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FINANCIAL MONTHLY REPORT

JANUARY 2015

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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 January 2015 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 January 2015 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Name: Ms J. B KHUMALO

Acting Municipal Manager of Makana Municipality (EC104)

Signature: *J. B Khumalo*

Date: 14/01/2015

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.

	Capital Expenditure R'000	Operating Expenditure R'000	Operating Revenue R'000
Budget	63, 679	382, 010	382, 010
Budget to date	37, 146	222, 839	222, 839
Year to date Actual	11, 640	180, 860	189, 160
% of Annual Budget	20%	50%	50%

Relevant Information

The municipality's total operating expenditure for the first seven months was R180, 9 million, which is 50% of the annual budget of R382, 0 million.

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

- As at January 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 R78,2 million.

Employee-related costs show slow spending. They are underspent by R25, 0 million, which is 37 % variance. Not all of the funded vacancies have been filled. This resulted in departments resorting to use of overtime to close the vacancy gap, therefore Overtime costs show a high spending.

Councillor remuneration amounts to R4, 1 million which is 2% of the total actual expenditure to date.

EC104 Makana - Table C1 Consolidated Monthly Budget Statement Summary - M07 January

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
R thousands									
Financial Performance									
Property rates	46 135	45 925	-	3 626	29 994	26 790	3 204	12%	-
Service charges	161 564	230 204	-	12 903	95 487	130 877	(35 390)	-27%	-
Investment revenue	11 221	100	-	1 302	6 007	5 600	407	7%	-
Transfers recognised - operational	73 127	78 153	-	26 089	56 047	46 730	9 318	20%	-
Other own revenue	12 227	27 627	-	(59)	1 625	4 477	(2 852)	-64%	-
Total Revenue (excluding capital transfers and contributions)	304 275	382 010	-	43 861	189 160	214 473	(25 313)	-12%	-
Employee costs	126 902	135 188	-	10 687	53 256	76 286	(23 029)	-30%	-
Remuneration of Councillors	8 337	9 313	-	699	4 141	5 431	(1 290)	-24%	-
Depreciation & asset impairment	59 239	27 081	-	1 876	46 034	15 797	30 237	191%	-
Finance charges	6 337	-	-	2 590	3 293	-	3 293	-	-
Materials and bulk purchases	67 096	79 624	-	43 928	49 846	46 447	3 398	7%	-
Transfers and grants	22 093	41 863	-	2 065	8 929	23 800	(14 871)	-	-
Other expenditure	63 340	88 941	-	6 907	15 361	47 648	(32 287)	-68%	-
Total Expenditure	353 345	382 010	-	68 752	180 860	215 409	(34 548)	-16%	-
Surplus/(Deficit)	(49 070)	(0)	-	(24 891)	8 300	(935)	9 235	-987%	-
Transfers recognised - capital	21 302	65 296	-	215	215	939	(724)	-77%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(27 767)	65 296	-	(24 676)	8 514	3	8 511	244139%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(27 767)	65 296	-	(24 676)	8 514	3	8 511	244139%	-
Capital expenditure & funds sources									
Capital expenditure	(1 664)	63 679	-	2 254	4 678	-	4 678	-	-
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	172 319	178 736	-	-	250 625				-
Total non current assets	1 064 793	268 800	-	-	1 071 948				-
Total current liabilities	183 116	5 277	-	-	208 037				-
Total non current liabilities	115 220	-	-	-	114 816				-
Community wealth/Equity	938 776	1 541 904	-	-	999 921				-
Cash flows									
Net cash from (used) operating	54 632	66 932	-	22 168	56 043	15 801	40 242	255%	(55 842)
Net cash from (used) investing	(69 538)	5 140	-	(2 510)	(76 693)	(61 533)	(15 160)	25%	-
Net cash from (used) financing	30 861	4 412	-	(16)	30 452	-	30 452	-	(56 707)
Cash/cash equivalents at the month/year end	25 788	86 316	-	-	21 699	(35 899)	57 598	-160%	(100 653)
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	(9 138)	14 482	15 209	11 343	11 475	68 366	-	-	111 737
Creditors Age Analysis									
Total Creditors	1 554	839	12 261	63 523	-	-	-	-	78 177

