


# Nketoana Local Municipality

1<sup>st</sup> quarter Budget assessment 2012

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# BACKGROUND AND THE PURPOSE

- ▶ This report has been prepared as part of the regular financial reporting in terms of section 71 of the Municipal Finance Management Act 2003
  - ▶ To present to council first quarter report of financial performance
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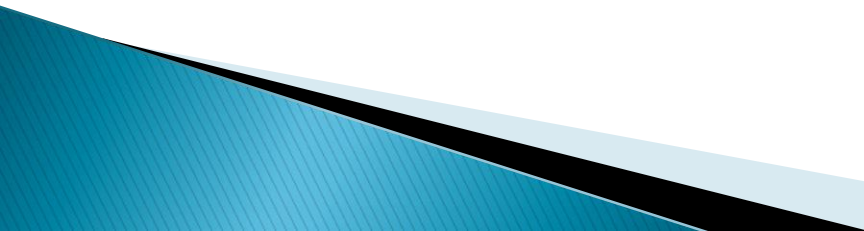
# OVERVIEW AND FINANCIAL PERFORMANCE

DESCRIPTION	BUDGET	ACTUAL	%
<b>Revenue</b>			
Property Rates Tax	13 636 000	12 544 452	92%
Electricity Services	30 548 000	7 761 914	25%
Water Services	30 278 000	8 421 212	28%
Sewer Services	13 149 000	3 763 136	29%
Refuse Services	15 557 000	3 761 025	24%
Grants	81 223 000	35 172 000	43%
Other	19 242 000	5 145 634	27%
<b>Total Revenue</b>	<b>203 633 000</b>	<b>76 569 373</b>	<b>38%</b>
<b>Expenditure</b>			
Employee Related Costs	57 709 000	14 025 942	24%
Bulk Purchases Electricity and water	23 037 000	10 522 615	46%

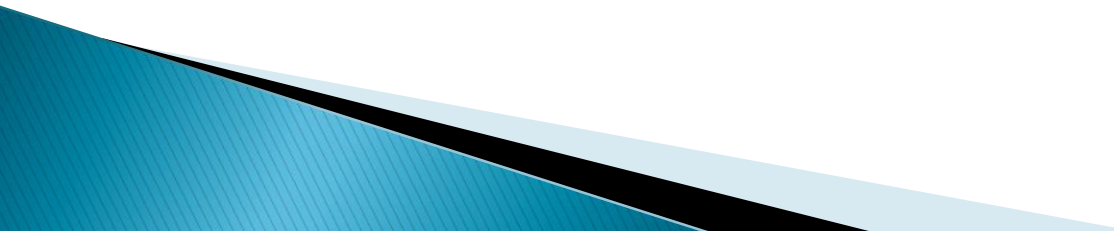
# OVERVIEW AND FINANCIAL PERFORMANCE

DESCRIPTION	BUDGET	ACTUAL	%
Depreciation and debt impairment	71 168 000	19 985	0
Finance charges	1 080 000	242 122	22%
General and other expenses	39 634000	9 924 428	25%
<b>Total Expenditure</b>	<b>192 628 000</b>	<b>34 735 092</b>	<b>18%</b>
<b>Surplus/Deficit</b>	<b>11 005 000</b>	<b>41 834 281</b>	

# September Budget analysis (Revenue)

- ▶ Total Revenue collected for the first quarter is R76,5M which includes operational grants of R35M
  - ▶ Assessment Rates exceeded its budget due to property rates that's are paid for annually
  - ▶ Revenue forgone of R3,4M has not yet been set off against property rates we'll see a realistic assessment rates revenue at the last quarter
  - ▶ All utilities have exceeded its expectation as it average is more than 25%
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# September Budget analysis ( Expenditure) cont”

- ▶ Total expenditure for the quarter is R34,7M excludes MIG expenditure
  - ▶ Expenditure includes salaries, payments of creditors and third parties
  - ▶ Total percentage spent till date is 18%
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# Repairs and Maintenance

- ▶ Repairs and Maintenance total budget amount is R9 633 000 the amount spent to date is R2,4M. Expenditure percentage is 26% of the budget



# Expenditure per Vote

VOTE	ANNUAL BUDGET	ACTUAL EXPENDITURE	%
Executive and council	15 407 000	3 184 550	21%
Finance	35 474 000	7 572 569	8%
Corporate Service	23 246 000	2 785 746	20%
Community service and public safety	6 810 000	2 314 817	34%
Economic and environment	41 867 000	866 585	1%
Trading services	69 825 000	20 127 101	29%
<b>Total</b>	<b>192 628 000</b>	<b>36 513 368</b>	<b>19%</b>

# Budget and Reporting

- ▶ Budget reports(section 71) for the quarter has been submitted on time
- ▶ Budget timeline is not adhered to
- ▶ Annual Financial Statement 2012 has been submitted on time,
- ▶ The municipality is being audited and we are focusing on giving Auditor General assistance as efficient as possible
- ▶ Assessment of infrastructure assets register has been performed
- ▶ Vat for this financial year is been paid for the three months that we have claimed

# Personnel and General

- ▶ Finance has a high rate of unfilled posts
- ▶ We have three critical pots that needs to be filled as soon as possible failure in which will result in finance not functioning efficiently and effectively
- ▶ This also is a challenge as segregation of duties is not possible, this could lead the municipality to be prone to acts of fraud as one official performs more than one functions which is supposed to be performed by different staff
- ▶ We need SCM Manager, Expenditure Manager and Assets Management officer to be filled ASAP

