

## MONTHLY BUDGET STATEMENT: 31 OCTOBER 2012

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

The financial results for the period ended 31 October 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.

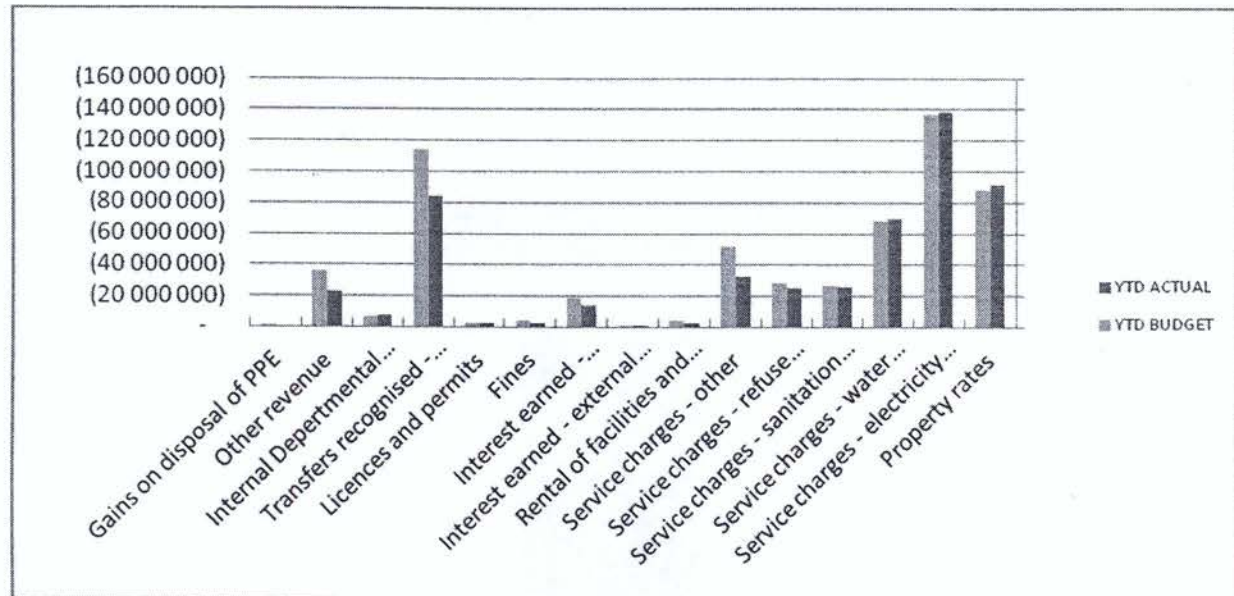
The summary report indicates the following:

Summary statement of			Financial Performance	
Description	YTD Budget	October Actual 2012	YTD Actual	Variance (Favourable) Unfavourable
Total Revenue By Source	(597,726,215)	(128,470,508)	(522,150,385)	75,575,830
Total Operating Expenditure	596,979,207	125,877,719	397,582,305	(199,396,902)
(SURPLUS)/ DEFICIT	(747,008)	(2,592,788)	(124,568,080)	(123,821,072)

