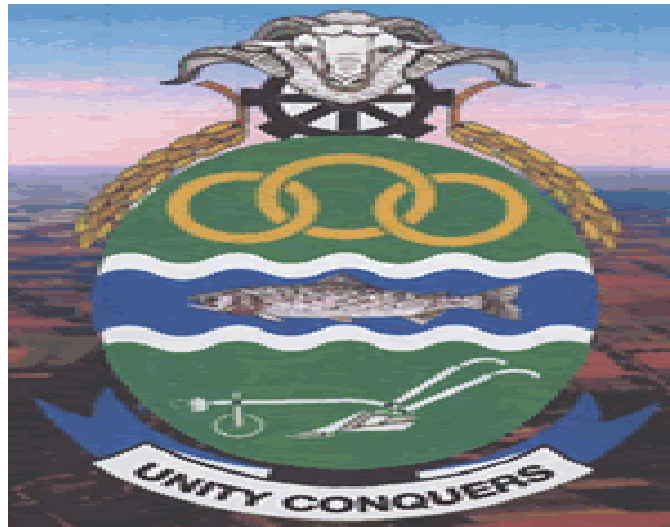


PHOKWANE LOCAL MUNICIPALITY



SECTION 52(d) – IMPLEMENTATION OF THE BUDGET

PERIOD: 1 OCTOBER 2014 TO DECEMBER 2014

First Quarter Review

There was not any significant progress reported during the first quarter review for July – September 2014 as the focus was central to external audit processes and planning and prior years reporting concluded during this period.

Revenue

The total revenue budget approved for 2014/2015 amounts to R 201 million and revenue raised during the first quarter of the financial year amounted to R55, 160 million, which is R 4,838 million more or 9.61% of the R 50, 322 that was anticipated.

Expenditure

The total expenditure budget approved for 2014/2015 amounts to R 219 million. Actual expenditure for the first quarter amounted to R 30, 281 million (55.30%). This is R 24, 477 million below the quarterly budget target.

Liabilities

The current liabilities (trade creditors) of the municipality to date amount to (R 644) thousand

Council purchases and payments to creditors are under adequate control. The following table provides an overview of Trade Payables as at 30 September 2014

Creditors Age Analysis as at 30 September 2014:					
Details	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total
AL 2 STADLER	27,522	0.00	0.00	0.00	27,522.00
BOERE KAFEE SUPERMARKET & TAKE AWAYS	0.00	1,416.15	0.00	0.00	1,416.15
DFA NEWSPAPERS HOLDINGS LTD	0.00	0.00	5,014.18	0.00	5,014.18
ICEBURG INVESTMENTS 500(PTY)LTD	963.00	0.00	0.00	0.00	963.00
ITEC NORTHERN CAPE	0.00	0.00	2,353.23	0.00	2,353.23
JAN KEMP OK GROCER	0.00	0.00	1,457.42	0.00	1,457.42
JOHERDA ELEKTRIESE KONTRAKTEURS	0.00	3,311.70	0.00	0.00	3,311.70
KLEIN PLASIE	0.00	24,850.00	0.00	0.00	24,850.00
R. D VERMEULEN	0.00	0.00	1,871.00	0.00	1,871.00
RETSWELELE TRADING & PROJECTS(PTY)	0.00	1,332.00	0.00	0.00	1,332.00
SEDIBENG WATER	573,457.62	0.00	0.00	0.00	573,457.62
TOTAL INVOICES	601,942.62	30,909.85	10,695.83	0.00	643,548.30

Credit control

The average percentage payment level for the municipality at the end of the quarter is 50.98 %. The table below provides a summary of the overall payment levels for the main areas of the municipality:

FY 2014/2015	Charges Raised	Reciepts	%
July	9 346 694,88	5 464 974,09	58,47
Aug	10 764 862,83	4 762 733,57	44,24
Sep	9 962 743,34	5 104 367,14	51,23
TOTAL 2014/2015	30 074 301,05	15 332 074,80	50,98
MONTHLY AVERAGE	7 518 575,26	3 833 018,70	50,98

The payment levels for the individual areas are as follows:

MONTHS	HARTSWATER	JAN KEMPDORP	PAMPIERSTAD	GANSPAN	FARMS
YTD AVE	67.99	49.39	5.79	9.23	13.47
July	101.39	42.65	5.81	9.30	14.94
Aug	59.02	40.91	5.50	9.33	10.69
Sept	53.52	67.91	6.05	9.05	14.70

Measures should be implemented to increase payment levels in township areas, such as Pampierstad and Ganspan, in order to improve the overall payment rate. The debt collection section was severely hampered in its functions due to a shortage of staff and vehicles. This section continued to operate with limited resources throughout the quarter particularly as far as human capacity and vehicles are concern and the effect of this can be clearly noticed on the results in the table below;

Second Quarter (Mid-Year) Review

Revenue

The total revenue generated for the municipality from revenue charges as at 31 December amounts to R107, 241 million.

Expenditure

The operating expenditure of the municipality as at the 31 December 2014 amounts to R83, 462 million.

Tight controls have been implemented to ensure that the budget is not overspend, unauthorized, fruitless, wasteful and irregular expenditure are prevented. These will however be reported to Council upon detection.

