



Mogale City

Local Municipality

**2008/09 IN YEAR FINANCIAL
MONITORING REPORT**

**FOR THE PERIOD JULY 2008 TO THE END OF
SEPTEMBER 2008 (FIRST QUARTER)**

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SUMMARY OF THE OVERALL FINANCIAL POSITION

1.1 BUDGETARY PERFORMANCE

Table 1: Operational Budget performance for the year to 30 September 2008

	2008/09 Approved Budget	Actual spend to date (in R and as a % of the Approved Budget)		Pro-rata budget to date	Under over spend against pro rata budget	% of pro-rata budget spent
	R 000	R 000	%	R 000	R 000	%
EXPENDITURE	(977 664)	(204 747)	21%	(244 416)	39 669	84%
REVENUE	977 664	253 956	26%	244 416	9 540	104%
SURPLUS/ (DEFICIT)	0	49 209	5.0%	0	49 209	

Note: Negative (Expenditure) & Positive (Revenue)

- 1.1.1 The Original Approved Budget approved by council on the 29th May 2008 was R933 087 was replaced by the Approved budget of R971 265 which includes Electricity tariffs increase. On the 28th August 2008 council again approved budget that includes rollovers from 2007/08 as shown on the summary. To date, a total of R204 747 million has been spent on the operational budget (this represent 21% of the total approved expenditure budget for the year and 84% of the pro rata budget) and a total of R253 956 million has been billed (representing 26% of the total approved revenue budget for the year). Section 2 of this report gives more detail on the Operational Budget Performance.
- 1.1.2 The revenue shown in the above table is largely the amount of revenue billed for the year to date. The amount of actual cash collected for the main tariffs is shown in paragraph 1.4 below and in detail in section 4 of this report.

Table 2: Capital Budget performance for the year to 30 September 2008

	Approved Budget for year	Actual spend to date (in R and as a % of the Approved Budget)		Pro-rata budget to date	Under over spend against pro rata budget	% of pro-rata budget spent
	R 000	R 000	%	R 000	R 000	%
EXPENDITURE	139 631	21 307	15%	34 908	13 601	61%

1.1.2 The Original Approved Budget approved by council on the 29th May 2008 was R114 570 million is now replaced by the Approved Budget that includes rollovers from 2007/08 as shown on the summary, as approved by Council on the 28th August 2008.

To date, a total of R21 307 million has been spent from the capital budget (this represents 15 % of the total approved expenditure budget for the year or 61% of the pro-rata budget) Section 3 of this report gives more detail on this performance.

CASH FLOW REPORT OF MOGALE CITY FOR SEPTEMBER 2008:

1.2 CASH FLOW POSITION

Table 3: Cash Flow Position as at 30 September 2008. Figures in Rm's

Cash balance brought forward from 2007/08	43,984
Cash received for the year to date	243,597
Cash payments made for the year to date	280,429
Current cash position	7,152

1.2.1. Mogale City's cash in hand as at the end of September 2008 was R7, 152m. This amount was made up as follows:

Source	RM
MIG Grants	14,579
Other Grants	8,252
Housing Grant	6,115
Sanlam Shares	172
Bank Balance	-21,966
Total cash in hand	7,152

The Operating Income for the first three months were R48, 667m less than what the Operating Expenditure was for the same period:

Month	Operating Income	Operating Expenditure	Difference
	RM	RM	RM
July 2008	67,211	83,466	-16,255
August 2008	61,182	94,638	-33,456
September 2008	67,435	66,391	1,044
Total	195,828	244,495	-48,667

While the implemented Revenue Enhancement Programme is not yet delivering the expected results, it is suggested that Mogale City curbs all non essential and non service delivery expenditure to ensure that whatever surplus funds that may become available be utilized to clear the overdraft position and to enable uninterrupted service delivery to the community we serve.

1.3 BANK BALANCE, INVESTMENTS, AND BORROWING

Table 4: Key Treasury Information as at 30 September 2008.

	Previous Month	Current Position	Change from previous month	
Balance in current account	-R 13,514,763	-R 21,965,860	increase	-R 8,451,097
Total investments held				
: Call	R 173,338	R 171,776	Decrease	-R 1,562
Committed : Call	R 23,147,226	R 22,830,156	Decrease	-R 317,070
Committed : Fixed	R 6,115,590	R 6,115,590	Unchanged	R 0
Committed : Fixed	R 52,280,285	R 53,564,590	Increase	R 1,284,305
Total external borrowing	R 213,292,342	R 210,446,198	Decrease	-R 2,846,144

More information on these treasury matters is given in section 5 of this report

1.4 PERFORMANCE ON REVENUE COLLECTION

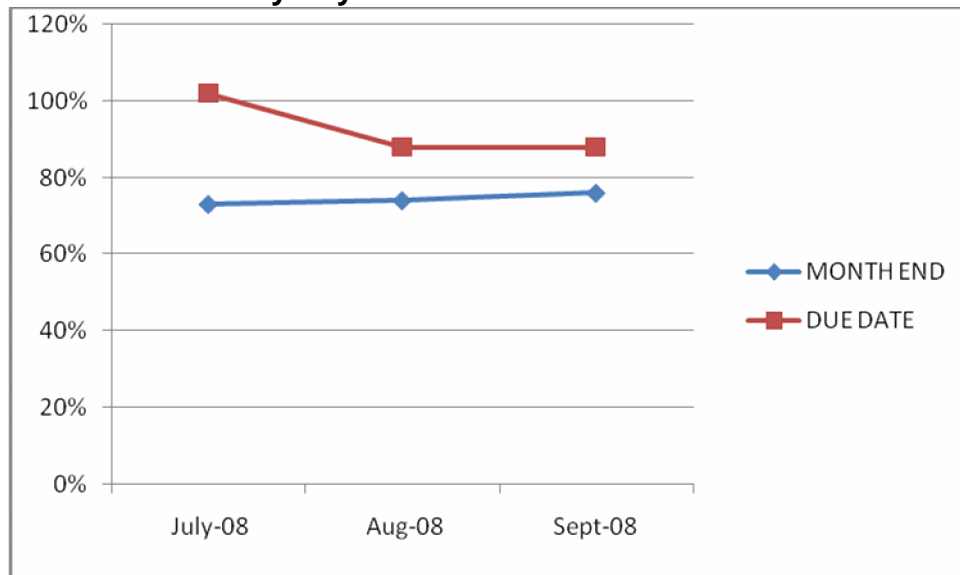
Table 5: Billed income – amount billed to date and cash received. Figures in R 000

Periods	Amount billed for year to date	Cash received as at end of the month	Collection rate as at end of the month	Cash received as at 05 th Aug, 04 th Sept, 03 rd Oct	Collection rate as at 05 th Aug, 04 th Sept, 03 rd Oct
July 2008	58 843	42 727	73%	59 959	102%
August 2008	61 301	45 143	74%	53 971	88%
September 2008	58 679	51 449	87%	44 342	76%
Total	178 823	139 319	78%	158 272	89%

Note: This table excludes service reconnections and sundry billing. Billing is only on Property Rates and four main tariffs.

