

## MONTHLY BUDGET STATEMENT: 31 JANUARY 2013

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

The financial results for the period ended 31 January 2013 are summarized as follows:

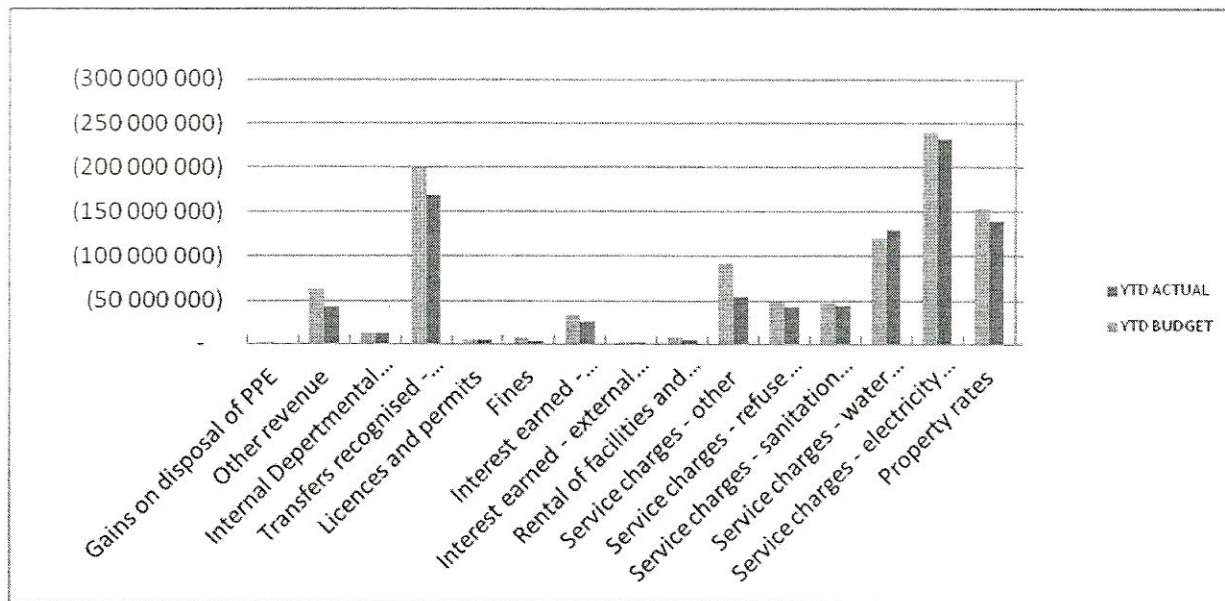
#### Statement of Financial Performance (SFP)

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.

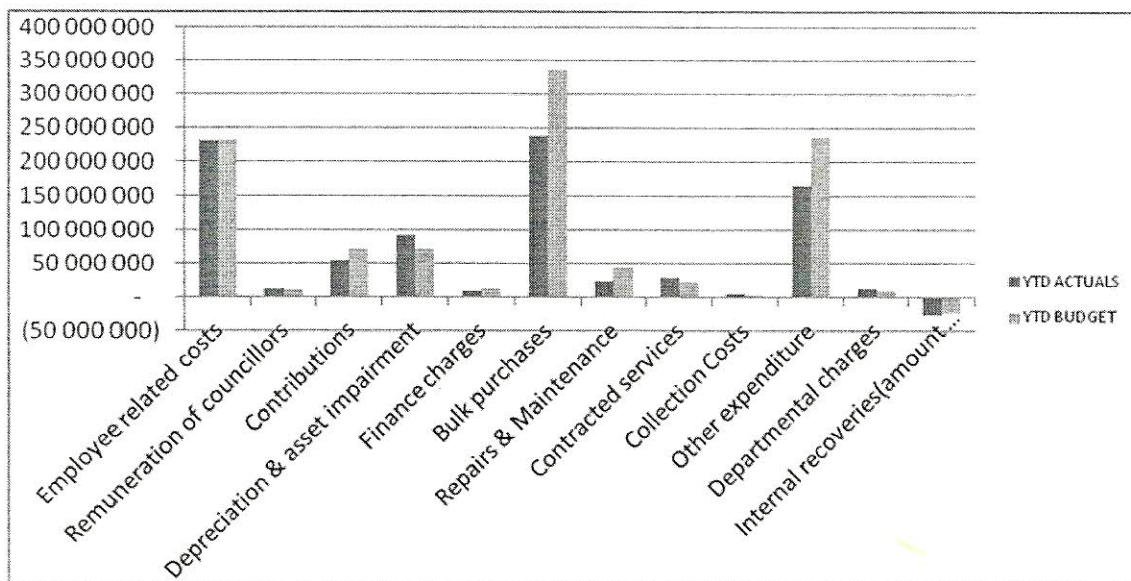
The summary report indicates the following:

Summary statement of		Financial Performance		
Description	YTD Budget	January Actual 2013	YTD Actual	Variance (Favourable) Unfavourable
Total Revenue By Source	(1,046,020,876)	(179,024,866)	(930,587,872)	115,433,003
Total Operating Expenditure	1,042,321,946	187,116,369	859,052,059	(183,269,886)
(SURPLUS)/ DEFICIT	(3,698,930)	8,091,503	(71,535,813)	(67,836,883)

### 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 R89.2million.

Total cash payments indicate an amount of R88.5million.

### Capital expenditure report (Annexure C)

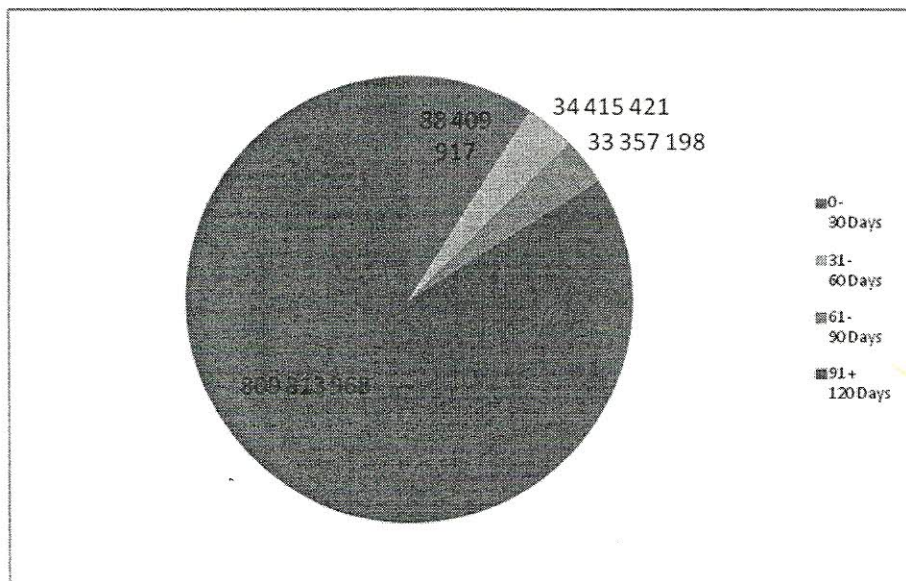
The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	YTD Budget	January Actual 2013	YTD Actual	Variance Favourable (Unfav)
Total Capital Expenditure	88,693,500	3,503,195	47,415,145	(41,278,355)

