

BAVIAANS LOCAL MUNICIPALITY (EC107)

COUNCIL MEETING

BUDGET AND TREASURY OFFICE

DATE: 5 January 2010

MIDYEAR BUDGET AND PERFORMANCE ASSESSMENT Section 72:

1. Introduction

1.1 In accordance with Section 72 of the Municipal Finance Management Act, Act No. 56 of 2003, hereafter referred to as the "MFMA", the accounting officer of a municipality must by 25 January of each year-

1.1.1 Asses the performance of a municipality during the first half of the financial year, taking into account-

1.1.1.1 The monthly statements submitted for the first half of the financial year in accordance with Section 71 of the MFMA;

1.1.1.2 The municipality's service delivery targets during and performance indicators set in the service delivery and budget implementation plan (SDBIB);

1.1.1.3 The past years annual report, and progress in resolving problems identified in the annual report; and

1.1.1.4 The performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 of the MFMA from any such entities.

1.2 A report must be submitted on the assessment to-

1.2.1 The mayor of the municipality;

1.2.2 National Treasury, and

1.2.3 The relevant provincial treasury.

1.3 The accounting officer must, as part of the review-

1.3.1 Make recommendations as to whether an adjustments budget is necessary; and

1.3.2 Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

2. Comments – Operational Budget

- 2.1 Attached herewith as **Annexure A** an extraction of the normal Section 71 report regarding operational performance as at 30 November 2009.
- 2.2 The analyses show a surplus of R 2 778 720 at 30 November 2009
- 2.3 However it is necessary to do an adjustments budget for the year in accordance with Section 28 of the MFMA. Reasons for this adjustment will be explained further on.
- 2.4 The following items has been identified for adjustment by doing a high level assessment of the status for the first six months of the financial year-
 - 2.4.1 On the Salaries and Wages category there is a saving of R 508 703.
 - 2.4.1.1.1 Salaries and wages has a saving at this stage as some vacancies which was provided for has not been filled.
 - 2.4.1.2 Appointments are currently being made which indicates that the expenditure for the second six months is going to increase and most probably exceeds the budget at the end of the year.
 - 2.4.1.3 The effect of the new appointments has been determined and the budget has been adjusted accordingly.
 - 2.4.1.4 Provision was made for a Senior Accountant and the salary was adjusted with R 20 000.
 - 2.4.1.5 Provision was made for Safety clothing which resulted in an increase of R 50 000 under the uniforms line item.
 - 2.4.1.5.1 Provision was made for a LED Officer to the amount of R 130 000 per annum and R 200 000 of the money received from Province was brought in as income.
 - 2.4.1.5.2 Provision was made for an Electrician to the amount of R 210 000 per annum.
 - 2.4.1.5.3 Provision was made for the Building Inspector to balance his salary with the Assistant Technical Services. The all inclusive salary is R 220 000.
 - 2.4.2 In the General Expenditure section several adjustments were made:

- 2.4.2.1 The projection of electricity purchases show that there will be an increase and line items 81, 84 and 99 were increase with R 70 000, R 150 000 and R 120 000.
- 2.4.2.2 Fire Fighting was reduced with R 50 000 to a budget amount of R 34 000.
- 2.4.2.3 There was a saving of R 60 000 on the insurance vote due to the change of our insurance company.
- 2.4.2.4 Free basic services was budget for R 3 000 000, but according to the projected and the consumers who applied for free basic services were far less than expected. The budget was reduce to R 2 700 000.
- 2.4.3 The repair and maintenance adjustments are as follows:
- 2.4.3.1 Provision of R 90 000 was made for new vehicles under the Vehicle Installment line item. Refuse removal truck for Steytlerville and a light delivery vehicle for Steytlerville.
- 2.4.3.2 Provision was made for a plastic water tank of R 46 500 under water maintenance.
- 2.4.4 The following adjustments were made to Contribution to capital outlay:
- 2.4.4.1 Under Municipal Buildings R 300 000 was budget for capital projects. An additional amount of R 150 000 was budgeted for the upgrading of the Testing Centre. The capital vote will be R 450 000.
- 2.4.5 On the income side the following adjustments were made:
- 2.4.5.1 Property Rates increased with R 300 000 due to the projection that our income on property rates will be more than budget for.
- 2.4.5.2 Vehicle Registration show over recovery of R 70 000 and the budget was adjusted accordingly.
- 2.4.5.3 Due to the low interest rate, interest on investment and the current account was reduced with R 300 000 to R 1 850 000.
- 2.4.5.4 Water sales show an increase of R 50 000 and the budget was adjusted accordingly.
- 2.4.5.5 Additional R 166 000 was allocated to the Equitable Share. According to the Division of Revenue Act an additional amount of R 166 000 was allocated to the Baviaans Municipality.