- 1.4.1 The Collection Rate (formerly known as 'payment level') as at the end of September 2008 stands at 78% and as at 03rd October 2008 collection rate is 89% - that is the amount of cash that has been received to date for the year is 92% of the billed amount. In order to report accurately payments received is recognised up to the due date which is 03rd October 2008 as reflected on the consumer statements. More information and detail on this performance is given in section 6 of the report.

CHART 1: Monthly Payment Collection Rates



2. OPERATING BUDGET PERFORMANCE

2.1 OPERATING EXPENDITURE BY VOTE

Table 6: Operating expenditure for the year to 30 September 2008 – by vote

Department/Vote	2008/09 Approved Budget R 000	Actual spend to date (in R and as a % of the Approved Budget)		Pro-rata budget to date R 000	Under over spend against pro rata budget R 000	% of pro- rata budget spent %
		R 000	%			
POLITICAL OFFICE:						
- Mayor's Office	13 738	2 264	16%	3 434	1 170	66%
- Speaker's Office	9 299	2 277	24%	2 325	48	98%
MUNICIPAL SUPPORT SERVICES:						
- Municipal Manager	18 754	3 666	20%	4 689	1 023	78%
- Marketing & Comm.	4 752	1 028	22%	1 188	160	87%
CORPORATE SUPPORT SERVICES:						
- Corporate Services	42 220	5 096	12%	10 555	5 459	48%
- Human Resources	14 514	1 260	9%	3 629	2 369	35%
MUNICIPAL FINANCIAL SERVICES:	127 821	27 737	22%	31 955	4 218	87%
SOCIAL SERVICES:						
- Community Services	46 726	9 584	21%	11 682	2 098	82%
- Public Safety	56 837	13 385	24%	14 209	824	94%
ECONOMIC SERVICES:						
- Development & Planning	16 297	3 586	22%	4 074	488	88%
- Housing	13 756	1 646	12%	3 439	1 793	48%
- Rural Development	2 475	547	22%	619	72	88%
ENVIRONMENTAL SERVICES	96 366	21 678	22%	24 091	2 413	90%
INFRASTRUCTURE SERVICES:						
- Electricity	251 602	61 517	24%	62 900	1 383	98%
- Buildings Facilities	10 122	2 462	24%	2 531	69	97%
- Fleet Management	6 553	1 531	23%	1 638	107	93%
- Roads & Storm water	22 329	4 554	20%	5 582	1 028	82%
- Water & Sanitation	209 319	40 413	19%	52 330	11 917	77%
RECOVERABLES	14 184	516	4%	3 546	3 030	15%
TOTAL OPERATING EXPENDITURE BUDGET	977 664	204 747	21%	244 416	39 669	84%

- 2.1.1 Table 6 above shows that R204 747 million had been spent to the end of September 2008 from the operational budget. The table shows how this had been spent by operational budget per vote. The spend-to-date represents 21% of the total Approved Budget.
- 2.1.2 The above table also shows spend-to-date against a pro-rata budget for the year-to-date. The expended amount up to the end of September 2008 is 84% of the pro-rata budget.

2.2 OPERATING EXPENDITURE BY TYPE

- 2.2.1 Annexure A sets out the expenditure to date on the operating budget analysed by type of expense.
- 2.2.2 in overall terms:
- Expenditure on salaries and wages is 25% of the total Approved Budget for the year or 99% of the pro-rata Budget. (See section 2.3.2 below about concerns on the spend-to-date funds for overtime, leave payments and travelling allowances).
 - Expenditure on General Expenses is about 81% of the pro-rata budget or 20% of the total Approved Budget for the year.
 - Expenditure on Repairs and Maintenance is 40% of the pro-rata budget or 10% of the total Approved Budget having been spent by the end of September 2008.
- 2.2.3 The discussion set out below looks at the major (under) and over expenditure on individual budgets.
- **Interest on External borrowings.** Expenditure on this item is 34% of the total Approved Budget for the year at the end of September 2008 or 138% of the pro rata budget. The interest payments are contractually fixed but vary on a monthly basis due to different banks being involved and different payment dates agreed to.
 - **Insurance Costs.** R1 466 million has been spent to date (43% of the Approved Budget for the year). The expenditure reflected will not change as insurance premiums have been paid for the whole year.

2.3 EXPENDITURE ON STAFF BENEFITS

2.3.1 Section 66 of the MFMA (Municipal Finance Management Act, 2003) requires that expenditures incurred by the municipality on staff salaries; wages, allowances and benefits are regularly reported to Council. This information is given in Annexure B to this report, along with the equivalent information on Councillor Allowances.

2.3.2 Total expenditure on staff and councillor benefits is 25% of the total Approved Budget and 99% on pro rata budget.

- The total employee related cost shows an overspending on pro-rata budget of R537k this is mainly due to overtime, leave buyouts and travelling allowance. Overtime payments at the end of September 2008 is 43% of the Approved Budget for the year and 173% on pro rata budget, whilst leave payments is 87% of the total Approved Budget and 348% on pro rata budget.
- The expenditure to date on leave payments causes a great concern. This is the first quarter of the financial year we are already spent 87% of the total budget.
- Leave payments will not exceed the Budgeted amount of R6 million.
- Executive Management is aware of situation regarding leave payments and overtime, corrective action is being taken to address the situation namely:
 - Leave Buyouts have been stopped expect in cases of resignation.
 - Overtime payments are curbed to 40hrs per month as per requirements of the BCEA.

