

## REPORT TO THE uMGUNGUNDLOVU DISTRICT MUNICIPAL COUNCIL



---

**File Reference** : 5/1/1/1                      **Author** : Sinegugu Ncube  
**Report Number:**                                      **Designation** : Chief Financial Officer

### OUT OF COMMITTEE CONSIDERATION

**1<sup>st</sup> Level – MANCO** : 09 March 2015  
**2<sup>nd</sup> Level – Portfolio Committee** : 11 March 2015  
**3<sup>rd</sup> Level – Audit Committee** : N/A  
**4<sup>th</sup> Level – EXCO** : 19 March 2015  
**5<sup>th</sup> Level – Council** : 27 March 2015

---

**SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2015**

**DATE : 11 March 2015**

---

### 1. PURPOSE

The purpose of this report is to comply with section 71 of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009.

### 2. STRATEGIC OBJECTIVE

To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.”

### 3. BACKGROUND

Section 52 (d) and 71 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations” necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

“The Mayor of a municipality-

52(d) must, **within 30 days of the end of each quarter**, submit a report to council on the implementation of the budget and the financial state of the municipality;”

“71(1) 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 treasury a statement in the prescribed format on the state of the municipality’s budget reflecting the following particulars for the month and for the financial year up to the end of that month: ...”.

“28.The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”

For the reporting period ending 28 February 2015 the ten working day reporting limit expired on **13 March 2015**.

Further, Section 31(1) of the Government Gazette No 32141 of 17 April 2009 prescribes the following:

“31.(1)The mayor’s quarterly report on the implementation of the budget and financial state of affairs of the municipality as required by section 52(d) of the Act must be –

- (a) in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and
- (b) consistent with the monthly budget statement for September, December, March and June as applicable; and
- (c) **Submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council.**”

#### **4. RECOMMENDATIONS**

- (1) That, in compliance with, Section 52(d) and Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations” the **preliminary** financial results regarding the operating and capital budgets for the 08th month of the 2014/15 financial year, and supporting documents as required by National Treasury (Schedule C) be submitted to Full Council Committee.
- (2) In order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009 this report be submitted to the National Treasury and the relevant Provincial Treasury **within five days** of tabling of the report in the council, in both a Council approved document and in electronic format.
- (3) That the Committee approves the following:
  - 3.1 Surplus for the period ending 28 February 2015 is R 42 546 million.
  - 3.2 Cash & Cash Equivalent for the period ending 28 February 2015 is R 151 086 million.
  - 3.3 Capital Expenditure for the period ending 28 February 2015 is R 180 177 million
  - 3.4 Trade Payables for the period ending 28 February 2015 is R 9 568 million.
  - 3.5 Trade Receivables for the period ending 28 February 2015 R 425 988 million.
  - 3.6 Conditional Grants for the period ending 28 February 2015 is R 45 433 million.

## 5. EXECUTIVE SUMMARY

### 5.1. Operating Budget

**Summary financial performance report for the period ending 28 February 2015** The SFP shown in Annexure A, Table C4, is prepared on a similar basis to the prescribed budget format, detailing revenue by source type and expenditure by input type. The summary report indicates the following:

Description	Budget Year 2014/15						% YTD Actual vs YTD budget
	Original Budget	Adjusted Budget	YTD actual Febr '15	YTD budget	YTD variance	% Progress YTD	
R thousands	R'000	R'000	R'000	R'000	R'000		
<b>Total Revenue (excluding capital transfers and contributions)</b>	548,480	<b>532, 539</b>	378,067	355,026	23,041	<b>71%</b>	<b>106%</b>
<b>Total Expenditure</b>	563,718	<b>566, 781</b>	335,521	377,854	(42,333)	<b>59%</b>	<b>89%</b>
<b>Operating Surplus/(Deficit)</b>	(15,238)	<b>(34, 241)</b>	42,546	(22,827)	65,374		
Transfers recognised – capital	139,097	116,097	164,610	77,398	87,212	<b>142%</b>	<b>213%</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>123,859</b>	<b>81 856</b>	<b>207,156</b>	<b>54,571</b>	<b>152,586</b>		
<b>Surplus/ (Deficit) for the year</b>	<b>123,859</b>	<b>81 856</b>	<b>207,156</b>	<b>54,571</b>	<b>152,586</b>		

The revenue raised as at 28 February 2015 was R378 067 000 against a budget of R355 026 000 for the period. This reflects a revenue rate against year to date budget of **106%** and **71%** against the annual budget. The operating expenditure as at 28 February 2015 was R335 521 000 vs a year to date budget of R377 854 000 reflecting an expenditure of 89% against the year to date budget and **59%** against the annual budget. The operating surplus for the period amounted to R42 546 000.

The major operating revenue variances against budget are:

- Service Charges
- Transfers recognised – Grants Received
- Other revenue

The major operating expenditure variances against budget are:

- Employee related costs
- Finance Charges; Depreciation and
- Other expenditure

The reasons for variances per source group are cited in Annexure A, Table C1 of this report.

