

MONTHLY BUDGET STATEMENT: 31 DECEMBER 2012

MUNICIPAL FINANCE MANAGEMENT ACT NO.56 of 2003(MFMA): MONTHLY FINANCIAL REPORT FOR DECEMBER 2012 (MONTHLY BUDGET STATEMENT)

1. PURPOSE

To comply with section 71 of the MFMA, by the provision of a statement to the Executive Mayor containing certain financial particulars, as legislated.

2. BACKGROUND

Section 71 of the MFMA requires that:

The accounting officer of a Municipality must by no later than **10 working days** after the end of each month submit to the **Mayor of the municipality**, 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. DECEMBER 2012 REPORT

The financial results for the period ended 31 December 2012 are summarized as follows:

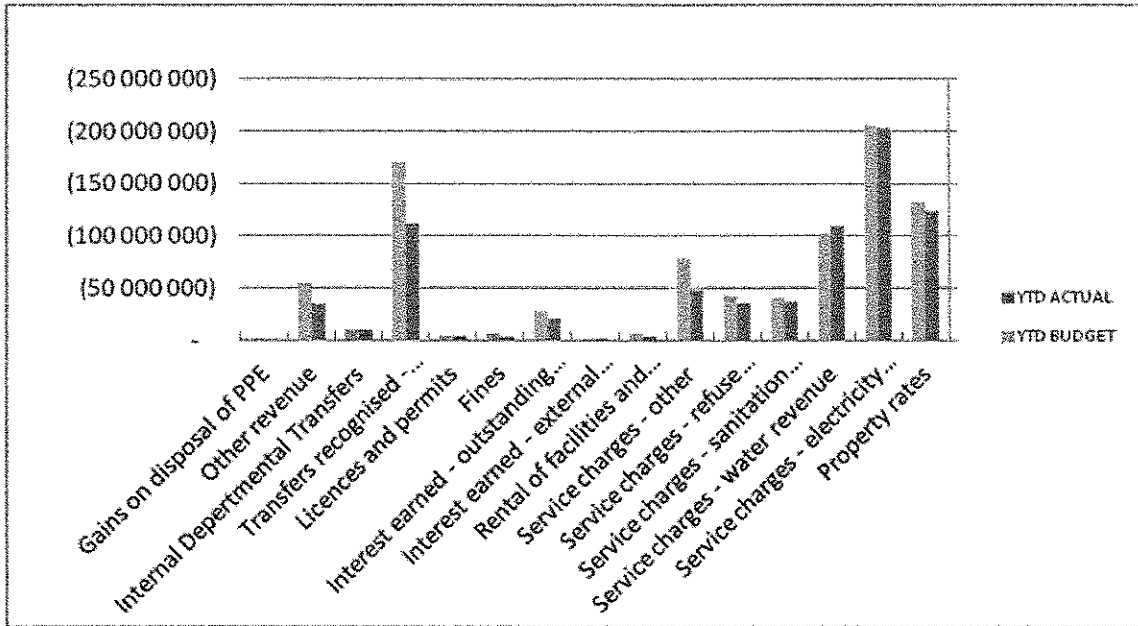
Statement of Financial Performance (SFP)

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.