2.4 OPERATING REVENUE BY SOURCE

Table 7: Operating revenue for the year to 30 September 2008 – by source

Revenue by source	2008/09 Original Approved Budget	Actual billings As at 30 Sept 08 (in R and as a % of the Approved Budget)		Pro-rata budget to date	Under/Over billing against pro rata budget	YTD as a % of pro rata budget
	R 000	R 000	%	R 000	R 000	%
Property rates	153 789	38 067	25%	38 447	380	99%
Electricity service billings	313 192	84 163	27%	78 298	(5 865)	107%
Prepaid: Electricity	10 485	3 835	37%	2 621	(1 214)	146%
Water service billings	135 553	31 689	23%	33 888	2 199	94%
Prepaid: Water	5 322	1 964	37%	1 330	(634)	148%
Sanitation service billings	49 915	13 344	27%	12 479	(865)	107%
Refuse service billings	49 898	11 560	23%	12 474	914	93%
Reconnection Fees: Electricity & Water	18 815	1 860	10%	4 704	2 844	40%
Service Connections	14 184	2 800	20%	3 546	746	79%
Bulk Connections: Electricity	0	0	0%	0	0	0%
Bulk Connections: Water	0	0	0%	0	0	0%
Other service charges	38 491	3 705	10%	9 623	5 918	39%
Sale of land	31 041	556	2%	7 760	7 204	7%
Interest earned on external investments	3 556	458	13%	889	431	52%
Interest earned on outstanding debtors	7 180	1 804	25%	1 795	(9)	101%
Fines: Traffic	8 000	2 670	33%	2 000	(670)	134%
Vehicle Registration	0	4 903	0%	0	(4 903)	0%
Income for agency services	7 588	2 066	27%	1 897	(169)	109%
Grants & subsidies	130 655	48 512	37%	32 664	(15 848)	149%
TOTAL REVENUE BUDGET	977 664	253 956	26%	244 416	9 541	104%

- 2.4.1 Revenue as at end of September 2008 (largely billed income rather than cash received) was R253 956 million. This represents 26% of the total Approved Budget for the year and 104% of the pro-rata budget.
- 2.4.2 **Main Tariffs.** Billing on Property Rates, Water billing and Refuse are under the pro-rata budget estimates for the year to-date.
- 2.4.3 **Interest earned on external investment.** Normally this represent a small amount of interest income which is generated from the short term investments held when there are temporary surpluses of cash.
- 2.4.4 **Interest earned on outstanding debtors.** This is interest levied for main tariffs on outstanding debt.
- 2.4.5 **Vehicle Registration.** Vehicle registration is an in and out vote. As the money is being collected, a subsequent payment is made to the Gauteng Provincial Government.

2.5 OVERALL PERFORMANCE ON THE OPERATING BUDGET

Table 8: Operating Budget Performance for the year to 30 September 2008

	2008/09 FULL YEAR	PRO RATA FOR YEAR TO DATE
	R 000	R 000
Expenditure Budget	(977 664)	(244 416)
Actual to date	(204 747)	(204 747)
Variance - under spending		
% of Budget Spent	21%	84%
Revenue Budget	977 664	244 416
Actual billed to date	253 956	253 956
Variance – under (over) billing	723 708	9 540
% of Budget Billed	26%	104%
Surplus/(Deficit) Budgeted Position	0	0
Surplus/(Deficit) position to date	49 209	49 209

Note: Negative (Expenditure) & Positive (Revenue)

To summarise, expenditure to date is 21% of the total Approved Budget for the year and 84% of the pro-rata Budget. Billing to date represents 26% of the total Approved Budget for the year or 104% of the pro-rata budget. Thus the overall performance of the operating budget does not at this point in time give any cause for concern expect for leave buyouts and overtime mentioned in paragraph 2.3.2. A surplus position is currently shown as R49 209 million but this is not expected to materialise at year end as spending on the operational budget, repairs and maintenance is low due to financial constraints only service delivery projects is being processed.

3. CAPITAL BUDGET PERFORMANCE

3.1 CAPITAL EXPENDITURE BY VOTE

Table 9: Capital expenditure for the year to 30 September 2008 – by vote

Departments/Votes	2008/09 Original Approved & Roll-over Budget	Actual expenditure to date		Pro-rata Budget to date	Under/ Over spend against pro-rata budget	% of pro- rata budget Spent to date
	R 000	R 000	%	R 000	R 000	%
MUNICIPAL SUPPORT SERVICES:						
- Project Management Office	47	13	28%	12	(1)	108%
CORPORATE SUPPORT SERVICES:						
- Corporate Services	10 930	0	0%	2 733	2 733	0%
SOCIAL SERVICES:						
- Community Services	19 546	632	3%	4 887	4 255	13%
ECONOMIC SERVICES:						
- Housing and Land	3,990	0	0%	998	998	0%
ENVIRONMENTAL SERVICES:						
- Parks and Cemeteries	4 601	410	9%	1 150	740	36%
INFRASTRUCTURE SERVICES:						
- Water and Sanitation	76 057	16 488	22%	19 014	2 526	87%
- Electricity	8 406	215	3%	2 101	1 886	10%
- Roads & Storm water	16 054	3 549	22%	4 013	464	88%
TOTAL CAPITAL BUDGET	139 631	21 307	15%	34 908	13 601	61%

3.1.1 Table 9 above shows expenditure as at end of September 2008 on the capital budget per vote. In overall terms 15% of the capital budget has been spent to date or 61% of the pro-rata budget. The total of R21 307 million is made up of the total actual payment to date. Only Corporate Support Services and Housing have not started to spend their capital budget. The reason for Housing not to spend the allocated budget is that Provincial Housing did not confirm the projects for this allocation and for Corporate Services the funding is own funding, due to financial constraints.

3.2 CAPITAL EXPENDITURE BY PROJECT

3.2.1 Annexure C gives details of expenditure incurred to date on each capital project.

3.3 FUNDING OF THE CAPITAL BUDGET

Table 10: Funding of capital expenditure for the year to 30 September 2008

Financing source	2008/09 Approved Budget	Financing of capital expenditure incurred to date
	R 000	R 000
National Government Grants		
- Municipal Infrastructure Grant	43 681	12 063
- National Electrification Programme	3 211	215
- Department of Water & Forestry	560	9
Total National Government Grants	47 452	12 287
Provincial Government Grants		
- Housing	3 240	0
- Sports, Rec. Arts	4 874	0
- Social Development	11 650	0
- GDACE	197	0
- West Rand District Municipal	76	0
Total Grants from Province	20 037	0
Council's Own Funds		
- Sale of land	29 106	0
- Own Funds	13 036	9 019
- External loan	30 000	0
Total Own Funds	72 142	9 019
TOTAL FUNDING	139 631	21 307

3.4 GRANTS – ALLOCATIONS RECEIVED AND EXPENDITURE INCURRED

3.4.1 Section 71 of the MFMA requires that the amount of grant allocations received by the municipality, and the amount of expenditure funded by these allocations, is reported monthly (excluding equitable share). Annexure D gives this information. The Committee must be aware that the figures in Annexure D will not be the same with figures in table 8 above. The reason being that the figures in table 8 include the rollovers from previous year approved by council in August 2008 while Annexure D is only monies to be received this financial year.

