MONTHLY BUDGET STATEMENT: 30 JUNE 2013

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

The financial results for the period ended 30 June 2013 are summarized as follows:

Statement of Financial Performance (SFP)

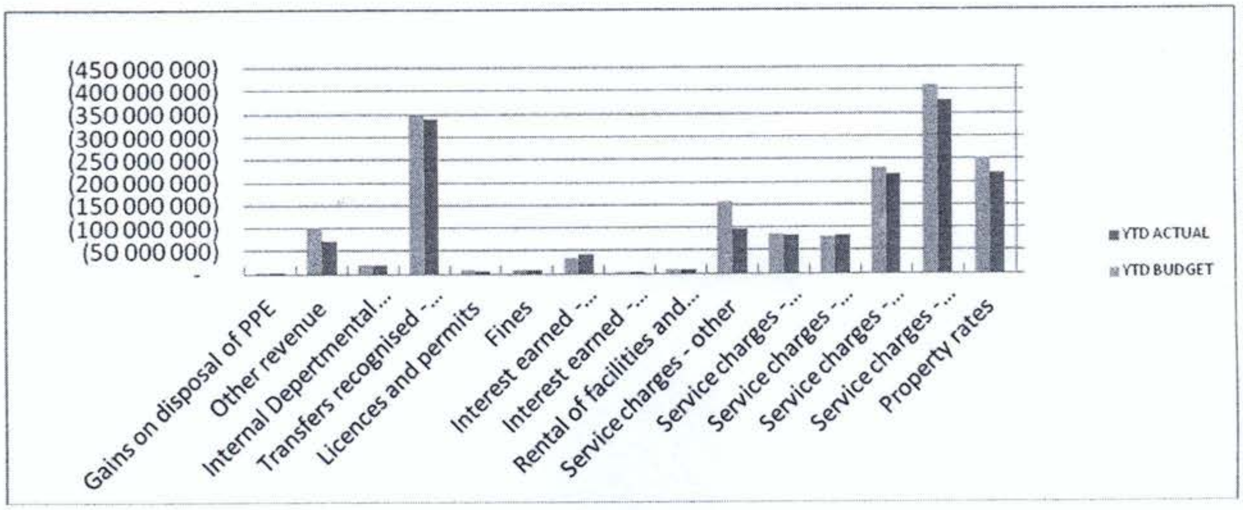
June 2013 month coincides with our year end and as a result more controls are implemented to ensure the accuracy of the figures. Some of the year end processes are still being implemented which may change the reported figure above.

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.

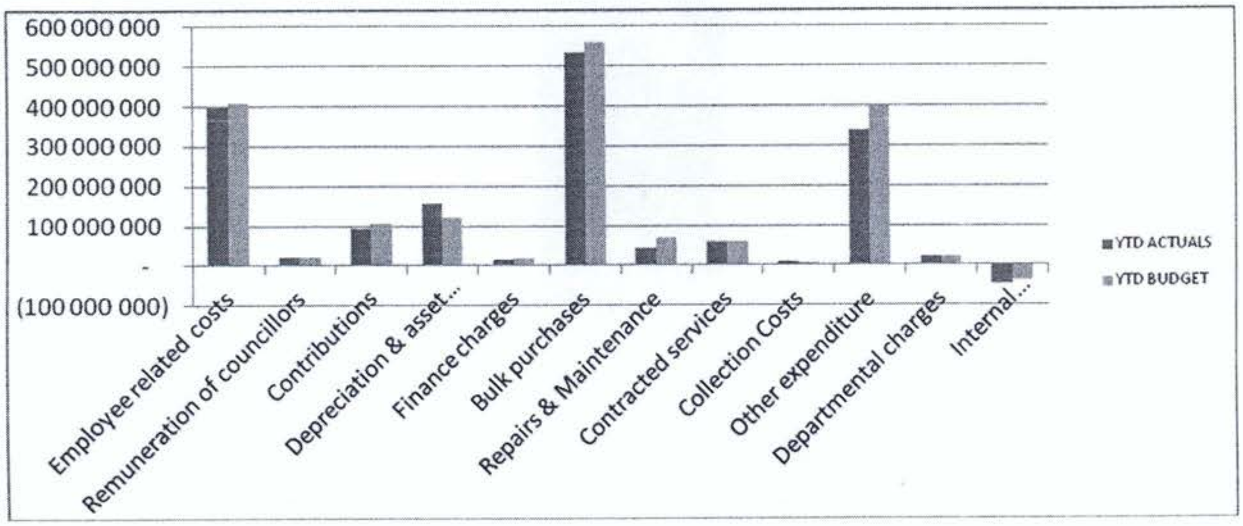
The summary report indicates the following:

Summary statement of			**Financial Performance**	
Description	**YTD Budget**	**June Actual 2013**	**YTD Actual**	**Variance (Favourable) Unfavourable**
Total Revenue By Source	(1,760,882,040)	(233,808,115)	(1,698,821,711)	62,060,329
Total Operating Expenditure	1,760,649,088	231,937,230	1,665,792,557	(94,856,531)
(SURPLUS)/ DEFICIT	**(232,952)**	**(1,870,885)**	**(33,029,154)**	**(32,796,202)**

YTD Actual Income vs YTD Budget Income



YTD Actual Expenditure vs YTD Budget Expenditure



Capital expenditure report (Annexure B)

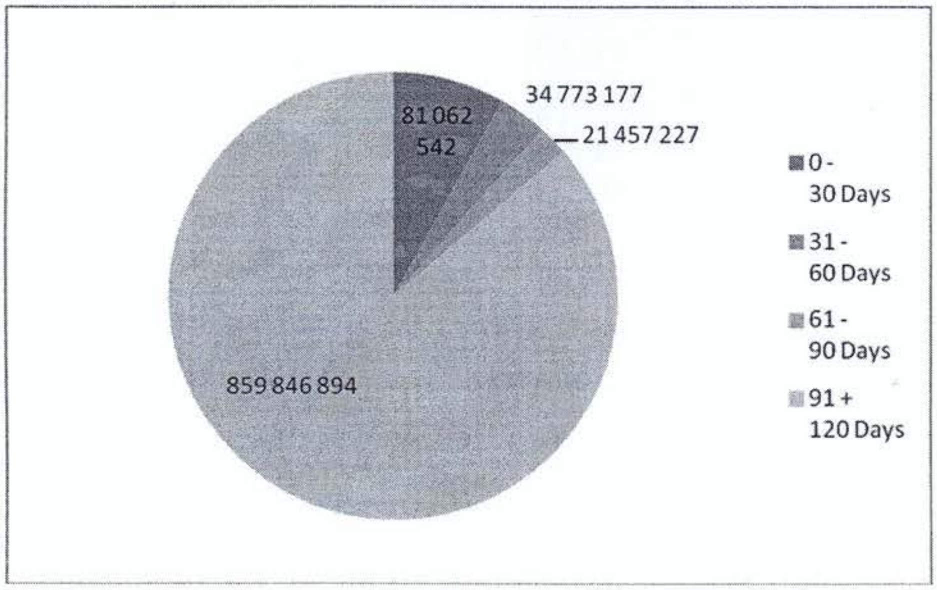
The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	**YTD Budget**	**June Actual 2013**	**YTD Actual**	**Variance Favourable (Unfav)**
Total Capital Expenditure	215,973,284	19,134,247	109,387,894	(106,585,390)

MIG capital expenditure for June month amount of R18, 375,192 and the year to date is R93, 856,324 of which is 49.7% of the total allocation.

