**MONTHLY BUDGET STATEMENT: 31 MARCH 2013**

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

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

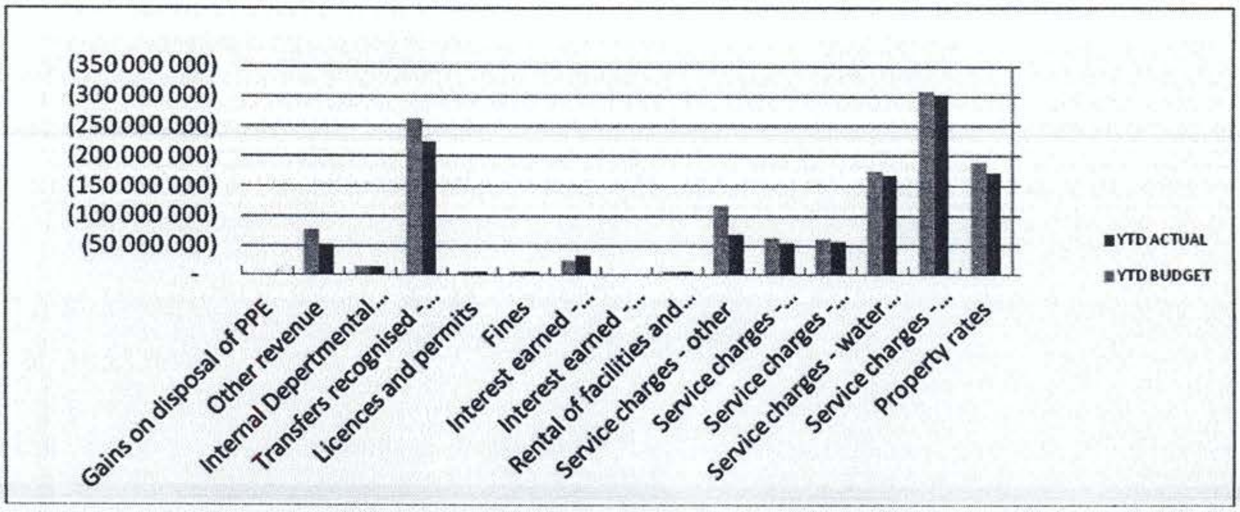
**Statement of Financial Performance (SFP)**

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.

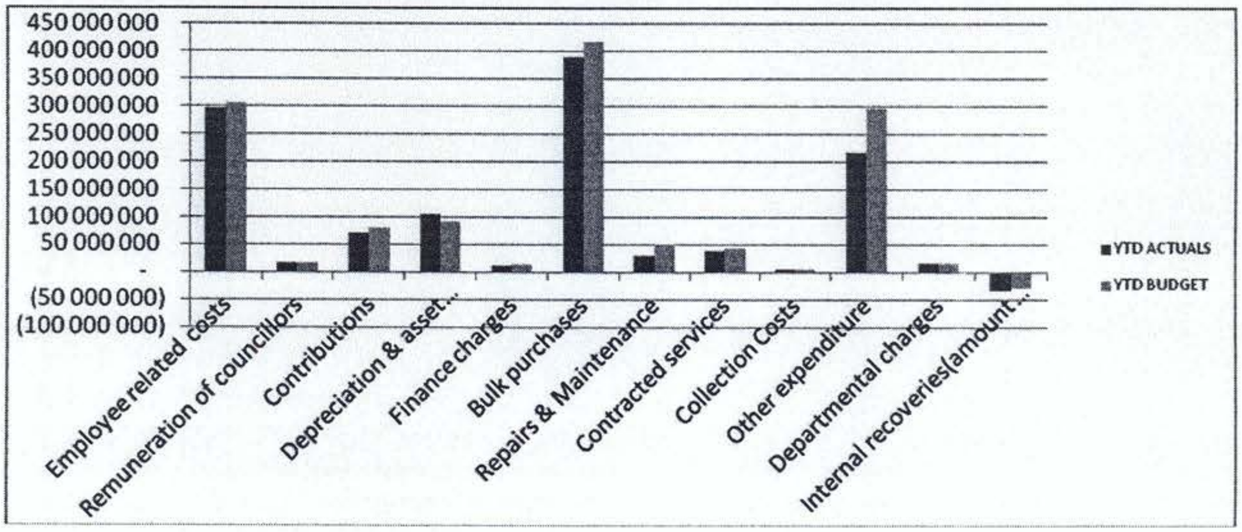
The summary report indicates the following:

| **Summary statement of** | | | **Financial Performance** | |
|---|---|---|---|---|
| **Description** | **YTD Budget** | **March Actual 2013** | **YTD Actual** | **Variance (Favourable) Unfavourable** |
| Total Revenue By Source | (1,320,661,530) | (128,422,716) | (1,194,497,094) | 126,164,436 |
| Total Operating Expenditure | 1,320,486,816 | 194,388,978 | 1,174,577,204 | (145,909,612) |
| **(SURPLUS)/ DEFICIT** | **(174,714)** | **65,966,263** | **(19,919,890)** | **(19,745,176** |

**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 R218.8million. (including MIG and Equitable share)

Total cash payments indicate an amount of R199.2million.

**Capital expenditure report (Annexure C)**

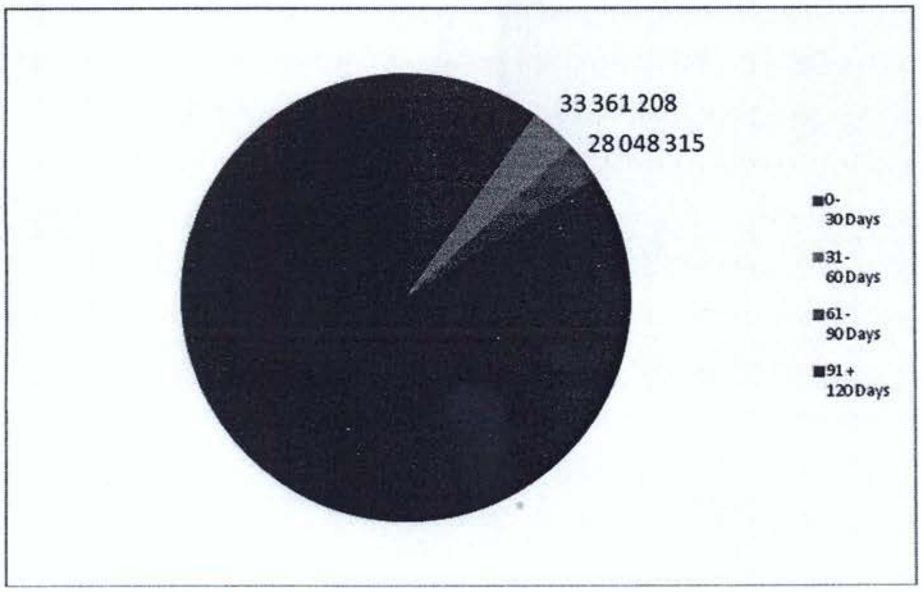
The summary report indicates the following:

| Summary statement of Capital Expenditure | | | | |
|---|---|---|---|---|
| **Description** | **YTD Budget** | **March Actual 2013** | **YTD Actual** | **Variance Favourable (Unfav)** |
| | | | | |
| Total Capital Expenditure | 165,053,369 | 4,678,607 | 54,175,460 | (110,877,909) |

MIG capital expenditure for March month amount of R4, 361,496 and the year to date is R44, 304,071 of which is 23% of the total allocation.