EC104 Makana - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M07 January

Description	Ref	2013/14	Budget Year 2014/15							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1								%	
Revenue - Standard										
<i>Governance and administration</i>		77 277	98 790	-	18 982	53 664	55 135	(1 471)	-3%	98 790
Executive and council		3 858	7 183	-	1 609	3 652	2 840	812	29%	7 183
Budget and treasury office		68 737	87 983	-	17 010	49 551	50 442	(891)	-2%	87 983
Corporate services		4 682	3 624	-	364	460	1 852	(1 392)	-75%	3 624
<i>Community and public safety</i>		8 971	8 055	-	477	1 196	3 275	(2 079)	-63%	8 055
Community and social services		2 682	2 974	-	38	233	1 736	(1 503)	-87%	2 974
Sport and recreation		3 784	11	-	2	12	10	2	17%	11
Public safety		711	3 654	-	9	71	703	(632)	-90%	3 654
Housing		-	-	-	-	-	-	-	-	-
Health		1 793	1 416	-	429	880	826	54	7%	1 416
<i>Economic and environmental services</i>		13 097	11 185	-	10	1 109	3 015	(1 906)	-63%	11 185
Planning and development		2 455	9 092	-	8	494	380	113	30%	9 092
Road transport		9 620	1 350	-	-	606	2 214	(1 608)	-73%	1 350
Environmental protection		1 022	742	-	2	9	421	(411)	-98%	742
<i>Trading services</i>		226 212	263 964	-	25 943	133 191	153 979	(20 787)	-14%	263 964
Electricity		100 108	144 242	-	8 373	64 802	84 141	(19 339)	-23%	144 242
Water		72 354	68 093	-	9 928	35 107	39 721	(4 614)	-12%	68 093
Waste water management		37 692	34 924	-	4 890	22 050	20 372	1 678	8%	34 924
Waste management		16 057	16 706	-	2 752	11 232	9 745	1 487	15%	16 706
<i>Other</i>	4	3	15	-	-	-	9	(9)	-100%	15
Total Revenue - Standard	2	325 560	382 010	-	45 412	189 160	215 412	(26 252)	-12%	382 010
Expenditure - Standard										
<i>Governance and administration</i>		112 266	110 096	-	7 377	64 527	58 827	5 701	10%	110 096
Executive and council		23 560	30 725	-	1 617	8 172	13 468	(5 297)	-39%	30 725
Budget and treasury office		54 090	36 792	-	4 070	46 742	21 497	25 244	117%	36 792
Corporate services		34 617	42 578	-	1 690	9 614	23 861	(14 247)	-60%	42 578
<i>Community and public safety</i>		36 345	31 326	-	2 906	14 612	21 647	(7 035)	-32%	31 326
Community and social services		9 599	12 998	-	855	3 819	5 552	(1 733)	-31%	12 998
Sport and recreation		8 685	4 490	-	603	3 275	5 302	(2 028)	-38%	4 490
Public safety		15 768	11 413	-	1 243	6 576	9 348	(2 772)	-30%	11 413
Housing		45	-	-	2	8	30	(22)	-73%	-
Health		2 249	2 425	-	203	934	1 415	(480)	-34%	2 425
<i>Economic and environmental services</i>		26 514	42 209	-	2 324	8 182	12 835	(4 653)	-36%	42 209
Planning and development		9 675	16 721	-	1 100	2 927	4 114	(1 187)	-29%	16 721
Road transport		12 399	18 665	-	1 017	4 092	6 036	(1 944)	-32%	18 665
Environmental protection		4 440	6 823	-	207	1 162	2 685	(1 523)	-57%	6 823
<i>Trading services</i>		177 967	198 055	-	57 490	93 455	1 576	91 878	5829%	198 055
Electricity		86 155	103 184	-	45 443	58 005	(60 190)	118 196	-196%	103 184
Water		53 585	56 174	-	8 680	20 280	32 768	(12 488)	-38%	56 174
Waste water management		21 801	26 840	-	2 044	8 999	17 915	(8 916)	-50%	26 840
Waste management		16 426	11 857	-	1 323	6 171	11 084	(4 913)	-44%	11 857
<i>Other</i>		252	325	-	12	84	143	(59)	-41%	325
Total Expenditure - Standard	3	353 344	382 010	-	70 109	180 860	95 028	85 832	90%	382 010
Surplus/ (Deficit) for the year		(27 785)	0	-	(24 697)	8 300	120 384	(112 084)	-93%	-

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 R189, 160 million for the period ending 30 January 2015.

