

C30/07/2009

FINANCES: QUARTERLY REPORT: 1 APRIL 2009 UNTIL 30 JUNE 2009

9/2/1 (M)/lb

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 C1 – Quarterly Budget Statement Summary

This table provides an overview of quarterly performance for both the operating and capital budgets.

- b) Table C3 – Financial performance by vote

This table compares the actual revenue and expenditure per vote per quarter, as well as measures year to date, actual revenue and expenditure with planned figures.

- c) Table C4 – Financial performance by categories

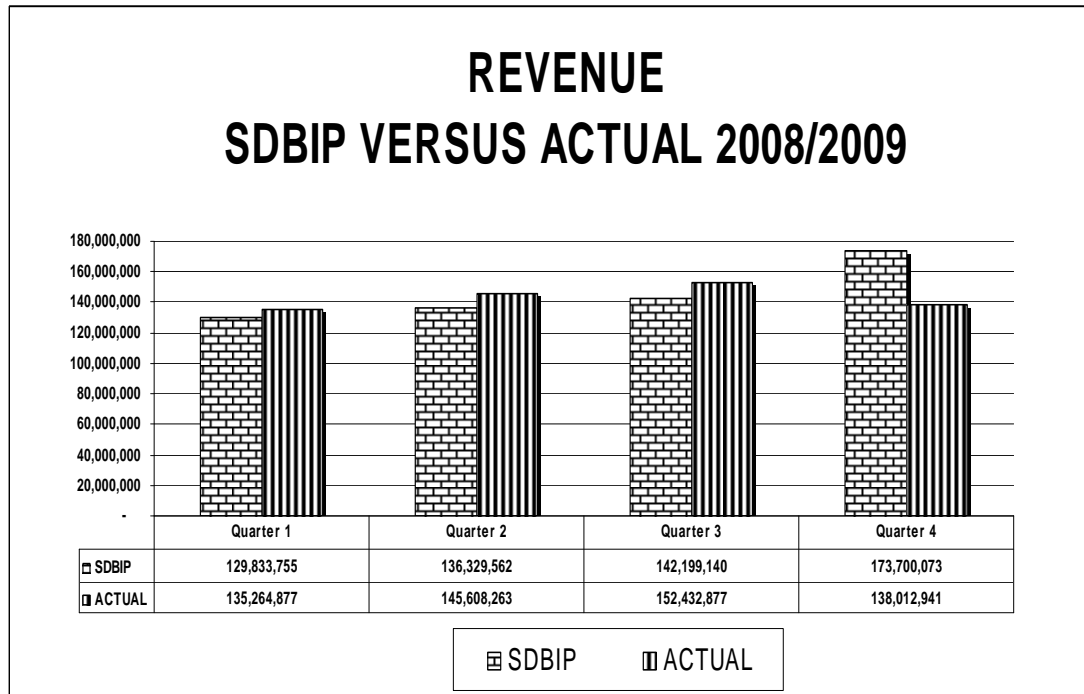
This table provides the quarterly detail for revenue by source and expenditure by type. Detail explanations on deviations have been provided in the April – June monthly reports, where percentages differ with more / less than 10%.

Furthermore, it can be said that the actual year to date revenue at the end of the fourth quarter was 2% less than the planned figure, whilst the actual year to date expenditure was lower than the planned figure with a total of 9%. However, some year-end transactions still need to be processed and the indicated figures on this report is therefore not final.

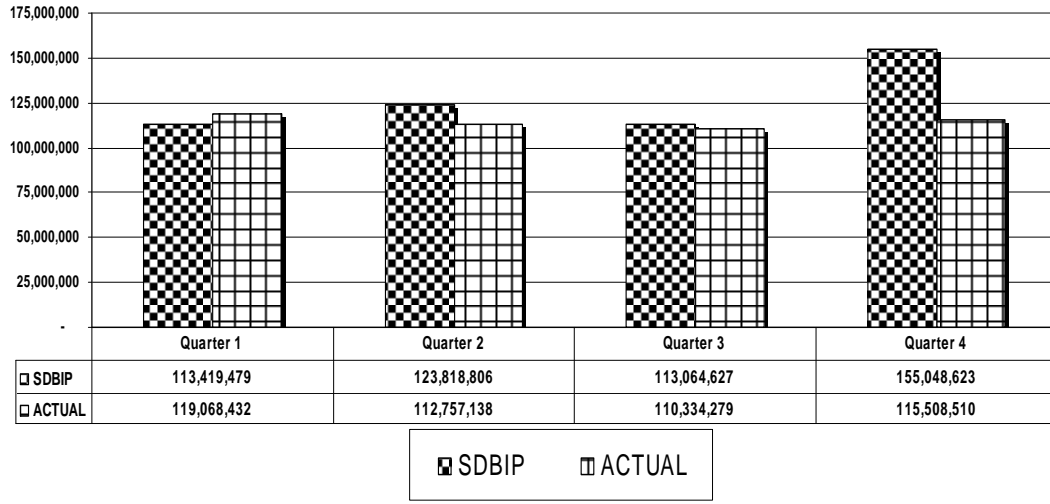
The implementation of the total budget for the fourth quarter 1 April 2009 to 30 June 2009 of the 2008/2009 financial year, is as follows:

	Total Adjusted Budget	Actual Q4	SDBIP Q4	Variance Amount	Actual / SDBIP Variance %
Operating Revenue	582 062 530	138 012 941	173 700 073	(35 687 132)	(26%)
Operating Expenditure	505 351 535	115 508 510	155 048 623	(39 540 113)	(34%)
Surplus (Deficit)	76 710 995	22 504 431	18 651 450	3 852 981	17%

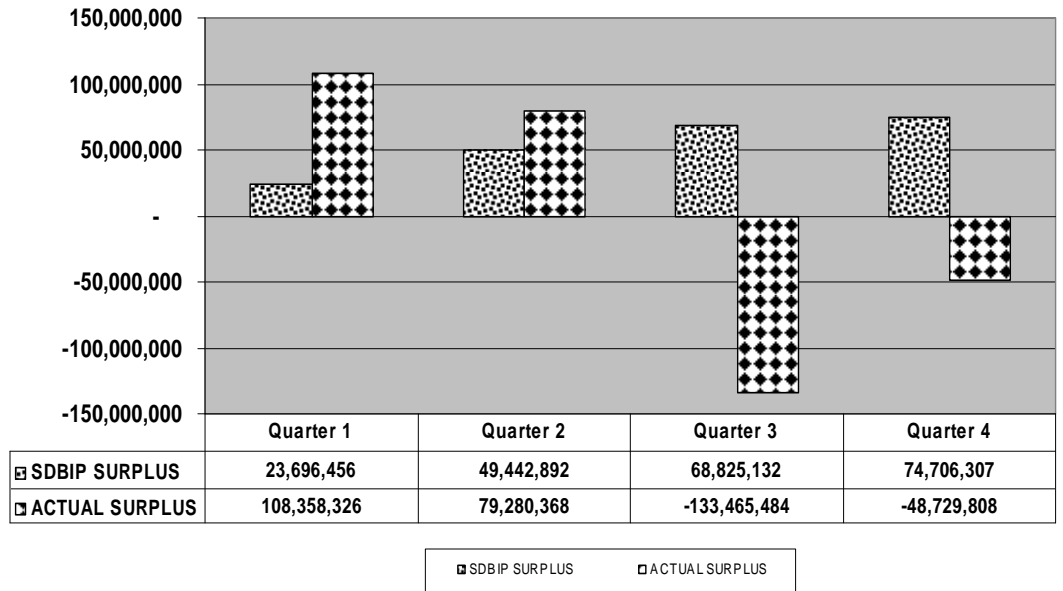
Graphical presentations of the revenue, expenditure and cashflow, to supplement the above table, are as follows:



OPEX SDBIP VERSUS ACTUAL 2008/2009



CASH FLOW SDBIP VERSUS ACTUAL 2008/2009



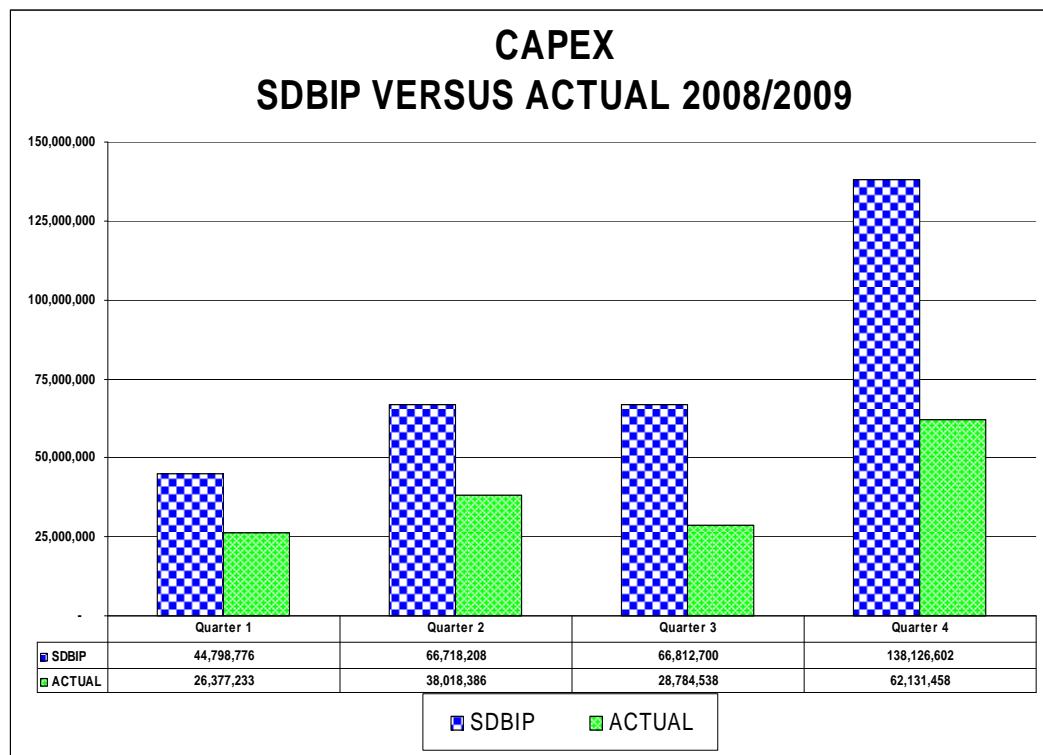
4. **ANNEXURE B**
Quarterly Budget Statement – Capital Expenditure