3.4.2 The Annexure D shows that MCLM expects to obtain R35 117 million of grants from other spheres of government for 2008/09 excluding equitable share. This amount is for funding both the operational and capital budget. R15 362 million of this had been received by the end of September 2008 whilst R13 722 million had been spent to date.

4. CASH FLOW POSITION

- 4.1 The cash flow position for the year to date and a forecast for the remainder of the 2008/09 financial year are given in Annexure E. A summary of the cash flow for the year is reflected in Annexure E (1). Annexure E (2) reflects the decrease in the cash and investments position more clearly. A decrease of R8, 758m is shown for September 2008. The income for the first three months from main revenue tariffs was only R139, 319m vs. an expected amount of R165, 052m at a projected collection rate of 94%.
- 4.2 As at 30 September 2008 MCLM's bank balance was -R21, 965,860.
- 4.3 The total cash received for the first three months of the year amounted to R347, 293m which is R9, 819m more than the expected amount of R337, 474m. The difference is due mainly to investments redeemed of R103, 696m which is R65, 690m more than what was budgeted. This surplus was greatly reduced by the shortfall in operating and other income.
- 4.4 The above includes cash received for Operating Activities such as the sale of water, electricity, fees charged for refuse removal and sanitation as well as other service charges.
- 4.5 The total cash received from Operating Activities was R195, 828m from the expected budget at 94% of the budget of R240, 098m. Council therefore received R44, 270m less operational income than expected. ***It must be remembered that the shortfall of these past months are being added to the projected income for the future months. This means that the budgeted collection rate of 94% will need to be increased to ± 98.89% for the remaining 9 months of the year to compensate for the shortfall of the first 3 months of the year. If this higher collection rate is not achieved and expenditure is allowed to continue as per the budget the financial year stands to end in an overdraft position of around R12, 852m.*** Since expenditure is not curbed to stay in line with the lower than budgeted income Mogale City finds itself in a liquidity crunch at present. If this shortfall is not recovered in the very near future Mogale City will be forced to adjust its budget drastically to avoid ending the financial year in an overdraft position.
- 4.6 The Total Income was made up of the following:

Figures in Rm's

Revenue Source	Expected Income	Actual Income	Difference
	RM	RM	RM
Property Rates	R 36,141	R 42,719	R 6,578
Electricity	R 73,600	R 60,198	R -13,402
Water	R 31,855	R 21,152	R -10,703
Sanitation	R 11,730	R 8,804	R -2,926
Refuse	R 11,726	R 6,446	R -5,280
PP Electricity	R 2,621	R 3,870	R 1,249
PP Water	R 1,330	R 1,964	R 634
Other Income	R 71,095	R 50,675	R -20,420
Sub-Total	R 240,098	R 195,828	R -44,270
Investments Redeemed	R 38,006	R 103,696	R 65,690
Operating Grants	R 41,472	R 38,774	R -2,698
Capital Grants	R 17,899	R 8,995	R -8,904
Total Income	R 337,474	R 347,293	R 9,819

- 4.7 Other Service Charges, amounting to R1, 415m consist of income for connection and re-connection fees, building plan fees, cemetery fees and landfill site fees.
- 4.8 Total cash paid by Council for the first three months amounted to R375, 237m, which is R61, 451m more than the expected R313, 786m that was budgeted. Salaries were overspent by R1, 901m. R5, 257m more was spent on grant funded capital projects than what was projected for the period under review and R94, 408m short term investments were placed during this time as well which was not budgeted for.
- 4.9 Total Operating Expenditure was R244, 495m which was R18, 865m less than the budgeted expenditure of R263, 361m. **Please note however that although the operating expenditure is less than what was budgeted the operating expenditure still exceeds operating income by R48, 667m for the year to date.** Mogale City needs to cut back on all non service delivery expenditure and drastically improve revenue collection to recover from the current overdraft position.

4.10 Total Expenditure was made up of the following:
 Figures in Rm's

Expenditure Item	Expected Expenditure	Actual Expenditure	Difference
	RM	RM	RM
Salaries	R 73,844	R 75,745	R -1,901
Electricity	R 71,054	R 65,281	R 5,773
Water	R 18,926	R 16,339	R 2,586
Sewer	R 328	R 388	R -59
Other Creditors	R 99,208	R 86,742	R 12,467
Sub - Total	R 263,361	R 244,495	R 18,865
Investments made	R 0	R 94,808	R -94,808
Financing Activities	R 19,654	R 6,421	R 13,233
Operating Grants	R 8,287	R 1,771	R 6,516
Capital Payments	R 22,484	R 27,741	R -5,257
Total Expenditure	R 313,786	R 375,237	R -61,451

4.10.1 The following Capital Expenditure was incurred during the quarter July 2008 to September 2008:

Capital Project	July 2008	August 2008	September 2008	Total	Funding Source
	R	R	R	R	
Lusaka 2 & 3 Renewals	101,300			101,300	MIG
Muldersdrift 6ml Reservoir	1,434,386	1,247,469	12,262	2,694,117	MIG
Muldersdrift Outfall Sewer		2,520		2,520	MIG
Kagiso Cemetery Upgrading			427,940	427,940	MIG
Rural Cemeteries		198,709		198,709	MIG
Prepayment Water Meters		8,057,153		8,057,153	MIG
PR2 Rietvallei X2 R & SW	1,486,784	414,100	99,572	2,000,456	MIG
PR5 Rietvallei X5 R & SW	924,685			924,685	MIG
PR10 Rietvallei X1 & Proper	351,519	145,196		496,715	MIG
Water Demand Management	54,705			54,705	DWAF
Munsieville Electrification	90,441			90,441	NEP
Lusaka Sport Complex	82,169			82,169	SRAC
Library Furniture	224,801			224,801	SRAC
Azaadville Sport Complex	316,033			316,033	SRAC
Oracle Library Software		277,686		277,686	SRAC
Percy Stewart Water Care Works		1,925,120	1,767,702	3,692,822	Own Funds
Range View X 2 Connex - Water			661,477	661,477	Own Funds
Range View X 2 Connex - Sanitation			996,756	996,756	Own Funds
Range View X 2 Connex - Roads & Stormwater			989,403	989,403	Own Funds
Johanna Botha Sport Complex	884,571		538,479	538,479	Own Funding
33kv Transmission Line and SS	772,151			772,151	Own Funding
33kv Distribution SS	437,259			437,259	Own Funding
33kv Oil cable Chamdor/factoria	603,661			603,661	Own Funding
Furniture Speaker's	41,399			41,399	Own Funding

