

QUARTERLY REPORT: JULY - SEPTEMBER 2015

MUNICIPAL FINANCE MANAGEMENT ACT NO.56 of 2003(MFMA): MONTHLY FINANCIAL REPORT FOR AUGUST 2015 (MONTHLY BUDGET STATEMENT)

1. PURPOSE

To comply with section 52(d) of the MFMA, by the provision of a statement to the Executive Mayor containing certain financial particulars, as legislated.

2. BACKGROUND

Section 52(d) of the MFMA requires that:

The Mayor of a Municipality must by no later than **30 working days** after the end of each quarter submit to the **Council**, and the relevant **National and Provincial Treasury**, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month.

3. QUARTERLY REPORT : JULY - SEPTEMBER 2015

The financial results for the period ended 30 September 2015 are summarized as follows:

Statement of Financial Performance (SFP)

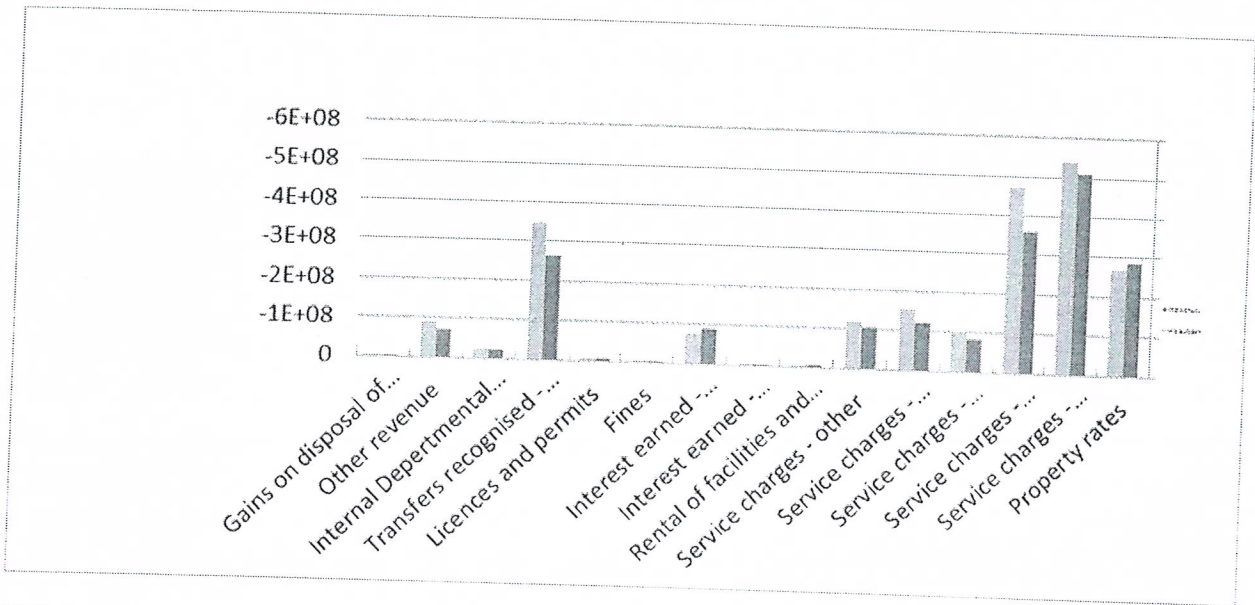
The SFP shown in Annexure A is prepared on a similar basis to the prescribed budget format, detailing revenue by source type and expenditure by category.

The summary report indicates the following:

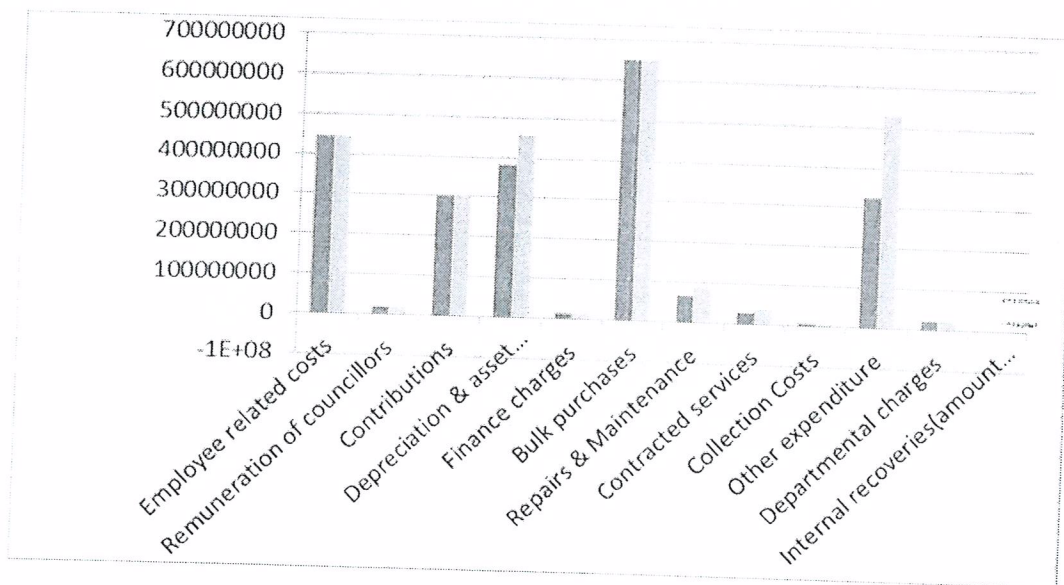
Summary statement of Financial Performance				
Description	YTD Budget	1 st Quarter 2015	YTD Actual	Variance (Favourable) Unfavourable
Total Revenue By Source	(595,057,035)	(535,831,429)	(535,831,429)	59,225,606
Total Operating Expenditure	685,843,659	418,720,618	418,720,618	(267,123,041)
(SURPLUS)/ DEFICIT	90,786,624	(117,869,087)	(117,896,087)	(207,897,434)

Spending on Operational budget is 15.26% and income is 22.95 % which is favorable.

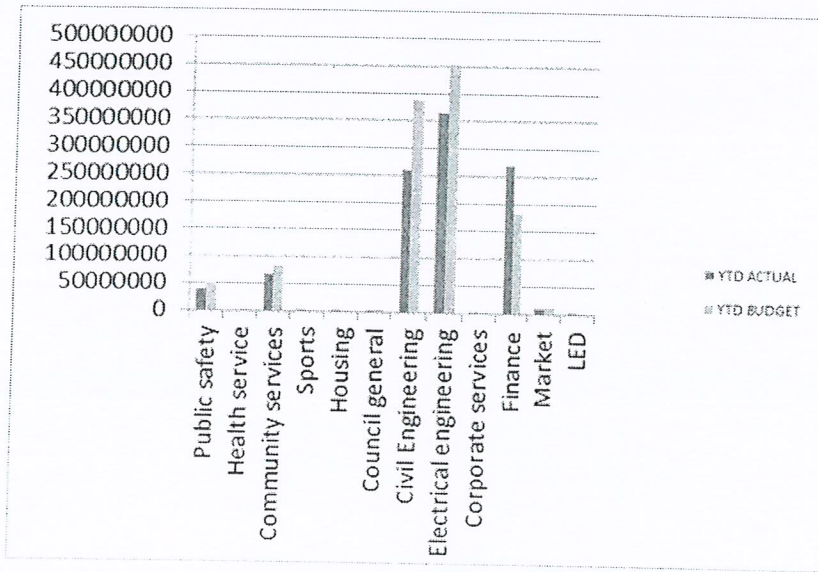
YTD Actual Income vs YTD Budget Income



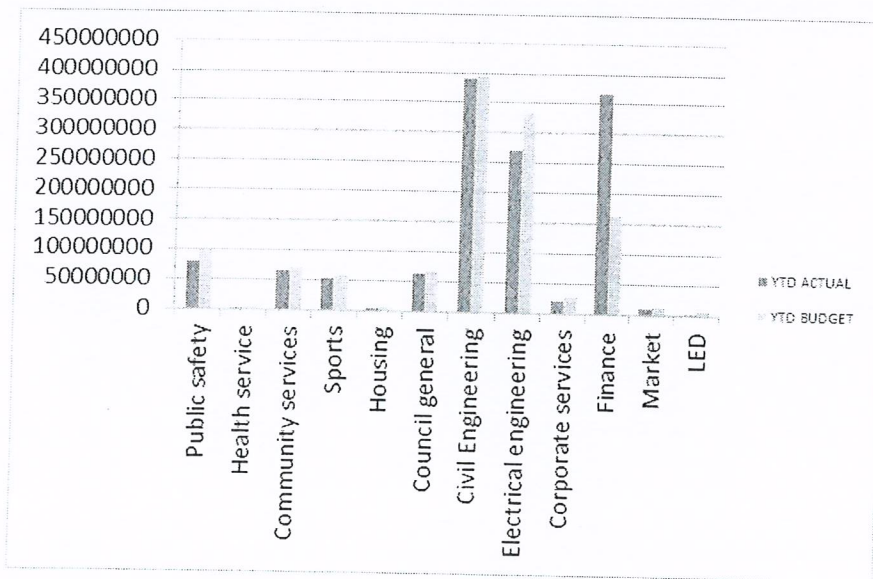
YTD Actual Expenditure vs YTD Budget Expenditure



