MONTHLY BUDGET STATEMENT: 30 SEPTEMBER 2012

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

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. SEPTEMBER 2012 REPORT

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

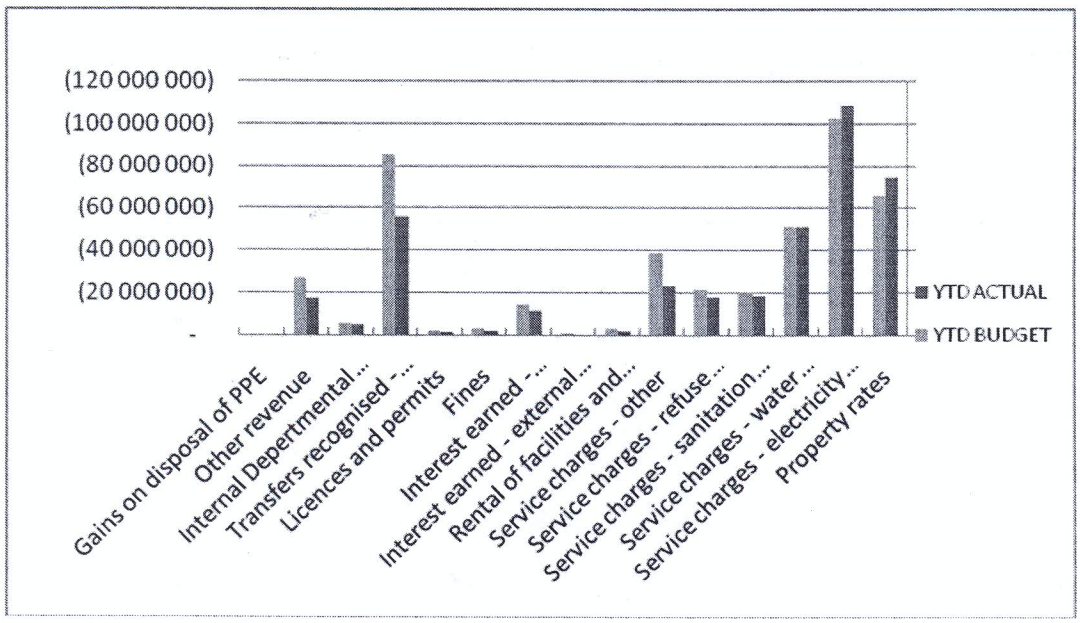
Statement of Financial Performance (SFP)

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.

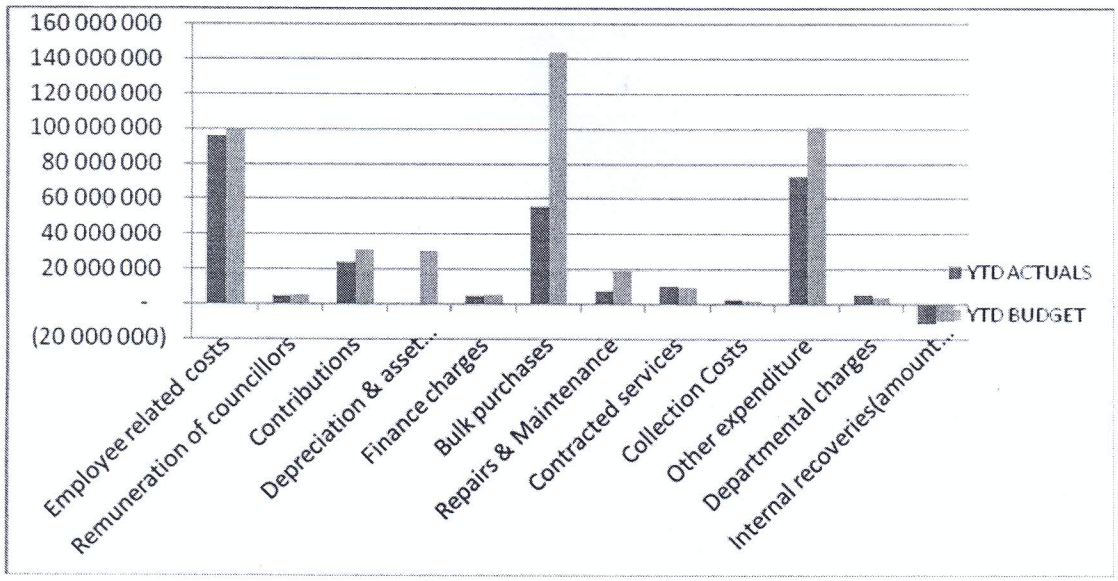
The summary report indicates the following:

Summary statement of			**Financial Performance**	
Description	**YTD Budget**	**September Actual 2012**	**YTD Actual**	**Variance (Favourable) Unfavourable**
Total Revenue By Source	(448,294,661)	(161,367,136)	(393,679,877)	54,614,784
Total Operating Expenditure	447,734,405	116,334,256	271,704,585	(176,029,820)
(SURPLUS)/ DEFICIT	**(560,256)**	**(45,032,880)**	**(121,975,291)**	**(121,415,036)**

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 R90.8 million.

Total cash payments indicate an amount of R109.9 million.

Capital expenditure report (Annexure C)

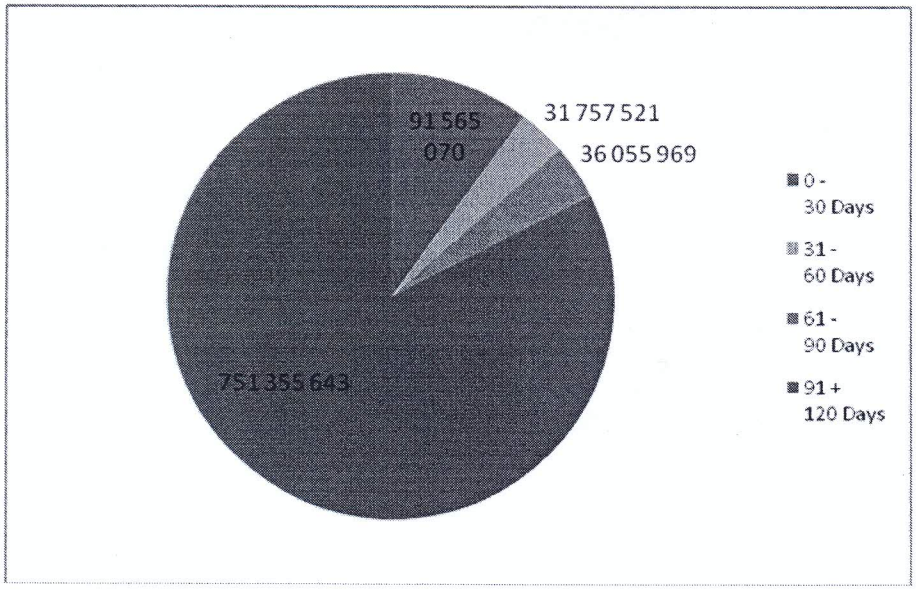
The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	**YTD Budget**	**September Actual 2012**	**Sep YTD Actual**	**Variance Favourable (Unfav)**
Total Capital Expenditure	38,011,500	8,050,644	11,565,666	(26,445,834)

MIG capital expenditure for September month amount of R1, 129,499.

