

## **AGENDA ITEM FOR MAYORAL COMMITTEE MEETING**

### **HEADING: QUARTERLY REPORT: 1 JANUARY 2009 UNTIL 31 MARCH 2009**

Town Clerk Number:

Town Secretary Reference Number: MF: 6/14/1/3

Contact Person: L. Prinsloo

**ITEM TRANSFERRED TO:** File: 0000R966.MM  
Date initiated: 6 April, 2009

Annexures attached as **ANNEXURE A page 1 – 2; ANNEXURE B page 1 - 3; ANNEXURE C page 1 – 3;**

### **Report by the Executive Manager: Finance**

1. Section 52(d) of the Municipal Finance Management Act, Act 56 of 2003 stipulates:

*“The mayor of a municipality, must within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality”.*

2. New draft quarterly reporting documents were drawn up in line with the monthly reporting formats of National Treasury. This will ensure a uniform basis for all in-year reporting to Council. The draft reports are attached as **ANNEXURES**.

3. **ANNEXURE A**  
**Quarterly Budget Statement – Operating**

- a) Table C3 – Financial performance by vote

This table measures the actual revenue and expenditure for the past quarter against the planned figures (SDBIP) for the same period, per vote.

- b) Table C4 – Financial performance by categories

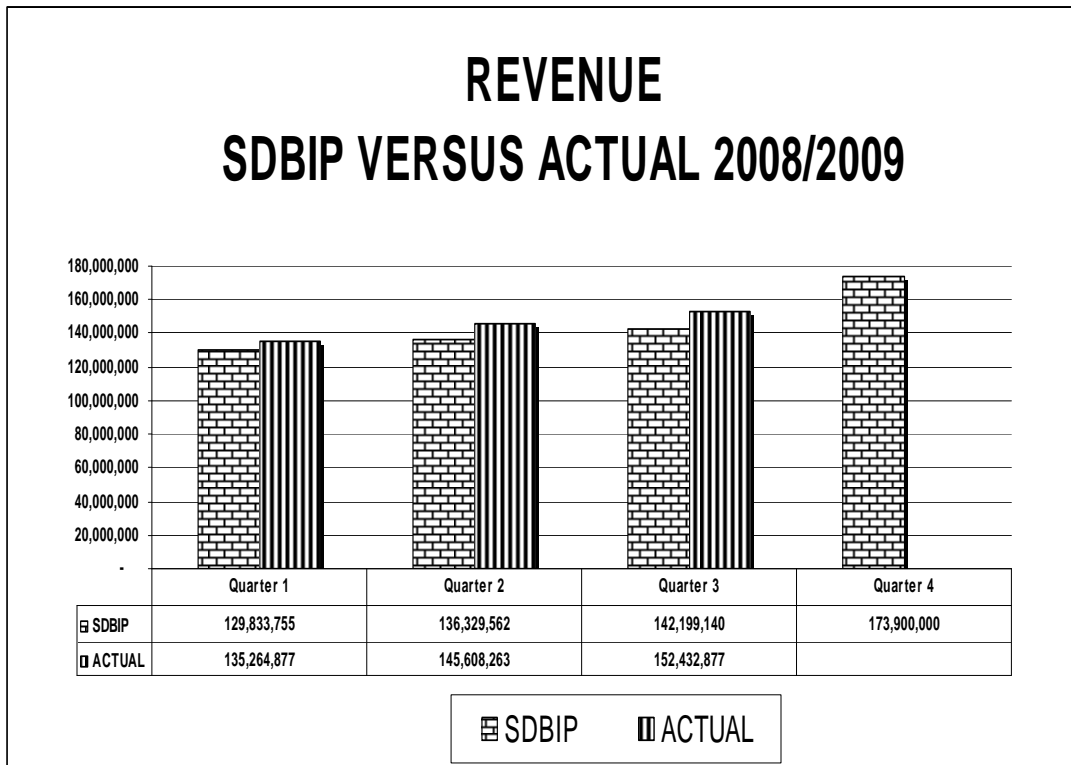
This table provides the quarterly detail for revenue by source and expenditure by type. Detail explanations on deviations have been provided in the January – March monthly reports, where percentages differ with more / less than 10%.

