

## MONTHLY BUDGET STATEMENT: 30 JUNE 2012

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

The financial results for the period ended 30 June 2012 are summarized as follows:

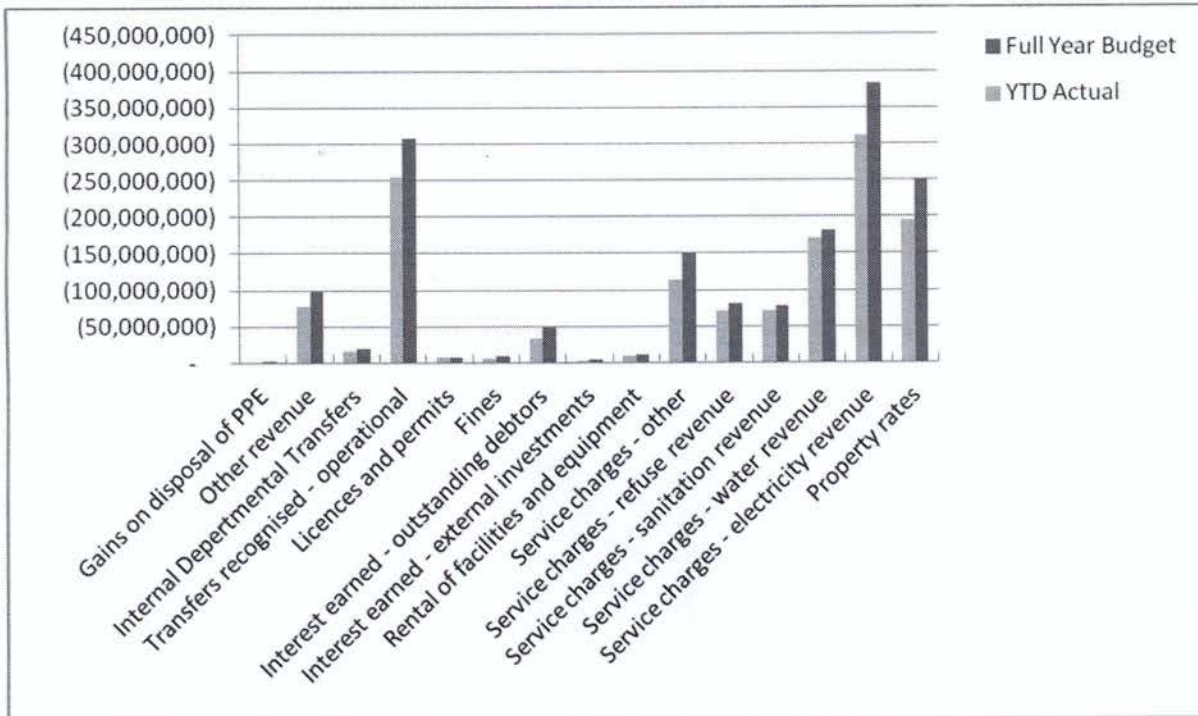
#### Statement of Financial Performance (SFP)

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.

