



**MAKANA**  
MUNICIPALITY | EASTERN CAPE



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## **FINANCIAL MONTHLY REPORT**

**DECEMBER 2014**

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### Legislative Framework

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- MFMA Act- No.56 of 2003, Section 71 and
- Municipal Budget and Reporting Regulations

The objectives of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for transparency, accountability and appropriate lines of responsibility in the budget and reporting process and other relevant matters as required by the Act.



### **To The Executive Mayor**

In accordance with Section 71 (1) of the MFMA, I submit the required statement of the state of Makana Municipality' budget reflecting monthly expenditure.

Section 54 (1) of the MFMA requires the Mayor of the municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

### **Recommendations**

- The content of this report and supporting documents as at December 2014 is noted.
- It be noted that the directors ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan projections and in accordance with the approved budget.
- It be noted that any material variances will receive remedial or corrective action.

## QUALITY CERTIFICATE

I, J. B. KHUMALO....., Acting Municipal Manager of Makana Municipality, hereby certify that –

- The monthly budget statement

for the month of December 2014 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Name: Ms BUSISIWE KHUMALO

Acting Municipal Manager of Makana Municipality (EC104)

Signature: JBKhumalo

Date: 05/02/2015



## **2. EXECUTIVE SUMMARY**

Section 71 (1) of the MFMA requires that the Municipal Manager, 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.

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. Consolidated Performance**

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

	<b>Capital Expenditure R'000</b>	<b>Operating Expenditure R'000</b>	<b>Operating Revenue R'000</b>
Budget	63, 679	382, 010	382, 010
Budget to date	31, 839	191, 005	191, 005
Year to date Actual	10, 093	158, 912	200, 425
% of Annual Budget	20%	50%	60%

### **Relevant Information**

The municipality's total operating expenditure for the first six months was R112, 11 million, which is 29, 3% of the annual budget of R382, 0 million.

The low spending level was mainly caused by the challenges in cash flow management.

- As at December the collection rate was 66% compared to the budgeted 75%. This resulted in certain expenditure being put on hold.
- The repayment of accruals relating to previous financial years was not budgeted for in the current financial year. This means some budgeted expenditure had to be cut or put on hold to compensate for the funds used in the payment of the accruals. Currently total creditors amount to R78 million.

Employee-related costs show slow spending. They are underspent by R25, 0 million, which is 37 % variance. None of the funded vacancies have been filled. This resulted in departments resorting to use of overtime to close the vacancy gap. Overtime costs show high spending. They are over spent by R517 thousands funds will be shifted from Employee-related costs to Overtime costs.

Councillor remuneration amounts to R3, 4 million which is 3% of the actual expenditure to date