Furthermore, it can be said that the actual revenue for the quarter exceeded the planned figure with a total of 7% whilst the actual expenditure was lower than the planned figure with a total of 2%.

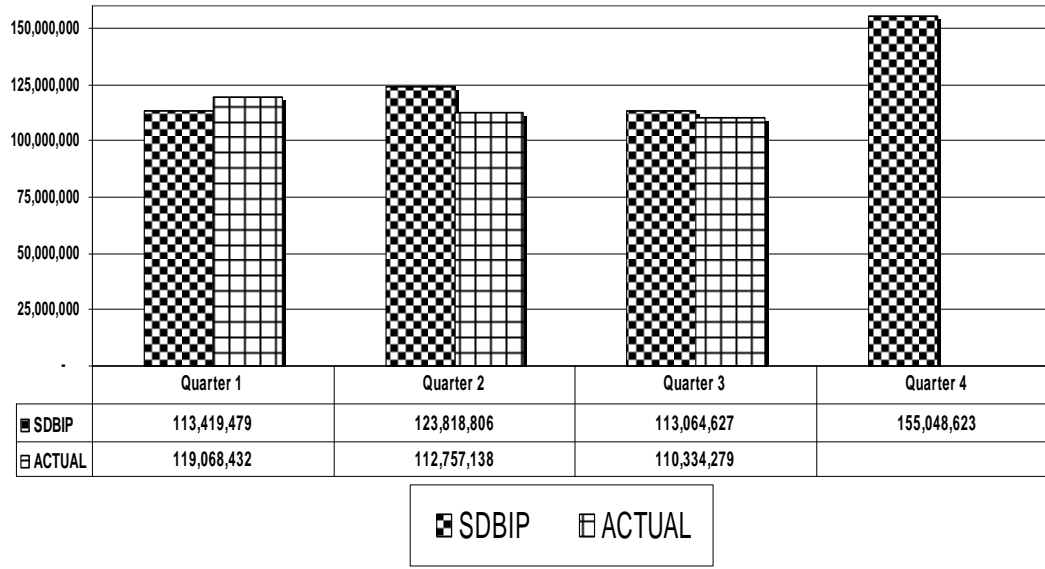
The implementation of the total budget for the third quarter 1 January 2009 to 31 March 2009 of the 2008/2009 financial year, is as follows:

	<b>Total Adjusted Budget</b>	<b>Actual Q3</b>	<b>SDBIP Q3</b>	<b>Variance Amount</b>	<b>Actual / SDBIP Variance %</b>
Operating Revenue	582 062 530	152 432 877	142 199 140	10 233 737	7%
Operating Expenditure	505 351 535	110 334 279	113 064 627	(2 730 348)	(2%)
<b>Surplus (Deficit)</b>	<b>76 710 995</b>	<b>42 098 598</b>	<b>29 134 513</b>	<b>7 503 389</b>	<b>26%</b>