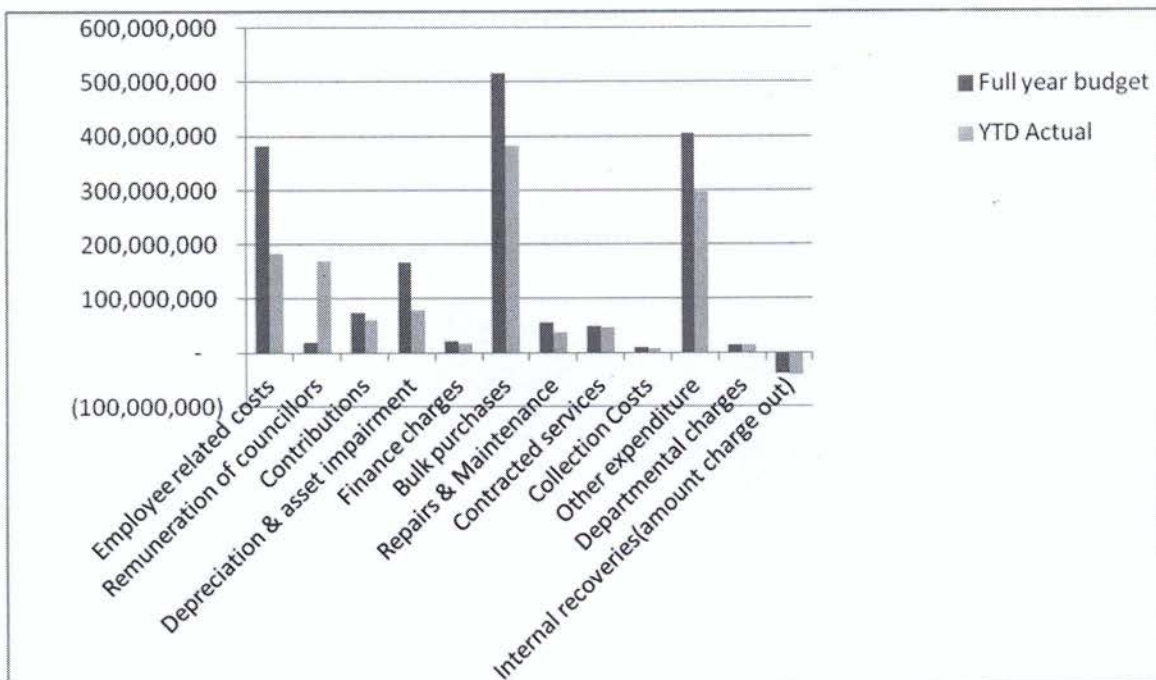
The summary report indicates the following:

Description	Financial Performance		
	YTD Budget	June YTD Actual	Variance Favourable (Unfavourable)
Total Revenue By Source	1,707,945,961	1,550,623,963	-157,321,998
Total Operating Expenditure	1,707,918,818	1,436,747,240	271,171,578
<b>(SURPLUS)/ DEFICIT</b>	<b>-27,143</b>	<b>-113,876,723</b>	<b>113,849,580</b>

### Budget Income vs Actual Income



### Budget Expenditure vs Actual Expenditure



**Note: Finance department is currently in a process of finalizing the year-end; the final figures will be available immediately after the adjustment journals have been passed**

#### **Reason for variances**

Revenue: The billings appear to be low than expected due to the indigents subsidies and free basic services.

- Interest on investment – Council expects to capitalize all the accrued interest for the current financial year at financial year end.
- Fines – Traffic officials must be more visible and productive. Strict measures to collect outstanding fines must be put in place.
- Disposal on Assets - Auction did not take place.

Expenditure: The low spending on the expenditure is due to cash flow constraints.

#### **Cash Flow Statement (Annexure B)**

Total cash receipts by source reflect an amount of R91.9 million.

Total cash payments indicate an amount of R163.7 million.

#### **Capital expenditure report (Annexure C)**

The summary report indicates the following:

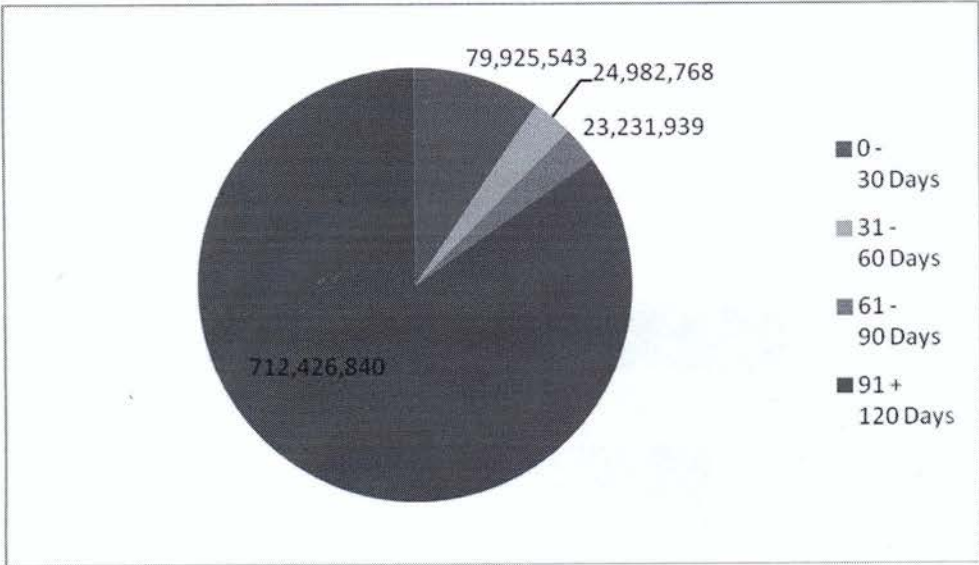
<b>Summary statement of Capital Expenditure</b>			
<b>Description</b>	<b>YTD Budget</b>	<b>June YTD Actual</b>	<b>Variance Favourable (Unfav)</b>
Total Capital Expenditure	273,168,019	109,666,453	163,501,566