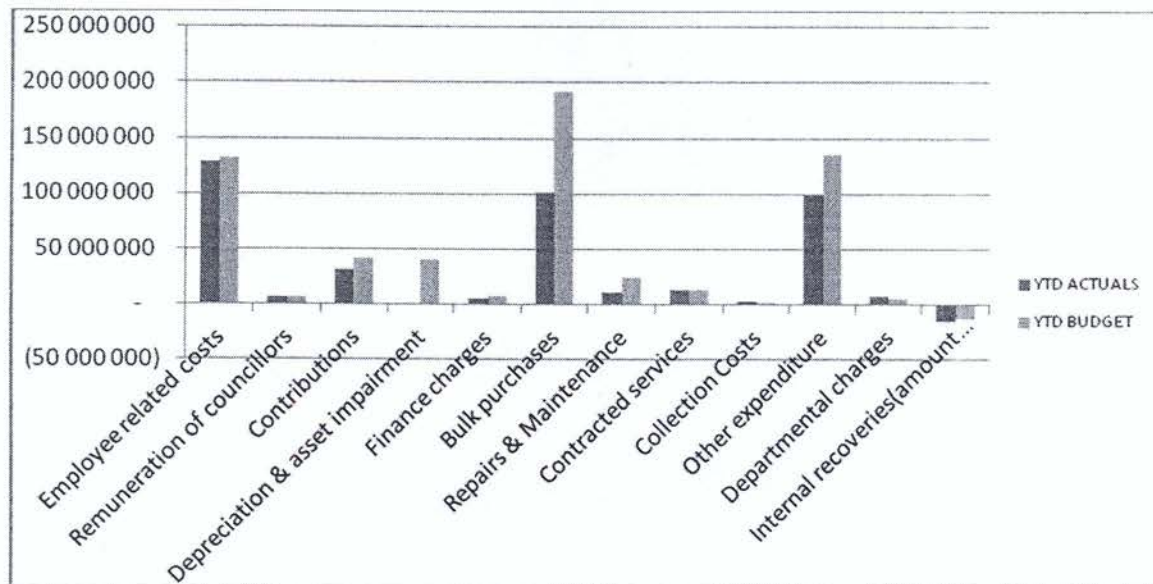
#### Reasons for variances

**Under collection and over expenditure spent:** Every month we send budget control to the departments, but they did not respond.

### 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 R102.3 million.

Total cash payments indicate an amount of R114.4 million.

### Capital expenditure report (Annexure C)

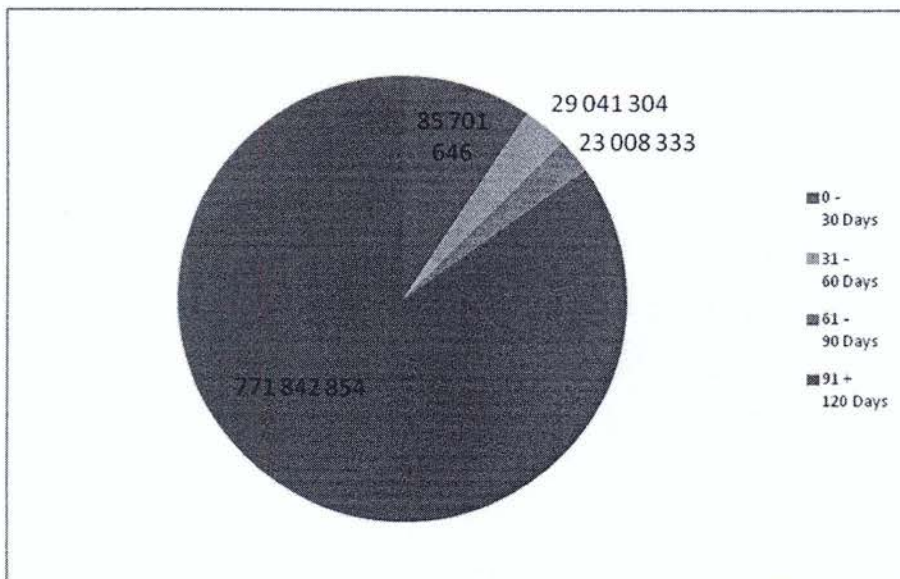
The summary report indicates the following:

Summary statement of Capital Expenditure				
Description	YTD Budget	October Actual 2012	YTD Actual	Variance Favourable (Unfav)
Total Capital Expenditure	50,682,000	10,048,501	21,614,167	29,067,833

