

MONTHLY BUDGET STATEMENT: 30 NOVEMBER 2012

MUNICIPAL FINANCE MANAGEMENT ACT NO.56 of 2003(MFMA): MONTHLY FINANCIAL REPORT FOR NOVEMBER 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. 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. NOVEMBER 2012 REPORT

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

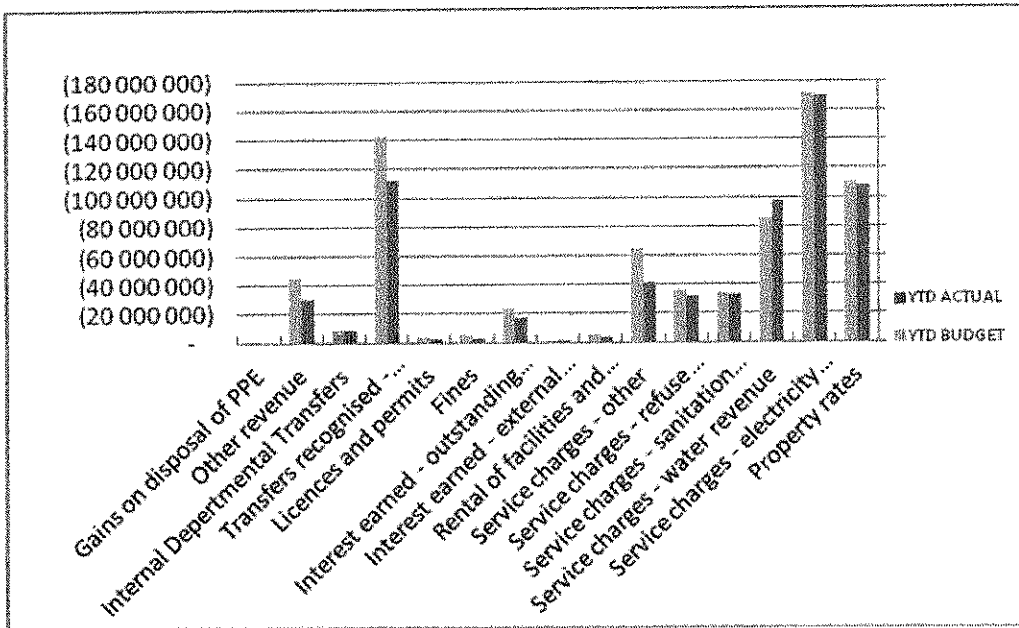
Statement of Financial Performance (SFP)

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.

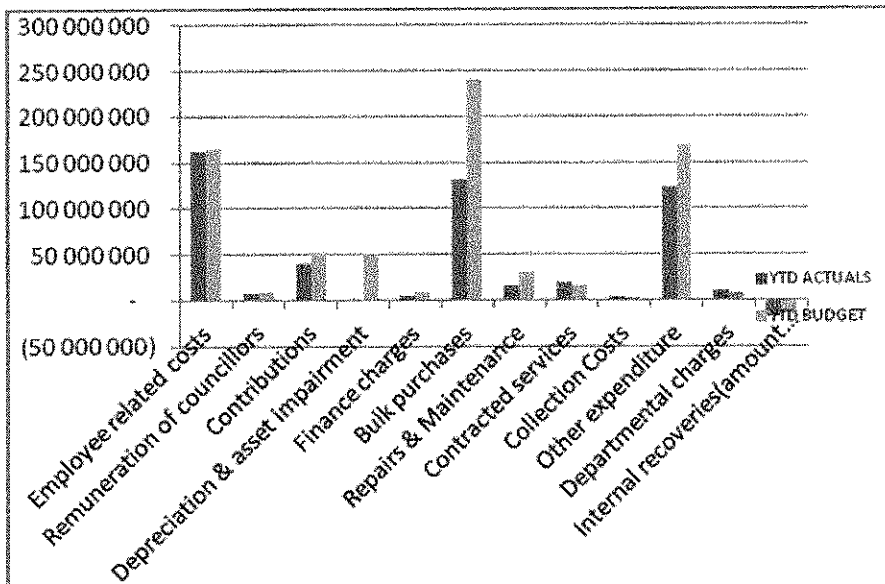
The summary report indicates the following:

Description	Financial Performance			
	YTD Budget	November Actual 2012	YTD Actual	Variance (Favourable) Unfavourable
Total Revenue By Source	(747,157,768)	(140,725,910)	(662,876,294)	84,281,474
Total Operating Expenditure	746,224,008	107,750,353	505,332,658	(240,891,350)
(SURPLUS)/ DEFICIT	(933,760)	(32,975,557)	(157,543,636)	(156,609,876)

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 R200.1 million.

Total cash payments indicate an amount of R102.9 million.

