

Nketoana Local Municipality

Third quarter report March 2012

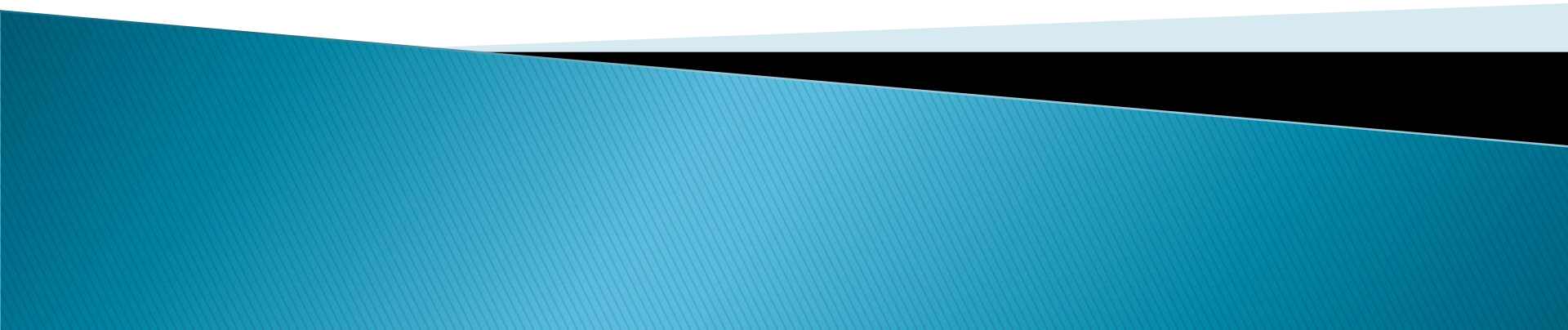


Table of Content

- ▶ Background and purpose
- ▶ Overview and Financial performance
- ▶ Budget analysis
- ▶ Repairs and Maintenance
- ▶ Municipal Infrastructure Grants and Projects
- ▶ Revenue collection
- ▶ Investment
- ▶ Bank
- ▶ Cashflow forecast and analysis
- ▶ Loans
- ▶ General analysis
- ▶ AFS preparation

BACKGROUND AND THE PURPOSE

- ▶ This report has been prepared as part of the regular financial reporting in terms of section 71 of the Municipal Finance Management Act 2003


OVERVIEW AND FINANCIAL PERFORMANCE

DESCRIPTION	BUDGET	ACTUAL	%
Revenue			
Property Rates Tax	8 189 000	18 389 052	225%
Electricity Services	20 304 000	19 942 708	98%
Water Services	21 357 000	24 828 169	116%
Sewer Services	9 995 000	9 391 714	94%
Refuse Services	11 377 000	10 997 765	97%
Grants	71 807 000	81 233 005	113%
Other	14 434 000	750 214	5%
Total Revenue	147 467 000	165 532 627	112%
Expenditure			
Employee Related Costs	49 502 000	38 755 144	78%
Bulk Purchases Electricity and water	24 176 000	22 182 646	92%

OVERVIEW AND FINANCIAL PERFORMANCE

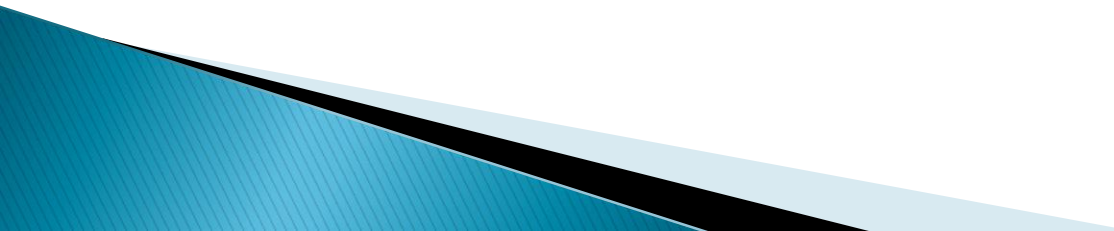
DESCRIPTION	BUDGET	ACTUAL	%
Depreciation and debt impairment	11 970 000	9 605 467	80%
Finance charges	1 080 000	986 334	91%
General and other expenses	33 798 000	32 212 786	95%
Other	6 810 000	0	
Total Expenditure	120 336 000	103 742 377	86%
Surplus/Deficit	27 132 000	61 790 260	