Operating Income per department



Operating Expenditure per department



GRANTS AND SUBSIDIES**Operational allocation/ Grant received**

DESCRIPTION	BUDGET	1 st Quarter 2015	YTD RECEIVED	YTD%
Equitable shares grants	339,737,080	141,557,000	141,557,000	41.67
Finance Management grant	1,675,000	1,675,000	1,675,000	100
Municipal System Improvement grant	930,000	930,000	930,000	100
Improvement of Library services	1 000,000	400,000	400,000	40
PMU	4,224,650	0	0	0
EPWP	3,028,000	1,211,000	1,211,000	39.99
Museum Grant	0	0	0	0
TOTAL	350,594,730	145,773,000	145,773,000	41.58%

CAPITAL GRANT RECEIVED

DESCRIPTION	BUDGET	1 st Quarter 2015	YTD RECEIVED	YTD%
MIG	80,268,350	34,398,000	34,398,000	42.85%
NDPG	25,000,000	20,376,000	20,376,000	26.24%
INEP	5,000,000	5,000,000	5,000,000	0%
TOTAL	110,268,350	59,774,000	59,774,000	58.74%

Grants

Council has received an amount of R 13, 8 million for NDPG and R 5 million for INER.

Cash Flow Statement (Annexure B)

- Total cash receipts by source reflect an amount of R 132,147,281 million for the month of September 2015 that includes Grants received to the amount of R 18,815,000.
- Total cash payments indicate an amount of R 142,081,996 million for the month of September 2015.

Capital expenditure report (Annexure C)

The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	YTD Budget	1 st Quarter 2015	YTD Actual	Variance Favourable (Unfav)
Total Capital Expenditure	30,067,087	5,292,158	5,292,158	(24,774,929)
Capital funding				
National government	27,567,087	5,281,225	5,281,225	(22,285,862)
Provincial Government				
District Municipality				
Borrowing				
Internal Generated fund	2,500,000	10,933	10,933	(2,489,067)
Financial Total	30,067,087	5,292,158	5,292,158	(24,774,929)

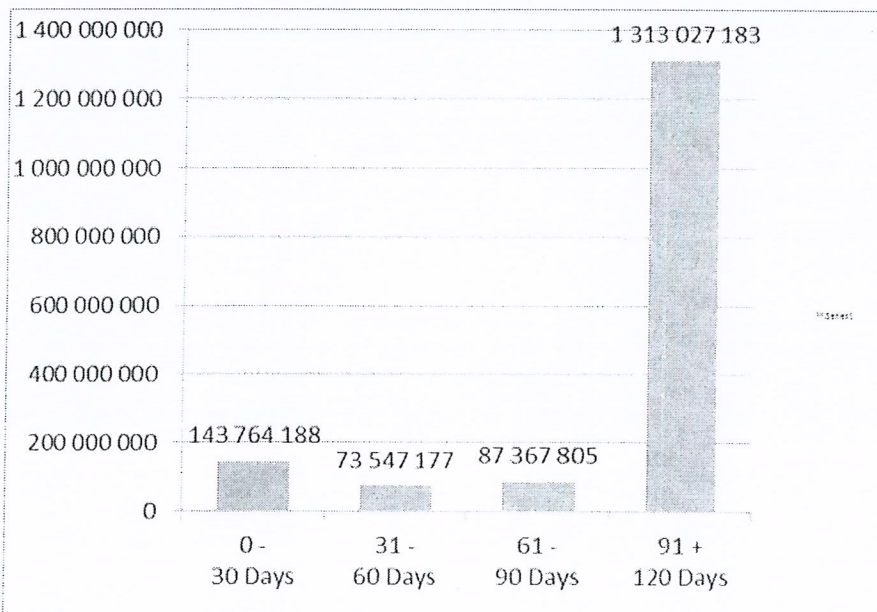
The spending on capital for the first quarter of 2015 is R 5,292,158.

Outstanding Debtors report (Annexure D)

This format provides an extended aged analysis, as well as debtor's type. The summary report indicates that the debtor's greater than 30 days (31-90+days) balance as at 30 September 2015 amounts to R1, 6 billion.

It increased with R 51 million from the previous month. The detailed Age Analysis are on annexure D.