The spending on capital expenditure is very low due to cash flow constraints.

#### **Outstanding Debtors report (Annexure D)**

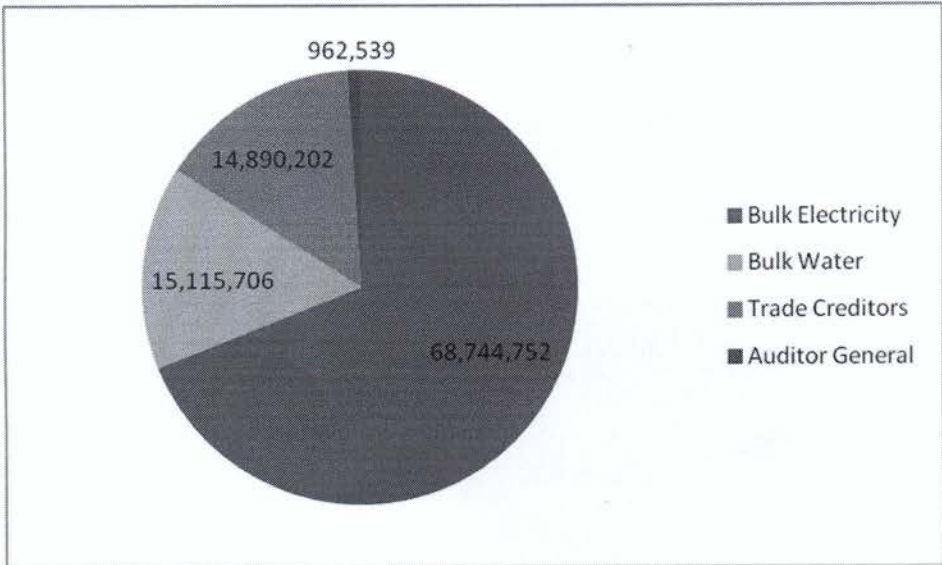
This format provides an extended aged analysis, as well as debtor's type. The summary report indicates that the debtor's greater than 30 days (31-90+days) balance as at 30 June 2012 amounts to R760.6million.





**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 decreased from R88.5 million to R68.7 million.



### Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to **R 67,596,494** as at 30 June 2012.

The investments as at 30 June 2012 are as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		48,679,589			48,679,589
RMB					
FNB			81,517		81,517
Investec					
Nedcor				13,010,715	13,010,715
Sanlam(Policy)		5,824,673			5,824,673
	0	54,504,262	81,517	13,010,715	67,596,494

### **ANNEXURE G (BORROWINGS)**

The total amount outstanding on external loans at the end of June 2012 is R147, 189,965.53

#### **4. FINANCIAL IMPLICATIONS**

This report indicates financial risks which require monitoring, such as:

The report covers the period from 1 July 2011 to 30 June 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. Overall, the total income in relation to the budget is 89.94% the expenditure is 83.95%.