March Budget analysis

- ▶ Total Revenue collected for the third quarter is R165M which is inclusive R81M of operational grants
 - ▶ Assessment Rates exceeded its revenue budget due to property farms revenue collection and also Revenue forgone has not yet been set off against property, we'll see a realistic assessment rates revenue at the last quarter
 - ▶ Total expenditure for the quarter is R103,7M
 - ▶ Our debtors age analysis has been increasing since the past quarter from R229M to R239M, this is an increase of R10M
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March Budget analysis

cont''

- ▶ A project for replacement of electricity meters at Ntha has been implemented therefore we anticipate to increase our electricity sales/collection
 - ▶ We also have budgeted R38 thousand for the next financial year for installation of water meters at Leratswana to also improve water collection
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Repairs and Maintenance

- ▶ Repairs and Maintenance total budget amount is R9,1M the amount spent to date is R6,1M.
Expenditure percentage is 67% of the budget

MUNICIPAL INFRACTURE GRANTS

DATE	BUDGET ESTIMATED	AMOUNT RECEIVED	ACTUAL EXPENDITURE	BALANCE
July 11	10 187 000	10 187 000	4 151 524	6 035 475
August 11			397 208	5 638 268
Sept 11			1 388 233	4 250 035
October 11			492 386	3 757 649
November 11	14 074 000	0	412 040	3 345 609
December 11			785 321	2 560 288
January 12		6 810 000	2 861 457	6 508 813

MIG report 2011/12

DATE	BUDGET ESTIMATED	AMOUNT RECEIVED	ACTUAL EXPENDITURE	BALANCE
February 12			1 341 089	5 167 124
March12		11 047 000	1 562 130	9 484 690
Total	24 261 000	28 044 000	13 391 388	

Revenue Collection

Month	Billing	Payments	Subsidy Payments	Total payments	%
July	8,857,745.65	2,538,636.32	359,079.02	2,897,715.34	32.71%
August	9,143,358.42	3,196,312.54	458,688.79	3,655,001.33	39.97%
September	7,054,548.94	6,326,837.74	620,166.23	6,947,003.97	98.48%
October	7,950,057.82	4,599,231.97	686,903.52	5,286,135.49	66.49%
November	6,087,214.13	3,260,978.36	1,206,350.37	4,467,328.73	73.39%
December	8,048,604.01	3,624,699.03	1,241,352.27	4,866,051.30	60.46%
January 12	6,678,452.14	2,914,375.04	1,326,113.70	4,240,488.74	63.50%
February 12	6,367,584.27	4,170,327.81	877,522.16	5,047,849.97	79.27%
March 12	5,644,156.20	3,192,843.92	1,219,223.45	4,412,067.37	78.17%
Total	35 652 853.17	36 672 100.73	9 488 687.19	46 160 787.92	60.83%

Investments

Institution	Amount	Type of investment	Interest received	Deposit/Withdrawal	Total
Standard Bank	3 460 651	Long Term	14 310	0	3 452 845
Absa	2 033 531	Short term	37 585	23 008 854	25 237 994
FNB	11 649 925	Short term	52 565	0	11 702 491
Total					40 393 330

