

MONTHLY BUDGET STATEMENTS: 29 February 2012

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 29 February 2012. The expenditure and revenue at this stage should be in the region of 66.67%. 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 57.36% the expenditure is 52.40%

1. REVENUE SOURCES

Revenue by source	Original Budget 11/12	Actual for 31 January 2012	Actual 29 February 2012	Year to date As at 29 February 2012	Pro-rata Budget 11/12	%
Tariff Charges Levied	1,040,996,762	82,058,142	75,517,985	610,907,075	693,997,841	58.68
Tariff Charges/ other	132,409,384	7,094,137	13,180,930	75,574,341	88,272,923	57.08
Grants & Subsidies	307,000,000	174,367	25,408,541	178,158,860	204,666,667	58.03
Fines	11,054,318	501,866	264,117	4,423,010	7,369,545	40.01
Interests	66,541,290	3,388,838	2,885,776	24,249,993	44,360,860	36.44
Rent & Facilities	6,766,100	516,396	536,347	7,036,909	4,510,733	104.00
License & Permits	7,076,734	665,240	725,426	5,207,522	4,717,823	73.59
Sale Assets	400,000	0	0	0	266,667	0.00
Other Income	100,217,987	6,645,951	5,702,516	53,119,370	66,811,991	53.00
Departmental	18,713,743	1,541,484	1,376,154	11,305,830	12,475,829	60.41
TOTAL	1,691,176,318	102,586,421	125,597,792	969,982,910	1,127,450,879	57.36

Notes per line item for Other Income, See Annexure F

Revenue per department

Revenue per Department	Original Budget 11/12	Actual for 31 January 2012	Actual February 2012	Year to date as at 29 February 2012	Pro- rata Budget 11/12	%
Public Safety	88,563,804	6,765,449	6,186,984	51,611,549	59,042,536	58.28
Health services	347,986	0	5,058	14,720	231,991	4.23
Community services	119,166,370	13,321,101	7,195,649	78,775,799	79,444,247	66.11
Sports	1,460,193	66,749	128,474	1,167,132	973,462	79.93
Housing	2,832,351	15,758	16,341	2,519,310	1,888,234	88.95
Council's General	9,613,454	282,690	2,197,324	10,425,520	6,408,969	108.45
Civil Engineering	337,131,266	33,597,942	36,472,944	235,209,736	224,754,177	69.77
Electrical Engineering	573,241,145	35,932,469	38,584,174	292,941,982	382,160,763	51.10
Corporate Services	224,471	564,353	-1,888,816	-777,445	149,647	-346.35
Finance	544,685,907	10,578,459	35,521,607	287,250,773	363,123,938	52.74
Market	13,909,371	1,461,451	1,178,053	10,843,834	9,272,915	77.96
TOTAL	1,691,176,318	102,586,421	125,597,792	969,982,910	1,127,450,879	57.36

UNDER COLLECTED INCOME

Public Safety

- Other income: Payment province license – Drivers license are renewed every five years and as when required by member of public.
- Under collection of fines

Health

- All expenditure incurred for this financial year will be claimed from District Council at financial year end.

Electrical engineering

- Other service charges: Pre- paid and Power cards – The under collection is cause by theft and tampering of pre-paid boxes.
- Other income is also lower due a lot of these meter boxes were replaced with conventional meters

Measures have been put in place to deal with theft and tampering of pre- paid boxes Electrical Department they issue special seal's on the meter box which we register with the meter, and that shows when the meter box has been tempered with.

Corporate Services

- Corporate Service shows negative percentage because of correction on the vote.

Finance

- Interest on investment – Interest rates is on the lowest levels in years.
- Interest on debtors decrease due to bad debts written off in the previous financial year.

Basic Services

- Assessment rates amount shows we received more than what we have billed due to clearance income.

BASIC SERVICES

Feb 2012	BILLING	RECEIPTS	%
- Assessment rates	11,504,321	12,353,632	107.38
- Sales of electricity	36,999,006	27,015,416	73.02
- Sales of water	19,458,324	10,966,740	56.36
- Refuse removal	3,444,722	2,461,651	71.46
- Sewerage	4,242,247	3,618,307	85.29
	75,648,619	56,415,746	74.58