#### **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) - June 2012

Description	Current Year 2011/12					
	Full year Budget	June Monthly Actual	YTD Actual	YTD Budget	Variance	Variance %
<b>Revenue By Source</b>						
Property rates	(251,212,440)	(13,845,406)	(208,193,473)	(251,212,440)	43,018,967	(17.12)
Service charges - electricity revenue	(382,276,279)	(24,932,183)	(335,699,723)	(382,276,279)	46,576,556	(12.18)
Service charges - water revenue	(179,974,854)	(12,170,982)	(183,254,476)	(179,974,854)	(3,279,622)	1.82
Service charges - sanitation revenue	(78,121,163)	(6,739,622)	(78,209,694)	(78,121,163)	(88,531)	0.11
Service charges - refuse revenue	(80,482,002)	(6,755,830)	(77,564,630)	(80,482,002)	2,917,372	(3.62)
Service charges - other	(149,146,829)	(1,827,843)	(115,141,468)	(149,146,829)	34,005,361	(22.80)
Rental of facilities and equipment	(11,552,000)	(653,533)	(9,616,067)	(11,552,000)	1,935,933	(16.76)
Interest earned - external investments	(3,756,500)	(19,282)	(582,795)	(3,756,500)	3,173,705	(84.49)
Interest earned - outstanding debtors	(49,466,305)	(4,140,490)	(37,582,266)	(49,466,305)	11,884,039	(24.02)
Fines	(9,979,318)	(530,746)	(6,582,656)	(9,979,318)	3,396,662	(34.04)
Licences and permits	(7,876,734)	(633,851)	(7,693,589)	(7,876,734)	183,145	(2.33)
Transfers recognised - operational	(308,236,396)	-	(307,836,396)	(308,236,396)	400,000	(0.13)
Internal Departmental Transfers	(18,713,743)	(1,483,761)	(17,011,981)	(18,713,743)	1,701,762	(9.09)
Other revenue	(98,887,987)	(4,235,466)	(82,609,023)	(98,887,987)	16,278,964	(16.46)
Gains on disposal of PPE	(2,000,000)	-	-	(2,000,000)	2,000,000	(100.00)
<b>Total Revenue</b>	<b>(1,631,682,550)</b>	<b>(77,968,995)</b>	<b>(1,467,578,237)</b>	<b>(1,631,682,550)</b>	<b>164,104,313</b>	<b>(10.06)</b>
<b>Expenditure By Type</b>						
Employee related costs	380,927,937	31,274,740	368,433,352	380,927,937	(12,494,585)	(3.28)
Remuneration of councillors	19,225,097	1,539,666	18,523,436	19,225,097	(701,661)	(3.65)
Contributions	73,389,800	11,470,039	72,423,770	73,389,800	(966,030)	(1.32)
Depreciation & asset impairment	166,161,966	-	78,226,212	166,161,966	(87,935,754)	(52.92)
Finance charges	21,107,019	3,623,875	19,402,163	21,107,019	(1,704,856)	(8.08)
Bulk purchases	514,980,517	40,473,365	422,191,159	514,980,517	(92,789,358)	(18.02)
Repairs & Maintenance	56,374,297	4,976,685	42,089,484	56,374,297	(14,284,813)	(25.34)
Contracted services	49,996,993	7,020,756	54,626,526	49,996,993	4,629,533	9.26
Collection Costs	9,000,000	2,431,627	10,107,630	9,000,000	1,107,630	12.31
Other expenditure	405,642,520	47,946,175	347,347,261	405,642,520	(58,295,259)	(14.37)
Departmental charges	15,438,847	1,477,589	17,019,378	15,438,847	1,580,531	10.24
Internal recoveries(amount charge out)	(37,902,671)	(3,721,880)	(44,722,534)	(37,902,671)	(6,819,863)	17.99
<b>Total Expenditure</b>	<b>1,674,342,322</b>	<b>148,512,636</b>	<b>1,405,667,838</b>	<b>1,674,342,322</b>	<b>(268,674,484)</b>	<b>(16.05)</b>
<b>Surplus/(Deficit)</b>	<b>42,659,772</b>	<b>70,543,641</b>	<b>(61,910,399)</b>	<b>42,659,772</b>	<b>(104,570,171)</b>	<b>(245.13)</b>
Transfer from Other Reserves	(76,263,411)	(8,152,320)	(83,045,726)	(76,263,411)	(6,782,315)	8.89
Transfer to Other Reserves	33,576,496	14,248,180	31,079,402	33,576,496	(2,497,094)	(7.44)
<b>Surplus/(Deficit) for the year</b>	<b>(27,143)</b>	<b>76,639,501</b>	<b>(113,876,723)</b>	<b>(27,143)</b>	<b>(113,849,580)</b>	



