

REPORT TO THE uMGUNGUNDLOVU DISTRICT MUNICIPAL COUNCIL



File Reference: 5/1/1/1	Author	: Sinegugu Ncube
Report Number: 10	Designation	: Chief Financial Officer

OUT OF COMMITTEE CONSIDERATION

1 st Level – MANCO	:	
2 nd Level – Portfolio Committee	:	12 August 2015
3 rd Level – EXCO	:	20 August 2015
4 th Level – MPAC	:	
5 th Level – Council	:	27 August 2015

**SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2015**

DATE : 12 AUGUST 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 31 July 2015 the ten working day reporting limit expired on **12 August 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.**”

COMMENTS OF THE EXECUTIVE COMMITTEE

The Executive Committee, at its meeting held on 20 August 2015, supported the recommendations.

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 10th 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 Council approves the following:
 - 3.1 Surplus for the period ending 31 July 2015 is R 153 918 million.
 - 3.2 Cash & Cash Equivalent for the period ending 31 July 2015 is R 287 071 million.
 - 3.3 Capital Expenditure for the period ending 31 July 2015 is R 146 684 million.
 - 3.4 Trade Payables for the period ending 31 July 2015 is R 11 262 million.
 - 3.5 Trade Receivables for the period ending 31 July 2015 R307 852 million.
 - 3.6 Conditional Grants for the period ending 31 July 2015 is R 74 788million.

5. EXECUTIVE SUMMARY

5.1. Operating Budget

Summary financial performance report for the period ending 31 July 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 2015/16						% YTD Actual vs YTD budget
	Original Budget	Adjusted Budget	YTD actual July '15	YTD budget	YTD variance	% Progress YTD Actual vs Budget	
R thousands	R'000	R'000	R'000	R'000	R'000		
Total Revenue (excluding capital transfers and contributions)	579 001		183 633	48 250	135 383	31%	380%
Total Expenditure	576 919		29 715	48 077	(18 361)	5%	61%
Operating Surplus/(Deficit)	2 082		153 918	173	153 744		
Transfers recognised – capital	186 132		146 684	15 511	131 173	78%	900%
Surplus/(Deficit) after capital transfers & contributions	188 214						
Surplus/ (Deficit) for the year	188 214						

The revenue raised as at 31 July 2015 was R183 633 against the annual budget of R579 001 for the period. This reflects a revenue rate against the annual budget of 31%. The operating expenditure as at 31 July 2015 was R29 715 vs an annual budget of R576 919 000 reflecting an expenditure of 5% against the year. The operating surplus for the year amounted to R 153 918.

The major operating revenue variances against budget are:

- Transfers recognised – Grants Received (Equitable Share)
- Other revenue

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

5.2 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 2015/16						
	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	
MIG	106 052	-146 145	106 052	8 837	146 145	-137 308	137%
Massification grant		6 343	6 343	528		528	0%
Water Infrastructure grant	80 080	24 849	104 929	8 744	539	8 205	0%
	186 132	-114 953	217,324	18,109	146,684	-128 575	67%

Spending on MIG has accelerated due to projects implementation experienced in the previous financial year. The municipality overspent the MIG allocation in the previous financial year by an amount of R 146.1 million. This amount was bridge financed by a DBSA loan of R 79 539 million as MIG front loading. The MIG funding is currently overspent by **R 146 145 million**.

The **Massification grant is 0%** spent and **MWIG 0%** spent as at July 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 is already in site from January 2015. Site problems have further caused delays in the project progress with the project which is indicative of the low expenditure within the quarter. The total capital expenditure overall is including all grants received is **67%**.

5.3 Employee costs and councillors allowances

Section 66 of the MFMA requires that the accounting officer of a municipality must report to Council in a prescribed format all expenditure incurred by the municipality on staff salaries, wages and benefits. In a manner that discloses expenditure per type such as salaries, contributions for pensions etc. As at 31 July 2015, **7%** of the budget for councillor's allowances was spent. The staff salary cost was at **6%** expenditure as at 31 July 2015 whilst it represented **45%** of total operating expenditure for the period which is above the norm of 25%-40% to total operating expenses. The combined expenditure on councillor's allowances and salary costs amounted to **2.5%** against annual budget.

