

OFFICE OF THE CHIEF FINANCIAL OFFICER

Date: 6 May 2013

Submission to the Section 80 Committee

SECTION 52 QUARTERLY INCOME REPORT AS AT END MARCH 2013

Purpose

To table the Section 52 quarterly income report as at end March 2013 to the Section 80 Committee for consideration.

Background

According to MFMA Section 52 the Accounting officer must quarterly submit a report in the prescribed format to the Mayor and council explaining the financial standing of the municipality for the quarter.

Discussion

1 CURRENT SITUATION

The following table shows the actual income vs. the budgeted income:

	Cash Budget for the Year	Cash Budget Year to Date	Actual Year to Date	Variance Actual vs Budget Year to Date
INCOME				
Property Rates	13 621 196	3 405 299	2 779 903	625 396
Water	9 747 161	2 436 790	1 330 411	1 106 379
Sewerage	8 779 969	2 194 992	1 081 476	1 113 516
Refuse	6 339 846	1 584 962	803 092	781 870
Subsidies/Grants	94 858 000	23 714 500	25 566 279	-1 851 779
Projects	34 329 000	8 582 250	12 570 460	-3 988 210
Transfer		0	15 344 446	
Sundry	11 180 111	2 795 028	66 965	2 728 063
Total Income	178 855 283	44 713 821	44 198 586	515 235

The above table can be analyzed as follows:

The amount of income that did not realized this quarter is R 6 355 224

The grants received are R 5 839 989 higher than the budget but this is due to the fact that the Equitable Share up to June 2013 and the full FMG and MSIG had been received.

Payment Rates against the budget without indigent subsidies for the quarter:

Property Rates:	81.63
Water:	54.60
Sewer:	49.27
Refuse:	50.67
Average without indigents:	62.30

The above figures are shown as per the budget which was set at 50%. From the above it can be seen that the collection rate is currently 62.30% against the budget.

2.0 MONTHLY STATISTICS PER TOWN

The following tables show the information per town: (From the tables below it can be seen that the levies are higher than the budget and this has an effect on the payment rate.)

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Bethulie						
Rates	573 485	561 693	-	561 693	11 792	97.94
Water	475 584	312 667	-	312 667	162 917	65.74
Sewerage	427 805	207 659	98 066	305 724	122 081	71.46
Refuse Removal	320 582	142 164	71 335	213 500	107 082	66.60
Interest	-		-	-	-	0.00
Total	1 797 456	1 224 183	169 401	1 393 585	403 871	

The collection rate of Bethulie is currently above the average payment rate.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Edenburg						
Rates	242 417	267 425	-	267 425	-25 008	110.32
Water	597 771	148 862	-	148 862	448 908	24.90
Sewerage	454 851	98 867	49 102	147 969	306 882	32.53
Refuse Removal	347 805	67 685	35 718	103 403	244 402	29.73
Interest	-		-	-	-	0.00
Total	1 642 843	582 840	84 819	667 659	975 184	

It can be seen that except for rates all the other payments is far below the average and the public unrest has a large effect on this town.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Fauresmith						
Rates	241 389	169 821	-	169 821	71 568	70.35
Water	203 748	94 531	-	94 531	109 217	46.40
Sewerage	310 456	62 783	20 671	83 454	227 003	26.88
Refuse Removal	235 161	42 981	15 036	58 018	177 144	24.67
Interest	-		-	-	-	0.00
Total	990 755	370 116	35 707	405 823	584 932	

It can be seen that except for rates all the other payments is far below the average

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Gariiep Dam						
Rates	292 040	652 637	-	652 637	-360 597	223.48
Water	628 912	363 291	-	363 291	265 621	57.77
Sewerage	126 377	241 281	20 808	262 089	-135 712	207.39
Refuse Removal	90 127	165 182	15 136	180 318	-90 191	200.07
Interest	-		-	-	-	0.00
Total	1 137 456	1 422 391	35 944	1 458 336	-320 879	

