

Mid-year Financial and Performance Assessment Report as required by Section 72 of the MFMA

Mid-year financial performance report

1/25/2015
Makhado Local Municipality
Budget and Treasury



Vision: "A Dynamic Hub for Socio – Economic Development By 2025"

Mission: "To ensure effective utilization of economic resources to address socio- economic imperatives through mining, tourism and agriculture"

(Council Resolution A.2.29.01.15)

FINANCIAL PERFORMANCE INFORMATION

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CHAPTER 1: INTRODUCTION

FINANCES: MID-YEAR BUDGET ASSESSMENT

REPORT OF THE MUNICIPAL MANAGER

1. INTRODUCTION

1. In terms of section 72 of the MFMA Act no 56 of 2003 the Accounting Officer of the municipality must by the 25th January each year-

Assess the performance of the municipality during the first half of the financial year, taking into account-

- a) the monthly budget statement referred to as section 71 for the first half of the financial year
- b) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan,
- c) The past years annual report, and progress on resolving problems identified in the annual report.

The draft Annual Report 2013/2014 and the Mid-year performance/progress reports of 2013/2014 SDBIPs referred to as part b and c which respectively are submitted under a separate report elsewhere in the agenda.

Submit a report on such assessment to –

- a) the mayor of the municipality,
 - b) The National and the relevant provincial treasury.
-
2. The Accounting Officer must, as part of the review-
 - a) make recommendations as to whether an adjustment budget is necessary, and
 - b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

CHAPTER 2: FINANCIAL HEALTH

2.1.1 REVENUE MANAGEMENT

a. Revenue inflow analysis and Grants received

The municipality's performance in the first half of 13/14 financial period relating has been fairly stable given the challenges in our cash flow activities

Description	Budget Year 2014/15	
	YearTD actual	YearTD budget
R thousands		
Total Revenue (excluding capital transfers and contributions)	361,112,000	328,111,000

Actual income slightly greater than budgeted due to the following:

Credit control measures been applied more strictly to ensure defaulters on municipal debt are traced and services cut off for non-payment.

Improved payment turnaround time on Government accounts although, more strategic measures must be undertaken to increase revenue base. The Municipality is still dependent on grants and subsidies for its day-to-day operations

Budgeted Financial Performance (revenue and expenditure) for the period ending 31 December 2014

Description	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
R thousands					%
Revenue By Source					
Property rates	35,311	21,231	17,655	3,575	20%
Service charges - electricity revenue	256,416	113,502	128,208	(14,707)	-11%
Service charges - refuse revenue	7,713	4,256	3,857	400	10%
Rental of facilities and equipment	258	202	129	72	56%
Interest earned - external investments	1,734	5,062	867	4,195	484%
Interest earned - outstanding debtors	20,439	–	10,219	(10,219)	-100%
Fines	3,118	627	1,559	(932)	-60%
Licences and permits					-33%

Budgeted Financial Performance (revenue and expenditure) for the period ending 31 December 2014

Description	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
R thousands					%
	13,986	4,672	6,993	(2,321)	
Transfers recognised – operational	291,305	209,739	145,653	64,087	44%
Other revenue	25,942	1,822	12,971	(11,149)	-86%
Total Revenue (excluding capital transfers and contributions)	656,223	361,112	328,111	33,001	10%

➤ Property Rates and services charges – Penalties imposed and collection charges

The variance of 20 % was due to increased collection on property rates and accounts that were identified as inactive and removed from the billing system.

➤ *Licences and Permits*

The variance of -33 % was as a result of slightly decreased licences and permits collected and issued during the period. Vehicle registration and licensing income is paid to the municipality in various regions but paid over to subsequent transfer of funds is made to the Department of Roads and transport. The municipality receives an agreed commission per SLA.

➤ *Fines*

The variance of -60 % was as a result of decreased collections from fines issued to public members during the financial year.

➤ *Interest earned on external investments*

The variance of 484 % was as a result of a greater portion of funds invested in higher interest earning accounts during the period. The efficiency in the Investment portfolio and implementation of the cash management policy will still be improved by investing in more fixed term portfolios to earn more interest on grants received but not utilised immediately

➤ *Other revenue*

Forecast was made on monthly rentals of municipal properties and public usage of property, tender document sales although a downward adjustment will be made during adjustment

There is an indication that the Municipality is still required to improve collections from the public to assist funding own operations and intergovernmental transfers as to reduce its dependency on Government Grants and Subsidies for its operating activities

This is result cash availability to services large creditors that constitute empirically to our operations. Major creditors had delayed payments on an average 1.3 months, noting that communication was made to the creditors to minimize where possible finance charges. Considering that majority of the consumers also delay to service they municipal accounts initiatives are been taken to address this challenge as well as educating the community on options available in the event they are unable to pay for their services on time

b. Level of reliance on Government Grants

Purpose: The purpose of this ratio is to determine what percentage of the municipality’s revenue is made up of government grants, to determine level of reliance on government funding by the municipality.

Formula: Grants & Subsidies/Total Revenue

These figures are found on the face of the Statement of Financial Performance - Table C1		
BUDGETED GOVT GRANTS & SUBSIDIES 14/15	BUDGETED TOTAL REVENUE	%
R 372,716,000	R 689,918,000	54%

	Total	
Grant Name	RECEIVED UP TO DATE(R)	STIL TO BE RECEIVED(R)
MIG	35,696,000	71,391,000
MSIG	934,000	-
INEP	6,500,000	500,000
FMG	1,600,000	-
E P W P	790,000	338,000
EQUITABLE SHARE	209,739,000	77,904,000
	255259 000	149 633 500

The best practice for Grants and Subsidies is 20% of Total Revenue.

A percentage of more than 20% implies that the municipality is dependent on Grants and Subsidies.

Government Grants amounts to 54% of total revenue. The municipality is very much reliant on operational grants to maintain it in day to day operations.

2.1.2 EXPENDITURE MANAGEMENT

a. Personnel Cost to Total Expenditure

Purpose: The purpose of this ratio is to indicate what percentage of total expenditure is attributable to personnel costs.

Formula: Salaries, wages and allowances /Total Expenditure

YEAR 14-15- Mid Year		
PERSONNEL COSTS	TOTAL OPERATING EXPENDITURE	%
R 124,053,000	R 255,093,000	47%

The best practice for this norm is that Personnel Cost (including councillor remuneration) must not exceed Total Expenditure by 35%.

The trend analysis indicates that the ratio is fluctuating year-on-year. Employee costs are relatively high due to increasing overtime. The reason for the increase in the Rand value can be attributed to the increase in Salaries and wages as determined by SALGA effective from 1 July 2013 by 6.79%

A concern is also the overtime costs which have not being managed effectively in the more physical labour intensive departments

Total Operating Actual Expenditure vs. Budgeted Expenditure

Purpose: The purpose of this ratio is to identify deviations between actual and budgeted expenditure and to ascertain reasons for the deviations.

Formula: (Actual expenditure less Budgeted expenditure)/ Budgeted expenditure

Actual expenditure 2014/15	Budgeted expenditure 2014/2015	Variance in R	Variance in %
R 255,093,000	R 373,134,000	(118,041,000)	-32%

Actual Expenditure line items did not exceed the budget:

Cash flow constrains have compelled the municipality to reduce operational spending on non-essential service delivery costs particularly in day to day office management costs such as stationery, printing, catering, furniture etc. Perhaps a positive aspect.

During the first half of the period under consideration the municipality was able to attain average payment level of 82% on (until Dec 2014) this anticipated 100% assumed during the budget period.

Budgeted Financial Performance (revenue and expenditure) for the period ending 31 December 2014

Description R thousands	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %
<u>Expenditure By Type</u>					
Employee related costs	228,090	113,663	114,045	(382)	0%
Remuneration of councillors	20,675	10,390	10,338	52	1%
Debt impairment	20,000	–	10,000	(10,000)	-100%
Depreciation & asset impairment	145,015	–	72,508	(72,508)	-100%
Finance charges	5,859	937	2,929	(1,992)	-68%
Bulk purchases	188,227	73,144	94,114	(20,969)	-22%
Other materials	–	–	–	–	
Contracted services	–	–	–	–	
Transfers and grants	–	–	–	–	
Other expenditure	138,403	56,959	69,201	(12,242)	-18%
Loss on disposal of PPE	–	–	–	–	
Total Expenditure	746,269	255,093	373,134	(118,041)	-32%

Actual Expenditure line items that's less than the budget:

➤ *Depreciation and amortisation*

The variance will be analysed at year end after review of useful life of property, plant and equipment reviewed during the year and any other capital land appreciations.

General Expenses

➤ *Repairs and Maintenance*

Expenditure progress on this item reflects a shortage due to asphalt and non-supply of tar courses thus under spending street maintenance. An improved project plan is required in this field.

YEAR 2014/15		
Repairs and Maintenance	Total operating expenditure	%
R 9,516,000	R 255,093,000	4 percent

The ratio is less than the norm of 10% it's still acceptable, indicating that Property, Plant and Equipment are adequately maintained to yield optimal economic benefit and have a good maintenance schedules that are being implemented.

2.1.3 ASSET MANAGEMENT

a. Total Capital Expenditure – Actual vs. Budget

Purpose: The purpose of this ratio is to identify per class of asset whether a municipality has a variance of more than 5% when actual and budgeted capital expenditure are compared.

Formula: $(\text{Actual Capital Expenditure} - \text{Budget Capital Expenditure}) / \text{Budgeted Capital Expenditure}$

Summary of capital expenditure per department for the period ending 31 December 2014

SUMMARY AS PER DEPARTMENT	BUDGET	EXPENDITURE	VARIANCES	PERCENTAGE
PLANNING AND DEVELOPMENT	800,000.00	-	800,000.00	0%
TECHNICAL SERVICES	183,486,046.74	55,717,735.72	127,768,311.02	30%
COMMUNITY SERVICES	8,045,000.00	1,577,910.10	6,467,089.90	20%
FINANCE	270,000.00	194,400.00	75,600.00	72%
CORPORATE SERVICES	3,575,000.00	247,993.89	3,327,006.11	7%
	196,176,046.74	57,738,039.71	138,438,007.03	29%

Analysis and interpretation

Capital Expenditure by the municipality is 29 % of the budget in 2014/15. The expenditure will be accelerated on implementation of the MIG projects still to be finalised before year end, as 6 new construction projects will be implemented by 15 February 2015.

Development and planning division will also commence with Development of Makhado information and recreational centre which will see an improvement in the 2nd half of the financial period.

Community services major projects are also in supply chain stages due for completion by end of this 3rd quarter where spending will improve as well.

The level spending in of capital expenditure can be attributed to a slight improved SCM plan which all user departments have been requested to implement timeously. Technical Department continues to display a firm commitment to project implementation and monitoring although processes will still be improved regarding certain deficiencies noted by the Auditor General, in our based SDBIP, good planning, capacity and good SCM practices.

Management will continue striving to close the gap as far as possible to uplift the social and economic development.

b. Debtors Collection Period

Purpose: The purpose of this ratio is to calculate the debtors collection period of the municipality by comparing the year-end balance of certain debtors with the revenue earned from those debtors during the financial year.

Formula: Consumer Debtors after provision for Bad Debts/Total Revenue * 365

MID YEAR 14/15		
CONSUMER DEBTORS	Operating Income	AVERAGE COLLECTION PERIOD (DAYS)
49 149 261	361 112 000	49.7 days

The norm is 30 days and will be used as basis of interpretation.

The debtor's collection period represents the average length of time that the Municipality must wait, after sending out accounts, before receiving the cash. The norm is dependent on the credit policy, which is normally between thirty- and sixty days. If the ratio is more than the norm/credit policy, it will have a negative effect on the cash flow situation. The ratio, based on the outstanding debtors, net of the bad debt provision, is 49.7 days, which is below the norm of 30 days this ratio stabilised at this position over the past 12 months. A large portion of debt constitutes of property rates, interest and service charges.

The Municipality's debt handover fully allows for all traceable debtors outstanding for longer than 90 days.

2.1.4 LIABILITY (DEBT) MANAGEMENT

Municipal debts/ expenditures:

Expenditure has also prevalent expenditure but various policies are being revised to ensure that cut costs to enable improved cash flows. The municipality is also currently servicing 2 loans taken for electrical infrastructure.

- DBSA loan 1- balance R 4,037,666 fully repayable by 31 March 2018.
- DBSA loans 2- balance R 1,254,961 fully repayable on 31 March 2018.

The loans were which was used mainly for electrification, but challenges are noted in that most projects are handed over to Eskom thus income to those projects will no longer generate electricity income to the municipality.

The other costs which must be evaluated in future to improve service delivery are in electricity supply are of which provisional approval of a security of R157.7 million has been granted by DBSA on cession of future specify capital grants received from National Treasury :

- Makhado main substation: 44mva to 100mva R94.5mil (security required R51 million)
- Ribolwa substation: new 20mva supply point f/q R12,7mil (security R11million)
- Tshipise leeu draai substation: 4mva to 6mva R2.2mil (security R3.5million)

- Tshithuni bulk intake point: 1mva to 2.5mva R1.3mil (security R1mil)
- Sinthimule bulk intake point: 2.5 to 5mva (not yet quoted)
- The average remaining quarterly debt in 2012/13 financial period as acknowledged is as follows which will be serviced monthly, also noting possible interest charges which we will like to also negotiate where feasible.
- Also some major challenges experienced are high expenditure costs which are being revised internally to ensure we can curb unnecessary expenditure. Such areas are:

➤ Eskom
➤ Salary overtime
➤ Short term Creditors
➤ Long term contracts
➤ Fleet Repairs on old vehicles

2.2 External loans, investments and cash at 31 December 2014

External Loans outstanding on 31 December 2014 amounted to R 5,292,627. During the year, no loans were taken up and R 639,105 were repaid.

On 1 July 2014, Council had a positive Cashbook Balance of R 52,010,023 attributed to mostly MIG additional conditional grant provided by National Treasury and other funding which projects were not complete by and rolled over to 2014/15 financial year.

The Total Bank and Cash at 31 December 2014 is allocated as follows:

FINANCIAL INSTITUTION	Balance as at 31/12/2014 including interests capitalised
First National Bank	36,744,841

Summary on sustainability

The Municipality still has cash flow challenges and has thus still a further challenge to manage our gearing levels and liquidity levels effectively.

The operating revenue budget of the Municipality depicts an improved level of the credibility budget as this is substantiated by a non-deficit at mid-year compared to the budget deficit.

Although caution on spending levels is placed as all spending is largely determined by actual cash resources in bank, less than the benchmark required at midyear.

The Municipality is reliant on Government Grants and Subsidies; Electricity losses still are a major challenge , but partially sponsored funding from DBSA has been provisionally approved which will see a detailed scope of analysing the electricity network and other contributing factors to electricity losses as the long term objective is to increase the revenue base form electricity income

The reported electricity distribution loss is calculated on the amount of electricity purchased relative to quantities sold as shown below:

Dec 14	19	Electricity Distribution Loss
Nov 14	18	Electricity Distribution Loss
Oct 14	17	Electricity Distribution Loss
Sept 14	16	Electricity Distribution Loss
Aug 14	16	Electricity Distribution Loss
July 14	24	Electricity Distribution Loss
Average Loss		Electricity Distribution Loss

Water

Water consumption is now billed separately to other municipal revenue sources. This function has been transferred back to Vhembe district Municipality as it is water authority. Thus the water related income is reverted to the district. This will affect our actual cash collection levels for the remaining year.

Equitable Share and Conditional Grants

We received 73 % of our share of the equitable share and 37 % on conditional grants on the first six months of the current financial year, further elaborated in the report.

- The Municipality might appear to have over-provided for actual Bad Debt provision in 2013/14, but it has reliance on the strategies devised to enhance the revenue collection of council by enforcing consumers to pay and cut off, blocking of electricity, handing over long outstanding consumers to the Lawyers and encouraging consumers to make some arrangements to pay the outstanding balances off.
- A debt collection strategy is in progress, of which the primary where focus will be put strict credit control on debtors that can afford to pay but do not pay their outstanding debt. There have been some great improvements in consumer debtor's willingness to pay although R293 townships still pose a challenge on council collections , but overall an indication of improved efficiency and functioning of the credit and debt management policy of council

CHAPTER 3: HALF-YEAR BUDGET STATEMENT: 31 DECEMBER 2014 (JULY 2014– DECEMBER 2014 YEAR TO DATE PERFORMANCE)

The municipality's Total approved Budget amounts to R 770,310,000 income and R 746,269,000 on expenditure (Operating Budget), and a Capital Budget of R 150,941,000 which is included in the R770 310 000 figure above. This resulted in a budgeted surplus of R24, 041,000.

The actual results at 6 months resulted in a surplus of R106, 019,000 due to reduced spending on operational budget

All virements (budget transfers) for the period 01 July 2014 to 31 December 2014 within functions were approved by the head of departments and if it were between functions the transfer to be approved by council.

3.1. OPERATING EXPENDITURE

Total expenditure up to December 2014 amounts to R 90,925,000 or 33% of the Total Operating Budget Expenditure, which is less than the pro-rata 50% registered as a bench mark.

This although did not have an adverse effect on capital expenditure sitting at 29 % mostly attributed to ring fencing of conditional grants.

3.2. OPERATING REVENUE

Total Operating revenue up to December 2014 amounts to R361, 112,000 or 65 % of the Total Operating Budget of Revenue is more than the pro-rata 50% registered as a bench mark.

Service Charges include revenue related to Consumption Charges such as:

Electricity,

Refuse Removal, (Yearly levy)

Availability Fees,

- New Connection Fees,
- Reconnection Fees,
- Sundry Income, etc.

Other Revenue represents all revenue generated, which is specified on the prescribed Section 71 Report in terms of the MFMA such as the following:

Interest on Investments,

- Interest on Arrear Accounts
- Fines
- Rental Fees
- Sundry Income
- Licence and Permits

See table below

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		28,523	35,311	-	3,604	21,231	17,655	3,575	20%	39,687
Service charges - electricity revenue		231,351	256,416	-	21,358	113,502	128,208	(14,707)	-11%	291,115
Service charges - refuse revenue		6,852	7,713	-	653	4,256	3,857	400	10%	7,622
Rental of facilities and equipment		505	258	-	47	202	129	72	56%	212
Interest earned - external investments		14,961	1,734	-	1,121	5,062	867	4,195	484%	20,850
Interest earned - outstanding debtors		-	20,439	-	-	-	10,219	(10,219)	-100%	-
Fines		5,650	3,118	-	86	627	1,559	(932)	-60%	3,060
Licences and permits		11,078	13,986	-	315	4,672	6,993	(2,321)	-33%	11,528
Transfers recognised - operational		263,138	291,305	-	95,881	209,739	145,653	64,087	44%	290,576
Other revenue		18,282	25,942	-	490	1,822	12,971	(11,149)	-86%	7,819
Total Revenue (excluding capital transfers and contributions)		580,340	656,223	-	123,556	361,112	328,111	33,001	10%	672,470
Expenditure By Type										
Employee related costs		201,866	228,090	-	26,388	113,663	114,045	(382)	0%	226,682
Remuneration of councillors		20,782	20,675	-	1,731	10,390	10,338	52	1%	20,477
Debt impairment		12,894	20,000	-	-	-	10,000	(10,000)	-100%	52,114
Depreciation & asset impairment		123,074	145,015	-	-	-	72,508	(72,508)	-100%	144,145
Finance charges		10,302	5,859	-	564	937	2,929	(1,992)	-68%	259
Bulk purchases		157,754	188,227	-	49,500	73,144	94,114	(20,969)	-22%	202,765
Other expenditure		162,633	138,403	-	12,743	56,959	69,201	(12,242)	-18%	283,781
Total Expenditure		689,303	746,269	-	90,925	255,093	373,134	(118,041)	-32%	930,223
Surplus/(Deficit)		(108,963)	(90,046)	-	32,631	106,019	(45,023)	151,042	(0)	(257,753)
Transfers recognised - capital		109,578	114,087	-	-	-	57,044	(57,044)	(0)	127,173
Surplus/(Deficit) after capital transfers & contributions		615	24,041	-	32,631	106,019	12,021			(130,580)
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		615	24,041	-	32,631	106,019	12,021			(130,580)
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		615	24,041	-	32,631	106,019	12,021			(130,580)
Surplus/ (Deficit) for the year		615	24,041	-	32,631	106,019	12,021			(130,580)

3.3. CAPITAL EXPENDITURE

The Capital Budget expenditure is R 57,738,039.00 of the full budgeted figure of R 197,176,046.00 which equates to 29 % spending.

In terms of our cash flow only 50% was budgeted for the 6 months (refer to our SDBIP)

It is however anticipated by departments that minimum 80% of the Capital Budget will be spent by 30 June 2015, particularly in Technical Department.

Details of savings on projects as well as additional moneys required will be part of the proposed adjustment budget.

Breakdown of Capital Expenditure:

The summary of adjusted capital budget including the virements made during the year will be submitted with detailed adjustment budget.

3.4. SOURCES OF FINANCE - CAPITAL REVENUE

It should be noted that **Capital Revenue** represents the sources of finances of capital expenditure and not actual capital receipts as indicated on the prescribed Section 71 Report in terms of the MFMA. Actual receipts could exceed the expenditure.

3.4.1 CONDITIONAL GRANT SUMMARY

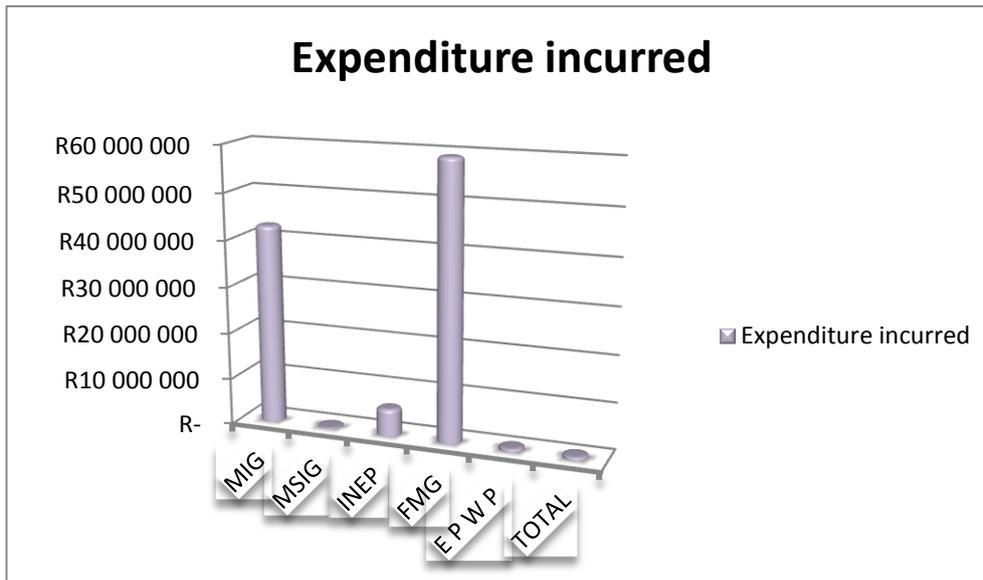
The grant funding gazetted by both National and Provincial Treasury and also approved in Makhado Municipality's 2013/2014 budget. (Excludes equitable share as it is not conditional)

SUMMARY OF CONDITIONAL GRANTS 2013/2014 AS AT 31 DECEMBER 2014

Grant Name	RECEIVED UP TO DATE(R)	STIL TO BE RECEIVED(R)	Expenditure incurred
MIG	35,696,000	71,391,000	42,873,113
MSIG	934,000	-	316,998
INEP	6,500,000	500,000	5,932,296
FMG	1,600,000	-	592,469.26
E P W P	790,000	338,000	783,427

SUMMARY OF CONDITIONAL GRANTS 2013/2014 AS AT 31 DECEMBER 2014

GRANTS	Expenditure incurred	
MIG	R	42 873 113
MSIG	R	316 998
INEP	R	5 932 296
FMG	R	59 246 926
E P W P	R	783 427
TOTAL	R	783 427



It should also be noted that grant expenditure as reported above excludes Vat where applicable.

Some Top capital projects funded by Municipal Infrastructure Grant:

DESCRIPTION	BUDGET	EXPENDITURE	VARIANCE
Tshikota upgrading of streets and pretorius	20,000,000.00	7,147,874.03	12,852,125.97
Tshirululuni to ridgeway and hlanganani str	11,365,172.18	4,316,646.44	7,048,525.74
Eltivillas A & B tarring of streets	12,134,827.82	11,884,247.43	250,580.39
Rehabilitation of town CBD and Ruh street	17,432,000.00	724,486.53	16,707,513.47
Magau road phase 1	5,000,000.00	1,215,127.73	3,784,872.27
Madzuwa bridge	5,500,000.00	563,423.11	4,936,576.89
Robert khoza street	5,000,000.00	-	5,000,000.00
Landfill site Makhado	3,000,000.00	2,253,393.53	746,606.47

DESCRIPTION	BUDGET	EXPENDITURE	VARIANCE
Tshivhazwaulu to Rasivhetshele road phase 1	4,600,000.00	2,006,616.47	2,593,383.53
Piesanghoek to Khunda road and storm water	5,500,000.00	719,773.87	4,780,226.13
Upgrading of Bungeni sports facilities	6,000,000.00	1,699,686.40	4,300,313.60
Upgrading of Vuwani sports facilities	5,400,000.00	533,298.24	4,866,701.76
Tshivhulana to Tshilaphala	3,500,000.00	3,345,184.32	154,815.68
Sereni Themba to Mashaba	14,746,336.74	2,581,033.19	12,165,303.55
Waterval	3,000,000.00	-	3,000,000.00
Mphaila	6,500,000.00	2,109,976.69	4,390,023.31
Ledig	20,000,000.00	1,772,345.28	18,227,654.72
TOTAL	148,678,336.74	42,873,113.26	105,805,223.48

Progress onsite of various projects is continuously monitored by the relevant qualified personnel. Progress payments on electrification are relatively delayed due to cash flow constraints and at times delayed submission of approved invoices from site managers; and supply chain processes in sitting of all committees although significant milestones were undertaken to pay outstanding electrification debt from 10/11 -1/12 so site contractions may also continue in certain projects and negotiations with contractors.

3.5. DEBTORS

The total **Outstanding Debt** as at 31 December 2014 is R 154 932 544.23

The Collection Rate for the period July 2013 to December 2014 is 89.5% on billed income and compares favourably to the budget forecasting of 85% for the financial year.

Collection rates are as follows:

Month	Payment Received	Billed income to public	Collection Rate
July	22 122 342.14	23 265 474.85	95 %
August	18 992 699.27	22 723 431.78	84 %
September	23 211 821.26	25 570 832.19	91 %
October	23 545 049.00	26 301 506.85	90%
November	24 661 309.33	25 835 470.78	95%
December	21 506 427.09	26 278 944.77	82 %

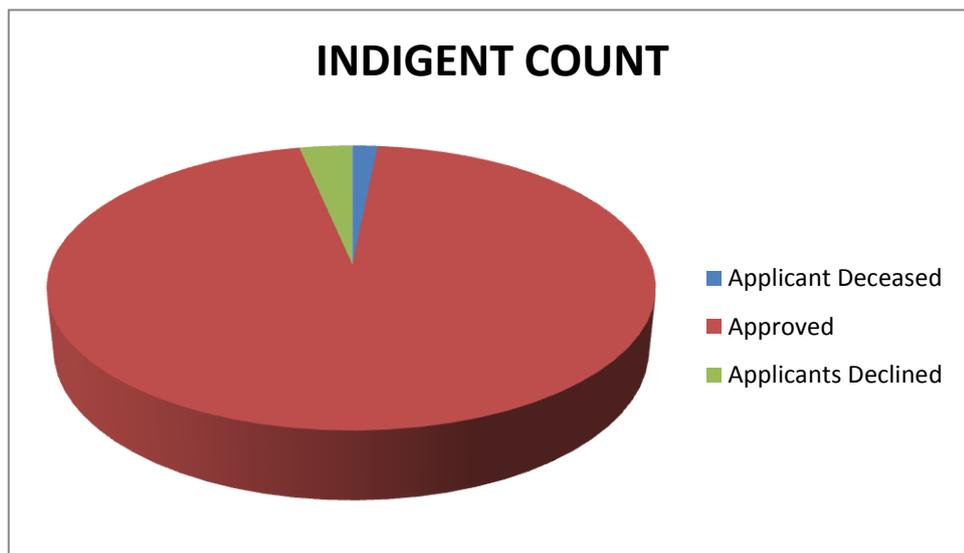
The importance of the immediate and strict implementation of all processes in the Debt Collection Strategy cannot be over emphasized to ensure that the outstanding debtors which are over 90 days do not increase dramatically. The above-mentioned statistics is testimony of the positive actions already taken. A debt collection strategy was implemented where focus are on all debtors that are not indigent

The following are some challenges, interventions implemented and in progress:

1. Sms and mms sending of statements will commence in from Mid February 2015
2. Physical statements will still be sent to households
3. A Project Team was established to assist in the debt write off will assess further debt to be written off before June 2015.
4. Current research on meter reading services with improved technology but , may still be still limited due to types of current meters installed at households
5. Compilation of a Credible Indigent Register has improved as at 6 months

INDIGENT DATABASE CLEANSING AND REGISTRATION PROGRESS STATUS FROM 1JULY 2014:

APPLICATION STATUS	INDIGENT COUNT
Applicant Deceased	157
Approved	9574
Applicants Declined –reasons availed	-330



- The Municipality will make a meaningful contribution towards increasing the affordability for payment of arrears by its debtors by significantly decreasing the amounts owed by many debtors in a structured and sensible way.

➤ **R293 Townships debt owed as at 31 December 2014**

Active accounts with minimal payments		No.of accounts
	R	
Vuwani	249 110.27	922
Waterval	2 267 443.95	2 193
Dzanani	216 218 .30	983
Vleifontein	101 678.10	1 239
Tshikota	1 095 067.62	1 725
TOTAL	3 929 518 .24	

- The major contribution to this challenge of large debts resides in slow payments from various municipal areas such as farms, residential (R293 townships) and illegal connections and faulty meters and consumer database not being consistent with actual geographical locations and consumptions.
- Credit control policies are active and have been legally enforced on non-paying customers, to improve our revenue funding model.

Summary of credit report on municipal service cut off for arrear accounts

Month in 2014	No. of accounts cut off	No. of accounts Reconnected
July	285	228
August	443	258
September	328	191
October	409	270
November	334	302
December	159	141

3.6. CREDITOR AGE ANALYSIS

98 % of operational and capital creditors were paid within 30 days of receiving the relevant invoice or statement as prescribed in terms of Section 65(e) of the MFMA, with the exclusion of Eskom main town invoice where special arrangements have been made to settle at a later stage outside the norm of Section 65.

As at end of December 2014 the total amount payable, which represent commitments by Council of which the relevant invoice or statement is outstanding for Eskom for last 60 days is R13 007 081.10

It should be noted that, this rate may decline in the next coming 6 months due to cash flow constraints and the reduction on the expected equitable share allocation in March 2014 which Eskom will be a priority to settle.

General expenditure

We spend 32 % on the general operational expenditure for the first six of the financial year in relation to the full year budget excluding Bad Debts and Depreciation. (Their expenditure is only shown on the financial statements at the end of the Financial Year.) However it should be noted that the depreciation charges, contribution to the impairment, provision for debtors, as well as

some of the employee related provisions, will be journalized for the period under review and does not reflect actual cash payments.

Early indications are that performance against the goals in the SDBIP is lower than expected due to:

1. Timely project implementation caused by poor planning interdepartmentally on meetings relating to supply chain processes
2. Technical projects being slow to progress on the ground thus hampering contract management review in some cases.
3. Not realizing enough liquid cash to fund some various projects also not aligning to community upgrading.
4. This calls to readjust the budget and also review targets not achievable on the SDIP in order to minimize areas of non-compliance
5. The actual performance on capital expenditure as at 31 December is 54%.

➤ Bulk Purchases Electricity

We spend R 73,144,000 on Electricity Bulk purchases for the first six months of the financial year.

➤ Salary related information

The current employee related costs incurred during the past six months amounted to R113, 663, 000 and R10, 390,000 for councillors which represent 48 % of the total expenditure for the six months comprising of the following as per S66 of the MFMA.

- Salaries and Wages Bonus
- Overtime Payments and Standby Allowance
- Contribution for pension and Contribution to Medical Aid
- Contribution to Group Life
- Transport Allowance
- Housing Subsidy and Rental Subsidy
- Telephone allowance
- Post-Retirement Benefits and Ex Gratia Pension
- Long Service Awards and Long Service Recognition
- UIF
- Pensioners Medical Aid contribution
- Leave Provision (year-end journal not passed yet)

Chart summary of Operational Expenditure Trends: actual to date vs. full year budget

Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
Expenditure - Standard								
Municipal governance and administration	300,601	451,372	-	34,420	146,736	225,686	(78,950)	0.35
Executive and council	9,009	21,555	-	741	3,855	10,777	(6,922)	0.64
Mayor and Council	1,145	12,225	-	11	205	6,113	(5,908)	0.97
Municipal Manager	7,864	9,329	-	729	3,650	4,665	(1,015)	0.22
Budget and treasury office	62,842	182,379	-	3,951	10,272	91,189	(80,917)	0.89
Corporate services	228,750	247,438	-	29,729	132,609	123,719	8,890	0.07
Human Resources	217,127	234,911	-	28,123	124,072	117,456	6,616	0.06
Information Technology	2,614	2,339	-	364	1,089	1,169	(81)	0.07
Property Services	1,089	1,238	-	65	711	619	92	0.15
Other Admin	7,921	8,950	-	1,176	6,737	4,475	2,262	0.51
Community and public safety	18,616	22,549	-	1,632	9,183	11,274	(2,091)	0.19
Community and social services	18,616	22,549	-	1,632	9,183	11,274	(2,091)	0.19
Other Community	18,616	22,549	-	1,632	9,183	11,274	(2,091)	0.19
Other	-	-	-	-	-	-	-	-
Economic and environmental services	863	459	-	(44)	502	230	273	1.19
Planning and development	863	459	-	(44)	502	230	273	1.19
Economic Development/Planning	863	459	-	(44)	502	230	273	1.19
Other	-	-	-	-	-	-	-	-
Trading services	199,219	220,857	-	50,326	77,153	110,421	(33,267)	0.30
Electricity	170,015	212,708	-	49,806	75,512	106,354	(30,842)	0.29
Electricity Distribution	170,015	212,708	-	49,806	75,512	106,354	(30,842)	0.29
Electricity Generation	-	-	-	-	-	-	-	-
Water	26,742	5,634	-	71	254	2,817	(2,563)	0.91
Water Distribution	26,742	5,634	-	71	254	2,817	(2,563)	0.91
Water Storage	-	-	-	-	-	-	-	-
Waste water management	-	16	-	-	-	-	-	-

Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
<i>Sewerage</i>	-	16	-	-	-	-	-	
<i>Storm Water Management</i>	-	-	-	-	-	-	-	
<i>Public Toilets</i>	-	-	-	-	-	-	-	
Waste management	2,461	2,500	-	449	1,387	1,250	137	0.11
<i>Solid Waste</i>	2,461	2,500	-	449	1,387	1,250	137	0.11
Other	49,722	51,031	-	4,591	21,518	25,516	(3,997)	0.16
Transport	87	74	-	0	(51)	37	(88)	2.36
Other	49,635	50,957	-	4,591	21,569	25,478	(3,910)	0.15
Tourism	-	-	-	-	-	-	-	
Total Expenditure - Standard	569,021	746,269	-	90,925	255,093	373,127	(118,033)	0.32
Surplus/ (Deficit) for the year	120,896	24,041	-	32,631	106,014	11,464	94,550	8.25

3.7 CASH FLOW POSITION

3.7.1 The cash flow position for the 2014/2015 year is given in Table CFA cash Flow which reflects the cash and investments position more clearly. A. The income derived as at December 2014 was R 123,555,000

3.7.2 The total cash received includes cash received for Operating Activities such as the sale of electricity, fees charged for refuse removal and sanitation as well as other service charges.

3.7.3 The total cash received from Operating Activities was R 123 555

3.7.4 The Total Income was made up of the following:

MONTHLY CASHFLOWS FOR THE PERIOD ENDING 31 DECEMBER 2014

Description R thousands	Budget Year 2014/15					
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome
<u>Cash Receipts By Source</u>						
Property rates	2,782	3,259	3,512	3,616	4,457	3,604
Property rates - penalties & collection charges	-	-	-	-	-	-
Service charges - electricity revenue	17,840	11,551	21,167	21,092	20,493	21,358
Service charges - water revenue	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-
Service charges - refuse	647	667	584	628	1,078	653
Service charges - other	-	-	-	-	-	-
Rental of facilities and equipment	32	35	20	30	38	47
Interest earned - external investments	-	162	416	195	236	330
Interest earned - outstanding debtors	884	403	846	303	496	791
Dividends received	-	-	-	-	-	-
Fines	149	129	71	106	86	86
Licences and permits	944	496	1,284	841	791	315
Agency services	-	-	-	-	-	-
Transfer receipts - operating	113,858	1,385	-	-	-	95,881
Other revenue	-	-	-	-	-	490
Total Cash Receipts by Source	142,170	18,087	27,900	26,812	27,675	123,555

3.7.5 Other Service Charges, amounting consist of income for meter connections and re-connection fees, building plan fees, cemetery fees.

3.7.6 Total cash payments amounted to R 90,925,000.

3.7.7 Total cash expenditure was made up of the following:

Description	Budget Year 2014/15					
	July	August	Sept	October	Nov	Dec
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome
Cash Payments by Type						
Employee related costs	17,477	17,198	18,337	17,171	17,092	26,388
Remuneration of councillors	1,733	1,733	1,731	1,731	1,731	1,731
Interest paid	–	2	1	365	6	564
Bulk purchases - Electricity	47,688	7,610	7,905	2,014	6,122	49,500
Bulk purchases - Water & Sewer	–	–	–	–	–	–
Other materials	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–
Grants and subsidies paid - other municipalities	–	–	–	–	–	–
Grants and subsidies paid - other	–	–	–	–	–	–
General expenses	34,143	8,615	10,719	8,732	8,170	12,743
Cash Payments by Type	101,040	35,158	38,694	30,012	33,121	90,925
NET INCREASE/(DECREASE) IN CASH HELD	41,130	(17,071)	(10,794)	(3,200)	(5,446)	32,630
Cash/cash equivalents at the month/year beginning:		41,130	24,059	13,265	10,065	4,619
Cash/cash equivalents at the month/year end:	41,130	24,059	13,265	10,065	4,619	37,249

Balance in current account as at 1st July 2014

	FIRST NATIONAL BANK
Balance 1 July 2014	R 52,139,859
Interest Rate	2.75%
Balance 31 December 2014	R36,744 ,841

3.7.8 SHORT TERM BORROWING

Section 45 (3) (iii) of the MFMA requires the accounting officer to notify the Council in writing as soon as practical of the amount, duration and cost of any short term loan (overdraft facility) incurred by the municipality. No overdraft was incurred by the municipality

3.8. An adjustment budget is necessary based on the following reasons:

- All Unspent Conditional Grants rolled over and approved By Treasury for 13/14 financial year
- Downward rate sand taxes adjustment on budgeted income
- At year - end 30 June 2014 the municipality had unspent conditional grants. These conditional grants were not envisaged in the original budget of 2014/2015 and have to be included in the adjustment budget.
- Anticipated revenue less than budgeted revenue due to consumer's payments and also rates and taxes reversal to be undertaken but credited to consumer's outstanding balances.
- The municipality foresees that the anticipated revenue will be less than the budgeted revenue for in the 3rd and fourth quarter
- The departments requested additional funds shifting for electrical projects and roads and civil; therefore it's necessary to do an adjustment budget to identify possible savings to cover additional requests.

COMMENTS FROM OTHER DIRECTORS

None - noted .

CHAPTER 4: RECOMMENDATIONS

1. That the mid-year budget and performance assessment as tabled be noted by Council and the Audit Committee.
2. That the 2014/15 Annual Budget be adjusted in February 2015 in terms of Section 28 of the MFMA.
3. That the mid-year budget and performance assessment report be submitted to the Honourable Mayor and the National and Provincial Treasuries.
4. That the mid-year budget and performance report be placed on the municipal website within five working days after it is tabled to the Honourable Mayor and approved.
5. Departmental units be instructed to submit a report in which full particulars regarding the progress with each and every capital project that is provided and in which implementation delays are explained.

Recommendations by Administrative Management

That the Council note that the adjustment budget for the income and expenditure projections for the financial year ending 30 June 2015 will be made in terms of the section 28 of the Municipal Finance Management Act no 56 of 2003.

LIM344 Makhado - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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
R thousands									
Revenue By Source									
Property rates	28,523	35,311	-	3,604	21,231	17,655	3,575	20%	39,687
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	231,351	256,416	-	21,358	113,502	128,208	(14,707)	-11%	291,115
Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6,852	7,713	-	653	4,256	3,857	400	10%	7,622
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	505	258	-	47	202	129	72	56%	212
Interest earned - external investments	14,961	1,734	-	1,121	5,062	867	4,195	484%	20,850
Interest earned - outstanding debtors	-	20,439	-	-	-	10,219	(10,219)	-100%	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines	5,650	3,118	-	86	627	1,559	(932)	-60%	3,060
Licences and permits	11,078	13,986	-	315	4,672	6,993	(2,321)	-33%	11,528
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	263,138	291,305	-	95,881	209,739	145,653	64,087	44%	290,576
Other revenue	18,282	25,942	-	490	1,822	12,971	(11,149)	-86%	7,819
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	580,340	656,223	-	123,556	361,112	328,111	33,001	10%	672,470

LIM344 Makhado - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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
R thousands									
Expenditure By Type									
Employee related costs	201,866	228,090	-	26,388	113,663	114,045	(382)	0%	226,682
Remuneration of councillors	20,782	20,675	-	1,731	10,390	10,338	52	1%	20,477
Debt impairment	12,894	20,000	-	-	-	10,000	(10,000)	-100%	52,114
Depreciation & asset impairment	123,074	145,015	-	-	-	72,508	(72,508)	-100%	144,145
Finance charges	10,302	5,859	-	564	937	2,929	(1,992)	-68%	259
Bulk purchases	157,754	188,227	-	49,500	73,144	94,114	(20,969)	-22%	202,765
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	162,633	138,403	-	12,743	56,959	69,201	(12,242)	-18%	283,781
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	689,303	746,269	-	90,925	255,093	373,134	(118,041)	-32%	930,223
Surplus/(Deficit)	(108,963)	(90,046)	-	32,631	106,019	(45,023)	151,042	(0)	(257,753)
Transfers recognised - capital	109,578	114,087	-	-	-	57,044	(57,044)	(0)	127,173
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	615	24,041	-	32,631	106,019	12,021			(130,580)
Taxation	-	-	-	-	-	-	-	-	-

LIM344 Makhado - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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
R thousands									
Surplus/(Deficit) after taxation	615	24,041	-	32,631	106,019	12,021			(130,580)
Attributable to minorities	-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality	615	24,041	-	32,631	106,019	12,021			(130,580)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-			-
Surplus/ (Deficit) for the year	615	24,041	-	32,631	106,019	12,021			(130,580)

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Upgrade of municipal call centre	INCOME	250,000.00	-	250,000.00	0%
Upgrade of network infrastructure	INCOME	500,000.00	-	500,000.00	0%
Upgrade of servers	INCOME	700,000.00	212,675.00	487,325.00	30%
Hand held two way communication radio x 2	INCOME	10,000.00	-	10,000.00	0%
Sound & recording system Council meetings	INCOME				0%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
		300,000.00	-	300,000.00	
Upgrade telephone management system	INCOME	150,000.00	-	150,000.00	0%
Upgrade Collaborator server	INCOME	300,000.00	-	300,000.00	0%
Upgrade of server room	INCOME	70,000.00	-	70,000.00	0%
Office furniture - whole municipality	INCOME	860,000.00	9,700.00	850,300.00	1%
Laptops/Computers/Printers	INCOME	335,000.00	25,618.89	309,381.11	8%
Large type colour printer with copier and faces	INCOME	100,000.00	-	100,000.00	0%
Refuse Container	INCOME	500,000.00	-	500,000.00	0%
Rehabilitation landfill site	INCOME	3,000,000.00	1,139,883.50	1,860,116.50	38%
Refurbishment and Upgrading of Corner Tshirululuni / Meerkat Park	INCOME	80,000.00	-	80,000.00	0%
Refurbishment and upgrading of Palm Park	INCOME	100,000.00	-	100,000.00	0%
Refurbishment and upgrading of Debeer Park (Toilet)	INCOME	65,000.00	-	65,000.00	0%
Refurbishment and upgrading of Mimosa Parks	INCOME	65,000.00	-	65,000.00	0%
Refurbishment and upgrading of Kameel Park	INCOME	65,000.00	-	65,000.00	0%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Refurbishment and upgrading of Eltivilas swimming pool	INCOME	65,000.00	-	65,000.00	0%
6 x Purchase new petrol Ride-on Lawnmower for heavy duty work.	INCOME	300,000.00	149,122.81	150,877.19	50%
6x Grass Brush/Weed eater	INCOME	90,000.00	68,270.40	21,729.60	76%
3 x Chainsaws	INCOME	50,000.00	27,672.52	22,327.48	55%
4 x Pole prunes	INCOME	60,000.00	53,890.00	6,110.00	90%
10 Skip bins.	INCOME	160,000.00	135,989.47	24,010.53	85%
1000*240L refuse wheel-bins for Business and 1000* 90L standard household refuse bins.	INCOME	1,000,000.00	-	1,000,000.00	0%
4x D-Cam (or lease) (Makhado)	INCOME	20,000.00	-	20,000.00	0%
Water Draining Generator (Makhado)	INCOME	30,000.00	-	30,000.00	0%
Sludge Pump machine (watervaal)	INCOME	5,000.00	-	5,000.00	0%
Motor cycle equipment (Vuwani)	INCOME	40,000.00	-	40,000.00	0%
1X LDV'S One with a canopy.	INCOME	300,000.00	-	300,000.00	0%
Pound borehole (Makhado)	INCOME	60,000.00	-	60,000.00	0%
Pound 5000L water tank & stand (Makhado)	INCOME	20,000.00	-	20,000.00	0%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Pound Upgrade and fence (Makhado)	INCOME	100,000.00	-	100,000.00	0%
Pound Office electrification & Plumbing (Makhado)	INCOME	100,000.00	-	100,000.00	0%
Construction of animal Pound / Loading Zones at Vuwani, Tshitale and Sinthumule/Kutama areas	INCOME	150,000.00	-	150,000.00	0%
Renovation of Pound Kraal Loading Zone and Drinking Throts (Ramavhoya) (Dzanani)	INCOME	100,000.00	-	100,000.00	0%
Construction of Motor cycle Track(Dzanani testing station)	INCOME	400,000.00	-	400,000.00	0%
Carport at Makhado Testing Ground	INCOME	30,000.00	-	30,000.00	0%
Borehole, stand and Tank at Makhado testing ground	INCOME	60,000.00	-	60,000.00	0%
Paving of Dzanani Main Entrance	INCOME	300,000.00	-	300,000.00	0%
Drilling of a water borehole at Waterval Traffic Station	INCOME	80,000.00	-	80,000.00	0%
Paving of entrance (Vuwani Testing Station)	INCOME	196,820.00	-	196,820.00	0%
Establishment of Waterval Registering Traffic station.	INCOME	200,000.00	-	200,000.00	0%
Standby (backup) Electricity Power Generator (Dzanani)	INCOME	250,000.00	-	250,000.00	0%
Power/Distribution transformer repairs	INCOME	-	-	-	0%
Fencing Riverview Tshipise switching point	INCOME	30,000.00	5,169.94	24,830.06	17%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Fencing Mudimeli switching point	INCOME	30,000.00	5,256.08	24,743.92	18%
Protection relays Urban indoor subs with new relays	INCOME	156,000.00	-	156,000.00	0%
Rebuild Emma Substation MV line	INCOME	450,000.00	-	450,000.00	0%
Remote control of switch gear Tshipise & Levubu sub and line controllers	INCOME	80,000.00	-	80,000.00	0%
Repair 10MVA Transformers Levubu Sub station	INCOME	150,000.00	-	150,000.00	0%
Standby quarters	INCOME	800,000.00	-	800,000.00	0%
Transformers 2x5MVA 22/11	INCOME	-	-	-	0%
Upgrade ablutions	INCOME	150,000.00	21,449.61	128,550.39	14%
Upgrade Mara Line	INCOME	200,000.00	148,907.20	51,092.80	74%
Upgrade Tshipise line	INCOME	250,000.00	185,992.81	64,007.19	74%
Upgrade Urban Substations	INCOME	500,000.00	-	500,000.00	0%
4 x Flood Lights(Supply and Install)	INCOME	20,000.00	18,844.66	1,155.34	94%
Electrification in Makhado License areas	INCOME	4,000,000.00	415,854.51	3,584,145.49	10%
Battery operated crimping tool	INCOME	3,000.00	-	3,000.00	0%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Bush cutters / brush cutter	INCOME	18,000.00	13,823.14	4,176.86	77%
Cable locator LV	INCOME	100,000.00	100,000.00	-	100%
Mini substations	INCOME	750,000.00	-	750,000.00	0%
MV Cables 70mm2 - urban network	INCOME	-	-	-	0%
Recloser and controllers whole network	INCOME	250,000.00	-	250,000.00	0%
Air conditioners (Whole Municipality)	INCOME	125,000.00	85,360.60	39,639.40	68%
CT VT Units 11kv & 22kv	INCOME	250,000.00	-	250,000.00	0%
Strategic Spares	INCOME	234,000.00	-	234,000.00	0%
Bushings 66kV transformer	INCOME	120,000.00	-	120,000.00	0%
Cargo Containers	INCOME	-	-	-	0%
Chain saws	INCOME	18,000.00	11,368.42	6,631.58	63%
Come-a-longs	INCOME	15,000.00	-	15,000.00	0%
Draw vices	INCOME	30,000.00	-	30,000.00	0%
Drilling machines 2 x Engine operated	INCOME	20,000.00	16,039.56	3,960.44	80%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Extension power chain saws	INCOME	20,000.00	14,978.78	5,021.22	75%
Gazebo 3x3m	INCOME	3,000.00	2,023.68	976.32	67%
Hydraulic crimping tool set	INCOME	20,000.00	8,901.90	11,098.10	45%
Ladders	INCOME	80,000.00	23,520.72	56,479.28	29%
Narrow bucket for TLB	INCOME	30,000.00	-	30,000.00	0%
Portable transformer testing equipment	INCOME	90,000.00	-	90,000.00	0%
Proximity testers	INCOME	30,000.00	26,000.00	4,000.00	87%
Radios	INCOME	30,000.00	28,405.00	1,595.00	95%
Safety Harnesses	INCOME	50,000.00	6,141.60	43,858.40	12%
Slings	INCOME	15,000.00	-	15,000.00	0%
Telescopic tree prunes (silky pruners)	INCOME	36,000.00	25,713.95	10,286.05	71%
GPS	INCOME	20,000.00	15,095.00	4,905.00	75%
6 Ton Truck	INCOME	450,000.00	-	450,000.00	0%
Towing trailer	INCOME	70,000.00	-	70,000.00	0%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Grader Machine	INCOME	1,200,000.00	-	1,200,000.00	0%
Horse and Trailer Low bed(goosneck)	INCOME	1,400,000.00	-	1,400,000.00	0%
Carport (Steel structure) (Building maintenance)	INCOME	300,000.00	213,232.00	86,768.00	71%
Paving of yard (Mechanical Workshop)	INCOME	200,000.00	5,727.37	194,272.63	3%
Pre Cast wall (Mechanical Workshop)	INCOME	110,000.00	38,737.91	71,262.09	35%
Makhado Civic Centre Extensions	INCOME	500,000.00	-	500,000.00	0%
Construction of Mayoral House	INCOME	1,500,000.00	-	1,500,000.00	0%
Renovation of building on the South Eastern	INCOME	500,000.00	131,600.00	368,400.00	26%
Refurbishment of Waterval and Vleifontien regional offices (Building maintenance)	INCOME	350,000.00	40,917.34	309,082.66	12%
Palisade fencing Waterval stadium	INCOME	350,000.00	-	350,000.00	0%
Guard Room	INCOME	45,000.00	-	45,000.00	0%
50 X Steel Cabinets	INCOME	100,000.00	-	100,000.00	0%
50 x Two way Radios	INCOME	70,000.00	49,473.68	20,526.32	71%
Tar Mixer machine	INCOME	300,000.00	96,491.23	203,508.77	32%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
6 x 5000L Water tanks	INCOME	10,600.00	-	10,600.00	0%
Roads Marking Machine	INCOME	250,000.00	-	250,000.00	0%
Pipes 450x15,600x 15,750x 15 and 900x10	INCOME	400,000.00	28,349.72	371,650.28	7%
Tools compressor and Toolbox	INCOME	50,000.00	-	50,000.00	0%
Generator/ welding	INCOME	60,000.00	55,023.04	4,976.96	92%
Two way radios x 5	INCOME	30,000.00	-	30,000.00	0%
Development of Makhado information and recreational centre	INCOME	500,000.00	-	500,000.00	0%
Revitalisation of Tshakhuma Fruit Markets	INCOME	100,000.00	-	100,000.00	0%
Provision of street names for R293 towns	INCOME	200,000.00	-	200,000.00	0%
10 Ton 25 T/M	INCOME	2,900,000.00	-	2,900,000.00	0%
Pit Chain	INCOME	800.00	701.40	98.60	88%
Public Toilet	INCOME	2,380.00	2,380.00	-	100%
Vhangani	INCOME	600,222.00	154,900.70	445,321.30	26%
Mashamba	INCOME	423,238.53	371,292.41	51,946.12	88%

SUMMARY OF CAPITAL EXPENDITURE STATUS AS AT 31 DECEMBER 2014

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Luvhalani	INCOME	900,000.00	853,830.59	46,169.41	95%
Tshifhahani	INCOME	345,000.00	176,464.62	168,535.38	51%
Electrification	INCOME	300,000.00	74,630.79	225,369.21	25%
Mauluma	INCOME	599,780.00	526,121.39	73,658.61	88%
Mugejwani	INCOME	355,000.00	195,354.90	159,645.10	55%
Mufeba	INCOME	300,000.00	-	300,000.00	0%
Pfanani	INCOME	476,727.00	416,601.88	60,125.12	87%
Upgrading of Mountain and Industrial lines	INCOME	2,150,000.00	1,877,650.00	272,350.00	87%
Madombidzha	INCOME	206,940.00	206,938.40	1.60	100%
Njakanjaka	INCOME	293,060.00	220,140.50	72,919.50	75%
		39,688,567.53	8,738,229.62	30,950,337.91	22%

MIG ALLOCATION					
DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIENCE	PERCENT AGE
Tshikota upgrading of streets and pretorius	MIG	20,000,000.00	7,147,874.03	12,852,125.97	0%
Tshirululuni to ridgeway and hlanganani str	MIG	11,365,172.18	4,316,646.44	7,048,525.74	0%
Eltivillas A & B tarring of streets	MIG	12,134,827.82	11,884,247.43	250,580.39	0%
Rehabilitation of town CBD and Ruh street	MIG	17,432,000.00	724,486.53	16,707,513.47	0%
Magau road phase 1	MIG	5,000,000.00	1,215,127.73	3,784,872.27	0%
Madzuwa bridge	MIG	5,500,000.00	563,423.11	4,936,576.89	0%
Robert khoza street	MIG	5,000,000.00	-	5,000,000.00	0%
Landfill site Makhado	MIG	3,000,000.00	2,253,393.53	746,606.47	0%
Tshivhazwaulu to rasivhetshela road phase 1	MIG	4,600,000.00	2,006,616.47	2,593,383.53	0%
Piesanghoek to Khunda road and storm water	MIG	5,500,000.00	719,773.87	4,780,226.13	0%
Upgrading of Bungeni sports facilities	MIG	6,000,000.00	1,699,686.40	4,300,313.60	0%
Upgrading of Vuwani sports facilities	MIG	5,400,000.00	533,298.24	4,866,701.76	0%
Tshivhulana to Tshilaphala	MIG	3,500,000.00	3,345,184.32	154,815.68	0%
Sereni Themba to Mashaba	MIG	14,746,336.74	2,581,033.19	12,165,303.55	0%
Waterval	MIG	3,000,000.00	-	3,000,000.00	0%

MIG ALLOCATION					
DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIENCE	PERCENT AGE
Mphaila	MIG	6,500,000.00	2,109,976.69	4,390,023.31	0%
Ledig	MIG	20,000,000.00	1,772,345.28	18,227,654.72	0%
TOTAL		148,678,336.74	42,873,113.26	105,805,223.48	29%

INEP ALLOCATION					
DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIENCE	PERCENT AGE
Wisagalaza village	INEP	442,480.00	385,194.11	57,285.89	0%
Murunwa village	INEP	980,000.00	127,664.75	852,335.25	0%
Vhangani Village	INEP	712,000.00	672,119.37	39,880.63	94%
Mugejwani	INEP	500,000.00	472,848.16	27,151.84	0%
NJakanjaka PH2	INEP	576,657.25	488,000.60	88,656.65	85%
Electrification in Eskom Areas	INEP	194,019.06	115,050.74	78,968.32	59%
Mashamba/Woyoza (INEP)	INEP	1,134,015.00	1,027,490.89	106,524.11	91%
Luvhalana(INEP)	INEP	911,467.48	799,532.89	111,934.59	88%
Mufeba(INEP)	INEP	542,576.79	488,319.11	54,257.68	90%

INEP ALLOCATION					
DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Mauluma Zone 4(INEP)	INEP	1,545,926.89	1,356,076.21	189,850.68	88%
TOTAL INEP		7,539,142.47	5,932,296.83	1,606,845.64	79%

DESCRIPTION	SOURCE	BUDGET	EXPENDITURE	VARIANCE	PERCENT AGE
Office Equipment	FMG	270,000.00	194,400.00	75,600.00	72%
TOTAL FMG		270,000.00	194,400.00	75,600.00	72%

SUMMARY AS PER DEPARTMENT	BUDGET	EXPENDITURE	VARIANCES	PERCENTAGE
PLANNING AND DEVELOPMENT	800,000.00	-	800,000.00	0%
TECHNICAL SERVICES	183,486,046.74	55,717,735.72	127,768,311.02	30%
COMMUNITY SERVICES	8,045,000.00	1,577,910.10	6,467,089.90	20%
FINANCE	270,000.00	194,400.00	75,600.00	72%
CORPORATE SERVICES	3,575,000.00	247,993.89	3,327,006.11	7%
	196,176,046.74	57,738,039.71	138,438,007.03	29%