See SC 8

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

Summary of Employee and Councillor remuneration	R ef	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<u>Councillors (Political Office Bearers plus Other)</u>	1									
Basic Salaries and Wages		9,944	12,327	–	860	860	1,027	(167)	-16%	12,327
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		9,944	12,327	–	860	860	1,027	(167)	-16%	12,327
% increase	4		24.0%							24.0%
<u>Senior Managers of the Municipality</u>	3									
Basic Salaries and Wages		–	6,196	–	–	–	516	(516)	-100%	6,196
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	874	–	–	–	73	(73)	-100%	874
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	62	–	5	5	5	(0)	-6%	62
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		–	7,133	–	5	5	594	(590)	-99%	7,133
% increase	4		#DIV/0!							#DIV/0!
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		91,456	110,681	–	8,070	8,070	9,223	(1,154)	-13%	110,681
Pension and UIF Contributions		22,634	51,530	–	1,923	1,923	4,294	(2,371)	-55%	51,530
Medical Aid Contributions		1,637	10,875	–	661	661	906	(245)	-27%	10,875
Overtime		7,284	7,643	–	1,016	1,016	637	379	59%	7,643

Performance Bonus		7,702	8,885	-	-	-	740	(740)	-100%	8,885
Motor Vehicle Allowance		12,993	12,428	-	1,259	1,259	1,036	223	22%	12,428
Cellphone Allowance		22	22	-	2	2	2	-		22
Housing Allowances		592	811	-	68	68	68	1	1%	811
Other benefits and allowances		-	-	-	-	-	-	-		-
Payments in lieu of leave		4,105	-	-	-	-	-	-		-
Long service awards		6,180	1,361	-	192	192	113	79	69%	1,361
Post-retirement benefit obligations	2	2,571	6,683	-	-	-	557	(557)	-100%	6,683
Sub Total - Other Municipal Staff		157,176	210,919	-	13,191	13,191	17,577	(4,386)	-25%	210,919
% increase	4		34.2%							34.2%
Total Parent Municipality		167,120	230,379	-	14,056	14,056	19,198	(5,142)	-27%	230,379

5.4 Conditional Grants

The following were the movements on the conditional grants as at 31 July 2015. For the month of July 2015 **R24.5 million** of conditional grants has been received since 1 July 2015 whilst **R2.8 million** has been spent as at 31 July 2015. Operating grants indicate **0.61%** utilisation of already received money. Capital grants were **4.82%** utilised as at the end of the period. The overall conditional grants utilisation at the end of July is **3.64%**. See SC6 and SC7 (1)

GRANTS -	Balance b/f 14/15	YTD Receipts	TOTAL	EXPENDITURE TO DATE	BALANCE	% Spent
OPERATIONAL GRANTS						
CORRIDOR DEVELOPMENT GRANT	550 000.00	0.00	550 000.00	0.00	550 000.00	0.00
WATER PURIFICATION GRANT	2 244 800.00	0.00	2 244 800.00	0.00	2 244 800.00	0.00
SHARED DEPLOYMENT GRANT	20 000.00	0.00	20 000.00	60 000.00	-40 000.00	300.00
CAMPERDOWN WASTE WATER WORKS	4 000 095.45	0.00	4 000 095.45	0.00	4 000 095.45	0.00
NEW WWW & BULK SEWER LINE - CORRIDOR DEVELOPMENT	4 000 000.00	0.00	4 000 000.00	0.00	4 000 000.00	0.00
IRO MUNICIPAL EXCELLENCE GRANT	262 678.47	0.00	262 678.47	0.00	262 678.47	0.00
ENERGY SECTOR	150 439.76	0.00	150 439.76	0.00	150 439.76	0.00
RURAL ROADS ASSET MANAGEMENT SYSTEMS GRANT	764 729.64	2 329 000.00	3 093 729.64	0.00	3 093 729.64	0.00
EXPANDED PUBLIC WORKS PROGRAMMES GRANT	3 879 107.63	0.00	3 879 107.63	0.00	3 879 107.63	0.00
ACCREDITED COUNCILLOR TRAINING PROGRAMME	0.00	0.00	0.00	0.00	0.00	
MSIG	0.00	940 000.00	940 000.00	0.00	940 000.00	0.00
FMG	0.00	1 250 000.00	1 250 000.00	52 609.15	1 197 390.85	4.21
KZN SPORT	633 775.88	0.00	633 775.88	0.00	633 775.88	0.00
PTP GRANT	308 816.64	0.00	308 816.64	0.00	308 816.64	0.00
DPSS GIS GRANT	320 549.15	0.00	320 549.15	18 639.83	301 909.32	5.81