The payment rate for Gariiep Dam is very high and this has an impact on the overall payment rates.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Jagersfontein						
Rates	269 804	168 247	-	168 247	101 557	62.36
Water	563 955	93 655	-	93 655	470 300	16.61
Sewerage	560 812	62 201	66 339	128 540	432 273	22.92
Refuse Removal	449 322	42 583	48 256	90 839	358 482	20.22
Interest	-		-	-	-	0.00
Total	1 843 893	366 685	114 595	481 280	1 362 613	

No credit control could be done at Jagersfontein Unit since the unrest and it can clearly be seen in the payment rates.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Philipollis						
Rates	263 939	230 037	-	230 037	33 902	87.16
Water	91 079	128 050	-	128 050	-36 971	140.59
Sewerage	348 019	85 045	34 818	119 862	228 157	34.44
Refuse Removal	249 264	58 222	25 327	83 549	165 715	33.52
Interest	-		-	-	-	0.00
Total	952 302	501 354	60 145	561 498	390 804	

The payment rate of Philipollis Unit is declining as currently no credit control is done in Philipollis due to the problems experienced in the town. The water payments are high due to corrections on the previous month's levies.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Reddersburg						
Rates	175 554	258 647	-	258 647	-83 093	147.33
Water	537 226	143 976	-	143 976	393 250	26.80
Sewerage	403 740	95 622	65 927	161 549	242 191	40.01
Refuse Removal	300 634	65 463	47 957	113 420	187 214	37.73
Interest	-		-	-	-	0.00
Total	1 417 154	563 708	113 883	677 591	739 563	

The payment rate of Reddersburg is also below the average and the reason for this is that very little credit control could be done as the disconnection unit was threatened by the community and political interference is needed.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Springfontein						
Rates	129 595	109 519	-	109 519	20 076	84.51
Water	22 842	60 964	-	60 964	-38 122	266.89
Sewerage	257 059	40 489	48 621	89 110	167 948	34.67
Refuse Removal	183 833	27 719	35 368	63 087	120 746	34.32
Interest	-		-	-	-	0.00
Total	593 329	238 692	83 989	322 681	270 648	

Springfontein town is struggling with high levels of unemployment and the area is very poor. Its monthly income included direct deposits is still under R 100 000.00 and special attention is currently be given to the town to try and increase the income. The water payments are high due to corrections on the previous month's levies.

	Levies	Cash	Indigents	Total Received	Difference Levies Received	% Payment Levies
Trompsburg						
Rates	255 103	354 762	-	354 762	-99 659	139.07
Water	5 593	197 479	-	197 479	-191 886	3530.92
Sewerage	337 234	131 156	25 341	156 496	180 738	46.41
Refuse Removal	260 240	89 790	18 433	108 223	152 017	41.59
Interest	-		-	-	-	0.00
Total	858 171	773 186	43 774	816 960		

The Sewer and Refuse payments are far below the average. The very high water payment is due to corrections made in January 2013 on water levied the previous quarter.

The following table displays the number of indigents for the quarter ending on 31 March 2013

	Indigents January 2013	Indigents February 2013	Indigents March 2013
Bethulie	452	488	488
Edenburg	196	252	267
Fauresmith	237	237	301
Gariep Dam	101	101	101
Jagersfontein	315	315	336
Philipollis	169	169	169
Reddersburg	313	322	325
Springfontein	234	237	237
Trompsburg	122	123	124
Total	2 139	2 244	2 348

The following table shows the total outstanding amounts per town as at the end of the quarter:

Town	Amount
Bethulie	11 471 280.07
Edenburg	12 278 670.27
Fauresmith	6 160 929.68
Gariep Dam	1 798 166.19
Jagersfontein	21 823 688.30
Philipollis	12 571 872.07
Reddersburg	12 200 531.07
Springfontein	6 542 820.41
Trompsburg	7 908 010.95
Total	92 755 969.00

