

# Maluti-A-Phofung Municipality 1<sup>st</sup> Quarter budget report (July- September 2010/2011)





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**REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL**

**CONSOLIDATED QUARTERLY FINANCIAL REPORT : JULY-SEPTEMBER 2010**

**1. EXECUTIVE SUMMARY**

The purpose of this report is to inform Council about the financial position.

**2. BUSINESS PLAN**

To inform the Council on financial matters of the Municipality

**3. COMPLIANCE WITH STRATEGIC OBJECTIVE**

Timeous reporting

**4. DELEGATED AUTHORITY**

Delegated powers vests in the Council.

**5. ANNEXURES**

A - Section 71 quarterly report for July-September 2010

B – Expenditure per vote for July-September 2010

**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

The table below shows actual income on services which is mainly on the accrual basis (bills for services) which amount to R150, 272, 376 million for the 1<sup>st</sup> quarter.

Description	Quarterly Budget Allocation	Total % Income	Amounts Billed from July- September 2010	% Total Budget Income	Variance
Rate & taxes	74,442,000	48%	41,698,207	28%	32,743,793
Electricity	38,012,500	25%	45,477,398	30%	-7,464,898
Pre-paid electricity	26,250,000	17%	23,688,650	16%	2,561,350
Refuse	2,368,750	2%	5,852,128	4%	-3,483,378
Water	8,561,250	6%	25,927,433	17%	-17,366,183
Sewerage	4,329,750	3%	7,628,560	5%	-3,298,810
<b>TOTAL BILLS INCOME</b>	<b>153,964,250</b>	<b>100%</b>	<b>150,272,376</b>	<b>100%</b>	<b>3,691,874</b>

Grants and equitable share received by MAP water for the 1st quarter 2010 amount to R17,124,750 million.

GRANTS AND EQUITABLE SHARE RECEIVED BY MAP WATER					
Description	Quarterly Budget Allocation	Total % Income	Actual Income for 1st quarter	% Total Budget Income	Variance
DWAF-operating susidy Entity	2,736,000	16%	2,736,000	16%	-
Equitable share received by entity	14,388,750	84%	14,388,750	84%	-
<b>TOTAL</b>	<b>17,124,750</b>	<b>100%</b>	<b>17,124,750</b>	<b>100%</b>	<b>-</b>



## GRANTS AND SUBSIDIES AND OTHER INCOME

The table below shows grants and subsidies and other income received for the 1st Quarter which amounts to R125, 753, 742 million.

Description	Actual Income for 1st quarter	Total % Income	Actual Income for 1st quarter	% Total Budget Income	Variance
Interest, External Investments	500,000	0%	446,422	0%	53,578
Interest, on Debtors	2,000,000	2%	4,000,260	3%	-2,000,260
Rental: Facilities & Equipment	97,750	0%	75,918	0%	21,832
Government grants & subsidies (equitable share)	111,278,563	91%	111,278,563	88%	-
Government grants & subsidies (FMG)	1,200,000	1%	1,200,000	1%	-
Government grants and subsidies (MSIG)	750,000	1%	750,000	1%	-
DWAF- operating susidy Entity	5,472,000	4%	5,472,000	4%	-
Other Income	729,250	1%	2,530,579	2%	-1,801,329
<b>TOTAL FROM OTHER INCOME</b>	<b>122,027,563</b>	<b>100%</b>	<b>125,753,742</b>	<b>100%</b>	<b>-3,726,179</b>



## 8.2 Total operating expenditure for the 1st quarter amount to R193, 317, 010

DESCRIPTION	Quarterly Allocation	Total % exp	Actuals	Total % Budget Exp	Variance
Salaries, wages and allowances	50,375,000	24%	46,340,937	24%	4,034,063
Councilors allowances or salaries	5,125,000	2%	4,231,896	2%	893,104
Bad debts		0%	-	0%	-
Depreciation		0%	-	0%	-
Repairs and Maintenance	17,007,250	8%	5,190,244	3%	11,817,006
Investments made	-	0%	-	0%	-
External loans repaid	2,760,000	1%	2,752,762	1%	7,238
Bulk Purchases	42,151,750	20%	76,503,539	40%	-34,351,789
Contracted services	20,004,500	10%	17,453,540	9%	2,550,960
Grants and subsidies Paid(Entity) for Equitable share	14,388,750	7%	14,388,750	7%	-
Grants and subsidies Paid(Entity) for Conditional grants (DWAF)	2,736,000	1%	2,736,000	1%	-
Interest paid	1,902,000	1%	1,031,658	1%	870,342
General expenses	51,477,250	25%	22,687,685	12%	28,789,565
<b>Total</b>	<b>207,927,500</b>	<b>100%</b>	<b>193,317,010</b>	<b>100%</b>	<b>14,610,490</b>

The Bulk purchase is 81% more than the quarterly allocation due to high Eskom winter tariff which we did not anticipate for the first quarter.