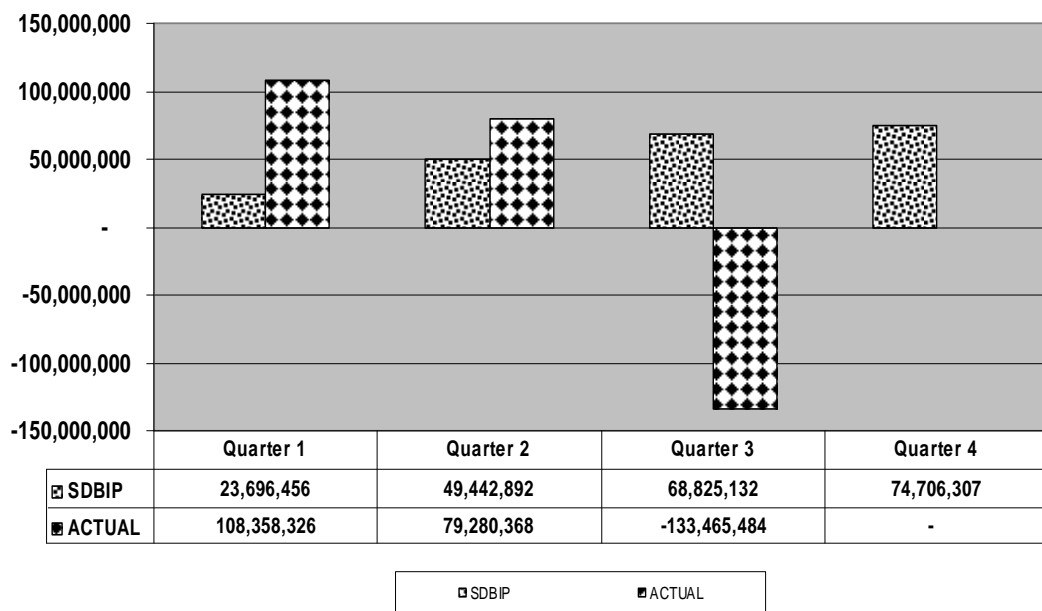
Graphical presentations of the revenue, expenditure and cashflow, to supplement the above table, are as follows:



## OPEX SDBIP VERSUS ACTUAL 2008/2009



## CASH FLOW SDBIP VERSUS ACTUAL 2008/2009



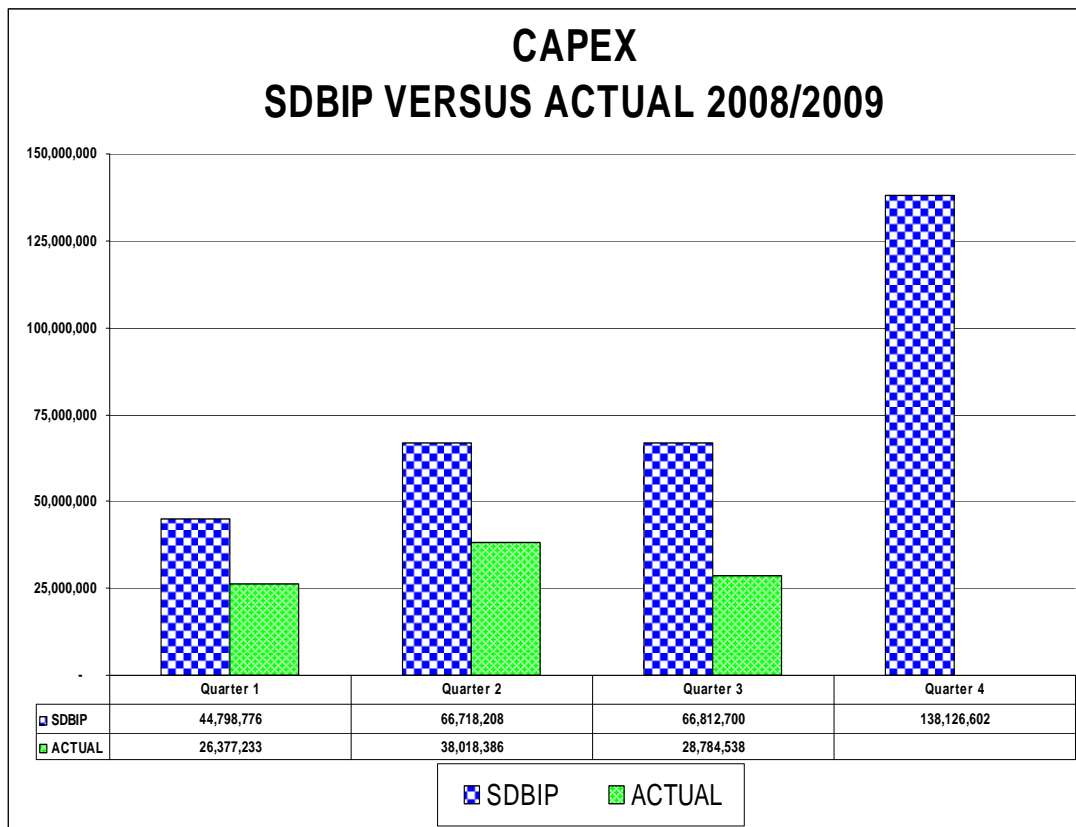
4. **ANNEXURE B**  
**Quarterly Budget Statement – Capital Expenditure**

