

1. Introduction

The purpose of this report is to give council a analysis on the state of the municipality for the quarter ending March 2013 regarding the income and expenditure being section 71, cash and bank, cashflow forecast and municipal grants

2. Background

Section 71 of the MFMA prescribes the following:

- That the accounting officer of the municipality no later than 10 working days after the end of each month submit to the mayor of the municipality and relevant provincial treasury statement in the prescribed format of the on the state of the municipality's budget reflecting the following particulars for the month and for the financial year up to the end of that month.
- Actual revenue per resources
- Actual borrowing
- Actual expenditure , actual capital per vote, the amount of any allocations received

3. Content of the report

3.1 3rd quarter Financial Report

This report has been prepared in line with section 71 of the MFMA

Overview and Financial Performance

Description	Original Budget	Adjusted Budget	Actual '000	Variance '000	%
Revenue					
Property Rates	13 636 000	16 176 000	24 171 628	7 995 628	149%
Electricity	30 548 000	23 858 000	20 579 716	-3 278 284	86%
Water	31 099 000	31 099 000	23 513 616	-7 585 384	76%
Sewer services	13 149 000	14 455 000	10 685 475	-3 769 525	74%
Refuse	15 557 000	15 295 000	11 628 291	-3 666 709	76%
Grants	81 223 000	81 233 000	81 157 000	-76 000	99%
Other	18 411 000	32 641 000	15 908 204	-13 732 796	49%
Total	203 633 000	214 757 000	187 643 930	-24 113 070	87%
Expenditure					
Employee related cost	52 629 000	52 629 000	43 715 882	8 913 118	84%
Councillors	5 080 000	5 080 000	4 491 530	588 470	88%

remuneration					
Bulk purchases water and electricity	23 037 000	33 045 000	25 525 021	7 519 979	77%
Depreciation	61 168 000	63 168 000	38 127 211	25 040 789	60%
Debt impairment	10 000 000	40 000 000	0	0	
Finance charge	1 080 000	1 080 000	634 130	445 870	59%
Other expenditure	39 637 000	47 363 000	44 045 062	3 317 938	93%
Total	192 628 000	242 365 000	156 539 026	85 825 974	65%

Analysis of revenue and expenditure

In terms of the Revenue, the municipality's performance is at average of 87% this include the operational grants of R81 157M that was deposited, this is due to the off setting of R76 000 unspent grant of MFMG that was previously reported in the last financial year.

Assessment rates show a 149% that does not include revenue forgone, it will only be set off at the end of financial year to show the actual money collected on behalf of rates, every utility has met its anticipated collection as most of them exceeded 75% . This bring us to average of 87% in terms of revenue

Expenditure shows an average of 65% write off for indigents is anticipated for the month of April, the list has already been prepared, Electricity bulk purchases at 76% and water at 1%

Cashflow forecast

Description	Jan ‘000	Feb ‘000	Mar ‘000	Apr ‘000	May ‘000	June ‘000
Opening balance	-4 240	10 197	-2 716	12 943	7 634	2 512
Grants			24 978			
Services	5 737	8 385	5 723	8 553	9 389	8 553
Other	7 044	11 574	1 231	371	413	543
Total Receipts	8 541	9 762	29 216	21 867	17 436	11 698

Salary cost	4 813	4 483	43 65	3 940	4 631	4 309
Capital	7 802	4 122	3 580	5 219	5 219	5 218
Creditors	5 921	3 670	3 125	4 984	4 984	4 984
Other	202	203	5 203	90	90	90
Total payments	18 738	12 478	16 273	14 233	14 924	14 601
Closing balance	10 197	-2 716	12 943	7 634	2 512	-2 903

Thought the cashflow show a negative balance at the end of the year, the municipality is liquid due to the investments that is made over a period of 30, 60 and 90 days. We anticipate to collect more if we implement debt and credit control policy of the outstanding debtors amount owed this will be possible if we get support from councillors.

3.2 Bank and Investment

Bank	Original Capital	Interest	Movement	Balance	Maturity
Standard Bank	3 574 420	39 788	0	3 614 208	11/03/2015
ABSA	1 031 773	48 242	17 745 533	18 825 548	Call
FNB	32 000 000	271 579	-32 271 579	0	Call
VKB	1 026 036		2 420	1 028 456	Call
VKB	5 000 shares	0		5 000	
Total	37 632 097	359 609	-14 526 046	23 473 212	

Municipal Bank accounts

Bank	Name of account	Closing Balance
ABSA	Banktel account	566 388.28
ABSA	Operating account	18 859 643.89
Total		19 426 032.17

3.3 Section 71

Statement of Financial Performance

Financial performance per vote

Description	Budget	Actual as 31 March	%
Governance and Admin			
Executive and council	16 308 000	14 942 481	92%
Budget and Treasury	103 927 000	11 273 473	11%
Corporate services	13 079 000	13 768 681	105%
Community service and Public safety			
Community service and admin	13 648 000	12 723 465	93%
Economic and Environmental services			
Roads and storm water	5 929 000	29 202 495	492%
Urban and planning and housing, LED	5 430 000	2 792 082	51%
Trading services			
Electricity	43 402 000	37 280 390	86%
Water	19 517 000	18 976 021	97%
Waste water management	11 824 000	14 454 468	122%
Waste management	10 501 000	9 312 118	89%

Analysis of expenditure per vote

The expenditure in Roads and Sewerage is due to depreciation that has been taken into account as at 31 March 2013, the budget has been allocated in Finance department as its the department that's controlling the depreciation of the Municipal assets.

The expenditure includes repairs and maintenance and capital for all departments

Creditors Age analysis as at 31 March 2013

Description	0-30 days	30-60 days	60-90days	90 and above	Total
Bulk Electricity					0
Bulk water					0
Auditor General					0
Trade Creditors					0
Other					0

Creditors Age Analysis

The municipality didn't owe any creditors as at 31 March 2013

FMG

This grant is spent for capacitating the BTO officials and for the interns and also to capacitate councillors,

The grant for this year was R1 500 000, so far the municipality has spent 97% of this grant excluding the unspent of the previous year. Our anticipation is to spend all of it so that it helps meet the municipality's objectives.

MIG

The amount of money that was deposited in the municipal account is R34 018 000, and 46% of this money was spent. This is going to cause serious problems and might be an audit query if this money is not spent as budgeted for .

EPWP

This grant is the initiation by government to assist its communities to create jobs, the amount deposited in was R1 000 000 and amount spent is 67%

4. Financial Implication

None

5. Recommendation

- That the committee takes note of this report