## 4.2. Capital Expenditure

The Capital expenditure report shown in Annexure A, Table C5 has been prepared on the basis of the format required to be lodged electronically with National Treasury, and is categorised by municipal vote. The summary report indicates the following:

Description	Budget Year 2014/15						
	Original Budget	Roll over	Total including roll over funds	YTD budget	YTD Actual	Variance	% YTD spent vs Annual Budget
Funding Source	R'000	R'000		R'000	R'000	R'000	
<b>MIG</b>	97,264	-66,591	97,264	64,843	157,639	-92,796	162%
<b>Massification grant</b>	6,104	15,235	21,339	14,226	20,087	-5,861	94%
<b>Water Infrastructure grant</b>	28,611	4,027	32,638	21,758	2,119	19,639	6%
	<b>131,979</b>	<b>-47,329</b>	<b>151,241</b>	<b>100,827</b>	<b>179 845</b>	-79,018	<b>118%</b>

Spending on MIG has accelerated due projects implementation. The municipality overspent the MIG allocation in the previous financial year by an amount of R 66.6 million. This amount was bridge financed by a DBSA loan of R 70 million as MIG front loading. The municipality has received the total MIG allocation amounting to R97.2 million for the current financial year. Of this allocation R 70 million has been paid back to DBSA as it was for front loading in the 2014 financial year as per loan agreement. The MIG funding is currently overspent by R 60 375 018 pending the finalisation of the second tranche of front loading. Massification grant is 94% spent and MWIG 6% spent as at February 2015. The low expenditure against the water infrastructure grant is attributed to the delays in appointment of a contractor due to an objection received during the procurement process. The objection has since been resolved and the service provider appointed in December.

## 4.3. Employee costs and councillors allowances

Only 56% of the budget of councillor's allowances was spent as at 28 February 2015. This is mainly due to the annual increments not having been effected on the councillor's allowances as council still awaits the national gazette on the determination of councillor's allowances. The salary cost was at 59% expenditure as at 28 February 2015 whilst it represented 34% of total operating expenditure for the period which is well below the norm of 40% to total operating expenses. The combined expenditure on councillor's allowances and salary costs amounted to 21% against annual budget. The factors contributing to the slow movement in salaries were Medical Aid contributions, cell phone and vehicle allowances, other benefits and allowances and post-retirement benefit obligations. The main reason for the variance is that the salary increments were prudently estimated above the value which was later determined by the bargaining council whilst medical aid contribution are budgeted on the maximum allowable as per the collective agreement. Performance bonuses indicated a 77% variance from budget as they remained unpaid at the end of the period. See SC 8

Summary of Employee and Councillor remuneration	Budget Year 2014/15							
	2013/14							
	Audited Outcome	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B						D
<b><u>Councillors (Political Office Bearers plus Other)</u></b>								
Basic Salaries and Wages	9,944	11,684	810	6,625	9,919	(3,294)	-33%	11,684
Pension and UIF Contributions	–	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	–	–	–	–	–	–	–	–
Cellphone Allowance	–	–	–	–	–	–	–	–
Housing Allowances	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–	–	–	–
<b>Sub Total – Councillors</b>	<b>9,944</b>	<b>11,684</b>	<b>810</b>	<b>6,625</b>	<b>9,919</b>	<b>(3,294)</b>	<b>-33%</b>	<b>11,684</b>
<b>% increase</b>		<b>17.5%</b>						<b>17.5%</b>
<b><u>Municipal Staff</u></b>								
Basic Salaries and Wages	91,462	106,905	8,233	66,905	73,118	(6,214)	-8%	106,905
Pension and UIF Contributions	22,634	50,424	2,652	17,149	13,196	3,953	30%	50,424
Medical Aid Contributions	1,637	10,183	660	4,890	8,681	(3,791)	-44%	10,183
Overtime	7,284	183	632	5,272	18,785	(13,512)	-72%	183
Performance Bonus	7,702	10,173	26	7,847	5,591	2,257	40%	10,173
Motor Vehicle Allowance	12,993	13,215	1,165	8,813	8,016	797	10%	13,215
Cellphone Allowance	22	22	2	14	14	–	–	22
Housing Allowances	592	802	75	525	393	131	33%	802
Other benefits and allowances	2,571	2,267	–	–	–	–	–	2,267
Payments in lieu of leave	–	–	137	406	1	404	33997%	–
Long service awards	4,105	1,374	111	1,061	927	134	14%	1,374
Post-retirement benefit obligations	6,180	–	311	2,118	3,835	(1,717)	-45%	–
<b>Sub Total - Other Municipal Staff</b>	<b>157,181</b>	<b>195,549</b>	<b>14,005</b>	<b>115,000</b>	<b>132,560</b>	<b>(17,560)</b>	<b>-13%</b>	<b>195,549</b>
<b>% increase</b>		<b>24.4%</b>						<b>24.4%</b>
<b>Total Parent Municipality</b>	<b>167,126</b>	<b>207,233</b>	<b>14,816</b>	<b>121,625</b>	<b>142,479</b>	<b>(20,854)</b>	<b>-15%</b>	<b>207,233</b>
		<b>24.0%</b>						<b>24.0%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>								
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>167,126</b>	<b>207,233</b>	<b>14,816</b>	<b>121,625</b>	<b>142,479</b>	<b>(20,854)</b>	<b>-15%</b>	<b>207,233</b>
<b>% increase</b>		<b>24.0%</b>						<b>24.0%</b>

#### 4.4. Conditional Grants

The following were the movements on the conditional grants as at 28 February 2015. To date R131, 9 million of conditional grants has been received since 1 July 2014 whilst R202, 9 million has been spent as at 28 February 2015. Operating grants indicate a **53%** utilisation of already received money which is up from a 3% utilisation reported in the prior month. Capital grants were **125%** utilised as at the end of the period. The overall conditional grants utilisation at the end of February was **108%** with a balance of R 46.2 million down from prior month balance of R46.1 million. The accelerated utilisation is due to the high performance on implementing MIG and Massification grants projects. See SC6 and SC7 (1)

