

MONTHLY BUDGET STATEMENT: 28 FEBRUARY 2013

MUNICIPAL FINANCE MANAGEMENT ACT NO.56 of 2003(MFMA): MONTHLY FINANCIAL REPORT
FOR FEBRUARY 2013 (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. FEBRUARY 2013 REPORT

The financial results for the period ended 28 February 2013 are summarized as follows:

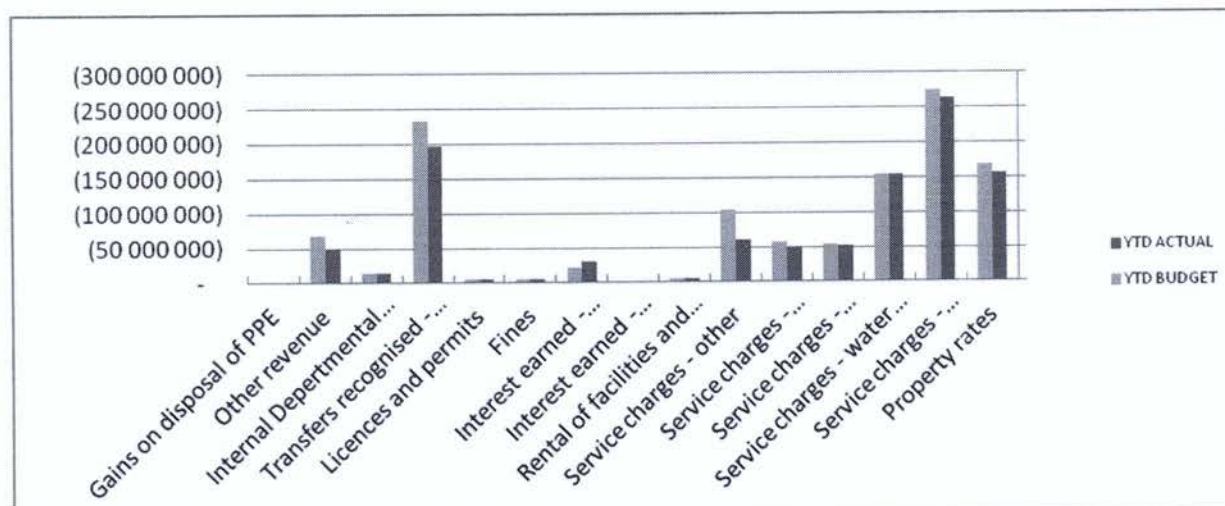
Statement of Financial Performance (SFP)

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.

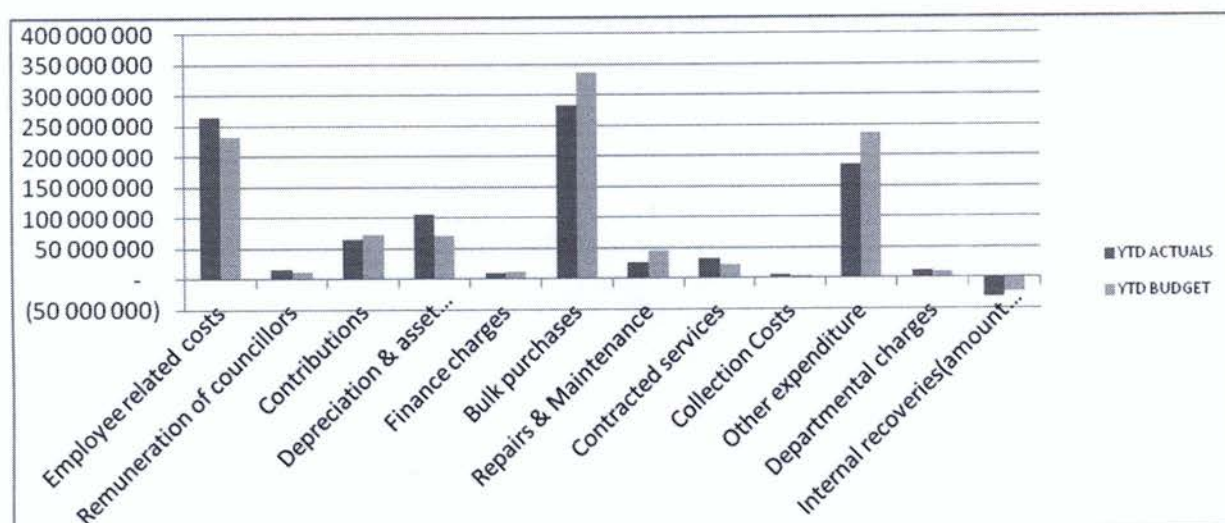
The summary report indicates the following:

