

Maluti-A-Phofung Municipality 3rd Quarter budget report (January-March 2010/2011)





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REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL

CONSOLIDATED QUARTERLY FINANCIAL REPORT : JANUARY-MARCH 2011

1. EXECUTIVE SUMMARY

The purpose of this report is to inform Council on the financial matters for the third quarter.

2. BUSINESS PLAN

To inform the Council on financial matters.

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

Timeous reporting

4. DELEGATED AUTHORITY

Delegated powers vests in the Council.

5. ANNEXURES

A - Section 52(d) report for January-March 2011

B - Expenditure per vote for January-March 2011

6. POLICY

Budget policy

7. LEGAL REQUIREMENTS

It is a statutory requirement that a quarterly financial reports be submitted to Council in terms of section- 52(d) of MFMA No. 56 of 2003.

8. BACKGROUND and DISCUSSION

The analysis of the Municipality's cash flow and financial activities shall be as follows:



8.1 Income

8.1.1 CASH FLOW BASED ON ACCRUAL BASIS

The income on services account based on the accrual basis for the 3rd quarter amounts to R150,504,959 as on the table below:

Description	Amounts Billed for the previous quarter (october- december)	Amounts Billed for the current quarter (january- march)	% Total Income (jan- march)	Variance	% change
Rate & taxes	42 810 887	40 580 776	27%	-2 230 111	-5%
Electricity	27 883 996	61 207 700	41%	33 323 704	120%
Pre-paid electricity	17 665 532	17 116 708	11%	-548 824	-3%
Refuse	6 215 493	6 236 194	4%	20 701	0%
Water	17 703 724	17 683 724	12%	-20 001	0%
Sewerage	7 336 918	7 679 857	5%	342 939	5%
TOTAL BILLS INCOME	119 616 550	150 504 959	100%	30 888 409	116%
Explanation on the variances between the 2nd and 3rd quarter					
Rates & taxes-	decreased by 5% from the previous quarter due to the changes in the rates tariffs for the indingents, and the departmental accounts.				
Electricity Conventional -	The electricity bill has increased with 120% from the previous quarter. The variance is due to the meters which were on the billing system but there was no readings on those meters and there is also +_28 new meters which were installed during this quarter				
Pre-paid electricity-	Pre-paid electricity income has decrease by 3% due to meter tempares however we are in process of installing new meter to all those meter which were identified				
Refuse, Water, Sewerage-	There is no material differences from the previous quarter on these services				



8.1.2 Bills and payments for the 3rd quarter January-March 2011

Collection rate for the 3rd quarter				
Rates and service Income	Amounts Paid for the previous quarter	Amounts Paid for the current quarter	% change	Variance
Rates and Taxes	9 949 017	42 086 951	323%	32 137 935
Electricity Conventional Meter	20 620 061	27 173 933	32%	6 553 872
Pre-paid Electricity	17 665 532	17 116 708	-3%	-548 823
Refuse	1 843 610	1 951 516	6%	107 906
Water	6 166 683	6 488 453	5%	321 770
Sewerage/Sanitation	2 998 351	3 183 366	6%	185 015
TOTAL	59 243 254	98 000 928	369%	38 757 674

NB: Included under Rates and Taxes is the payment made by Provincial Public Works in relation to their monthly bill

Bills and payments				
Rates and service Income	Amounts Billed from January-March 2011	Amounts Paid from January-March 2011	% of the payments against the bills	Variance
Rates and Taxes	40 580 776	42 086 951	104%	1 506 176
Electricity Conventional Meter	61 207 700	27 173 933	44%	-34 033 767
Pre-paid Electricity	19 447 746	17 116 708	88%	-2 331 037
Refuse	6 236 194	1 951 516	31%	-4 284 679
Water	17 683 724	6 488 453	37%	-11 195 270
Sewerage/Sanitation	7 679 857	3 183 366	41%	-4 496 491
TOTAL	152 835 997	98 000 928	346%	-54 835 069

The municipality still faces a challenge of non-payment of accounts as on the above table, however we still continue with the implementation of credit control policy



Grants and equitable share received by MAP water for the 3rd quarter 2011 amount to R11, 416, 500 million.