MIG capital expenditure for January month amount of R2, 709,803

### Outstanding Debtors report (Annexure D)

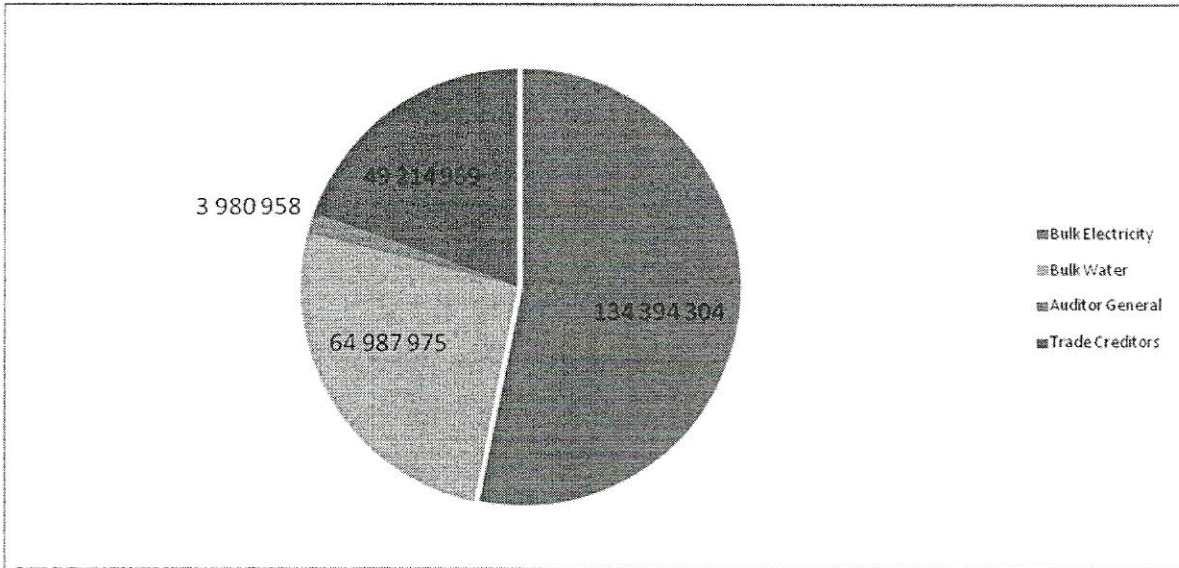
This format provides an extended aged analysis, as well as debtor's type. The summary report indicates that the debtor's greater than 30 days (31-90+days) balance as at 31 January 2013 amounts to R877,6million.





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 R134.6 million to R134.4 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 January 2013.

**The investments as at 31 January 2013 is as follows:**

## Investments

## **ANNEXURE G (BORROWINGS)**

The total amount outstanding on external loans at the end of January 2013 is R138, 002,491.87

### **MAJOR CHALLENGES FOR THE MONTH:**

- High numbers of consumers not paying especially in Tigane, Khuma and Kanana. There are no effective means of credit control in those areas.
- Continued theft of electricity and water and the general non-payment of services by consumers puts more pressure on our cash flow and consequently on our ability to pay our operational expenditure including Eskom and Midvaal. Bulk service providers require payment irrespective.

### **4. FINANCIAL IMPLICATIONS**

The report covers the period from 1 July 2012 to January 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 R906.4m is 12% below a YTD budget of R1 029.2b. Actual YTD expenditure is 17% 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) - January 2013