a) Table C5 – Capital Expenditure by Vote

This table measures the actual capital expenditure by vote against the planned capital expenditure (SDBIP). In accordance with this table, all votes have underspent in terms of planning.

The planning on capital expenditure for the last quarter of the financial year amounts to approximately 4,5 times more than the average amount spent during the previous quarters.

The capital expenditure can be graphically presented as follows:



b) Table SC12 – Capital Expenditure by trend

Table SC12 provides information on the quarterly trends of capital expenditure. If the past quarter's results is compared to the third quarter of the previous financial year, there is a slight improvement of R1-million on capital expenditure. 29,4% (R93,2-million) of the total adjusted capital budget is spent, compared to the intended 56,4% (R178,3-million).

The detailed progress of each capital project, will be reflected in the report of the PMU Manager.

c) Table SC 13 – Capital Expenditure by Asset Type

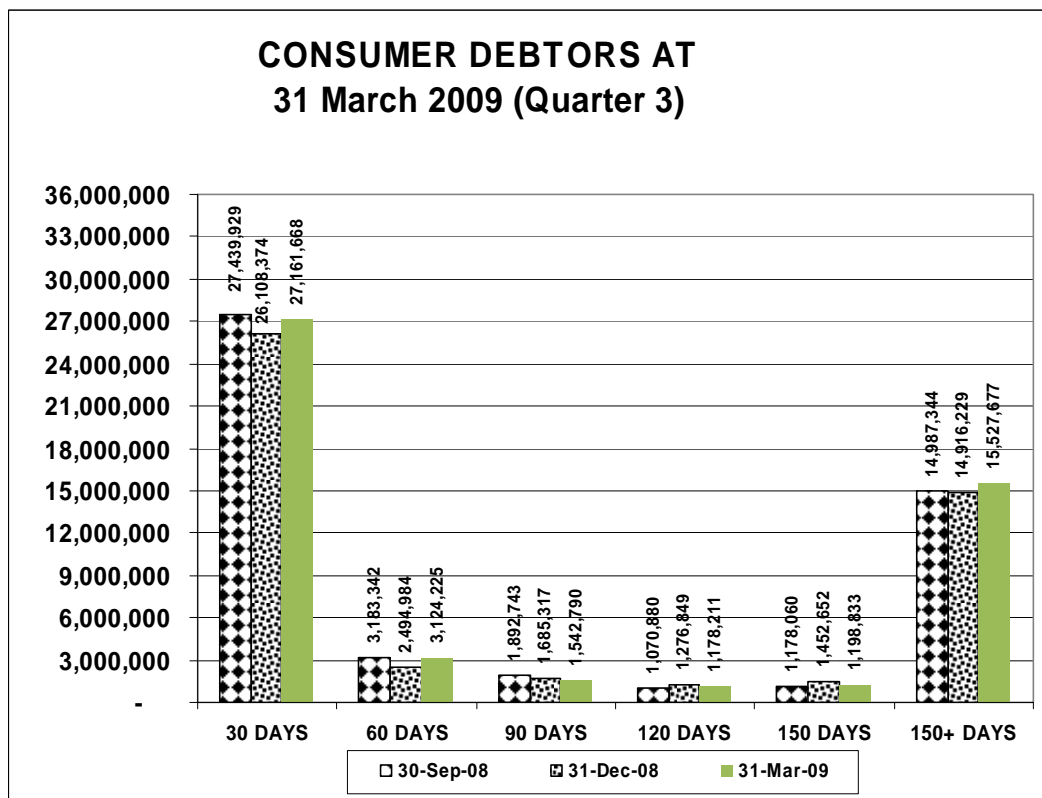
This table provides the detail of capital expenditure by asset classification for the past quarter.