CONDITIONAL GRANTS AS 28 FEBRUARY 2015						
Operating Grant	Balance as at 30 June 2014	YTD Receipts	Total Received	YTD Expenditure	Balance	%
CORRIDOR DEVELOPMENT GRANT	550,000.00	-	550,000.00	-	550,000.00	0%
MATERIALS RECOVERY FACILITY - CORRIDOR GRANT	19,553,971.77	-	19,553,971.77	19,553,971.77	0	100%
WATER PURIFICATION GRANT	2,244,800.00	-	2,244,800.00	-	2,244,800.00	0%
SHARED DEPLOYMENT GRANT	800,000.00	-	800,000.00	540,000.00	260,000.00	68%
CAMPERDOWN WASTE WATER WORKS	4,000,095.45	-	4,000,095.45	-	4,000,095.40	0%
NEW WWW & BULK SEWER LINE - CORRIDOR DEVELOPMENT	4,000,000.00	-	4,000,000.00	-	4,000,000.00	0%
IRO MUNICIPAL EXCELLENCE GRANT	262,678.47	-	262,678.47	-	262,678.47	0%
ENERGY SECTOR	150,439.76	-	150,439.76	-	150,439.76	0%
WATER DEMAND MANAGEMENT GRANT	969,333.00	-	969,333.00	-	969,333.00	0%
RURAL ROADS ASSET MANAGEMENT SYSTEMS GRANT	952,180.55	2,303,000.00	3,255,180.55	924,087.07	2,331,093.40	28%
EXPANDED PUBLIC WORKS PROGRAMMES GRANT	1,405,870.89	2,325,000.00	3,730,870.89	156,987.76	3 573 883.1	4%
PTP GRANT	308,816.64	0.00	308,816.64	0.00	308,816.64	0%
DPSS GIS GRANT	1,001,016.98	250,000.00	1,251,016.98	203,983.47	1,047,033.51	16%
ACCREDITED COUNCILLOR TRAINING PROGRAMME	23,020.08	-	23,020.08	-	23,020.08	0%
MSIG	-	934,000.00	934,000.00	637,967.20	296,032.80	68%
FMG	-	1,250,000.00	1,250,000.00	1087,630.78	162,369.22	87%
KZN SPORT	633,775.88	-	633,775.88	-	633,775.88	0%
<b>TOTAL OPERATING GRANTS</b>	<b>36,855,999.47</b>	<b>7,062,000.00</b>	<b>43,917,999.47</b>	<b>23,104,628.05</b>	<b>20 813 371.26</b>	<b>53%</b>

MIG	66,590,950.97	97,264,000.00	97,264,000.00	157,639,018.25	-	162%
MUNICIPAL WATER INFRASTRUCTURE GRANT	4,027,337.75	21,459,000.00	25,486,337.75	2,119,346.00	23,366,991.75	8%
MASSIFICATION GRANT	15,235,290.77	6,104,000.00	21,339,290.00	20,086,646.31	1,252,644.46	94%
<b>TOTAL CAPITAL GRANTS</b>	<b>47,328,322.45</b>	<b>124,827,000.00</b>	<b>144,089,627.75</b>	<b>179,845,010.56</b>	<b>24,619,636.21</b>	<b>125%</b>

<b>TOTAL</b>	<b>56,118,627.99</b>	<b>131,889,000.00</b>	<b>188,007,627.22</b>	<b>202,949,638.61</b>	<b>45 433 007.47</b>	<b>108%</b>
--------------	----------------------	-----------------------	-----------------------	-----------------------	----------------------	-------------

#### 4.5. Cash and cash equivalents

An amount of R635 093 was accrued in investment interest income for the month of February. The cash in bank as at 28 February 2015 amounted to **R21 648 223** and investments amounted to **R129, 439,733** with a total cash and cash equivalents of **R151 086 966**. The average interest rate on investment is **6.6%** up by 0.1% from 6.5% in the prior month due to ABSA and Standard banks investments being reinvested at an interest rates of 0.3% higher than previous. The cash coverage ratio as at 28 February 2015 is 2 months based on average operating expenditure for the period. This indicates that the municipality as at 28 February 2015 had sufficient cash to operate for a period of **2** months without receiving grants to cover operating costs. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months. The cash coverage has reduced from 3.5 months to 2 months due to contributions from internal resources to fund the MIG expenditure. See below extract from SC 5.

Investments by maturity Name of institution & investment ID R thousands	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
	Yrs/Months							
-								
Absa Bank	4 months	Short term	21/06/2015	145	6.5%	30,364	322	30,042
Nedbank	3 months	Short term	08/05/2015	146	6.4%	30,458	326	30,132
Std Bank	4 months	Short term	04/06/2015	151	6.5%	30,451	324	30,127
Investec Bank	3 months	Short term	29/04/2015	147	6.4%	30,010	147	30,157
FNB	1 year	Long term	05/08/2015	20	7.1%	3,879	20	3,899
Ithala Bank	6 months	Short term	03/06/2015	26	6.9%	5,055	26	5,082
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>635</b>		<b>130,217</b>	<b>1,165</b>	<b>129,439</b>