The following table shows the levies and income for the investment property (rental houses and commonages) all towns in Kopanong from 1 July 2012 till March 2013:

Town		Outstanding levies from July 2012	Payments received from July 2012	Current levies	Current payments received	Outstanding balance
Gariep Dam	Houses	135 789.47	69 351.10	8 933.05	6 435.71	68 935.71
	Commonages	-	-	-	-	-
Edenburg	Houses	114 987.28	36 768.73	6 156.22	4 829.82	79 544.95
	Commonages	41 572.56	-	2 820.75	-	44 393.31
Fauresmith	Houses	98 228.33	3 600.00	6 960.79	450.00	101 139.12
	Commonages	-	-	-	-	-
Philipollis	Houses	26 243.44	-	300.51	-	26 543.95
	Commonages	-	-	-	-	-
Springfontein	Houses	6 101.60	3 684.87	480.79	480.79	2 416.73
	Commonages	-	-	-	-	-
Reddersburg	Houses	13 957.05	-	318.00	-	14 275.05
	Commonages	14 661.64	-	994.80	-	15 656.44
Trompsburg	Houses	1 622.13	849.58	150.00	150.00	772.55
	Commonages	-	-	-	-	-
Jagersfontein	Houses	196 390.49	6 694.84	4 893.69	841.25	193 748.09
	Commonages	-	-	-	-	-
Bethulie	Houses	-	-	-	-	-
	Commonages	30 841.25	-	2 092.61	-	32 933.86
		680 395.24	120 949.12	34 101.21	13 187.57	580 359.76

3.0 BANK RECONCILIATION

The bank reconciliation for the quarter up to 31 March 2013 is as follows:

	Amount
Cash Book balance beginning of month	-2 771 686
Add: Receipts (Should agree to figures as per cash flow)	40 139 005
less: Contributions (Book Entry)	4 970 234
Less: Payments (Should agree to figures as per cash flow)	-42 670 010
Cash Book balance at end of month	-332 457
Add: Outstanding Cheques	82 017
Less: Outstanding Deposits	
Bank Balance at end of month	-250 440

3 CASH FLOW PROJECTIONS

Attached as annexure B is the cash flow projection until April 2013.

The overdraft is currently R 1.5 million.