Description	Current Year 2012/13					
	Original Budget	January Actual	YTD Actual	YTD Budget	Variance	Variance
<b>Revenue By Source</b>						
Property rates	(264 526 699)	(15 891 843)	(139 457 481)	(154 307 241)	14 849 760	(9.62)
Service charges - electricity revenue	(411 054 158)	(29 778 886)	(232 778 944)	(239 781 592)	7 002 648	(2.92)
Service charges - water revenue	(204 849 040)	(20 753 536)	(130 050 817)	(119 495 273)	(10 555 544)	8.83
Service charges - sanitation revenue	(81 027 920)	(6 851 512)	(44 672 639)	(47 266 287)	2 593 648	(5.49)
Service charges - refuse revenue	(84 753 536)	(6 882 274)	(43 215 142)	(49 439 563)	6 224 421	(12.59)
Service charges - other	(155 901 490)	(5 500 122)	(54 503 975)	(90 942 536)	36 438 561	(40.07)
Rental of facilities and equipment	(12 805 534)	(637 859)	(4 512 165)	(7 469 895)	2 957 730	(39.60)
Interest earned - external investments	(2 000 000)	(96 130)	(615 138)	(1 166 667)	551 529	(47.27)
Interest earned - outstanding debtors	(56 252 321)	(4 260 335)	(25 695 818)	(32 813 854)	7 118 036	(21.69)
Fines	(12 427 862)	(616 835)	(3 882 976)	(7 249 586)	3 366 611	(46.44)
Licences and permits	(8 524 982)	(562 855)	(4 207 091)	(4 972 906)	765 815	(15.40)
Transfers recognised - operational	(341 313 000)	(56 078 092)	(168 484 081)	(199 099 250)	30 615 169	(15.38)
Internal Departmental Transfers	(20 706 848)	(1 239 866)	(11 649 232)	(12 078 995)	429 763	(3.56)
Other revenue	(107 815 499)	(7 346 973)	(42 695 006)	(62 892 374)	20 197 368	(32.11)
Gains on disposal of PPE	(400 000)	-	-	(233 333)	233 333	(100.00)
<b>Total Revenue</b>	<b>(1 764 358 889)</b>	<b>(156 497 119)</b>	<b>(906 420 504)</b>	<b>(1 029 209 352)</b>	<b>122 788 848</b>	<b>(11.93)</b>
<b>Expenditure By Type</b>						
Employee related costs	397 440 623	35 190 644	230 833 044	231 840 363	(1 007 320)	(0.43)
Remuneration of councillors	19 781 357	3 586 192	12 847 155	11 539 125	1 308 030	11.34
Contributions	124 163 223	7 955 269	55 686 880	72 428 547	(16 741 667)	(23.11)
Depreciation & asset impairment	122 708 245	92 333 414	92 333 414	71 579 810	20 753 604	28.99
Finance charges	20 888 606	294 460	8 890 756	12 185 020	(3 294 264)	(27.04)
Bulk purchases	576 821 258	14 667 508	239 190 546	336 479 067	(97 288 521)	(28.91)
Repairs & Maintenance	74 536 378	4 467 237	23 981 462	43 479 554	(19 498 092)	(44.84)
Contracted services	38 373 033	4 576 331	29 770 964	22 384 269	7 386 695	33.00
Collection Costs	5 265 000	274 809	4 663 670	3 071 250	1 592 420	51.85
Other expenditure	404 849 048	25 530 428	165 740 874	236 161 945	(70 421 071)	(29.82)
Departmental charges	16 476 177	1 261 741	12 299 449	9 611 103	2 688 346	27.97
Internal recoveries (amount charge out)	(39 065 327)	(3 815 055)	(26 737 489)	(22 788 107)	(3 949 382)	17.33
<b>Total Expenditure</b>	<b>1 762 237 621</b>	<b>186 322 977</b>	<b>849 500 724</b>	<b>1 027 971 946</b>	<b>(178 471 221)</b>	<b>(17.36)</b>
<b>Surplus/(Deficit)</b>	<b>(2 121 268)</b>	<b>29 825 858</b>	<b>(56 919 780)</b>	<b>(1 237 406)</b>	<b>(55 682 373)</b>	
Transfer from Other Reserves	(28 819 755)	(22 527 747)	(24 167 368)	(16 811 524)	(7 355 845)	43.75
Transfer to Other Reserves	28 700 000	793 392	9 551 335	14 350 000	(4 798 665)	(33.44)
<b>(Surplus)/ Deficit for the year</b>	<b>(2 241 023)</b>	<b>8 091 503</b>	<b>(71 535 813)</b>	<b>(3 698 930)</b>	<b>(67 836 883)</b>	

