



**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.

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## Monthly Budget Statement DECEMBER 2015

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## Glossary

<b>Adjustments budget</b> – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.
<b>Allocations</b> – Money received from Provincial or National Government or other municipalities.
<b>Budget</b> – The financial plan of the Municipality.
<b>Budget related policy</b> – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.
<b>Capital expenditure</b> - Spending on assets such as land, buildings and machinery.
Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.
<b>Cash flow statement</b> – 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.
<b>DORA</b> – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.
<b>Equitable share</b> – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.
<b>Fruitless and wasteful expenditure</b> – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.
<b>GFS</b> – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.
<b>GRAP</b> – Generally Recognised Accounting Practice. The new standard for municipal accounting.
<b>IDP</b> – Integrated Development Plan. The main strategic planning document of the Municipality.
<b>IHHS</b> – Informal Housing and Human Settlements, provincial grant.
<b>KEDA</b> – Entity of Makana Municipality, Makana Economic Development Agency.
<b>MBRR</b> – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.
<b>MDMG</b> – Municipal Disaster Management Grant.
<b>MFMA</b> – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.
<b>MIG</b> – Municipal Infrastructure Grant.
<b>MTREF</b> – 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.
<b>NDPG</b> – Neighbourhood Development Partnership Grant.
<b>Operating expenditure</b> – Spending on the day to day expenses of the Municipality such as salaries and wages
<b>Rates</b> – 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.
<b>SDBIP</b> – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.
<b>Strategic objectives</b> – The main priorities of the Municipality as set out in the IDP.
Budgeted spending must contribute towards the achievement of the strategic objectives.
<b>Unauthorised expenditure</b> – Generally, is spending without, or in excess of, an approved budget.
<b>Virement</b> – A transfer of budget.
<b>Virement policy</b> - 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.
<b>Vote</b> – 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 December 2015 has been prepared to meet the legislative requirements of the Municipal Budget and Reporting Regulations. The audited outcomes for 2014/2015 reflected in this report are provisional for June 2015 as the Annual Financial Statements were submitted to the Auditor General on 31 August 2015.

#### **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. These financial challenges continue to persist but some headway has been made in ensuring financial stability. A revenue enhancement strategy has been formulated and presented to council for approval. As a result a debt collection company (REVCO) was appointed and commenced work on 01 February 2015. The scope of work for work entails debt collection and data cleansing. The implementation of these functions should improve the debtors' information used to bill customers and the revenue collection rate thus reducing the liquidity challenges. The REVCO performance report is included under section 5 of this report.

#### **1.1.2 Relevant information**

As at 30 June 2015, the municipality had an amount of R13 461 200.00 unspent on the Municipal Infrastructure Grant (MIG). Since these funds were under the control of Sara Baartman District Municipality, the District Municipality has applied for the grant roll-over on Makana Municipality's behalf. The roll-over application has since been approved.

## **Section 2 – IN-YEAR REPORTS 2015/2016**

### **RECOMMENDATION:**

(a) That Budget Steering Committee notes the monthly budget statement and supporting documentation for December 2015.

## Section 3 – Executive Summary

### 3.1 Introduction

The Annual Financial Statements for the 2014/15 year were submitted to the Auditor General on 31 August 2015.

### 3.2 Consolidated performance

#### 3.2.1 Against annual budget (original approved and latest adjustments)

The following table summarizes the overall position on the capital and operating budgets.

	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Annual Budget %
Operating Revenue	427 637	-	220 058	51%
Operating Expenditure	427 637	-	151 486	35%
Capital Expenditure	191 857	-	49 090	26%

#### Revenue by Source

Year-to-date Operating Revenue amounts to **51% or R220 058 million** of the operating budget of **R427 637million**.

*Refer to Section 4 – Table C4 for further details on both revenue by source and expenditure by type.*

#### Operating expenditure by type

Year-to-date expenditure amounts to **35% or R151 486 million** of the operating budget of **R427 637 million**.

*Refer to Section 4 – 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 R49 090 million** of the capital budget of **R191 857 million**.