4 DEBTORS

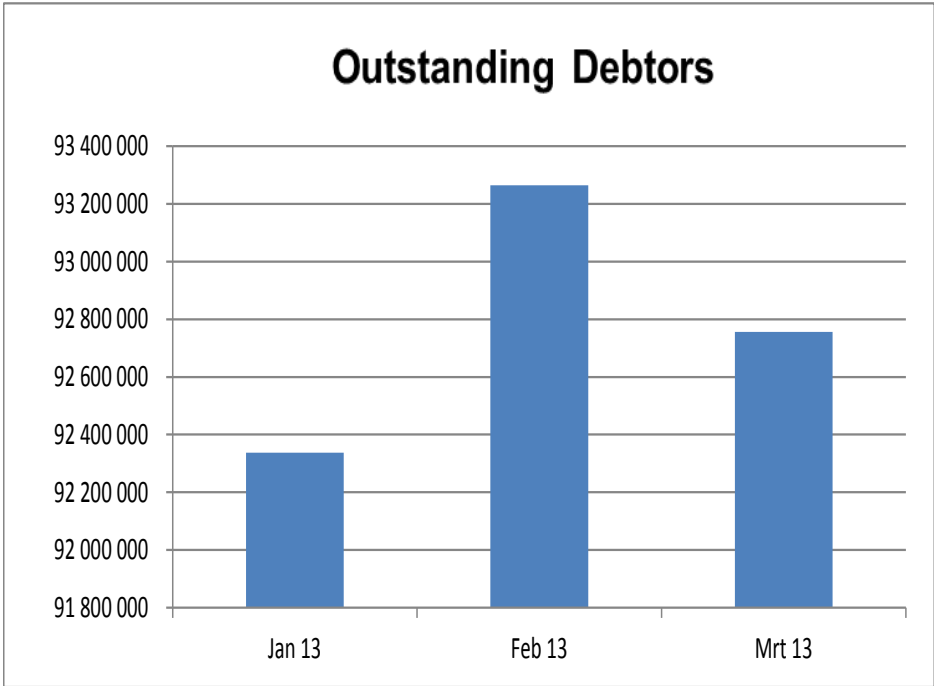
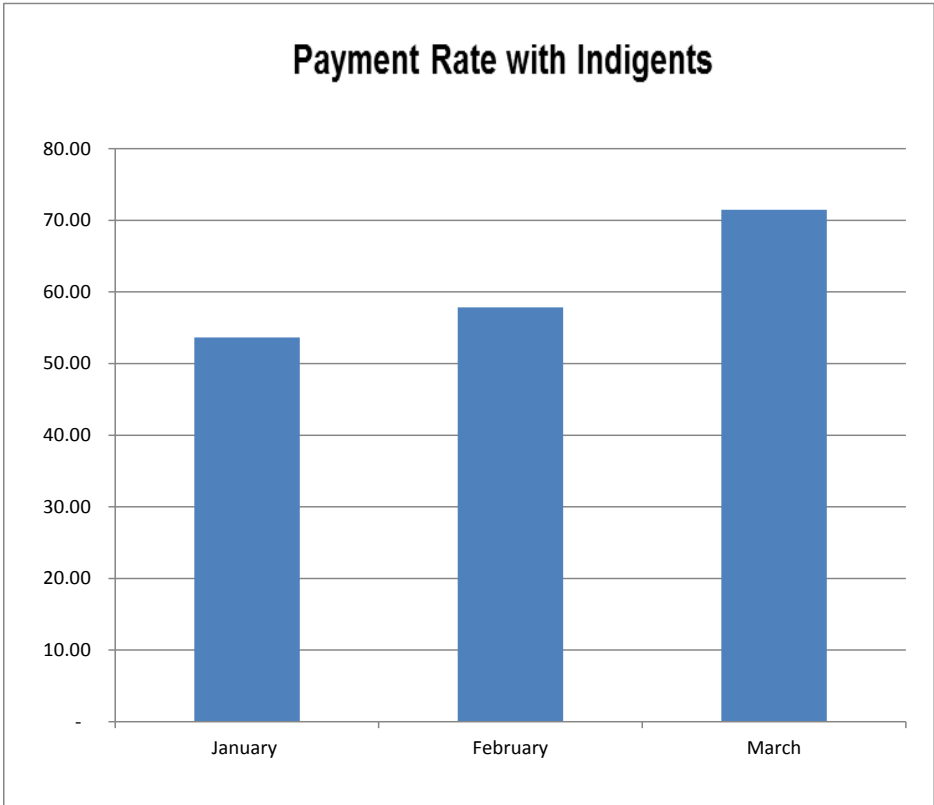
The total outstanding debtors as on 31 March 2013 are R 92 755 969 and the average payment rate for the last 12 months is 51.48%

The debtor's figures had changed as follows in March 2013:

01/03/2013	R 93 264 654
Less Paid (Incl. Indigents):	R 2 446 908
Plus Levies:	R 3 422 968
Less: Old funds Received:	R 1 484 745
31/03/2013	R 92 755 969

4.1 Other Debtor's Statistics

The following two graphs show the payment rate and the outstanding debtors respectively:



5 ACCOUNT PROBLEMS

The water readings are better than the previous year as we have better control over the route lists and readings. The current situation at unit level is that they have not enough fieldworkers to rotate between different areas in a town and it takes long to do the readings. The fieldworkers are reporting to finance now and that enable us to have better control over the water readings and rout lists. We still have problems with fieldworkers at some units that do not want to do their work or are too sick to do their work. We are currently developing a monthly time schedule programme for indigents to assist them in gathering information and distributing accounts as well as to do more effective reporting and monitoring of meter and account problems.