Operating Expenditure

Operating expenditure reported is R180, 860 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 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

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									%	
Revenue by Vote	1									
Vote 1 - TECHNICAL SERVICES		48 698	46 627	-	4 963	22 550	21 325	1 225	5.7%	46 627
Vote 2 - CORPORATE SERVICES		306	1 238	-	7	379	605	(227)	-37.4%	1 238
Vote 3 - FINANCIAL SERVICES		68 737	87 990	-	15 972	49 551	50 442	(891)	-1.8%	87 990
Vote 4 - COMMUNITY & SOCIAL SERVICES		29 435	26 620	-	3 224	13 029	15 584	(2 555)	-16.4%	26 620
Vote 5 - EXECUTIVE & COUNCIL		2 427	4 827	-	1 609	2 902	2 816	86	3.1%	4 827
Vote 6 - MUNICIPALITY MANAGER		1 449	2 315	-	-	740	1	739	59281.8%	2 315
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		2 015	-	-	-	100	744	(644)	-86.6%	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		100 108	144 242	-	8 373	64 802	84 141	(19 339)	-23.0%	144 242
Vote 10 - WATER		72 354	68 093	-	9 928	35 107	39 721	(4 614)	-11.6%	68 093
Vote 11 - DOG TAX		-	1	-	-	-	1	(1)	-100.0%	1
Vote 12 - PARKING METERS		32	56	-	-	-	33	(33)	-100.0%	56
Total Revenue by Vote	2	325 560	382 010	-	44 075	189 160	215 412	(26 252)	-12.2%	382 010
Expenditure by Vote	1									
Vote 1 - TECHNICAL SERVICES		44 373	59 109	-	3 599	16 604	28 397	(11 793)	-41.5%	59 109
Vote 2 - CORPORATE SERVICES		26 979	27 449	-	942	9 663	15 895	(6 232)	-39.2%	27 449
Vote 3 - FINANCIAL SERVICES		54 090	32 433	-	4 070	46 742	21 497	25 244	117.4%	32 433
Vote 4 - COMMUNITY & SOCIAL SERVICES		59 415	66 909	-	4 495	22 522	37 781	(15 259)	-40.4%	66 909
Vote 5 - EXECUTIVE & COUNCIL		14 257	16 235	-	1 250	3 373	9 470	(6 098)	-64.4%	16 235
Vote 6 - MUNICIPALITY MANAGER		7 961	10 856	-	427	1 764	2 768	(1 004)	-36.3%	10 856
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		6 485	9 610	-	844	1 900	6 611	(4 712)	-71.3%	9 610
Vote 8 - HOUSING		45	51	-	2	8	30	(22)	-73.4%	51
Vote 9 - ELECTRICITY		86 155	103 183	-	45 443	58 005	60 190	(2 185)	-3.6%	103 183
Vote 10 - WATER		53 585	56 177	-	7 680	FALSE	32 768	(12 488)	-38.1%	56 177
Vote 11 - DOG TAX		-	1	-	-	-	1	(1)	-100.0%	1
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	353 344	382 010	-	68 752	180 860	215 409	(34 549)	-16.0%	382 010
Surplus/ (Deficit) for the year	2	(27 785)	-	-	(24 677)	8 300	3	8 297	238005.2%	-

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 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