Summary statement of		Financial Performance		
Description	YTD Budget	February Actual 2013	YTD Actual	Variance (Favourable) Unfavourable
Total Revenue By Source	(1,173,921,360)	(135,486,506)	(1,066,074,378)	107,846,982
Total Operating Expenditure	1,035,857,279	121,136,166	980,188,225	(55,669,053)
(SURPLUS)/ DEFICIT	(138,064,081)	(14,350,340)	(85,886,153)	52,177,928

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 R103.2million.

Total cash payments indicate an amount of R106.2million.

Capital expenditure report (Annexure C)

The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	YTD Budget	February Actual 2013	YTD Actual	Variance Favourable (Unfav)
Total Capital Expenditure	143,762,569	2,081,708	49,496,853	(94,265,716)

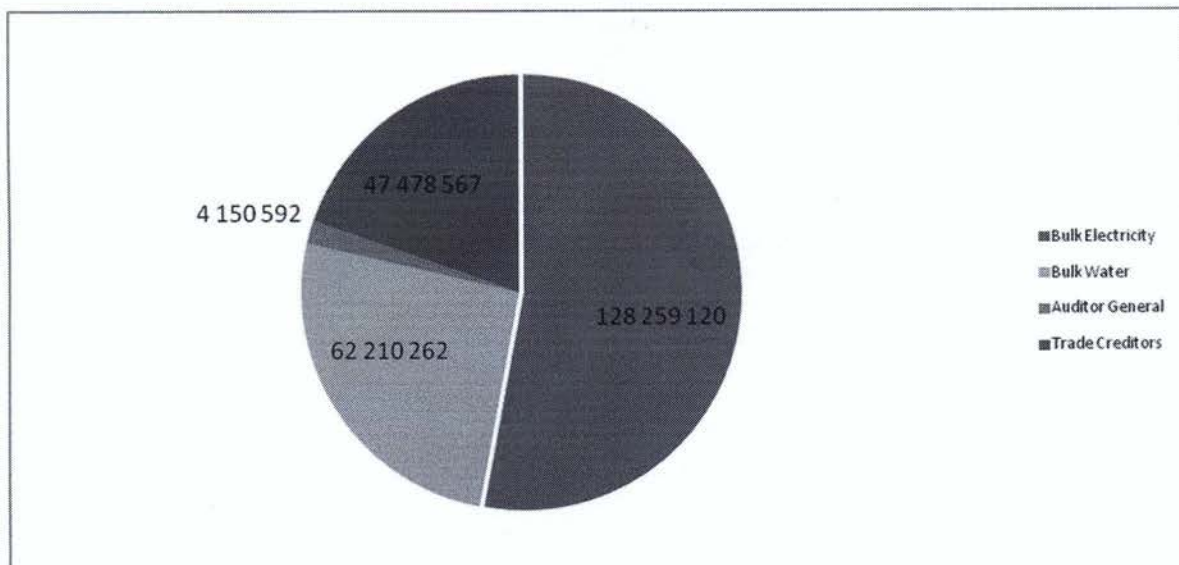
MIG capital expenditure for February month amount of R2, 078,708

Debtors

Total outstanding debtors as at 28 February 2013 amounted to R937, 229,441

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 R134.4 million to R128.2 million.



Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to **R 130,190,506** as at 28 February 2013.