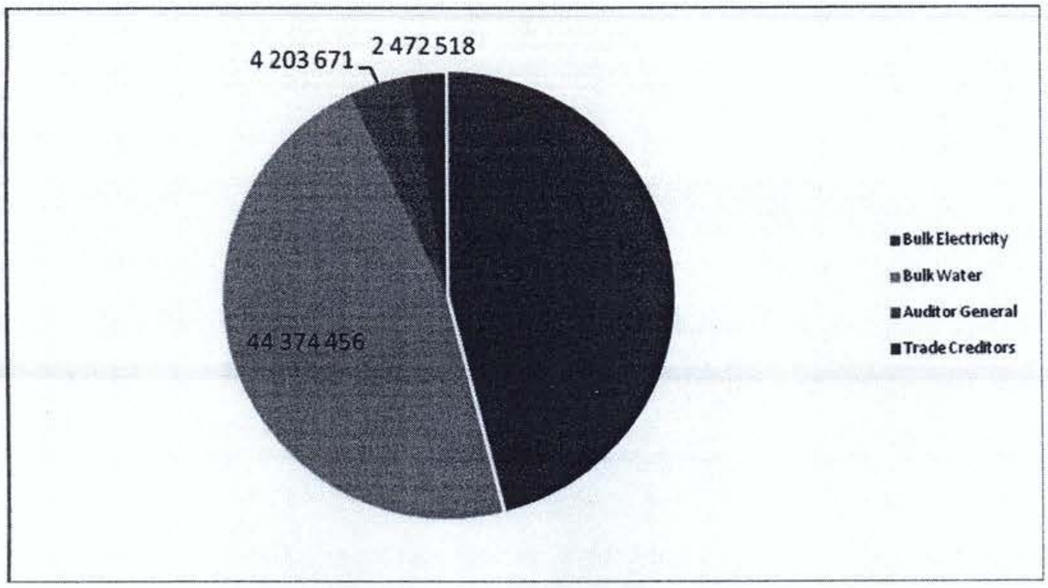
**Outstanding Debtors report (Annexure D)**

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 March 2013 amounts to R895.5million.



**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 R128.2 million to R43.5 million.




**Investment Portfolio (Annexure F)**

The table indicates the status of the investment portfolio and detail of where invested, which amounts to **R 114,644,443** as at 31 March 2013.

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

| | Investments | | | | |
|---|---|---|---|---|---|
| | Fixed | Call | Long Term | Collateral | Total |
| Institution | R | R | R | R | R |
| ABSA | | 84,936,084 | | | 84,936,084 |
| 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 |
| | - | 99,086,697 | 85 ,136 | 15, 472, 610 | 114,644,443 |

**ANNEXURE G (BORROWINGS)**

The total amount outstanding on external loans at the end of March 2013 is R133, 582,487.84

## 4. FINANCIAL IMPLICATIONS

The report covers the period from 1 July 2012 to March 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 167b is 11% below a YTD budget of R1 311.6b. Actual YTD expenditure is 11% 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. Management is in the process of appointing debt collectors to assist with collection as well as implementation of the audit action plan.

