

MONTHLY BUDGET STATEMENTS: 31 DECEMBER 2011

PURPOSE

The purpose of this report is to inform the Accounting Officer on the state of the municipality's budget for 2011/2012

BACKGROUND

Section 71 of the MFMA requires the Accounting Officer to submit a monthly report to the Mayor and the relevant Provincial Treasury. This statement must be in a prescribed format and reflect the state of the Municipality's budget.

DISCUSSION

The report covers the period from 1 July 2011 to 31 December 2011. The expenditure and revenue at this stage should be in the region of 50%. The actual income and expenditure appears in "Annexure A" reflects detail that relates to the budget actual spending, and actual revenue, per month and year to date. Overall, the total income in relation to the budget is 43.86% the expenditure is 39.61%

1. REVENUE SOURCES

Revenue by source	Original Budget 11/12	Actual for 30 November 2011	Actual for 31 December 2011	Year to date As at 31 December 2011	Pro-rata Budget 11/12	%
Tariff Charges Levied	1,040,996,762	79,777,470	70,330,422	453,330,948	520,498,381	43.55
Tariff Charges/ other	132,409,384	11,527,059	5,788,208	55,299,274	66,204,692	41.76
Grants & Subsidies	307,000,000	33,699,952	118,876,000	152,575,950	153,500,000	49.70
Fines	11,054,318	594,249	810,461	3,657,027	5,527,159	33.08
Interests	66,541,290	3,157,390	3,267,519	17,975,379	33,270,645	27.01
Rent & Facilities	6,766,100	580,287	2,869,937	5,984,166	3,383,050	88.44
License & Permits	7,076,734	561,274	664,713	3,816,856	3,538,367	53.94
Sale Assets	400,000	0	0	0	200,00	0.00
Other Income	100,217,987	5,416,603	5,022,591	40,770,903	50,108,993	40.68
Departmental	18,713,743	1,245,835	1,322,556	8,388,192	9,356,872	44.82
TOTAL	1,691,176,318	136,560,119	208,952,407	741,798,655	845,588,159	43.86

Votes per line item for Other Income, See Annexure F

Revenue per department

Revenue per department	Original Budget	Actual 30 November 2011	Actual 31 December 2011	YTD as at 31 December 2011	Pro-rata 11/12	%
Public Safety	88,563,804	5,608,412	6,053,014	38,659,115	44,281,902	43.65
Health services	347,986	17,431	-10,358	9,662	173,993	2.78
Community services	119,166,370	12,638,804	7,273,819	58,259,049	59,583,185	48.89
Sports	1,460,193	668,197	39,687	971,909	730,097	66.56
Housing	2,832,351	85,952	2,398,517	2,487,211	1,416,176	87.81
Council's General	9,613,454	300,427	279,152	7,945,506	4,406,727	82.65
Civil Engineering	337,131,266	34,775,865	27,884,269	165,138,849	168,565,633	48.98
Electrical Engineering	573,241,145	34,477,069	34,386,487	218,425,339	286,620,573	38.10
Corporate Services	224,471	470,527	12,802	547,019	112,236	243.69
Finance	544,685,907	45,963,101	129,104,953	241,150,708	272,342,951	44.27
Market	13,909,371	1,554,334	1,530,064	8,204,330	6,954,686	58.98
TOTAL	1,691,176,318	136,560,119	208,952,407	741,798,697	845,588,159	43.86

*Council general is at 82.65% due to the money deposited into our bank account from Isago Developers for the N12 mall

UNDER COLLECTED INCOME

Public Safety

- Other service charges: fees convoy – Attending to abnormal loads only as and when requested.
- Other income: Payment province license – Drivers license are renewed every five years and as when required by member of public.

Health

- Other income: Cleaning of stands – Health department requested to move out this vote because is not health services function.
- Paupers – Expenditure must be claimed back from District Council.

Electrical engineering

- Other service charges: Pre- paid and Power cards – The under collection can be caused by possibility of electrical theft and tampering of pre-paid boxes.

Corporate Services

- Corporate Service its wrong allocation, the money is for Seta training and its budgeted under Council General.

Finance

- Other income: Sales of tender – Tender its stopped due to cash flow constraints, capital projects are delayed.
- Interest on investment – Interest rates is on the lowest levels in years.