Cash in bank Account Name	Account Number	Market value at the beginning of the month	change in market value	Market value at the end of the month
Main Account	50940026773	14,354	(7,742)	6,612
Salaries Account	50940092196	69	6,972	7,042
Water Services Account	62023616462	419	(366)	52
NSTD Call Account	62215748289	44,137	(37,039)	7,099
Mandela Race Account	62411577193	769	3	773
UMDM MIG (Dbsa) Account	62400041985	70	1	71
Public Sector Cheque Account	62243484417			
<b>TOTAL CASH BALANCES</b>		<b>59,818</b>	<b>(38,171)</b>	<b>21,648</b>

<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>190,035</b>	<b>(37,006)</b>	<b>151,086</b>
--	----------------	-----------------	----------------

#### 4.6. Creditors Age Analysis

The total payments for the month of February amounted to R39 523 964.08 and the top 20 highest paid creditors amounted to R34 934 030.26 which is 88% of total payments. Only 24% of invoices remained outside the compliance period of 30 days as at 28 February 2015. None of the bulk services, 3<sup>rd</sup> party and statutory invoices were outstanding for longer than 30 days as at 28 February 2015. The balance of trade payables as at 28 February was R9, 568 million.

Description	Budget Year 2014/15								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-
Other	5,185	191	90	146	134	3,824	-	-	<b>9,568</b>
<b>Total By Customer Type</b>	<b>5,185</b>	<b>191</b>	<b>90</b>	<b>146</b>	<b>134</b>	<b>3,824</b>	<b>-</b>	<b>-</b>	<b>9,568</b>
	54,19%	2%	0,9%	1,53%	1,42%	39,96%			100%



## Top 20 highest paid creditors in the month of February 2015

Payee Name	Amount	Description
AQUA TRANSPORT AND PLANT HIRE(PTY) LTD	9,899,156.49	Water tankering services
Umgeni Water	7,279,034.84	Bulk water purchases
Hidrotech Infra (PTY) LTD	2,854,637.20	Project Costs
UMGENI WATER (ACC-1015274)	2,353,283.18	Water Quality Monitoring
ESCONGWENI ENGINEERS	2,170,181.53	Project Costs
Laduma Sports	1,530,816.00	Protective clothing
ILANGA SECURITY	1,271,770.54	Security Services
SEALCOAT SURFACING & ASPHALT CC	1,135,292.93	Project Costs
G FLEET(DEPARTMENT OF PUBLIC TRANSPORT	959,018.36	Lease/Hire of motor vehicles
AMAQHAWE ASSET MANAGEMENT SOLUTIONS CC	864,397.09	Maintenance of water plants
P K Valves cc	679,960.16	Maintenance of water plants
Eskom	672,823.46	Electricity costs
Umngeni Municipality	657,536.77	Development Planning Shared Services contribution
AURECON SOUTH AFRICA (PTY)LTD	657,040.06	Project Costs
Electric & Pump Services	402,100.61	Maintenance of water plants
ROYAL HASKONING DHV(PTY)LTD T/A ROYAL HASKONING D	389,800.83	Project Costs
BIGEN AFRICA SERVICES (PTY)LTD	357,131.63	Project Costs
Talbot & Talbot (Pty) Ltd	286,140.00	Water Quality Monitoring
AUDITOR GENERAL	283,058.58	Audit Fees
JEFFARES & GREEN CONSULTANTS (PTY) LTD	230,850.00	Project Costs

**34,934,030.26**

### 4.7. Debtors age analysis

The debtor book value as at 28 February 2015 amounted to **R425, 9 million** of which 91% (R388, 694 million) is over 90 days. The collection rate in the month of February was at 67%, up from the average 54 % for the mid- year.

Description	Budget Year 2014/15							Total	Total over 90 days
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys			
<b>R thousands</b>									
<b>2013/14 - totals only</b>							-	-	
<b>Debtors Age Analysis By Customer Group</b>									
Organs of State	2,275	284	293	935	148	38,818	42,752	39,901	
Commercial	1,778	453	526	538	319	9,973	13,587	10,830	
Households	13,281	5,202	4,751	6,026	4,169	285,376	318,803	295,571	
Other	6,396	1,149	908	1,134	971	40,287	50,846	42,392	
<b>Total By Customer Group</b>	<b>23,731</b>	<b>7,087</b>	<b>6,477</b>	<b>8,632</b>	<b>5,607</b>	<b>374,453</b>	<b>425,988</b>	<b>388,694</b>	
	6%	2%	2%	2%	1%	88%		91%	

## TOP TEN DEBTORS AS AT 28 FEBRUARY 2015

### SUNDRY DEBTORS

These debtors are not water related.

<b>Debtor</b>	<b>January</b>	<b>Movement</b>	<b>February</b>	<b>Background</b>	<b>Credit Control Progress to date</b>
4000164 uMsunduzi Municipality	31,367,118.42	197,537.49	31,564,655.91	A meeting was held on the 14th April with MM and CFO's of both Municipalities and it was agreed that the CFO's must work on the issues and report to MM's on the progress.	This matter is being investigated terms of source documentation.
4000657 KZN Department of Works	1,809,320.39	13,307.92	1,822,628.31	<p>This matter is in respect of the water works takeover of the Appelsbosch Water Plant.</p> <p>The original outstanding debt was R2 552 745. KZN Public works agreed to pay R 808 236 and the balance must be claimed from National Treasury as part of the equitable share. Payment of R808 236.06 was paid by KZN Public Works.</p> <p>Payment was requested from Provincial Treasury however they need to investigate the matter since it dates back to 2008.</p> <p>The Provincial Treasury has advised that they are still in process of collecting the data for the various financial years with regards to the allocation of the equitable share before payment can be effected.</p>	This matter is being investigated terms of source documentation.