*Refer to Section 4 – 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

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	49,813	52,695	–	3,363	34,339	26,347	7,992	30%	52,695
Service charges	197,214	261,748	–	24,201	111,166	130,772	(19,606)	-15%	261,544
Investment revenue	12,392	500	–	1,656	7,628	5,946	1,682	28%	11,893
Transfers recognised - operational	81,144	84,920	–	24,787	62,581	61,112	1,468	2%	82,734
Other own revenue	5,400	27,774	–	(138)	4,344	4,131	213	5%	8,262
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>345,963</b>	<b>427,637</b>	<b>–</b>	<b>53,868</b>	<b>220,058</b>	<b>228,309</b>	<b>(8,251)</b>	<b>-4%</b>	<b>417,127</b>
Employee costs	129,931	121,519	–	11,949	73,686	60,758	12,928	21%	121,519
Remuneration of Councillors	9,458	9,723	–	745	4,241	4,861	(619)	-13%	9,721
Depreciation & asset impairment	55,486	31,502	–	1,876	11,255	16,269	(5,014)	-31%	32,538
Finance charges	8,707	478	–	(784)	4,436	0	4,435	890626%	1
Materials and bulk purchases	79,094	94,427	–	(4,126)	20,366	44,001	(23,635)	-54%	88,002
Transfers and grants	25,328	48,997	–	396	1,653	37,217	(35,565)	-96%	74,434
Other expenditure	55,757	120,991	–	4,381	35,849	45,633	(9,783)	-21%	91,268
<b>Total Expenditure</b>	<b>363,763</b>	<b>427,637</b>	<b>–</b>	<b>14,437</b>	<b>151,486</b>	<b>208,739</b>	<b>(57,253)</b>	<b>-27%</b>	<b>417,484</b>
<b>Surplus/(Deficit)</b>	<b>(17,799)</b>	<b>0</b>	<b>–</b>	<b>39,432</b>	<b>68,572</b>	<b>19,570</b>	<b>49,002</b>	<b>250%</b>	<b>(357)</b>
Transfers recognised - capital	215	1,185	–	–	–	790	(790)	-100%	1,185
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17,585)</b>	<b>1,185</b>	<b>–</b>	<b>39,432</b>	<b>68,572</b>	<b>20,360</b>	<b>48,212</b>	<b>237%</b>	<b>827</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(17,585)</b>	<b>1,185</b>	<b>–</b>	<b>39,432</b>	<b>68,572</b>	<b>20,360</b>	<b>48,212</b>	<b>237%</b>	<b>827</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>36,197</b>	<b>191,857</b>	<b>–</b>	<b>2,129</b>	<b>48,457</b>	<b>95,929</b>	<b>(47,471)</b>	<b>-49%</b>	<b>191,857</b>
Capital transfers recognised	–	–	–	–	–	–	–	–	–
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–
<b>Total sources of capital funds</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial position</b>									
Total current assets	211,810	–	–	–	189,685	–	–	–	–
Total non current assets	1,111,381	191,857	–	–	1,123,647	–	–	–	191,857
Total current liabilities	247,697	(903)	–	–	192,211	–	–	–	(903)
Total non current liabilities	114,816	–	–	–	114,816	–	–	–	–
<b>Community wealth/Equity</b>	<b>960,678</b>	<b>(250)</b>	<b>–</b>	<b>–</b>	<b>1,006,930</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(250)</b>
<b>Cash flows</b>									
Net cash from (used) operating	102,194	32,463	–	(5,987)	23,643	36,177	12,534	35%	(72,304)
Net cash from (used) investing	(43,844)	(191,857)	–	(2,132)	(56,055)	(56,743)	(688)	1%	(188,178)
Net cash from (used) financing	23	–	–	3	76	–	(76)	–	(56,326)
<b>Cash/cash equivalents at the month/year end</b>	<b>44,502</b>	<b>(149,562)</b>	<b>–</b>	<b>–</b>	<b>(4,283)</b>	<b>(10,733)</b>	<b>(6,450)</b>	<b>60%</b>	<b>(288,757)</b>

The table above indicates that total municipality's own revenue recognised, consisting of Property Rates at R34 339 million, Service Charges at R111 166 million, Investment revenue at R7 628 million and other Own Revenue at R4 344 million. The total internally generated revenue amounts to R157 477 million or 80%, while revenue from transfers amounts to R62 581 million or 20% of the total of R220 058 million to date.