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 actual capital expenditure for the last quarter of the financial year only amounts to 45% of the planned amount for the quarter.

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 corresponding quarter of the previous financial year, there is an improvement of R20,8-million on capital expenditure. 49% of the adjusted capital budget has been spent until 30 June 2009. As final year-end creditors will still be paid during July, this figure might change.

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

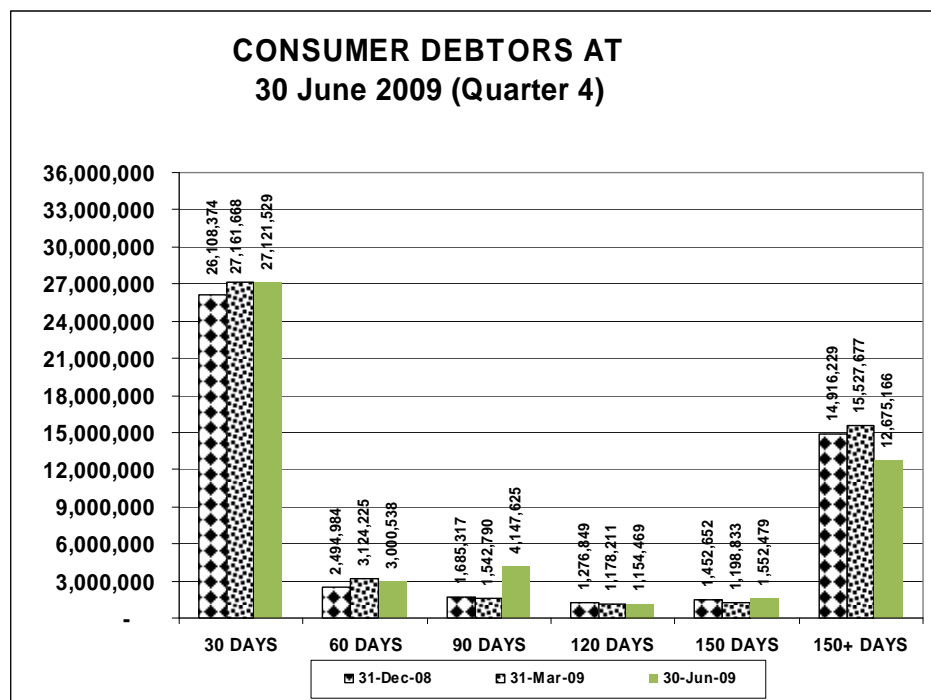
This table provides the detail of capital expenditure by asset classification for the past quarter.