2. OPERATIONAL EXPENDITURE

	Original Budget	Actual 31 January 2012	Actual 29 February 2012	Year To Date As at 29 February 2012	Pro – rata 2011/2012	% Spent
Operating Expenses						
Employee cost	392,482,934	34,865,712	32,793,134	255,974,699	261,655,289	65.22
General Expenditure	483,077,029	33,361,020	25,336,529	245,957,917	322,051,353	50.91
Departmental Charges	14,951,847	1,493,950	1,421,450	11,241,193	9,967,898	75.18
Bulk Purchase:						
Water	140,546,869	12,619,336	0	71,206,158	93,697,913	50.66
Electricity	355,733,648	22,970,794	34,041,425	159,158,866	237,155,765	44.74
Repair & Maintenance	66,816,194	3,493,154	3,879,946	24,693,355	44,544,129	36.96
Depreciation	180,361,966	0	0	78,235,617	120,241,311	43.38
Contributions	137,644,704	11,470,392	11,470,392	91,763,136	91,763,136	66.67
Recharges	-37,902,671	-3,720,120	-3,718,279	-29,815,127	-22,268,447	78.66
Total	1,733,712,520	116,554,238	105,224,597	908,415,814	1,155,808,347	52.40

Notes per line item for General Expenditure. See Annexure E

Operational expenditure per department

Expenditure by vote	Original Budget	Actual for 31 January 2012	Actual 29 February 2012	Year to date as at 29 February 2012	Pro-rata 11/12	%
Public Safety	152,252,738	7,143,067	10,688,020	76,461,591	101,501,825	50.22
Health services	10,338,240	482,190	493,729	4,225,691	6,892,160	40.87
Community services	148,834,768	14,189,990	7,661,150	84,911,752	99,223,179	57.05
Sports	39,229,442	2,740,388	2,624,518	20,907,828	26,152,961	53.30
Housing	9,839,744	559,146	503,085	4,582,853	6,559,829	46.57
Council's General	112,984,483	5,439,462	5,911,999	49,556,966	75,322,989	43.86
Civil Engineering	476,205,756	34,652,749	11,303,109	254,429,893	317,470,504	53.43
Electrical Engineering	474,313,455	29,861,095	41,956,340	219,106,650	316,208,970	46.19
Corporate Services	31,441,114	2,286,877	2,486,671	19,709,835	20,960,743	62.69
Finance	255,777,490	17,700,038	20,267,910	161,970,465	170,518,327	63.32
Market	17,892,268	1,135,556	947,492	8,891,613	11,928,179	49.70
LED	4,603,022	363,680	380,574	3,660,677	3,068,681	79.53
TOTAL	1,733,712,520	116,554,238	105,224,597	908,415,814	1,155,808,347	52.40

The following departments are overspent on overtime:

Departments	%
Housing	198.06
Civil Engineering	94.39
Electrical Engineering	81.80
Corporate Service	138.05
Finance	88.90

- Housing overtime – One employee from Housing has been transferred unprocedurally to Corporate, and the same employee is working additional overtime. As long as this matter its not resolved, housing overtime will continue overspend for the reason that she receiving her salary from Housing Department.
- Corporate overtime vote is centralized; all sections from corporate use one vote. Human resource has been working overtime due to posts advertised.
- Finance overtime - Due to the fact that a contract between external Debt collectors and Municipality is ended, the internal Debt collectors are burdened with more functions which include sorting handovers, issuing of notices, follow up defaults arrangement.

- **Civil Engineering**

Roads Overtime its overspent due to pothole patching in Klerksdorp CBD, Joe Slovo (N12) AND Orkney Area.

Sewer overtime - most of the overtime worked during standby is not a planned overtime especially in the essential services department.

Misuse of Waterborne sanitation system by the public and in turn resorting to Council for assist. (Council's cost to clear a household sewer system blockage is more affordable than the private plumber.)

Repairs and Maintenance per Department

Expenditure by vote	Original Budget	Actual for 31 January 2012	Actual 29 February 2012	Year to date as at 29 February 2012	Pro-rata Budget 11/12	%
Public Safety	3,628,113	121,574	322,590	1,916,210	2,418,742	52.82
Health services	14,205	0	0	253	9,470	1.78
Community services	8,603,590	368,414	523,716	2,468,882	5,735,727	28.70
Sports Arts & Culture	3,910,999	167,594	134,874	1,186,974	2,607,333	30.35
Housing	60,236	5,039	0	39,963	40,157	66.34
Council's General	400,385	6,797	7,687	87,910	266,923	21.96
Civil Engineering	24,870,696	1,017,133	1,739,476	9,841,832	16,580,464	39.57
Electrical Engineering	19,994,256	1,776,846	934,939	7,195,050	13,329,504	35.99
Corporate Services	695,005	25,846	32,542	175,555	463,337	25.26
Finance	3,302,356	3,911	174,751	1,357,721	2,201,570	41.11
Market	1,247,956	0	9,371	416,326	831,971	33.36
LED	88,397	0	0	6,677	58,931	7.55
TOTAL	66,816,194	3,493,154	3,879,946	24,693,353	44,544,129	36.92