Description	Budget	Year to date	%
Allowance: Acting	178,216	197,138	110.61
Main: Overhead lines	447,773	489,513	307.88
Interest Paid	0	56,246	0
Total	625,989	742,897	118.68

The tables below provide the nature of deviations and irregular expenditure from July to December 2014

Detail Listing of irregular, fruitless and wasteful Expenditure covering period (01 July 2014 to 31 December 2014)					
Deviation					
Date	Service provider	Requester	Description	Amount	Comment
28/08/2014	KP. Mods	Official	Repairs of radio links (Financial system connections)	R6 980.00	N/A
09/09/2014	KP. Mods	Official	Continuation of Radio links repairs	R3 900.00	N/A
10/09/2014	Sedibeng Waters	Official	Lowest quotation not used due to cost analysis savings	R4 281.84	N/A
10/10/2014	Stehard Elektriese Kontrak	Official	Only one quotation received	R8 340.00	N/A
Sole Provider					
Date	Service provider	Requester	Description	Amount	Comment

Contracted service					
Date	Service provider	Requester	Description	Amount	Comment
28/08/2014	Prodiba	Elsa Jonch	Contracted service for supplying ink cartridges	R6 329.28	N/A
Strip and Repairs					
Date	Service provider	Requester	Description	Amount	Comment
16/09/2014	Dikoloi Gearbox & Diff	Official	Strip and repairs (mechanical work)	R112 404.00	N/A
11/08/2014	RD. Vermeulen	Official	Strip and repairs (mechanical work)	R21 720.00	N/A
11/12/2014	K.P Mods	Official	Strip and repairs of the water tower.	R34 870.00	N/A
Irregular Expenditure					
Date	Service provider	Requester	Description	Amount	Comment
Fruitless and wasteful expenditure					
Date	Service provider	Requester	Description	Amount	Comment

Liabilities

The trade creditors as at 31 December 2014 amount to R 7,380,145.86 million.

Council purchases and payments to creditors are under adequate control. The following represent Council's Accounts Receivable Balances as at 31 December 2014

Creditors Age Analysis as at 31 December 2014:					
Details	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total
Actom	0.00	0.00	159,030.00	0.00	159,030.00
Agriculture Mining Distribution	0.00	1,799.74	0.00	0.00	1,799.74
Agrico	0.00	2,859.13	0.00	0.00	2,859.13
AL 2 Stadler	112,940.08	33,630.00	0.00	0.00	146,570.08
Aqua Agri Solutions	0.00	0.00	1,740.10	0.00	1,740.10
Business Connexion	0.00	0.00	0.00	4,600.00	4,600.00
Blendtech (PTY)LTD	0.00	98,653.32	0.00	0.00	98,653.32
Bogolo Jwa One Enterprise	0.00	27,337.20	0.00	0.00	27,337.20
Central Office Equipment	0.00	5,540.40	584.25	0.00	6,124.65
Coen Fraenkel Landmeter	0.00	103,100.00	0.00	0.00	103,100.00
C-Pac Pump & Valves	49,054.20	4,350.24	0.00	0.00	53,404.44
Echotek Electronics	520.00	0.00	0.00	0.00	520.00
E.G Du Toitingenieurswerke	0.00	1,478.80	0.00	0.00	1,478.80
Electro Comp	0.00	0.00	0.00	25,893.96	25,893.96
Eskom	4,131.55	0.00	0.00	4,131.55	4,131.55
Glassfit Hartswater	0.00	753.29	0.00	0.00	753.29
Government Gazette	0.00	1,838.10	0.00	0.00	1,838.10
Grivanis & Saaimaan	0.00	12,290.00	0.00	0.00	12,290.00
Grobler Familie Trust	0.00	0.00	0.00	676.88	676.88
Hartswater Apteek	0.00	1,998.00	0.00	0.00	1,998.00
Hartswaal Verspreiders	0.00	559.10	424.00	0.00	983.10
Hartswater Bande (PTY)LTD	0.00	0.00	1,9520.00	0.00	1,950.00
Iceburg Investments 500(PTY)LTD	0.00	28,837.20	0.00	0.00	28,837.20
Jan Kemp OK Grocer	1,273.42	0.00	0.00	0.00	1,273.42
Joherda Elektriese Kontrakteurs	0.00	1,352.38	2,935.50	0.00	4,287.88
LTS Computers	11,000.00	0.00	0.00	0.00	11,000.00
Milano Signs	0.00	840.00	0.00	0.00	840.00

Mochachos	0.00	1,524.00	0.00	0.00	1,524.00
Mukhari Signs & Marketing Enterprise	0.00	14,022.00	0.00	0.00	14,022.00
NC Provincial Gazette	0.00	0.00	0.00	1,838.10	1,838.10
Nick's Midas	0.00	1,013.40	2,050.00	3,720.00	6,783.40
Niekerball Computers	0.00	1,495.00	409.00	0.00	1,904.00
Nifisk Advance	0.00	1,714.56	0.00	0.00	1,714.56
Quadro Group(PTY)LTD	0.00	0.00	11,340.00	0.00	11,340.00
S&B Trading	0.00	8,000.00	0.00	0.00	8,000.00
Hinterland	0.00	0.00	5,991.40	3,723.46	9,714.86
Spar Hartswater	1,814.00	0.00	0.00	0.00	1,814.00
T&M Hardware	0.00	26,475.00	0.00	0.00	26,475.00
Telkom Business	0.00	0.00	0.00	3,281.19	3,281.19
TMK Professional Land Surveyors	0.00	15,727.00	0.00	0.00	15,727.00
T Makhosane Trading Enterprise(PTY)LTD	0.00	11,999.00	0.00	0.00	11,999.00
TNA The Newage	0.00	24,478.08	0.00	0.00	24,478.00
TS Creations	15,920.00	0.00	0.00	0.00	15,920.00
Vaalharts Water	0.00	0.00	1,723,057.41	0.00	1,723,057.41
Voltex Kimberley	0.00	88,728.71	0.00	0.00	88,728.71
Vaalharts Printers	0.00	1,950.00	0.00	0.00	1,950.00
Van Vuuren Bandag	0.00	568.03	0.00	0.00	568.03
Wolters Kluwer Audit Risk & Compliance	0.00	8,558.25	0.00	0.00	8,558.25
Eskom	7,196.34	1,326,566.09	0.00	0.00	1,333,762.43
Solid View Trading Enterprise CC	0.00	29,950.00	0.00	0.00	29,950.00
Vaalharts Water	4,781,183.66	0.00	0.00	0.00	4,781,183.66
AL 2 Stadler	0.00	0.00	0.00	27,522.00	27,522.00
Baron's Galley	0.00	0.00	1,350.00	0.00	1,350.00
Beka	0.00	29,559.23	28,847.70	0.00	58,406.93