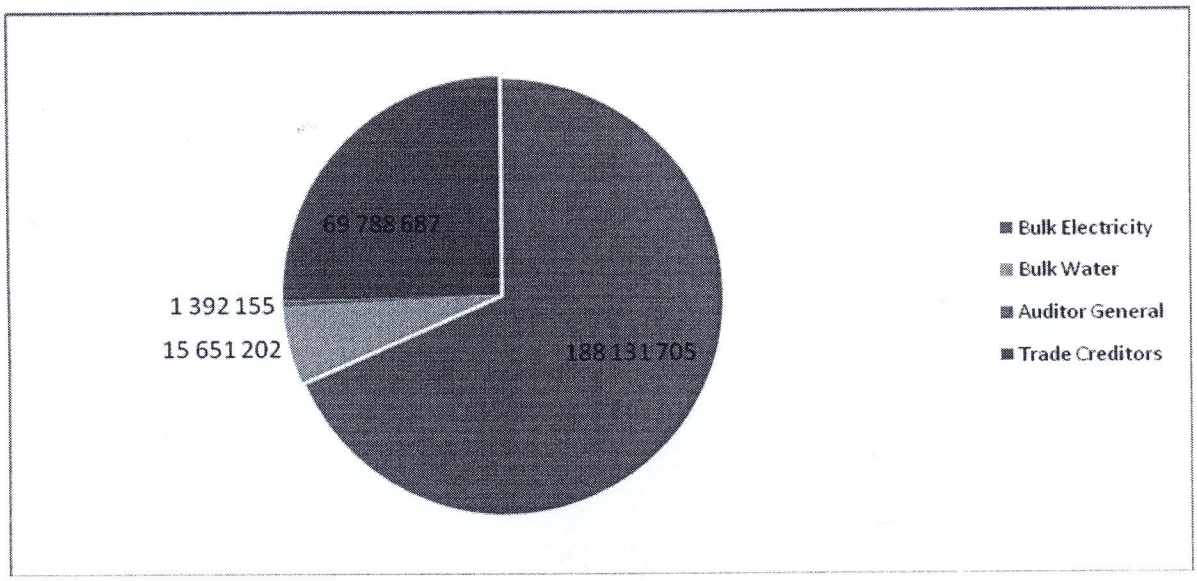
Outstanding Debtors report (Annexure D)

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 2012 amounts to R819.2million.



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 R157.5 million to R188.1 million.



Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to **R 93,067,281** as at 30 September 2012.

The investments as at 30 September 2012 is as follows:

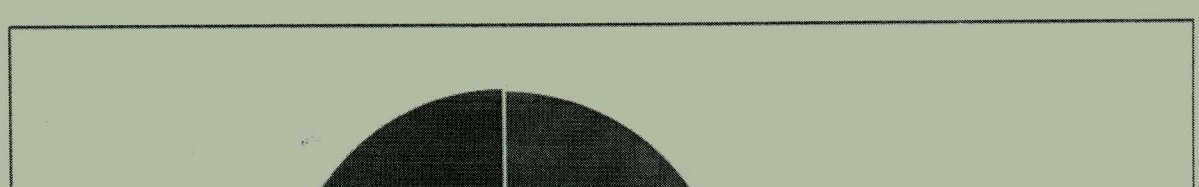
	Investments				
	Fixed	Call	Long Term	Collateral	Total
Institution	R	R	R	R	R
ABSA		63, 358 ,922			63, 358 ,922
FNB			85 ,136		85 ,136
RMB					-
Investec		8 ,000 ,000			8 ,000, 000
Nedcor				15, 472 ,610	15, 472, 610
Sanlam (Policy)		6 ,150 ,613			6, 150, 613
	-	77 ,509 ,535	85 ,136	15, 472, 610	93 ,067, 281

ANNEXURE G (BORROWINGS)

The total amount outstanding on external loans at the end of September 2012 is R142, 982,563.71

4. FINANCIAL IMPLICATIONS

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 R157.5 million to R188.1 million.



The report covers the period from 1 July 2012 to September 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 22.31% the expenditure is 15.39%, although the expenditure is under control in relation to revenue the collection of revenue per source is a concern.