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

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) - Mid-Year Assessment

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		1									
Vote 1 - TECHNICAL SERVICES			35,407	38,567	-	4,786	23,549	22,198	1,350	6.1%	38,563
Vote 2 - CORPORATE SERVICES			403	929	-	5	84	414	(330)	-79.7%	729
Vote 3 - FINANCIAL SERVICES			83,700	98,799	-	14,565	58,674	57,515	1,159	2.0%	98,172
Vote 4 - COMMUNITY & SOCIAL SERVICES			28,469	27,316	-	2,720	17,039	15,129	1,910	12.6%	27,317
Vote 5 - EXECUTIVE & COUNCIL			4,209	5,069	-	1,627	3,056	3,758	(702)	-18.7%	5,066
Vote 6 - MUNICIPALITY MANAGER			740	3,431	-	-	-	2	(2)	-100.0%	3
Vote 7 - LOCAL ECONOMIC DEVELOPMENT			109	6,336	-	6	107	638	(531)	-83.3%	1,275
Vote 8 - HOUSING			-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY			116,556	174,087	-	28,307	93,301	88,495	4,806	5.4%	174,087
Vote 10 - WATER			76,715	73,101	-	1,853	24,249	40,948	(16,700)	-40.8%	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	-	53,868	220,058	229,098	(9,040)	-3.9%	418,312
Expenditure by Vote		1									
Vote 1 - TECHNICAL SERVICES			44,396	49,834	-	3,636	25,928	24,914	1,014	4.1%	49,829
Vote 2 - CORPORATE SERVICES			25,738	30,744	-	2,268	25,534	15,630	9,904	63.4%	31,262
Vote 3 - FINANCIAL SERVICES			60,708	59,180	-	1,574	16,852	32,326	(15,474)	-47.9%	64,653
Vote 4 - COMMUNITY & SOCIAL SERVICES			58,543	67,402	-	4,761	30,236	32,321	(2,085)	-6.5%	64,645
Vote 5 - EXECUTIVE & COUNCIL			11,099	16,824	-	1,181	7,086	8,412	(1,326)	-15.8%	16,824
Vote 6 - MUNICIPALITY MANAGER			4,158	13,193	-	317	(6,040)	2,622	(8,662)	-330.3%	5,244
Vote 7 - LOCAL ECONOMIC DEVELOPMENT			4,866	18,197	-	791	4,559	6,568	(2,009)	-30.6%	13,136
Vote 8 - HOUSING			48	26	-	2	23	27	(4)	-14.0%	53
Vote 9 - ELECTRICITY			106,402	120,032	-	(1,745)	31,666	59,817	(28,151)	-47.1%	119,634
Vote 10 - WATER			48,304	52,203	-	1,654	15,667	26,101	(10,435)	-40.0%	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	427,637	-	14,437	151,510	208,739	(57,229)	-27.4%	417,484
Surplus/ (Deficit) for the year		2	(17,954)	(0)	-	39,432	68,548	20,360	48,189	236.7%	827



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

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 Source										
Property rates		49,813	52,695	–	3,363	34,339	26,347	7,992	30%	52,695
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		112,430	168,727	–	26,499	90,580	84,262	6,319	7%	168,523
Service charges - water revenue		53,344	54,900	–	(3,986)	4,149	27,450	(23,301)	-85%	54,900
Service charges - sanitation revenue		21,525	26,037	–	1,083	12,873	13,019	(146)	-1%	26,037
Service charges - refuse revenue		9,813	11,783	–	601	3,548	5,892	(2,344)	-40%	11,783
Service charges - other		102	301	–	3	15	150	(135)	-90%	301
Rental of facilities and equipment		1,012	3,176	–	92	654	78	577	744%	155
Interest earned - external investments		12,392	500	–	1,656	7,626	5,946	1,682	28%	11,893
Interest earned - outstanding debtors		–	11,893	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–
Fines		55	1,089	–	1	29	544	(516)	-95%	1,089
Licences and permits		2,344	3,448	–	1	835	1,147	(311)	-27%	2,293
Agency services		850	1,300	–	(332)	(237)	650	(887)	-136%	1,300
Transfers recognised - operational		81,144	84,920	–	24,787	62,581	61,112	1,468	2%	82,734
Other revenue		1,138	6,868	–	101	3,063	1,712	1,351	79%	3,424
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		345,963	427,637	–	53,868	220,058	228,309	(8,251)	-4%	417,127
Expenditure By Type										
Employee related costs		129,931	121,519	–	11,949	73,686	60,758	12,928	21%	121,519
Remuneration of councillors		9,458	9,723	–	745	4,241	4,861	(619)	-13%	9,721
Debt impairment		–	–	–	–	–	–	–	–	–
Depreciation & asset impairment		55,486	31,502	–	1,876	11,255	16,269	(5,014)	-31%	32,538
Finance charges		8,707	478	–	(784)	4,436	0	4,435	890626%	1
Bulk purchases		79,094	87,574	–	(4,126)	20,366	44,001	(23,635)	-54%	88,002
Other materials		–	6,853	–	–	–	–	–	–	–
Contracted services		4,302	8,734	–	625	3,818	2,284	1,534	67%	4,569
Transfers and grants		25,328	48,997	–	396	1,653	37,217	(35,565)	-96%	74,434
Other expenditure		51,455	112,257	–	3,755	32,031	43,348	(11,317)	-26%	86,699
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Expenditure		363,763	427,637	–	14,437	151,486	208,739	(57,253)	-27%	417,484
Surplus/(Deficit)										
Transfers recognised - capital		(17,799)	0	–	39,432	68,572	19,570	49,002	0	(357)
Contributions recognised - capital		215	1,185	–	–	–	790	(790)	(0)	1,185
Contributed assets		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(17,585)	1,185	–	39,432	68,572	20,360			827
Taxation		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(17,585)	1,185	–	39,432	68,572	20,360			827
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		(17,585)	1,185	–	39,432	68,572	20,360			827
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		(17,585)	1,185	–	39,432	68,572	20,360			827