TOTAL OPERATIONAL GRANTS	17 134 992.62	4 519 000.00	21 653 992.62	131 248.98	21 522 743.64	0.61
CAPITAL GRANTS						
MIG	-146 145 031.62	0.00	0.00	0.00		
MUNICIPAL WATER INFRASTRUCTURE GRANT	24 849 191.40	20 020 000.00	44 869 191.40	538 574.40	44 330 617.00	1.20
MASSIFICATION GRANT	6 343 190.18	0.00	6 343 190.18	0.00	6 343 190.18	0.00
MUNICIPAL DISASTER GRANT - Drought Relief	4 750 000.00	0.00	4 750 000.00	2 158 486.25	2 591 513.75	0.00
TOTAL	-110 202 650.04	20 020 000.00	55 962 381.58	2 697 060.65	53 265 320.93	4.82
TOTAL	93 067 657.42	24 539 000.00	77 616 374.20	2 828 309.63	74 788 064.57	3.64

5.5 Cash and cash equivalents

An amount of R 691 888 was accrued in investment interest income for the month of July. The cash in bank as at 31 July 2015 amounted to **R156 623 566** and investments amounted to **R130 447 023** with a total cash and cash equivalents of **R 287 070 589**. The average interest rate on investment is at **6.8%**. The cash coverage ratio as at 31 July 2015 is **5 months** based on average operating expenditure for the period. This indicates that the municipality as at 31 July 2015 had sufficient cash to operate for a period of **5 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. See below extract from SC 5.

Investments by maturity Name of institution & investment ID R thousands	Ref	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							
Municipality									
Absa Bank		3 months	Short term	21/06/2015	8	0.0%	30,033	(30,041)	(0)
Nedbank		3 months	Short term	08/09/2015	172	6.8%	30,300	172	30,472
Std Bank		3 months	Short term	04/10/2015	173	6.8%	30,781	(659)	30,295
Investec Bank		3 months	Short term	29/07/2015	287	6.7%	30,328	30,287	60,615
FNB		1 year	Long term	05/08/2015	22	7.1%	3,989	22	4,011
Ithala Bank		6 Months	Short term	03/06/2015	30	7.1%	5,025	30	5,055
Municipality sub-total					692		130,456	(189)	130,448

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	7,698,092.65	-762,929.67	6,935,162.98
Salaries Account	50940092196	1,645.83	53,494.24	55,140.07
Water Services Account	62023616462	229,398.72	179,389.55	408,788.27
NSTD Call Account	62215748289	25,268,210.97	122,679,619.95	147,947,830.92
Mandela Race Account	62411577193	690,686.78	513,692.68	1,204,379.46
UMDM MIG (Dbsa) Account	62400041985	72,026.57	237.78	72,264.35
Public Sector Cheque Account	62243484417	0.00		0.00

TOTAL CASH BALANCES		33,978,061.52	122,663,504.53	156,623,566.05
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TOTAL CASH AND CASH EQUIVALENTS		164,434,061	122,474,504	287,071,566
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5.6 Borrowings

As at 31 July 2015 the borrowings were sitting as **R 85 967 million** with the inclusion of the R36.378 and R43 161 million loan from the DBSA front loading facility which was drawn down in the last financial year and to be fully repaid by the 31 August 2015. The facility relates to the sub loan 2 (R130million) of the front loading loan facility of R200 million. No repayment was made in the month of July as loans are repaid bi-annually.

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) 01 JULY 2015- 31 JULY 2015)

Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/07/2015	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/07/2015
10434	Greater PMB Electrification Phase 3	10	647 641.40	5 193.60	0	0	652,835.00
10394	Mooi River - Tendele Bulk Water Scheme	10	11 384.49	91.30	0	0	11,475.79
10180	Greater PMB Electrification Phase 2	10	647 641.40	5 193.60	0	0	652,835.00
10392	Greytown Jabula Road Upgrading	10	35 310.59	283.16	0	0	35,593.40
10158	Edendale Unit S Phase 2 Rudimentary Services	10	1 113 398.76	8 928.61	0	0	1,22,327.37
10395	Greytown / Enhalakahle Bulk Water Phase 2	10	432 150.43	3 465.52	0	0	435,615.95
13851	uMDM Ifrastructure Development Programme	11	2 997 742.58	28 870.46	0	0	3,026,613.04
12007528	uMDM Various Water Projects	8.25	79 539 000.00	490 598.36	0	0	80,029,598.36
			85,424,269.64	542,624.61	0	0	85,966,894.25

5.7 Creditors Age Analysis

The total payments for the month of June amounted to **R63 722 214** and the top 20 highest paid creditors amounted to **R53 195 581** which is **83%** of total payments. A total of **R1 065 million** or **9.5%** of invoices remained outside the compliance period of 30 days as at 31 July 2015. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 July 2015. The balance of trade payables as at 31 July 2015 was **R11, 262 million**.

