

QUARTERLY FINANCIAL REPORTING (FILE NO: 5/1/1/8)

REPORT BY THE CHIEF FINANCIAL OFFICER

PURPOSE OF THE REPORT

The purpose is to comply with the financial reporting requirements per the Municipal Finance Management Act.

BACKGROUND

In terms of section 52(d), of the Municipal Finance Management Act which reads as follows:

“The mayor of the 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.”

DISCUSSION

Attached is the Quarterly Financial Report for the period ending 31 December 2006.

RECOMMENDATION

1. That the report by the Chief Financial Officer regarding the quarterly financial reporting as contained in the agenda, be noted.

QUARTERLY FINANCIAL REPORT

The quarterly report deals with the Budget Implementation and Financial Reporting for the period ending 31 December 2006.

A. BUDGET IMPLEMENTATION

The progress on the budget is discussed per annexures A, B, C, D and E. Annexure A and B are based on a baseline of 50% (6 months). Budgeted 6 months projections are also included in the report. Annexure C refers to Council's approved IDP and the expenditure incurred for the period ending 31 December 2006. Annexure D refers to projects rolled-over from the previous financial years. Annexure E refers to Council's investment portfolio.

ANNEXURE A: ACTUAL REVENUE PER REVENUE SOURCE

1. Equitable Share

The equitable share includes the RSC replacement grant. The grant will be paid in three installments. The two installments amounting to R27 737 521 were received.

2. MSIG Grant

The grant is utilized to finance the PIMSS unit. The grant is paid in two installments. The total grant amounting to R1 million was received.

3. Conditional grants

The income on the grants is recognized once the conditions of the grants are met. The Finance grant funds the salaries of the financial interns. The Transport grant will fund the transport review plan.

4 RSC levies

RSC levies were abolished on 30 June 2006. No levies were budgeted in the current financial year. The levies received are additional income for the current year.

5. Interest on current account

The additional interest earned is due to the increase in the interest rate.

6. Interest on external investments

The increase is due to surplus funds invested at competitive rates and an increase in the interest rate.

7. Other Income

Included under other income is an amount of R25 000 received for the Mayor's Bursary Fund. A grant of R150 000 was received from DBSA to carry out an assessment on the financial skills in the municipalities within the District.

ANNEXURE B: ACTUAL EXPENDITURE PER VOTE

1. Various departments

The under-spending is due to vacancies that exist in the departments as well as savings on general expenditure. The following vacancies existed:

Municipal Manager	-	1 post
Corporate	-	4 posts
Planning & Econ Dev	-	1 post
Technical	-	5 posts
Social	-	1 post

2. Fire fighting

The under-spending is due to non submission of claims from the local municipalities. The status on the claims as at the end of December 2006 is as follows:

NAME	BUDGET	CLAIMED	%
Bela Bela Municipality	R 575 170	Nil	
Lephalale Municipality	R1 243 970	Nil	
Mogalakwena Municipality	R1 774 100	Nil	
Modimolle Municipality	R 384 465	R32 039	8.33%
Mookgophong Municipality	R 454 145	Nil	
Thabazimbi Municipality	R 162 960	Nil	

3. Municipal Health

No expenditure was incurred as the agreements are yet to be signed.

ANNEXURE C AND D: CAPITAL EXPENDITURE PER IDP

Annexure C refers to the IDP for the current financial year. The report indicates that 8.38% of the funds allocated for the IDP are spent. Annexure D refers to the rolled over projects. An amount of R25 688 707 was unspent as at 30 June 2006. The report indicates that 21.19% of the rolled over funds were spent.

ANNEXURE E: INVESTMENT POTFOLIO

Council's total investment portfolio amounts to R91 000 000 as at 31 December 2006.

B. FINANCIAL REPORTING

DEBTORS

The debtors outstanding as at 31 December 2006 are as follows:

RSC Levies

NAME	DEC 2006	SEP 2006
Current	4 672	0
30 – 60 days	6 591	7 793
60 – 90 days	4 588	8 686
Above 90 days	684 725	1 004 178
TOTAL	700 576	1 020 657

Abattoir

NAME	DEC 2006	SEP 2006
Current	209 728	158 071
30 – 60 days	3 532	22 949
60 – 90 days	245	1 218
Above 90 days	34 128	33 298
TOTAL	247 633	215 536

CREDITORS

The total creditors outstanding amounts to R498 310. All creditors are current.

BANK RECONCILIATION

The bank reconciliation as at the 31 December 2006 is as follows:

Opening balance	13 349 286-81
Receipts	8 388 595-70
Payments	13 940 590-94
Closing cash book balance	7 797 291-57
 Add: Outstanding cheques	 581 544-71
Deposits not receipted	25 455-70
Cheque 050682 reversed	31 032-26
 Less: Interest adjustment	 0-08
R/D Cheque	324-56
Closing balance per bank statement	<u><u>8 434 999-60</u></u>