MIG capital expenditure for September month amount of R4,618,583

### Outstanding Debtors report (Annexure D)

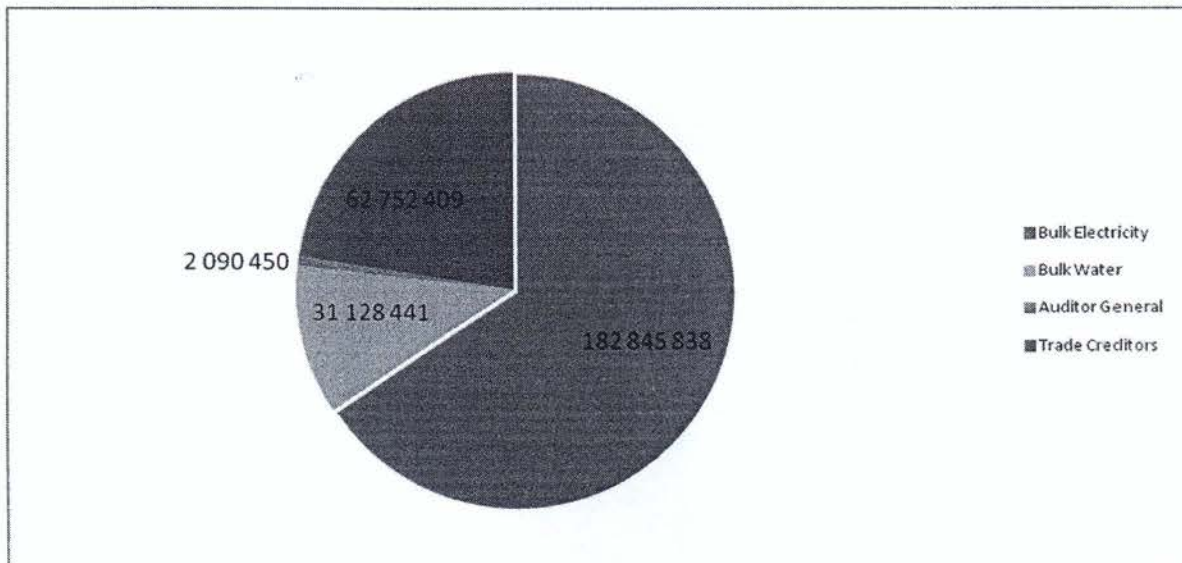
This format provides an extended aged analysis, as well as debtor's type. The summary report indicates that the debtor's greater than 30 days (31-90+days) balance as at 31 October 2012 amounts to R823.9million.





### 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 R188.1 million to R182.8 million.



### Investment Portfolio (Annexure F)

The table indicates the status of the investment portfolio and detail of where invested, which amounts to R 81,307,281 as at 31 October 2012.

The investments as at 31 October 2012 is as follows:

Institution	Investments				
	Fixed	Call	Long Term	Collateral	Total
	R	R	R	R	R
ABSA		51,598,922			51,598,922
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
	-	65,749,535	85,136	15,472,610	81,307,281

### ANNEXURE G (BORROWINGS)

The total amount outstanding on external loans at the end of October 2012 is R142, 888,369.91

#### **4. FINANCIAL IMPLICATIONS**

The report covers the period from 1 July 2012 to October 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 29.51% the expenditure is 22.23%, 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) - October 2012**

