services		-	3,574	996	28	773	2,978	(2,206)	-74%	2,978
Sport and recreation		1,078	10,409	304	-	(4,377)	8,674	(13,051)	-150%	8,674
Public safety		2	-	-	-	8	-	8	0%	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		18,174	14,801	1,201	301	9,062	12,334	(3,272)	-27%	12,334
Planning and development		344	-	-	-	-	-	-	-	-
Road transport		17,830	14,883	1,201	301	9,062	12,235	(3,174)	-26%	12,235
Environmental protection		-	118	-	-	-	98	(98)	-100%	98
Trading services		15,815	161,674	59,291	729	10,250	34,728	(24,478)	-70%	134,728
Electricity		1,904	7,674	5,114	2	367	6,395	(6,028)	-94%	6,395
Water		10,804	15,000	26,000	726	6,242	12,500	(6,258)	-50%	12,500
Waste water management		3,107	139,000	28,177	-	3,641	15,833	(12,193)	-77%	115,833
Waste management		-	-	-	-	-	-	-	-	-
Other		-	200	-	-	-	167	(167)	-100%	167
Total Capital Expenditure - Standard Classification	3	36,199	191,857	62,942	772	16,723	59,881	(43,158)	-72%	159,881
Funded by:										
National Government			178,780	56,890	772	16,137	18,500	(2,363)	-13%	56,890
Provincial Government			996	996		440	664	(224)	-34%	996
District Municipality										
Other transfers and grants										
Transfers recognised - capital		-	179,776	57,886	772	16,577	19,164	(2,587)	-13%	57,886
Public contributions & donations	5									
Borrowing	6									
Internally generated funds			12,081	5,056		146	3,371	(3,225)	-96%	5,056
Total Capital Funding		-	191,857	62,942	772	16,723	22,535	(5,812)	-26%	62,942

Capital Expenditure disclosed in Table C5 reflects expenditure of grants transferred directly to municipal bank account and internally funded projects. The year- to date expenditure amount to R16, 778 million.

4.1.6 Table C6: Monthly Budget Statement - Financial Position

EC104 Makana - Table C6 Monthly Budget Statement - Financial Position - M10 April

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		10,391	-	6,920	29,181	6,920
Call investment deposits		-	-	6,344	(4,929)	6,344
Consumer debtors		153,086	-	353,302	135,591	353,302
Other debtors		34,256	-	30,124	49,434	30,124
Current portion of long-term receivables		-	-	-	-	-
Inventory		14,078	-	9,671	16,538	9,671
Total current assets		211,810	-	406,361	225,814	406,361
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		25,579	-	7,186	4,419	7,186
Investment property		230,233	-	252,039	219,242	252,039
Investments in Associate		-	-	-	-	-
Property, plant and equipment		847,533	190,292	661,804	869,812	661,804
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		4,357	1,565	1,004	3,739	1,004
Other non-current assets		3,679	-	29,166	2,808	29,166
Total non current assets		1,111,381	191,857	951,199	1,100,019	951,199
TOTAL ASSETS		1,323,191	191,857	1,357,560	1,325,833	1,357,560
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		3,888	-	2,500	4,006	-
Consumer deposits		2,321	-	2,451	2,382	-
Trade and other payables		238,122	-	102,863	186,576	-
Provisions		3,365	(903)	4,118	3,365	(903)
Total current liabilities		247,697	(903)	111,932	196,329	(903)
Non current liabilities						
Borrowing		50,117	-	-	50,940	-
Provisions		64,699	-	2,673	67,167	-
Total non current liabilities		114,816	-	2,673	118,108	-
TOTAL LIABILITIES		362,513	(903)	114,606	314,437	(903)
NET ASSETS	2	960,678	192,760	1,242,955	1,011,396	1,358,463
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		955,232	(250)	959,325	1,008,809	959,325
Reserves		5,447	-	5,428	5,896	5,428
TOTAL COMMUNITY WEALTH/EQUITY	2	960,678	(250)	964,753	1,014,706	964,753