The year-to-date Operating Revenue reflects an achievement of **51%** or **R220 058** million of the annual budget of R427 637 million, and Operating Expenditure of R151 486 million is **35%** or **R151 486** million of the annual budget of R427 637 million.

### Operating Revenue

Major contributors of Operating Revenue to date amounting to R220 058 million are:

- Service Charges-Electricity at R90 580 million or 50%.
- Operational Transfers recognised at R62 581 million or 30%.
- Property Rates at R34 339 million or 20%.
- Service Charges-Water at R4 149 million or 10%.

### Operating Expenditure

Major contributors of Operating Expenditure to date amounting to R151 486 million are:

- Employee-related costs at R73 686 million or 50%



- Bulk purchases at R20 366 million or 30%.
- Remuneration of councillors at R4 241 million or 10%.

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

EC104 Makana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment

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
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - TECHNICAL SERVICES		20,937	153,683	-	1,608	28,744	76,841	(48,097)	-63%	153,683
Vote 2 - CORPORATE SERVICES		915	600	-	-	2,393	300	2,093	698%	600
Vote 3 - FINANCIAL SERVICES		(3)	-	-	-	(3)	-	(3)	#DIV/0!	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		1,078	14,266	-	269	2,333	7,143	(4,810)	-67%	14,266
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		344	-	-	-	344	-	344	#DIV/0!	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		1,904	6,724	-	-	2,269	3,362	(1,093)	-33%	6,724
Vote 10 - WATER		10,804	15,000	-	2	11,319	7,500	3,819	51%	15,000
Vote 11 - DOG TAX		-	-	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	<b>35,980</b>	<b>190,292</b>	<b>-</b>	<b>1,880</b>	<b>47,399</b>	<b>95,146</b>	<b>(47,747)</b>	<b>-50%</b>	<b>190,292</b>
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - TECHNICAL SERVICES		-	-	-	250	841	-	841	#DIV/0!	-
Vote 2 - CORPORATE SERVICES		(0)	600	-	-	(0)	300	(300)	-100%	600
Vote 3 - FINANCIAL SERVICES		218	-	-	-	218	-	218	#DIV/0!	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	15	-	-	-	8	(8)	-100%	15
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		-	950	-	-	-	475	(475)	-100%	950
Vote 10 - WATER		-	-	-	-	-	-	-	-	-
Vote 11 - DOG TAX		-	-	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>218</b>	<b>1,565</b>	<b>-</b>	<b>250</b>	<b>1,058</b>	<b>782</b>	<b>276</b>	<b>35%</b>	<b>1,565</b>
<b>Total Capital Expenditure</b>		<b>36,197</b>	<b>191,857</b>	<b>-</b>	<b>2,129</b>	<b>48,457</b>	<b>95,929</b>	<b>(47,471)</b>	<b>-49%</b>	<b>191,857</b>
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		<b>1,130</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>2,607</b>	<b>600</b>	<b>2,007</b>	<b>335%</b>	<b>600</b>
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		215	-	-	-	215	-	215	#DIV/0!	-
Corporate services		915	1,200	-	-	2,393	600	1,793	299%	600
<b>Community and public safety</b>		<b>1,080</b>	<b>13,983</b>	<b>-</b>	<b>271</b>	<b>2,340</b>	<b>6,991</b>	<b>(4,651)</b>	<b>-67%</b>	<b>6,991</b>