The incorrect tariffs is still a problem but we did put in a huge effort to correct the problem and as a result it is better than the previous year but there is still some work to be done. We did involve Sebata in this process to create a file/report on the system that will show all accounts with the zoning and tariff on each account. Sebata will be in our offices from 8 April 2013 till 12 April 2013. We did also start our own process to identify accounts with problems and incorrect levies to be corrected. This will fast track the process of checking and will make the monthly monitoring much easier and more effective. The proses of checking each account for mistakes from the beginning to ensure that all accounts is now correct and up to date is 60% done manually. An indication on how slow the process is progressing.

The huge amount of broken and leaking water meters also creates a situation where an accounts problem arises. The interim levies on sites were meters is faulty works very good as consumer is coming forward to rectify their accounts and to give their support on the meter readings. Asses to meters definitely increased.

4. FARMERS ACCOUNTS

Farmers accounts are being send out monthly. We experienced by sending the farmers accounts directly from the head office with good results. The addresses of the farms are still a problem especially the farmers between Bloemfontein and Reddersburg, Edenburg and Jagersfontein and the following figures will give a good idea of what the situation is. The farmers that received accounts started to pay the property rates in full till 30 June 2013. More and more farmers is paying their accounts and inform us of any changes in the address details or status of ownership on their farms. We compiled an advertisement to be published in the local and or national papers urging farmers to provide the municipality with their address information. No problems are experienced with farm account as it is only rates on the accounts.

	Total Outstanding	% outstanding
Bethulie	58	6.64
Bloemfontein	352	40.27
Fauresmith	237	27.12
Edenburg	43	4.92
Reddersburg	91	10.41
Trompsburg	11	1.26
Philippolis	82	9.38
	874	100.00
Total Farms	3086	
No addresses	874	
Percentage no addresses	28.32	
Percentage addresses	71.68	

5. DISTRIBUTION OF ACCOUNTS

The distribution of accounts is still not what it should be. Kopanong did purchase a folding machine that folds the accounts and put them into an envelope. This fast-tracked the time the fieldworkers took to do it but we could only do it for two months. We must buy a franking machine so we do not have to buy prepaid envelopes from the post office anymore and the accounts could be posted from head office. The account that the units hand delivers can still be done and it will be faster than normal. We do monitor the distribution each month and a document of acknowledgement of receipt of the monthly accounts must be signed by each unit manager and they must also send a conformation of delivery that all accounts has been delivered.

The towns accounts for March 2013 was send out to the units on 27 March 2013. The farm accounts was posted on 28 March 2013.

6. UNREST IN THE DIFFERENT TOWNS

Due to service delivery uprising in the following four towns, Philippolis, Reddersburg, Edenburg and Jagersfontein the Credit Control Section could not send the disconnection team to restrict water of those consumers that do not pay their accounts. We started with a programme of disconnecting government, businesses and consumers with an outstanding amount of R 10 000 and more. We started in Trompsburg in the last week of February with good results. The mayor's initiative to also visit the different towns with the councilors and management to inform consumers of the importance to register as indigent and to pay their accounts is working good and the benefits of this will be seen during March and April 2013.

We disconnected in all nine towns with good results but we need to start disconnecting water meters in the different townships as there is still a lot of money to be collected.

6 INVESTMENTS

The interest earned during this quarter is as follows:

Investments:	R 86 281.41
Current Account	(R 25 911.53)

Attached as annexure A is a list of all investments held by the municipality.

Financial Implications

None

Legal Implications

To comply with MFMA Section 71.

Parties Consulted

Provincial Treasury

National Treasury

Recommendations

That the Section 80 Committee takes note of the report as it is a compliance matter.

That political intervention/assistance be obtained in the four towns where service delivery uprising were experienced.

That the Income Section pays special attention on Springfontein to solve the low payment rate experienced in this town.

MJ Mekhoe

Chief Financial Officer

Date:.....

LY Moletsane

Municipal Manager

Date:.....