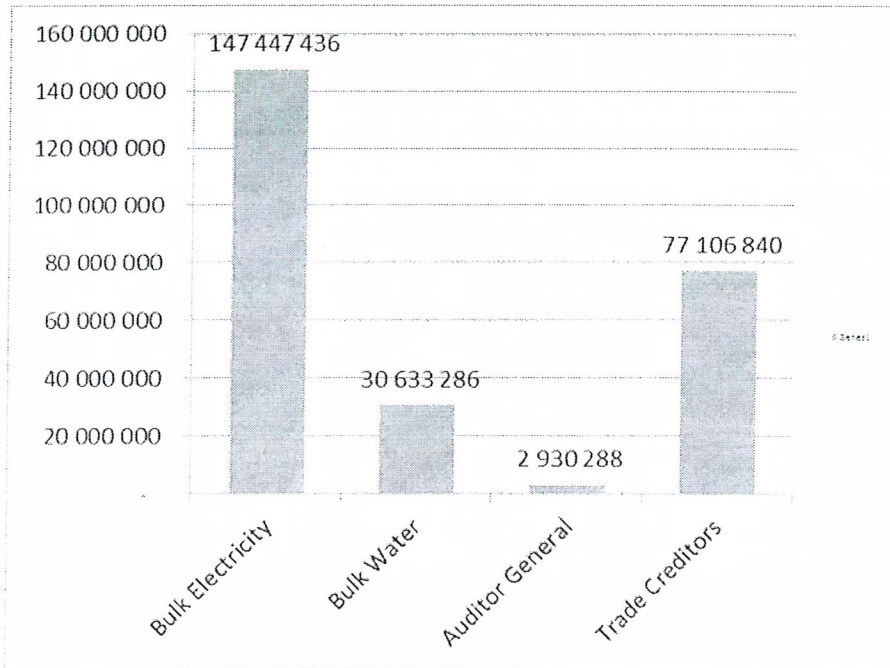
Debtors by Customer group – 30 September 2015



Debtor's book is increasing and remains a concern. A tender for Revenue Enhancement was advertised that includes Debt Collection.

Outstanding Creditors report (Annexure E)

This format provides an extended aged analysis, as well as creditor's type. The detailed Age Analysis are on annexure E.



Outstanding creditor's is reduced compared to the previous months

Third party payments is up to date (SARS, PENSIONS, MEDICAL etc.)

Arrangements with Eskom and Midvaal is honored.

Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to R 109,206,340 as at 30 September 2015.

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		78,312,159			78,312,159
FNB			97,216		97,216
RMB					-
Investec		5,000,000			5,000,000
Nedcor				18,492,798	18,492,798
Sanlam (Policy)		7,304,167			7,304,167
	-	90,616,326	97,216	18,492,798	109,206,340

ANNEXURE G (BORROWINGS)

The total amount outstanding on external loans at the end of September 2015 is R 93,605,881.97

ANNEXURE I

RATIOS

FINANCIAL IMPLICATIONS

The report covers the period from 1 July 2015 to 30 September 2015. The actual income and expenditure appears in "Annexure A" reflects detail that relates to the budget actual spending, and actual revenue, per month and year to date. Year to date actual revenue of R 536,6 million is less than what is projected of R 595,0 million YTD budget (Pro-rata) and vary by R 58,4 million.

Year to date actual expenditure of R 418,7 million is less than projected expenditure of R 685,8 million YTD budget (Pro-rata) and vary by R 267,1 million.

RECOMMENDATION

That the Executive Mayor submits to the Council this statement as per section 71 of the MFMA.