The investments as at 28 February 2013 is as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		100,482,147			100,482,147
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
	-	114,632,760	85,136	15,472,610	130,190,506

ANNEXURE G (BORROWINGS)

The total amount outstanding on external loans at the end of February 2013 is R137, 876,257.60

4. FINANCIAL IMPLICATIONS

The report covers the period from 1 July 2012 to February 2013. 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 R1 039.1b is 11% below a YTD budget of R1 165.9b. Actual YTD expenditure is 6% below YTD budget, due to less spending as a result of low collection. Collection still remains a challenge as evidenced 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) - February 2013

Description	Current Year 2012/13							YTD %
	Original Budget	Full year Budget	February Actual	YTD Actual	YTD Budget	Variance	Variance	
Revenue By Source								
Property rates	(264 526 699)	(253 065 211)	(15 875 689)	(155 333 170)	(168 710 141)	13 376 971	(7.93)	61.38
Service charges - electricity revenue	(411 054 158)	(411 054 158)	(30 441 441)	(263 220 385)	(274 036 105)	10 815 721	(3.95)	64.04
Service charges - water revenue	(204 849 040)	(230 839 110)	(23 061 998)	(153 112 815)	(153 892 740)	779 925	(0.51)	66.33
Service charges - sanitation revenue	(81 027 920)	(81 027 920)	(6 697 669)	(51 370 308)	(54 018 613)	2 648 305	(4.90)	63.40
Service charges - refuse revenue	(84 753 536)	(84 753 536)	(6 617 817)	(49 832 959)	(56 502 357)	6 669 398	(11.80)	58.80
Service charges - other	(155 901 490)	(155 365 690)	(6 091 578)	(60 595 553)	(103 577 127)	42 981 573	(41.50)	39.00
Rental of facilities and equipment	(12 805 534)	(8 081 604)	(559 078)	(5 071 243)	(5 387 736)	316 493	(5.87)	62.75
Interest earned - external investments	(2 000 000)	(1 500 000)	(972 563)	(1 587 701)	(1 000 000)	(587 701)	58.77	105.85
Interest earned - outstanding debtors	(56 252 321)	(32 495 475)	(4 405 954)	(30 101 771)	(21 663 650)	(8 438 121)	38.95	92.63
Fines	(12 427 862)	(8 311 360)	(559 685)	(4 442 660)	(5 540 907)	1 098 246	(19.82)	53.45
Licences and permits	(8 524 982)	(8 524 982)	(723 302)	(4 930 393)	(5 683 321)	752 928	(13.25)	57.83
Transfers recognised - operational	(341 313 000)	(348 412 288)	(28 014 525)	(196 498 606)	(232 274 859)	35 776 253	(15.40)	56.40
Internal Departmental Transfers	(20 706 848)	(20 706 848)	(1 778 754)	(13 427 985)	(13 804 565)	376 580	(2.73)	64.85
Other revenue	(107 815 499)	(102 555 499)	(4 965 308)	(47 660 315)	(68 370 333)	20 710 018	(30.29)	46.47
Gains on disposal of PPE	(400 000)	(2 200 000)	(1 941 096)	(1 941 096)	(1 466 667)	(474 429)	32.35	88.23
Total Revenue	(1 764 358 889)	(1 748 893 681)	(132 706 457)	(1 039 126 961)	(1 165 929 121)	126 802 160	(10.88)	59.42
Expenditure By Type								
Employee related costs	397 440 623	407 589 747	32 970 646	263 803 690	231 840 363	31 963 327	13.79	66.38
Remuneration of councillors	19 781 357	22 349 133	1 885 224	14 732 379	11 539 125	3 193 254	27.67	74.48
Contributions	124 163 223	107 291 223	7 955 269	63 642 149	72 428 547	(8 786 398)	(12.13)	51.26
Depreciation & asset impairment	122 708 245	122 708 245	13 173 673	105 507 087	71 579 810	33 927 277	47.40	85.98
Finance charges	20 888 606	19 888 606	265 178	9 155 934	12 185 020	(3 029 086)	(24.86)	43.83
Bulk purchases	576 821 258	556 821 258	43 904 064	283 094 611	336 479 067	(53 384 457)	(15.87)	49.08
Repairs & Maintenance	74 536 378	67 344 378	2 848 248	26 829 710	43 479 554	(16 649 844)	(38.29)	36.00
Contracted services	38 373 033	59 418 171	2 808 191	32 579 155	22 384 269	10 194 886	45.54	84.90
Collection Costs	5 265 000	6 530 000	144 090	4 807 760	3 071 250	1 736 510	56.54	91.32
Other expenditure	404 849 048	396 860 884	18 928 372	184 669 246	236 161 945	(51 492 699)	(21.80)	45.61
Departmental charges	16 476 177	21 084 770	88 267	12 387 717	9 611 103	2 776 613	28.89	75.19
Internal recoveries(amount charge out)	(39 065 327)	(39 065 327)	(3 838 056)	(30 575 546)	(22 788 107)	(7 787 438)	34.17	78.27
Total Expenditure	1 762 237 621	1 748 821 088	121 133 166	970 633 891	1 027 971 946	(57 338 055)	(5.58)	55.08
Surplus/(Deficit)								
Transfer from Other Reserves	(2 121 268)	(72 593)	(11 573 291)	(68 493 070)	(137 957 175)	69 464 105		
Transfer to Other Reserves	(28 819 755)	(11 988 359)	(2 780 049)	(26 947 418)	(7 992 239)	(18 955 178)	237.17	
	28 700 000	11 828 000	3 000	9 554 335	7 885 333	1 669 001	21.17	
(Surplus)/ Deficit for the year	(2 241 023)	(232 952)	(14 350 340)	(85 886 153)	(138 064 081)	52 177 928		