5. **ANNEXURE C**  
**Quarterly Budget Statement – Supporting Tables**

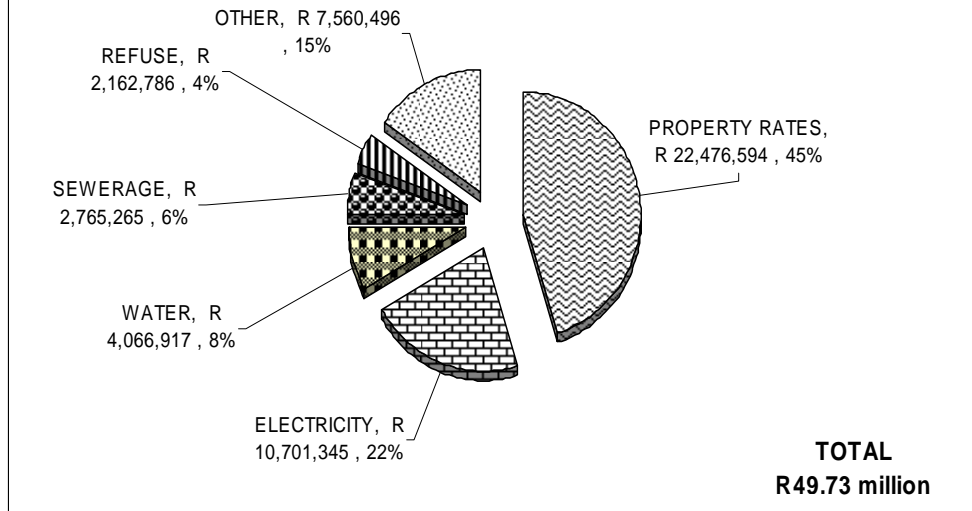
a) Table SC 3 – Ageing on Debtors

Table SC 3 provides a breakdown of consumer debtors at the end of the quarter. The outstanding debtors at the end of the previous quarter amounted to R47,9-million, whilst the figure for the third quarter of this financial year amounts to R49,7-million. (The quarterly figures are measured prior to the final payment date which falls within the next quarter).

The debtor's ageing and debt per service type can be graphically presented as follows:



## CONSUMER DEBTORS PER CATEGORY for the Quarter ending 31 March 2009



- b) The average collection rates remain in the region of 100% which is indicative of the strong credit control measure implemented by Council, as well as the collection of old debt. The following summary will provide more detail:

	<b>January 2009</b>	<b>February 2009</b>	<b>March 2009</b>	<b>Average Q3</b>
Debtors Collection Rate	97,21%	102,23%	96,26%	98,57%
Debtors days	25,96 days	24,58 days	25,01 days	25,18 days
Debtors turnover ratio	7,48%	7,23%	7,49%	7,40%

- c) Table SC 5 – Investment Portfolio

This table provides a summary of the cash investment activities of Council for the third quarter of the financial year. Surplus cash invested for the quarter amounts to R324-million, whilst investments to the value of R162-million matured.

- d) Table SC 8 – Councillor and Staff Benefits

Table SC 8 provides more detail on Councillor and employee benefits for the past quarter. The actual expenditure compared to the planned figure for Councillor remuneration has a variance of 4%. The remuneration of senior managers is 46% lower than planned due to the vacancies which still existed during the quarter under review. The employee cost of other municipal staff is R5,9-million higher than planned and can mainly be attributed to excessive overtime paid. There was 159 vacant positions at the end of the third quarter.