ANNEXURE A - FINANCIAL PERFORMANCE

Budgeted Financial Performance (revenue and expenditure) - September 2015

Current Year 2015/16

Description	Original Budget	First Quarter	YTD Actual	YTD Budget	Variance	YTD %
Revenue By Source						
Property rates	(300 023 220)	(118 795 436)	(118 795 436)	(75 005 805)	(43 789 631)	39.60
Service charges - electricity revenue	(753 498 900)	(185 459 698)	(185 459 698)	(188 374 725)	2 915 027	24.61
Service charges - water revenue	(496 628 070)	(105 738 721)	(105 738 721)	(124 157 018)	18 418 296	21.29
Service charges - sanitation revenue	(129 136 260)	(23 860 504)	(23 860 504)	(32 284 065)	8 423 561	18.48
Service charges - refuse revenue	(159 485 860)	(33 062 372)	(33 062 372)	(39 871 465)	6 809 093	20.73
Service charges - other	(17 500 000)	(492 079)	(492 079)	(4 375 000)	3 882 921	2.81
Rental of facilities and equipment	(5 592 930)	(1 398 288)	(1 398 288)	(1 398 233)	(55)	25.00
Interest earned - external investments	(2 108 000)	(322 215)	(322 215)	(527 000)	204 785	15.29
Interest earned - outstanding debtors	(79 384 730)	(29 275 556)	(29 275 556)	(19 846 183)	(9 429 373)	36.88
Fines	(3 031 130)	(493 720)	(493 720)	(757 783)	264 062	16.29
Licences and permits	(7 271 320)	(2 065 266)	(2 065 266)	(1 817 830)	(247 436)	28.40
Transfers recognised - operational	(350 594 730)	(28 775 868)	(28 775 868)	(87 648 683)	58 872 815	8.21
Internal Departmental Transfers	(24 561 400)	(6 591 051)	(6 591 051)	(6 140 350)	(450 701)	26.83
Other revenue	(109 760 560)	(23 393 419)	(23 393 419)	(27 440 140)	4 046 721	21.31
Gains on disposal of PPE	-	-	-	-	-	-
Total Revenue	(2 438 577 110)	(559 724 192)	(559 724 192)	(609 644 278)	49 920 085	22.95
Expenditure By Type						
Employee related costs	489 796 600	113 572 583	113 572 583	122 449 150.00	8 876 567.09	23.19
Remuneration of councillors	21 421 270	5 212 616	5 212 616	5 355 317.50	142 701.88	24.33
Contributions	378 022 590	93 380 648	93 380 648	94 505 647.50	1 125 000.00	24.70
Depreciation & asset impairment	463 943 670	-	-	115 985 917.50	115 985 917.50	-
Finance charges	10 934 050	2 857 355	2 857 355	2 733 512.50	-123 842.86	26.13
Bulk purchases	747 356 860	127 959 142	127 959 142	186 839 215.00	58 880 072.76	17.12
Repairs & Maintenance	78 131 164	9 545 142	9 545 142	19 532 791.00	9 987 648.51	12.22
Contracted services	31 500 000	5 025 642	5 025 642	7 875 000.00	2 849 358.25	15.95
Collection Costs	8 000 000	2 295 811	2 295 811	2 000 000.00	-295 811.21	28.70
Other expenditure	489 716 120	52 313 164	52 313 164	122 429 030.00	70 115 865.84	10.68
Departmental charges	24 552 310	6 580 087	6 580 087	6 138 077.50	-442 009.48	26.80
Internal recoveries(amount charge out)	-	(21 572)	(21 572)	-	21 572.22	-
Total Expenditure	2 743 374 634	418 720 618	418 720 618	685 843 658.50	267 101 468.28	15.26
					258 246 473.41	#DIV/0!
(Surplus)/Deficit	304 797 524	(141 003 574)	(141 003 574)	76 199 381	317 021 553	
TOTAL REVENUE	(2 438 577 110)	(559 724 192)	(559 724 192)	(609 644 278)	49 920 085	22.95
LESS REVENUE FOREGONE	58 348 970	23 892 764	23 892 764	14 587 242.50	-9 305 521.04	40.95
Income forgone on assessment rate	29 954 820	23 107 488	23 107 488	7 488 705.00	-15 618 782.54	77.14
Income forgone on other	28 394 150	785 276	785 276			
TOTAL INCOME	(2 380 228 140)	(535 831 429)	(535 831 429)	(595 057 035)	59 225 606	22.51
TOTAL EXPENDITURE	2 743 374 634	418 720 618	418 720 618	685 843 659	(267 123 041)	15.26
(Surplus)/ Deficit for the year	363 146 494	(117 110 811)	(117 110 811)	90 786 624	(207 897 434)	(32.25)

GRANTS AND SUBSIDIES - SEPTEMBER 2015

Operational allocation/grant received

	BUDGET	RECEIVED 1st Quarter	YTD RECEIVED	YTD%
Equitable shares grants	339 737 080	141 557 000	141 557 000	41.67
Finance Management Grant	1 675 000	1 675 000	1 675 000	100.00
Municipal System Improvement Grant	930 000	930 000	930 000	100.00
Improvement of library services	1 000 000	400 000	400 000	40.00
PMU	4 224 650	-	-	-
EPWP (arbour week)	3 028 000	1 211 000	1 211 000	39.99
Meseum Grant	-	-	-	-
Mayoral enviromental grant	-	-	-	-
District assessment(Fire)	-	-	-	-
	350 594 730	145 773 000	145 773 000	41.58