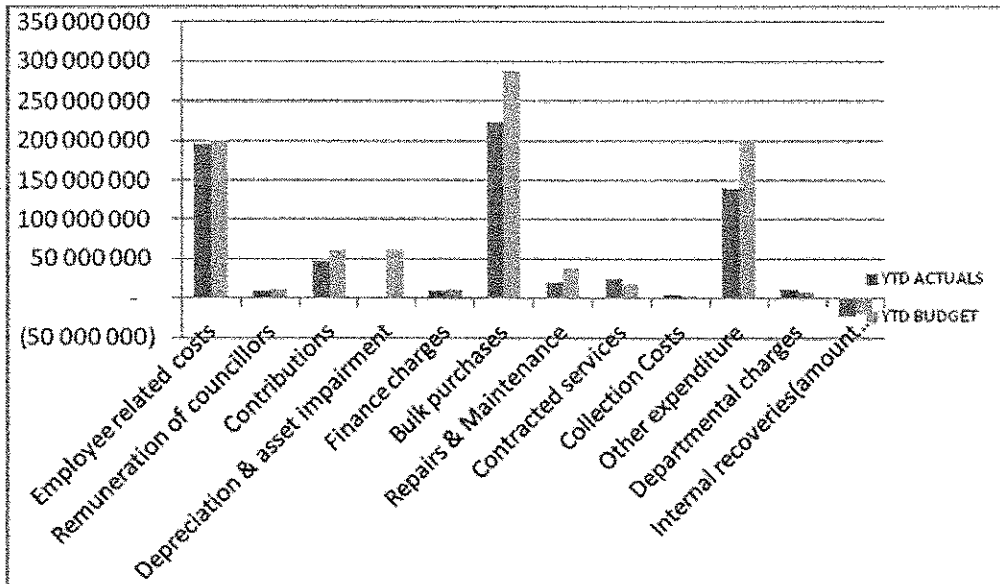
The summary report indicates the following:

Description	Financial Performance			
	YTD Budget	December Actual 2012	YTD Actual	Variance (Favourable) Unfavourable
Total Revenue By Source	(896,589,322)	(88,686,712)	(751,563,007)	145,026,315
Total Operating Expenditure	895,468,811	166,603,033	671,935,691	(223,533,120)
(SURPLUS)/ DEFICIT	(1,120,512)	77,916,321	(79,627,316)	(78,506,804)

YTD Actual Income vs YTD Budget Income



YTD Actual Expenditure vs YTD Budget Expenditure



Cash Flow Statement (Annexure B)

Total cash receipts by source reflect an amount of R265.5 million.

Total cash payments indicate an amount of R160.5 million.

Capital expenditure report (Annexure C)

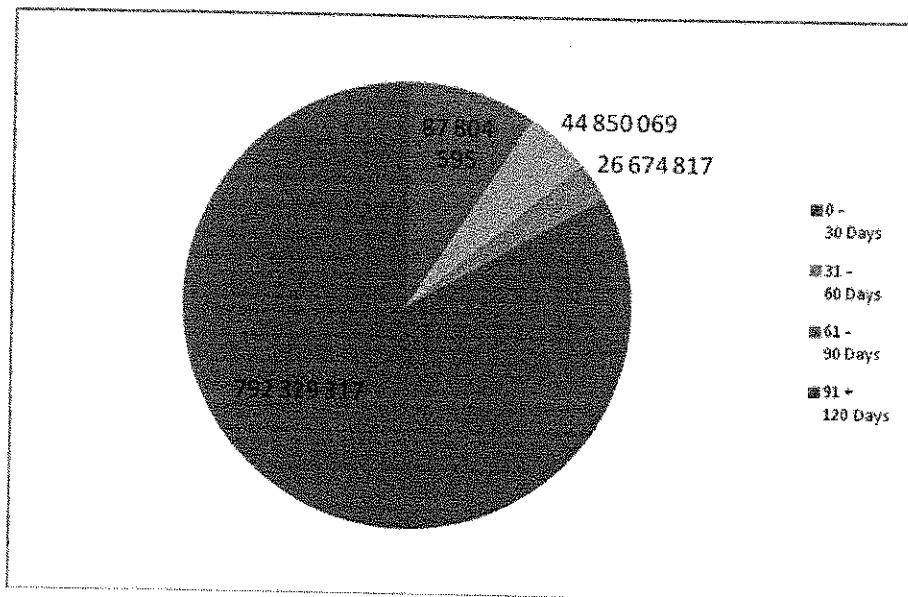
The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	YTD Budget	December Actual 2012	YTD Actual	Variance Favourable (Unfav)
Total Capital Expenditure	76,023,000	12,702,579	43,911,950	32,111,050