Central Office equipment	0.00	20,856.65	0.00	0.00	20,856.65
Cigma Projects(PTY)LTD	0.00	250.00	0.00	0.00	250.00
Eskom	0.00	33,324.83	1,962.91	0.00	35,287.74
Glass Centrekonstruksie	0.00	1,600.00	0.00	0.00	1,600.00
Grobler Familie Trust	0.00	0.00	555.99	0.00	555.99
Jan Kemp OK Grocer	0.00	0.00	0.00	1,457.42	1,457.42
Joherda Elektriese Kontrakteurs	0.00	3,807.26	0.00	0.00	3,807.26
Mochachos	0.00	565.80	850.00	0.00	1,415.80
Momar	0.00	59,915.55	0.00	0.00	59,915.55
Niekerball Computers	0.00	260.00	0.00	0.00	260.00
Nilfisk Advance	0.00	2,295.96	0.00	0.00	2,295.96
Quality Engineering (Van HeerdenTrust)	0.00	1,618.12	0.00	0.00	1,618.12
R.D Vermeulen	0.00	1,302.00	0.00	0.00	1,302.00
Sedibeng Water	0.00	0.00	1,303,192.33	573,457.62	1,876,649.95
Tabea News Media	0.00	0.00	0.00	1,900.00	1,900.00
Vaalharts Water	0.00	709,586.94	0.00	0.00	709,586.94
Vec Elektriese Groothandelaars	0.00	16,304.83	0.00	0.00	16,304.83
Voltex Kimberly	0.00	28,842.00	0.00	0.00	28,842.00
Vaalharts Printers	0.00	1,980.00	0.00	0.00	1,980.00
Van Vuuren Bandag	0.00	1,716.00	0.00	0.00	1,716.00
Iceburg Investments 500(PTY)LTD	0.00	0.00	0.00	0.20	0.20
Total Invoices	682,033.25	2,803,771.19	3,246,270.59	648,070.83	7,380,145.86

Credit control

The average percentage payment level for the municipality at the end of the second quarter is 55.05% when compared to the 50.99% of the same quarter last year. The table below provides a summary of the overall payment levels for the main areas of the municipality:

FY 2013/14	Charges Raised	Receipts	% Payment	FY 2014/15	Charges Raised	Receipts	% Payment
July	7,975,059.07	5,264,569.01	66.01	July	9,346,694.88	5,464,974.09	58.47
Aug	8,098,437.05	5,877,422.77	72.57	Aug	10,764,862.83	4,762,733.57	44.24
Sept	7,940,622.53	4,418,814.73	55.65	Sept	9,962,743.34	5,104,367.14	51.23
Oct	7,108,959.60	4,592,399.98	64.60	Oct	8,585,810.77	4,342,466.46	50.58
Nov	8,444,833.23	4,728,166.70	55.99	Nov	8,740,337.91	3,981,700.14	45.56
Dec	8,772,135.36	2,842,342.66	32.40	Dec	8,751,799.14	3,016,239.21	47.50

The payment levels for the individual areas are as follows:

MONTHS	HARTSWATER	JAN KEMPDORP	PAMPIERSTAD	GANSPAN	FARMS
YTD AVE	77.13	50.63	6.91	8.21	15.55
July	101.39	42.65	5.81	9.30	14.94
Aug	59.02	40.91	5.50	9.33	10.69
Sept	53.52	67.9	6.05	9.05	14.70
Oct	69.71	43.8	10.59	2.67	21.60
Nov	66.82	43.3	6.02	10.67	14.56
Dec	2204.15	935.0	6.03	9.86	36.20

The fluctuation of payment levels is due to the fact that the receipts are not merged on time, the billing accounts are sometimes not sent out in time, and the period of billing and the usage of the electricity and water is high or low and also due to the Council resolution that the municipality should consider the circumstances of the community in terms of being able to pay their services, therefore it was resolved that there will be no cut-offs of electricity and restriction of water for the residents of Valspan, Andalusia Park, Ganspan and Bonita Park, which explains the zero figures in the table below.

Indigents

The registration of indigents are hampered by a number of factors that include a lack of adequate resources such as human resources and vehicles as most of the indigents lives in the outlying areas. The involvement of ward councillors and ward committees must also improve to identify and register indigents. For the second quarter of 2014/15 financial year only 2195 indigents were registered compared to 3107 for the 2013/14 financial year.

Debtors Age Analysis by Income Source:

Details	0-30 Days	31-60 Days	61-90 Days	91-120 Days	120-150 Days	150-180 Days	180-1 Year	Over 1 Year	Total
Water	2,237,997	1,216,023	1,457,534	1,132,877	824 595	1 314 695	6 243 447	41 667 614	56 094 782
Electricity	1,891,863	670,53	434,49	290,38	222 124	171 770	776 225	3 855 337	8 312 721
Sewerage	945,57	847,00	797,45	800,76	496 128	453 546	2 564 256	16 135 127	24 082 633
Rates	1,379,757	982,82	874,70	1,196,305	546 607	541 419	3 099 888	37 480 806	45 077 487
Refuse	590,82	529,97	511,56	521,16	353 415	352 355	1 996 974	24 238 936	29 095 187
Others(Interest,Debt-pack,Special	1,021,220	968,05	968,77	1,060,855	901 559	883 976	4 618 758	45 999 386	56 422 578
Total	8,067,222	5,232,391	5,044,500	5,002,332	3 344 428	3 717 761	19 299 548	169 377 206	219 085 388

Municipality's debt on outstanding municipal accounts as at 31 December 2014 amounted to R 219, 085 million with 0-30 days amounting to R8, 067 million, 150-180 days amounting to R 3, 718 million. The municipal accounting policy provides that provision for bad debt be raised for debt over 90 days. The provision for bad debt is still to be expensed for the period July – December 2014.