ANNEXURE B**CASHFLOW AS AT 28 February 2013**

CASH FLOW FROM OPERATING ACTIVITIES		February 2013
DESCRIPTION		AMOUNT
<u>Receipts</u>		
Sales of goods and services		77 041 890
Government - operating		552 000
Government - capital (MIG)		-
Interest income		32 816
Other income		25 612 692
		103 239 398
<u>Payments</u>		
Suppliers and employees		(105 961 956)
Finance charges		(265 178)
Transfers and Grants		-
		(106 227 134)
NET OUTFLOWS FROM OPERATING ACTIVITIES		(2 987 736)

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - February 2013

R thousand	Original Budget	Full Budget	February	YTD Actual	YTD Budget	Variance	YTD %
Capital Expenditure							
Corporate services	4 700 000	-	-	-	-	-	-
Executive and council	4 700 000	-	-	-	-	-	0
Corporate services	-	-	-	-	-	-	-
Municipal & Environmental Services	12 700 000	12 000 813	3 000	1 650 935	8 000 542	(6 349 607)	13.76
Community and social services	3 700 000	1 318 841	3 000	122 323	879 227	(756 904)	9.28
Sport and recreation	9 000 000	9 564 896	-	580 757	6 376 597	(5 795 840)	6.07
Refuse removal	-	499 868	-	499 867	333 245	166 622	100.00
Public Safety	-	617 208	-	447 988	411 472	36 516	72.58
Health	-	-	-	-	-	-	-
Macro city planning & Development	-	962 125	-	452 368	641 417	(189 049)	47.02
Planning and development	-	962 125	-	452 368	641 417	(189 049)	47.02
Market	-	-	-	-	-	-	-
Civil Services & Human Settlements	116 146 000	170 144 328	1 887 299	36 149 732	113 429 552	(77 279 820)	21.25
Water	23 500 000	24 255 700	-	10 139 457	16 170 467	(6 031 010)	41.80
Waste water management(Sewer)	21 892 332	29 205 837	-	1 701 551	19 470 558	(17 769 007)	5.83
Roads	70 753 668	116 682 791	1 887 299	24 308 724	77 788 527	(53 479 803)	20.83
Housing	-	-	-	-	-	-	-
Electrical & Mechanical Engineering	18 500 000	32 536 587	191 409	11 243 818	21 691 058	(10 447 240)	60.78
Electrical	18 500 000	32 536 587	191 409	11 243 818	21 691 058	(10 447 240)	34.56
Finance	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-
Total Capital Expenditure	152 046 000	215 643 853	2 081 708	49 496 853	143 762 569	(94 265 716)	22.95

ANNEXURE E**OUTSTANDING CREDITORS STATEMENT - February 2013**

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total
Bulk Electricity	29 163 700	31 438 445	29 226 299	26 151 800	12 278 876	128 259 120
Bulk Water	17 225 087	14 647 771	14 852 892	15 484 512		62 210 262
Auditor General	1 498 194	261 341	1 018 920	697 941	674 196	4 150 592
Trade Creditors	822 979	29 659 790	16 824 923	170 875		47 478 567
Total	48 709 960	76 007 347	61 923 034	42 505 128	12 953 072	242 098 541