Offices					
Furniture					
Mayor's Offices	8,204			8,204	Own Funding
Computers	179,403			179,403	Own Funding
Alarm - Museum	22,383			22,383	Own Funding
Upgrade Traffic Lights	834,311			834,311	Own Funding
Install Street Lights	339,640			339,640	Own Funding
Upgrade Street Lights	599,681			599,681	Own Funding
Chainsaws	27,187			27,187	Own Funding
Total	9,816,674	12,267,955	5,493,589	27,578,218	

4.11 Mogale City received no MIG funding during September 2008.

5. CURRENT BANK BALANCE, INVESTMENTS, AND BORROWING

5.1 BALANCE IN CURRENT ACCOUNTS

Table 11: Balance in current accounts as at 30 September 2008.

	FIRST NATIONAL BANK
Balance	-R 21,965,860
Interest Rate	14.50%

5.2 WITHDRAWALS FROM MCLM'S BANK ACCOUNTS

5.2.1 Section 11(4) of the MFMA requires that a consolidated report is tabled to Council at least quarterly on all withdrawals made from the municipality's bank accounts in terms of section 11(1) (b) to (j) of that Act. Annexure H and H (1) and gives this information and the prescribed detail of information.

5.3 INVESTMENTS

5.3.1 Annexure F gives the Investment Register as at 30 September 2008.

5.3.2 MCLM has investments totalling R82, 682m. Of this amount R53, 565m are investments that are linked to the bullet loans previously taken out by the municipality. These investments must be used to repay the bullet loans at the end of the loan period (or when a consolidation or restructuring of the loans are undertaken).

5.4 LONG TERM LOANS

5.4.1 Annexure G gives the Loans Register as at 30 September 2008.

5.4.2 MCLM has long term loans outstanding of some R210, 446m. All of this long term loans were incurred by MCLM in the past for funding the capital budget.

5.5 SHORT TERM BORROWING

5.5.1 Section 45 (3) (iii) of the MFMA requires the accounting officer to notify the Council in writing as soon as practical of the amount, duration and cost of any short term loan (overdraft facility) incurred by the municipality.

5.5.2 Mogale City entered into an overdraft position during August 2008. This situation continued into September 2008.

5.5.3 Below is a schedule of the utilization of the overdraft facility during September 2008:

Date	Amount	Rate	Duration (days)	Interest
01-Sep-08	-R 14,254,989.29	14.50%	1	-R 5,662.94
02-Sep-08	-R 7,379,449.02	14.50%	1	-R 2,931.56
03-Sep-08	-R 4,095,984.23	14.50%	1	-R 1,627.17
11-Sep-08	-R 16,431,560.78	14.50%	1	-R 6,527.61
12-Sep-08	-R 14,311,037.65	14.50%	1	-R 5,685.21
13-Sep-08	-R 14,311,037.65	14.50%	1	-R 5,685.21
14-Sep-08	-R 14,311,037.65	14.50%	1	-R 5,685.21
15-Sep-08	-R 12,864,692.85	14.50%	1	-R 5,110.63
16-Sep-08	-R 11,875,027.32	14.50%	1	-R 4,717.48
17-Sep-08	-R 11,259,716.50	14.50%	1	-R 4,473.04
18-Sep-08	-R 11,786,187.93	14.50%	1	-R 4,682.18
19-Sep-08	-R 14,249,348.32	14.50%	1	-R 5,660.70
20-Sep-08	-R 14,249,348.32	14.50%	1	-R 5,660.70
21-Sep-08	-R 14,249,348.32	14.50%	1	-R 5,660.70
22-Sep-08	-R 13,763,595.09	14.50%	1	-R 5,467.73
23-Sep-08	-R 14,105,128.77	14.50%	1	-R 5,603.41
24-Sep-08	-R 14,105,128.77	14.50%	1	-R 5,603.41
25-Sep-08	-R 24,554,382.65	14.50%	1	-R 9,754.48
26-Sep-08	-R 22,674,250.45	14.50%	1	-R 9,007.58
27-Sep-08	-R 22,674,250.45	14.50%	1	-R 9,007.58
28-Sep-08	-R 22,674,250.45	14.50%	1	-R 9,007.58
29-Sep-08	-R 20,495,516.40	14.50%	1	-R 8,142.05
30-Sep-08	-R 21,965,861.01	14.50%	1	-R 8,726.16
	TOTAL			-R 140,090.31

5.6 BANK RECONCILIATIONS

5.6.1 In compliance with regulation 1536 of the Government Gazette of 14 November 1997, bank reconciliations must be presented to Council on a monthly basis. For this purpose, Annexure I is attached – bank reconciliations for September 2008.