MIG capital expenditure for December month amount of R12, 361,226

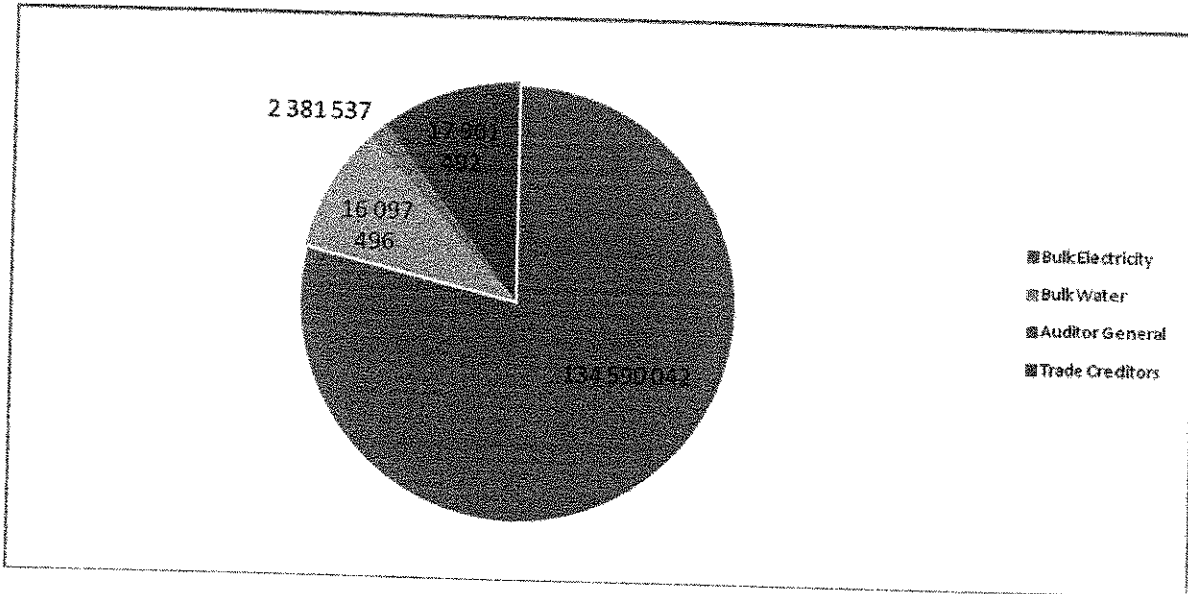
Outstanding Debtors report (Annexure D)

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 31 December 2012 amounts to R863,9million.



Outstanding Creditors report (Annexure E)

This format provides an extended aged analysis, as well as creditor's type. This month result indicates that (bulk purchase for electricity) have increased from R94.5 million to R134.6 million.



Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to R 141,773,179 as at 31 December 2012.

The investments as at 31 December 2012 is as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		112,064,820			112,064,820
FNB			85,136		85,136
RMB					-
Investec		8,000,000			8,000,000
Nedcor				15,472,610	15,472,610
Sanlam (Policy)		6,150,613			6,150,613
	-	126,215,433	85,136	15,472,610	141,773,179

ANNEXURE G (BORROWINGS)

The total amount outstanding on external loans at the end of December 2012 is R138, 099,444.65

4. FINANCIAL IMPLICATIONS

The report covers the period from 1 July 2012 to December 2012. 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 actual total budget revenue amounting to R749.9m is 15% below a YTD budget of R882.1m. Actual TYD expenditure is 24.7% below YTD budget, due to less spending as a result of low collection. Collection still remains a challenge as evidence by the growing debtors' book.