Description	Budget Year 2015/16								
	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	Total
R thousands									
Creditors Age Analysis By Customer Type									
Trade Creditors	10 197	22	42	38	936	27	-	-	11 262
Total By Customer Type	10 197	22	42	38	936	27	-	-	11 262

	90.5%	0.2%	0.4%	0.3%	8.3%	0.2%			100%
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Top 20 highest paid creditors in the month of July 2015

Umgeni Water	7,600,130.75	Bulk Water Purchases
G FLEET(DEPARTMENT OF PUBLIC TRANSPORT	7,340,282.22	Hire/Lease of motor vehicles
Icon construction (pty)ltd	5,406,659.12	Merrivale pipelines replacement/Ukhalo Water
AQUA TRANSPORT AND PLANT HIRE(PTY) LTD	5,329,967.84	Hire of Water Tankers
NAIDU CONSULTING	4,713,173.94	Merrivale pipelines replacement/Hilton AC Pipelines replacement
WK CONSTRUCTION(PTY) LTD	3,722,610.15	Hilton AC Pipelines Replacement
AFROSTRUCTURES (PTY) LTD	2,087,335.48	Kwahaza, Kwanxamala, Engugu & Mashingene Water Supply
Hidrotech Infra (PTY) LTD	2,074,979.53	Ephatheni Water supply/Hilton Corridor Developmen
KZN ATHLETICS ASSOCIATION	2,000,000.00	Mandela Marathon costs
Electric & Pump Services	1,846,140.04	Maintenance of Water Schemes/ Water Demand Management
NGCOLOSI CONSULTING ENGINEERS	1,690,178.08	Gengeshe Water
AMAQHAWE ASSET MANAGEMENT SOLUTIONS CC	1,564,029.98	Maintenance of Water Plants
MAKHAOTSE, NARASIMULU & ASSOCIATES	1,366,476.92	uMshwathi Bulk Water/Hilton Corridor Development
Sukuma Consulting Engineers (Pty) Ltd	1,066,977.82	uMshwathi slum Water/Engugua/Entshyabantu Water
ESCONGWENI ENGINEERS	1,039,634.32	Manzamyama Water Scheme/Nkkanyezi Water Supply
TAURIS GARDEN TRADING 500	872,227.15	Maqongqo Bulk Water
UMGENI WATER(ACC-1011871)	761,971.30	Water quality monitoring
DARTINGO CONSULTING ENGINEERS (PTY)LTD	745,097.34	AC Pipe replacement in Wartburg
SIGMA IT AND ION CONSULTING JV	709,607.82	It Management & Internet provision
ILANGA SECURITY	652,351.22	Security Services
SERENITY FINANCIAL SERVICES CC	605,750.75	Annual insurance costs
Sub-Total	53,195,581.7	

5.8. Debtors age analysis

The debtor book value as at 31 July 2015 amounted to **R307.8 million**. The collection rate in the month of July was at **57%**, and the average collection rate for the period was at **65%**.

Description	Budget Year 2015/16							
	R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	Total
Debtors Age Analysis By Customer Group								
Organs of State	1 542	262	379	17	200	2 427	4 828	
Commercial	1 443	487	505	685	430	8 625	12 176	

Households	14 543	5 909	5 828	3 988	4 362	187 885	222 515
Other	6 399	1 885	1 098	2 186	1 201	55 564	68 333
Total By Customer Group	23 926	8 544	7 810	6 876	6 194	254 502	307 852

SUNDRY DEBTORS

These debtors are not water related.