6. PERFORMANCE ON MAIN TARIFF REVENUE COLLECTION

6.1

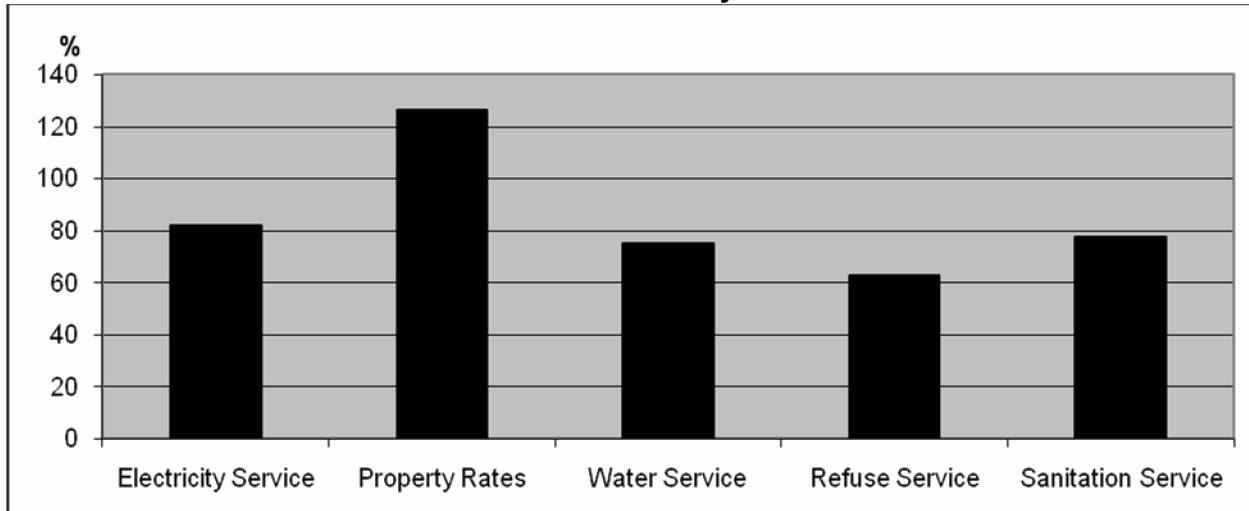
Table 12: Collection rates to 3 October 2008

Main Tariff	Amount Billed For the year to date	Amount received as at 3 October	Collection Rate (received/billed) As at 3 October	Amount received as at 30 September	Collection Rate (received/billed) As at 30 September
Property Rates	38,066,705.90	48,063,888.47	126.26	41,718,914.54	112.22
Electricity services	84,162,979.98	68,877,215.35	81.84	60,198,275.67	71.53
Water services	31,689,417.91	23,764,041.98	74.99	21,151,809.76	66.75
Sanitation services	13,343,795.06	10,345,155.06	77.53	8,804,016.00	65.98
Refuse services	11,559,890.00	7,221,870.29	62.47	6,445,646.12	55.76
TOTAL	178,822,788.85	158,272,171.15	88.51	139,318,662.09	77.91

6.1.1 The above table 9 shows the amount billed and the amount of cash received for each of the main tariffs. This is also shown graphically in Chart 1.

6.1.2 In order to report accurately payments received is recognised up to the due date which is the 3rd of October 2008 as reflected on the consumer statements.

Chart 1: Collection Rates to 3 October 2008 – by tariff



6.1.3 The tables and charts below show Collection Rates analysed by suburb and by customer. The chart 2 reflects the amounts in table 13 & 14.

Table 13: Collection Rate to 3 October 2008 by Suburb

Suburb	Amount Billed For the year to date R 000	Amount received as at 3 October R 000	Collection Rate (received/billed) As at 3 October %	Amount received as at 30 September R 000	Collection Rate (received/billed) As at 30 September %
Krugersdorp	132,543,997.31	119,715,143.20	90.32	104,244,741.93	78.65
Kagiso	12,082,448.38	9,168,612.26	75.88	8,572,004.25	70.95
Munsieville	2,768,418.55	1,016,339.71	36.71	948,076.39	34.25
Azaadville	5,778,080.39	4,971,994.99	86.05	4,488,218.73	77.68
Lusaka	1,707,420.38	649,717.25	38.05	613,482.43	35.93
Magaliesburg	2,677,052.34	2,029,857.88	75.82	1,902,378.39	71.06
A/H	2,949,256.14	2,426,169.25	82.26	2,194,876.75	74.42
Farms	14,852,136.71	14,915,389.58	100.43	13,330,400.58	89.75
Other	3,463,978.65	3,378,947.03	97.55	3,024,482.64	87.31
TOTAL	178,822,788.85	158,272,171.15	88.51	139,318,662.09	77.91

Chart 2: Collection Rates for the year to 3 October 2008 – by Suburb

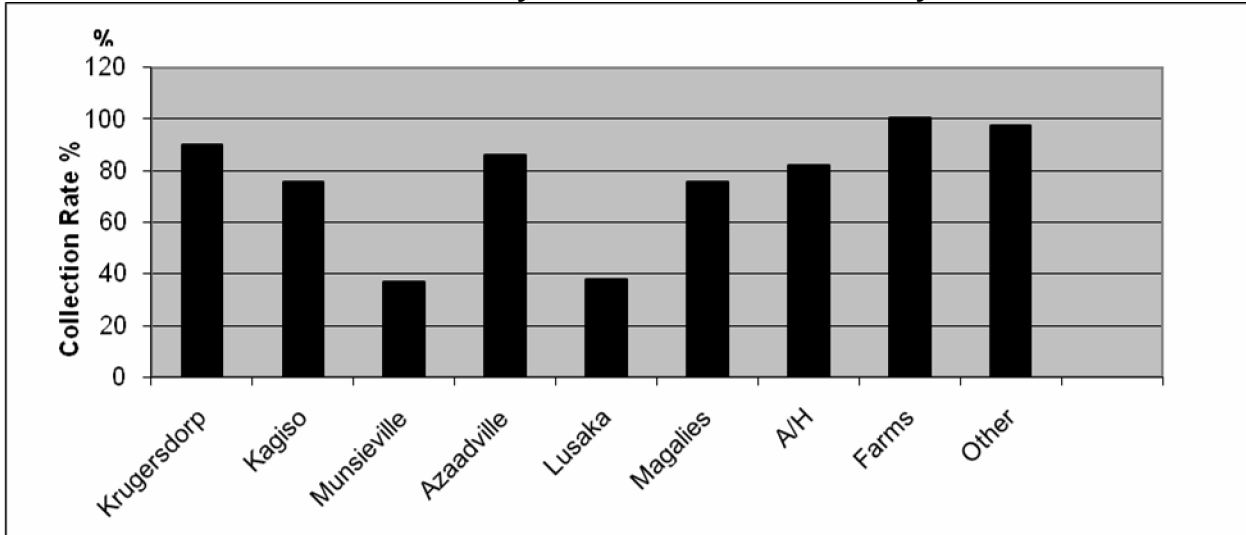
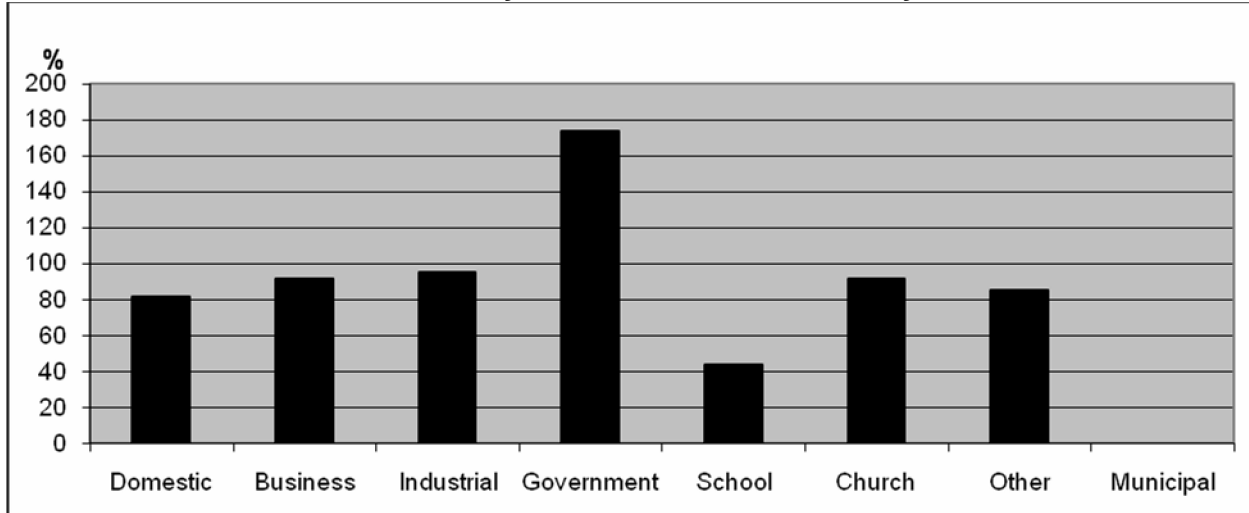