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

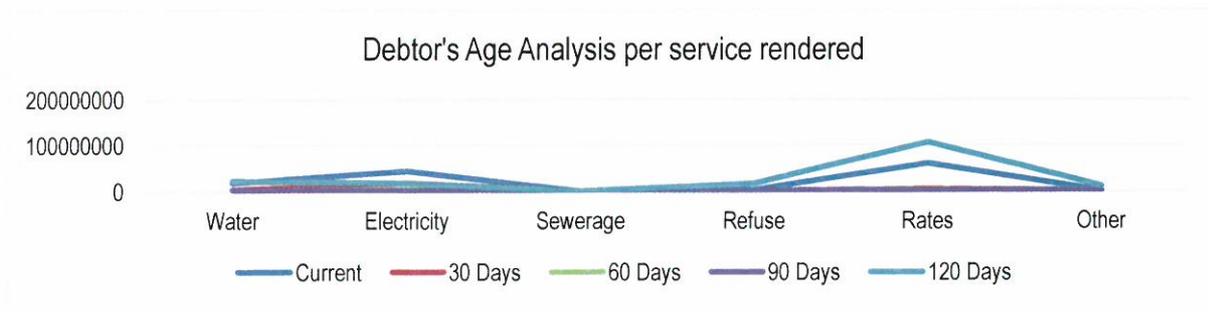
EC104 Makana - Table C7 Monthly Budget Statement - Cash Flow - M10 April

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		222,670	322,501	322,501	28,150	227,459	268,750	(41,291)	-15%	322,501
Government - operating		81,144	82,734	82,734	19,716	83,479	81,970	1,509	2%	82,734
Government - capital		215	1,185	1,185	9,160	1,541	1,185	357	30%	1,185
Interest		12,392	11,893	11,893	1,603	14,134	9,910	4,224	43%	11,893
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(180,191)	(311,413)	(259,776)	(47,846)	(280,066)	(259,506)	20,560	-8%	(259,776)
Finance charges		(8,707)	(1)	(1,713)	(2,010)	(6,673)	(1)	6,672	-803839%	(1,713)
Transfers and Grants		(25,328)	(74,434)	(75,589)	(25)	(3,667)	(62,028)	(58,362)	94%	(75,589)
NET CASH FROM/(USED) OPERATING ACTIVITIES		102,194	32,463	81,233	8,747	36,208	40,280	4,072	10%	81,233
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(5,054)	-	-	-	(1,079)	(1,079)	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		8	-	-	-	-	-	-	-	-
Payments										
Capital assets		(38,799)	(191,857)	(62,942)	(772)	(16,723)	(18,800)	(2,077)	11%	(62,942)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(43,844)	(191,857)	(62,942)	(772)	(17,802)	(19,880)	(2,077)	10%	(62,942)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		23	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		23	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		58,374	(159,394)	18,291	7,975	18,406	20,401			18,291
Cash/cash equivalents at monthly year end:		(13,872)	-	6,920		8,877	6,920			8,877
		44,502	(159,394)	25,211		27,283	27,321			27,168