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) - September 2012

Description	Current Year 2012/13						
	Original Budget	Sept Actual	YTD Actual	YTD Budget	Variance	Variance %	YTD %
Revenue By Source							
Property rates	(264 526 699)	(16 314 362)	(75 324 208)	(66 131 675)	(9 192 533)	13.90	28.48
Service charges - electricity revenue	(411 054 158)	(36 992 864)	(108 492 577)	(102 763 540)	(5 729 038)	5.57	26.39
Service charges - water revenue	(204 849 040)	(18 313 312)	(51 492 790)	(51 212 260)	(280 530)	0.55	25.14
Service charges - sanitation revenue	(81 027 920)	(7 045 453)	(18 979 810)	(20 256 980)	1 277 170	(6.30)	23.42
Service charges - refuse revenue	(84 753 536)	(7 162 528)	(18 222 392)	(21 188 384)	2 965 992	(14.00)	21.50
Service charges - other	(155 901 490)	(6 350 999)	(23 577 885)	(38 975 373)	15 397 487	(39.51)	15.12
Rental of facilities and equipment	(12 805 534)	(640 939)	(1 988 992)	(3 201 384)	1 212 392	(37.87)	15.53
Interest earned - external investments	(2 000 000)	(487 541)	(487 775)	(500 000)	12 225	(2.45)	24.39
Interest earned - outstanding debtors	(56 252 321)	(3 857 732)	(11 737 593)	(14 063 080)	2 325 487	(16.54)	20.87
Fines	(12 427 862)	(427 650)	(2 091 420)	(3 106 966)	1 015 545	(32.69)	16.83
Licences and permits	(8 524 982)	(509 543)	(1 851 391)	(2 131 246)	279 855	(13.13)	21.72
Transfers recognised - operational	(341 313 000)	(56 271 233)	(56 272 675)	(85 328 250)	29 055 575	(34.05)	16.49
Internal Depertmental Transfers	(20 706 848)	(1 938 235)	(5 416 419)	(5 176 712)	(239 707)	4.63	26.16
Other revenue	(107 815 499)	(5 054 746)	(17 743 948)	(26 953 875)	9 209 926	(34.17)	16.46
Gains on disposal of PPE	(400 000)	-	-	(100 000)	100 000	(100.00)	-

ANNEXURE B

CASHFLOW AS AT 30 SEPTEMBER 2012

CASH FLOW FROM OPERATING ACTIVITIES	
DESCRIPTION	**AMOUNT**
Receipts	
Sales of goods and services	62 811 271
Government - operating	105 019
Government - capital	830 000
Interest income	767 986
Other income	26 372 469
	90 886 745
Payments	
Suppliers	(105 840 487)
Finance charges	(4 020 088)
Transfers and Grants	-
	(109 860 575)
NET OUTFLOWS FROM OPERATING ACTIVITIES	**(18 973 830)**

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - September 2012

R thousand	Original Budget	September 2012	YTD Actual	YTD Budget	Variance	YTD %
Capital Expenditure						
Corporate services	**4 700 000**	**-**	**-**	**1 175 000**	**(1 175 000)**	**-**
Executive and council	4 700 000	-	-	1 175 000	(1 175 000)	0
Corporate services	-		-	-	-	
Municipal & Environmental Servic	**12 700 000**	**526 136**	**526 136**	**3 175 000**	**(2 648 864)**	**4.14**
Community and social services	3 700 000	-	-	925 000	(925 000)	-
Sport and recreation	9 000 000	526 136	526 136	2 250 000	(1 723 864)	**5.85**
Refuse removal	-	-	-	-	-	
Public Safety	-	-	-	-	-	
Health	-	-	-	-	-	
			-	-		
Macro city planning & Developme	-	-	-	-	-	
Planning and development	-	-	-	-	-	
Market	-	-	-	-	-	
			-	-		
Civil Services & Human Settlemer	**116 146 000**	**1 804 522**	**4 344 755**	**29 036 500**	**(24 691 745)**	**3.74**
Water	23 500 000	397 616	1 939 905	5 875 000	(3 935 095)	**8.25**
Waste water management(Sewer	21 892 332	575 701	575 701	5 473 083	(4 897 382)	**2.63**
Roads	70 753 668	831 205	1 829 149	17 688 417	(15 859 268)	**2.59**
Housing	-		-	-	-	
Electrical & Mechanical Engine						

financial year invested on short term to gain interest while processes on

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 E
OUTSTANDING CREDITORS STATEMENT - September 2012

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total -
Bulk Electricity	31 220 174	49 784 102	66 117 521	41 009 908	-	188 131 705
Bulk Water	15 601 031	50 171	-	-	-	15 651 202
Auditor General	673 001	381 970	337 184	-	-	1 392 155
Trade Creditors	69 536 369	133 924	78 198	40 196	-	69 788 687
Total	**117 030 575**	**50 350 167**	**66 532 903**	**41 050 104**	**-**	**274 963 749**