Table 14: Collection Rate to 3 October 2008 by customer

Customer Group	Amount Billed For the year to date R 000	Amount received as at 3 October R 000	Collection Rate (received/billed) As at 3 October %	Amount received as at 30 September R 000	Collection Rate (received/billed) As at 30 September %
Domestic	98,756,470.41	80,287,214.74	81.30	71,527,925.07	72.43
Business	27,880,559.70	25,513,088.43	91.51	21,959,624.74	78.76
Industrial	37,628,539.47	35,827,347.36	95.21	30,396,690.72	80.78
Government	6,957,827.48	12,067,555.13	173.44	11,278,724.48	162.10
School	1,013,577.22	438,367.65	43.25	344,852.25	34.02
Church	1,737,667.32	1,587,988.81	91.39	1,426,309.02	82.08
Municipal	1,838,552.04	(3782.32)	-21	(3782.32)	-21
Other	3,009,595.21	2,554,391.35	84.87	2,388,318.13	79.36
TOTAL	178,822,788.85	158,272,171.15	88.51	139,318,662.09	77.91

6.1.4 The bolded item **OTHER** as above has been added to the account group in August 2007. These accounts have to be investigated as part of the data cleansing project so that they are classified correctly.

Chart 3: Collection Rates for the year to 3 October 2008 – by customer



6.2 COLLECTION RATE PERFORMANCE

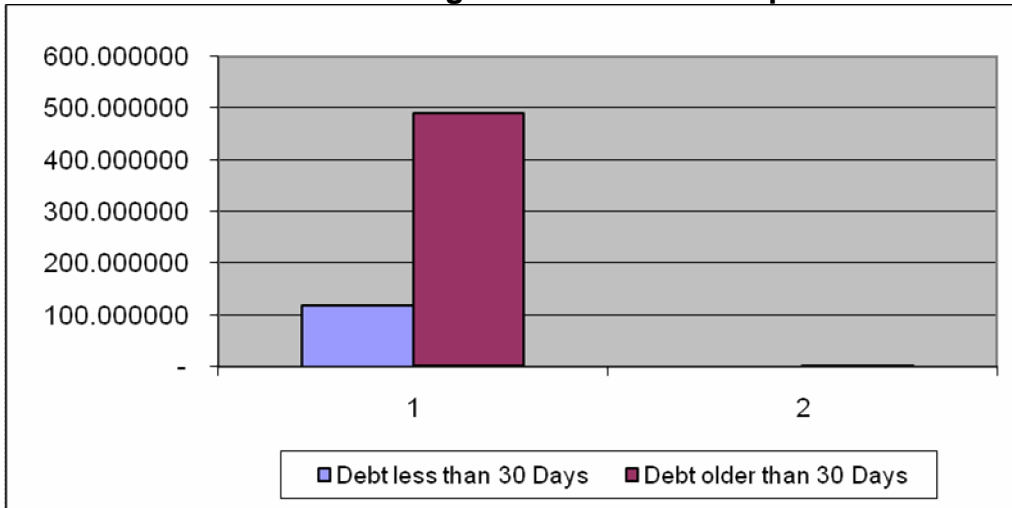
Table 15: Collection Rate comparative figures from 2003/04 onwards

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Collection Rate for the months of August	81%	84%	87%	86%	91%	88.51% 77%
Average Collection Rate for year to date	84%	85%	88%	87%	93%	89% 78%

6.2.1 The Collection Rate for the period September 2008 is lower than comparable to previous year's as shown by the table above.

6.3 OUTSTANDING DEBTORS (AMOUNTS OWED TO MCLM)

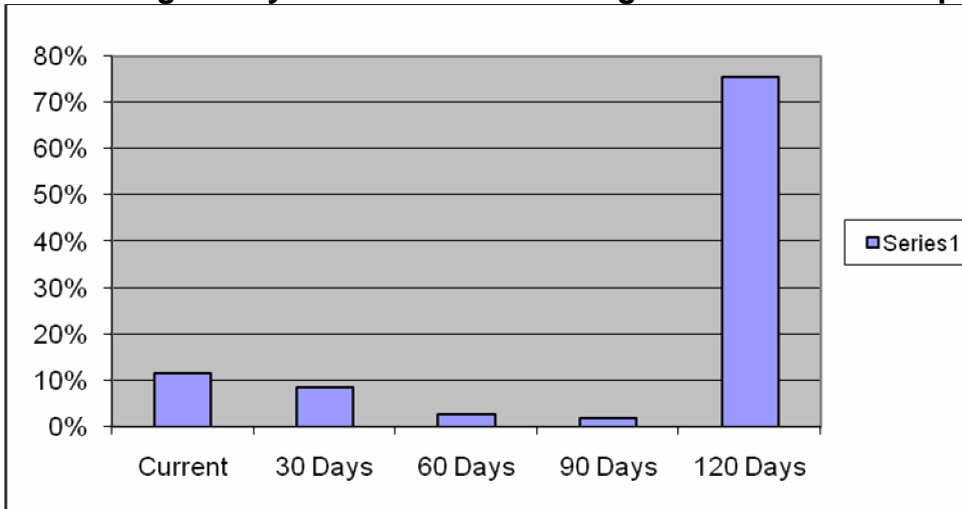
Chart 4: Total Outstanding Debtors as at 30 September 2008



6.3.1 The current debt outstanding and owed to the municipality is R625.9 million. Of this 80% is older than 30 days, as shown in chart 4 above. The detailed age analysis for total debtors is shown below in chart 5. This shows that debt aged hundred and twenty days and over represents 76% of the total debtors outstanding.