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

Description	2013/14	Budget Year 2014/15							
	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	46 135	45 925	-	3 625	40 170	22 963	17 207	75%	-
Service charges	161 564	230 204	-	16 015	120 059	115 102	4 957	4%	-
Investment revenue	11 221	100	-	1 281	4 705	50	4 655	9311%	-
Transfers recognised - operational	73 127	78 153	-	-	53 303	39 077	14 226	36%	-
Other own revenue	12 227	27 627	-	174	7 669	13 814	(6 144)	-44%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>304 275</b>	<b>382 010</b>	<b>-</b>	<b>21 095</b>	<b>225 906</b>	<b>191 005</b>	<b>34 901</b>	<b>18%</b>	<b>-</b>
Employee costs	126 902	135 188	-	10 988	42 569	67 594	(25 025)	-37%	-
Remuneration of Councillors	8 337	9 313	-	699	3 442	4 657	(1 214)	-26%	-
Depreciation & asset impairment	59 239	27 081	-	1 876	44 158	13 541	30 618	226%	-
Finance charges	6 337	-	-	694	703	-	703	#DIV/0!	-
Materials and bulk purchases	67 096	79 624	-	5 918	5 918	39 812	(33 894)	-85%	-
Transfers and grants	22 093	41 863	-	1 593	6 864	20 931	(14 068)	-	-
Other expenditure	63 340	88 941	-	2 598	8 454	44 471	(36 017)	-81%	-
<b>Total Expenditure</b>	<b>353 345</b>	<b>382 010</b>	<b>-</b>	<b>24 367</b>	<b>112 109</b>	<b>191 005</b>	<b>(78 897)</b>	<b>-41%</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(49 070)</b>	<b>(0)</b>	<b>-</b>	<b>(3 272)</b>	<b>113 797</b>	<b>(0)</b>	<b>113 797</b>	<b>#####</b>	<b>-</b>
Transfers recognised - capital	21 302	65 296	-	-	-	32 648	(32 648)	-100%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(27 767)</b>	<b>65 296</b>	<b>-</b>	<b>(3 272)</b>	<b>113 797</b>	<b>32 648</b>	<b>81 149</b>	<b>249%</b>	<b>-</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(27 767)</b>	<b>65 296</b>	<b>-</b>	<b>(3 272)</b>	<b>113 797</b>	<b>32 648</b>	<b>81 149</b>	<b>249%</b>	<b>-</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>(1 664)</b>	<b>63 679</b>	<b>-</b>	<b>2 900</b>	<b>2 424</b>	<b>31 839</b>	<b>(29 416)</b>	<b>-92%</b>	<b>-</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	172 319	178 736	-	-	227 818	-	-	-	-
Total non current assets	1 064 793	268 800	-	-	1 069 438	-	-	-	-
Total current liabilities	183 116	5 277	-	-	157 509	-	-	-	-
Total non current liabilities	115 220	-	-	-	114 816	-	-	-	-
<b>Community wealth/Equity</b>	<b>938 776</b>	<b>1 541 904</b>	<b>-</b>	<b>-</b>	<b>1 024 931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>									
Net cash from (used) operating	54 632	27 081	-	(12 638)	31 460	13 541	17 920	132%	(55 842)
Net cash from (used) investing	(69 538)	-	-	(3 411)	(27 960)	-	(27 960)	#DIV/0!	-
Net cash from (used) financing	30 861	-	-	8	125	-	125	#DIV/0!	(56 707)
<b>Cash/cash equivalents at the month/year end</b>	<b>25 788</b>	<b>27 081</b>	<b>-</b>	<b>-</b>	<b>3 048</b>	<b>13 541</b>	<b>(10 492)</b>	<b>-77%</b>	<b>(113 126)</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	(7 953)	18 797	12 411	12 061	12 184	57 799	-	-	105 298
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	-	-	-	-	-	-	-



EC104 Makana • Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		77 277	98 790	-	5 019	36 018	49 395	(13 377)	-27%	-
Executive and council		3 858	7 183	-	0	2 043	3 592	(1 548)	-43%	-
Budget and treasury office		68 737	87 983	-	4 937	33 579	43 992	(10 412)	-24%	-
Corporate services		4 682	3 624	-	81	395	1 812	(1 417)	-78%	-
<i>Community and public safety</i>		8 971	8 055	-	41	719	4 028	(3 308)	-82%	-
Community and social services		2 682	2 974	-	27	195	1 487	(1 292)	-87%	-
Sport and recreation		3 784	11	-	2	10	6	5	85%	-
Public safety		711	3 654	-	12	62	1 827	(1 764)	-97%	-
Housing		-	-	-	-	-	-	-	-	-
Health		1 793	1 416	-	0	451	708	(257)	-36%	-
<i>Economic and environmental services</i>		13 097	11 185	-	21	1 099	5 593	(4 493)	-80%	-
Planning and development		2 455	9 092	-	20	486	4 546	(4 060)	-89%	-
Road transport		9 620	1 350	-	-	606	675	(69)	-10%	-
Environmental protection		1 022	742	-	2	7	371	(364)	-98%	-
<i>Trading services</i>		226 212	263 964	-	16 013	107 249	131 982	(24 733)	-19%	-
Electricity		100 108	144 242	-	9 848	56 429	72 121	(15 692)	-22%	-
Water		72 354	68 093	-	4 028	25 179	34 046	(8 867)	-26%	-
Waste water management		37 692	34 924	-	1 319	17 160	17 462	(302)	-2%	-
Waste management		16 057	16 706	-	820	8 481	8 353	128	2%	-
<i>Other</i>	4	3	15	-	-	-	8	(8)	-100%	-
<b>Total Revenue - Standard</b>	2	325 560	382 010	-	21 095	145 085	191 005	(45 920)	-24%	-
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		112 266	110 096	-	5 735	57 247	55 048	2 199	4%	-
Executive and council		23 560	30 725	-	1 470	6 554	15 362	(8 808)	-57%	-
Budget and treasury office		54 090	36 792	-	1 847	42 671	18 396	24 275	132%	-
Corporate services		34 617	42 578	-	2 417	8 021	21 289	(13 268)	-62%	-
<i>Community and public safety</i>		36 345	31 326	-	3 022	11 771	15 663	(3 892)	-25%	-
Community and social services		9 599	12 998	-	766	2 974	6 499	(3 525)	-54%	-
Sport and recreation		8 885	4 490	-	704	2 707	2 245	462	21%	-
Public safety		15 768	11 413	-	1 363	5 333	5 706	(374)	-7%	-
Housing		45	-	-	2	6	-	6	#DIV/0!	-
Health		2 249	2 425	-	187	751	1 213	(461)	-38%	-
<i>Economic and environmental services</i>		26 514	42 209	-	1 537	5 953	21 104	(15 152)	-72%	-
Planning and development		9 675	16 721	-	565	1 857	8 361	(6 503)	-78%	-
Road transport		12 399	18 665	-	743	3 141	9 332	(6 192)	-66%	-
Environmental protection		4 440	6 823	-	230	955	3 412	(2 456)	-72%	-
<i>Trading services</i>		177 967	198 055	-	14 061	37 065	99 027	(61 962)	-63%	-
Electricity		86 155	103 184	-	7 671	12 562	51 592	(39 030)	-76%	-
Water		53 585	56 174	-	3 342	12 600	28 087	(15 487)	-55%	-
Waste water management		21 801	26 840	-	1 825	7 055	13 420	(6 365)	-47%	-
Waste management		16 426	11 857	-	1 223	4 848	5 928	(1 081)	-18%	-
<i>Other</i>		252	325	-	12	72	162	(91)	-56%	-
<b>Total Expenditure - Standard</b>	3	353 344	382 010	-	24 367	112 108	191 005	(78 897)	-41%	-
<b>Surplus/ (Deficit) for the year</b>		(27 785)	0	-	(3 272)	32 977	(0)	32 977		-