## 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) - March 2013

| Description | Current Year 2012/13 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Full year Budget | March Actual | YTD Actual | YTD Budget | Variance | Variance | YTD % |
| **Revenue By Source** | | | | | | | | |
| Property rates | (264 526 699) | (253 065 211) | (16 547 662) | (171 880 832) | (189 798 908) | 17 918 077 | (9.44) | 67.92 |
| Service charges - electricity revenue | (411 054 158) | (411 054 158) | (39 457 138) | (302 677 523) | (308 290 619) | 5 613 096 | (1.82) | 73.63 |
| Service charges - water revenue | (204 849 040) | (230 839 110) | (13 820 975) | (166 933 790) | (173 129 333) | 6 195 542 | (3.58) | 72.32 |
| Service charges - sanitation revenue | (81 027 920) | (81 027 920) | (4 830 907) | (56 201 215) | (60 770 940) | 4 569 725 | (7.52) | 69.36 |
| Service charges - refuse revenue | (84 753 536) | (84 753 536) | (3 883 321) | (53 716 280) | (63 565 152) | 9 848 872 | (15.49) | 63.38 |
| Service charges - other | (155 901 490) | (155 365 690) | (7 947 461) | (68 543 014) | (116 524 268) | 47 981 253 | (41.18) | 44.12 |
| Rental of facilities and equipment | (12 805 534) | (8 081 604) | (975 911) | (6 047 154) | (6 061 203) | 14 049 | (0.23) | 74.83 |
| Interest earned - external investments | (2 000 000) | (1 500 000) | (29 377) | (1 617 078) | (1 125 000) | (492 078) | 43.74 | 107.81 |
| Interest earned - outstanding debtors | (56 252 321) | (32 495 475) | (4 015 434) | (34 117 205) | (24 371 606) | (9 745 599) | 39.99 | 104.99 |
| Fines | (12 427 862) | (8 311 360) | (982 998) | (5 425 658) | (6 233 520) | 807 862 | (12.96) | 65.28 |
| Licences and permits | (8 524 982) | (8 524 982) | (683 641) | (5 614 034) | (6 393 737) | 779 703 | (12.19) | 65.85 |
| Transfers recognised - operational | (341 313 000) | (348 412 288) | (28 015 436) | (224 514 042) | (261 309 216) | 36 795 174 | (14.08) | 64.44 |
| Internal Depertmental Transfers | (20 706 848) | (20 706 848) | (1 641 630) | (15 069 615) | (15 530 136) | 460 521 | (2.97) | 72.78 |
| Other revenue | (107 815 499) | (102 555 499) | (5 050 345) | (52 710 660) | (76 916 624) | 24 205 965 | (31.47) | 51.40 |
| Gains on disposal of PPE | (400 000) | (2 200 000) | - | (1 941 096) | (1 650 000) | (291 096) | 17.64 | 88.23 |
| **Total Revenue** | **(1 764 358 889)** | **(1 748 893 681)** | **(127 882 236)** | **(1 167 009 196)** | **(1 311 670 261)** | **144 661 064** | **(11.03)** | **66.73** |
| **Expenditure By Type** | | | | | | | | |
| Employee related costs | 397 440 623 | 407 589 747 | 34 067 482 | 297 871 172 | 305 692 310 | (7 821 138) | (2.56) | 73.08 |
| Remuneration of councillors | 19 781 357 | 22 349 133 | 1 885 224 | 16 617 603 | 16 761 850 | (144 247) | (0.86) | 74.35 |
| Contributions | 124 163 223 | 107 291 223 | 7 955 269 | 71 597 417 | 80 468 417 | (8 871 000) | (11.02) | 66.73 |
| Depreciation & asset impairment | 122 708 245 | 122 708 245 | - | 105 507 087 | 92 031 184 | 13 475 903 | 14.64 | 85.98 |
| Finance charges | 20 888 606 | 19 888 606 | 3 712 573 | 12 868 507 | 14 916 455 | (2 047 947) | (13.73) | 64.70 |
| Bulk purchases | 576 821 258 | 556 821 258 | 106 371 257 | 389 465 868 | 417 615 944 | (28 150 076) | (6.74) | 69.94 |
| Repairs & Maintenance | 74 536 378 | 67 344 378 | 3 049 895 | 29 879 605 | 50 508 284 | (20 628 679) | (40.84) | 44.37 |
| Contracted services | 38 373 033 | 59 418 171 | 6 077 195 | 38 656 350 | 44 563 628 | (5 907 278) | (13.26) | 65.06 |
| Collection Costs | 5 265 000 | 6 530 000 | 46 668 | 4 854 428 | 4 897 500 | (43 072) | (0.88) | 74.34 |
| Other expenditure | 404 849 048 | 396 860 884 | 31 400 813 | 216 070 059 | 297 645 663 | (81 575 604) | (27.41) | 54.44 |
| Departmental charges | 16 476 177 | 21 084 770 | 3 320 546 | 15 708 262 | 15 813 578 | (105 315) | (0.67) | 74.50 |
| Internal recoveries(amount charge ou | (39 065 327) | (39 065 327) | (3 815 055) | (34 390 600) | (29 298 995) | (5 091 605) | 17.38 | 88.03 |
| **Total Expenditure** | **1 762 237 621** | **1 748 821 088** | **194 071 867** | **1 164 705 758** | **1 311 615 816** | **(146 910 058)** | **(11.20)** | **66.60** |
| **Surplus/(Deficit)** | **(2 121 268)** | **(72 593)** | **66 189 632** | **(2 303 438)** | **(54 445)** | **(2 248 994)** | | |
| Transfer from Other Reserves | (28 819 755) | (11 988 359) | (540 480) | (27 487 898) | (8 991 269) | (18 496 628) | 205.72 | |
| Transfer to Other Reserves | 28 700 000 | 11 828 000 | 317 111 | 9 871 446 | 8 871 000 | 1 000 446 | 11.28 | |
| **(Surplus)/ Deficit for the year** | **(2 241 023)** | **(232 952)** | **65 966 263** | **(19 919 890)** | **(174 714)** | **(19 745 176)** | | |