Community and social services		-	3,574	-	162	602	1,787	(1,185)	-66%	1,787
Sport and recreation		1,078	10,409	-	107	1,730	5,204	(3,474)	-67%	5,204
Public safety		2	-	-	2	7	-	7	#DIV/0!	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>18,174</b>	<b>14,801</b>	<b>-</b>	<b>1,858</b>	<b>22,593</b>	<b>7,400</b>	<b>15,193</b>	<b>205%</b>	<b>7,400</b>
Planning and development		344	-	-	-	344	-	344	#DIV/0!	-
Road transport		17,830	14,683	-	1,858	22,249	7,341	14,908	203%	7,341
Environmental protection		-	118	-	-	-	59	(59)	-100%	59
<b>Trading services</b>		<b>15,815</b>	<b>161,674</b>	<b>-</b>	<b>2</b>	<b>21,550</b>	<b>80,837</b>	<b>(59,287)</b>	<b>-73%</b>	<b>80,837</b>
Electricity		1,904	7,674	-	-	2,269	3,837	(1,568)	-41%	3,837
Water		10,804	15,000	-	2	11,319	7,500	3,819	51%	7,500
Waste water management		3,107	139,000	-	-	7,962	69,500	(61,538)	-89%	69,500
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>(100)</b>	<b>-100%</b>	<b>100</b>
<b>Total Capital Expenditure - Standard Classification</b>	<b>3</b>	<b>36,199</b>	<b>191,857</b>	<b>-</b>	<b>2,132</b>	<b>49,090</b>	<b>95,929</b>	<b>(46,838)</b>	<b>-49%</b>	<b>95,929</b>



#### 4.1.6 Table C6: Monthly Budget Statement - Financial Position

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

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		10,391	-	-	(3,339)	-
Call investment deposits		-	-	-	-	-
Consumer debtors		153,086	-	-	139,382	-
Other debtors		34,256	-	-	37,436	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		14,078	-	-	16,206	-
<b>Total current assets</b>		<b>211,810</b>	<b>-</b>	<b>-</b>	<b>189,685</b>	<b>-</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		25,579	-	-	25,579	-
Investment property		230,233	-	-	230,233	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		847,533	190,292	-	858,377	190,292
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		4,357	1,565	-	5,779	1,565
Other non-current assets		3,679	-	-	3,679	-
<b>Total non current assets</b>		<b>1,111,381</b>	<b>191,857</b>	<b>-</b>	<b>1,123,647</b>	<b>191,857</b>
<b>TOTAL ASSETS</b>		<b>1,323,191</b>	<b>191,857</b>	<b>-</b>	<b>1,313,331</b>	<b>191,857</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	5,605	-
Borrowing		3,888	-	-	3,888	-
Consumer deposits		2,321	-	-	2,443	-
Trade and other payables		238,122	-	-	176,909	-
Provisions		3,365	(903)	-	3,365	(903)
<b>Total current liabilities</b>		<b>247,697</b>	<b>(903)</b>	<b>-</b>	<b>192,211</b>	<b>(903)</b>
<b>Non current liabilities</b>						
Borrowing		50,117	-	-	50,117	-
Provisions		64,699	-	-	64,699	-
<b>Total non current liabilities</b>		<b>114,816</b>	<b>-</b>	<b>-</b>	<b>114,816</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>362,513</b>	<b>(903)</b>	<b>-</b>	<b>307,027</b>	<b>(903)</b>
<b>NET ASSETS</b>	<b>2</b>	<b>960,678</b>	<b>192,760</b>	<b>-</b>	<b>1,006,305</b>	<b>192,760</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		955,232	(250)	-	1,001,474	(250)
Reserves		5,447	-	-	5,456	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>960,678</b>	<b>(250)</b>	<b>-</b>	<b>1,006,930</b>	<b>(250)</b>