Capital expenditure report (Annexure C)

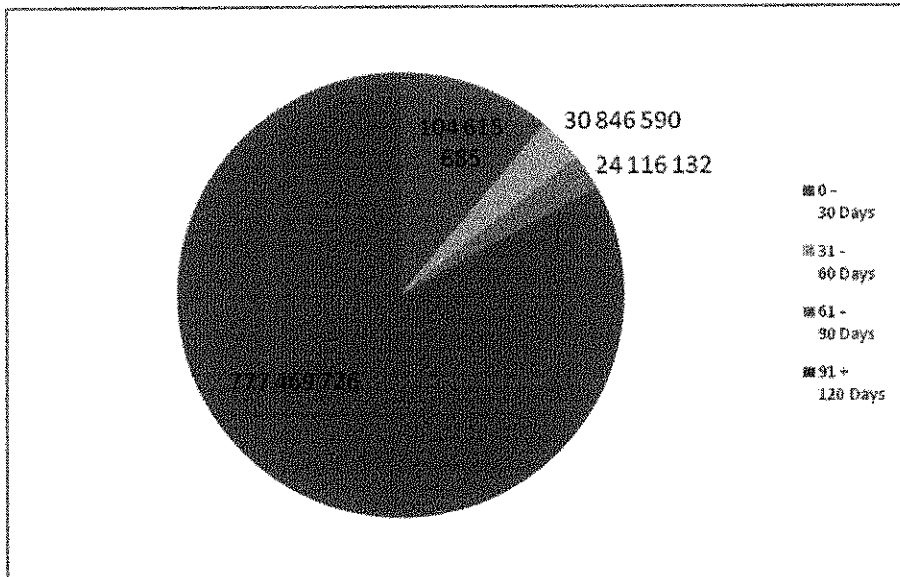
The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	YTD Budget	November Actual 2012	YTD Actual	Variance Favourable (Unfav)
Total Capital Expenditure	63,352,500	9,595,204	31,209,371	32,143,129

MIG capital expenditure for November month amount of R7, 053,018

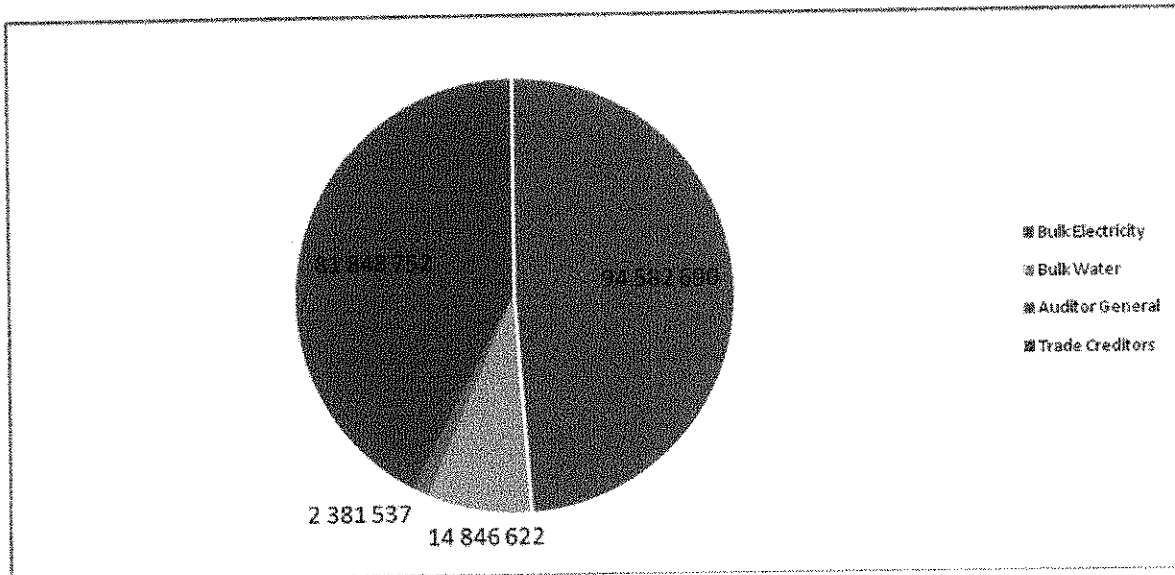
Outstanding Debtors report (Annexure D)

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 November 2012 amounts to R832.4million.



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 R182.2 million to R94.5 million.



Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to R 69,314,506 as at 30 November 2012.