Description	Current Year 2012/13						YTD %
	Original Budget	October Actual	YTD Actual	YTD Budget	Variance	Variance	
<b>Revenue By Source</b>							
Property rates	(264 526 699)	(16 420 936)	(91 745 144)	(88 175 566)	(3 569 578)	4.05	34.68
Service charges - electricity revenue	(411 054 158)	(30 130 972)	(138 623 549)	(137 018 053)	(1 605 497)	1.17	33.72
Service charges - water revenue	(204 849 040)	(18 371 990)	(69 864 780)	(68 283 013)	(1 581 767)	2.32	34.11
Service charges - sanitation revenue	(81 027 920)	(7 071 810)	(26 051 620)	(27 009 307)	957 687	(3.55)	32.15
Service charges - refuse revenue	(84 753 536)	(7 152 999)	(25 375 392)	(28 251 179)	2 875 787	(10.18)	29.94
Service charges - other	(155 901 490)	(8 864 738)	(32 442 623)	(51 967 163)	19 524 540	(37.57)	20.81
Rental of facilities and equipment	(12 805 534)	(673 305)	(2 662 297)	(4 268 511)	1 606 215	(37.63)	20.79
Interest earned - external investments	(2 000 000)	-	(487 775)	(666 667)	178 892	(26.83)	24.39
Interest earned - outstanding debtors	(56 252 321)	(2 271 511)	(14 009 104)	(18 750 774)	4 741 670	(25.29)	24.90
Fines	(12 427 862)	(506 854)	(2 598 274)	(4 142 621)	1 544 347	(37.28)	20.91
Licences and permits	(8 524 982)	(518 979)	(2 370 370)	(2 841 661)	471 291	(16.59)	27.80
Transfers recognised - operational	(341 313 000)	(28 076 157)	(84 348 832)	(113 771 000)	29 422 168	(25.86)	24.71
Internal Departmental Transfers	(20 706 848)	(1 772 957)	(7 189 375)	(6 902 283)	(287 093)	4.16	34.72
Other revenue	(107 815 499)	(5 112 850)	(22 856 798)	(35 938 500)	13 081 701	(36.40)	21.20
Gains on disposal of PPE	(400 000)	-	-	(133 333)	133 333	(100.00)	-
<b>Total Revenue</b>	<b>(1 764 358 889)</b>	<b>(126 946 057)</b>	<b>(520 625 934)</b>	<b>(588 119 630)</b>	<b>67 493 696</b>	<b>(11.48)</b>	<b>29.51</b>
<b>Expenditure By Type</b>							
Employee related costs	397 440 623	33 119 292	129 000 863	132 480 208	(3 479 345)	(2.63)	32.46
Remuneration of councillors	19 781 357	1 555 051	6 181 266	6 593 786	(412 159)	(6.25)	31.25
Contributions	124 163 223	7 955 269	31 821 074	41 387 741	(9 566 667)	(23.11)	25.63
Depreciation & asset impairment	122 708 245	-	-	40 902 748	(40 902 748)	(100.00)	-
Finance charges	20 888 606	297 219	4 916 072	6 962 869	(2 046 796)	(29.40)	23.53
Bulk purchases	576 821 258	46 429 947	101 771 050	192 273 753	(90 502 703)	(47.07)	17.64
Repairs & Maintenance	74 536 378	3 305 301	10 833 649	24 845 459	(14 011 811)	(56.40)	14.53
Contracted services	38 373 033	2 881 259	12 995 657	12 791 011	204 646	1.60	33.87
Collection Costs	5 265 000	1 036 191	3 308 142	1 755 000	1 553 142	88.50	62.83
Other expenditure	404 849 048	25 787 143	98 850 801	134 949 683	(36 098 882)	(26.75)	24.42
Departmental charges	16 476 177	1 904 517	7 317 283	5 492 059	1 825 224	33.23	44.41
Internal recoveries(amount charge out)	(39 065 327)	(3 823 388)	(15 288 316)	(13 021 776)	(2 266 540)	17.41	39.14
<b>Total Expenditure</b>	<b>1 762 237 621</b>	<b>120 447 800</b>	<b>391 707 901</b>	<b>587 412 540</b>	<b>(195 704 639)</b>	<b>(33.32)</b>	<b>22.23</b>
<b>Surplus/(Deficit)</b>	<b>(2 121 268)</b>	<b>(6 498 256)</b>	<b>(128 918 033)</b>	<b>(707 089)</b>	<b>(128 210 943)</b>		
Transfer from Other Reserves	(28 819 755)	(1 524 451)	(1 524 451)	(9 606 585)	8 082 134	(84.13)	
Transfer to Other Reserves	28 700 000	5 429 919	5 874 404	9 566 667	(3 692 263)	(38.60)	
<b>(Surplus)/ Deficit for the year</b>	<b>(2 241 023)</b>	<b>(2 592 788)</b>	<b>(124 568 080)</b>	<b>(747 008)</b>	<b>(123 821 072)</b>		

**ANNEXURE B****CASHFLOW AS AT 31 October 2012**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>October 2012</b>
<b>DESCRIPTION</b>		<b>AMOUNT</b>
<u>Receipts</u>		
Sales of goods and services		91 409 400
Government - operating		-
Government - capital (NER)		840 000
Interest income		10 519
Other income		10 013 670
		<b>102 273 589</b>
<u>Payments</u>		
Suppliers		(114 114 184)
Finance charges		(297 219)
Transfers and Grants		-
		<b>(114 411 403)</b>
<b>NET OUTFLOWS FROM OPERATING ACTIVITIES</b>		<b>(12 137 814)</b>