**EXPENDITURE PER VOTE****July- September 10/11**

<b>DESCRIPTIONS</b>	<b>Salaries and Wages</b>	<b>Councilors allowances</b>	<b>Repairs and Maintenance</b>
Legislative Authority	885,957	4,231,896	42,066
Office of the MM	1,772,025	-	-
Corporate Services	3,026,173	-	12,539
Financial services	3,612,460	-	2,522
Municipal Infrastructure	5,513,439	-	889,661
Community Services	7,125,097	-	79,039
Public Safety	5,870,415	-	39,485
Parks,Sport,Art and Recreation	3,581,966	-	164,737
LED & Tourism	171,254	-	-
Housing,Spatial,Plan & Development	2,232,349	-	115
MAP Water	12,549,801	-	3,960,081
<b>TOTAL</b>	<b>46,340,937</b>	<b>4,231,896</b>	<b>5,190,244</b>



### TOTAL OPERATING INCOME AND EXPENDITURE FOR THE 1st QUARTER (JULY- SEPTEMBER 2010)

Description	Quarterly Budget Allocation	Actuals	Variance
Operating Income	293,116,563	293,150,868	-34,305
Operating Expenditure	207,927,500	193,317,010	14,610,490
<b>Surplus/-Deficit</b>	<b>85,189,063</b>	<b>99,833,858</b>	<b>-14,644,795</b>

### TOTAL CAPITAL INCOME AND EXPENDITURE FOR THE 1st QUARTER (JULY- SEPTEMBER 2010 )

Description	Quarterly Budget Allocation	Actuals	Variance
Capex Income	58,194,800	58,194,800	-
Capex Expenditure	52,865,976	55,351,817	-2,485,841
<b>Surplus/-Deficit</b>	<b>5,328,824</b>	<b>2,842,983</b>	<b>2,485,841</b>

### 8.3 DEBTORS

Debtor's outstanding amounts are as follows as per service and debtor classification:

Description	1st Quarter Debtors Balance	%
Water	115,218,719.24	18%
Electricity	90,300,233.72	14%
Sewerage	42,250,687.11	7%
Refuse	56,489,004.13	9%
Rates and Taxes	289,163,446.68	45%
Other debtors	45,640,343.28	7%
<b>Total debtors</b>	<b>639,062,434.16</b>	<b>100%</b>

DEBTORS PER CATEGORY		
Maluti a Phofung	Total amount	%
Government departments	230,123,874	36%
Business	153,062,348	24%
Residential	253,712,298	40%
Farmers	1,917,527	0%
<b>TOTAL CONSUMER DEBTORS</b>	<b>638,816,047</b>	<b>100%</b>
Other debtors	246,387	
<b>OTHER DEBTORS</b>	<b>246,387</b>	
<b>TOTAL DEBTORS</b>	<b>639,062,435</b>	



**8.3.1 Bills and payments for the 1<sup>st</sup> quarter July-September 2010****Bills and payments for the 1st Quarter**

<b>Rates and service Income</b>	<b>Amounts Billed from July-September 2010</b>	<b>Amounts Paid from July-September 2010</b>	<b>Variance</b>	<b>% of bills vs payments</b>
Rates and Taxes	41,698,207.00	32,632,503.00	9,065,704.00	78%
Electricity Conventional Meter	45,477,398.00	16,348,235.00	29,129,163.00	64%
Pre-paid Electricity	23,688,650.00	20,983,918.00	2,704,732.00	89%
Refuse	5,852,128.00	1,505,955.00	4,346,173.00	26%
Water	25,927,433.00	5,226,690.00	20,700,743.00	20%
Sewerage/Sanitation	7,628,560.00	2,471,651.00	5,156,909.00	32%
<b>TOTAL</b>	<b>150,272,376.00</b>	<b>79,168,952.00</b>	<b>71,103,424.00</b>	<b>53%</b>

**8.4 External Commitments**

External long term commitments were R22, 368,706 comprising of infrastructure loans which constitutes 100%. Leases comprise mainly council vehicles.

<b>Description</b>	<b>1st quarter</b>	<b>%</b>
Infrastructure Loans	22,299,637.00	100%
Outstanding Lease commitments	69,069.00	0%
<b>Total</b>	<b>22,368,706.00</b>	<b>100%</b>



## 8.5 Capital Expenditure

The overall expenditure on capital budget is R55, 351, 817 for July-September 2010, which is 20% spending on our total capital budget.

Description	BUDGETED AMOUNT	AMOUNT SPENT FOR JULY- SEPTEMBER 2010	ACTUAL EXPENDITURE TO DATE	VARIANCE	% EXP
MIG Projects	142,458,572	34,219,405	34,219,405	108,239,167	24%
EXPWP Projects	9,381,000	-	-	9,381,000	
DME Projects	10,000,000	-	-	10,000,000	0%
Electrification Programme 0910	454,510	11,428	11,428		
MAP Projects	32,686,608	11,175,188	11,175,188	21,511,420	34%
Extension on Municipal building	3,828,964	3,580,784	3,580,784	248,179	94%
Intabazwe Corridor	3,468,370	2,255,778	2,255,778	1,212,592	65%
DWAF(sterkfontein dam) Project	55,000,000	4,094,735	4,094,735	50,905,265	7%
RDP Houses	4,344,355	14,500	14,500	4,329,855	0%
Provincial Grant (Road maintainance)	14,000,000		-		
<b>Total Capital Expenditure</b>	<b>275,622,378</b>	<b>55,351,817</b>	<b>55,351,817</b>	<b>205,827,479</b>	<b>20%</b>



**9. FINANCIAL IMPLICATIONS**

**Income and Expenditure**

The total operating income for the 1st quarter amounts to R293, 150, 868 based on accrual basis and total operating expenditure for the 1st quarter amounts to R193, 317, 010. The total capital income is R58, 194, 800 and the total capital expenditure is R55, 351, 817 for the 1<sup>st</sup> quarter.

**10. STAFF IMPLICATIONS**

None

**11. COMMENTS FROM OTHER DIRECTORS**

None

**12. RECOMMENDATIONS:**

It is recommended that Section 71 report for the first quarter (July-September 2010) be noted:

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**Dr. B.E MZANGWA**

**EXECUTIVE MAYOR**