3. Comments Capital Budget

It was also necessary to do an adjustment on the Capital Budget.

According to Government Gazette No. 32794 of 10 December 2009 an additional allocation of R 581 000 was approved for Baviaans Municipality.

This subsidy is the Integrated National Electrification Programme Grant. This money is for a project of ESKOM.

The Capital Budget is attached as **Annexure B**.

BAVIAANS MUNICIPALITY

ANNEXURE A

ADJUSTMENT OPERATING BUDGET: 2009/2010**SUMMARY PER LINE ITEM**

<u>ITEM</u>	<u>Actual</u> <u>08/09</u>	<u>Actual</u> <u>Nov-09</u>	<u>Projection</u> <u>30 June 10</u>	<u>Budget</u> <u>09/10</u>	<u>Adjustment</u> <u>09/10</u>	<u>Comments</u>	
<u>EXPENDITURE</u>							
<u>Salaris & Allowances</u>							
001	Salaries	6,988,915	3,708,461	8,900,305	9,317,316	9,652,614	Saving of R 508 703. Accountants R20 000
002	Wages		2,150	5,160	4,800		
004	Allowance: Housing	24,479	6,863	16,470	27,579	27,279	
005	Uniforms	9,522	1,326	3,182	6,364	56,364	Safety Clothing R 50 000
006	Vehicle Allowance	166,743	54,175	130,020	239,180	220,734	
007	Groupinsurance Contribution	0	0	0	0		
008	Medical Contribution	156,729	107,153	257,167	230,193	210,193	
009	Skillsdevelopment Levy	0	0	0	0		
010	Pension/Provisionfund Contribution	584,212	303,710	728,904	914,833	974,043	
011	UIF Contribution	46,826	24,595	59,028	63,172	67,081	
012	Industrial Council Levy	0	0	0	3,240	3,312	
	Cell Phone Allowance	49,860	32,256	77,414	112,630	110,940	
017	Overtime	188,131	118,621	284,690	260,201	256,082	
019	Allowance: Other	140,319	44,015	105,636	91,140	92,408	
	Bonusses Management	0	0	0	70,000	0	
020	Bonus	325,728	393,877	393,877	479,714	494,270	
186	Allowance: Councillors	650,712	312,475	749,941	704,721	657,201	
		9,332,173	5,109,675	11,711,793	12,525,083	12,822,521	

43.0

General Expenditure**Community Services General**

023	Area Committees		875	2,100	200,000	200,000	
024	Play Parks		2,341	5,618	100,000	-	
025	Aids Council		36,550	87,721	80,000	80,000	
026	Branding and Advertising		5,000	12,000	60,000	60,000	
028	Communication		21,001	50,401	60,000	60,000	
030	Education/Roadshows			0	20,000	20,000	