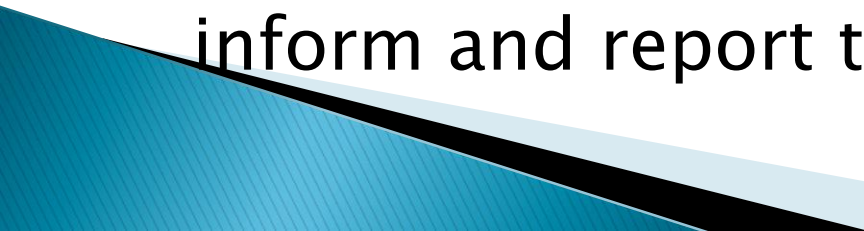
Bank

INSTITUTION NAME	ACCOUNT NAME	AMOUNT
ABSA	Cheque	745 533.67
ABSA	Banktel	29 896.95
Total		775 430.62

Cashflow forecast

	Six month forecast					
Description	'000	'000	'000	'000	'000	'000
Opening bal	Jan 12 -2 764	Feb 12 - 15 062	Mar 12 -19 677	Apr 12 1 327	May 12 - 2 874	June 12 -2 806
Grants		0	28 439	0	178	21 175
Services	1 464	5 176	2 478	5 316	5 316	5 316
Other	271	560	467	12	12	12
Total Receipts	-1 029	-9 326	11 707	6 655		
	4 793	4 323	4 296	4 125	4 125	4 125
Salary Cost						
Capital Projects	2 861	1 341	1 562	785	785	785
Creditors	6 267	4 575	4 410	5 483	3 288	3 288
Other	112	112	112	112	112	112
Total Payments	14 033	10 351	10 380	10 505	5 438	5 438
Closing Balance	- 15 062	- 19 677	1 327	-2 874	-2 806	18 259

Cashflow and Bank analysis

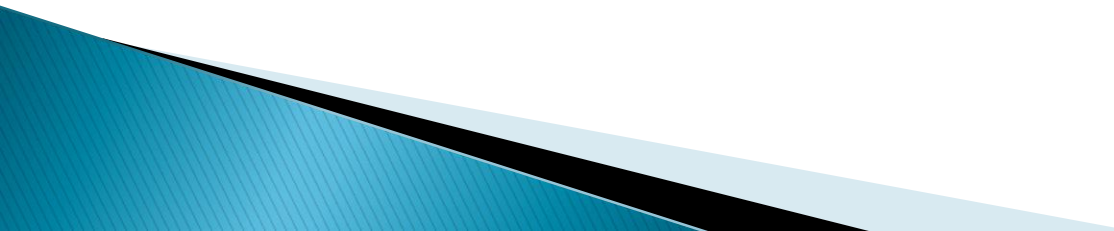
- ▶ Our cashflow is very liquid and we will be able to pay our creditors, projects and our staff salaries for the remaining 3 months
 - ▶ An amount of \pm R2M that was defrauded on two municipal accounts out of that R1,6M was recovered,
 - ▶ A fraud case was opened at our nearest police station which the forensic investigation is conducted and the matter is still pending
 - ▶ The municipality is still waiting for ABSA to inform and report the progress in this regard
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DBSA Loans

Loans	Vote number	Opening Bal	Interest accrued	Repayment	Total
101390/1	0303/0082/0000	8 272 421	217 134	(291 874)	8 197 681
10390/2	0303/0081/0000	1 383 507	31 913	(45 704)	1 369 716
Total		9 744 412	249 047	(337 579)	9 567 397

General analysis on Financial issues

▶ VAT

- SARS owes the municipality more or less R2,8M, the audit is performed for the month of September 2011,
 - The municipality's claim is more than a million, therefore SARS is conducting an audit on that basis
 - Supporting documents were sent through
 - The matter is still pending
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General analysis on Financial issues

► Fixed Assets

- * The current FAR is in line with GRAP,
- * Depreciation was effected in terms of GRAP standards implementable June 2011
- The financial system that the municipality is using has an Assets Module in it that will assist in depreciation .
- All our new additions has been captured on the system
- Our total Assets to date R1,1 billion which R61M was depreciated, this will affect the budget as we budgeted on R11,9M

AFS preparation 2012

- ▶ The year end procedure for compiling AFS 2012, had been distributed amongst Finance personnel
- ▶ Action plan is in place with deadlines and responsible persons

Recommendation

- ▶ That the committee takes note of this report