ANNEXURE F

Investment Portfolio:30 September 2012
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	AUG 2012	SEPT 2012	MATURITY DATE	EXPLANATION
Fixed Investment						
TOTAL Fixed Investment			-	-		
Call Investment						
ABSA	3.30%		53 576	53 576		
ABSA	3.25%		43 123	43 123		
ABSA	4.47%		62 768 494	62 897 810		
ABSA	3.25%		364 413	364 413		
INVESTEC	4.70%		8 000 000	8 000 000		
TOTAL Call Investment			**71 229 606**	**71 358 922**		
Collateral						
SANLAM	Policy	ed Capital	5 764 535	5 764 535	01/12/2013	Policy
SANLAM	Policy	ed 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			**92 937 965**	**93 067 281**		

changes are due to capitalisation of interest earned

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 G AS AT 30 SEPTEMBER 2012

Borrowing Reference No	Start Date	End Date	Borrowing Period Years	Lender	Purpose	% Interest Rate (2 dec) Per Annum	Interest Paid This quarter	Opening Balance 01/07/2012	Debt Repaid or Re-deemed	Additional Principal Accrued	Balance at 30/09/2012	Redemption 2012/13
ANNUITY LOANS												
JBC09588	1/10/1996	30/09/2014	18	Development Bank of SA	Provision of Infrastructure	12	666,443.94	11,187,209.37	1,957,556.93	0.00	9,229,652.44	4,036,740.51
NW10959	1/10/1997	30/09/2017	20	Development Bank of SA	Provision of Infrastructure	15	328,773.52	4,365,144.94	268,201.61	0.00	4,096,943.33	558,557.25
NW11182	1/10/1998	30/09/2018	20	Development Bank of SA	Provision of Infrastructure	15.25	384,372.96	5,020,380.16	238,127.38	0.00	4,782,252.78	496,719.85
NW13637	1/10/2000	30/09/2020	20	Development Bank of SA	Provision of Infrastructure	15.6	243,054.05	3,103,891.97	92,906.74	0.00	3,010,985.23	194,510.53
NW13874/1	1/10/2001	30/09/2019	18	Development Bank of SA	Combination	14.75	82,653.31	3,888,888.85	0.00	0.00	3,888,888.85	555,555.56
NW13874/2	1/7/2001	30/06/2019	18	Development Bank of SA	Combination	14.75	318,261.46	14,998,125.00	0.00	0.00	14,998,125.00	
NW100395	1/7/2003	30/06/2013	10	Development Bank of SA	Combination	11.5	0.00	2,542,727.19	0.00	0.00	2,542,727.19	2,542,247.16
KLER-00-001	1/13/2003	31/12/2013	10	INCA	Acquisition of Other Assets	12.25	0.00	3,334,843.46	0.00	0.00	3,334,843.46	2,156,612.12
NW101297/1	1/7/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	0.00	18,612,437.67	0.00	0.00	18,612,437.67	1,872,702.52
NW101297/2	1/7/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	0.00	23,290,014.05	0.00	0.00	23,290,014.05	2,343,339.93
NW103677/1	1/11/2010	1/11/2025	15	Development Bank of SA	Provision of Infrastructure	14.75	887,180.86	33,413,723.17	287,056.37	0.00	33,126,666.80	1,225,063.08
10556	31/3/1998	31/3/2018	15	Development Bank of SA	Provision of Infrastructure	15	590,769.52	7,844,316.71	423,828.26		7,420,488.45	883,120.84
10906	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	268,266.48	3,504,261.20	132,045.75		3,372,215.45	275,763.81
10912	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	397,290.81	5,189,656.11	195,553.92		4,994,102.19	408,394.01
10913	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	305,772.21	3,994,184.09	150,506.77		3,843,677.32	314,317.69
9740	31/03/1996	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	18,498.29	367,820.77	85,274.84		282,545.93	174,930.99
9741	31/03/1996	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	19,410.04	380,455.71	88,204.12		292,251.59	180,939.98
9743	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	50,328.25	1,001,657.49	147,077.32		854,580.17	301,816.84
9746	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	57,777.89	1,150,227.62	141,061.81		1,009,165.81	289,526.98
TOTAL ANNUITIES							4,618,853.59	147,189,965.53	4,207,401.82	0.00	142,982,563.71	18,810,859.65