6.3.2 An amount of R384, 282, 66.54 was handed over to debt collectors during July 2008.

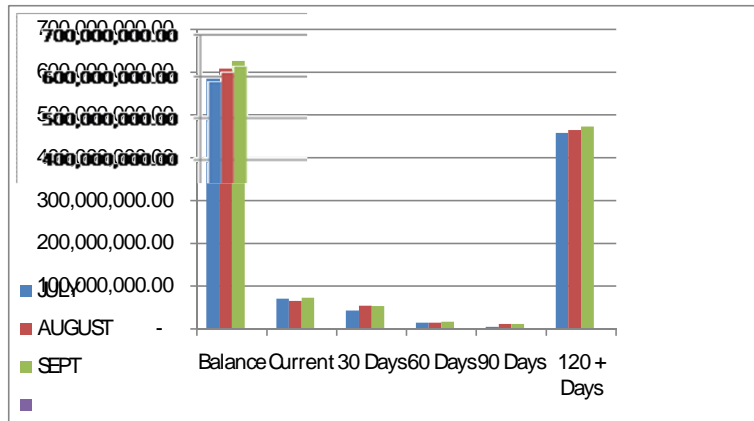
Chart 5: Age analysis of total outstanding debtors as at 30 September 2008



6.4 AGE ANALYSIS

MONTH	BALANCE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS
JUL 2008	589,497,999	70,317,022	42,439,286	14,149,267	4,805,688	457,786,736
AUG 2008	608,557,637	64,719,402	54,008,793	14,473,740	11,061,636	464,294,066
SEPT 2008	625,913,370	72,033,243	53,064,211	16,575,722	11,553,732	472,686,461

CHART 6 AGE ANALYSIS YEAR TO DATE



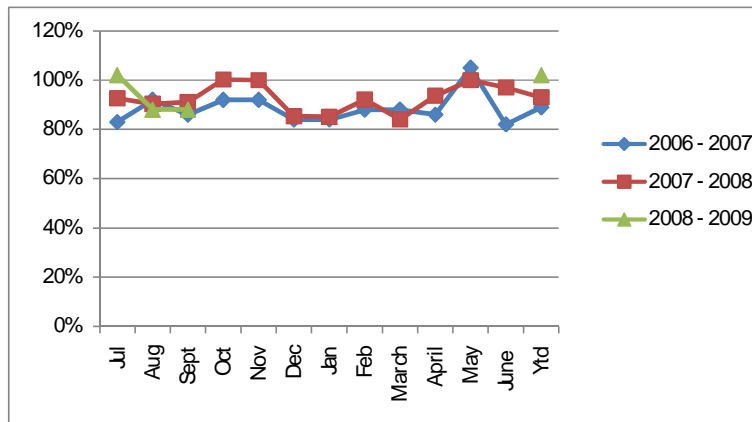
6.5 MONTHLY INCOME VARIANCE ON CASH COLLECTION AS AT 3 OCTOBER 2008

	JUL 08	AUG 08	SEPT 08
Budgeted Income	59,846,214	59,846,214	59,846,214
Actual income	59,959,187	53,970,587	44,342,398
Variance	-112,973	5,875,627	15,503,816

6.6 MONTHLY PAYMENT COLLECTION RATES AS AT 3 OCTOBER 2008

	JUL 08	AUGUST 08	Sept 08
Actual Billed	58,842,831	61,229,675	58,678,312
Actual income	59,959,187	53,970,586	44,342,398
Payment Level	102%	88%	75%

Chart 7 Monthly payment collection rates



DEBT COLLECTORS:

REVCO

	TOTAL ACCOUNTS	AMOUNT	BALANCE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS
JUL8	3638	95,402,890	95,402,890	95,402,890				
AUG			94,767,792	-334.62	94,768,126			
SEPT			93,850,384	-6,248.83	-334.62	93,856,966		

MBS

	TOTAL ACCOUNTS	AMOUNT	BALANCE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS
JUL8	5075	91,305,212.78	91,305,212					
AUG			90,821,609	-3380.77	90,824,990			
SEPT			89,537,490	-31,574.25	-389.03	89,569,453		

MOODIE & ROBBERTSE

	TOTAL ACCOUNTS	AMOUNT	BALANCE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS
JUL8	5401	91,433,385	91,433,385					
AUG			89,947,896	-7,339.61	89,955,235			
SEPT			88,982,271	-2166.29	-7339.61	88,991,777		

MBD

	TOTAL ACCOUNTS	AMOUNT	BALANCE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS
JUL8	5109	93,211,240	93,211,240					
AUG			92,495,049	-1,466.74	92,496,516			
SEPT			90,936,445	-2,395.13	1,467	90,940,307		

- 7. BATHO PELE:** A Sub committee has been established to take training forward and to liaise with management and DPSA on a regular basis.
40 staff members from various departments have been trained as Batho Pele champions to date.

8. RECOMMENDATIONS

1. That the In Year monitoring Report for the period 01st July 2008 to 30rd September 2008 be noted.
2. That a moratorium be place on all non-essential – none service delivery expenditure.
3. That a moratorium be place on all non critical staff vacancies and training until financial situation improves (including recently advertised posts).
4. That a massive revenue collection program to be preceded by road shows be implemented.
5. Leave buyouts be stopped expect in cases of resignation, long service and when employees wish to settle their municipal service accounts.
6. Overtime payments are capped to 40 hours per month as per requirements of the BCEA.
7. That the process of sale of debtor's book be expatiated.