### **3.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)**

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

The main functions are Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading services. It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3

#### **Operating Revenue:**

Operating revenue totals R200, 425 million for the period ending 30 December 2014.

#### **Operating Expenditure**

Operating expenditure reported is R158, 912 million for the period to date.

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

EC104 Makana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - TECHNICAL SERVICES		48 698	46 627	-	1 414	17 587	23 314	(5 727)	-24.6%	-
Vote 2 - CORPORATE SERVICES		306	1 238	-	2	372	619	(247)	-39.9%	-
Vote 3 - FINANCIAL SERVICES		68 737	87 990	-	4 937	33 579	43 995	(10 416)	-23.7%	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		29 435	26 620	-	861	9 805	13 310	(3 505)	-26.3%	-
Vote 5 - EXECUTIVE & COUNCIL		2 427	4 827	-	-	1 294	2 414	(1 120)	-46.4%	-
Vote 6 - MUNICIPALITY MANAGER		1 449	2 315	-	-	740	1 158	(418)	-36.1%	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		2 015	-	-	6	100	-	100	#DIV/0!	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		100 108	144 242	-	9 846	56 429	72 121	(15 692)	-21.8%	-
Vote 10 - WATER		72 354	68 093	-	4 028	25 179	34 046	(8 867)	-26.0%	-
Vote 11 - DOG TAX		-	1	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		32	56	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	28	(28)	-100.0%	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	325 560	382 010	-	21 095	145 085	191 005	(45 920)	-24.0%	-
<b>Expenditure by Vote</b>	1									
Vote 1 - TECHNICAL SERVICES		44 373	59 109	-	3 428	13 005	29 554	(16 549)	-56.0%	-
Vote 2 - CORPORATE SERVICES		26 979	27 449	-	2 354	8 721	13 725	(5 004)	-36.5%	-
Vote 3 - FINANCIAL SERVICES		54 090	32 433	-	1 847	42 671	16 217	26 455	163.1%	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		59 415	66 909	-	4 528	18 027	33 454	(15 427)	-46.1%	-
Vote 5 - EXECUTIVE & COUNCIL		14 257	16 235	-	589	2 123	8 118	(5 995)	-73.9%	-
Vote 6 - MUNICIPALITY MANAGER		7 961	10 856	-	306	1 337	5 428	(4 091)	-75.4%	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		6 485	9 610	-	300	1 056	4 805	(3 749)	-78.0%	-
Vote 8 - HOUSING		45	51	-	2	6	26	(19)	-75.2%	-
Vote 9 - ELECTRICITY		86 155	103 183	-	7 671	12 562	51 591	(39 030)	-75.7%	-
Vote 10 - WATER		53 585	56 177	-	3 342	12 600	28 088	(15 488)	-55.1%	-
Vote 11 - DOG TAX		-	1	-	-	-	1	(1)	-100.0%	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	353 344	382 013	-	24 367	112 108	191 006	(78 898)	-41.3%	-
<b>Surplus/ (Deficit) for the year</b>	2	(27 785)	(2)	-	(3 272)	32 977	(2)	32 979	-	-

Reporting per municipal vote provide details on the spread of spending over the various functions of council. Income is mainly budgeted under the Executive and Council function and therefore the majority of the income will be reflected under this section.