CAPITAL GRANT RECEIVED

MIG	80 268 351	34 398 000	34 398 000	42.85
NDPG	25 000 000	20 376 000	20 376 000	81.50
DME/INER	5 000 000	5 000 000	10 000 000	200.00
PMU	-	-	-	-
	110 268 351	59 774 000	64 774 000	58.74

OPERATING INCOME PER DEPARTMENT AS AT 30 SEPTEMBER 2015

DESCRIPTION	BUDGET	JULY	AUG	SEP	1st QUARTER	YTD ACTUAL	YTD BUDGET	VARIANCE	VARIANCE	YTD %
Public safety	79 976 360	3 998 451	8 416 000	6 299 617	18 714 067	18 714 067	19 994 090	(1 280 023)	-6.40	23.40
Health service	300 000	-	4 362	4 362	4 362	4 362	75 000	(70 638)	-	1.45
Community services	223 946 840	11 513 646	11 583 388	11 467 688	34 564 722	34 564 722	55 986 710	(21 421 988)	-38.26	15.43
Sports	1 801 600	57 361	70 288	67 836	195 484	195 484	450 400	(254 916)	-56.60	10.85
Housing	1 859 910	88 892	86 372	192 079	367 343	367 343	464 978	(97 634)	-21.00	19.75
Council general	4 652 000	617 902	(334 461)	59 144	342 585	342 585	1 163 000	(820 415)	-70.54	7.36
Civil Engineering	779 276 620	45 099 085	41 553 193	44 038 433	130 690 712	130 690 712	194 819 155	(64 128 443)	-32.92	16.77
Electrical engineering	817 337 220	64 343 730	62 885 480	64 157 675	191 386 885	191 386 885	204 334 305	(12 947 420)	-6.34	23.42
Corporate services	493 430	135 383	20 055	201 653	357 091	357 091	123 358	233 733	189.48	72.37
Finance	448 883 570	63 203 767	58 532 141	33 649 990	155 385 898	155 385 898	112 220 893	43 165 006	38.46	34.62
Market	21 695 300	1 123 353	-	2 698 753	3 822 106	3 822 106	5 423 825	(1 601 719)	-29.53	17.62
LED	5 290	-	-	175	175	175	1 323	(1 148)	-	3.31
TOTAL	2 380 228 140	190 181 569	182 816 818	162 833 043	535 831 430	535 831 430	595 057 035	(59 225 605)	-9.95	22.51

OPERATING EXPENDITURE PER DEPARTMENT

DESCRIPTION	BUDGET	JULY	AUG	SEP	1st QUARTER	YTD ACTUAL	YTD BUDGET	VARIANCE	VARIANCE	YTD %
Public safety	170 416 254	6 593 181	10 046 427	18 789 394	35 429 002	35 429 002	42 604 064	(7 175 061)	-16.84	20.79
Health service	5 273 966	394 957	336 572	363 791	1 095 320	1 095 320	1 318 492	(223 172)	-16.93	20.77
Community services	181 127 948	8 051 531	8 476 515	9 373 870	25 901 916	25 901 916	45 281 987	(19 380 071)	-42.80	14.30
Sports	97 420 152	2 434 386	2 582 881	3 506 552	8 523 820	8 523 820	24 355 038	(15 831 218)	-65.00	8.75
Housing	10 671 256	611 626	585 666	793 101	1 990 394	1 990 394	2 667 814	(677 420)	-25.39	18.65
Council general	104 741 762	4 252 678	9 245 228	8 011 862	21 509 768	21 509 768	26 185 441	(4 675 673)	-17.86	20.54
Civil Engineering	892 812 689	10 749 207	33 065 034	37 282 370	81 096 611	81 096 611	223 203 172	(142 106 561)	-63.67	9.08
Electrical engineering	698 460 898	8 398 305	42 755 163	56 895 550	108 049 017	108 049 017	174 615 225	(66 566 207)	-38.12	15.47
Corporate services	49 552 170	2 833 399	3 845 495	4 158 759	10 837 653	10 837 653	12 388 043	(1 550 390)	-12.52	21.87
Finance	503 875 372	39 076 861	40 691 320	40 001 117	119 769 298	119 769 298	125 968 843	(6 199 545)	-4.92	23.77
Market	21 473 717	1 070 877	1 027 706	1 078 030	3 176 613	3 176 613	5 368 429	(2 191 816)	-40.83	14.79
LED	7 548 450	422 513	378 062	540 631	1 341 206	1 341 206	1 887 113	(545 907)	-28.93	17.77
TOTAL	2 743 374 634	84 889 520	153 036 070	180 795 027	418 720 617	418 720 617	685 843 659	(267 123 042)	-38.95	15.26