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	-	3 626	29 994	26 790	3 204	12%	45 925
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		95 766	144 242	-	6 604	62 181	80 747	(18 565)	-23%	144 242
Service charges - water revenue		59 346	50 837	-	5 476	29 052	43 616	(14 564)	-33%	50 837
Service charges - sanitation revenue		-	24 217	-	-	-	-	-	-	24 217
Service charges - refuse revenue		6 363	10 908	-	820	4 228	6 349	(2 120)	-33%	10 908
Service charges - other		90	-	-	3	25	166	(141)	-85%	-
Rental of facilities and equipment		789	4 323	-	(141)	279	89	190	212%	4 323
Interest earned - external investments		11 221	100	-	1 302	6 007	5 600	407	7%	100
Interest earned - outstanding debtors		-	9 500	-	-	-	-	-	-	9 500
Dividends received		-	-	-	-	-	-	-	-	-
Fines		656	1 041	-	2	38	607	(569)	-94%	1 041
Licences and permits		2 597	3 372	-	1	211	1 418	(1 207)	-85%	3 372
Agency services		877	-	-	-	403	784	(381)	-49%	-
Transfers recognised - operational		73 127	78 153	-	26 089	56 047	46 730	9 318	20%	78 153
Other revenue		7 309	9 391	-	79	694	1 578	(884)	-56%	9 391
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		304 275	382 010	-	43 861	189 160	214 473	(25 313)	-12%	382 010
Expenditure By Type										
Employee related costs		126 902	135 188	-	10 687	53 256	76 286	(23 029)	-30%	135 188
Remuneration of councillors		8 337	9 313	-	699	4 141	5 431	(1 290)	-24%	9 313
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		59 239	27 081	-	1 876	46 034	15 797	30 237	191%	27 081
Finance charges		6 337	-	-	2 590	3 293	-	3 293	0%	-
Bulk purchases		67 096	79 624	-	43 928	49 846	46 447	3 398	7%	79 624
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		6 469	6 341	-	55	109	2 133	(2 024)	-95%	6 341
Transfers and grants		22 093	41 863	-	2 065	8 929	23 800	(14 871)	-62%	41 863
Other expenditure		56 871	82 601	-	6 852	15 252	45 515	(30 263)	-66%	82 601
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		353 345	382 010	-	68 752	180 860	215 409	(34 548)	-16%	382 010
Surplus/(Deficit)										
Transfers recognised - capital		(49 070)	(0)	-	(24 891)	8 300	(935)	9 235	(0)	(0)
Contributions recognised - capital		21 302	65 296	-	215	215	939	(724)	(0)	65 296
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(27 767)	65 296	-	(24 676)	8 514	3			-
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(27 767)	65 296	-	(24 676)	8 514	3			65 296
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		(27 767)	65 296	-	(24 676)	8 514	3			65 296
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		(27 767)	65 296	-	(24 676)	8 514	3			65 296

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 January employee-related costs were at 20% of the total monthly operating expenditure. As at year-to-date Employee-related cost reported 29% of the total actual expenditure, while Remuneration of Councillors reported 2%.

Finance charges

Repayment of the loans are processed in January and June. As at January a payment of R3, 3 million has been made which relates to ESKOM.

Other expenditure

Other expenditure reflects all other expenses not identified, to date R8, 9 million has been incurred. The expenditure on these items should be low as they are non-core spending.

EC104 Makana - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M07 January

Vote Description	Ref	2013/14	Budget Year 2014/15							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - TECHNICAL SERVICES		1	36 015	-	1 960	4 883	-	4 883		36 015
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-		-
Vote 3 - FINANCIAL SERVICES		(3)	-	-	-	(3)	-	(3)		-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	5 550	-	-	100	-	100		5 550
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-		-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-		-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	1 999	-	-	77	-	77		1 999
Vote 8 - HOUSING		-	-	-	-	-	-	-		-
Vote 9 - ELECTRICITY		(1 662)	6 814	-	-	(1 662)	-	(1 662)		6 814
Vote 10 - WATER		-	-	-	295	1 284	-	1 284		-
Vote 11 - DOG TAX		-	13 300	-	-	-	-	-		13 300
Vote 12 - PARKING METERS		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	(1 664)	63 679	-	2 254	4 678	-	4 678		63 679
Single Year expenditure appropriation	2									
Vote 1 - TECHNICAL SERVICES		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		(0)	-	-	-	(0)	-	(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		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	(0)	-	-	-	(0)	-	(0)		-
Total Capital Expenditure		(1 664)	63 679	-	2 254	4 678	-	4 678		63 679
Capital Expenditure - Standard Classification										
Governance and administration		(3)	-	-	-	(3)	-	(3)		-
Executive and council		-	-	-	-	-	-	-		-
Budget and treasury office		(3)	-	-	-	(3)	-	(3)		-
Corporate services		(0)	-	-	-	(0)	-	(0)		-
Community and public safety		-	-	-	-	100	-	100		-
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		-	-	-	-	100	-	100		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		1	-	-	-	2 763	-	2 763		-
Planning and development		-	-	-	-	77	-	77		-
Road transport		1	-	-	-	2 686	-	2 686		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		(1 662)	-	-	1 547	897	-	897		-
Electricity		(1 662)	-	-	-	(1 662)	-	(1 662)		-
Water		(0)	-	-	295	1 284	-	1 284		-
Waste water management		-	-	-	1 253	1 275	-	1 275		-
Waste management		-	-	-	-	-	-	-		-
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Standard Classification	3	(1 664)	-	-	1 547	3 757	-	3 757		-

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.

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.

Rollover expenditure will be incorporated in February report after the approval of adjustment budget.