### 3.1.4 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure) Revenue by Source

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

2013/14 Makara - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2013/14	Budget Year 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		46 135	45 925	-	3 625	40 170	22 963	17 207	75%	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		95 766	144 242	-	9 844	72 654	72 121	533	1%	-
Service charges - water revenue		59 346	50 837	-	5 347	28 600	25 419	3 181	13%	-
Service charges - sanitation revenue		-	24 217	-	-	13 953	12 109	1 844	15%	-
Service charges - refuse revenue		6 363	10 908	-	819	4 831	5 454	(623)	-11%	-
Service charges - other		90	-	-	4	21	-	21	#DIV/0!	-
Rental of facilities and equipment		789	4 323	-	85	1 142	2 162	(1 020)	-47%	-
Interest earned - external investments		11 221	100	-	1 281	4 705	50	4 655	9311%	-
Interest earned - outstanding debtors		-	9 500	-	-	-	4 750	(4 750)	-100%	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines		656	1 041	-	8	36	521	(484)	-93%	-
Licences and permits		2 597	3 372	-	1	209	1 686	(1 477)	-88%	-
Agency services		877	-	-	-	403	-	403	#DIV/0!	-
Transfers recognised - operational		73 127	78 153	-	-	53 303	39 077	14 226	36%	-
Other revenue		7 309	9 391	-	80	5 879	4 695	1 184	25%	-
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		304 275	382 010	-	21 095	225 906	191 005	34 901	18%	-
Expenditure By Type										
Employee related costs		126 902	135 188	-	10 988	42 569	67 594	(25 025)	-37%	-
Remuneration of councillors		8 337	9 313	-	699	3 442	4 657	(1 214)	-26%	-
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		59 239	27 081	-	1 876	44 158	13 541	30 618	226%	-
Finance charges		6 337	-	-	694	703	-	703	#DIV/0!	-
Bulk purchases		67 096	79 624	-	5 918	5 918	39 812	(33 894)	-85%	-
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		6 469	6 341	-	1	55	3 170	(3 116)	-98%	-
Transfers and grants		22 093	41 863	-	1 593	6 864	20 931	(14 068)	-67%	-
Other expenditure		56 871	82 601	-	2 597	8 399	41 300	(32 901)	-80%	-
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		353 345	382 010	-	24 367	112 109	191 005	(78 897)	-41%	-
Surplus/(Deficit)										
Transfers recognised - capital		(49 070)	(0)	-	(3 272)	113 797	(0)	113 797	(683)	-
Contributions recognised - capital		21 302	65 296	-	-	-	32 648	(32 648)	(0)	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(27 767)	65 296	-	(3 272)	113 797	32 648	-	-	-
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(27 767)	65 296	-	(3 272)	113 797	32 648	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(27 767)	65 296	-	(3 272)	113 797	32 648	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(27 767)	65 296	-	(3 272)	113 797	32 648	-	-	-



### **Revenue by sources**

Revenue by sources explains the types of incomes budgeted for and the performance of their items individually.

#### **Interest earned – External Investments:**

Reflects the interest earned on the investment of access funds not needed in the operations of the municipality over the short term period of time which will be readily available when needed.

#### **Other revenue / Sundry income**

Other revenue reflects a low income due to this being the early months of the financial year. The winter season and occupation rates at the resorts for these months are lower than high season.

#### **Gains on disposal of PPE (Sale of Land)**

No income was recorded under the Gains on disposal of PPE.

### **Expenditure by Type**

Expenditure by type reflects the operational budget per main type/category of expenditure.

#### **Employee Related cost / Remuneration of councillors**

For the month of December employee-related costs were at 37% of the total monthly operating expenditure. As at year-to-date Employee-related cost reported 42% of the total actual expenditure, while Remuneration of Councillors reported 3%.

#### **Finance charges**

Repayment of the loans are processed in December and June.

#### **Other expenditure**

Other expenditure reflects all other expenses not identified. The expenditure on these items should be low as they are non-core spending.