#### 4.1.7 Table C7: Monthly Budget Statement - Cash Flow

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

Description	Ref	2014/15	Budget Year 2015/16				
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
<b>R thousands</b>	<b>1</b>						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Ratepayers and other		222,670	322,501	-	12,307	160,373	161,250
Government - operating		81,144	82,734	-	24,787	62,581	61,112
Government - capital		215	1,185	-	-	-	790
Interest		12,392	11,893	-	1,656	7,628	5,946
Dividends		-	-	-	-	-	-
<b>Payments</b>							
Suppliers and employees		(180,191)	(311,413)	-	(45,125)	(200,850)	(155,704)
Finance charges		(8,707)	(1)	-	784	(4,436)	(0)
Transfers and Grants		(25,328)	(74,434)	-	(396)	(1,653)	(37,217)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>102,194</b>	<b>32,463</b>	<b>-</b>	<b>(5,987)</b>	<b>23,643</b>	<b>36,177</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE		(5,054)	-	-	-	(5,054)	(5,054)
Decrease (increase) in non-current debtors		-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-
Decrease (increase) in non-current investments		8	-	-	-	63	-
<b>Payments</b>							
Capital assets		(38,799)	(191,857)	-	(2,132)	(51,064)	(51,690)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(43,844)</b>	<b>(191,857)</b>	<b>-</b>	<b>(2,132)</b>	<b>(56,055)</b>	<b>(56,743)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Short term loans		-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-
Increase (decrease) in consumer deposits		23	-	-	3	76	-
<b>Payments</b>							
Repayment of borrowing		-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>23</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>76</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>58,374</b>	<b>(159,394)</b>	<b>-</b>	<b>(8,116)</b>	<b>(32,335)</b>	<b>(20,566)</b>
Cash/cash equivalents at beginning:		(13,872)	-	-	-	28,052	-
Cash/cash equivalents at month/year end:		44,502	(159,394)	-	-	(4,283)	(20,566)



## PART 2 – SUPPORTING DOCUMENTATION

### Section 5 – Debtors' analysis

Debtor's Age Analysis per service rendered

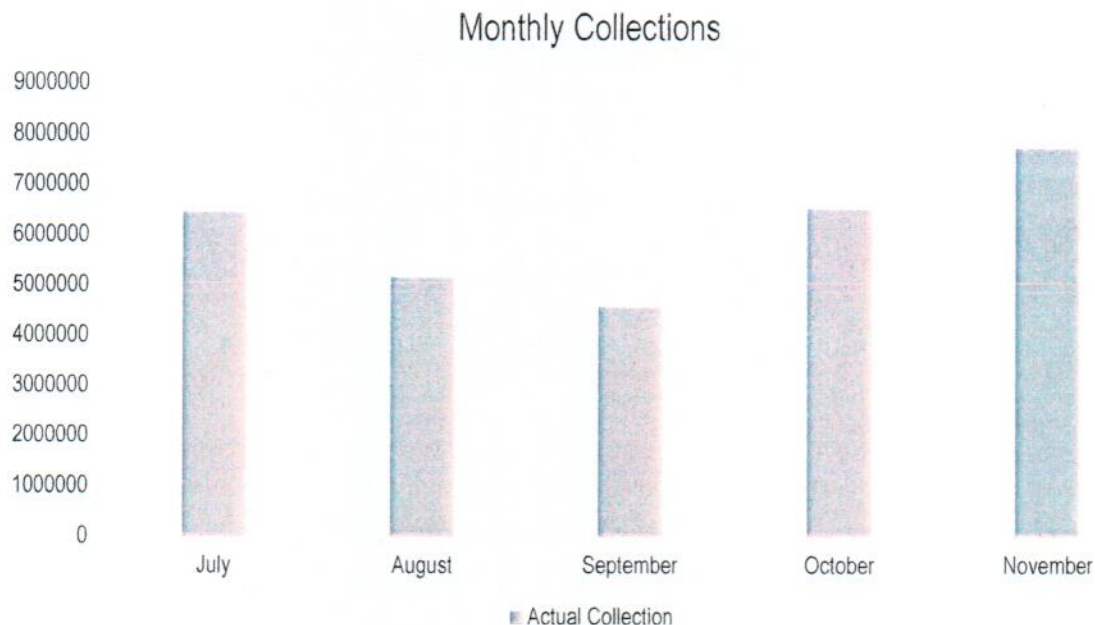


The financial position includes the total annual billing to date and some debtor classifications which do not form part of the consumer debtors, whereas the age analysis only includes those consumer amounts which have become due and not the 'future' amounts which will only fall due in coming months for consumers who pay for their accounts by 30 September annually or monthly on an instalment basis.