EC104 Makana - Table C6 Consolidated Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1 595	4 381	-	43 612	-
Call investment deposits		-	6 054	-	-	-
Consumer debtors		128 393	130 329	-	151 664	-
Other debtors		29 209	28 745	-	41 036	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		13 122	9 228	-	14 515	-
Total current assets		172 319	178 736	-	250 825	-
Non current assets						
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	-	-	818 296	-
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		948	475	-	948	-
Other non-current assets		-	27 830	-	-	-
Total non current assets		1 064 793	268 800	-	1 071 948	-
TOTAL ASSETS		1 237 112	447 536	-	1 322 773	-
LIABILITIES						
Current liabilities						
Bank overdraft		15 062	-	-	-	-
Borrowing		4 293	-	-	3 888	-
Consumer deposits		2 298	2 339	-	2 345	-
Trade and other payables		158 098	-	-	198 438	-
Provisions		3 365	2 938	-	3 365	-
Total current liabilities		183 116	5 277	-	208 037	-
Non current liabilities						
Borrowing		50 117	-	-	50 117	-
Provisions		65 103	-	-	64 699	-
Total non current liabilities		115 220	-	-	114 816	-
TOTAL LIABILITIES		298 336	5 277	-	322 852	-
NET ASSETS	2	938 776	442 259	-	999 921	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		933 349	1 541 904	-	994 486	-
Reserves		5 428	-	-	5 435	-
TOTAL COMMUNITY WEALTH/EQUITY	2	938 776	1 541 904	-	999 921	-

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Debtors' analysis

EC104 Makana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description		Budget Year 2014/15												Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t. Council Policy
NT Code	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	Total over 90 days					
R thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Exchange Transactions - Water	1200	(5 129)	2 471	2 932	2 818	6 872	15 391	-	-	-	-	-	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	4 114	6 891	6 007	3 677	1 705	21 267	-	-	-	-	-	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	(1 802)	4 370	5 519	4 177	2 370	26 880	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	(16)	1	1	1	0	4	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	(5 317)	484	425	384	366	3 432	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	(388)	65	80	81	74	678	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(592)	200	244	205	86	712	-	-	-	-	-	-	-	
Total By Income Source	2000	-	-	-	-	-	-	-	-	-	-	-	-	-	
2013/14 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200	(1 688)	981	2 637	974	242	2 443	-	-	-	-	-	-	-	
Commercial	2300	(1 104)	6 806	6 422	4 531	5 319	25 082	-	-	-	-	-	-	-	
Households	2400	(5 248)	5 648	5 281	5 072	5 250	33 280	-	-	-	-	-	-	-	
Other	2500	(1 097)	1 047	869	766	664	7 560	-	-	-	-	-	-	-	
Total By Customer Group	2600	-	-	-	-	-	-	-	-	-	-	-	-	-	

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 appointed a service provider to assist in data cleaning and debt collection through the implementation of the Revenue Enhancement Plan. 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 - M07 January

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:		67 646	75 725	-	25 661	55 168	43 585	10 527	24.2%	-
Local Government Equitable Share		53 602	72 184	-	24 061	52 634	42 107	10 527	25.0%	-
Finance Management		-	1 600	-	46	1 102	-	-	-	-
Municipal Systems Improvement		1 240	934	-	-	584	933	-	-	-
EPWP Incentive		938	1 007	-	25	454	545	-	-	-
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
Municipal Drought Relief		-	-	-	-	-	-	-	-	-
	3	11 866	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers and grants (insert description)		-	-	-	-	-	-	-	-	-
Provincial Government:		4 010	2 435	-	428	878	2 242	(1 364)	-60.8%	-
Sport and Recreation		1 788	2 435	-	428	878	822	56	6.8%	-
		2 222	-	-	-	-	1 420	(1 420)	-100.0%	-
	4	-	-	-	-	-	-	-	-	-
Other transfers and grants (insert description)		-	-	-	-	-	-	-	-	-
District Municipality:		1 276	1 409	-	-	-	-	-	-	-
Health Subsidy		1 276	1 409	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		196	-	-	-	1	314	(313)	-99.7%	-
[insert description]		196	-	-	-	1	314	(313)	-99.7%	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	73 127	79 569	-	26 089	56 047	46 142	8 849	19.2%	-
Capital Transfers and Grants										
National Government:		15 895	36 211	-	215	215	939	(724)	-77.2%	-
Municipal Infrastructure Grant (MIG)		15 895	23 298	-	384	833	939	(724)	-77.2%	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure		-	10 000	-	-	-	-	-	-	-
INEP		-	2 020	-	-	-	-	-	-	-
Neighbourhood Development Partnership		-	893	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers (insert description)		-	-	-	-	-	-	-	-	-
Provincial Government:		-	1 550	-	-	-	-	-	-	-
Sports and Recreation		-	1 550	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	27 535	-	-	-	-	-	-	-
External Funding		-	27 535	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	15 895	65 296	-	215	215	939	(724)	-77.2%	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	89 022	144 865	-	26 304	56 262	47 081	8 125	17.3%	-

6.2 Supporting Table SC7

Performance reporting on grants will be enhanced to ensure compliance with the Division of Revenue Act that stipulates reporting on all grant performance should be done.

EC104 Makana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

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										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		-	75 725	-	1 912	13 392	-	13 392		75 725
Local Government Equitable Share			72 184		1 842	11 251		11 251		72 184
Finance Management			1 600		46	1 102		1 102		1 600
Municipal Systems Improvement			934		-	584		584		934
EPWP Incentive			1 007		25	454		454		1 007
Integrated National Electrification Programme								-		
Municipal Drought Relief								-		
Other transfers and grants [insert description]								-		
Provincial Government:		-	2 435	-	-	-	-	-		2 435
Sport and Recreation			2 435	0	0	-	0	-		2 435
Other transfers and grants [insert description]								-		
District Municipality:		-	1 409	-	-	428	878	(450)	-51.2%	1 409
Health Subsidy			1 409			428	878	(450)	-51.2%	1 409
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]								-		
Total operating expenditure of Transfers and Grants:		-	79 569	-	1 912	13 820	878	12 942	1474.0%	79 569
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		-	36 211	-	384	833	-	833		36 211
Municipal Infrastructure Grant (MIG)			23 298		384	833		833		23 298
Regional Bulk Infrastructure			10 000					-		10 000
INEP			2 020					-		2 020
Neighbourhood Development Partnership			893					-		893
Total capital expenditure of Transfers and Grants		-	36 211	-	384	833	-	833		36 211
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	115 780	-	2 296	14 653	878	13 775	1568.9%	115 780

Section 7 – Expenditure on councillors and staff benefits

Supporting Table SC8

EC104 Makana - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

Summary of Employee and Councillor remuneration	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	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		-	6 437	-	489	1 305	1 251	54	4%	6 437
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	2 145	-	163	3 256	3 753	(497)	-13%	2 145
Cellphone Allowance		-	732	-	47	280	427	(147)	-34%	732
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		-	9 313	-	699	4 840	5 431	(591)	-11%	9 313
% Increase	4									
Senior Managers of the Municipality	3									
Basic Salaries and Wages		-	5 015	-	175	12 236	-	12 236		5 015
Pension and UIF Contributions		-	12	-	-	-	-	-		12
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		-	945	-	33	231	-	231		945
Cellphone Allowance		-	81	-	3	20	-	20		81
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	41	-	-	-	-	-		41
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		-	6 093	-	211	12 487	-	12 487		6 093
% Increase	4									
Other Municipal Staff										
Basic Salaries and Wages		-	97 802	-	7 842	38 725	56 082			97 802
Pension and UIF Contributions		-	13 918	-	1 267	6 473	9 023			13 918
Medical Aid Contributions		-	5 815	-	536	2 536	3 543			5 815
Overtime		-	3 035	-	586	3 024	3 556			3 035
Performance Bonus		-	-	-	12	178	233			-
Motor Vehicle Allowance		-	2 722	-	260	1 409	1 958			2 722
Cellphone Allowance		-	135	-	11	61	110			135
Housing Allowances		-	536	-	22	103	516			536
Other benefits and allowances		-	1 485	-	98	480	541			1 485
Payments in lieu of leave		-	1 240	-	-	-	-			1 240
Long service awards		-	400	-	54	268	723			400
Post-retirement benefit obligations	2	-	2 007	-	-	-	-			2 007
Sub Total - Other Municipal Staff		-	129 095	-	10 687	53 256	76 286			129 095
% Increase	4									
Total Parent Municipality		-	144 501	-	11 597	70 584	81 716			144 501

Section 8 – Investment Portfolio

Supporting Table SC5

Some of the investments relate to conditional grants that are cash backed.

EC104 Makana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Saambou							15 236		14 294
Disaster Fund							33		7 377
IDP							2		367
Alicedale Funds							0		169
Rini Mun House Coll							-		166
Nat Peace Arboretum							-		159
Makana (ex Children)							1		136
Municipality sub-total					-		15 271	-	22 669
Entities									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				-		15 271	-	22 669