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

Vote Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - TECHNICAL SERVICES		1	36 015	-	2 900	2 923	18 008	(15 085)	-84%	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		(3)	-	-	-	(3)	-	(3)	#DIV/0!	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	5 550	-	-	100	2 775	(2 675)	-96%	-
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	1 999	-	-	77	1 000	(923)	-92%	-
Vote 9 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 10 - WATER		(1 662)	6 814	-	-	(1 662)	3 407	(5 069)	-149%	-
Vote 11 - DOG TAX		-	-	-	-	989	-	989	#DIV/0!	-
Vote 12 - PARKING METERS		-	13 300	-	-	-	6 650	(6 650)	-100%	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	(1 664)	63 679	-	2 900	2 424	31 839	(29 416)	-92%	-
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		(0)	-	-	-	(0)	-	(0)	#DIV/0!	-
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 -		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	(0)	-	-	-	(0)	-	(0)	#DIV/0!	-
<b>Total Capital Expenditure</b>		(1 664)	63 679	-	2 900	2 424	31 839	(29 416)	-92%	-
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		(3)	-	-	-	(3)	-	(3)	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		(3)	-	-	-	-	-	-	-	-
Corporate services		(0)	-	-	-	(0)	-	(0)	#DIV/0!	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	100	-	100	#DIV/0!	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	100	-	100	#DIV/0!	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		1	-	-	2 685	2 763	-	2 763	#DIV/0!	-
Planning and development		-	-	-	-	77	-	77	#DIV/0!	-
Road transport		1	-	-	2 685	2 686	-	2 686	#DIV/0!	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		(1 662)	-	-	-	-	-	-	-	-
Electricity		(1 662)	-	-	-	(650)	-	(650)	#DIV/0!	-
Water		(0)	-	-	-	(1 662)	-	(1 662)	#DIV/0!	-
Waste water management		-	-	-	-	989	-	989	#DIV/0!	-
Waste management		-	-	-	-	22	-	22	#DIV/0!	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard Classification</b>	3	(1 664)	-	-	2 685	2 210	-	2 210	#DIV/0!	-

Capital spending is alarmingly low. This is because the municipality had to re-apply to Co-Operative Governance and Traditional Affairs (COGTA) database for approval of new projects as the original council approved projects were rejected on the basis that the projects did not respond to delivery of core services to communities.

All capital projects of R63, 7 million were externally funded .The municipality's total capital expenditure for the first six months was R12, 7 million, which is 20% of the annual budget.

Reasons as to why the actual spending is below the budgeted expenditure can be attributed as follows:

- Poor planning; and
- In-kind grants that are not transferred directly to municipal bank account e.g. INEP and NDPG



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

Description	Ref	2013/14	Budget Year 2014/15			
		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		1 595	4 381	-	26 179	-
Call investment deposits		-	6 054	-	-	-
Consumer debtors		128 393	130 329	-	148 134	-
Other debtors		29 209	28 745	-	39 613	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		13 122	9 228	-	-	-
<b>Total current assets</b>		<b>172 319</b>	<b>178 736</b>	<b>-</b>	<b>227 818</b>	<b>-</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		25 587	-	-	25 632	-
Investment property		227 072	240 495	-	227 072	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		811 186	-	-	815 786	-
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		-	-	-	-	-
Other non-current assets		948	475	-	948	-
<b>Total non current assets</b>		<b>-</b>	<b>27 830</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1 064 793</b>	<b>268 800</b>	<b>-</b>	<b>1 069 438</b>	<b>-</b>
		<b>1 237 112</b>	<b>447 536</b>	<b>-</b>	<b>1 297 256</b>	<b>-</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		15 062	-	-	-	-
Borrowing		4 293	-	-	3 888	-
Consumer deposits		2 298	2 339	-	2 361	-
Trade and other payables		158 098	-	-	147 894	-
Provisions		3 365	2 938	-	3 365	-
<b>Total current liabilities</b>		<b>183 116</b>	<b>5 277</b>	<b>-</b>	<b>157 509</b>	<b>-</b>
<b>Non current liabilities</b>						
Borrowing		50 117	-	-	50 117	-
Provisions		65 103	-	-	64 699	-
<b>Total non current liabilities</b>		<b>115 220</b>	<b>-</b>	<b>-</b>	<b>114 816</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>298 336</b>	<b>5 277</b>	<b>-</b>	<b>272 325</b>	<b>-</b>
<b>NET ASSETS</b>	<b>2</b>	<b>938 776</b>	<b>442 259</b>	<b>-</b>	<b>1 024 931</b>	<b>-</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		933 349	1 541 904	-	1 019 497	-
Reserves		5 428	-	-	5 434	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>938 776</b>	<b>1 541 904</b>	<b>-</b>	<b>1 024 931</b>	<b>-</b>