5. RECOMMENDATION

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

ANNEXURE A - FINANCIAL PERFORMANCE

Budgeted Financial Performance (revenue and expenditure) - December 2012

Description	Current Year 2012/13					
	Original Budget	December Actual	YTD Actual	YTD Budget	Variance	Variance %
Revenue By Source						
Property rates	(264 526 699)	(16 107 443)	(123 565 638)	(132 263 350)	8 697 712	(6.58)
Service charges - electricity revenue	(411 054 158)	(33 209 429)	(203 000 057)	(205 527 079)	2 527 022	(1.23)
Service charges - water revenue	(204 849 040)	(11 470 264)	(109 297 281)	(102 424 520)	(6 872 761)	6.71
Service charges - sanitation revenue	(81 027 920)	(4 840 624)	(37 821 127)	(40 513 980)	2 692 833	(6.65)
Service charges - refuse revenue	(84 753 536)	(3 888 160)	(36 332 867)	(42 376 788)	6 043 901	(14.26)
Service charges - other	(155 901 490)	(7 452 843)	(49 003 853)	(77 950 745)	28 946 892	(37.13)
Rental of facilities and equipment	(12 805 534)	(604 834)	(3 874 306)	(6 402 767)	2 528 461	(39.49)
Interest earned - external investments	(2 000 000)	(31 233)	(519 008)	(1 000 000)	480 992	(48.10)
Interest earned - outstanding debtors	(56 252 321)	(4 044 907)	(21 435 482)	(28 126 161)	6 690 678	(23.79)
Fines	(12 427 862)	(336 617)	(3 266 141)	(5 213 931)	2 947 790	(47.44)
Licences and permits	(8 524 982)	(470 140)	(3 644 236)	(4 262 491)	618 255	(14.50)
Transfers recognised - operational	(341 313 000)	-	(112 405 989)	(170 656 500)	58 250 511	(34.13)
Internal Departmental Transfers	(20 706 848)	(1 575 297)	(10 409 366)	(10 353 424)	(55 942)	0.54
Other revenue	(107 815 499)	(4 654 921)	(35 348 033)	(53 907 750)	18 559 716	(34.43)
Gains on disposal of PPE	(400 000)	-	-	(200 000)	200 000	(100.00)
Total Revenue	(1 764 358 889)	(68 666 712)	(749 923 385)	(882 179 445)	132 256 059	(14.99)
Expenditure By Type						
Employee related costs	397 440 623	33 081 054	195 642 400	198 720 312	(3 077 911)	(1.55)
Remuneration of councillors	19 781 357	1 539 668	9 260 963	9 890 679	(629 716)	(6.37)
Contributions	124 163 223	7 955 269	47 731 611	62 081 612	(14 350 000)	(23.11)
Depreciation & asset impairment	122 708 245	-	-	61 354 123	(61 354 123)	(100.00)
Finance charges	20 888 806	3 393 520	8 596 296	10 444 303	(1 848 007)	(17.69)
Bulk purchases	576 821 258	94 137 791	224 523 038	288 410 629	(63 887 591)	(22.15)
Repairs & Maintenance	74 536 378	4 457 596	19 514 225	37 268 189	(17 753 964)	(47.64)
Contracted services	38 373 033	6 274 342	25 194 633	19 186 517	6 008 117	31.31
Collection Costs	5 265 000	612 167	4 388 861	2 632 500	1 756 361	66.72
Other expenditure	404 849 048	17 053 658	140 210 446	202 424 524	(62 214 078)	(30.73)
Departmental charges	16 476 177	1 571 669	11 037 709	8 238 089	2 799 620	33.96
Internal recoveries (amount charge out)	(39 065 327)	(3 815 055)	(22 922 435)	(19 532 664)	(3 389 771)	17.35
Total Expenditure	1 762 237 621	166 261 680	663 177 748	881 118 811	(217 941 063)	(24.73)
Surplus/(Deficit)	(2 121 268)	77 574 968	(86 745 637)	(1 060 634)	(85 685 003)	
Transfer from Other Reserves	(28 819 755)	-	(1 639 621)	(14 409 878)	12 770 256	(88.62)
Transfer to Other Reserves	28 700 000	341 353	8 757 943	14 350 000	(5 592 057)	(38.97)
(Surplus)/ Deficit for the year	(2 241 023)	77 916 321	(79 627 316)	(1 120 512)	(78 506 804)	

ANNEXURE B**CASHFLOW AS AT 31 December 2012**

CASH FLOW FROM OPERATING ACTIVITIES		December 2012
DESCRIPTION		AMOUNT
Receipts		
Sales of goods and services		178 613 876
Government - operating		-
Government - capital (MIG)		82 581 000
Interest income		43 393
Other income		4 291 264
		265 529 533
Payments		
Suppliers and employees		(157 156 276)
Finance charges		(3 393 520)
Transfers and Grants		-
		(160 549 796)
NET OUTFLOWS FROM OPERATING ACTIVITIES		104 979 737