ANNEXURE B

Cash Flow Statement for the month of September 2015

Cash Receipts by Source	September 2014
Property rates	16 676 987
Service charges - electricity revenue	41 837 326
Service charges - water revenue	15 819 453
Service charges - sanitation revenue	4 084 204
Service charges - refuse revenue	3 999 467
Service charges - other	14 898 751
Rental of facilities and equipment	289 536
Interest earned - external investments	-
Interest earned - outstanding debtors	-
Fines	58 803
Licences and permits	618 177
Transfer receipts - operational grants	-
Other revenue	17 623 294
Cash Receipts by Source	115 905 998
Transfer receipts - capital grants	18 815 000
Proceeds on disposal of PPE	-
Total Cash Receipts by Source	134 720 998
Proceeds on disposal of PPE	
Short term loan	
Borrowing long term/ Refinancing	(2 740 718)
Increase (decrease) in consumer deposits	165 019
Decrease (increase) in non - current debtors	
Decrease (increase) in non - current	1 982
Decrease (increase) in non- current investment	
Total Cash Receipts by Source	132 147 281
Cash Payments by Type	
Employee related costs	43 113 105
Remuneration of councillors	1 737 539
Collection costs	1 023 398
Interest paid	2 332 644
Bulk purchases - Electricity	49 122 807
Bulk purchases - Water	20 636 523
Repairs and maintenance	2 853 303
Contracted services	1 709 734
General expenses	19 552 943
Cash Payments by Type	142 081 996
Other Cash Flows/Payments by Type	
Capital assets	1 942 176
Repayment of borrowing	4 998 281
Other Cash Flows/Payments	6 940 457
Investment	
Total Cash Payments by Type	149 022 453
Net increase/(decrease) in cash held	(16 875 172)
Cash/ cash equivalent at the month begin	103 377 402
Cash/ cash equivalent at the month end	86 502 230

INEXURE C CAPITAL EXPENDITURE

V403 City Of Matlosana - Budgeted Capital Expenditure -SEPTEMBER 2015

thousand	Original Budget	1st Quarter 2014/15	YTD Actual	YTD Budget	Variance	YTD %
Capital Expenditure						
<i>Council General</i>	8 000 000	-	-	2 000 000	(2 000 000)	-
Council General Admin	8000000	-	-	2 000 000	(2 000 000)	0
				-	-	
				-	-	
<i>Municipal & Environmental Services</i>	-	#NAME?	-	-	-	0
Community and social services		-	-	-	-	-
Sport and recreation		-	-	-	-	0
Refuse removal		-	-	-	-	-
Public Safety		-	-	-	-	0
Health		-	-	-	-	0
Cemetery		-	-	-	-	0
		-	-	-	-	0
Finance	2 000 000	-	10 933	500 000	(489 067)	0
ICT Hard/software	2 000 000	-	-	500 000.00	(500 000)	0
				-	-	0
<i>Macro city planning & Development</i>	-	-	-	-	-	0
Planning and development		-	-	-	-	-
Market		-	-	-	-	-
<i>Civil Services & Human Settlement</i>	100 268 348	5 281 225	5 281 225	25 067 087	(19 785 862)	5.27
Water	25 464 399.00	3 686 868	3 686 868	6 366 100	(2 679 232)	14.48
Waste water management(Sewer)	24 863 329	956 290	956 290	6 215 832	(5 259 542)	3.85
Roads	49 940 620.00	638 067	638 067	12 485 155	(11 847 088)	1.28
Housing		-	-	-	-	#DIV/0!
PMU Unit		-	-	-	-	#DIV/0!
Dumping side		-	-	-	-	#DIV/0!
<i>Electrical & Mechanical Engineering</i>	10 000 000	-	-	2 500 000	(2 500 000)	-
Electrical	10 000 000	-	-	2 500 000.00	(2 500 000)	-
				-	-	-
Total Capital Expenditure	120 268 348	#NAME?	5 292 158	30 067 087	(24 774 929)	4.40

CAPITAL FUNDING

National government	110 268 348	5 281 225	5 281 225	27 567 087	(22 285 862)	4.79
Provincial government		-	-	-	-	-
District municipality		-	-	-	-	-
Municipal government		-	-	-	-	-
Municipal Generated funds	10 000 000	-	10 933	2 500 000	(2 489 067)	-
				-	-	-
Funding Total	120 268 348	5 281 225	5 292 158	30 067 087	(24 774 929)	4.40