*ANNEXURE B*

**CASHFLOW AS AT 31 March 2013**

| **CASH FLOW FROM OPERATING ACTIVITIES** | **March 2013** |
|---|---|
| **DESCRIPTION** | **AMOUNT** |
| Receipts | |
| Sales of services | 89 513 126 |
| Government - operating | 83 944 000 |
| Government - capital (MIG) | 24 308 000 |
| Interest income | 35 647 |
| Other income | 21 044 577 |
| | **218 845 350** |
| Payments | |
| Suppliers and employees | (195 583 485) |
| Finance charges | (3 712 573) |
| Transfers and Grants | - |
| | **(199 296 058)** |
| **NET OUTFLOWS FROM OPERATING ACTIVITIES** | **19 549 292** |

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - March 2013

| R thousand | Original Budget | Full Budget | March 2013 | YTD Actual | YTD Budget | Variance | YTD % |
|---|---|---|---|---|---|---|---|
| **Capital Expenditure** | | | | | | | |
| ***Corporate services*** | **4 700 000** | **-** | **-** | **-** | **-** | **-** | **-** |
| Executive and council | 4 700 000 | - | - | - | - | - | 0 |
| Corporate services | - | - | - | - | - | - | |
| ***Municipal & Environmental Servic*** | **12 700 000** | **12 000 813** | **96 260** | **1 747 195** | **9 000 610** | **(7 253 415)** | **14.56** |
| Community and social services | 3 700 000 | 1 318 841 | - | 122 323 | 989 131 | (866 808) | **9.28** |
| Sport and recreation | 9 000 000 | 9 564 896 | 96 260 | 677 017 | 7 173 672 | (6 496 655) | **7.08** |
| Refuse removal | - | 499 868 | - | 499 867 | 374 901 | 124 966 | **100.00** |
| Public Safety | - | 617 208 | - | 447 988 | 462 906 | (14 918) | **72.58** |
| Health | - | | - | - | - | - | |
| ***Macro city planning & Developme*** | **-** | **962 125** | **91 833** | **544 201** | **721 594** | **(177 393)** | **56.56** |
| Planning and development | - | 962 125 | 91 833 | 544 201 | 721 594 | (177 393) | **56.56** |
| Market | - | | | - | - | - | |
| ***Civil Services & Human Settlemer*** | **116 146 000** | **174 571 634** | **4 490 514** | **40 640 246** | **130 928 726** | **(90 288 480)** | **23.28** |
| Water | 23 500 000 | 24 255 700 | 317 111 | 10 456 568 | 18 191 775 | (7 735 207) | **43.11** |
| Waste water management(Sewei | 21 892 332 | 29 205 837 | - | 1 701 551 | 21 904 378 | (20 202 827) | **5.83** |
| Roads | 70 753 668 | 121 110 097 | 4 173 403 | 28 482 127 | 90 832 573 | (62 350 446) | **23.52** |
| Housing | - | | | - | - | - | |
| ***Electrical & Mechanical Engineeri*** | **18 500 000** | **32 536 587** | **-** | **11 243 818** | **24 402 440** | **(13 158 622)** | **60.78** |
| Electrical | 18 500 000 | 32 536 587 | | 11 243 818 | 24 402 440 | (13 158 622) | **34.56** |
| ***Finance*** | **-** | **-** | | **-** | **-** | **-** | |
| Finance | - | - | | - | - | - | |
| **Total Capital Expenditure** | **152 046 000** | **220 071 159** | **4 678 607** | **54 175 460** | **165 053 369** | **(110 877 909)** | **24.62** |