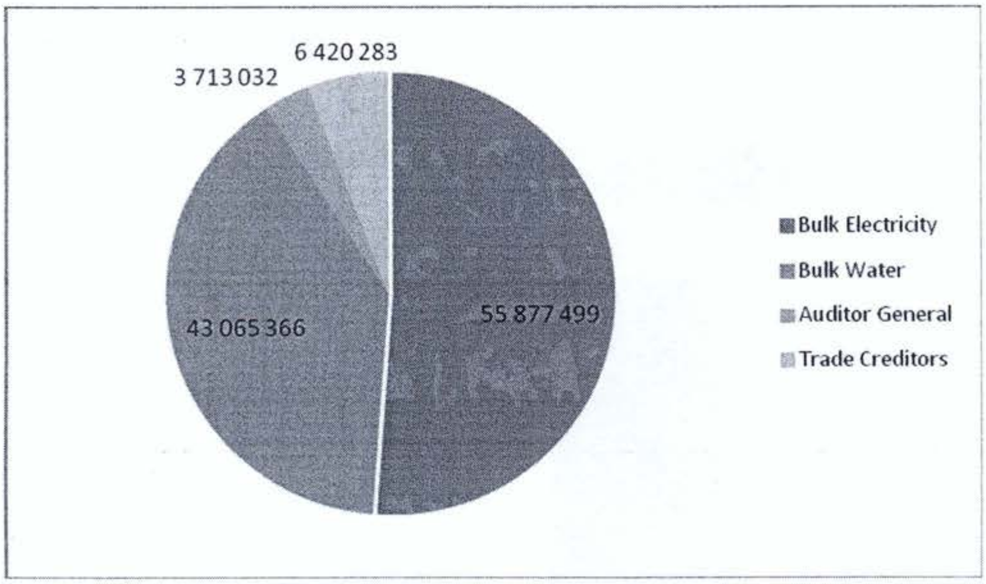
Outstanding Debtors report (Annexure C)

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 2013 amounts to R916 million. It increases with R15.9million from the previous month.



Outstanding Creditors report (Annexure D)

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 R59.6 million to R55.9



Investment Portfolio (Annexure E)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to **R 67,925,584** as at 30 June 2013.

	Investments				
	Fixed	**Call**	**Long Term**	**Collateral**	**Total**
Institution	**R**	**R**	**R**	**R**	**R**
ABSA		38,217,225			38,217,225
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
	-	52,367,838	85,136	15,472,610	67,925,584

ANNEXURE F (BORROWINGS)

The total amount outstanding on external loans at the end of June 2013 is R128, 378,766.63.

4. FINANCIAL IMPLICATIONS

The report covers the period from 1 July 2012 to 30 June 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 date actual total budgeted revenue amounts to R1 574b is 9.98 % below a YTD budget of R1 748.8b. Actual YTD expenditure is 5.64% 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. A debt collector has been appointed which is expected to address the low collection rate.