Cash and Cash Equivalents

Council had one type of investment i.e. the call account as at 31 December 2014

- The call account is with ABSA Bank with a capital amount of R5, 426 million and the interest incurred as at 31 December 2014 amounts to R14 thousand.

NC094 Phokwane - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

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									
ABSA BANK (CALL ACCOUNT 9118751699)			Call Deposit	call	14	0,0%	5 426	–	5 440
ABSA BANK (2074231819)		90 days	Fixed Deposit			0,0%		–	–
NEDBANK (037881113227)		90 days	Fixed Deposit			0,0%		–	–
Municipality sub-total					14		5 426	–	5 440
Entities									
Entities sub-total					–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2				14		5 426	–	5 440

- Cash at bank as at 31 December 2014 amounted to R19, 062,629.41(Standard Bank); R6,703,048.87(Absa)

Performance Indicators

The performance indicators used to perform the mid-year assessment is derived from the municipal approved SDBIP and these are measured in the table below per quarter as either being “achieved or not achieved”. Corrective measures to be taken are also identified and documented.

Financial Indicators

The financial indicators applied throughout the assessment are derived from the SDBIP and are in accordance Local Government: Municipal Finance Management Act (56 of 2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009 and National Treasury's MFMA circular 13 are included as;

- 1) Revenue by Source
- 2) Expenditure by Type
- 3) Projection of revenue and operating expenditure
- 4) Projection of capital expenditure

Due to the constricted adjustment budget deadlines additional financial performance indicators may be added to monitor their performance this relates mainly to capital projects added or amended during the adjustment budget.

Budgeted Operating Results – 2014/2015

Key Performance Area	BUDGETED Operating Expenditure 2014/2015	Actual Expenditure July – Dec 2014	Variance	BUDGETED Operating Revenue 2014/2015	Actual Revenue July – Dec 2014	Variance
Basic services	148,099,624	52,193,131	64.75%	148,339,405	41,293,095	72.16%
Municipal Institutional Development and Transformation	24,900,625	11,960,686	51.96%	22,360,715	3,321,897	85.14%
Local Economic Development	120,082	3,448	97.13%	544,953	-	0%
Municipal Financial Viability and Management	28,547,416	11,416,183	60.01%	22,956,051	10,588,748	53.87%
Good Governance and Public Participation	17,485,592	10,422,097	40.39%	7,068,287	53,677,687	- 659.45%
Total Budget	219,153,340	83,461,972	61.31%	201,287,412	107,241,052	46.72%

Budgeted Capex Results – 2014/2015

Key Performance Area	BUDGETED Capital Expenditure 2013/2014	Actual Expenditure July – Dec 2013	Variance	BUDGETED Capital Revenue 2013/2014	Actual Revenue July – Dec 2013	Variance
Basic services	93,093,128	34,489,002	62.95%	93,093,128	34,489,002	62.95%
Municipal Institutional Development and Transformation	7,061,000	4,153,267	41.18%	7,061,000	4,153,267	41.18%
Local Economic Development	-	-	-	-	-	-
Municipal Financial Viability and Management	181,650	130,619	28.02%	181,650	130,619-	28.02%
Good Governance and Public Participation	587,500	110,000	81.29%	587,500	110,000	81.29%
Total Budget	100,923,278	39,007,943	61.34%	100,923,278	39,007,943	61.34%

The following components were used to assess the performance of the institution for period that has ended December 2014:

- The actual result of projected revenue to be collected for each source
- The actual results of projected expenditure per line item
- The actual result of projected revenue (operating) for each vote
- The actual result of projected expenditure (operating) for each vote
- The actual results of projected capital expenditure and revenue for each vote
- The actual results of quarterly projections of service delivery targets and performance indicators for each vote

NC094 Phokwane - Table 3 Actual results of projected revenue to be collected for each source - M06 December

NC094 Phokwane - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

NC094 Prokware - Table C4: Monthly Budget Statement - Financial Performance (Revenue and expenditure) - Mo0 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			15 654	15 654	1 389	8 672	7 827	845	11%	15 654
Property rates - penalties & collection charges								-		-
Service charges - electricity revenue			45 203	45 100	2 654	15 323	22 602	(7 278)	-32%	45 100
Service charges - water revenue			28 457	28 473	1 987	11 472	14 228	(2 757)	-19%	28 473
Service charges - sanitation revenue			11 623	11 628	993	6 022	5 811	211	4%	11 628
Service charges - refuse revenue			7 734	7 734	645	3 866	3 867	(1)	0%	7 734
Service charges - other			-					-		-
Rental of facilities and equipment			380	363	29	182	190	(8)	-4%	363
Interest earned - external investments			2 082	698	117	349	1 041	(692)	-66%	698
Interest earned - outstanding debtors			9 457	12 943	1 047	5 827	4 728	1 099	23%	12 943
Dividends received			-					-		-
Fines			133	142	-	71	67	4	7%	142
Licences and permits			1 617	1 238	92	708	808	(100)	-12%	1 238
Agency services			1 312	489	89	671	656	15	2%	489
Transfers recognised - operational			76 376	76 076	25 055	53 298	38 188	15 110	40%	76 076
Other revenue			1 260	1 261	125	570	630	(60)	-10%	1 261
Gains on disposal of PPE			-	211	211	211		211	#DIV/0!	211
Total Revenue (excluding capital transfers and contributions)		-	201 287	202 010	34 433	107 241	100 644	6 597	7%	202 010

Actual result of projected revenue to be collected for each source

The YTD result shows that there is need that revenue targets set at the beginning of the year might have to be adjusted.