**ANNEXURE B**

**Cash Flow Statement for the month of June 2012**

<u>Cash Receipts by Source</u>	<u>R</u>
Property rates	11,397,230
Service charges - electricity revenue	23,583,613
Service charges - water revenue	8,649,175
Service charges - sanitation revenue	3,861,789
Service charges - refuse revenue	2,580,875
Service charges - other	12,123,794
Rental of facilities and equipment	168,854
Interest earned - external investments	12,808
Interest earned - outstanding debtors	4,146,963
Fines	406,924
Licences and permits	618,746
Transfer receipts - operational	-
Other revenue	24,414,557
<b>Cash Receipts by Source</b>	
<b>Other Cash Flows/Receipts by Source</b>	<b>91,965,328</b>
Transfer receipts - capital	-
Proceeds on disposal of PPE	-
<b>Total Cash Receipts by Source</b>	<b>91,965,328</b>
 <b>Cash Payments by Type</b>	
Employee related costs	31,274,740
Remuneration of councillors	1,539,668
Collection costs	2,431,627
Interest paid	3,623,875
Bulk purchases - Electricity	4,629,095
Bulk purchases - Water & Sewer	25,087,788
Contracted services	7,020,756
General expenses	55,830,952
<b>Cash Payments by Type</b>	<b>131,438,501</b>
 <b>Other Cash Flows/Payments by Type</b>	
Capital assets	24,205,853
Repayment of borrowing	8,104,207
<b>Other Cash Flows/Payments</b>	<b>32,310,060</b>
 <b>Total Cash Payments by Type</b>	<b>163,748,561</b>
 <b>Net payments</b>	<b>(71,783,233)</b>

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure

R thousand	Full Budget	June 2012	YTD Actual	YTD Budget	Variance	YTD %
<b>Capital Expenditure</b>						
<b>Corporate services</b>	<b>8,913,890</b>	<b>3,853,643</b>	<b>6,994,654</b>	<b>8,913,890</b>	<b>(1,919,236)</b>	<b>78.47</b>
Executive and council	8,522,150	3,853,643	6,773,665	8,522,150	(1,748,485)	79.48
Corporate services	391,740		220,989	391,740	(170,751)	56.41
<b>Municipal &amp; Environmental Services</b>	<b>15,070,784</b>	<b>2,582,314</b>	<b>7,976,867</b>	<b>15,070,784</b>	<b>(7,093,917)</b>	<b>52.93</b>
Community and social services	2,625,740	1,003,398	2,047,570	2,625,740	(578,170)	77.98
Sport and recreation	9,241,068	752,317	4,881,523	9,241,068	(4,359,545)	52.82
Refuse removal	691,007	-	-	691,007	(691,007)	-
Public Safety	2,512,969	826,599	1,047,774	2,512,969	(1,465,195)	41.69
Health	-	-	-	-	-	-
<b>Macro city planning &amp; Development</b>	<b>1,408,000</b>	<b>35,048</b>	<b>178,524</b>	<b>1,408,000</b>	<b>(1,229,476)</b>	<b>12.68</b>
Planning and development	1,000,000	35,048	35,048	1,000,000	(964,952)	
Market	408,000	-	143,476	408,000	(264,524)	35.17
<b>Civil Services &amp; Human Settlement</b>	<b>192,465,648</b>	<b>11,130,252</b>	<b>46,451,296</b>	<b>192,465,648</b>	<b>(146,014,352)</b>	<b>24.13</b>
Water	31,762,625	6,816,724	14,126,934	31,762,625	(17,635,691)	44.48
Waste water management(Sewer)	34,284,190	2,805,003	10,915,036	34,284,190	(23,369,154)	31.84
Roads	126,404,343	1,508,525	21,394,840	126,404,343	(105,009,503)	16.93
Housing	14,490	-	14,486	14,490	(4)	99.97
<b>Electrical &amp; Mechanical Engineering</b>	<b>53,119,598</b>	<b>6,274,629</b>	<b>46,670,474</b>	<b>53,119,598</b>	<b>(6,449,124)</b>	<b>87.86</b>
Electrical	53,119,598	6,274,629	46,670,474	53,119,598	(6,449,124)	87.86
<b>Finance</b>	<b>2,190,099</b>	<b>329,968</b>	<b>1,394,638</b>	<b>2,190,099</b>	<b>(795,461)</b>	<b>63.68</b>
Finance	2,190,099	329,968	1,394,638	2,190,099	(795,461)	63.68
<b>Total Capital Expenditure</b>	<b>273,168,019</b>	<b>24,205,854</b>	<b>109,666,453</b>	<b>273,168,019</b>	<b>(163,501,566)</b>	<b>40.15</b>