#### 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

5 Month Activation Analysis						
Month	Number of Accounts Handed Over	Value of Accounts Handed Over	Number of Accounts Paid	Value of Payments Received	Average Payment Amount Received	% of Rand Value Activation
July	125	R111 828.00	40	R9 548	R239	8.54%
August	53	R18 958.00	28	R6 033	R215	31.82%
September	0	R0.00	0	0	0	0%
October	0	R0.00	0	0	0	0%
November	407	R6 871 917.00	113	R92 634	R820	1.355



## Section 6 – Creditors' analysis

### 6.1 Supporting Table SC4

#### Summary of all creditor's paid at 31 DECEMBER 2015

<u>DESCRIPTION</u>	<u>TOTAL PAID IN DECEMBER</u>
Total payments	R29 283 151.32

#### Top 10 Payments made in DECEMBER 2015

<u>DESCRIPTION</u>	<u>AMOUNT PAID</u>
ESKOM	R16 228 320.98
SARS	R2 989 632.00
TIACEL (Pty) Ltd	R1 761 557.70
BusinessConnexion (Pty) Ltd	R1 621 041.10
Revenue Consulting (Pty) Ltd	R703 027.12
SALGA	R500 000.00
Ndlambe Electrical Service	R419 725.46
Cactus Project	R360 000.00
Department of Transport	R332 344.20
Alpha Trust	R299 880.00
<b>TOTAL</b>	<b>R25 215 528.56</b>



## Summary of payables at 31 DECEMBER 2015

### Age analysis

<u>TOTAL</u>	<u>CURRENT</u>	<u>30 DAYS</u>	<u>60 DAYS</u>	<u>90 DAYS</u>	<u>120 DAYS</u>
R78 433 290.09	R501 462.53	R2 739 386.40	R1 106 812.75	R28 040.01	R74 057 588.40

### Top 10 Creditors

<u>COMPANY NAME</u>	<u>CURRENT</u>	<u>30 DAYS</u>	<u>60 DAYS</u>	<u>90 DAYS</u>	<u>120 DAYS</u>
Eskom					R56 879 086.18
Department of Water Affairs					R5 597 937.40
B.R.O Civils		R1 921 927.45	R143 869.00		R1 160 465.11
Sibanye Valuers					R1 324 698.00
Ducharme Consulting					R1 404 716.94
Royal Haskoning DHV					R1 082 626.13
MBB Consulting					R931 658.92
National Arts Festival					R500 000.00
Ballenden & Robb					R474 969.14
North & Robertson			R19 323.00		R420 782.12
<b>TOTAL</b>	<b>R0.00</b>	<b>R1 921 927.45</b>	<b>R163 192.00</b>	<b>R0.00</b>	<b>R69 776 939.94</b>

The outstanding creditors have decreased by **R23 817 529.40** from the previous month to **R78 433 290.09** 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.

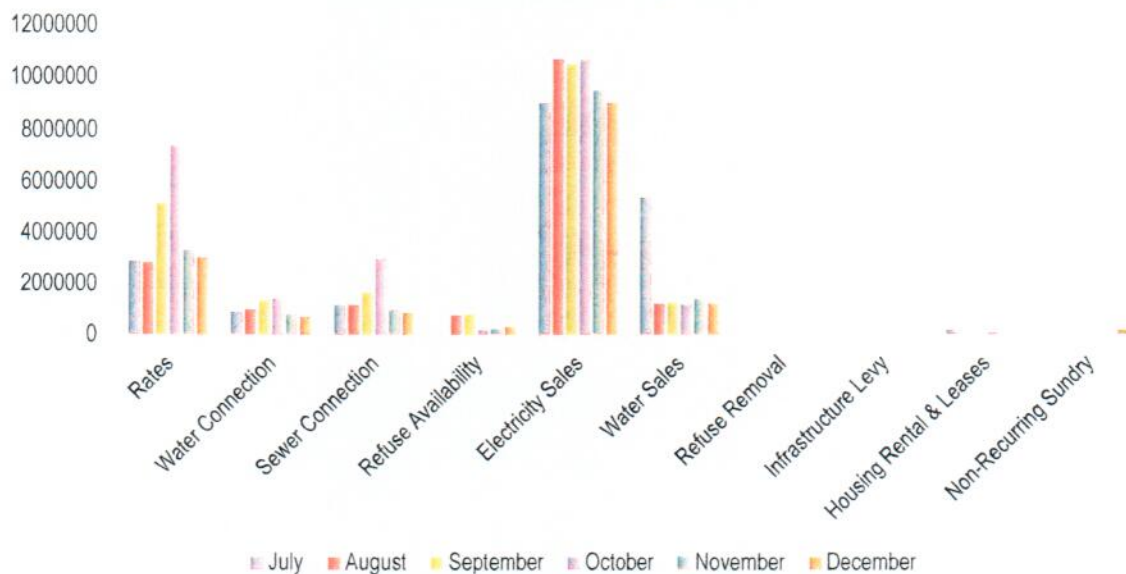
## **Section 7 – Allocations, grant receipts and expenditure**