There is a chance that the municipality might raise more revenue than what has been anticipated from service charges for water, sanitation, refuse, rent of facilities and equipment interest to be earned from investment activities.

Revenue from service charges from electricity might have to be adjusted downwards as there is probability that the revenue to be raised is expected to be slightly below the anticipated target.

The targets set for transfers to be recognised for operational purposes is most likely to remain the same as these are represented by grant funding such equitable share, FMG, MSIG and library which legislated either through the DoRA or Provincial Gazette on transfers to municipalities for 2014/2015.

NC094 Phokwane - Table 4 Actual results of projected expenditure per item - 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										
Expenditure By Type										
Employee related costs			48 290	56 364	4 626	27 800	24 145	3 655	15%	56 364
Remuneration of councillors			4 634	4 634	371	2 155	2 317	(162)	-7%	4 634
Debt impairment			30 440	30 440	–	–	15 220	(15 220)	-100%	30 440
Depreciation & asset impairment			7 293	7 293	–	–	3 647	(3 647)	-100%	7 293
Finance charges			–	–	–	–	–	–	–	–
Bulk purchases			66 131	66 131	12 874	30 701	33 065	(2 364)	-7%	66 131
Other materials			6 937	8 856	739	3 712	3 469	243	7%	8 856
Contracted services			13 122	16 181	3 196	6 877	6 561	316	5%	16 181
Transfers and grants			–	–	–	–	–	–	–	–
Other expenditure			42 305	38 937	2 737	12 217	21 153	(8 936)	-42%	38 937
Loss on disposal of PPE			–	–	–	–	–	–	–	–
Total Expenditure		–	219 153	228 837	24 543	83 462	109 577	(26 115)	-24%	228 837

Actual results of projected expenditure per line item

There is a general indication that operating expenditure set in the beginning of the year might be attained at 30 June 2014, however there are votes that are already overspent and the Virement Policy will assist in transferring the budget from votes that are under spent to overspent votes. Table 2; provide a full year's forecast of expenditure for 2014/2015.

There is however a need to increase the existing provisions for debt impairment, depreciation and asset impairment with the adjustment

The table above (table C3) shows the financial performance per municipal vote

NC094 Phokwane - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - A - M06 December

NC094 Phokwane - Table C5 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - A - Mo06 December										
Vote Description	Ref	2013/14	Budget Year 2014/15							
R thousand		Audited	Original	Adjusted	Monthly	YearTD	YearTD	YTD variance	YTD variance	Full Year
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	5 589	5 892	25 347	53 678	2 794	50 883	1821%	5 892
1.1 - Executive and Council			5 589	5 892	25 347	53 678	2 794	50 883	1821%	5 892
Vote 2 - MUNICIPAL MANAGER		-	1 497	1 492	-	-	749	(749)	-100%	1 492
2.1 - Municipal Manager			1 497	1 492	-	-	749	(749)	-100%	1 492
2.2 - Internal Audit			-	-	-	-	-	-	-	-
2.3 - Committee and Admin			-	-	-	-	-	-	-	-
Vote 3 - FINANCE		-	22 956	23 434	1 767	10 589	11 478	(889)	-8%	23 434
3.1 - Finance Administration			6 007	6 488	377	1 915	3 003	(1 089)	-36%	6 488
3.2 - Supply Chain			-	-	-	-	-	-	-	-
3.3 - Expenditure			-	-	-	-	-	-	-	-
3.4 - Revenue			16 949	16 946	1 389	8 674	8 475	199	2%	16 946
3.5 - Budget Office			-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	2 397	2 395	1	21	1 199	(1 178)	-98%	2 395
4.1 - Corporate Service Administration			2 278	2 275	-	11	1 139	(1 127)	-99%	2 275
4.2 - Human Resource			-	-	-	-	-	-	-	-
4.3 - Customer Care			120	120	1	9	60	(51)	-85%	120
4.4 - Information Technology			-	-	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		-	148 339	149 631	7 102	41 293	74 170	(32 877)	-44%	149 631
5.1 - Water			42 092	42 480	2 264	13 023	21 046	(8 023)	-38%	42 480
5.2 - Water Consumer Connection			22	19	2	9	11	(2)	-16%	19
5.3 - Waste Water			21 845	22 368	1 268	7 574	10 923	(3 349)	-31%	22 368
5.4 - Electricity			64 257	64 407	2 747	15 811	32 128	(16 318)	-51%	64 407
5.5 - Electricity Consumer Connection			132	29	-	14	66	(52)	-78%	29
5.6 - Roads and Stormwater			6 906	6 906	-	-	3 453	(3 453)	-100%	6 906
5.7 - Project Management			-	-	-	-	-	-	-	-
5.8 - Refuse			11 906	12 243	821	4 860	5 953	(1 093)	-18%	12 243
5.9 - Planning and Human Settlement			1 178	1 180	-	2	589	(587)	-100%	1 180
Vote 6 - PLANNING AND OPERATIONS		-	20 508	19 165	214	1 661	10 254	(8 593)	-84%	19 165
6.1 - Planning and Operations Administration			2	1	-	0	1	(0)	-41%	1
6.2 - Parks and Cemetery			3 418	3 418	-	-	1 709	(1 709)	-100%	3 418
6.3 - Traffic			6 271	4 958	181	1 451	3 135	(1 685)	-54%	4 958
6.4 - LED			545	545	-	-	272	(272)	-100%	545
6.5 - Municipal Buildings			4 748	4 726	28	173	2 374	(2 201)	-93%	4 726
6.6 - IDP			1	1	-	-	1	(1)	-100%	1
6.7 - Fleet			-	-	-	-	-	-	-	-
6.8 - Environmental Health			590	580	4	25	295	(270)	-91%	580
6.9 - Library			4 933	4 936	1	11	2 467	(2 456)	-100%	4 936
Total Revenue by Vote	2	-	201 287	202 010	34 432	107 241	100 644	6 597	7%	202 010

Actual results of projected revenue (operating) for each vote

Table above depicts the result of projected revenue per vote. As explained under the section dealing with results of projected revenue to be collected for each source, there is need for revenue targets set at the beginning of the year to be adjusted downwards.