**ANNEXURE B****CASHFLOW AS AT 31 January 2013**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		January 2013
<b>DESCRIPTION</b>		<b>AMOUNT</b>
<u>Receipts</u>		
Sales of goods and services		81 958 546
Government - operating		-
Government - capital (MIG)		-
Interest income		125 634
Other income		7 138 525
		<b>89 222 705</b>
<u>Payments</u>		
Suppliers and employees		(88 293 149)
Finance charges		(294 460)
Transfers and Grants		-
		<b>(88 587 609)</b>
<b>NET OUTFLOWS FROM OPERATING ACTIVITIES</b>		<b>635 096</b>



## ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - January 2013

R thousand	Original Budget	January	YTD Actual	YTD Budget	Variance	YTD %
<b>Capital Expenditure</b>						
<b>Corporate services</b>	4 700 000		-	2 741 667	(2 741 667)	-
Executive and council	4 700 000		-	2 741 667	(2 741 667)	0
Corporate services	-		-	-	-	
<b>Municipal &amp; Environmental Services</b>	12 700 000	80 673	1 647 935	7 408 333	(5 760 398)	12.98
Community and social services	3 700 000	80 673	119 323	2 158 333	(2 039 010)	3.22
Sport and recreation	9 000 000	-	580 757	5 250 000	(4 669 243)	6.45
Refuse removal	-	-	499 867	-	499 867	
Public Safety	-	-	447 988	-	447 988	
Health	-	-	-	-	-	
<b>Macro city planning &amp; Development</b>	-	94 115	452 368	-	452 368	
Planning and development	-	94 115	452 368	-	452 368	
Market	-	-	-	-	-	
<b>Civil Services &amp; Human Settlements</b>	116 146 000	3 324 395	34 262 433	67 751 833	(33 489 401)	29.50
Water	23 500 000	2 513 745	10 139 457	13 708 333	(3 568 877)	43.15
Waste water management(Sewer)	21 892 332	-	1 701 551	12 770 527	(11 068 976)	7.77
Roads	70 753 668	810 650	22 421 425	41 272 973	(18 851 548)	31.69
Housing	-	-	-	-	-	
<b>Electrical &amp; Mechanical Engineering</b>	18 500 000	4 012	11 052 409	10 791 667	260 742	59.74
Electrical	18 500 000	4 012	11 052 409	10 791 667	260 742	59.74
<b>Finance</b>	-	-	-	-	-	
Finance	-	-	-	-	-	
<b>Total Capital Expenditure</b>	<b>152 046 000</b>	<b>3 503 195</b>	<b>47 415 145</b>	<b>88 693 500</b>	<b>(41 278 355)</b>	<b>31.18</b>



ANNEXURE D  
DEBTOR'S AGE ANALYSIS - January 2012

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 + 120 Days	Total -
<b>Debtors Age Analysis By Income Source</b>					
Water Tariffs	20 031 518	10 364 549	10 362 714	207 284 451	248 043 232
Electricity Tariffs	31 558 294	7 962 080	3 598 071	96 673 335	139 791 780
Rates (Property Rates)	11 923 431	3 194 356	2 694 707	85 235 543	103 048 037
Sewerage / Sanitation Tariffs	4 546 240	1 964 529	1 593 455	55 109 371	63 213 595
Refuse Removal Tariffs	3 620 938	1 900 913	1 690 792	59 081 487	66 294 130
Other	16 729 496	9 028 994	13 417 459	306 429 781	331 268 025
<b>Total By Income Source</b>	<b>88 409 917</b>	<b>34 415 421</b>	<b>33 357 198</b>	<b>809 813 968</b>	<b>965 996 504</b>
<b>Debtors Age Analysis By Customer Group</b>					
Government	3 343 895	2 622 487	836 717	34 479 833	41 282 932
Business	12 500 044	4 795 809	3 832 132	62 506 818	83 634 803
Households	71 730 881	26 431 983	28 050 047	680 774 181	806 987 092
Other	835 097	565 142	638 302	32 053 136	34 091 677
<b>Total By Customer Group</b>	<b>88 409 917</b>	<b>34 415 421</b>	<b>33 357 198</b>	<b>809 813 968</b>	<b>965 996 504</b>