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

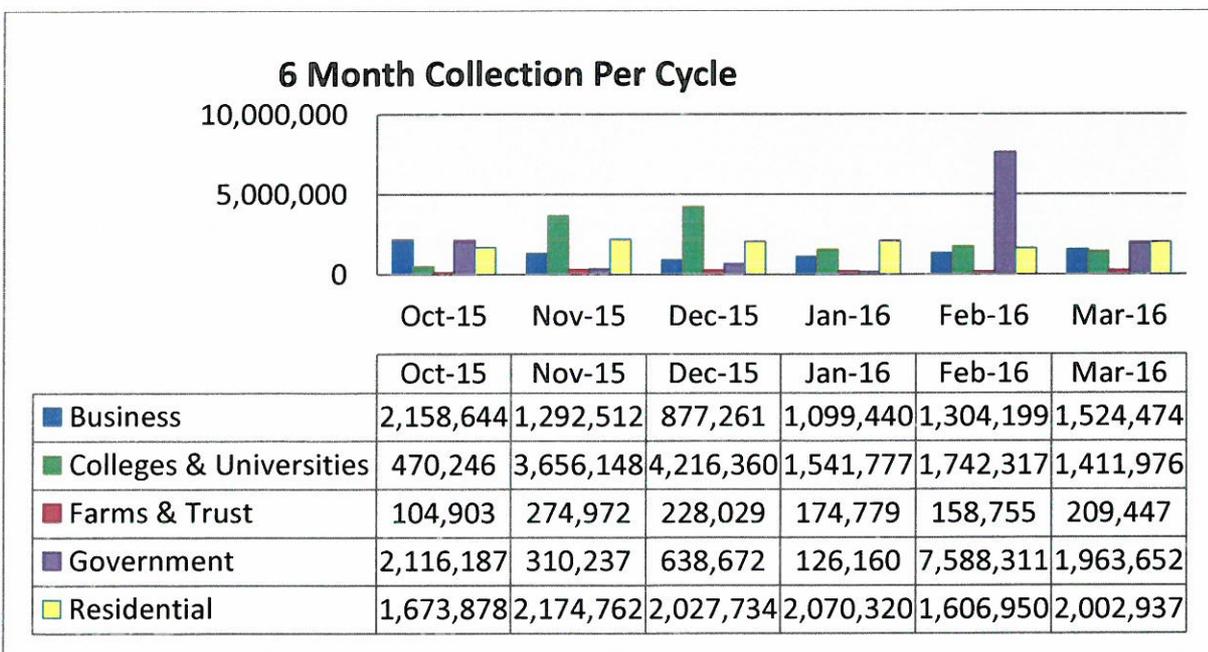
Section 5 – Debtors' Analysis



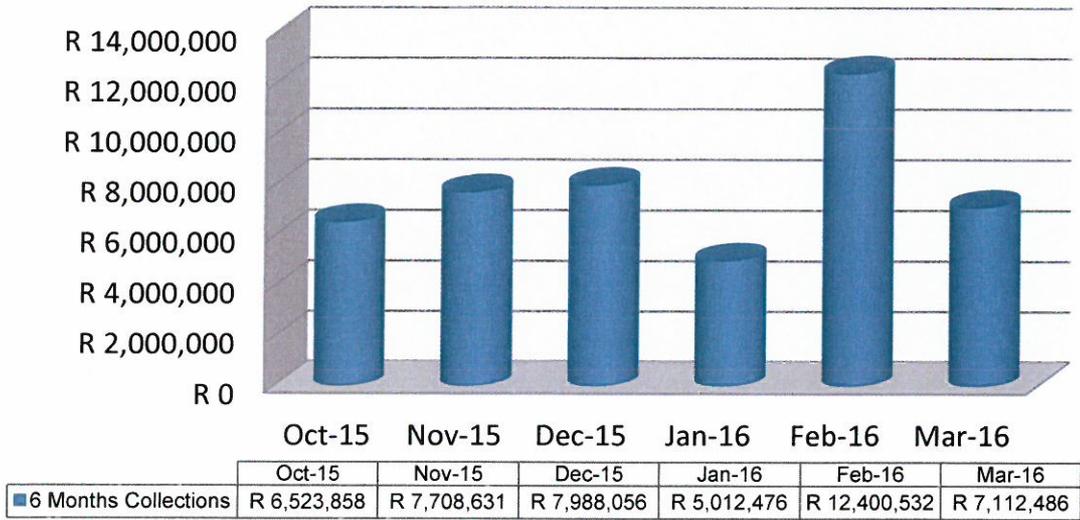
The age analysis for debtors only includes those amounts which are currently or past due. April Age Analysis amounts to R333, 576 million.