ANNEXTURE F

Investment Portfolio: 28 February 2013

City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	JAN 2013	FEB 2013	MATURITY DATE	EXPLANATION
Call Investment						
ABSA	3.30%		53 576	53 576		
ABSA	3.25%		43 123	43 123		
ABSA	4.47%		111 603 708	100 021 035		
ABSA	3.25%		364 413	364 413		
INVESTEC	4.70%		8 000 000	8 000 000		
TOTAL Call Investment			120 064 820	108 482 147		
Collateral						
SANLAM	Policy	Guaranteed Capital	5 764 535	5 764 535	01/12/2013	Policy
SANLAM	Policy	Guaranteed 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			141 773 179	130 190 506		

Withdraw R4 328 946.46 from Absa Call -04 February 2013

Withdraw R1 966 656.83 from Absa Call -22 February 2013

Withdraw R5 287 070 from Absa Call -25 February 2013

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 C AS AT 28 FEBRUARY 2013

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 28/02/2013	Redemption 2012/13
JBC09588	1/10/1986	30/09/2014	18	Development Bank of SA	Provision of Infrastructure	12	666,443.94	11,187,209.37	1,857,555.93	0.00	9,229,652.44	4,036,740.51
NW10959	1/10/1987	30/09/2017	20	Development Bank of SA	Provision of Infrastructure	15	328,773.52	4,355,144.94	263,201.51	0.00	4,096,943.33	568,557.25
NW11182	1/10/1988	30/09/2018	20	Development Bank of SA	Provision of Infrastructure	15.25	384,375.96	5,020,380.16	238,127.38	0.00	4,782,252.78	496,715.85
NW13637	1/10/2000	30/09/2020	20	Development Bank of SA	Provision of Infrastructure	15.6	243,654.05	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	159,860.95	3,898,888.85	277,777.77	0.00	3,611,111.08	555,555.56
NW13874/2	1/7/2001	30/06/2019	18	Development Bank of SA	Combination	14.75	615,410.76	14,999,125.00	0.00	0.00	14,999,125.00	2,542,347.16
NW10095	1/7/2003	30/06/2013	10	Development Bank of SA	Combination	11.5	148,275.87	2,542,727.19	1,234,525.33	0.00	1,308,201.86	2,156,912.12
KLER-00-001	1/1/2003	31/12/2013	10	INCA	Acquisition of Other Assets	12.25	205,535.00	3,334,843.46	1,044,318.08	0.00	2,290,525.38	1,872,702.52
NW101297/1	1/7/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	1,052,982.61	18,612,437.67	902,132.70	0.00	17,710,304.97	2,343,359.93
NW101297/2	1/7/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	1,316,481.25	23,290,014.05	1,128,851.78	0.00	22,161,162.27	2,343,359.93
NW103877/1	1/1/2010	1/1/2025	15	Development Bank of SA	Provision of Infrastructure	14.75	2,326,052.46	33,413,723.17	805,236.82	0.00	32,608,486.35	1,225,053.08
10556	31/3/1988	31/3/2018	15	Development Bank of SA	Provision of Infrastructure	15	590,755.52	7,844,315.71	423,828.26	0.00	7,420,486.45	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	0.00	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	5,189,556.11	195,553.92	0.00	4,994,002.19	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	0.00	3,843,677.32	314,317.69
9740	31/03/1986	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	16,498.29	367,820.77	85,274.84	0.00	282,545.93	174,930.99
9741	31/03/1986	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	19,410.04	380,455.71	88,204.12	0.00	292,251.59	180,935.98
9743	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	50,326.25	1,001,657.49	147,077.32	0.00	854,580.17	301,815.84
9746	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	57,777.89	1,150,227.62	141,081.81	0.00	1,009,145.81	289,526.98
TOTAL ANNUITIES							9,155,933.87	147,189,965.53	9,313,707.93	0.00	137,876,257.60	18,810,859.65