**ANNEXURE D**  
**DEBTOR'S AGE ANALYSIS**

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 + 120 Days	Total -
<b>Debtors Age Analysis By Income Source</b>					
Water Tariffs	16,735,926	7,323,925	7,204,431	171,735,715	202,999,997
Electricity Tariffs	29,832,290	4,330,817	5,305,899	88,636,880	128,105,886
Rates (Property Rates)	11,995,754	3,307,638	2,341,492	76,513,233	94,158,117
Sewerage / Sanitation Tariffs	4,373,560	1,755,617	1,419,467	79,273,569	86,822,213
Refuse Removal Tariffs	3,472,147	1,674,782	1,485,508	51,216,759	57,849,196
Other	13,515,866	6,589,989	5,475,142	245,050,684	270,631,681
<b>Total By Income Source</b>	<b>79,925,543</b>	<b>24,982,768</b>	<b>23,231,939</b>	<b>712,426,840</b>	<b>840,567,090</b>
<b>Debtors Age Analysis By Customer Group</b>					
Government	3,472,474	1,795,075	531,726	15,016,145	20,815,420
Business	12,479,100	3,036,338	3,016,477	54,013,105	72,545,020
Households	63,089,289	19,599,160	19,127,806	600,343,925	702,160,180
Other	884,680	552,195	555,930	43,053,665	45,046,470
<b>Total By Customer Group</b>	<b>79,925,543</b>	<b>24,982,768</b>	<b>23,231,939</b>	<b>712,426,840</b>	<b>840,567,090</b>

**ANNEXURE E**  
**OUTSTANDING CREDITORS STATEMENT - 30 June 2012**

<b>Detail</b>	<b>0 - 30 Days</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>91 - 120 Days</b>	<b>121 +Days</b>	<b>Total</b> -
Bulk Electricity	17,162,386			51,582,366		68,744,752
Bulk Water	15,064,091	52,406	49,807	-50,598	0	15,115,706
Trade Creditors	14,702,907	18,780	10,237	158,278	-	14,890,202
Auditor General	92,242	6,320	55,384	81,820	726,773	962,539
<b>Total</b>	<b>47,021,626</b>	<b>77,506</b>	<b>115,428</b>	<b>51,771,866</b>	<b>726,773</b>	<b>99,713,199</b>

Investment Portfolio:30 June 2012  
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	MAY 2012	JUNE 2012	MATURITY DATE	EXPLANATION
<b>Fixed Investment</b>						
<b>TOTAL Fixed Investment</b>			-			
<b>Call Investment</b>						
*ABSA	3.30%		50,592,360	45,092,360		MIG
*ABSA	3.25%		47,780	47,780		EWP
*ABSA	5.20%		2,040,000	2,040,000		FMG & MSIG
ABSA	3.25%		1,499,450	1,499,450		OWN FUNDS
RMB	5.00%					IGG
INVESTEC	5.20%					IGG
<b>TOTAL Call Investment</b>			<b>54,179,589</b>	<b>48,679,589</b>		
<b>Collateral</b>						
SANLAM	Policy	Secured Capital	5,458,953	5,458,953	01/12/2013	Policy
SANLAM	Policy	Secured Capital	365,721	365,721	01/08/2014	Policy
NEDCOR	Minimum 5%		13,010,715	13,010,715	30/06/2019	Security
<b>TOTAL</b>			<b>18,835,388</b>	<b>18,835,388</b>		
<b>Long Term Investment</b>						
FNB	10.00%	1 YEAR	67,517	67,517		Housing Collateral
FNB	9.50%	1 YEAR	14,000	14,000		Housing Collateral
<b>TOTAL</b>			<b>81,517</b>	<b>81,517</b>		
<b>TOTAL INVESTMENTS</b>			<b>73,096,494</b>	<b>67,596,494</b>		