031	Transport Forum		8,626	20,702	30,000	30,000	
032	Arts and Culture		15,530	37,272	50,000	50,000	
033	Woman/ Disabled and Old age		10,913	26,192	80,000	80,000	
034	Sport		12,143	29,144	75,000	75,000	
035	Small Farmers		3,600	8,640	30,000	30,000	
036	ChristmaS Lights and Function		73,994	73,994	80,000	80,000	
	<u>Sub Total Community Services</u>	-	190,573	353,785	865,000	765,000	
	<u>Community Services Tourism</u>						
038	Workshops			0	6,000	6,000	
039	Road Signs			0	10,000	10,000	
040	Website		10,000	24,000	10,000	10,000	
041	Marketing		33,694	80,867	60,000	60,000	
043	Development		94,780	227,471	119,861	119,861	
044	Product Development		61,471	147,530	90,000	90,000	
	<u>Sub Total Tourism</u>	-	199,945	479,868	295,861	295,861	
	<u>Community Services Human Dev</u>						
	Youth Development	-		0	510,000	470,000	
	Sub Total Human Development	-	-	-	510,000	470,000	
	<u>Total Community Services</u>					1,530,861	
029	Agency Commission	50,619	19,525	46,860	64,980	64,980	
037	Sundry Expenses: Tourism		41	99	3,000	43,000	
042	Administration	221,191	92,163	221,191	289,551	289,551	
048	Advertisements	118,953	13,185	31,645	62,814	62,814	
049	Town Planning	0		0	60,000	60,000	
050	Training - External	57,824	22,713	54,512	72,672	72,672	
051	Subsistance, Congress and Travellings	87,680	32,481	77,954	93,560	93,560	
054	Bank charges	81,810	50,259	120,622	85,351	42,676	50% MIG charges
060	Vehicle - Fuel and oil	629,595	193,572	464,572	500,000	500,000	
066	Mayors Fund	28,080	8,981	21,554	30,000	30,000	
069	Chemicals	92,013	108,228	108,228	160,000	160,000	
071	Departmental costs	90,480	37,700	90,480	97,990	97,990	
072	General Expenditure	2,133	949	2,278	8,450	8,450	
078	Printing and Stationary	229,035	74,031	177,674	169,050	169,050	
	Rental of Equipment		36,400	87,361	84,000	84,000	
081	Service Charges - Electricity	400,000	233,272	559,852	380,001	450,001	R 70 000 Electricity
082	Financial management - (MFMA & GAMAP)	1,100,000	654,446	1,000,000	1,000,000	1,000,000	
084	Municipal Services	92,809	112,369	269,686	100,513	250,513	Plus R 150 000
099	Electrical purchases	2,753,242	1,716,177	4,118,824	3,824,360	3,944,360	R 120 000 Bulk purchases
114	Consumable items	18,826	8,666	20,799	14,237	14,237	

121	Fire Fighting		796	1,910	84,000	34,000	Less R 50 000
123	Licences	7,882	28,975	69,541	25,000	25,000	
132	Weed repellent	92	3,215	7,716	5,001	5,001	
141	Registration at Deed Offices	3,226	1,041	2,498	13,905	13,905	
144	Auditcost	399,545	73,988	550,000	550,000	550,000	
150	Postage	40,557	28,675	68,820	97,821	97,821	
159	Radio Licence	2,560	3,170	7,608	3,708	3,708	
162	Legal costs	55,497	0	0	86,640	50,640	Less R 36 000
174	Consumable	11,774	8,899	21,356	14,116	14,116	
183	Telephone charges	170,001	86,736	208,168	188,615	188,615	
191	X-rays and Laboratory tests	33,705	7,377	17,705	27,811	27,811	
195	Insurance	216,576	186,510	186,510	250,000	190,000	Less R 60 000
201	Interest payable - Internal	82,022	0	0	0	0	
202	Refuse Bags	42,800	46,352	46,352	46,352	46,352	
204	Water Research	39,601	8,974	21,538	21,660	21,660	
217	Workmens Compensation	0	0	46,792	46,792	46,792	
218	Membership Fees	8,033	0	65,000	65,000	65,000	
219	Special Projects Community Services	0	0	0	0	0	
	Special Projects Financial Department	1,357,107	138,500	200,000	200,000	200,000	
221	Free Basic services	2,339,999	1,517,004	3,000,000	3,000,000	2,700,000	Less R 300 000
		10,865,265	5,945,889	12,829,359	13,497,811	13,249,136	