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

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total
Bulk Electricity	31 438 445	55 413 323	5 550 774	254 485	41 737 277	134 394 304
Bulk Water	18 509 853	15 825 790	14 846 622	15 749 021	56 689	64 987 975
Auditor General	1 346 914	240 938	1 018 920	697 941	676 246	3 980 959
Trade Creditors	31 411 538	17 041 083	578 989	183 349	-	49 214 959
<b>Total</b>	<b>82 706 750</b>	<b>88 521 134</b>	<b>21 995 305</b>	<b>16 884 796</b>	<b>42 470 212</b>	<b>252 578 197</b>

# ANNEXTURE F

Investment Portfolio: 31 January 2013

City of Matlosana

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

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 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 31 JANUARY 2013

Borrowing Reference No	Start Date	End Date	Interest Paid This quarter	Opening Balance 01/07/2012	Debt Repaid or Re-deemed	Balance at 31/01/2013	Redemption 2012/13
ANNUITY LOANS							
JBC09568	1/1/1996	30/09/2014	666,443.94	11,187,209.37	1,957,556.53	9,229,652.44	4,036,740.51
NW10959	1/1/1997	30/09/2017	328,773.52	4,365,144.94	268,201.61	4,096,943.33	566,557.26
NW11182	1/1/1998	30/09/2018	384,372.96	5,020,380.16	238,127.38	4,782,252.78	496,719.85
NW13637	1/1/2000	30/09/2020	243,954.05	3,103,891.97	92,906.74	3,010,985.23	194,510.53
NW138741	1/1/2001	30/09/2019	159,960.96	3,888,888.85	277,777.77	3,611,111.08	555,555.56
NW138742	1/1/2001	30/06/2019	616,410.76	14,998,125.00	0.00	14,998,125.00	
NW100395	1/1/2003	30/06/2013	148,279.87	2,542,727.19	1,234,525.33	1,308,201.86	2,542,247.16
KLER-00-001	1/1/2003	31/1/2013	205,938.00	3,334,843.46	1,044,838.08	2,290,005.38	2,156,612.12
NW1012971	1/1/2004	30/06/2019	1,052,062.61	18,612,437.67	902,132.70	17,710,304.97	1,872,702.52
NW1012972	1/1/2004	30/06/2019	1,316,461.25	23,290,014.05	1,128,851.78	22,161,162.27	2,343,339.93
NW1036771	1/1/2010	31/1/2025	2,060,884.32	33,413,723.17	679,002.55	32,734,720.62	1,225,063.08
10556	31/3/1998	31/3/2018	590,763.52	7,844,316.71	423,828.26	7,420,488.45	883,120.84
10506	30/09/1999	30/09/2019	268,266.46	3,504,261.20	132,045.75	3,372,215.45	275,763.81
10912	30/09/1999	30/09/2019	397,290.81	5,189,656.11	195,553.92	4,994,102.19	408,394.01
10913	30/09/1999	30/09/2019	305,772.21	3,994,184.09	150,506.77	3,843,677.32	314,317.59
9740	31/03/1996	31/03/2014	18,498.29	367,820.77	85,274.84	282,545.93	174,930.99
9741	31/03/1996	31/03/2014	19,410.04	380,455.71	88,204.12	292,251.59	180,939.98
9743	30/09/1995	30/09/2015	50,328.25	1,003,657.49	147,077.32	854,580.17	301,816.84
9746	30/09/1995	30/09/2015	57,777.89	1,150,227.62	141,061.81	1,009,165.81	289,526.98
TOTAL ANNUITIES			8,890,755.73	147,189,965.53	9,187,473.66	138,002,491.87	18,310,859.65