ANNEXURE D
DEBTOR'S AGE ANALYSIS - March 2013

| Detail | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 + 120 Days | Total - |
|---|---|---|---|---|---|
| **Debtors Age Analysis By Income Source** | | | | | |
| Water Tariffs | 21 059 484 | 10 094 435 | 9 900 419 | 218 077 548 | 259 131 886 |
| Electricity Tariffs | 40 789 526 | 6 353 706 | 3 362 719 | 97 045 650 | 147 551 601 |
| Rates (Property Rates) | 11 987 664 | 3 449 604 | 2 337 301 | 84 631 064 | 102 405 633 |
| Sewerage / Sanitation Tariffs | 4 496 818 | 1 771 572 | 1 474 706 | 55 156 634 | 62 899 730 |
| Refuse Removal Tariffs | 3 584 434 | 1 826 635 | 1 596 489 | 61 335 841 | 68 343 399 |
| Other | 16 024 945 | 9 865 255 | 9 376 681 | 317 895 476 | 353 162 357 |
| **Total By Income Source** | **97 942 871** | **33 361 207** | **28 048 315** | **834 142 213** | **993 494 606** |
| | | | | | |
| **Debtors Age Analysis By Customer Group** | | | | | |
| Government | 3 690 100 | 811 130 | 548 880 | 28 865 640 | 33 915 750 |
| Business | 13 561 454 | 4 515 249 | 2 938 439 | 65 000 892 | 86 016 034 |
| Households | 79 821 846 | 27 457 707 | 23 953 031 | 708 516 502 | 839 749 086 |
| Other | 869 471 | 577 122 | 607 965 | 31 759 179 | 33 813 737 |
| **Total By Customer Group** | **97 942 871** | **33 361 208** | **28 048 315** | **834 142 213** | **993 494 607** |

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

| Detail | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 +Days | Total - |
|---|---|---|---|---|---|---|
| Bulk Electricity | 29 647 359 | 5 266 605 | 5 644 157 | 2 952 243 | - | 43 510 364 |
| Bulk Water | 55 828 | 833 453 | 9 591 | 14 644 450 | 28 831 134 | 44 374 456 |
| Auditor General | 53 080 | 1 480 031 | 279 504 | 11 571 | 2 379 485 | 4 203 671 |
| Trade Creditors | 1 996 755 | 87 628 | 129 000 | 191 179 | 67 956 | 2 472 518 |
| **Total** | **31 753 022** | **7 667 717** | **6 062 252** | **17 799 443** | **31 278 575** | **94 561 009** |

ANNEXTURE F

Investment Portfolio: 31 March 2013
City of Matlosana

| INSTITUTION | INTEREST RATE | PERIOD | FEB 2013 | MARCH 2013 | MATURITY DATE | EXPLANATION |
|---|---|---|---|---|---|---|
| | | | | | | |
| **Call Investment** | | | | | | |
| ABSA | 3.30% | | 53 576 | 53 576 | | |
| ABSA | 3.25% | | 43 123 | 43 123 | | |
| ABSA | 4.47% | | 100 021 035 | 84 474 972 | | |
| ABSA | 3.25% | | 364 413 | 364 413 | | |
| INVESTEC | 4.70% | | 8 000 000 | 8 000 000 | | |
| **TOTAL Call Investment** | | | **108 482 147** | **92 936 084** | | |
| | | | | | | |
| **Collateral** | | | | | | |
| SANLAM | Policy | anteed Capital | 5 764 535 | 5 764 535 | 01/12/2013 | Policy |
| SANLAM | Policy | anteed 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** | | | **130 190 506** | **114 644 443** | | |