The investments as at 30 November 2012 is as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		39,606,147			39,606,147
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
	-	53,756,760	85,136	15,472,610	69,314,506

BORROWINGS

The total amount outstanding on external loans at the end of November 2012 is R142,783,661.27

4. FINANCIAL IMPLICATIONS

The report covers the period from 1 July 2012 to November 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 37.48% the expenditure is 28.20%, 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) - November 2012

Description	Current Year 2012/13						YTD %
	Original Budget	November	YTD Actual	YTD Budget	Variance	Variance	
Revenue By Source							
Property rates	(264 526 699)	(15 713 051)	(107 458 195)	(110 219 458)	2 761 263	(2.51)	40.62
Service charges - electricity revenue	(411 054 158)	(31 167 079)	(169 790 628)	(171 272 566)	1 481 938	(0.87)	41.31
Service charges - water revenue	(204 849 040)	(27 982 237)	(97 827 017)	(86 353 767)	(12 473 250)	14.61	47.76
Service charges - sanitation revenue	(81 027 920)	(6 928 883)	(32 980 503)	(33 781 633)	781 130	(2.31)	40.70
Service charges - refuse revenue	(84 753 536)	(7 069 316)	(32 444 707)	(35 313 973)	2 869 266	(8.13)	38.28
Service charges - other	(165 901 490)	(9 108 387)	(41 551 011)	(64 958 954)	23 407 944	(36.03)	26.85
Rental of facilities and equipment	(12 805 534)	(607 175)	(3 269 472)	(5 335 639)	2 066 167	(38.72)	25.53
Interest earned - external investments	(2 000 000)	-	(487 775)	(833 333)	345 558	(41.47)	24.39
Interest earned - outstanding debtors	(56 252 321)	(3 381 471)	(17 390 576)	(23 438 467)	6 047 892	(25.80)	30.92
Fines	(12 427 862)	(331 249)	(2 929 523)	(5 178 276)	2 248 752	(43.43)	23.57
Licences and permits	(8 524 982)	(803 726)	(3 174 096)	(3 552 076)	377 980	(10.64)	37.23
Transfers recognised - operational	(341 313 000)	(28 057 157)	(112 405 989)	(142 213 750)	29 807 761	(20.96)	32.93
Internal Departmental Transfers	(20 706 848)	(1 644 694)	(8 834 069)	(8 627 853)	(206 216)	2.39	42.66
Other revenue	(107 815 499)	(7 836 314)	(30 893 112)	(44 923 125)	14 230 012	(31.68)	28.47
Gains on disposal of PPE	(400 000)	-	-	(166 667)	166 667	(100.00)	-
Total Revenue	(1 764 358 888)	(140 610 740)	(661 236 673)	(735 149 537)	73 912 864	(10.05)	37.48
Expenditure By Type							
Employee related costs	397 440 623	33 560 483	162 561 346	165 600 280	(3 038 914)	(1.84)	40.90
Remuneration of councillors	19 781 357	1 539 668	7 721 295	8 242 232	(520 938)	(6.32)	39.03
Contributions	124 163 223	7 955 269	39 776 343	51 734 676	(11 958 333)	(23.11)	32.04
Depreciation & asset impairment	122 708 245	-	-	51 128 435	(51 128 435)	(100.00)	-
Finance charges	20 888 606	286 704	5 202 776	8 703 586	(3 500 810)	(40.22)	24.91
Bulk purchases	576 821 258	28 614 197	130 385 247	240 342 191	(109 956 944)	(45.75)	22.60
Repairs & Maintenance	74 536 378	4 222 981	15 056 629	31 056 824	(16 000 195)	(51.52)	20.20
Contracted services	38 373 033	5 924 635	18 920 291	15 988 764	2 931 528	18.33	49.31
Collection Costs	5 265 000	468 552	3 776 694	2 193 750	1 582 944	72.16	71.73
Other expenditure	404 849 048	24 305 987	123 156 788	168 687 103	(45 530 316)	(26.99)	30.42
Departmental charges	16 476 177	2 148 756	9 466 039	6 866 074	2 600 966	37.99	57.45
Internal recoveries (amount charge out)	(39 065 327)	(3 819 064)	(19 107 380)	(16 277 220)	(2 830 161)	17.39	48.91
Total Expenditure	1 762 237 621	105 208 167	496 916 068	734 265 675	(237 349 607)	(32.32)	28.20
Surplus/(Deficit)	(2 121 268)	(35 402 573)	(164 320 605)	(883 862)	(163 436 743)		
Transfer from Other Reserves	(28 819 755)	(115 170)	(1 639 621)	(12 008 231)	10 368 610	(86.35)	
Transfer to Other Reserves	28 700 000	2 542 186	8 416 590	11 958 333	(3 541 744)	(29.62)	
(Surplus)/ Deficit for the year	(2 241 023)	(32 975 557)	(157 543 637)	(933 760)	(156 609 877)		