44.39

Repair and maintenance

306	Electricity network	724,985	164,712	395,309	250,000	250,000	
306	Water reticulation	194,988	236,152	566,765	250,000	296,500	
306	Sanitation Net work	25,526	31,885	76,523	50,000	50,000	
307	Land and Fences	70,000	44,070	105,768	50,000	50,000	
309	Tools and equipment	40,000	24,412	58,588	40,000	40,000	
312	Buildings	499,975	232,227	557,346	398,401	400,000	Less R 150 000
313	Sport Hall	0	0	0	0	0	
314	Sport Grounds	50,000	76,208	182,900	80,000	80,000	Less R 50 000
318	Furniture and Office equipment	2,142	377	904	10,000	10,000	
	TV Maintenance	40,000	16,423	39,416	60,000	60,000	
	Parks	115,000	5,106	12,254	120,000	120,000	
324	Streets	250,000	345,092	828,221	500,000	546,500	
327	Streetlights	22,800	15,568	37,362	50,000	50,000	
333	Equipment and Prepaid meters	50,252	31,743	76,184	100,000	100,000	
336	Roads signs and paint	28,041	0	0	50,000	50,000	
	Vehicles Installments	514,096	244,060	585,745	560,000	650,000	Plus R 90 000
339	Vehicles Maintenance	266,079	167,000	400,800	260,000	260,000	
		2,893,885	1,635,035	3,924,085	2,828,401	3,013,000	

10.09

Capital costs

351	Redemption - External	52,002	21,156	50,774	42,000	42,000
354	Interest - External	52,002	21,156	50,773	42,000	42,000
		<u>104,003</u>	<u>42,311</u>	<u>101,547</u>	<u>84,000</u>	<u>84,000</u>

Contribution to capital out of income

360	Tools and equipment	37,174	857	2,056	50,000	50,000
365	Municipal building			0		450,000
366	Furniture and Office equipment	50,000	10,298	24,715	60,000	60,000
367	Vehicles			0		
368	Land Purchases					
		<u>87,174</u>	<u>11,155</u>	<u>26,771</u>	<u>110,000</u>	<u>560,000</u>

Plus R 450 000

Contribution to funds

397	Contribution: Leave Fund	153,971		0		
	Contribution: Dog Tax		80,119	150,000	150,000	150,000
398	Provision for Bad debts	400,000	0	400,000	400,000	400,000
399	Revolving fund	145,000	0	0	0	0
		<u>698,971</u>	<u>80,119</u>	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>

Outdebtoring

400	Outdebtoring to other departments	311,671	0	(429,874)	429,874	429,874
		<u>(311,671)</u>	<u>0</u>	<u>(429,874)</u>	<u>(429,874)</u>	<u>(429,874)</u>

TOTAL EXPENDITURE	R 23,669,802	R 12,824,185	18,190,899	29,165,421	29,848,783
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INCOME**Community Services Tourism**

562	Membership Fees		42,366	101,680	65,000	65,000
563	Webads		900	2,160	10,000	10,000
565	Slingby Maps			0	4,000	4,000
571	Products and Comm		2,939	(7,053)	2,000	2,000
573	Bookings			0	3,000	3,000
574	Tent Hire			0	5,000	5,000