The projected result in the above shows that revenue to be raised under Governance and administration is likely to exceed the budgeted amount due to the Equitable Share. The municipality should therefore consider adjusting its budget upwards or shift the allocations in this regard.

The anticipated revenue from Community and public safety, parks and cemetery as well as Corporate Services is unlikely to be achieved according to collected rate to date by the end of 2014/2015.

The municipality is unlikely to meet its revenue targets set for Trading Services and will have to consider reviewing its targets downwards

NC094 Phokwane - Table C3 The actual result of projected expenditure (operating) for Standard Classification

Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	12 424	12 585	747	5 355	6 212	(857)	-14%	12 585
1.1 - Executive and Council			12 424	12 585	747	5 355	6 212	(857)	-14%	12 585
Vote 2 - MUNICIPAL MANAGER		-	5 062	5 435	447	2 534	2 531	3	0%	5 435
2.1 - Municipal Manager			3 262	3 643	240	1 690	1 631	59	4%	3 643
2.2 - Internal Audit			1 598	1 792	207	843	799	44	6%	1 792
2.3 - Committee and Admin			202	-	-	-	101	(101)	-100%	-
Vote 3 - FINANCE		-	28 547	29 476	3 375	11 416	14 274	(2 858)	-20%	29 476
3.1 - Finance Administration			14 925	15 493	2 527	6 060	7 462	(1 402)	-19%	15 493
3.2 - Supply Chain			1 707	1 869	162	947	854	94	11%	1 869
3.3 - Expenditure			1 301	1 418	108	706	651	55	8%	1 418
3.4 - Revenue			9 599	9 565	500	3 149	4 799	(1 651)	-34%	9 565
3.5 - Budget Office			1 016	1 131	78	555	508	47	9%	1 131
Vote 4 - CORPORATE SERVICES		-	5 079	5 914	494	2 992	2 540	452	18%	5 914
4.1 - Corporate Service Administration			3 104	3 811	235	1 621	1 552	69	4%	3 811
4.2 - Human Resource			887	1 051	77	537	443	93	21%	1 051
4.3 - Customer Care			305	371	143	457	152	304	200%	371
4.4 - Information Technology			783	681	39	378	391	(14)	-4%	681
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		-	148 100	153 791	17 804	52 193	74 050	(21 857)	-30%	153 791
5.1 - Water			40 305	41 442	6 164	11 465	20 153	(8 688)	-43%	41 442
5.2 - Water Consumer Connection			382	1 017	92	508	191	317	166%	1 017
5.3 - Waste Water			26 291	26 978	1 563	5 313	13 145	(7 833)	-60%	26 978
5.4 - Electricity			59 334	60 098	8 153	26 296	29 667	(3 371)	-11%	60 098
5.5 - Electricity Consumer Connection			11	5	-	2	6	(3)	-57%	5
5.6 - Roads and Stormwater			7 962	8 462	855	3 141	3 981	(840)	-21%	8 462
5.7 - Project Management			779	880	59	470	389	81	21%	880
5.8 - Refuse			9 461	10 178	541	2 828	4 730	(1 903)	-40%	10 178
5.9 - Planning and Human Settlement			3 575	4 731	377	2 170	1 788	382	21%	4 731
Vote 6 - PLANNING AND OPERATIONS		-	19 942	21 636	1 675	8 972	9 971	(998)	-10%	21 636
6.1 - Planning and Operations Administration			2 835	2 757	202	1 216	1 418	(202)	-14%	2 757
6.2 - Parks and Cemetery			2 881	3 310	247	1 588	1 440	147	10%	3 310
6.3 - Traffic			4 917	6 701	517	3 254	2 458	796	32%	6 701
6.4 - LED			1 115	1 094	25	189	557	(369)	-66%	1 094
6.5 - Municipal Buildings			3 167	3 138	410	1 041	1 583	(542)	-34%	3 138
6.6 - IDP			120	53	0	3	60	(57)	-94%	53
6.7 - Fleet			778	1 017	93	490	389	101	26%	1 017
6.8 - Environmental Health			1 164	659	25	245	582	(338)	-58%	659
6.9 - Library			2 965	2 907	157	946	1 483	(536)	-36%	2 907
Total Expenditure by Vote	2	-	219 153	228 837	24 543	83 462	109 577	(26 115)	(0)	228 837
Surplus/ (Deficit) for the year	2	-	(17 866)	(26 827)	9 888	23 779	(8 933)	32 712	(0)	(26 827)

Actual results of projected expenditure (operating) for Standard Classification

The underperformance in Governance and Administration can largely be attributed to the underperformance in the departments such as Executive and Council, Budget and Treasury Office and Corporate Services. This require for the expenditure budgets of the affected departments to be reduced and transferred to other departments or line items that have overspent.

Table C2 illustrate that Trading Services such electricity, water, sanitation and refuse are most likely not to meet the annual performance set in the beginning of this financial year. A full year's projection at the current performance rate shows that the department is under spending and corrective measures should be taken.