ANNEXURE B**CASHFLOW AS AT 30 November 2012**

CASH FLOW FROM OPERATING ACTIVITIES		November 2012
DESCRIPTION		AMOUNT
Receipts		
Sales of goods and services		71 443 718
Government - operating		108 397 000
Government - capital (NER)		-
Interest income		9 198
Other income		20 260 855
		200 110 771
Payments		
Suppliers		(102 658 009)
Finance charges		(286 704)
Transfers and Grants		-
		(102 944 713)
NET OUTFLOWS FROM OPERATING ACTIVITIES		97 166 058

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - October 2012

R thousand	Original Budget	November	YTD Actual	YTD Budget	Variance	YTD %
Capital Expenditure						
Corporate services	4 700 000	-	-	1 958 333	(1 958 333)	-
Executive and council	4 700 000	-	-	1 958 333	(1 958 333)	0
Corporate services	-	-	-	-	-	-
Municipal & Environmental Services	12 700 000	980 805	1 462 362	5 291 667	(3 829 305)	11.51
Community and social services	3 700 000	32 950	32 950	1 541 667	(1 508 717)	0.89
Sport and recreation	9 000 000	-	481 557	3 750 000	(3 268 443)	5.35
Refuse removal	-	499 867	499 867	-	499 867	-
Public Safety	-	447 988	447 988	-	447 988	-
Health	-	-	-	-	-	-
Macro city planning & Development	-	220 462	220 462	-	220 462	-
Planning and development	-	220 462	220 462	-	220 462	-
Market	-	-	-	-	-	-
Civil Services & Human Settlements	116 146 000	8 382 071	21 752 260	48 394 167	(26 641 907)	18.73
Water	23 500 000	3 241 460	5 181 365	9 791 667	(4 610 302)	22.05
Waste water management(Sewerage)	21 892 332	-	575 701	9 121 805	(8 546 104)	2.63
Roads	70 753 668	5 140 611	15 995 194	29 480 695	(13 485 501)	22.61
Housing	-	-	-	-	-	-
Electrical & Mechanical Engineering	18 500 000	11 866	7 774 287	7 708 333	65 954	42.02
Electrical	18 500 000	11 866	7 774 287	7 708 333	65 954	42.02
Finance	-	-	-	-	-	-
Finance	-	-	-	-	-	-
Total Capital Expenditure	152 046 000	9 595 204	31 209 371	63 352 500	(32 143 129)	20.53

ANNEXURE D
DEBTOR'S AGE ANALYSIS - November 2012

Detail	0 -	31 -	61 -	91 +	Total
	30 Days	60 Days	90 Days	120 Days	
Debtors Age Analysis By Income Source					
Water Tariffs	28 677 078	8 928 895	8 423 014	194 604 600	240 633 587
Electricity Tariffs	32 252 590	4 617 954	3 173 152	94 617 766	134 661 462
Rates (Property Rates)	12 954 646	2 823 445	2 708 903	85 404 682	103 891 676
Sewerage / Sanitation Tariffs	4 657 968	1 715 349	1 463 591	53 202 155	61 039 063
Refuse Removal Tariffs	3 724 443	1 729 548	1 592 549	56 641 513	63 688 053
Other	22 348 960	11 031 399	6 754 923	292 999 010	333 134 292
Total By Income Source	104 615 685	30 846 590	24 116 132	777 469 726	937 048 133
Debtors Age Analysis By Customer Group					
Government	3 926 800	1 107 395	772 379	34 955 033	40 761 607
Business	16 126 596	4 339 442	3 383 480	58 689 123	82 538 641
Households	83 716 320	24 738 330	19 411 874	652 833 059	780 699 583
Other	845 969	661 423	548 399	30 992 511	33 048 302
Total By Customer Group	104 615 685	30 846 590	24 116 132	777 469 726	937 048 133

**ANNEXURE E
OUTSTANDING CREDITORS STATEMENT - November 2012**

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total
Bulk Electricity	26 702 616	25 535 208	49 784 102	68 713 065	-	94 582 690
Bulk Water	14 846 622	-	-	-	-	14 846 622
Auditor General	1 705 289	6 048	670 200	-	-	2 381 537
Trade Creditors	25 879 295	2 443 642	10 086 438	2 515 001	40 924 376	81 848 752
Total	69 133 822	27 984 898	60 540 740	71 228 066	40 924 376	269 811 902

ANNEXURE F

Investment Portfolio:30 November 2012
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	OCT 2012	NOV 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%		51 137 810	39 145 035		
ABSA	3.25%		364 413	364 413		
INVESTEC	4.70%		8 000 000	8 000 000		
TOTAL Call Investment			59 598 922	47 606 147		
Collateral						
SANLAM	Policy	Capital	5 764 535	5 764 535	01/12/2013	Policy
SANLAM	Policy	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			81 307 281	69 314 506		

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