

OFFICE OF THE CHIEF FINANCIAL OFFICER

Date: 14 January 2013

Submission to the Section 80 Committee

SECTION 52 EXPENDITURE REPORT FOR THE QUARTER ENDING 31 DECEMBER 2012

Purpose

To table the quarterly financial report for the quarter ending 31 December 2012 to the Section 80 Committee for discussion

Background

According to MFMA Section 52 the Accounting officer must quarterly submit a report in the prescribed format to the Mayor and council explaining the financial standing of the municipality for the quarter.

Discussion

1.0 EXPENDITURE

1.1 CURRENT SITUATION

The following table indicates the budget vs. actual expenditure:

	Budget for the Year	Budget Quarter	Actual Quarter	Variance Actual vs Budget Quarter
Salaries	69 522 601	17 380 650	18 841 355	-1 460 705
Councillors Allowances	4 491 948	1 122 987	1 122 987	0
Water Purchases	15 920 184	3 980 046	6 285 268	-2 305 222
Electricity Purchases	688 716	172 179	442 937	-270 758
Repairs & Maintenance	8 100 579	2 025 145	781 041	1 244 104
Fuel	1 329 648	332 412	244 023	88 389
Projects	50 521 000	12 630 250	3 995 782	8 634 468
Transfers	0	0	19 424 000	0
Depreciation	7 000 000	1 750 000	1 749 999	1
Contributions: Funds	10 392 512	2 598 128	2 598 129	-1
Cotributions: Capital	2 808 500	702 125	1 391 079	-688 954
Travelling Costs	667 632	166 908	332 243	-165 335
Sundry	30 908 576	7 727 144	6 295 268	1 431 876
Total Expenses	202 351 896	50 587 974	44 080 111	6 507 863

From the above table it can be seen that the actual operational expenditure is R 2 126 605 over the budget for the quarter and this is due to additional payments of R 3 500 000 made to the two pension funds in arrears. The project spending is R 8 634 468 under the budget. Attached as Annexure A is the payment list for the quarter

2.0 SALARIES

All salary creditors have been paid during this quarter.

3.0 CREDITORS

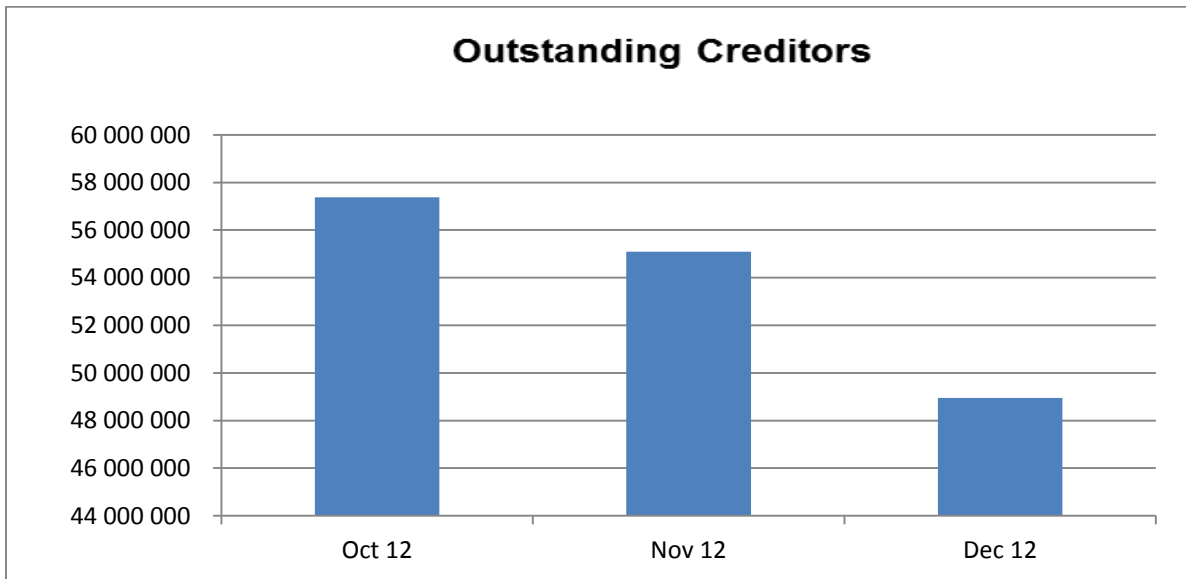
The total outstanding creditors amounts to R 48 951 414 as at the end of December 2012.

According to the age analysis it will be seen that 90% of the creditors are outstanding longer than 60 days, which is an indication of the negative cash flow situation of the municipality.

Current Creditors	R	635 771
30 days	-R	2 637 139
60 days	R	2 654 047
Longer than 60 days	R	48 298 735
Total Outstanding Creditors	R	48 951 414

The following table and graph displays individual large creditors and also the total outstanding amounts as on 31 December 2012:

	BALANCE	INVOICES	AMOUNTS	BALANCE
CREDITOR	01/12/2012	RECEIVED	PAID	31/12/2012
Bloem Water	25 347 197	403 614	-	25 750 811
Auditor General	4 562 979	828 886	500 999	4 890 866
SARS	3 790 202	596 339	1 296 159	3 090 382
SALA Pens Fund	10 651 957	550 494	1 550 494	9 651 957
Pens Fund Council	-	37 739	37 739	-
SAMWU Pens Fund	5 031 931	616 682	3 116 682	2 531 931
FS Pension Fund	-	44 607	44 607	-
FS Prov. Fund	-	9 647	9 647	-
Medical Aids	-	430 751	430 751	-
Other Sal Creditors	2 174 893	201 536	201 536	2 174 893
Trade Creditors	3 529 573	1 235 879	3 904 878	860 574
Total	55 088 732	4 956 174	11 093 492	48 951 414



4.0 CAPITAL PROJECTS

Attached as annexure A is a reconciliation of the progress with the capital program.

Financial Implications

None

Legal Implications

To comply with MFMA Section 71.

Parties Consulted

Provincial Treasury

National Treasury

Recommendations

That the Section 80 Committee takes note of the report as it is a compliance matter.

MJ Mekhoe
Chief Financial Officer

LY Moletsane
Municipal Manager

Date:.....

Date:.....