## PART 2 – SUPPORTING DOCUMENTATION

### Section 4 – Debtors' analysis

EC104 Makana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

2014/15 Makara - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December														
Description	NT Code	Budget Year 2014/15										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		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				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	(5 765)	3 373	2 985	6 989	2 136	13 552	-	-	23 270	22 677	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	5 958	7 967	4 177	1 893	7 185	14 800	-	-	41 982	23 879	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	(1 953)	6 482	4 521	2 632	2 427	24 989	-	-	39 058	30 048	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	(18)	1	1	1	0	4	-	-	(12)	5	-	-	
Receivables from Exchange Transactions - Waste Management	1600	(5 400)	492	417	383	360	3 119	-	-	(630)	3 861	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	(228)	104	104	76	75	614	-	-	745	766	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(508)	379	206	87	0	721	-	-	885	808	-	-	
Total By Income Source	2000	(7 953)	18 797	12 411	12 061	12 184	57 799	-	-	105 298	82 043	-	-	
2013/14 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	(1 370)	2 935	997	244	262	2 294	-	-	5 363	2 800	-	-	
Commercial	2300	404	7 767	4 904	5 557	7 403	18 315	-	-	44 351	31 275	-	-	
Households	2400	(5 731)	5 830	5 659	5 554	3 855	30 161	-	-	46 328	39 570	-	-	
Other	2500	(1 257)	1 265	851	705	663	7 029	-	-	9 256	8 387	-	-	
Total By Customer Group	2600	(7 953)	18 797	12 411	12 061	12 184	57 799	-	-	105 298	82 043	-	-	

The highest contributor of outstanding debtors continues to be the rapid increase in actual indigent households without updating the municipality's records. Once this kind of information, through the assistance of councillors and the community at large, is updated it will give the municipality tangible motivation to increase its equitable share from National Treasury so that the municipality is able to cover revenue forgone from indigent households.

The municipality has recently been appointed a service provider to assist in data cleaning and debt collection through the implementation of the Revenue Enhancement Strategy. Collection rate is thus anticipated to increase and debtors book to decrease.

## Section 5 – Allocation and grant receipts and expenditure

### 6.1 Supporting Table SC6



EC104 Makana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December			
Description	2013/14		

2014/15 Makana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December										
Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants	1,2									
National Government:										
Local Government Equitable Share		55 780	75 725	-	-	55 870	37 359	16 542	44.3%	-
Finance Management		53 602	72 184	-	-	52 634	36 092	16 542	45.8%	-
Municipal Systems Improvement		1 240	1 600	-	-	-	-	-	-	-
EPWP Incentive		938	934	-	-	1 600	800	-	-	-
	3	-	1 007	-	-	934	467	-	-	-
		-	-	-	-	702	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Health subsidy		4 010	3 844	-	-	-	-	-	-	-
Sport and Recreation		1 788	1 409	-	-	450	1 922	(1 472)	-76.6%	-
		-	-	-	-	450	705	(255)	-36.2%	-
	4	2 222	2 435	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	1 217	(1 217)	-100.0%	-
		-	-	-	-	-	-	-	-	-
District Municipality:		1 276	-	-	-	-	-	-	-	-
[insert description]		1 276	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		196	539	-	-	-	-	-	-	-
[insert description]		196	539	-	-	1	270	(268)	-99.6%	-
		-	-	-	-	1	270	(268)	-99.6%	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	61 262	80 108	-	-	56 321	39 550	14 801	37.4%	-
Capital Transfers and Grants										
National Government:										
Regional Bulk Infrastructure		15 895	36 211	-	-	4 290	-	4 290	#DIV/0!	-
		15 895	10 000	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)		-	23 298	-	-	-	-	-	-	-
Neighbourhood Development Partnership		-	893	-	-	4 290	4 290	#DIV/0!	-	-
INEP		-	-	-	-	-	-	-	-	-
Provincial Government:		-	2 020	-	-	-	-	-	-	-
Sport and Recreation		-	1 550	-	-	-	-	-	-	-
		-	1 550	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
External Funding		-	27 535	-	-	-	-	-	-	-
		-	27 535	-	-	12 280	-	12 280	#DIV/0!	-
		-	-	-	-	12 280	-	12 280	#DIV/0!	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	15 895	65 296	-	-	-	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	77 157	145 404	-	-	72 891	39 550	31 371	79.3%	-