Debtor	June	Movement	July	Background	Credit Control Progress to date
4000164 uMsunduzi Municipality	31,959,730.89	202,668.33	32,162,399.22	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.	The matter has been referred to Legal for an assessment of prospect to collect and further recommendations to council.
4000657 KZN Department of Works	1,849,244.15	13,653.58	1,862,897.73	<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</p>	The matter has been referred to Legal for an assessment of prospect to collect and further recommendations to council.

				for the various financial years with regards to the allocation of the equitable share before payment can be effected.	
4000160 uMzinyathi Municipality	1,396,659.06	9,082.09	1,387,576.97	<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 4th December 2014</p> <p>Further documentation and reconciliation in terms of payments made is being consolidated in order to recover the outstanding debt.</p>	<p>The account has been reconciled and information has been submitted to the CFO of uMzinyathi Municipality so that payment can be made.</p> <p>The matter has since been referred to Legal for an assessment of prospect to collect and further recommendations to council.</p>
40001762 NL Agency/ORIO	1,342,959.96	10,289.01	1,332,670.95	Outstanding amount in respect of Orio Grant	Invoice raised for Orio Grant. Enquiries made with regards to payment of account. Awaiting payment. Awaiting response from RVO.
4000456 Prov. Dept. of Social Develop	941,762.97	6,002.03	935,760.94	The matter is in respect of a Womens Day function hosted by the municipality in conjunction with the Department of Social Development	The matter has been referred to Legal for an assessment of prospect to collect and further recommendations to council.

40001764 Standard Bank	109,089.33	300,790.00	409,897.33	Invoice raised in respect of donation Mandela Day Marathon.	The amount of R300,000.00 was paid in August 2015. The R109,089.33 is still being traced by Standard bank to confirm payment date so the amount can be reversed.
4000781 South African Post Office	388,930.00	3002.00	385,928.00	Invoice raised in respect of donation Mandela Day Marathon 2015.	Invoice was sent to the Post Office for payment. Email sent to Post office requesting payment.
4000166 uMshwathi Municipality	329,768.61	1,526.80	331,295.41	The amount outstanding is interest accumulated for Councillor allowances debt that was repaid.	Requested payment from the CFO uMshwathi Municipality however requests that the interest to be written off as the debt has been repaid. The matter has since been referred to Legal for an assessment of prospect to collect and further recommendations to council.
40001700 VVB Construction	259,708.34	1,703.70	261,142.04	The matter is being attended to by legal advisor.	The matter is with the legal advisor to recover the amount outstanding.
400001213 KZNPA	135,408.16	14,284.79	149,692.95	Outstanding amount in respect of Parking	Invoices and emails sent to KZNPA. Awaiting payment. Email sent to customer requesting payment.

Total	R 38,713,216.47	R 563,002.33	R 39,219,261.54		
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CONSUMER DEBTORS

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

Debtor	May	Movement	June	Credit Control Progress to date
5922800012 Department of Works Cedara	632,457.77	78,469.94	710,927.71	Current Account to be paid at the end of August 2015.
5922651132 P & Spars	685,059.68	4,843.05	689,902.73	The meter has been disconnected.
5922171316 Mr Gumede	431,914.91	3,500.66	435,415.57	High Consumption for Rural Schemes. Accounts have been sent for verification.
5922722780 Makhoba T S A	429,297.95	3,249.48	432,547.43	High Consumption for Rural Schemes. Accounts have been sent for verification.
5922263964 Potgieter PJ	386,656.25	2,680.91	389,337.16	High Consumption for Rural Schemes. Accounts have been sent for verification.
5922262489 Xaba	383,987.46	3,332.58	387,320.04	High Consumption for Rural Schemes. Accounts have been sent for verification.
5922114072 Mohamed Farm	402,059.21	3,080.13	405,139.34	High Consumption for Rural Schemes. Accounts have been sent for verification.
5922711293 Spoornet	407,221.76	40,553.10	447,774.86	Meter disconnected in March 2015 due to by-passed meter. New meter connected by Technical department. Payment request has been sent to Spoornet. We are awaiting payment.
5922221270 School-Laddsworth	404,078.75	12,305.88	416,384.63	The school is querying this account. The technical department was requested in July to meet with the school principal to resolve the query.

5922212119	370,546.72	8,324.07	378,870.79	The account is being verified as the customer is disputing the account.
Body Corporate Hadca				
Total	4,533,280.46	160,339.80	4,693,620.26	

6. IN-YEAR BUDGET STATEMENT TABLES: MAY 2015 REPORT

The preliminary financial results for the period ended 31 July 2015 (i.e. 12th month of the 2015/16 financial year) are attached consisting of the following tables, in Annexure A:

Part 1

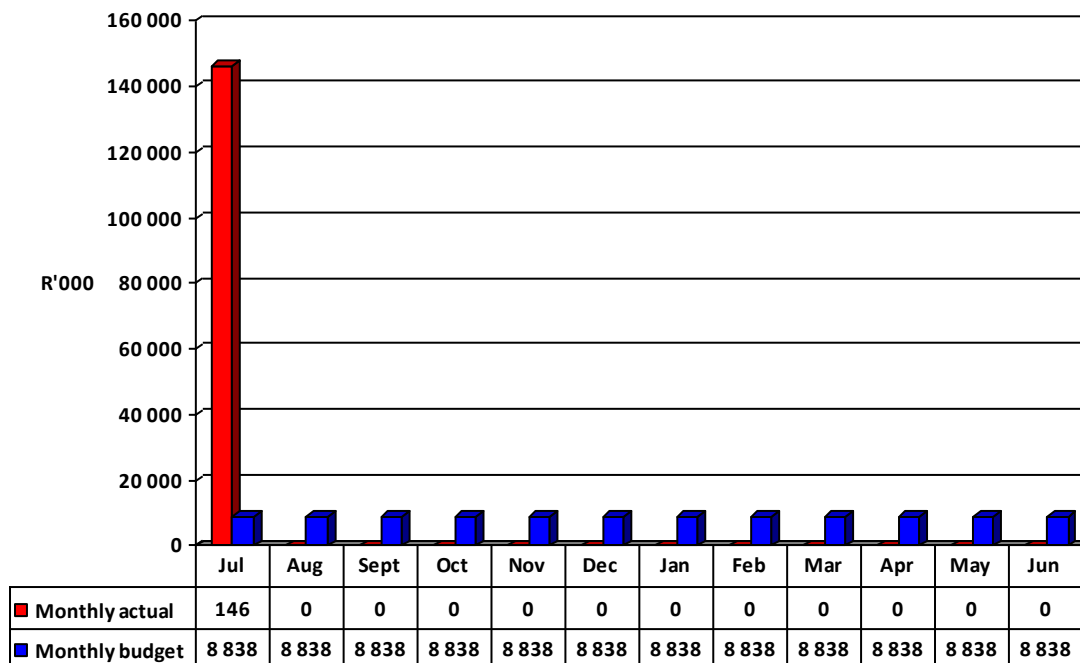
- (a) Table C1: Consolidated Monthly Budget Statement – Summary
- (b) Table C2: Consolidated Monthly Budget Statement – Financial Performance (standard Classification)
- (c) Table C3: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table 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

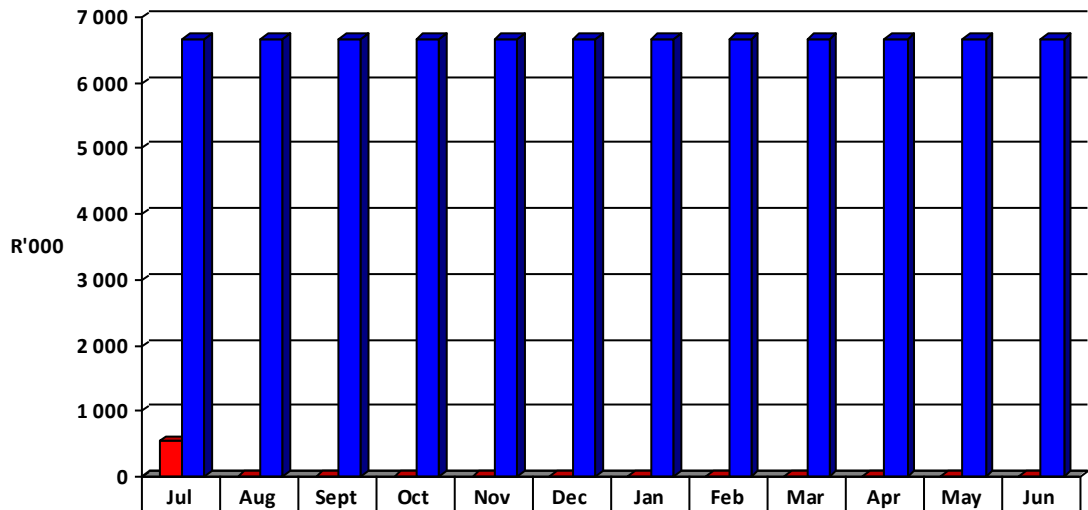
- (a) Table SC1: Material variance explanations
- (b) Table SC2: Monthly Budget Statement – Performance Indicators
- (c) Table SC3: Monthly Budget Statement – Aged Debtors
- (d) Table SC4: Monthly Budget Statement – Aged Creditors
- (e) Table SC5: Monthly Budget Statement – Investment Portfolio
- (f) 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: JULY 2015 REPORT