ANNEXURE D
DEBTOR'S AGE ANALYSIS - September 2015

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 + 120 Days	Total
Debtors Age Analysis By Income Source					
Water Tariffs	34 938 119	21 772 086	21 369 841	403 720 373	481 800 419
Electricity Tariffs	47 824 130	16 104 097	8 156 287	141 863 823	213 948 337
Rates (Property Rates)	17 812 948	5 258 731	30 533 500	84 880 852	138 486 031
Sewerage/ Sanitation	7 207 517	4 595 739	3 965 567	78 360 964	94 129 787
Refuse Removal Tariffs	9 875 348	7 712 343	7 035 766	118 197 186	142 820 643
Other	26 106 126	18 104 181	16 306 844	486 003 985	546 521 136
Total By Income Source	143 764 188	73 547 177	87 367 805	1 313 027 183	1 617 706 353
Debtors Age Analysis By Customer Group					
Government	5 217 533	2 221 151	22 728 502	18 227 433	48 394 619
Business	39 812 444	14 485 637	9 268 984	138 446 933	202 013 998
Households	97 995 097	56 394 699	54 394 861	1 120 984 462	1 329 769 119
Other	739 114	445 690	975 458	35 368 355	37 528 617
Total By Customer Group	143 764 188	73 547 177	87 367 805	1 313 027 183	1 617 706 353

ANNEXURE E
 OUTSTANDING CREDITORS STATEMENT -SEPTEMBER 2015

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total
Bulk Electricity	54 647 994.00	R 0.00	R 0.00	R 17 889 721.00	R 74 909 721.00	147 447 436
Bulk Water	R 20 379 213.72	R 42 306.54	R 41 412.78	R 72 340.98	R 10 098 011.57	30 633 286
Auditor General	995 553	768 815	34 611	34 976	1 096 333	2 930 288
Trade Creditors	24 027 950	17 133 832	7 656 828	28 288 231	-	77 106 840
Total	100 050 710	17 944 954	7 732 852	46 285 269	86 104 066	258 117 850

ANNEXURE F

Investment Portfolio: 30 September 2015
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	AUGUST 2015	SEPTEMBER 2015	MATURITY DATE	EXPLANATION
Call Investment						
ABSA: 3854	3.30%		15,077,025	11,928,877		
ABSA: 5047	3.25%		43,123	43,123		
ABSA: 6177	4.47%		34,693,827	34,863,257		
ABSA: 2264	3.25%		404,111	5,405,450		
ABSA: 4682	5.15%		6,780,144	20,627,679		
ABSA: 4063	2.80%		168,092	168,199		
ABSA: 1223	5.50%		15,185,661	5,275,575		
INVESTEC	5.80%		20,000,000	5,000,000		
TOTAL Call Investment			92,351,983	83,312,160		
Collateral						
SANLAM	Policy	Guaranteed Capital	6,846,094	6,846,094	01/12/2018	Policy
SANLAM	Policy	Guaranteed Capital	458,072	458,072	01/08/2019	Policy
NEDCOR	Minimum 5%		18,492,798	18,492,798	30/06/2019	Security
TOTAL			25,796,965	25,796,965		
Long Term Investment						
FNB	10.00%	1 YEAR	83,216	83,216		Housing Collateral
FNB	9.50%	1 YEAR	14,000	14,000		Housing Collateral
TOTAL			97,216	97,216		
TOTAL INVESTMENTS			118,246,164	109,206,340		

Withdraw R15 000 000 from Investec call - 04 September 2015
 Withdraw R2 005 227 from ABSA call (MIG) - 10 September 2015
 Withdraw R1 192 765 from ABSA call (MIG) - 11 September 2015
 Invest R5 000 000 with ABSA on call (INEP) - 11 September 2015
 Invest R15 000 000 with ABSA on call - 11 September 2015
 Invest R15 000 000 with ABSA on call - 14 September 2015
 Withdraw R10 000 000 from ABSA call - 17 September 2015
 Withdraw R30 000 000 from ABSA call - 23 September 2015
 Invest R13 815 000 with ABSA on call (NDPG) - 28 September 2015

Other changes are due to Capitalisation of interest earned for the month

NB: Council to take cognisance that the investments reflected are not as a result of excess funds but grants received for the financial year invested on short term to gain interest while processes on meeting conditions of the grants are unfolding, and to avoid charges once funds are kept on current account

These investments can only be withdrawn when funds are needed for the particular reason they were invested for