<b>PRIMARY BANK ACCOUNT BALANCE</b>	4,406,586	4,460,443
<b>GRAND TOTAL</b>	<u>77,503,081</u>	<u>72,056,937</u>

Withdraw R5 500 000 from ABSA Call (MIG) - 26 June 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 it was invested for



# Annexure 9

Borrowing Reference No	Start Date	End Date	Borrowing Period (Year)	Lender	Purpose	% Interest Rate (2 dec) Per Annum	Interest Paid This quarter	Opening Balance 01/07/2010	Debt Repaid or Re-deemed	Additional Principal Accrued	Balance at 31/06/2012	Redemption 2012/13
<b>ANNUITY LOANS</b>												
JGC09858	1/10/1996	30/09/2014	18	Development Bank of SA	Provision of Infrastructure	12	1,656,695.26	14,778,515.85	3,591,306.48	0.00	11,187,209.37	4,036,740.51
NW109559	1/10/1997	30/09/2017	20	Development Bank of SA	Provision of Infrastructure	15	711,632.39	4,847,462.81	482,317.87	0.00	4,365,144.94	556,502.46
NW11182	1/10/1998	30/09/2018	20	Development Bank of SA	Provision of Infrastructure	15.25	817,353.70	5,446,027.13	427,646.97	0.00	5,020,380.16	496,719.85
NW13637	1/10/2000	30/09/2020	20	Development Bank of SA	Provision of Infrastructure	15.6	505,324.23	3,270,489.32	166,597.35	0.00	3,103,891.97	194,510.53
NW138741	1/10/2001	30/09/2019	18	Development Bank of SA	Combination	14.75	362,786.23	4,444,444.40	555,555.55	0.00	3,888,888.85	555,555.56
NW138742	1/7/2001	30/06/2019	18	Development Bank of SA	Combination	14.75	1,262,897.64	14,998,125.00	0.00	0.00	14,998,125.00	0.00
NW100395	1/7/2003	30/06/2013	10	Development Bank of SA	Combination	11.5	493,270.10	4,815,967.51	2,272,340.32	0.00	2,542,727.19	2,542,727.18
KLER-00-001	1/12/2003	31/12/2013	10	INCA	Acquisition of Other Assets	12.25	588,055.49	5,245,055.56	1,913,212.10	0.00	3,334,843.46	2,156,612.12
NW1012971	1/7/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	2,234,878.78	20,285,949.51	1,673,511.84	0.00	18,612,437.67	1,872,702.52
NW1012972	1/7/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	2,796,536.33	25,384,103.78	2,094,089.73	0.00	23,290,014.05	2,343,339.93
NW1036771	1/11/2010	1/11/2025	15	Development Bank of SA	Provision of Infrastructure	14.75	3,504,969.63	34,507,309.14	1,093,585.97	0.00	33,413,723.17	1,225,080.97
10556	31/01/1998	31/03/2018	15	Development Bank of SA	Provision of Infrastructure	15	1,266,902.88	8,606,609.39	762,292.68	0.00	7,844,316.71	423,828.26
10906	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	563,404.27	3,741,481.38	237,220.18	0.00	3,504,261.20	132,045.75
10912	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	834,376.84	5,540,968.73	351,312.62	0.00	5,189,656.11	195,553.92
10913	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	642,172.55	4,264,569.50	270,395.41	0.00	3,994,184.09	150,506.77
9740	31/03/1996	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	48,910.39	526,456.56	156,635.89	0.00	367,820.77	85,274.85
9741	31/03/1996	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	50,590.50	544,540.87	164,035.16	0.00	380,455.71	89,204.12
9743	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	121,186.04	1,215,282.59	273,625.10	0.00	1,001,657.49	147,073.32
9746	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	135,235.97	1,412,671.04	262,443.42	0.00	1,150,227.62	141,061.80
<b>TOTAL ANNUITIES</b>							18,697,179.22	163,940,130.17	16,750,164.64	0.00	147,189,965.53	17,346,044.32