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - December 2012

R thousand	Original Budget	December	YTD Actual	YTD Budget	Variance	YTD %
Capital Expenditure						
Corporate services	4 700 000	-	-	2 350 000	(2 350 000)	-
Executive and council	4 700 000	-	-	2 350 000	(2 350 000)	0
Corporate services	-	-	-	-	-	
Municipal & Environmental Services	12 700 000	104 900	1 567 262	6 350 000	(4 782 738)	12.34
Community and social services	3 700 000	5 700	38 650	1 850 000	(1 811 350)	1.04
Sport and recreation	9 000 000	99 200	580 757	4 500 000	(3 919 243)	6.45
Refuse removal	-	-	499 867	-	499 867	
Public Safety	-	-	447 988	-	447 988	
Health	-	-	-	-	-	
Macro city planning & Development	-	137 791	358 253	-	358 253	
Planning and development	-	137 791	358 253	-	358 253	
Market	-	-	-	-	-	
Civil Services & Human Settlements	116 146 000	9 185 778	30 938 038	58 073 000	(27 134 962)	26.64
Water	23 500 000	2 444 347	7 625 712	11 750 000	(4 124 288)	32.45
Waste water management(Sewer)	21 892 332	1 125 850	1 701 551	10 946 166	(9 244 615)	7.77
Roads	70 753 688	5 615 581	21 610 775	35 376 834	(13 766 059)	30.54
Housing	-	-	-	-	-	
Electrical & Mechanical Engineering	18 500 000	3 274 110	11 048 397	9 250 000	1 798 397	59.72
Electrical	18 500 000	3 274 110	11 048 397	9 250 000	1 798 397	59.72
Finance	-	-	-	-	-	
Finance	-	-	-	-	-	
Total Capital Expenditure	152 046 000	12 702 579	43 911 950	76 023 000	(32 111 050)	28.88

ANNEXURE D
DEBTOR'S AGE ANALYSIS - December 2012

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 + 120 Days	Total
Debtors Age Analysis By Income Source					
Water Tariffs	19 956 923	12 168 188	8 192 033	201 187 896	241 505 040
Electricity Tariffs	33 211 280	9 662 645	2 979 455	95 537 379	141 390 759
Rates (Property Rates)	11 731 838	3 881 423	2 317 977	85 002 659	102 933 897
Sewerage / Sanitation Tariffs	4 515 689	2 106 226	1 507 965	54 132 379	62 262 259
Refuse Removal Tariffs	3 611 807	1 924 628	1 601 026	57 867 521	65 004 982
Other	14 777 058	15 106 959	10 076 361	298 601 483	338 561 862
Total By Income Source	87 804 595	44 850 069	26 674 817	792 329 317	951 658 798
Debtors Age Analysis By Customer Group					
Government	4 119 569	2 800 151	1 030 177	34 001 006	41 950 903
Business	13 353 243	5 541 341	3 563 739	60 620 517	83 078 840
Households	69 560 951	35 839 121	21 431 936	666 205 708	793 037 716
Other	770 832	669 456	648 965	31 502 086	33 591 339
Total By Customer Group	87 804 595	44 850 069	26 674 817	792 329 317	951 658 798

ANNEXURE E
OUTSTANDING CREDITORS STATEMENT - December 2012

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total
Bulk Electricity	55 416 478	5 552 197	32 297 305	41 324 062	-	134 590 042
Bulk Water	16 097 496	-	-	-	-	16 097 496
Auditor General	1 705 289	6 048	670 200	-	-	2 381 537
Trade Creditors	17 527 540	176 276	81 838	115 838	-	17 901 492
Total	90 746 803	5 734 521	33 049 343	41 439 900	-	170 970 567