GRANTS AND EQUITABLE SHARE RECEIVED BY MAP WATER				
Description	Actual Income for the previous quarter	Actual Income for the current quarter	% Total Income	Variance
DWA-operating susidy Entity	1 824 000	1 824 000	11%	0
Equitable share received by entity	14 388 750	9 592 500	89%	-4 796 250
TOTAL	16 212 750	11 416 500	100%	-4 796 250

NB: The Equitable share for MAP Water for March 2011 was only paid on the 06 April 2011, therefore the amount will be reported on the 4th quarter



GRANTS AND SUBSIDIES AND OTHER INCOME

The table below shows grants and subsidies and other income received for the 3rd Quarter which amounts to R77, 779,655 million.

Description	Actual Income for the previous quarter	Actual Income for the current quarter	% Total Income	Variance	% change
Interest, External Investments	805 368	62 239	0%	-743 130	-92%
Interest, on Debtors	6 127 439	4 583 371	6%	-1 544 068	-25%
Rental: Facilities & Equipment	122 345	52 066	0%	-70 279	-57%
Government grants & subsidies (equitable share)	89 022 850	66 767 000	86%	-22 255 850	-25%
Government grants & subsidies (FMG)				-	
Government grants and subsidies (MSIG)				-	
DWA-operating subsidy Entity		5 472 000	7%	5 472 000	100%
Other Income	438 495	842 980	1%	404 485	92%
TOTAL FROM OTHER INCOME	96 516 497	77 779 655	100%	-18 736 842	-8%

Explanation on the variances between the 2nd and 3rd quarter

Interest on investment	There is limitation for interest on investment for this quarter which resulted in a decreased of 92% as compared to the previous quarter
Interest on debtors	A 25% decrease on interest on outstanding debtors results from a decrease in the total outstanding debtors
Equitable share	The equitable share is received as per the payment schedule, and the amount allocated for the 3rd quarter has been received
DWA subsidy grant	The DWA grant was allocated for the 3rd quarter, which cause the 100% increase



8.2 Total operating expenditure for the 3rd quarter amount to R140,550,566

DESCRIPTION	Previous quarter actuals (jan- march)	Current quarter actuals (jan- march)	% Total Exp (jan- march)	Variance	% change
Salaries, wages and allowances	45 760 228	48 214 004	29%	2 453 776	5%
Councillors allowances or salaries	4 218 227	4 768 622	3%	550 395	13%
Bad debts	-		0%	-	
Depreciation	-		0%	-	
Repairs and Maintenance	10 214 917	5 086 071	6%	-5 128 846	-50%
Investments made	-		0%	-	
Bulk Purchases	26 461 894	31 605 933	17%	5 144 039	19%
Contracted services	22 473 921	14 360 343	14%	-8 113 578	-36%
Grants and subsidies Paid(Entity) for Equitable share	14 388 750	9 592 500	9%	-4 796 250	-33%
Grants and subsidies Paid(Entity) for Conditional grants (DWA)	1 824 000	1 824 000	1%	-	100%
Interest paid	2 005 563	-1 374 148	1%	-3 379 711	-169%
General expenses	33 016 983	26 473 241	21%	-6 543 742	-20%
Total	160 364 483	140 550 566	100%	-19 813 917	-170%

Explanation on the variances

Salaries, Wages and Allowance and Councillors allowance	A variance of 5% was mainly due to the absorption of temporary staff
Repairs and Maintenance	There is a decrease of 50% from the previous quarter on repairs and maintenance due to repairs and maintenance on roads not yet contracted during this quarter
Bulk Purchases	Bulk purchase increased by 19% which is due to high consumption as according to Eskom bill
Grants and subsidies Paid(Entity) for Equitable share	Grants decrease by 33% due to non payment of R4,7 million during this quarter but was only paid on the 06 April 2011
General expenses	There is a reduction of 20% from the previous quarter on general expenditure

**EXPENDITURE PER VOTE****January-March
2010/2011**

DESCRIPTIONS	Salaries and Wages	Councilors allowances	Repairs and Maintanance
Legislative Authority	961 944	4 768 622	10 649
Office of the MM	1 944 056	-	-
Corporate Services	3 203 977	-	7 282
Financial services	3 786 110	-	1 870
Municipal Infrastructure	6 271 751	-	1 779 439
Community Services	7 513 753	-	-24 665
Public Safety	5 507 898	-	186 559
Parks,Sport,Art and Recreation	4 309 132	-	173 150
LED & Tourism	181 722	-	-
Housing,Spatial,Plan & Development	2 643 736	-	11 337
MAP Water	11 889 925	-	2 940 449
TOTAL	48 214 004	4 768 622	5 086 070