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

TRANSFERS FROM OTHER RESERVES

	Original Budget	Actual for January 2012	Actual 29 February 2012	YTD 29 February 2012	Pro-rata Budget 11/12	%
Offset Depreciation	42,463,062	0		0	28,308,708	0
Leave Provision	100,283	0		0	66,855	0
Transfer from CRR	97,831,400	19,017,076	10,649,893	105,954,897	65,220,934	108.30
TOTAL	140,394,745	19,017,076	10,649,893	105,954,897	93,596,497	75.47

TRANSFERS TO OTHER RESERVES

	Original Budget	Actual for January 2012	Actual 29 February 2012	YTD 29 February 2012	Pro-rata Budget 11/12	%
Contribution to Capital Reserves	97,831,400	148,909	587,586	7,759,143	65,220,933	7.93
TOTAL	97,831,400	148,909	587,586	7,759,143	65,220,933	7.93

ACTUAL CAPITAL EXPENDITURE PER VOTE

Capital expenditure by vote	Original Budget	Actual for 31 January 2012	Actual 29 February 2012	Year to date as at 29 February 2012	Pro-rata Budget 2011/2012	%
Public Safety	4,040,687	2,129	0	79,143	2,693,791	1.96
Community Services	10,297,440	161,662	0	920,528	5,721,165	10.73
Health	161,200	0	0	0	107,467	0
Sports	11,525,000	-14,882	151,501	1,393,426	8,827,129	10.52
Housing	70,000	0	0	14,486	46,667	20.69
Council General Expenditure	19,602,500	0	0	2,920,022	13,068,333	14.90
City Civil Engineer	98,847,011	0	1,560,793	21,998,896	65,898,006	22.26
Municipal Infrastructure Grant(MIG)	99,609,000	0	1,517,643	5,131,313	66,406,000	5.15
City Electrical Engineer	60,573,390	0	901	33,598,075	40,382,260	55.47
NER	8,719,000	0	0	258,078	5,812,667	2.96
Corporate Services	5,431,600	0	0	4,439	3,621,067	0.08
Finance	3,129,120	0	266,663	337,760	2,086,080	10.79
Market	4,558,000	0	0	29,700	3,038,667	0.65
Economic Affairs	1,908,500	0	0	0	1,272,333	0
TOTAL	328,472,448	148,909	3,497,501	66,685,866	218,981,632	20.30

MIG Revenue and Expenditure

Description	Budget	Actual for 31 January 2012	Actual for 29 February 2012	Year to Date as at 29 February 2012	%
MIG (Income)	99,609,000	0	0	64,943,000	65.20
MIG (Expenditure)	99,609,000	2,497,276	3,059,836	31,995,683	32.12
MIG (Roll over 10-11)	4,000,000	0		-714,502	-17.86
DME (Income)	8,719,000	0	1,246,000	8,719,000	100
DME (Expenditure)	8,719,000	0	0	258,078	2.96
Fire Grant	0	0	1,200,000	1,200,000	

GRANTS & SUBSIDIES
Operational allocations/grants received

Description	Original Budget	Received 31 January 2012	Received 29 February 2012	Year To Date as at 31 January 2012	%
Intergovernmental Grant	303,560,000	0	4,456,000	223,072,111	73.49
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	400,000	0	400,000	100

GRANTS- EXPENSE

Description	Original Budget	Actual 31 January 2012	Actual 29 February 2012	YTD as at 29 February 2012	% Spent
IGG (Free Basic Services)	99,262,000	14,605,553	3,358,368	58,103,937	58.53
Finance Management Grant(FMG)	1,250,000	111,766	80,050	756,439	60.51
Municipal System Improvement Grant	790,000	0	0	405 697	51.35
Improvement of Library Services	400,000	0	0	64,240	16.06
PMU Expenditure	1,000,000	47,659	43,106	408,694	40.87

4. ACTUAL BORROWINGS

The total amount outstanding on external loans at the end of February 2012 is R155, 633,578.76
Attached is annexure B for more detailed information on borrowings.

5. INVESTMENTS

The investments as at 29 February 2012 are as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		41,779,589			41,779,589
RMB		10,000,000			10,000,000
FNB			81,517		81,517
Investec		3,000,000			3,000,000
Nedcor				13,010,715	13,010,715
Sanlam(Policy)		5,824,673			5,824,673
		60,604,262	81,517	13,010,715	73,696,494

Withdraw R 1 200 000 from ABSA Call (MIG) – 06 February 2012 (Paying MIG projects)
 Withdraw R 18 187 200 from ABSA Fixed – 23 February 2012 (Paying Eskom bill)

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 February 2012
2. That the Accounting Officer takes cognizance of actual borrowings and actual allocations received for the month February of 2012

SUBMITTED FOR CONSIDERATION