ANNEXTURE F

Investment Portfolio:31 December 2012
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	NOV 2012	DEC 2012	MATURITY DATE	EXPLANATION
Call Investment						
ABSA	3.30%		53 576	53 576		
ABSA	3.25%		43 123	43 123		
ABSA	4.47%		39 145 035	111 603 708		
ABSA	3.25%		364 413	364 413		
INVESTEC	4.70%		8 000 000	8 000 000		
TOTAL Call Investment			47 606 147	120 064 820		
Collateral						
SANLAM	Policy	pled Capital	5 764 535	5 764 535	01/12/2013	Policy
SANLAM	Policy	pled Capital	386 078	386 078	01/08/2014	Policy
NEDCOR	Minimum 5%		15 472 610	15 472 610	30/06/2019	Security
TOTAL			21 623 223	21 623 223		
Long Term Investment						
FNB	10.00%	1 YEAR	71 136	71 136		Housing Collateral
FNB	9.50%	1 YEAR	14 000	14 000		Housing Collateral
TOTAL			85 136	85 136		
TOTAL INVESTMENTS			69 314 506	141 773 179		

Withdraw R7 740 291.30 from ABSA Call (MIG)- 20 December 2012

Invest R82 541 000 with ABSA Call (MIG)- 20 December 2012

Withdraw R2 342 035.50 from ABSA Call (MIG)- 28 December 2012

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

ANNEXURE A

Borrowing Reference No	Start Date	End Date	Interest Paid This quarter	Opening Balance 01/07/2012	Date Repaid or Re-deemed	Additional Principal Accrued	Balance at 31/12/2012	Redemption 20/12/13
ANNUITY LOANS								
ABC09288	1/1/07/1998	30/09/2014	666,443.94	11,107,208.37	1,957,558.93	0.00	9,229,652.44	4,028,740.51
NW110928	1/1/01/1997	30/09/2017	326,773.52	4,385,144.94	268,201.61	0.00	4,098,943.33	568,557.26
NW111182	1/1/01/1998	30/09/2016	384,372.96	5,020,386.16	226,127.36	0.00	4,782,252.78	493,719.66
NW113637	1/1/02/2009	30/09/2020	243,054.09	3,103,891.97	92,906.74	0.00	3,010,985.23	194,510.53
NW1138741	1/1/02/2001	30/09/2019	159,960.96	3,888,888.86	277,777.77	0.00	3,611,111.08	555,556.66
NW1138742	1/1/2/2001	30/09/2019	618,410.75	14,998,126.00	0.00	0.00	14,998,126.00	2,542,247.16
NW100099	1/1/2/2003	30/06/2013	148,278.97	2,942,727.19	1,234,526.33	0.00	1,708,201.86	1,872,702.52
KLER-00-001	1/1/3/2003	31/12/2013	205,938.00	3,334,843.46	1,044,838.08	0.00	2,290,005.38	2,156,512.12
NW1012971	1/1/2/2004	30/09/2019	1,052,082.61	18,612,437.67	802,132.70	0.00	17,710,304.97	1,872,702.52
NW1012972	1/1/2/2004	30/09/2019	1,318,461.25	23,290,074.06	1,126,051.78	0.00	22,164,022.27	2,343,339.33
NW1036771	1/1/12/2010	1/1/12/2015	1,766,424.59	33,413,723.17	562,049.77	0.00	32,851,673.40	1,229,083.08
10358	31/12/1998	31/3/2018	590,789.52	7,644,316.71	423,828.26	0.00	7,220,488.45	883,120.84
10936	30/09/1999	30/09/2019	268,266.48	3,504,261.20	132,045.75	0.00	3,372,216.45	275,763.81
10912	30/09/1999	30/09/2019	397,290.81	5,189,656.11	195,553.92	0.00	4,994,102.19	408,394.01
10913	30/09/1999	30/09/2019	305,772.21	3,994,184.09	150,506.77	0.00	3,843,677.32	314,317.59
9740	31/03/1996	31/03/2014	16,498.29	367,820.77	85,274.94	0.00	282,545.83	174,800.99
9741	31/03/1996	31/03/2014	18,419.04	380,456.71	88,204.12	0.00	292,251.59	180,939.96
9743	30/09/1995	30/09/2015	50,328.25	1,001,657.49	147,077.32	0.00	854,580.17	301,816.84
9746	30/09/1995	30/09/2015	57,777.89	1,180,227.82	141,061.81	0.00	1,039,166.01	289,626.88
TOTAL ANNUITIES			9,596,296.10	147,189,965.33	9,080,520.88	0.00	138,099,444.65	16,810,959.65