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

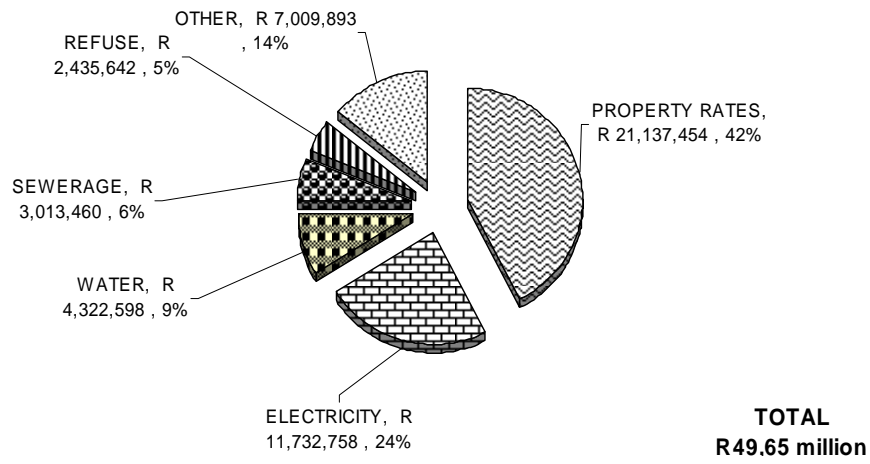
a) Table SC 3 – Ageing on Debtors

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 R49,73-million, whilst the figure for the fourth quarter of this financial year amounts to R49,65-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 30 June 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:

	<u>April</u> <u>2009</u>	<u>May</u> <u>2009</u>	<u>June</u> <u>2009</u>	<u>Average</u> <u>Q4</u>
Debtors Collection Rate	109,27%	98,33%	99,47%	102,36%
Debtors days	26,31 days	29,04 days	27,6 days	27,65 days
Debtors turnover ratio	7,92%	8,10%	7,09%	7,70%

- c) Table SC 5 – Investment Portfolio

This table provides a summary of the cash investment activities of Council for the fourth quarter of the financial year. Surplus cash invested for the quarter amounts to R324-million, whilst investments to the value of R306-million matured. The total invested cash at the end of the fourth quarter amounts to R462,7-million.

- 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 year to date expenditure compared to the planned figure for Councillor remuneration has a variance of -3%. The remuneration of senior managers is 40% lower than planned, whilst employee cost of other municipal staff is R6,9-million higher than planned. This can mainly be attributed to vacant positions which existed throughout the financial year 174 vacant positions existed at the end of the fourth quarter.

6. During the past quarter, loans totalling R7,5-million were redeemed. Council's External Finance responsibility can be summarised as follows:

Institution	Redeemable	Balance at 31 March 2009	Received during the month	Redeemed	Interest Paid	Balance at 30 June 2009
DBSA	31-12-2009	869 380,00	-	429 850,95	57 627,61	439 529,05
ABSA	30-06-2010	24 886 413,82	-	3 538 483,18	1 777 094,49	21 347 930,64
INCA	31-12-2012	16 729 226,65	-	1 674 428,66	1 061 870,47	15 054 797,99
INCA	30-06-2019	25 693 985,67	-	637 566,03	1 592 675,14	25 056 419,64
SCMB	01-09-2015	24 007 334,12	-	-	-	24 007 334,12
INCA	30-06-2022	33 286 393,46	-	641 084,59	1 582 964,08	32 645 308,87
INCA	30-06-2023	34 444 421,93	-	598 989,01	1 586 793,18	33 845 432,92
		159 917 155,65	-	7 520 402,42	7 659 024,97	152 396 753,23

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"> • Capital Budget Expenditure • Operating Budget Expenditure 	56 853 069 123 828 253
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.	731 260
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"> • External loans repaid 	15 179 427
Total:	520 592 009

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 April 2009 to 30 June 2009:

Date	Department	Description	Amount
			<u>R</u>
13/03/2009	Senior Manager: Health Services	Arson Newtown Clinic	42,853,16
22/03/2009	Senior Manager: Civil Engineering	Vandalised Biological toilets in Newtown	56,154,12
08/04/2009	Senior Manager: IT Services	Theft at Golsig Tower	19,756,87
29/04/2009	Senior Manager: Electrical Engineering	Third Party vehicle collided with Council's vehicle CKF810MP	41,088,05
11/05/2009	Manager: Library Services	Burglary at Hendrina Library	15,000,00
15/05/2009	Executive Manager: Finance	Armed robbery Nasaret Paypoint	9,066,00
27/05/2009	Senior Manager: Parks & Recreation	Vandalism Fountain pump in Protea street	39,330,00
		Total	223,248,20

9. It is recommended:

- 9.1 That the quarterly report on financial management for the period 1 April 2009 to 30 June 2009 be noted.
- 9.2 That the report be submitted to the Council by end July 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.

C30/07/2009

FINANCES: QUARTERLY REPORT: 1 APRIL 2009 UNTIL 30 JUNE 2009

9/2/1 (M)/lb

(Item 30 p 2 MC 16/07/2009)

RESOLVED BY COUNCIL

- 1 **THAT** the quarterly report on financial management for the period 1 April 2009 to 30 June 2009, as submitted by the Executive Manager : Finance, be noted.
- 2 **THAT** the report be sent to National and Provincial Treasury, accompanied by prescribed electronic documentation.
- 3 **THAT** the report be placed on Council's website, as per Section 75 (1) (k) of the MFMA.