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 2013

Description	Current Year 2012/13						
	Full year Budget	June Actual 2012/13	YTD Actual	YTD Budget	Variance	Variance	YTD %
Revenue By Source							
Property rates	(253 065 211)	(16 665 154)	(219 541 145)	(253 065 211)	33 524 066	(13.25)	86.75
Service charges - electricity revenue	(411 054 158)	(32 695 862)	(377 456 986)	(411 054 158)	33 597 172	(8.17)	91.83
Service charges - water revenue	(230 839 110)	(21 952 702)	(217 461 350)	(230 839 110)	13 377 760	(5.80)	94.20
Service charges - sanitation revenue	(81 027 920)	(16 327 577)	(81 610 382)	(81 027 920)	(582 462)	0.72	100.72
Service charges - refuse revenue	(84 753 536)	(21 015 795)	(82 186 933)	(84 753 536)	2 566 603	(3.03)	96.97
Service charges - other	(155 365 690)	(6 812 936)	(97 085 933)	(155 365 690)	58 279 757	(37.51)	62.49
Rental of facilities and equipment	(8 081 604)	(573 554)	(8 143 233)	(8 081 604)	(61 629)	0.76	100.76
Interest earned - external investments	(1 500 000)	(2 158 826)	(3 839 493)	(1 500 000)	(2 339 493)	155.97	255.97
Interest earned - outstanding debtors	(32 495 475)	(2 917 298)	(40 458 147)	(32 495 475)	(7 962 672)	24.50	124.50
Fines	(8 311 360)	(1 452 880)	(7 902 949)	(8 311 360)	408 411	(4.91)	95.09
Licences and permits	(8 524 982)	433 785	(6 661 976)	(8 524 982)	1 863 006	(21.85)	78.15
Transfers recognised - operational	(348 412 288)	(59 706 364)	(339 297 331)	(348 412 288)	9 114 957	(2.62)	97.38
Internal Depertmental Transfers	(20 706 848)	(1 432 939)	(19 651 989)	(20 706 848)	1 054 859	(5.09)	94.91
Other revenue	(102 555 499)	(5 539 783)	(71 046 494)	(102 555 499)	31 509 005	(30.72)	69.28
Gains on disposal of PPE	(2 200 000)	-	(1 941 096)	(2 200 000)	258 904	(11.77)	88.23
Total Revenue	**(1 748 893 681)**	**(188 817 884)**	**(1 574 285 439)**	**(1 748 893 681)**	**174 608 242**	**(9.98)**	**90.02**
Expenditure By Type							
Employee related costs	407 589 747	34 575 610	399 527 454	407 589 747	(8 062 293)	(1.98)	98.02
Remuneration of councillors	22 349 133	1 885 548	22 273 599	22 349 133	(75 534)	(0.34)	99.66
Contributions	107 291 223	7 955 269	95 463 223	107 291 223	(11 828 000)	(11.02)	88.98
Depreciation & asset impairment	122 708 245	52 497 379	158 004 466	122 708 245	35 296 221	28.76	128.76
Finance charges	19 888 606	3 076 815	16 518 306	19 888 606	(3 370 300)	(16.95)	83.05
Bulk purchases	556 821 258	30 338 242	534 119 959	556 821 258	(22 701 299)	(4.08)	95.92
Repairs & Maintenance	67 344 378	7 563 976	45 095 858	67 344 378	(22 248 520)	(33.04)	66.96
Contracted services	59 418 171	10 132 711	59 545 621	59 418 171	127 450	0.21	100.21
Collection Costs	6 530 000	1 761 380	8 029 269	6 530 000	1 499 269	22.96	122.96
Other expenditure	396 860 884	83 875 783	337 263 946	396 860 884	(59 596 938)	(15.02)	84.98
Departmental charges	21 084 770	1 330 516	20 266 254	21 084 770	(818 516)	(3.88)	96.12
Internal recoveries(amount charge ou	(39 065 327)	(3 815 055)	(45 846 968)	(39 065 327)	(6 781 641)	17.36	117.36
Total Expenditure	**1 748 821 088**	**231 178 174**	**1 650 260 987**	**1 748 821 088**	**(98 560 101)**	**(5.64)**	**94.36**
(Surplus)/Deficit	**(72 593)**	**42 360 290**	**75 975 548**	**(72 593)**	**76 048 141**		
Transfer from Other Reserves	(11 988 359)	(44 990 230)	(124 536 272)	(11 988 359)	(112 547 913)	938.81	
				-			
Transfer to Other Reserves	11 828 000	759 056	15 531 570	11 828 000	3 703 570	31.31	
(Surplus)/ Deficit for the year	**(232 952)**	**(1 870 885)**	**(33 029 154)**	**(232 952)**	**(32 796 202)**		