Debtor	January	Movement	February	Background	Credit Control Progress to date
4000160 uMzinyathi Municipality	1,351,938.37	8,852.17	1,360,790.54	<p>This matter is in respect of a DBSA loan repayment.</p> <p>A letter has been sent to uMzinyathi on the 31 July 2014 requesting payment.</p> <p>Email sent to uMzinyathi CFO on the 4<sup>th</sup> December 2014</p> <p>Further documentation and reconciliation in terms of payments made is being consolidated in order to recover the outstanding debt.</p>	The account has been reconciled and information has been submitted to the CFO of uMzinyathi Municipality so that payment can be made.
4000456 Prov. Dept. of Social Develop	912,208.67	5,850.08	918,058.75	<p>The matter is in respect of a Women's Day function hosted by the municipality. The municipality paid for the event and the Department of Social Service was to pay back the expenses incurred. Various attempts have been made for payment.</p> <p>Request for appointment with the CFO Ashnie Singh was made.</p> <p>The Department requested information regarding the contract that was signed between the municipality and the Department of Social Development.</p> <p>This information has been requested from the office of the MM so that a meeting can be set up to finalise payment.</p>	A meeting request was sent to the CFO of the department so that this matter can be finalised however the assistant manager advised that once the Memorandum of Understanding is received then only payment will be made. The document cannot be located and further investigation is required to recover the outstanding debt.
4000166 uMshwathi Municipality	325,304.19	1,488.14	326,792.33	The amount outstanding is interest accumulated for Councillor allowances debt that was repaid.	Requested payment from the CFO uMshwathi Municipality however he requests the interest to be written off as the debt has been repaid.

Debtor	January	Movement	February	Background	Credit Control Progress to date
4000172 Department of Water Works	24,355.42	270,951.08	295,306.50	Amount due in respect of Development and Implementation of WSA Programme. Invoices sent for payment.	Payment of R 297,960.02 received on the 10 <sup>th</sup> February 2015.  Balance is in respect of current amount which will be paid at the end of March 2015
40001762 NL Agency/ORIO	209,119.94	1,581.58	210,701.52	Outstanding amount in respect of Orio Grant	Invoice raised for Orio Grant
40001763 First National Bank	134,735.77	924.00	135,659.77	Outstanding amount in respect of Mandela Marathon	Payment has been requested from First National Bank
40001764 Standard Bank	106,779.33	770.00	107,549.33	Outstanding amount in respect of Mandela Marathon	Payment has been requested from Standard Bank.
4000163 Richmond Municipality	124,165.56	793.72	124,959.28	Outstanding amount in respect of Agency agreement	Invoice raised for Agency agreement.

## CONSUMER DEBTORS

These debtors are as a result of non-payment for water services rendered.

Debtor	January	Movement	February	Credit Control Progress to date
5922212183 Amber Valley Body Corporate	759,835.70	174,028.98	933,864.68	Payment of R 759,835.70 received on the 2 <sup>nd</sup> March 2015
5922112790 Ndlovu N E	818,749.73	5,467.53	874,217.26	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation.
5922651132 P & G Spars	823,517.40	5,710.91	829,228.31	Meter on the property has been disconnected.  Umgeni Water and Technical Services are investigating the matter.

<b>Debtor</b>	<b>January</b>	<b>Movement</b>	<b>February</b>	<b>Credit Control Progress to date</b>
5922112818 Zondi B A	672,418.63	4,240.90	676,659.53	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation
5922123125 M S Ntshangase	606,930.73	3,872.30	610,803.03	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation
5922800012 Department of Public Work and Land	561,702.94	(561,702.94)	558,579.66	Payment received R 561,702.94 for January 2015 consumption.  R 558,579.66 is current consumption which will be paid at the end of March 2015
5922215208 uMngeni Municipality (UMDM)	516,290.86	3,438.35	519,729.21	The meter has been verified and it was established that the meter belongs to UMDM.  Included in report for debt write-off.
5922171316 M Gumede	436,467.50	3,090.03	439,557.80	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation.
5922121582 Inanda Shopping Centre	433,585.41	3,680.73	437,266.14	The meter was verified. The take-on balance from the local municipality is R 350,017.05. Disconnection notice has been sent for the balance.  Meter has been disconnected on the 10 <sup>th</sup> February 2015
5922711490 Richmond Country Club	431,741.70	2,974.95	434,716.65	Account disconnected on the 15 <sup>th</sup> October 2014.  Meter verification was conducted in November and the meter remains disconnected.  The file has been sent to the Legal Advisor for legal action.

## 6. IN-YEAR BUDGET STATEMENT TABLES: FEBRUARY 2015 REPORT

The preliminary financial results for the period ended 28 February 2015 (i.e. 08 month of the 2014/15 financial year) are attached consisting of the following tables, in Annexure A:

### *Part 1*

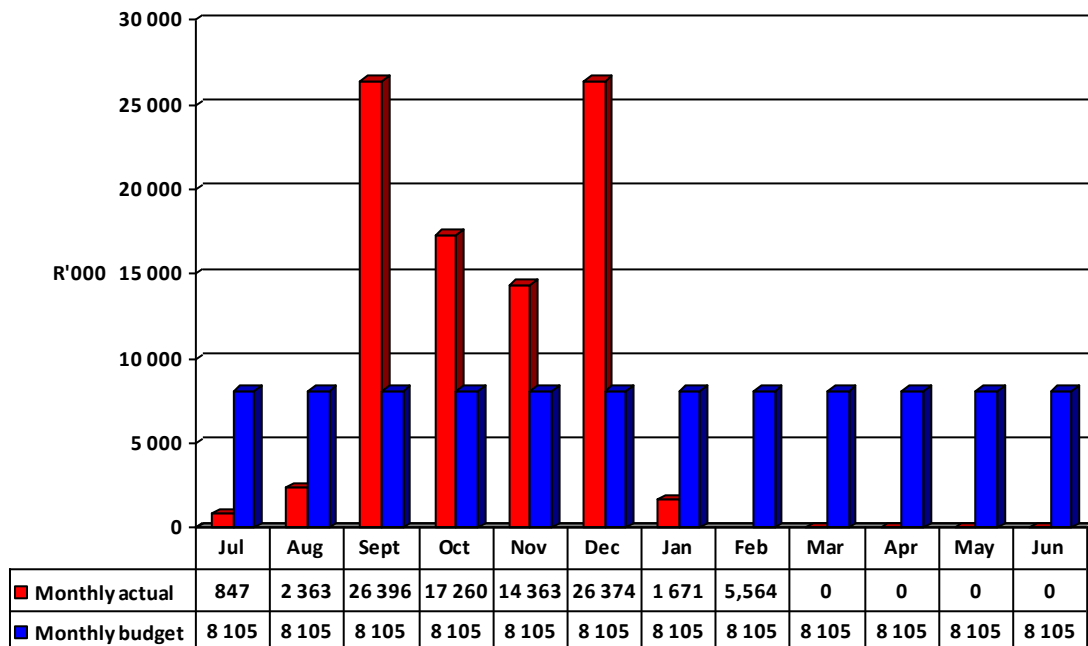
- (a) Table C1: Consolidated Monthly Budget Statement – Summary
- (b) Table C2: Consolidated Monthly Budget Statement – Financial Performance (standard Classification)
- (c) Table C3: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure)
- (e) Table C5: Consolidated Monthly Budget Statement – Capital Expenditure by vote, standard classification and funding
- (f) Table C6: Consolidated Monthly Budget Statement – Financial Position
- (g) Table C7: Consolidated Monthly Budget Statement – Cash Flow

### *Part 2*

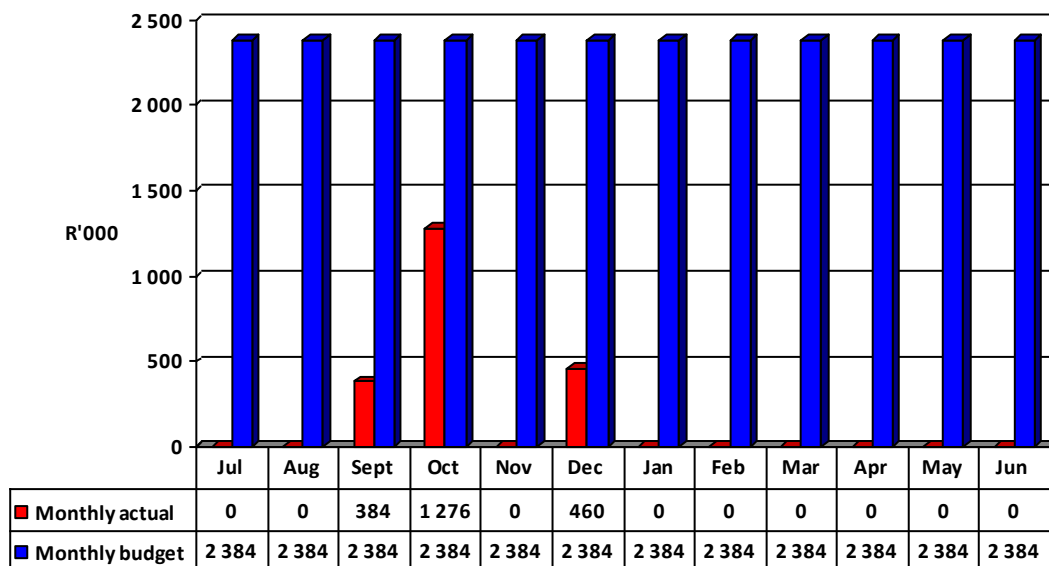
- (a) Table SC1: Material variance explanations
- (b) Table SC2: Monthly Budget Statement – Performance Indicators
- (c) Table SC3: Monthly Budget Statement – Aged Debtors
- (d) Table SC4: Monthly Budget Statement – Aged Creditors
- (e) Table SC5: Monthly Budget Statement – Investment Portfolio
- (f) Table SC6: Monthly Budget Statement – Transfers and grant receipts
- (g) Table SC7: Monthly Budget Statement – Transfers and grant expenditures
- (gb) Table SC7 (1): Monthly Budget Statement-Approved Roll overs
- (h) Table SC8: Monthly Budget Statement – Councillor and Staff Benefits
- (i) Table SC9: Monthly Budget Statement – Actual and Revised targets for cash receipts
- (j) Table SC10: Monthly Budget Statement – Parent Municipality Financial Performance (Revenue and Expenditure)
- (k) Table SC11: Monthly Budget Statement – Summary of Municipal Entities
- (l) Table SC12: Monthly Budget Statement – Capital Expenditure Trend
- (m) Table SC13a: Monthly Budget Statement – Capital expenditure on new assets by asset class
- (n) Table SC13b: Monthly Budget Statement – Capital expenditure on renewal of existing assets by asset class
- (m) Table SC13c: Monthly Budget Statement – Capital expenditure on repairs and maintenance by asset class
- (p) Municipal manager's quality certification