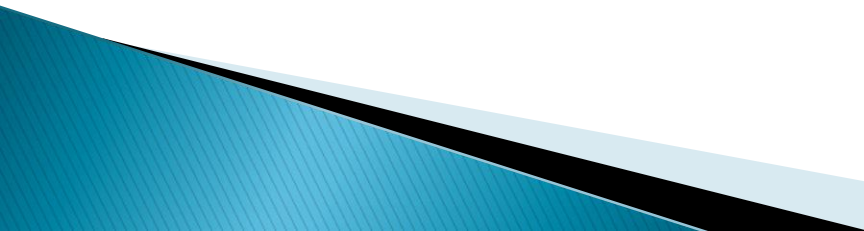
# MIG Expenditure

DATE	BUDGET ESTIMATE	RECEIVED	ACTAUL EXPENDITURE
31/07/2012	16 189 000	16 189 000	1 242 861
31/08/2012	0	0	923 469
30/09/2012	0	0	1 066 484
<b>Total</b>	<b>16 189 000</b>	<b>16 189 000</b>	<b>3 232 814</b>

# Investment register

INSTITUTION	ORIGINAL CAPITAL	INTEREST FOR SEPT	MOVEMENTS	BALANCE	MATURITY
STD BANK	3 522 331	11 070	0	3 533 402	03/11/2015
ABSA	9 177 079	65 828	-1 762 513	7 480 393	Call Account
ABSA	5 000 000	20 342	-5 000 000	20 324	07/09/2012
ABSA	10 000 000	0	0	10 000 000	08/10/2012
ABSA	15 000 000	0	0	15 000 000	06/11/2012
VKB	989 375	29 182	0	1 018 557	Call
TOTAL	43 688 786	126 422	-6 762 513	37 052 695	

# Investments

- ▶ We have Std bank ABSA and VKB investments
  - ▶ Standard bank is a long term investment of R3 533 402 maturing on 2015/11/03
  - ▶ ABSA bank short term investments of R32 500 736 including call account
  - ▶ VKB security investments and shares total amounting to 1 018 557
  - ▶ Total investments of the municipality is R37 052 695
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# Bank

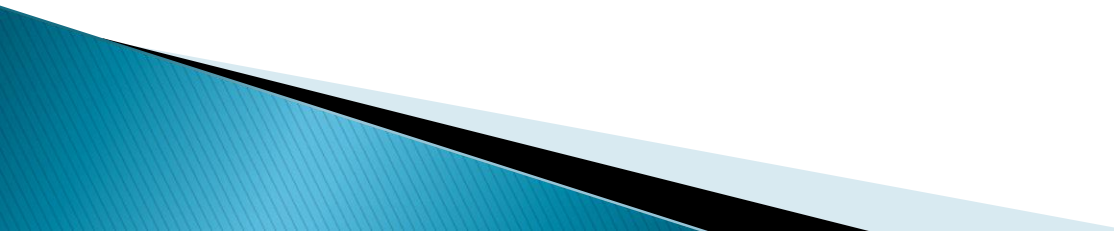
INSTITUTION NAME	ACCOUNT NAME	AMOUNT
ABSA	Cheque	137 442
ABSA	Banktel	69 089
<b>Total</b>		<b>206 531</b>

# Cashflow forecast

	Six month forecast					
Description	'000 July	'000 Aug	'000 Sept	'000 Oct	'000 Nov	'000 Dec
Opening bal	20 351	50 422	4 111	-4 802	-15 747	6 699
Grants	33 988	800	400		26 987	
Services	3 035	2 815	4 837	6 400	5 074	6 309
Other	173	540	585	1 360	1 490	1 507
<b>Total Receipts</b>	<b>57 547</b>	<b>54 577</b>	<b>9 933</b>	<b>2 958</b>	<b>17 804</b>	<b>14 515</b>
Salary Cost	4 498	4 826	4 782	5 014	4 698	5 735
Capital Projects	1 243	3 101	1 075	7 576	3 350	5 950
Creditors	1 384	12 428	8 766	6 115	3 057	3 138
Other		30 111	112			
<b>Total Payments</b>	<b>7 125</b>	<b>50 466</b>	<b>14 735</b>	<b>18 705</b>	<b>11 105</b>	<b>14 823</b>
<b>Closing Balance</b>	<b>50 422</b>	<b>4 111</b>	<b>-4 802</b>	<b>-15 747</b>	<b>6 699</b>	<b>-308</b>



# Cashflow and Bank analysis

- ▶ Our cash-flow is very liquid and we will be able to pay our creditors on time, projects and our salary bill for the next six months
  - ▶ The main bank account reflects R206 000 this is due to the transfer out of excessive money that is transferred daily to call account to generate interest
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# DBSA Loans

Loans	Vote number	Opening Bal	Interest accrued	Repayment	Total
101390/1	303/600082	8 214 557	211 174	-193 073	8 232 658
10390/2	303/600081	1 370 209	30 948	-30 257	1 370 900
<b>Total</b>		<b>9 584 766</b>	<b>242 122</b>	<b>-223 330</b>	<b>9 603 557</b>

# Recommendation

- ▶ That the committee takes note of this report