575	Trans Baviaans Bookings		0	2,000	2,000		
577	Trans Baviaans Sponsors		0	2,500	2,500		
578	PC		0	1,000	1,000		
579	Events and Other	84,354	202,449	35,500	35,500		
	Sub Total Tourism	124,682	299,236	130,000	130,000		
508	Connectionfee	15,624	23,999	57,597	4,689	4,689	
516	Cemetary fees	3,185	1,826	4,381	5,415	5,415	
536	Design fees/Buildingfees	5,111	1,126	2,703	10,289	10,289	
560	Sundry income	1,797,025	2,740	6,576	6,543	6,543	
561	Commission - Collection	14,945	4,851	11,643	42,549	42,549	
564	Property Rates	1,338,185	2,461,967	2,461,967	2,150,096	2,450,096	Plus R 300 000
566	Buckets	32,325	14,322	34,373	40,071	40,071	
567	Municipal Finance Management	571,730	1,000,000	1,000,000	1,000,000	1,000,000	
568	Faxes and photocopies	437	101	242	412	412	
588	Rent - Camps	1,579	1,228	2,947	4,800	4,800	
594	Compassion/Equatable subsidy	7,428,840	6,259,413	9,535,000	9,535,000	9,701,000	
604	Vehicle Registrations	425,231	301,906	724,574	550,000	620,000	Plus R 70 000
612	New Service connections	31,178	7,156	17,174	32,490	32,490	
616	Rezoning Fees	7,018	2,832	6,796	16,245	16,245	
624	Opening of Graves	693	0	0	0	0	
631	Road worthy certificate			0			
634	Permits	1,092	387	929	0	0	
636	Rent - other buildings	43,278	88	211	542	542	
644	Rente - overdue accounts	417,927	118,991	285,578	500,000	500,000	
648	Interest on Tax	37,200	28,832	69,196	50,000	50,000	
652	Interest on fixed deposits	2,027,605	145,812	1,900,000	1,900,000	1,750,000	Less R 150 000
	Interest on Current Account	359,469	20,338	48,811	250,000	100,000	Less R 150 000
656	Septic Tanks	188,653	81,306	195,133	250,000	250,000	
660	Cement Blocks	0		0			
668	Rent All Property	7,447	7,767	18,640	8,447	8,447	
669	Sport - Hall	2,626	1,404	3,368	2,708	2,708	
670	Sport - grounds	0	641	1,539	0	0	
676	Other state subsidies	1,200,187	0	0	200,000	200,000	
	Umsobomvu Subsidie			0			
	Health Subsidie		0	0	751,146	751,146	
	PMU	0	0	0	330,000	330,000	
	Special Purpose	0	400,000	400,000	400,000	400,000	
676	Grant from Accumulated Surplus			0	1,350,000	1,500,000	
700	Fines	26,890	5,630	13,512	50,000	50,000	
704	Traffic Certificates			0			
708	Water Sales	1,850,397	1,333,705	1,750,000	1,700,000	1,750,000	Plus R 50 000
708	Electricity sales - Conventional	762,449	502,598	1,206,235	1,034,210	1,034,210	

709	Electricity sales - Pre-paid meters	3,571,754	1,566,727	3,760,145	4,172,517	4,172,517
710	Electricity - Bulk	536,783	367,816	882,758	1,004,670	1,004,670
711	Scheme			0		
712	Street Lights	0		0		
716	Refuse Removal	1,097,419	522,536	1,254,086	1,211,747	1,211,747
718	Refuse Bags	32	0	0	0	0
719	Sanitation/Sewerage Levies	598,988	286,964	688,712	715,040	715,040
720	Valuation Fees	2,616	3,193	7,662	3,354	3,354
724	Tool Hire	14		0		
728	Rooms	60	25	60	0	0
750	Tourism Brochure	78,295	0	0	0	0
TOTAL INCOME		24,484,288	15,602,905	26,651,787	29,412,980	29,848,980
NETT SURPLUS		814,486	2,778,720	8,460,888	247,559	198