7. IN-YEAR BUDGET STATEMENT CHARTS: FEBRUARY 2015 REPORT

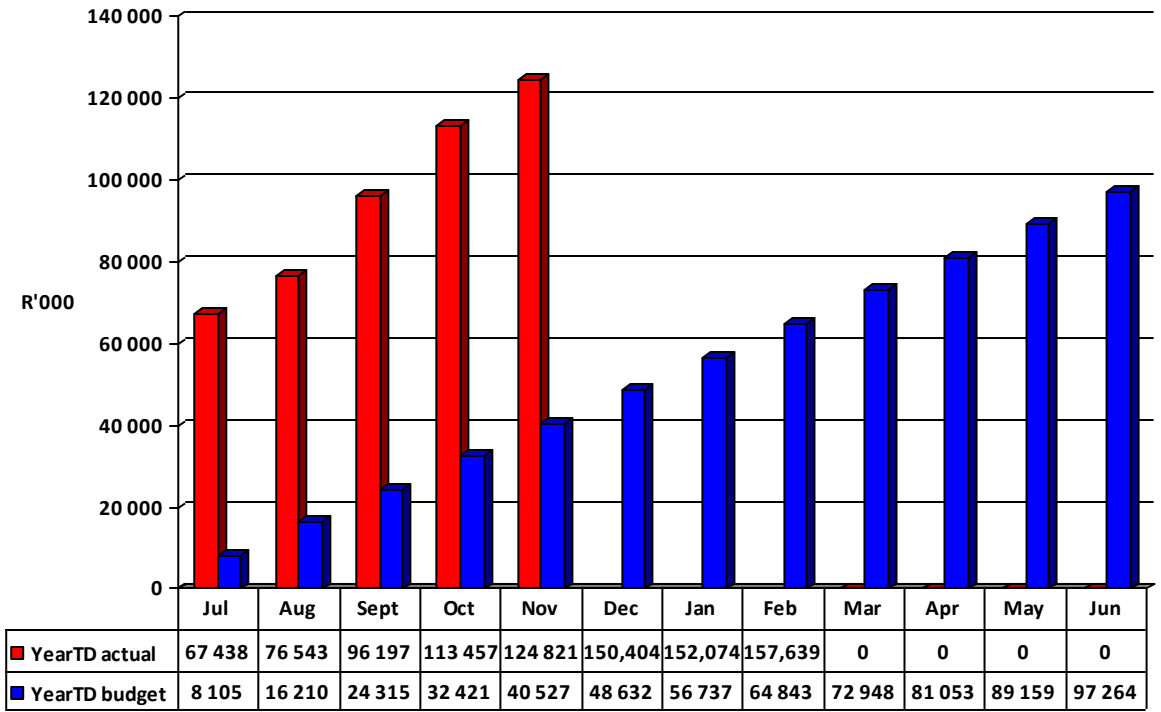
**MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET**



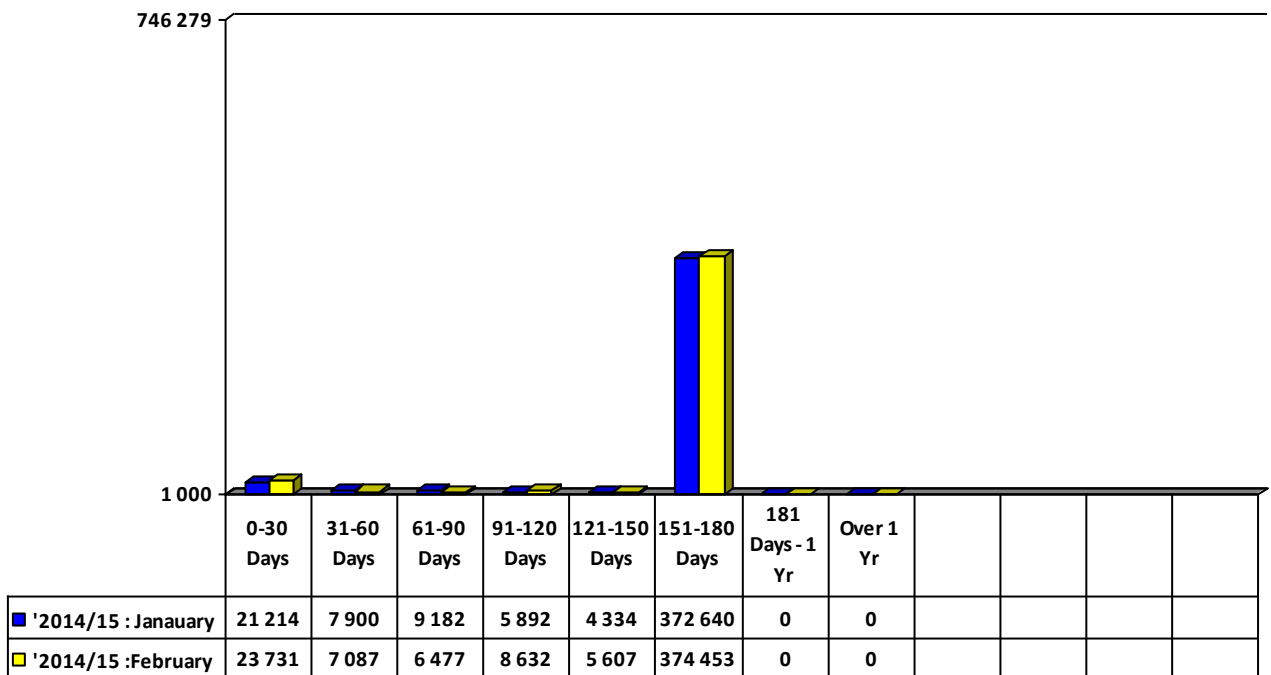
**MWIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET**



