

MIDVAAL LOCAL MUNICIPALITY

AGENDA OF THE 4<sup>TH</sup> MAYORAL COMMITTEE MEETING OF 2011 TO BE HELD ON TUESDAY,  
03 MAY 2011 AT 08:00 AT THE ACTIVITY ROOM

*all Post  
18/04/2011  
Annexure "A"*

MC A/2464/05/2011

**4.A.4 [FS]: IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY (QUARTER 3 – 2010/11)**

5/1/1 2010/11

**COMPETENCY: COUNCIL**

**PURPOSE**

The aim of this report is to submit the implementation of the budget and the financial state of affairs of the Midvaal Local Municipality up to the end of the 3<sup>rd</sup> quarter (July 2010 – March 2011) in terms of Section 52(d) of the MFMA (Act 56 of 2003).

**RECOMMENDATION**

That the report regarding the implementation of the budget (2010/11) and the financial state of affairs of the Midvaal Local Municipality up to the end of the 3<sup>rd</sup> quarter (July 2010 – March 2011) be noted.

**BACKGROUND**

The income (billed) and actual expenditure (I & E) up to the end of the 3<sup>rd</sup> quarter (July 2010 – March 2011) in comparison with the 2010/11 budget, is as follows:

- Income and expenditure (Commitments excluded)**  
Proportional target = 75%

	EXPENDITURE			REVENUE		
	BUDGET	ACTUAL	%	BUDGET	ACTUAL	%
Municipal Manager	1 809 634	1 077 271	59.5	500 000	-	0
Support Services	32 235 397	19 483 227	61.0	2 256 000	1 590 985	57.7
Community Services	66 162 832	37 868 745	57.3	56 456 876	23 264 263	41.2
Development & Planning	19 552 560	10 945 928	55.9	3 985 600	2 242 194	56.3
Engineering Services	297 820 411	172 813 128	58.0	428 961 998	233 933 814	54.5
Financial Services	30 259 817	18 864 178	62.3	98 938 217	96 681 174	97.7
Management Services	8 493 013	5 562 348	65.6	420 000	411 285	97.9
Protection Services	34 291 340	23 030 203	67.2	13 842 600	5 557 519	40.1
	<b>490 625 004</b>	<b>289 645 028</b>	<b>59.0</b>	<b>605 360 691</b>	<b>363 681 234</b>	<b>60.1</b>

Included in the total revenue (budget amount) is an amount of R142 815 111 being a public donation as explained in paragraph 2 (capital) of this report. The actual revenue to be generated will thus be R462 545 580 and the percentage of revenue to date (end March 2011) is 78.6%.

*D. J. ...  
18/4/2011*

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**2. Capital**

	EXPENDITURE			%	CRR	SOURCE					
	BUDGET	ACTUAL				EXP.	GRANT	LOAN	EXP.		
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-
Support Services	600 000	206 497	34.4	600 000	206 497	-	-	-	-	-	-
Community Services	20 670 300	2 905 119	14.1	400 000	131 579	16 300 300	2 773 540	3 970 000	-	-	-
Development & Planning	40 000	12 920	32.3	40 000	12 920	-	-	-	-	-	-
Engineering Services	161 902 721	16 645 163	10.3	10 634 790	5 565 989	144 121 511	8 340 855	7 146 420	2 738 339	-	-
Financial Services	122 369	107 341	87.7	-	-	122 369	107 341	-	-	-	-
Management Services	40 000	26 056	65.1	40 000	26 056	-	-	-	-	-	-
Protection Services	7 206 000	2 773 684	38.5	816 000	391 572	2 380 000	10 500	4 000 000	2 371 612	-	-
<b>TOTAL</b>	<b>190 581 390</b>	<b>22 676 780</b>	<b>11.9</b>	<b>12 530 790</b>	<b>6 334 593</b>	<b>162 934 180</b>	<b>11 232 236</b>	<b>15 116 420</b>	<b>5 109 951</b>	<b>33.8%</b>	<b>6.9%</b>
<b>PERCENTAGE</b>					<b>50.5%</b>						

The low expenditure percentage of 11.9% (overall) and 6.9% in respect of grants is due to the inclusion of public donations to the amount of R142 815 111 consisting of the following:

Parks: Lakeside Multi Purpose Centre	R 8 600 000
Engineering – Compound (Group 5)	R 1 657 200
– Sewer : Kliprivier outfall	R 27 000 000
– Roads: Kliprivier Development Park	R 10 054 860
– Water: Kliprivier Development Park	R 36 197 506
– Electricity: Kliprivier Reservoir	R 31 736 600
	R 4 021 945
	<u>R 23 547 000</u>
	<u>R142 815 111</u>

Being a donation no actual expenditure will incur and as such can be eliminated from the actual expenditure percentage. This will result in the total capital budget to change to R47 766 279 (R190 581 390 – R142 815 111) of which the actual expenditure will be 47.5%. The same argument will be applicable to grants which will result in an effective grant capital of R20 119 069 (R162 934 180 – R142 815 111) with an actual expenditure of 55.8%.

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**3. Long-term liabilities**

The long-term liabilities (external loans) as at 31 March 2011 amounts to R128 990 976.03 which amount consists of the following:

Opening balance (01.07.2010)	R132 892 899.74
<u>Plus:</u> Additions:	R -
<u>Less:</u> Redemption:	- R 3 901 923.71
	<hr/>
<b>TOTAL LIABILITY (LONG-TERM)</b>	<b>R128 990 976.03</b>
	<hr/>

**4. Investments**

The total amount invested as at 31 March 2011 amounted to R14 700 000. The invested amount is earmarked to meet capital expenditure and operational commitments during the course of the 4<sup>th</sup> quarter.

**5. Debtors**

	<b>Government</b>	<b>Business</b>	<b>Household</b>	<b>Other</b>	<b>Total</b>
<b>Current</b>	R 374 697	R 7 614 159	R15 279 226	R246 315	R 23 514 397
30 days	R 174 978	R 2 200 988	R 5 704 598	R 73 290	R 8 153 854
60 days	R 150 793	R 845 397	R 3 794 875	R 27 136	R 4 818 201
90 days	R 144 073	R 525 922	R 4 343 868	R 4 621	R 5 018 484
120 days	R 137 695	R 546 400	R 4 374 474	R 33 847	R 5 092 416
120 + days	R1 776 638	R 3 474 584	R44 317 049	R -	R 49 568 271
<b>TOTAL</b>	<b>R2 758 874</b>	<b>R15 207 450</b>	<b>R77 814 090</b>	<b>R385 209</b>	<b>R 96 165 623</b>
<b>%</b>	<b>2.87</b>	<b>15.82</b>	<b>80.91</b>	<b>0.40</b>	<b>100.00</b>

Percentage wise households represent 80.9% of all outstanding debt of which 56.9% is in excess of 120 days whilst the second highest stands at 15.8% in respect of businesses, other consists of the following:

Fire Services	R322 209
Pre-paid Electricity (providers)	R 63 000
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	<b>R385 209</b>

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**6. Asset Value**

The total asset value at 31 March 2011 amounts to:

Opening balance 01.07.2010	R697 997 870
Additional (July 2010 – March 2011)	R 22 676 780
	_____
SUB-TOTAL	R720 674 650
Less: Depreciation (R41 072 620 x 75%)	R 30 804 465
	_____
TOTAL	R689 870 185
	_____

**7. Conclusion**

The excess revenue (surplus) over actual expenditure as at 31 March 2011, amounts to R1 406 251 calculated as follows:

Total Revenue @ 100%		R363 681 234
<u>Less: Expenditure</u>		R289 645 028
		_____
SURPLUS		R 74 036 206
<u>Less: Depreciation (R41 072 620 x 75%)</u>	R30 804 465	
Income foregone (R30 000 000 x 75%)	R22 500 000	
Provision: Bad Debts (R6 580 000 x 75%)	R 4 935 000	
Average payment rate (July – March) = 97% (R268 529 884 x 3%)	R 8 055 897	
Capital expenditure (CRR)	R 6 334 593	R 72 629 955
		_____
ANTICIPATED SURPLUS		R 1 406 251
		_____

**COMMENTS: MEETING OF THE MUNICIPAL MANAGER AND HEADS OF  
DEPARTMENT: 19 APRIL 2011**

**Resolved to Recommend**

That the item be referred to the Mayoral Committee.