ANNEXURE B CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - June 2013

R thousand	Full Budget	June 2013	YTD Actual	YTD Budget	Variance	YTD %
Capital Expenditure						
Corporate services	-	-	-	-	-	-
Executive and council	-		-	-	-	0
Corporate services	-		-	-	-	
Municipal & Environmental Servic	**12 000 813**	**365 152**	**2 162 117**	**12 000 813**	**(9 838 696)**	**18.02**
Community and social services	1 318 841		122 323	1 318 841	(1 196 518)	**9.28**
Sport and recreation	9 564 896	365 152	1 042 169	9 564 896	(8 522 727)	**10.90**
Refuse removal	499 868		499 867	499 868	(1)	**100.00**
Public Safety	617 208		497 758	617 208	(119 450)	**80.65**
Health			-	-	-	
				-		
Macro city planning & Developme	**962 125**	**78 911**	**767 775**	962 125	**(194 350)**	**79.80**
Planning and development	962 125	78 911	623 112	962 125	(339 013)	**64.76**
Market		-	144 663	-	144 663	
Civil Services & Human Settlemen	**170 473 759**	**15 166 183**	**87 173 518**	**170 473 759**	**(83 300 241)**	**51.14**
Water	24 255 700	750 965	11 325 664	24 255 700	(12 930 036)	**46.69**
Waste water management(Sewer	29 205 837	4 167 162	20 103 793	29 205 837	(9 102 044)	**68.83**
Roads	117 012 222	10 248 057	55 744 061	117 012 222	(61 268 161)	**47.64**
Housing		-	-	-	-	
Electrical & Mechanical Engineeri	**32 536 587**	**3 524 001**	**19 284 484**	**32 536 587**	**(13 252 103)**	**104.24**
Electrical	32 536 587	3 524 001	19 284 484	32 536 587	(13 252 103)	**59.27**
Finance	-	-	-	-	-	
Finance	-	-	-	-	-	
Total Capital Expenditure	**215 973 284**	**19 134 247**	**109 387 894**	**215 973 284**	**(106 585 390)**	**50.65**

ANNEXURE C
DEBTOR'S AGE ANALYSIS - June 2013

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 + 120 Days	Total -
Debtors Age Analysis By Income Source					
Water Tariffs	16 698 359	9 461 744	6 850 818	234 967 937	267 978 858
Electricity Tariffs	30 448 894	7 058 876	2 400 430	97 129 508	137 037 708
Rates (Property Rates)	12 226 703	3 014 663	2 356 507	78 384 305	95 982 178
Sewerage / Sanitation Tariffs	4 368 451	1 736 669	1 356 394	56 558 458	64 019 972
Refuse Removal Tariffs	3 445 825	1 705 699	1 509 152	64 448 287	71 108 963
Other	13 874 310	11 795 526	6 983 926	328 358 399	349 747 314
Total By Income Source	**81 062 542**	**34 773 177**	**21 457 227**	**859 846 894**	**997 139 840**
Debtors Age Analysis By Customer Group					
Government	3 315 053	1 290 286	406 394	6 999 236	12 010 969
Business	13 627 879	3 664 715	2 673 665	65 906 134	85 872 393
Households	63 283 577	29 173 055	17 639 299	739 381 172	849 477 103
Other	836 033	645 121	737 869	47 560 352	49 779 375
Total By Customer Group	**81 062 542**	**34 773 177**	**21 457 227**	**859 846 894**	**997 139 840**

ANNEXURE D
OUTSTANDING CREDITORS STATEMENT -JUNE 2013

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total -
Bulk Electricity	55 877 499	-	0	-	-	55 877 499
Bulk Water	16 820 072	791 322	6 337	56 291	25 391 344	43 065 366
Auditor General	112 604	34 972	16 631	73 197	3 475 628	3 713 032
Trade Creditors	6 145 142	150 008	24 793	100 340	-	6 420 283
Total	**78 955 317**	**976 302**	**47 761**	**229 828**	**28 866 972**	**109 076 180**

ANNEXURE E

Investment Portfolio: 30 June 2013
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	MAY 2013	JUNE 2013	MATURITY DATE	EXPLANATION
Call Investment						
ABSA	3.30%		53 576	53 576		
ABSA	3.25%		43 123	43 123		
ABSA	4.47%		61 498 566	37 589 382		
ABSA	3.25%		364 413	364 413		
ABSA	2.80%		-	166 731		
INVESTEC	4.70%		8 000 000	8 000 000		
TOTAL Call Investment			**69 959 678**	**46 217 225**		
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			**91 668 037**	**67 925 584**		

Withdraw R8 736 489 from ABSA Call - 04 June 2013
Withdraw R4 530 551 from ABSA Call - 13 June 2013
Withdraw R5 162 044 from ABSA Call - 24 June 2013
Withdraw R5 480 100 from ABSA Call - 25 June 2013