### **Summary of grants received**

<u>GRANT</u>	<u>BUDGET</u>	<u>AMOUNT RECEIVED TO DATE</u>	<u>EXPENDITURE IN DECEMBER</u>	<u>EXPENDITURE YEAR-TO-DATE</u>
MIG	R23 270 948.00	R0.00	R111 742.03	R653 032.84
MSIG	R930 000.00	R930 000.00	R9 581.00	R577 808.00
FMG	R1 675 000.00	R1 675 000.00	R21 331.00	R611 894.00
EPWP	R1 002 000.00	R702 000.00	R329 892.00	R759 117.00
<b>TOTAL</b>	<b>R26 877 948.00</b>	<b>R3 307 000.00</b>	<b>R472 546.03</b>	<b>R2 601 851.84</b>

It should be noted that no provincial or national grants should be received during May to June of any year. This is to prevent confusion from the overlap of the national government and the local government financial years and the negative impact this has previously had on reporting.

### Revenue Collected July-December



For the month of August the municipality collected 29.80% of electricity charges in. The negative billing amount for water sales is due to the reversal of a billing error. The collection of municipal rates currently sits at 86.73% for December which is a decrease of 123.27% from the previous month. These above average collection rates, when compared to billed amounts, could be attributed to payments made on arrear debts. The collection rate is 71%

## Section 8 – Expenditure on councillor allowances and employee benefits

### Employee related costs per vote

ITEM DESCRIPTION	BUDGET	ACTUAL FOR DECEMBER	YEAR-TO-DATE EXPENDITURE	% EXPENDITURE TO DATE
Salaries	R91 473 408.00	R7,691,875.00	R47,386,163.00	54.15%
Overtime	R3 235 230.00	R780,638.00	R4,856,253.00	98.07%
All: Housing	R264 678.00	R18,831.00	R154,254.00	31.61%
All: Telephone	R359 609.00	R13,861.00	R83,932.00	46.04%
All: Transport	R3 804 270 .00	R309,314.00	R1,554,212.00	59.07%
All: Inconvenience	R604 509.00	R91,286.00	R603,710.00	74.09%
Pension/Provident Fund	R16 638 221.00	R1,081,093.00	R6,422,209.00	56.51%
Medical Aid Fund	R1 494 818.00	R482,686.00	R2,877,263.00	55.99%
Group Life Assurance	R865 856.00	R47,854.00	R277,281.00	59.00%
<b>Total</b>	<b>R118 740 599.00</b>	<b>R10,517,438.00</b>	<b>R64,215,277.00</b>	<b>56.55%</b>



## Section 9 – Supply Chain Management

### Deviations for the month

<u>COMPANY NAME</u>	<u>DESCRIPTION</u>	<u>DEPARTMENT</u>	<u>REASON</u>	<u>AMOUNT</u>
<b>TOTAL</b>				

### Tenders awarded for the month

No tenders were awarded.

## Section 10 – Municipal Manager's Quality Certification

I, Riana Meiring, Acting Municipal Manager of Makana Municipality, hereby certify that the information provided in this report and supporting documents have been prepared to the best of our ability in accordance with the Municipal Finance Management Act and the regulations made under this Act.

NAME: Riana Meiring

SIGNATURE: 

DATE: 14/01/16