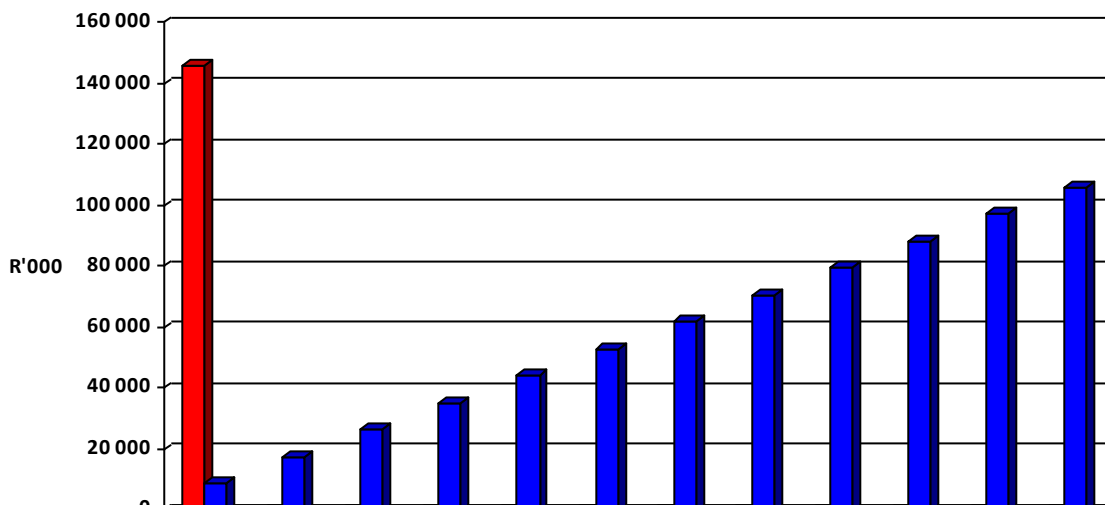
MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET



MWIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

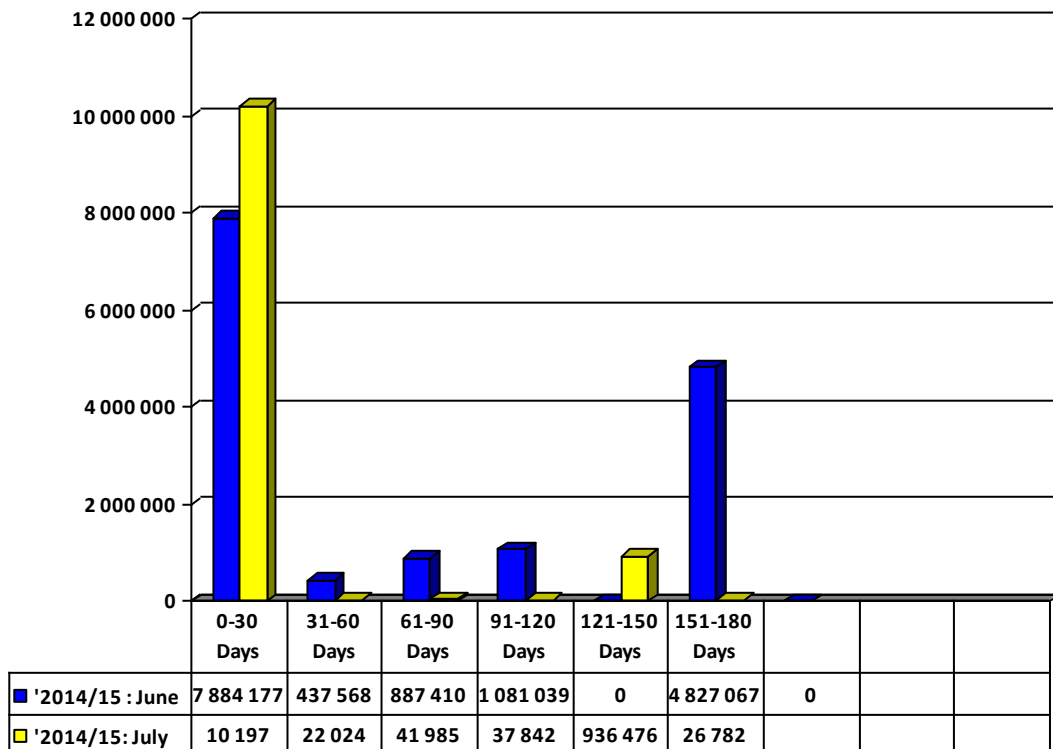
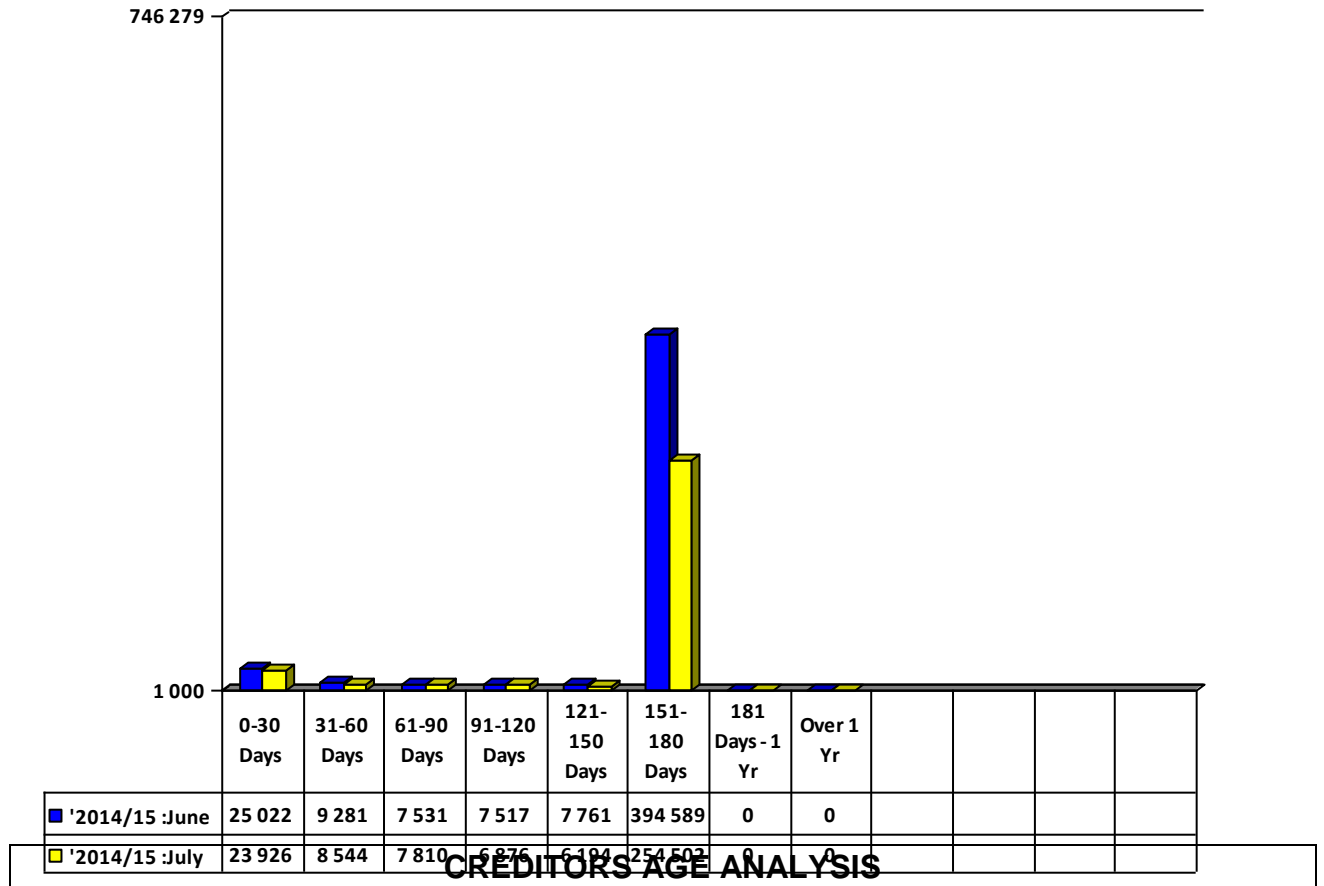


	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	CUMULATIVE
Monthly actual	538	0	0	0	0	0	0	0	0	0	0	0	
Monthly budget	6673	6673	6673	6673	6673	6673	6673	6673	6673	6673	6673	6673	6673



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
YearTD actual	146145	0	0	0	0	0	0	0	0	0	0	0
YearTD budget	8838	17675	26513	35351	44188	53026	61864	70701	79539	88377	97214	106052

DEBTORS 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: 5/1/11

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 31 July 2015**REPORT CHECKED AND PASSED FOR SUBMISSION TO: **Finance Committee**

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

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 **July 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: _____