ANNEXURE C CAPITAL EXPENDITURE

NW403 City Of Matlosana - Budgeted Capital Expenditure - October 2012

R thousand	Original Budget	October 2012	YTD Actual	YTD Budget	Variance	YTD %
<b>Capital Expenditure</b>						
<i>Corporate services</i>	<b>4 700 000</b>		-	<b>1 566 667</b>	<b>(1 566 667)</b>	-
Executive and council	4 700 000		-	1 566 667	(1 566 667)	0
Corporate services	-		-	-	-	
<i>Municipal &amp; Environmental Services</i>	<b>12 700 000</b>	<b>(44 579)</b>	<b>481 557</b>	<b>4 233 333</b>	<b>(3 751 776)</b>	<b>3.79</b>
Community and social services	3 700 000		-	1 233 333	(1 233 333)	-
Sport and recreation	9 000 000	(44 579)	481 557	3 000 000	(2 518 443)	5.35
Refuse removal	-		-	-	-	
Public Safety	-		-	-	-	
Health	-		-	-	-	
<i>Macro city planning &amp; Development</i>	-		-	-	-	
Planning and development	-		-	-	-	
Market	-		-	-	-	
<i>Civil Services &amp; Human Settlements</i>	<b>116 146 000</b>	<b>9 025 434</b>	<b>13 370 189</b>	<b>38 715 333</b>	<b>(25 345 145)</b>	<b>11.51</b>
Water	23 500 000		1 939 905	7 833 333	(5 893 429)	8.25
Waste water management(Sewerage)	21 892 332		575 701	7 297 444	(6 721 743)	2.63
Roads	70 753 668	9 025 434	10 854 583	23 584 556	(12 729 973)	15.34
Housing	-		-	-	-	
<i>Electrical &amp; Mechanical Engineering</i>	<b>18 500 000</b>	<b>1 067 646</b>	<b>7 762 421</b>	<b>6 166 667</b>	<b>1 595 754</b>	<b>41.96</b>
Electrical	18 500 000	1 067 646	7 762 421	6 166 667	1 595 754	41.96
<i>Finance</i>	-		-	-	-	
Finance	-		-	-	-	
<b>Total Capital Expenditure</b>	<b>152 046 000</b>	<b>10 048 501</b>	<b>21 614 167</b>	<b>50 682 000</b>	<b>(29 067 833)</b>	<b>14.22</b>



**ANNEXURE D**  
**DEBTOR'S AGE ANALYSIS - October 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	17 890 332	9 282 635	7 653 314	190 840 109	225 666 390
Electricity Tariffs	29 025 779	5 486 376	3 098 235	94 649 056	132 259 446
Rates (Property Rates)	12 000 646	3 443 019	2 243 422	86 195 212	103 882 299
Sewerage / Sanitation Tariffs	4 533 078	1 717 442	1 500 912	52 488 517	60 239 949
Refuse Removal Tariffs	3 632 105	1 749 412	1 611 027	55 529 847	62 522 391
Other	18 619 706	7 362 420	6 901 423	292 140 113	325 023 662
<b>Total By Income Source</b>	<b>85 701 646</b>	<b>29 041 304</b>	<b>23 008 333</b>	<b>771 842 854</b>	<b>909 594 137</b>
<b>Debtors Age Analysis By Customer Group</b>					
Government	3 958 444	1 000 105	965 462	34 725 926	40 649 937
Business	13 026 885	4 233 788	3 103 650	59 184 641	79 548 964
Households	67 835 727	23 246 887	18 370 519	647 401 563	756 854 696
Other	880 590	560 524	568 702	30 530 724	32 170 039
<b>Total By Customer Group</b>	<b>85 701 646</b>	<b>29 041 304</b>	<b>23 008 333</b>	<b>771 842 854</b>	<b>909 594 137</b>

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

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 +Days	Total
Bulk Electricity	182 845 838					182 845 838
Bulk Water	15 527 410	15 601 031	-	-	-	31 128 441
Auditor General	698 295	670 200	384 772	329 903	7 280	2 090 450
Trade Creditors	2 409 161	58 755 730	1 087 041	500 477	-	62 752 409
<b>Total</b>	<b>201 480 704</b>	<b>75 026 961</b>	<b>1 471 813</b>	<b>830 380</b>	<b>7 280</b>	<b>278 817 138</b>

# ANNEXURE F

Investment Portfolio:31 October 2012  
City of Matlosana

INSTITUTION	INTEREST RATE	PERIOD	SEPT 2012	OCT 2012	MATURITY DATE	EXPLANATION
<b>Fixed Investment</b>						
<b>TOTAL Fixed Investment</b>			-	-		
<b>Call Investment</b>						
ABSA	3.30%		53 576	53 576		
ABSA	3.25%		43 123	43 123		
ABSA	4.47%		62 897 810	51 137 810		
ABSA	3.25%		364 413	364 413		
INVESTEC	4.70%		8 000 000	8 000 000		
<b>TOTAL Call Investment</b>			<b>71 358 922</b>	<b>59 598 922</b>		
<b>Collateral</b>						
SANLAM	Policy based Capital		5 764 535	5 764 535	01/12/2013	Policy
SANLAM	Policy based 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>93 067 281</b>	<b>81 307 281</b>		