Withdraw R2 634 149.43 from ABSA Call - 12 March 2013
Withdraw R2 484 446.19 from ABSA Call - 14 March 2013
Withdraw R243 569.04 from ABSA Call - 15 March 2013
Withdraw R10 000 000 from ABSA Call - 18 March 2013
Withdraw R183 898.11 from ABSA Call - 20 March 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 G AS AT 31 MARCH 2013

| Borrowing Reference No | Interest Paid This quarter | Opening Balance 01/07/2012 | Debt Repaid or Re-deemed | Additional Principal Accrued | Balance at 31/03/2013 | Redemption 2012/13 |
|---|---|---|---|---|---|---|
| ANNUITY LOANS | | | | | | |
| JBC09588 | 1,211,261.23 | 11,187,209.37 | 4,036,740.50 | 0.00 | 7,150,468.87 | 4,036,740.51 |
| NW10959 | 635,447.80 | 4,365,144.94 | 558,502.46 | 0.00 | 3,806,642.48 | 558,557.25 |
| NW11182 | 748,280.81 | 5,020,380.16 | 496,719.86 | 0.00 | 4,523,660.30 | 496,719.85 |
| NW13637 | 477,411.05 | 3,103,891.97 | 194,510.53 | 0.00 | 2,909,381.44 | 194,510.53 |
| NW13874/1 | 230,615.07 | 3,888,888.85 | 277,777.77 | 0.00 | 3,611,111.08 | 555,555.56 |
| NW13874/2 | 909,860.38 | 14,998,125.00 | 0.00 | 0.00 | 14,998,125.00 | |
| NW100395 | 148,279.87 | 2,542,727.19 | 1,234,525.33 | 0.00 | 1,308,201.86 | 2,542,247.16 |
| KLER-00-001 | 205,938.00 | 3,334,843.46 | 1,044,838.08 | 0.00 | 2,290,005.38 | 2,156,612.12 |
| NW101297/1 | 1,052,062.61 | 18,612,437.67 | 902,132.70 | 0.00 | 17,710,304.97 | 1,872,702.52 |
| NW101297/2 | 1,316,461.25 | 23,290,014.05 | 1,128,851.78 | 0.00 | 22,161,162.27 | 2,343,339.93 |
| NW103677/1 | 2,618,520.38 | 33,413,723.17 | 904,191.31 | 0.00 | 32,509,531.86 | 1,225,063.08 |
| 10556 | 1,146,198.35 | 7,844,316.71 | 882,997.21 | | 6,961,319.50 | 883,120.84 |
| 10906 | 524,860.69 | 3,504,261.20 | 275,763.76 | | 3,228,497.44 | 275,763.81 |
| 10912 | 777,295.51 | 5,189,656.11 | 408,393.95 | | 4,781,262.16 | 408,394.01 |
| 10913 | 598,240.29 | 3,994,184.09 | 314,317.67 | | 3,679,866.42 | 314,317.69 |
| 9740 | 32,615.31 | 367,820.77 | 174,930.96 | | 192,889.81 | 174,930.99 |
| 9741 | 34,012.00 | 380,455.71 | 180,939.98 | | 199,515.73 | 180,939.98 |
| 9743 | 92,994.28 | 1,001,657.49 | 301,816.86 | | 699,840.63 | 301,816.84 |
| 9746 | 108,152.41 | 1,150,227.62 | 289,526.98 | | 860,700.64 | 289,526.98 |
| TOTAL ANNUITIES | 12,868,507.29 | 147,189,965.53 | 13,607,477.69 | 0.00 | 133,582,487.84 | 18,810,859.65 |