Other changes are due to year end transactions

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 F AS AT 30 JUNE 2013

Borrowing Reference No	Start Date	End Date	Paid up in current fin year	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 30/06/2013	Redemption 2012/13
ANNUITY LOANS													
JBC09588	1/10/1996	30/09/2014		18	Development Bank of SA	Provision of Infrastructure	12	1,211,261.23	11,187,209.37	4,036,740.50	0.00	7,150,468.87	4,036,740.51
NW10959	1/10/1997	30/09/2017		20	Development Bank of SA	Provision of Infrastructure	15	635,447.80	4,365,144.94	558,502.46	0.00	3,806,642.48	558,557.25
NW11182	1/10/1998	30/09/2018		20	Development Bank of SA	Provision of Infrastructure	15.25	748,280.81	5,020,380.16	496,719.86	0.00	4,523,660.30	496,719.85
NW13637	1/10/2000	30/09/2020		20	Development Bank of SA	Provision of Infrastructure	15.6	477,411.05	3,103,891.97	194,510.55	0.00	2,909,381.42	194,510.53
NW13874/1	1/10/2001	30/09/2019		18	Development Bank of SA	Combination	14.75	302,084.94	3,888,888.85	555,555.55	0.00	3,333,333.30	555,555.56
NW13874/2	1/7/2001	30/06/2019		18	Development Bank of SA	Combination	14.75	1,206,698.13	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	222,883.22	2,542,727.19	2,542,727.18	0.00	0.01	2,542,247.16
KLER-00-001	1/13/2003	31/12/2013		10	INCA	Acquisition of Other Assets	12.25	345,047.98	3,334,843.46	2,156,612.12	0.00	1,178,231.34	2,156,612.12
NW101297/1	1/7/2004	30/06/2019		15	Development Bank of SA	Combination	11.2	2,035,688.10	18,612,437.67	1,872,702.52	0.00	16,739,735.15	1,872,702.52
NW101297/2	1/7/2004	30/06/2019		15	Development Bank of SA	Combination	11.2	2,547,286.13	23,290,014.05	2,343,339.92	0.00	20,946,674.13	2,343,339.93
NW103677/1	1/11/2010	1/11/2025		15	Development Bank of SA	Provision of Infrastructure	14.75	3,471,848.05	33,413,723.17	1,225,100.87	0.00	32,188,622.30	1,225,063.08
10556	31/3/1998	31/3/2018		15	Development Bank of SA	Provision of Infrastructure	15	1,146,198.35	7,844,316.71	882,997.21		6,961,319.50	883,120.84
10906	30/09/1999	30/09/2019		15.25	Development Bank of SA	Provision of Infrastructure	15.25	524,860.69	3,504,261.20	275,763.76		3,228,497.44	275,763.81
10912	30/09/1999	30/09/2019		15.25	Development Bank of SA	Provision of Infrastructure	15.25	777,295.51	5,189,656.11	408,393.95		4,781,262.16	408,394.01
10913	30/09/1999	30/09/2019		15.25	Development Bank of SA	Provision of Infrastructure	15.25	598,240.29	3,994,184.09	314,317.67		3,679,866.42	314,317.69
9740	31/03/1996	31/03/2014		10	Development Bank of SA	Provision of Infrastructure	10	32,615.31	367,820.77	174,930.96		192,889.81	174,930.99
9741	31/03/1996	31/03/2014		10	Development Bank of SA	Provision of Infrastructure	10	34,012.00	380,455.71	180,939.98		199,515.73	180,939.98
9743	30/09/1995	30/09/2015		10	Development Bank of SA	Provision of Infrastructure	10	92,994.28	1,001,657.49	301,816.86		699,840.63	301,816.84
9746	30/09/1995	30/09/2015		10	Development Bank of SA	Provision of Infrastructure	10	108,152.41	1,150,227.62	289,526.98		860,700.64	289,526.98
TOTAL ANNUITIES								16,518,306.28	147,189,965.53	18,811,198.90	0.00	128,378,766.63	18,810,859.65