5.1 REVCO Performance Report

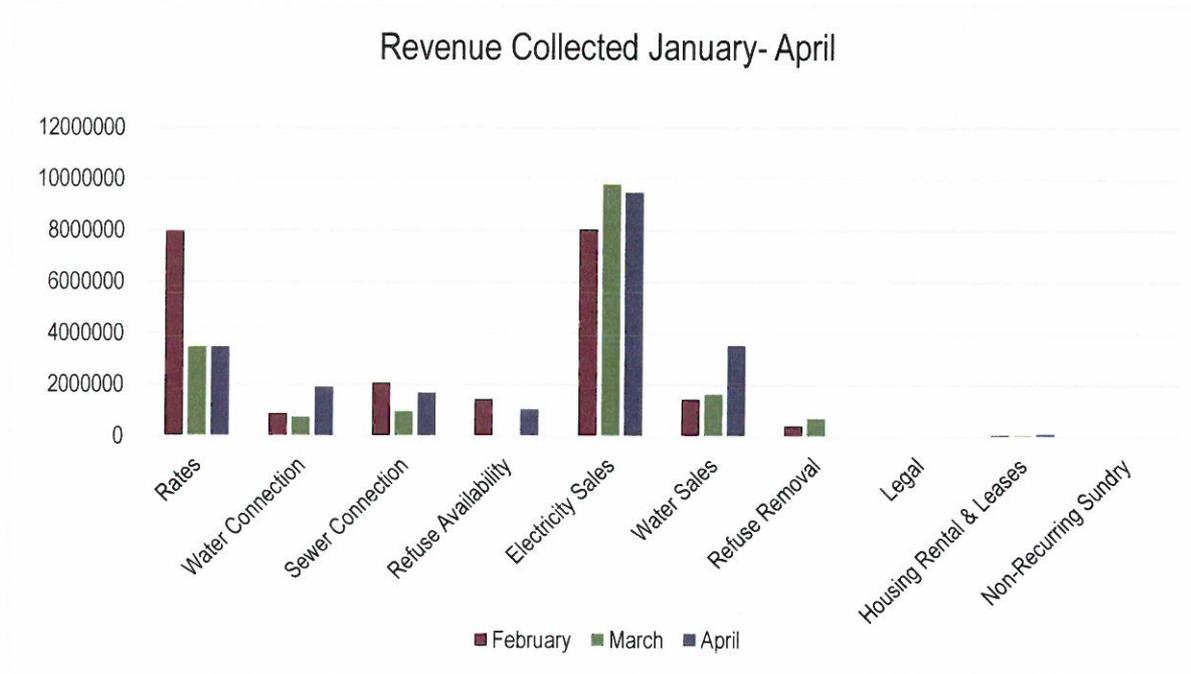
Average Payment Value Per Month					
Month	Active Accounts Balance	Actual Collection	Number of Accounts Paid	% Yield Achieved on Collection	Average Payment Value
July	R134 846 307.00	R6 464 294.00	7 162	4.79%	R903.00
August	R114 034 939.00	R5 165 886.00	7 051	4.53%	R733.00
September	R106 588 019.00	R4 569 928.00	7 195	4.29%	R635.00
October	R106 323 064.00	R6 523 858.00	7 354	6.4%	R887.00
November	R109 363 386.00	R7 708 631.00	7 386	7.05%	R1 044.00
December	R138 811 0758.00	R7 988 056.00	7 280	5.75%	R1 097
January	R128 915 320.00	R5 012 476.00	2 645	3.89%	R1 895
February	R121 034 958.00	R12 400 532.00	1 773	10.25%	R 6 994
March	R126 602 195.00	R7 112 486.00	2 409	5.62%	R2 952



6 Month Collections



5.2 Analysis of Revenue Collected



In April the municipality collected 82.72%, electricity charges received are more than what has been billed in this month.

5.3 Billing vs Receipts Report – April 2016

Category	Receipts	Billing	Percentage
RATES	R -3,299,894.08	R 3,459,119.10	-95.40
WATER CONN	R -667,553.00	R 1,905,424.28	-35.03
REFUSE REMOVAL	R -323,724.64	R 1,051,712.96	-30.78
SEWER CONN	R -891,135.73	R 1,681,639.26	-52.99
WATER	R -1,668,356.97	R 3,516,342.22	-47.45
ELECTRICITY	R -10,491,015.08	R 9,463,662.24	-110.86
SITE SALES	R -411.54		
RENT HOUSING	R -15,933.74	R 16,809.09	-94.79
L FEES	R -15,848.83		
LEASES	R -142,094.70	R 102,249.03	-138.97
SUNDRY DEBTORS	R -21,941.22		
Medical AID	R -500.00		
Overall Collection %	R -17,538,409.53	R 21,196,958.18	-82.74