**CUMULATIVE CAPITAL EXPENDITURE: YTD ACTUAL VS YTD BUDGET**

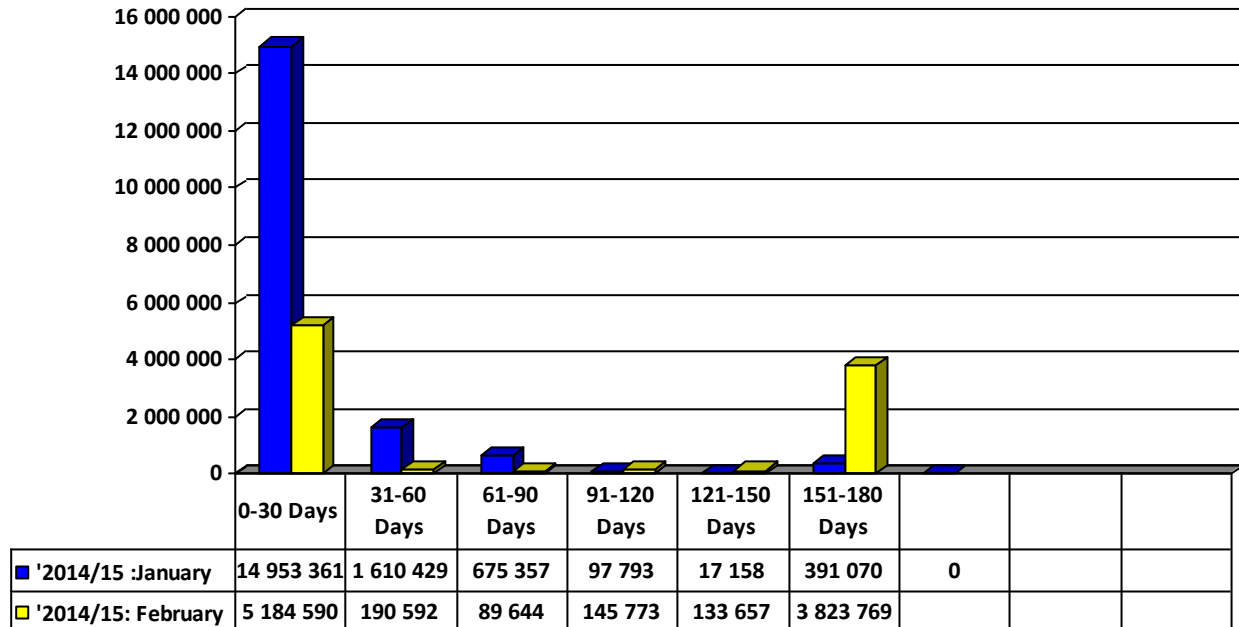


**DEBTORS AGE ANALYSIS**





## CREDITORS AGE ANALYSIS



### 8. CONCLUSION

This report meets with the requirements of the MFMA, Sections 52(d) and 71 by submitting the 'In-year report' to Finance Committee on the implementation of the budget and the financial status of the municipality.

**ANNEXURES:****Annexure – Schedule C**

REPORT – FLOW COMPLIANCE CHECK

FILE: 5/1/1/1

INITIATOR: Sinegugu Ncube

HEADING (INCLUSIVE OF NAME OF DIVISION/DEPARTMENT):

**FINANCIAL SERVICES DEPARTMENT****PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY AND THIRD****QUARTER BUDGET STATEMENT) FOR THE PERIOD ENDING 28 February 2015**REPORT CHECKED AND PASSED FOR SUBMISSION TO: **Finance Committee**

	COMPREHENSIVENESS (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES) (√)	CORRECTNESS (√)	QUALITY (√)
EXECUTIVE MANAGER: <b>BUDGET OFFICE NONDUMISO MBATHA</b>  SIGNATURE:  DATE : .....	(√)	(√)	(√)
EXECUTIVE MANAGER: <b>REVENUE MANAGEMENT: SIBONGILE KHUMALO</b>  SIGNATURE: .....	(√)	(√)	(√)
EXECUTIVE MANAGER: <b>EXPENDITURE MANAGEMENT: NOMPUMELELO KHUMALO</b>  SIGNATURE: .....	(√)	(√)	(√)
HEAD OF DEPARTMENT: <b>CHIEF FINANCIAL OFFICER : SINEGUGU NCUBE</b>  SIGNATURE : .....	(√)	(√)	(√)
EXECUTIVE MANAGER: <b>INTERNAL AUDIT PORTIA NZIMAKWE</b>  SIGNATURE: .....	(√)	(√)	(√)

**Municipal Manager’s quality certification**

I, **Terence L Sibusiso Khuzwayo**, the Municipal Manager of the uMgungundlovu District Municipality, hereby certify that -

the monthly **preliminary** report on the implementation of the budget and financial state affairs of the municipality for the month of **February 2015** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Mr. T L S Khuzwayo\_\_\_\_\_

Municipal Manager: uMgungundlovu District Municipality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print name: Mr. Y Bhamjee\_\_\_\_\_

Mayor: uMgungundlovu District Municipality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_