The overall under performance in the above votes can be ascribed to the under expenditure on employee related cost, Councillors remuneration, Debt impairment due non-provision made for doubtful debts, 100% under expenditure on Depreciation and asset impairment charges due non-recognition of cost to income and expenditure, other material for repairs and maintenance purposes and other expenditure expenses such as stationery, cleaning materials, books and publications ward committee expenses, etc.

NC094 Phokwane - Table C5 Actual results of projected capital expenditure and revenue for each vote

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 thousand									%	
Capital expenditure - Municipal Vote	1									
Expenditure of multi-year capital appropriation										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-		-
1.1 - Executive and Council									-	
Vote 2 - MUNICIPAL MANAGER		-	588	588	-	125	294	(168)	-57%	588
2.1 - Municipal Manager			588	588	-	125	294	(168)	-57%	588
2.2 - Internal Audit			-	-					-	-
2.3 - Committee and Admin			-	-					-	-
Vote 3 - FINANCE		-	182	182	-	149	89	60	68%	182
3.1 - Finance Administration			-	-					-	-
3.2 - Supply Chain			-	-					-	-
3.3 - Expenditure			-	-					-	-
3.4 - Revenue			177	177	-	149	88	61	69%	177
3.5 - Budget Office			5	5		-		(0)	-100%	5
Vote 4 - CORPORATE SERVICES		-	486	486	-	128	243	(115)	-47%	486
4.1 - Corporate Service Administration			41	41	-		21	(21)	-100%	41
4.2 - Human Resource			-	-					-	-
4.3 - Customer Care			-	-					-	-
4.4 - Information Technology			445	445	-	128	223	(95)	-43%	445
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENT		-	93 093	93 093	5 772	36 987	46 547	(9 560)	-21%	93 093
5.1 - Water			34 522	34 522	2 745	24 111	17 261	6 850	40%	34 522
5.2 - Water Consumer Connection			-	-		-			-	-
5.3 - Waste Water			32 466	32 466	851	851	16 233	(15 382)	-95%	32 466
5.4 - Electricity			1 725	1 725	64	518	863	(344)	-40%	1 725
5.5 - Electricity Consumer Connection			-	-	-	-			-	-
5.6 - Roads and Stormwater			24 380	24 380	2 112	11 506	12 190	(684)	-6%	24 380
5.7 - Project Management			-	-	-	-			-	-
5.8 - Refuse			-	-	-	-			-	-
5.9 - Planning and Human Settlement			-	-	-	-			-	-
Vote 6 - PLANNING AND OPERATIONS		-	6 605	6 605	4 308	4 374	3 303	1 072	32%	6 605
6.1 - Planning and Operations Administration			-	-					-	-
6.2 - Parks and Cemetery			100	100	35	90	50	40	80%	100
6.3 - Traffic			460	460			230	(230)	-100%	460
6.4 - LED		-	-					-	-	
6.5 - Municipal Buildings		990	990			495	(495)	-100%	990	
6.6 - IDP		30	30			15	(15)	-100%	30	
6.7 - Fleet		5 025	5 025	4 273	4 284	2 513	1 772	71%	5 025	
6.8 - Environmental Health		-	-					-	-	
6.9 - Library		-	-					-	-	
Total multi-year capital expenditure		-	100 953	100 953	10 080	41 764	50 475	(8 711)	-17%	100 953

Actual results of projected capital expenditure – municipal vote

The capital budget for 2014/2015 makes provision for fleet of R 5, 690 million to address service delivery backlogs. The above table shows YTD no expenditure.

Infrastructure and Human Settlement department which comprises of Water, Electricity, Roads Street and Stormwater, etc makes up R 93, 093 million of the approved municipal capital budget for 2014/2015. Expenditure in this department can be ascribed to spending on infrastructure such as

bulk water supply in Sakhile, Street and Storm water projects in Pampierstad, Upgrading of Chlorination system, Bulk Water Supply and the Internal Reticulation Refurbishment Project.

The National Grants received and spent amounts to R 41, 764 million including Vat for the period ending 31 December 2014.

The Capital Project and Year To Date Movement

Capital Project	Original Budget	YEAR TO DATE MOVEMENT
Bulk water supply & sakhile 1450 stands (phase 1)	403,765	354,163
Bulk water supply & sakhile 1450 stands (phase 2)	10,527,781	8,621,713
Refurbishment of internal water in Pampierstad	20,000,000	12,055,851
Installation of Sewer Pumpstation at Hospital view and Conroy street	500,000	0
Masakeng:Construction of Roads and Stormwater Phase 1	8,904,454	8,763,266
Construction of 2.8km road in Thagadiepelajang and Bonita Park Access road	3,264,000	1,836,671
Pampierstad:Stormwater Channel Pahse3	5,000,000	1,374,668
Replacement of collapsed bulk sewer gravity line	1,300,000	0
Resealing of Korhan-Single Reservoir	800,000	0
Upgrading of the Chlorination System in Jan Kempdorp WWTW and Hartswater WWTW	500,000	0
Resealing of Raw Water Storage Dam	800,000	0
Master Plan: Roads Infrastructure and Roads Maintenance	1,200,000	0
Bulk Infrastructure Master Plan: Water and Waste Water	400,000	0
Jan Kempdorp 28 sites water connection	420,000	0
Jan Kempdorp Erf 609, 15 sites water connections	225,000	0
Pampierstad Industrial 21 sites water connection	315,000	0
Construction of Masakeng 1148 sewer reticulation network	30,046,128	0
Andalusia Extension 12 sites sewer connection	120,000	77,056
Hartswater and Pampierstad Stormwater Channel LIC projects Phase(1,2,3)	6,000,000	774,240
Tar Pump	12,000	0
Erect Toiletsx4	90,000	90,000
Compressor	15,000	10,208
Electrification of 12 sites Andalusia Park	144,000	134,444
Cable-Altek Flat	500,000	0
Reservoir Starter Box	80,000	63,680
Meter Testing Equipments	150,000	50,000
Acquisition of new Vehicles	460,000	0
CAT Detector	21,000	0
Steel Poles for Streetlights	28,000	0
Transformer	280,000	0