5.4 Credit Control Stats Report

DISCONNECTION/RECONNECTION STATISTICS - APRIL 2016	
ELECTRICITY	Nr.
Warning Notice issued: Business	10
Warning Notice issued: Domestic	85
Warning Notice issued: Schools	-
Disconnections: Business	6
Disconnections: Domestic	13
Reconnections: Business	5
Reconnections: Domestic	12
Arrangements	12
Indigent Report - April 2016	
Application forms	127
Approved	0
Pending - Outstanding Documents	1 493
Locked Houses	352
Duplicates	198

Section 6 – Creditors' Analysis

6.1 Summary of all creditor's paid at 30 APRIL 2016

DESCRIPTION	TOTAL PAID IN MARCH
Total payments	R14 410 589.69

Top 10 Payments made in APRIL 2016

DESCRIPTION	AMOUNT PAID
B.R.O Civils	R1 860 858.55
Alexander Maintenance	R1 710 981.49
Sibanye Valuers	R1 324 698.00
Siya Green	R1 140 884.50
Luqaqambo Civils	R622 622.74
Ndyebo Construction	R387 751.70
Auditor General	R375 895.95
MBB Consulting	R244 966.75
Tactpro Protection Service	R226 619.21
Cinga Advertising	R224 791.00
TOTAL	R8 120 069.89

6.2 Summary of payables at 30 APRIL 2016

Creditors Age analysis

TOTAL	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS
R90 381 442.45	R15 114 553.18	R1 419 271.98	R736 461.12	R1 019 014.83	R72 092 141.34

Top 10 Creditors

COMPANY NAME	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS
Eskom	R13 889 185.98				R45 069 300.28
Department of Water Affairs				R559 690.91	R5 893 725.00
B.R.O Civils					R4 073 353.15
MBB Consulting					R931 658.92
Royal Haskoning					R792 281.70
Sains Agencies	R97 769.14			R176 700.00	R471 167.70
Telkom SA	R225 222.87	R219 580.34	R207 682.85		
North & Robertson	R68 952.90		R165 542.25	R3 021.00	R440 105.12
National Arts Festival					R500 000.00
Master Maize					R406 504.30
TOTAL	R14 281 130.89	R219 580.34	R373 225.10	R739 411.91	R58 578 096.17

The outstanding creditors have increased by **R6 876 197.46** from the previous month to **R90 381 442.45** 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:

To pay -	08/04/2016	Total Owed	Payable	Running total	
SALGA arrangement		2 242 045.00	500 000.00	500 000.00	unpaid
Smith Tabata arrangement		408 515.16	100 000.00	600 000.00	pd April16 R195 454
B & R arrangement		238 982.33	238 982.33	838 982.33	paid Mrch16
AG arrangement		11 598 451.00	350 000.00	1 188 982.33	paid Jan 16
SALA arrangement		1 274 988.00	106 249.13	1 295 231.46	unpaid
Business Connexion		488 223.64	162 741.22	1 457 972.68	Paid March16
ESKOM Feb main account		31 274 410.62	3 924 640.71	5 382 613.39	o/s Feb 16
ESKOM small accounts				5 382 613.39	paid Mrch16
ESKOM FBE account				5 382 613.39	paid Mrch16
ESKOM arrangement		4 560 072.00	4 560 072.00	9 942 685.39	o/s March 16
Ducharme arrangement				9 942 685.39	paid up
Marx Concrete			54 685.80	9 997 371.19	unpaid
Gray Moodliar arrangement				9 997 371.19	paid up
North Robertson arrangement		140 000.00	100 000.00	10 097 371.19	paid Mrch16
Sibanye arrangement		574 698.00	250 000.00	10 347 371.19	pd April16
CDR - Innowind		792 000.00	792 000.00	11 139 371.19	unpaid
Give Ziyawa arrangement		2 207 872.51	892 127.49	12 031 498.68	paid Mrch16
Amatola Water	<i>new</i>	18 000 000.00		12 031 498.68	
Afrisec Security	<i>new</i>	661 232.00	100 000.00	12 131 498.68	unpaid
Refund Housing				12 131 498.68	
WK Construction	<i>new</i>	807 730.00	150 000.00	12 281 498.68	pd April16
Lumotech		681 343.80	150 000.00	12 431 498.68	unpaid
TOTAL		75 950 564.06	12 431 498.68		

Additional notes:

All payment plans amount to R3 150 149/month, excluding ESKOM, for which R3 924 641 must still be paid for February 2016

ESKOM's current account has to be paid each month - February was R4 924 641, of which only R1 million was paid to date

The payment plan instalment for March 2016 of R4 560 072 remains unpaid, but the August and December acc's are paid now

Salaries amount to R11 300 000 per month

ESKOM peaks at around R16,5 million/month in winter

Monthly revenue in peak time is R21 million/month

We cannot pay R27.8million from R21 million

This excludes fuel or any payment plan or other supplier or creditor.

In summer when our ESKOM account is around R7 million, our revenue is also a low R13 million

We owe around R80 million to creditors

Debtors owes the municipality around R342 million

Section 7 – Allocations for Operating Grant Receipts and Expenditure

7.1 Summary of Grants Received

<u>GRANT</u>	<u>BUDGET</u>	<u>AMOUNT RECEIVED TO DATE</u>	<u>EXPENDITURE IN APRIL</u>	<u>EXPENDITURE YEAR-TO-DATE</u>
MIG	R23 270 948.00	R7 290 943.00	R1 658 583.00	R7 264 019.00
MSIG	R930 000.00	R930 000.00	R0.00	R582 708.00
FMG	R1 675 000.00	R1 675 000.00	-R511 921	R836 290.00
EPWP	R1 002 000.00	R1 002 000.00	-R116 429.00	R1 092 802.00
TOTAL	R26 877 948.00	R10 897 943.00	R1 030 233.00	R9 775 819.00

The negative actual expenditure is due to the correction of misallocated expenditure during the month.

Section 8 – Expenditure on Councillor Allowances and Employee Benefits

ITEM DESCRIPTION	ITEM NUMBER	BUDGET	ADJ BUDGET	ACTUAL 9	TOTAL MOVEMENT	% SPENT	TARGET
SALARIES	6000	91,473,408	90,889,289	8,588,269	84,446,305	92.91%	76.92%
OVERTIME	6010	3,235,230	5,065,168	373,328	6,929,746	136.81%	75.00%
ALLOWANCE: HOUSING	6020	264,678	334,982	170,631	1,383,036	412.87%	75.00%
ALLOWANCE: TELEPHONE	6025	359,609	234,609	14,087	164,704	70.20%	75.00%
ALLOWANCE: TRANSPORT	6030	3,804,270	3,470,270	298,444	3,311,406	95.42%	75.00%
ALLOWANCE: INCONVENIENCE(STAND BY)	6050	604,509	1,098,228	400	637,489	58.05%	75.00%
PENSION/PROVIDENT FUND	6100	16,638,221	27,783,606	1,294,014	12,376,819	44.55%	75.00%
MEDICAL AID FUND	6110	1,494,818	5,950,944	602,908	4,766,861	80.10%	75.00%
GROUP LIFE ASSURANCE	6120	865,856	865,856	641,159	1,132,627	130.81%	75.00%
		118,740,599	135,692,952	11,983,240	115,148,993	84.86%	75.21%

ITEM DESCRIPTION	ITEM NUMBER	BUDGET	ADJ BUDGET	ACTUAL 9	TOTAL MOVEMENT	% SPENT	TARGET
COUNCILLORS ALLOWANCE	6385001	6,819,680	6,819,680	548,537	5,427,525	79.59%	75.00%
CNL TELEPHONE ALLOWANCE	6385006	628,448	628,448	46,953	460,974	73.35%	75.00%
CNL TRAVELLING ALLOWANCE	6385007	2,273,137	2,273,137	182,846	1,713,715	75.39%	75.00%
		9,721,265	9,721,265	778,336	7,602,214	78.20%	75.00%

Section 9 – Supply Chain Management

Tenders awarded for the month

No tenders were awarded.