BASIC SERVICES

Dec 2011	BILLING	RECEIPTS	%
- Assessment rates	11,149,979	11,964,759	107.65
- Sales of electricity	24,136,506	23,997,920	99.43
- Sales of water	16,547,635	9,918,435	59.94
- Refuse removal	3,325,852	2,356,354	70.85
- Sewerage	4,318,148	3,488,359	80.78
	59,443,120	51,725,827	87.02

2. OPERATIONAL EXPENDITURE

	Original Budget	Actual 30 November 2011	Actual 31 December 2011	Year To Date As at 31 December 2011	Pro – rata 2011/2012	% Spent
Operating Expenses						
Employee cost	392,482,934	31,244,347	30,725,047	188,315,854	196,241,467	47.98
General Expenditure	483,077,029	35,567,985	33,727,051	187,260,366	241,538,515	38.76
Departmental Charges	14,951,847	1,245,004	1,315,697	8,325,793	7,475,924	55.68
Bulk Purchase:						
Water	140,546,869	10,458,625	33,617,476	58,586,823	70,273,435	41.68
Electricity	355,733,648	4,773,617	13,039,403	102,146,647	177,866,824	28.71
Repair & Maintenance	66,816,194	3,419,274	3,704,804	17,320,255	33,408,097	25.92
Depreciation	180,361,966	0	78,235,617	78,235,617	90,180,983	43.38
Contributions	137,644,704	11,470,392	11,470,392	68,822,352	68,822,352	50.00
Recharges	-37,902,671	-3,718,279	-3,723,289	-22,376,728	-18,951,336	59.04
Total	1,733,712,520	94,460,965	202,112,198	686,636,979	866,856,260	39.61

Votes per line item for General Expenditure. See Annexure E

Operational expenditure per department

Expenditure by vote	Original Budget	Actual 30 November 2011	Actual 31 December 2011	Year to date as at 31 December 2011	Pro-rata 11/12	%
Public Safety	152,252,738	7,229,748	14,637,527	58,630,505	76,126,369	38.51
Health services	10,338,240	536,839	623,550	3,249,772	5,169,120	31.43
Community services	148,834,768	13,897,693	10,394,279	63,060,611	74,417,384	42.37
Sports	39,229,442	2,515,714	2,606,792	15,542,922	19,614,721	39.62
Housing	9,839,744	560,547	799,605	3,520,623	4,919,872	35.78
Council's General	112,984,483	5,597,548	7,802,894	38,205,504	56,492,242	33.81
Civil Engineering	476,205,756	28,377,805	109,468,122	208,474,034	238,102,878	43.78
Electrical Engineering	474,313,455	12,157,743	26,421,575	147,289,215	237,156,728	31.05
Corporate Services	31,441,114	2,293,484	3,351,681	14,936,287	15,720,557	47.51
Finance	255,777,490	19,912,184	23,702,484	124,002,519	127,888,744	48.48
Market	17,892,268	906,309	1,713,915	6,808,564	8,946,134	38.05
LED	4,603,022	475,351	589,774	2,916,423	2,301,511	63.36
TOTAL	1,733,712,520	94,460,965	202,112,198	686,636,979	866,856,260	39.61

OVER-SPENDING EXPENDITURE

LED

- Vehicle maintenance – The overspending on this vote is due the repairs on vehicles which was pending at garage since previous financial year.

The following departments are overspent on overtime:

Departments	%
Housing	90.79
Civil Engineering	66.04
Corporate Service	105.87
Finance	57.64

Repairs and Maintenance per Department

Expenditure by vote	Original Budget	Actual 30 November 2011	Actual 31 December 2011	Year to date as at 31 December 2011	Pro-rata Budget 11/12	%
Public Safety	3,628,113	219,327	226,613	1,472,046	2,156,067	40.57
Health services	14,205	0	0	253	13,952	1.78
Community services	8,603,590	431,957	498,663	1,576,752	7,026,838	18.33
Sports Arts & Culture	3,910,999	139,434	229,401	884,506	3,026,493	22.62
Housing	60,236	4,016	0	34,924	25,312	57.98
Council's General	400,385	18,025	13,988	73,427	326,958	18.34
Civil Engineering	24,870,696	1,176,281	1,993,010	7,085,223	17,585,473	28.49
Electrical Engineering	19,994,256	985,493	515,929	4,483,265	15,410,991	22.42
Corporate Services	695,005	17,589	12,181	117,168	577,836	16.86
Finance	3,302,356	398,526	150,044	1,179,057	2,123,300	35.70
Market	1,247,956	26,812	64,324	406,956	841,000	32.61
LED	88,397	1,814	651	6,677	81,720	7.55
TOTAL	66,816,194	3,419,274	3,704,804	17,320,254	49,195,940	25.92

Repairs and maintenance per line item is attached. See Annexure D

TRANSFERS FROM OTHER RESERVES

	Original Budget	Actual 30 November 2011	Actual 31 December 2011	YTD 31 December 2011	Pro-rata Budget 11/12	%
Offset Depreciation	42,463,062			0	21,231,531	0
Leave Provision	100,283			0	50,142	0
Transfer from CRR	97,831,400	23,726,729	19,950,732	76,287,928	48,915,700	77.98
TOTAL	140,394,745	23,726,729	19,950,732	76,287,928	70,197,373	54.34