BAVIAANS MUNICIPALITY**ADJUSTMENT CAPITAL BUDGET 2009/2010****ANNEXURE B**

PARTICULARS	2007/08	2008/09	2008/09	2009/10	2010/11	2011/2012	Funded
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	
	BEDRAG	BEDRAG	BEDRAG	BEDRAG	BEDRAG	BEDRAG	
	R	R	ADJUSTMENT R	R	R	R	
Administration							
Internal Skills Development Programme	60,000						BM
Community based training	70,000						CMTP/DEAT
Designate hawking areas and promulgate	70,000						CDM
Formulation of an Integrated Tourisn Plan 60%	120,000						DBSA
Formulation of an Integrated Tourisn Plan 40%	80,000						BM
Municipal Tourism to become part of District Tourism	124,000						BM
Refurbishment of Community Halls			2,651,110				MIG
Budget Maintenance: Refurbishment Community Halls	-		1,652,960				MIG
Budget and Treasury Office							
Valuation of property including agricultural land	1,500,000	5,000,000	2,200,000				PDHLGTA
Fleet Management			184,000	184,000			PDHLGTA
Unbundle of assets			1,000,000				PDHLGTA
Upgrading of IT			0	1,632,000	1,903,168	1,988,811	PDHLGTA
Vending machine Seytlerville	25,000						BM
Provision another prepaid vendor in Willowmore	25,000						BM
Public Works							
Repair and Resealing of Victoria Street	669,000						Dept. Roads & Transport
Upgrading of Streets and Stormwater Baviaans			1,147,299				MIG
Upgrading of Streets and Stormwater Willowmore			2,237,820				MIG
Upgrading of Streets and Stormwater Steytlerville			2,600,000	0	0		MIG
Willowmore Sportfields				2,363,790	2,477,252	2,588,728	MIG
Parks							
Playing Grounds		200,000	200,000	100,000	104,800	109,516	BM
Sanitation							
Steytlerville Sanitation/Oxidation Ponds Extention	1,000,000	6,700,000	3,000,000	2,600,000	2,724,800	2,847,416	PDHLGTA/DWAF Application
Eradication of Bucket System	3,157,000						MIG
Water							
Drought Relief	1,500,000	1,500,000	1,500,000				DWAF
Developing of water resources - Erasmuskloof	4,800,000	2,982,000	2,333,500	0	0		MIG *
Zaaymanshoek Upgrading of water , New borehole & internal reticulation	1,300,000						MIG
Extention of Wanhoop Phase 2	570,000			4,431,408	4,644,116	4,853,101	MIG
Drill 3*300 boreholes Wanhoop	1,200,000						MIG

Generator B2		260,000	319,200		MIG
Reservoir 1 meg - Steytleville	300,000	0	0		MIG
Budget Maintenance: Steytleville water mains and stormwater			2,461,096		MIG
<u>Buildings</u>		-			
Umsobomvu Youth Advisory Centre Expansion	300,000	380,000	0		Umsobomvu Youth Fund
Upgrading of Library	500,000	0	0		CDM/PDSRAC

CAPITAL BUDGET 2007/2008

	<u>2007/08</u>	<u>2008/09</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>Funded</u>
	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	
<u>PARTICULARS</u>	<u>BEDRAG</u>	<u>BEDRAG</u>	<u>BEDRAG</u>	<u>BEDRAG</u>	<u>BEDRAG</u>	
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	
<u>Electricity</u>	0					
Electrification 241 Willowmore and 120 Steytleville	925,950					DME
Upgrading internal electrical system	2,140,000	2,640,000	0	6,167,000	6,463,016	6,753,852
Transformer			350,000			DME
Upgrading of Sub Station		1,900,000	1,900,000			DME
National Electrification Programme Grant				581,000		
<u>Housing</u>						
Down Housing	0	2,649,588	0	2,649,588		Housing Department
Steytleville Housing	0	3,346,848	0	3,346,848		Housing Department
Steytleville Kliphuise	0	3,391,608	0	3,391,608		Housing Department
<u>TOTAL</u>	20,435,950	30,950,044	25,736,985	27,447,242	18,317,152	19,141,424

FINANCING

Revenue account (Revenue Budget)	314,000	200,000	200,000	100,000	104,800	109,516
Grant: Cacadu	570,000	0	0	0		
DBSA	120,000	0	0	0		
CMTF	70,000	0	0	0		
Grant: DWAF	1,500,000	1,500,000	1,500,000			
Grant: Dept of Housing Local Gov. Traditional Affairs	1,500,000	11,700,000	3,384,000	1,816,000	1,903,168	1,988,811
Dept of Roads and Transport	669,000	0	0	0		
Grant: MiG funds	12,327,000	3,242,000	18,402,985	9,976,198	9,846,168	10,289,245
Grant: DME	3,065,950	4,540,000	2,250,000	6,167,000	6,463,016	6,753,852
Grant: Umsobomvu Youth Fund	300,000	380,000	0	0		
Grant: Mec Housing Local Government		9,388,044	0	9,388,044		
<u>TOTAL</u>	20,435,950	30,950,044	25,736,985	27,447,242	18,317,152	19,141,424