6. During the past quarter, loans totalling R1,3-million were redeemed. Council's External Finance responsibility can be summarised as follows:

Institution	Redeemable	Balance at 31 January 2009	Redeemed	Interest Paid	Balance at 1 March 2009
DBSA	31-12-2009	869 380,00	-	-	869 380,00
ABSA	30-06-2010	24 886 413,82	-	-	24 886 413,82
INCA	31-12-2012	16 729 226,65	-	-	16 729 226,67
INCA	30-06-2019	25 693 985,67	-	-	25 693 985,67
SCMB	01-09-2015	25 319 837,89	1 312 503,77	1 214 547,52	24 007 334,12
INCA	30-06-2022	33 286 393,46	-	-	33 286 393,46
INCA	30-06-2023	34 444 421,93	-	-	34 444 421,93
		<b>161 229 659,42</b>	<b>1 312 503,77</b>	<b>1 214 547,52</b>	<b>159 917 155,65</b>

7. Section 11 (4) (a) of the Municipal Finance Management Act, Act 56 of 2003 stipulates:

*"The accounting officer must within 30 days after the end of each quarter, table in the municipal Council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter."*

#### **WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS**

Category	Amount
a) Expenditure appropriated in terms of an approved budget : <ul style="list-style-type: none"> <li>• Capital Budget Expenditure</li> <li>• Operating Budget Expenditure</li> </ul>	23 506 149 115 096 921
b) Expenditure authorised in terms of Section 26(4) of the MFMA (Failure to approve a budget)	None
c) Unforeseeable and unavoidable expenditure authorized in terms of Section 29(1)	None
d) Relief, charitable, trust or other funds	None
e) i) Payment of money collected on behalf of a person or organ of state	None
ii) Insurance or other payments received on behalf of a person or organ of state	None
f) Refund money incorrectly paid into bank account	None
g) Refund guarantees, sureties and security deposits.	1 421 077
h) Cash management and investments for purposes in accordance with Section 13 of MFMA	324 000 000
i) Increased expenditure in terms of Section 31 of MFMA	None
j) Expenditure for other purposes as may be prescribed : <ul style="list-style-type: none"> <li>• External loans repaid</li> </ul>	2 527 051
<b>Total:</b>	<b>466 551 198</b>

8. **Disposal and losses on assets:**

In terms of Section 75 (1) (h), an information statement which contains a list of assets which have been disposed of in terms of Section 14 of the MFMA, must be placed on Council's website and therefore, the following must be noted:

Reported assets lost by accident or theft and claimed from the Council's Insurers for the period 1 January 2009 to 31 March 2009:

Date	Department	Description	Amount
			<u>R</u>
15/12/2008	Chief: Municipal Buildings	Burglary Mhluzi Offices	20 280,00
12/01/2009	Chief: Libraries	Burglary Mhluzi Library X 7	13 600,00
15/01/2009	Executive Manager Finance	Armed Robbery Mhluzi Paypoint	24 698,02
16/02/2009	Executive Manager Finance	Armed Robbery Chromeville Paypoint	6 528,00
13/03/2009	Chief: Licence Services	Third party vehicle DPK235MP damages palisade fence	12 200,00
		<b>Total</b>	<b>77 306,02</b>

9. It is recommended:

- 9.1 That the quarterly report on financial management for the period 1 January 2009 to 31 March 2009 be noted.
- 9.2 That the report be submitted to the Council by end April 2009.
- 9.3 That the report be sent to National and Provincial Treasury, accompanied by prescribed electronic documentation.
- 9.4 That the report be placed on Council's website, as per Section 75 (1) (k) of the MFMA.

**CC05/04/2009**

**FINANCES: QUARTERLY REPORT: 1 JANUARY 2009 UNTIL 31 MARCH 2009**

6/14/1/3 (W)

**RESOLVED BY COUNCIL**

- 1 **THAT** the quarterly report on financial management for the period 1 January 2009 to 31 March 2009, be noted.
- 2 **THAT** permission be granted to the Executive Manager : Finance to send the report to the National and Provincial Treasury, accompanied by prescribed electronic documentation and that the report be displayed on Council's website as per Section 75 (1) (k) of the MFMA.