TRANSFERS TO OTHER RESERVES

	Original Budget	Actual November 2011	Actual December 2011	YTD 31 November 2011	Pro-rata Budget 11/12	%
Contribution to Capital Reserves	97,831,400	287,042	3,749,448	7,022,648	48,915,700	7.18
TOTAL	97,831,400	287,042	3,749,448	7,022,648	48,915,700	7.18

ACTUAL CAPITAL EXPENDITURE PER VOTE

Capital expenditure by vote	Original Budget	Actual 30 November 2011	Actual 31 December 2011	Year to date as at 31 December 2011	Pro-rata Budget 2011/2012	%
Public Safety	4,040,687	50,344	0	77,014	2,020,344	1.91
Community Services	10,297,440	-1,008,458	0	758,866	4,290,874	8.84
Health	161,200	0	0	0	80,600	0
Sports	11,525,000	1,019,525	237,282	1,256,807	6,620,347	9.49
Housing	70,000	0	0	14,486	35,000	20.69
Council General Expenditure	19,602,500	0	0	2,920,022	9,801,250	14.90
City Civil Engineer	98,847,011	3,287,294	9,411,233	20,438,103	49,423,506	20.68
Municipal Infrastructure Grant(MIG)	99,609,000	1,894,829	1,689,470	3,613,670	49,804,500	3.63
City Electrical Engineer	60,573,390	19,662	4,541	33,597,174	30,286,693	55.47
NER	8,719,000	258,078	0	258,078	4,359,500	2.96
Corporate Services	5,431,600	1,992	0	4,439	2,715,800	0.08
Finance	3,129,120	0	27,500	71,097	1,564,560	2.27
Market	4,558,000	0	0	29,700	2,279,000	0.65
Economic Affairs	1,908,500	0	0	0	954,250	0
TOTAL	328,472,448	5,523,266	11,370,026	63,039,456	164,236,224	19.19

MIG Revenue and Expenditure

Description	Budget	Actual 30 November 2011	Actual 31 December 2011	Year to Date as at 31 December 2011	%
MIG (Income)	99,609,000	0	38,049,000	64,943,000	65.20
MIG (Expenditure)	99,609,000	5,119,391	5,745,068	26,438,571	26.54
MIG (Roll over 10-11)	4,000,000	0		-714,502	-17.86
DME (Income)	8,719,000	0		4,981,000	57.12
DME (Expenditure)	8,719,000	258,078	0	258,078	2.96

GRANTS & SUBSIDIES
Operational allocations/grants received

Description	Original Budget	Received 30 November 2011	Received 31 December 2011	Year To Date as at 31 December 2011	%
Intergovernmental Grant	303,560,000	0	92,575,000	218,616,111	72.02
Municipal System Improvement Grant	790,000	0	0	790,000	100
Finance Management Grant(FMG)	1,250,000	0	0	1,250,000	100
Improvement of Library Services	400,000	0	0	0	0

GRANTS- EXPENSE

Description	Original Budget	Actual 30 November 2011	Actual 31 December 2011	YTD as at 31 December 2011	% Spent
IGG (Free Basic Services)	99,262,000	14,513,154	2,101,964	40,140,016	40.43
Finance Management Grant(FMG)	1,250,000	97,490	76,877	564,623	45.16
Municipal System Improvement Grant	790,000	0	0	405 697	51.35
Improvement of Library Services	400,000	5,060	0	64,240	16.06
PMU Expenditure	1,000,000	49,089	47,207	317,929	31.79

4. ACTUAL BORROWINGS

The total amount outstanding on external loans at the end of December 2011 is R155,826,855.43
Attached is annexure B for more detailed information on borrowings.

5. INVESTMENTS

The investments as at 31 December 2011 are as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA	18,187,200	42,979,589			61,166,789
RMB		10,000,000			10,000,000
FNB			81,517		81,517
Investec		10,000,000			10,000,000
Nedcor				13,010,715	13,010,715
Sanlam(Policy)		5,824,673			5,824,673
	18,187,200	68,804,262	81,517	13,010,715	100,083,694

Invest R38 million on ABSA Call (MIG) - 22 December 2011

Invest R10 million on INVESTEC Call (Equitable shares) - 23 December 2011

Invest R10 million on RMB Call (Equitable shares) - 24 December 2011

*This ABSA fixed investment cannot be withdrawn due to the fact that it is kept as security for a loan

NB: Council to take cognizance that the investments reflected are not as a result of excess funds but grants received for the year invested on short term to gain interest, while processes on meeting conditions of the grants are unfolding, and to avoid charges once are kept on current account.

These investments can only be withdrawn when funds are needed for the particular reason they were invested for.

Attached is annexure C for more detailed information on Investments.

RECOMMENDATION

1. That the Accounting Officer takes cognizance of the budget and financial performance for the month of December 2011.
2. That the Accounting Officer takes cognizance of actual borrowings and actual allocations received for the month December of 2011.

SUBMITTED FOR CONSIDERATION