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

ANNEXURE 9 AS AT 31 OCTOBER 2012

Borrowing Reference No.	Start Date	End Date	Borrowing Period Years	Lender	Purpose	% Interest Rate (2 dec) Per Annum	Interest Paid This quarter	Opening Balance 9/10/2012	Debt Repaid or Re-issued	Additional Principal Accrued	Balance at 31/10/2012	Redemption 2012/13
ANNUITY LOANS												
JBC09588	1/10/1996	30/09/2014	18	Development Bank of SA	Provision of Infrastructure	12	665,443.94	11,187,209.37	1,957,555.93	0.00	9,239,652.44	4,036,740.51
NW10959	1/10/1997	30/09/2017	20	Development Bank of SA	Provision of Infrastructure	15	378,773.52	4,365,144.94	288,201.61	0.00	4,096,943.33	558,657.26
NW11182	1/10/1998	30/09/2018	20	Development Bank of SA	Provision of Infrastructure	15.25	354,372.36	5,020,380.16	238,127.38	0.00	4,782,252.78	496,179.85
NW13637	1/10/2000	30/09/2020	20	Development Bank of SA	Provision of Infrastructure	15.6	243,054.05	3,103,891.97	92,906.74	0.00	3,010,985.23	184,510.53
NW13874/1	1/10/2001	30/09/2019	18	Development Bank of SA	Combination	14.75	82,652.31	3,888,888.85	0.00	0.00	3,888,888.85	555,555.56
NW13874/2	1/10/2001	30/09/2019	18	Development Bank of SA	Combination	14.75	318,281.46	14,998,126.00	0.00	0.00	14,998,126.00	2,642,347.16
NW100395	1/10/2003	30/06/2013	10	Development Bank of SA	Combination	11.5	0.00	2,542,727.19	0.00	0.00	2,542,727.19	2,166,812.12
KLER-00-001	1/10/2003	31/12/2013	10	INCA	Acquisition of Other Assets	12.25	0.00	3,334,843.46	0.00	0.00	3,334,843.46	1,872,702.52
NW101297/1	1/10/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	0.00	18,612,437.67	0.00	0.00	18,612,437.67	2,343,339.93
NW101297/2	1/10/2004	30/06/2019	15	Development Bank of SA	Combination	11.2	0.00	23,290,014.05	0.00	0.00	23,290,014.05	1,225,063.06
NW103577/1	1/10/2010	1/11/2025	15	Development Bank of SA	Combination	11.2	0.00	33,413,723.17	381,250.17	0.00	33,032,473.00	883,120.84
10556	31/3/1998	31/3/2018	15	Development Bank of SA	Provision of Infrastructure	14.75	1,184,399.47	7,844,316.71	423,826.28	0.00	7,420,488.45	278,763.81
10906	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15	590,769.52	3,504,261.20	132,046.75	0.00	3,372,215.45	408,394.01
10912	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	268,266.48	5,189,656.11	195,553.92	0.00	4,994,102.19	314,317.69
10913	30/09/1999	30/09/2019	15.25	Development Bank of SA	Provision of Infrastructure	15.25	397,290.81	3,994,184.09	150,506.77	0.00	3,843,677.32	174,930.99
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	180,939.98
9741	31/03/1986	31/03/2014	10	Development Bank of SA	Provision of Infrastructure	10	19,410.04	380,455.71	86,204.12	0.00	292,251.59	301,816.84
9743	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	50,328.25	1,001,657.49	147,077.32	0.00	854,580.17	289,576.96
9746	30/09/1995	30/09/2015	10	Development Bank of SA	Provision of Infrastructure	10	67,777.89	1,150,227.62	141,061.81	0.00	1,009,165.81	18,810,859.65
TOTAL ANNUITIES												
							4,916,072.20	147,189,965.53	4,301,595.62		142,886,369.91	