TOTAL OPERATING INCOME AND EXPENDITURE FOR THE 3rd QUARTER (JANUARY-MARCH 2011)

Description	Previous quarter actuals	Current quarter actuals	Variance
Operating Income	235 030 086	239 701 114	4 671 028
Operating Expenditure	160 364 483	140 550 566	-19 813 917
Surplus/-Deficit	74 665 603	99 150 548	24 484 945

TOTAL CAPITAL INCOME AND EXPENDITURE FOR THE 3rd QUARTER (JANUARY-MARCH 2011)

Description	Previous quarter actuals	Current quarter actuals	Variance
Capex Income	68 585 835	58 322 405	-10 263 430
Capex Expenditure	65 584 884	36 035 012	-29 549 872
Surplus/-Deficit	3 000 951	22 287 393	19 286 442

8.3 External Commitments

External long term commitments were R19, 440,725 comprising of infrastructure loans which constitutes 100%.

Description	3rd quarter	%
Infrastructure Loans	19 440 725	100%
Outstanding Lease commitments	-	0%
Total	19 440 725	100%

**8.4 CLASSIFICATION OF DEBTORS**

Debtor's outstanding amounts are as follows:

Debtors per services		
Description	Previous Quarter Debtors Balance	Current Quarter Debtors Balance
Water	120 446 742	36 802 284
Electricity	71 210 228	82 071 453
Sewerage	45 890 205	49 439 200
Refuse	58 549 621	60 804 394
Rates and Taxes	285 901 743	279 003 263
Other debtors	71 950 883	73 325 656
Total debtors	653 949 422	581 446 250

DEBTORS PER CATEGORY		
	Previous quarter amounts	Current quarter amounts
Maluti a Phofung		
Government departments	250 466 852	206 241 345
Business	127 960 993	67 163 429
Residential	209 570 027	197 990 233
Indigents	63 398 700	63 549 282
Fdc industrial	-	41 536 616
Churches & welfare	-	1 105 502
Farmers	2 283 747	6 115 953
TOTAL CONSUMER DEBTORS	653 680 319	583 702 360
Other debtors	269 103	-2 256 110
OTHER DEBTORS	269 103	-2 256 110
TOTAL DEBTORS	653 949 422	581 446 250
		-72 503 172



8.5 Capital Expenditure

The overall expenditure on capital budget is R36, 035, 012 for January-March 2011, which is 13% spending on our total capital budget.

Description	BUDGETED AMOUNT	AMOUNT SPENT FOR THE PREVIOUS QUARTER	AMOUNT SPENT FOR THE CURRENT QUARTER	ACTUAL EXPENDITURE TO DATE	VARIANCE
MIG Projects	142 458 572	38 537 563	15 010 062	87 558 460	54 900 112
EXPWP Projects	9 381 000	-	-	-	9 381 000
DoE Projects	10 000 000	8 846 683	-	8 846 682	1 153 318
MAP Projects	51 743 792	13 899 396	1 754 878	27 619 486	24 124 306
RBIG (Sterkfontein projects)	50 050 000	4 289 217	19 270 072	27 654 024	22 395 976
RDP Houses	4 344 355	12 025		26 525	4 317 830
Provincial Grant (Road maintenance)	14 000 000	-	-	-	
Total Capital Expenditure	281 977 719	65 584 883	36 035 012	151 705 177	116 272 542



9. FINANCIAL IMPLICATIONS

The total operating income for the 3rd quarter amounts to R239, 701,114 based on accrual basis and total operating expenditure for the 3rd quarter amounts to R140, 550, 566. The total capital income is R58, 322, 405 and the total capital expenditure is R36, 035, 012 for the 3rd quarter.

10. STAFF IMPLICATIONS

Staff compliments

11. COMMENTS FROM OTHER DIRECTORS

None

12. RECOMMENDATIONS

It is recommended that Section 52(d) report for the third quarter (January-March 2011) be noted:

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Dr. B.E MZANGWA

EXECUTIVE MAYOR