Grader	2,000,000	2,290,000
TLB	1,000,000	828,000
Tractor	750,000	630,000
Tipper	800,000	0
Vehicles	450,000	305,059
Prepaid Meters	96,000	96,000
Conventional Meters	43,000	34,000
Breathalyzer	10,000	0
Microsoft Volume Licence	300,000	0
Office Equipment	176,650	130,619
Digital Camera	1,500	0
Performance Management System	586,000	110,000
PA System	30,000	0
Nissan NP200 bakkie	176,650	130,619
Vehicle	170,000	130,619
High Pressure Pumpsx2	60,000	0
Telemetry system	400,000	0
Tools and Equipment Stores	41,000	0
Fencing of Community Halls and Traffic Dept	990,000	0
Cemetery Toilets	10,000	0
Chainsaw	3,000	0
Total Expenditure	100,953,278	39,007,943

The Capital budget for 2014/2015 financial year amounts R 100, 953 million, the year to date expenditure is R39, 008 million exclusive of Vat, with an over –expenditure of R 290 thousand for the purchase of a Grader. Projects with no movement most of them are under SCM process as they are already advertised.

Transfers and Grant Receipts

NC094 Phokwane - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	74 187	74 187	25 055	55 832	37 094	17 622	47,5%	74 187
Local Government Equitable Share			71 353	71 353	25 055	53 298	35 677	17 622	49,4%	71 353
Finance Management			1 600	1 600	-	1 600	800			1 600
Municipal Systems Improvement			934	934	-	934	467			934
Water Services Operating Subsidy			300	300	-	-	150			300
			-	-						-
	3		-	-				-		-
			-	-				-		-
Other transfers and grants [insert description]								-		
Provincial Government:		-	2 189	2 189	-	1 337	1 095	243	22,2%	2 189
Sport and Recreation			974	974	-	487	487	-		974
			-	-				-		-
			-	-				-		-
EPWP	4		1 215	1 215	-	850	608	243	39,9%	1 215
								-		
District Municipality:		-	-	-	-	-	-	-		-
FBDM								-		
								-		
Other grant providers:		-	-	-	-	-	-	-		-
EPWP								-		
								-		
Total Operating Transfers and Grants	5	-	76 376	76 376	25 055	57 169	38 188	17 864	46,8%	76 376

Actual results of projected operating transfers and grants revenue for each vote

Revenue raised to fund capital expenditure amounted to R 57, 169 million rand from July until December 2014. With proper project management and coordination there is no doubt that the municipality will raise all its anticipated revenue by the 30 June 2014.

Capital Transfers and Grants										
National Government:		-	44 836	44 836	-	32 065	22 418	4 647	20,7%	44 836
Municipal Infrastructure Grant (MIG)			24 836	24 836	-	17 065	12 418	4 647	37,4%	24 836
			-	-						-
			-	-						-
Regional Bulk Infrastructure			20 000	20 000	-	15 000	10 000			20 000
			-	-						-
			-	-				-		-
								-		
								-		
								-		
								-		
Provincial Government:		-	39 430	39 430	-	-	19 715	(19 715)	-100,0%	39 430
Public Works, Roads, Transport			9 264	9 264			4 632	(4 632)	-100,0%	9 264
COGSTA			30 166	30 166			15 083			30 166
								-		
District Municipality:		-	5 000	5 000	-	-	2 500	(2 500)	-100,0%	5 000
FBDM			5 000	5 000			2 500	(2 500)	-100,0%	5 000
								-		
Other grant providers:		-	11 687	11 687	4 372	5 444	5 844	(400)	-6,8%	11 687
INTERNAL FUNDING			11 687	11 687	4 372	5 444	5 844	(400)	-6,8%	11 687
								-		
Total Capital Transfers and Grants	5	-	100 953	100 953	4 372	37 509	50 477	(17 968)	-35,6%	100 953
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	177 329	177 329	29 427	94 678	88 665	(104)	-0,1%	177 329

Conclusion

The mid-year budget and performance assessment indicates that:

- (a) an adjustments budget for 2014/15 will be required;
- (b) the revised SDBIP, which formed the basis of the mid-year performance assessment must include adjustments necessitated by a review of the predetermined objectives and budget adjustment

Recommendations and findings determined during the assessment will be discussed with the Mayor before the final submission date that's expected to be before the 25 January 2014 and a revised SDBIP that takes into account the findings and recommendations will be included in the adjustment budget process for approval.

Section 7 - Municipal manager's quality certification

PHOKWANE MUNICIPALITY



24 Hertzog Street
Private Bag x3
HARTSWATER
8570

Tel: 053 - 474 9700
Fax: 053 - 474 1768

I,, Municipal Manager of Phokwane Municipality
hereby certify that

☐

The monthly budget statement

☐

The quarterly report on the implementation of the budget and financial state affairs of the municipality

☐

Mid-year budget and performance assessment

For the month of September 2013 has been prepared in accordance with the Municipal Finance

I,, Municipal Manager of Phokwane Municipality
hereby certify that

☐

The monthly budget statement

☐

The quarterly report on the implementation of the budget and financial state affairs of the municipality

☐

Mid-year budget and performance assessment

For the month of September 2013 has been prepared in accordance with the Municipal Finance Management Act and the regulation

Name : Moeketsi Dichaba

Municipal Manager of Phokwane Municipality : NC094

Signature: