

**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**

1st Level – MANCO :
2nd Level – Portfolio Committee :
3rd Level – EXCO : 23 July 2015
4th Level – MPAC :
5th Level – Council : 28 August 2015

**SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR
THE PERIOD ENDED 30 JUNE 2015**

DATE : 14 JULY 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 30 June 2015 the ten working day reporting limit expired on **14 July 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 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 Committee approves the following:
 - 3.1 Deficit for the period ending 30 June 2015 is R 166 646 million.
 - 3.2 Cash & Cash Equivalent for the period ending 30 June 2015 is R 163 783 million.
 - 3.3 Capital Expenditure for the period ending 30 June 2015 is R 274 931 million.
 - 3.4 Trade Payables for the period ending 30 June 2015 is R 15 117 million.
 - 3.5 Trade Receivables for the period ending 30 June 2015 R298 944 million.
 - 3.6 Conditional Grants for the period ending 30 June 2015 is R 54 569 million.

5. EXECUTIVE SUMMARY

5.1. Operating Budget

Summary financial performance report for the period ending 30 June 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 June '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)	548,480	532, 539	514,562	532,539	17,977	97%	97%
Total Expenditure	563,718	566, 781	681 208	566,781	117 824	120%	120%
Operating Surplus/(Deficit)	(15,238)	(34, 241)	(166 646)	(34 241)	(135 801)		
Transfers recognised – capital	139,097	116,097	274,931	116,097	158,834	236%	236%
Surplus/(Deficit) after capital transfers & contributions	123,859	81 856	104 888	81 856	158 834		
Surplus/ (Deficit) for the year	123,859	81 856	104 888	81 856	158 834		

The revenue raised as at 30 June 2015 was R514 562 000 against a budget of R532 539 000 for the period. This reflects a revenue rate against the year budget of **97%**. The operating expenditure as at 30 June 2015 was R681 208 000 vs a year to date budget of R566 781 000 reflecting an expenditure of **120%** against the year. The operating deficit for the year amounted to R 166 646 000.

The major operating revenue variances against budget are:

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

The major operating expenditure variance arises from the debt write off as approved by Council and depreciation and impairment of assets as at 30 June 2015 which are both non-cash items in nature. Excluding the non-cash items the operating surplus is R68 million.

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 2014/15						
	Adjustment 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	97,264	-66,591	97,264	97,264	243 409	-146 145	250%
Massification grant	16,104	15,235	31 339	31,339	24 996	6 343	80%
Water Infrastructure grant	28,611	4,027	32,638	32,638	6 526	26 112	20%
	141,979	-47,329	161,241	161,241	274,931	-113 690	171%

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 79 554 million**.

The **Massification grant is 80%** spent and **MWIG 20%** spent as at June 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 **131.6%**.

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 30 June 2015, **93%** of the budget for councillor's allowances was spent. The staff salary cost was at **87%** expenditure as at 30 June 2015 whilst it represented **25%** of total operating expenditure for the period which is within the norm of 25%-40% to total operating expenses. The combined expenditure on councillor's allowances and salary costs amounted to **32%** against annual budget. 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.

See SC 8

Summary of Employee and Councillor remuneration	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		9,944	14,878	11,684	1,080	10,817	11,684	(4,061)	-27%	11,684
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		9,944	14,878	11,684	1,080	10,817	11,684	(4,061)	-27%	11,684
% increase	4		49.6%	17.5%						17.5%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		91,456	109,678	106,905	8,671	101,170	106,905	(8,507)	-8%	106,905
Pension and UIF Contributions		22,634	19,795	50,424	2,059	25,294	50,424	(5,499)	-28%	50,424
Medical Aid Contributions		1,637	13,022	10,183	663	7,796	10,183	(5,226)	-40%	10,183
Overtime		7,284	28,177	183	690	7,692	183	(20,486)	-73%	183
Performance Bonus		7,702	8,386	10,173	6	7,854	10,173	(532)	-6%	10,173
Motor Vehicle Allowance		12,993	12,024	13,215	1,236	14,169	13,215	2,145	18%	13,215
Cellphone Allowance		22	22	22	15	41	22	19	89%	22
Housing Allowances		592	590	802	68	1,314	802	724	123%	802
Other benefits and allowances		-	-	2,267	-	-	2,267	-	100%	2,267
Payments in lieu of leave		4,105	2	-	16	421	-	420	2351%	-
Long service awards		6,180	1,391	1,374	248	2,059	1,374	668	48%	1,374
Post-retirement benefit obligations	2	2,571	5,753	-	369	3,255	-	(2,499)	-43%	-
Sub Total - Other Municipal Staff		157,176	198,840	195,549	14,042	171,064	195,549	(22,231)	-12%	195,549
% increase	4		26.5%	24.4%						24.4%
Total Parent Municipality		167,120	213,718	207,233	15,122	181,881	213,718	(31,837)	-15%	207,233

5.4 Conditional Grants

The following were the movements on the conditional grants as at 30 June 2015. To date **R210.9 million** of conditional grants has been received since 1 July 2014 whilst **R302.4 million** has been spent as at 30 June 2015. Operating grants indicate **61.34%** utilisation of already received money. Capital grants were **165.63%** utilised as at the end of the period. The overall conditional grants utilisation at the end of June is **143.42%**. See SC6 and SC7 (1)

<i>GRANTS -</i>	<i>Balance b/f 14/15</i>	<i>YTD Receipts</i>	<i>TOTAL</i>	<i>EXPENDITURE TO DATE</i>	<i>BALANCE</i>	<i>% Spent</i>
OPERATIONAL GRANTS						
CORRIDOR DEVELOPMENT GRANT	550 000.00	0.00	550 000.00	0.00	550 000.00	0.00
MATERIALS RECOVERY FACILITY - CORRIDOR GRANT	19 553 971.77	0.00	19 553 971.77	19 553 971.77	0.00	100.00
WATER PURIFICATION GRANT	2 244 800.00	0.00	2 244 800.00	0.00	2 244 800.00	0.00
SHARED DEPLOYMENT GRANT	800 000.00	0.00	800 000.00	780 000.00	20 000.00	97.50
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
WATER DEMAND MANAGEMENT GRANT	969 333.00	0.00	969 333.00	969 333.00	0.00	100.00
RURAL ROADS ASSET MANAGEMENT SYSTEMS GRANT	952 180.55	2 303 000.00	3 255 180.55	2 287 301.66	967 878.89	70.27
EXPANDED PUBLIC WORKS PROGRAMMES GRANT	1 405 870.89	3 321 000.00	4 726 870.89	847 763.26	3 879 107.63	17.93
ACCREDITED COUNCILLOR TRAINING PROGRAMME	23 020.08	0.00	23 020.08	0.00	23 020.08	0.00
MSIG	0.00	934 000.00	934 000.00	681 432.20	252 567.80	72.96
FMG	0.00	1 250 000.00	1 250 000.00	1 500 371.04	-250 371.04	120.03
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	1 001 016.98	250 000.00	1 251 016.98	930 467.83	320 549.15	74.38
TOTAL OPERATIONAL GRANTS	36 855 999.47	8 058 000.00	44 913 999.47	27 550 640.76	17 363 358.71	61.34
CAPITAL GRANTS						
MIG	-66 590 950.97	97 264 000.00	97 264 000.00	243 409 031.62		250.26
MUNICIPAL WATER INFRASTRUCTURE GRANT	4 027 337.75	28 611 000.00	32 638 337.75	6 525 554.70	26 112 783.05	19.99
MASSIFICATION GRANT	15 235 290.77	16 104 000.00	31 339 290.77	24 996 100.59	6 343 190.18	79.76
DISASTER MANAGEMENT - Drought Relief	0.00	4 750 000.00	4 750 000.00	0.00	4 750 000.00	0.00
TOTAL	-47 328 322.45	146 729 000.00	165 991 628.52	274 930 686.91	37 205 973.23	165.63
TOTAL	10 472 322.98	154 787 000.00	210 905 627.99	302 481 327.67	54 569 331.94	143.42

5.5 Cash and cash equivalents

An amount of R 536 015 was accrued in investment interest income for the month of June. The cash in bank as at 30 June 2015 amounted to **R33 978 061** and investments amounted to **R129 804 622** with a total cash and cash equivalents of **R163 782 684**. The average interest rate on investment is at **6.8%**. The cash coverage ratio as at 30 June 2015 is **3** months based on average operating expenditure for the period. This indicates that the municipality as at 30 June 2015 had sufficient cash to operate for a period of **3** 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		4 months	Short term	21/06/2015	41	6.5%	30,530	(489)	30,041
Nedbank		4 months	Short term	08/09/2015	166	6.8%	30,133	166	30,300
Std Bank		4 months	Short term	04/06/2015	122	6.8%	30,620	(498)	30,122
Investec Bank		3 months	Short term	29/07/2015	159	6.4%	30,169	159	30,328
FNB		1 year	Long term	05/08/2015	22	7.1%	3,967	22	3,988
Ithala Bank		6 Months	Short term	03/06/2015	25	7.1%	5,169	(144)	5,025
Municipality sub-total					536		130,588	(784)	129,805

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	51,400,963.39	(43,702,870.74)	7,698,092.65
Salaries Account	50940092196	706.74	939.09	1,645.83
Water Services Account	62023616462	648,719.80	(419,321.08)	229,398.72
NSTD Call Account	62215748289	34,463,320.08	(9,177,109.11)	25,268,210.97
Mandela Race Account	62411577193	663,166.80	27,519.98	690,686.78
UMDM MIG (Dbsa) Account	62400041985	71,777.67	248.90	72,026.57
Public Sector Cheque Account	62243484417	0.00		0.00
TOTAL CASH BALANCES		87,248,654.48	(53,270,592.96)	33,978,061.52

TOTAL CASH AND CASH EQUIVALENTS	217,836,434	(54,054,592.96)	163,782,683.79
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5.6 Borrowings

As at 30 June 2015 the borrowings were sitting as **R 85 424 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 current financial year and to be fully repaid by the 31 August 2015 which falls in next financial year. The facility relates to the sub loan 2 (R130million) of the front loading loan facility of R200 million. Sub loan 1 of R70 million was drawn down in the 2013/2014 financial year. No repayment was made in the month of May as loans are repaid bi-annually.

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) 01 JUNE 2015- 30 JUNE 2015)

Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/06/2015	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 30/06/2015
10434	Greater PMB Electrification Phase 3	10	631 887.46	15 720.91	0	0	647,608.37
10394	Mooi River - Tendele Bulk Water Scheme	10	11 107.57	276.92	0	0	11,384.49
10180	Greater PMB Electrification Phase 2	10	631 887.46	15 753.91	0	0	647,641.37
10392	Greytown Jabula Road Upgrading	10	34 451.59	858.94	0	0	35,310.53
10158	Edendale Unit S Phase 2 Rudimentary Services	10	1 086 315.29	27 083.47	0	0	1,113,398.76
10395	Greytown / Enhalakahle Bulk Water Phase 2	10	421 638.36	10 512.08	0	0	432,150.44
13851	uMDM Ifrastructure Development Programme	11	2 910 168.82	87 573.75	0	0	2,997,742.57
12007528	uMDM Various Water Projects	8.25	79 539 000.00	0.00	0	0	79,539,000.00
			85,266,456.55	157,779.98	0	0	85,424,236.53

5.7 Creditors Age Analysis

The total payments for the month of June amounted to **R50 597 860** and the top 20 highest paid creditors amounted to **R44 148 711** which is **87%** of total payments. A total of **R7 233 million** or **47.8%** of invoices remained outside the compliance period of 30 days as at 30 June 2015. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 30 June 2015. The balance of trade payables as at 30 June 2015 was **R15, 117 million**.

Description	Budget Year 2014/15								
	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	7 884	438	887	1 081	0	4 827	–	–	15,117
Total By Customer Type	7 884	438	887	1 081	0	4 827	–	–	15,117
	52.2%	2.9%	5.9%	7.2%	0%	31.9%			100%

Top 20 highest paid creditors in the month of June 2015

Supplier	Amount	Comments
AQUA TRANSPORT AND PLANT HIRE(PTY) LTD	10 813 378.55	Hire of Water Tankers
UMNGENI WATER	7 424 390.29	Bulk Water Purchases
HIDROTECH INFRA (PTY) LTD	4 077 017.05	Hilton Corridor Development/Ephatheni Water Supply
AFROSTRUCTURES (PTY) LTD	2 885 956.03	KwaHaza, KwaChief, Engugu & Mashingeni Water Supply
SUNSET BEACH TRADING 529 CC T/A SBT CIVILS	2 515 138.67	Mbhava & Mpethu Water Supply
ELECTRIC AND PUMP SERVICE	2 040 883.69	Maitenance of Water Schemes
UMGENI WATER (ACC-1015274)	1 799 119.86	Operating & Maintenance costs - Howick Water Works
SEALCOAT SURFACING & ASPHALT CC	1 677 238.75	Upgrade Road D1130
MOLEMO CONSULTING ENGINEERS	1 446 606.41	KwaHaza, KwaChief, Engugu & Mashingeni Water Supply
ICON CONSTRUCTION (PTY) LTD	1 380 366.38	Ukhalo Water
BOSCH STEMELE	1 264 810.96	Mbhava & Mpethu Water Supply
MAKHAOTSE, NARASIMULU & ASSOCIATES	1 075 791.57	Hilton Corridor Development/Umshwathi Bulk Water Supply
MAKOLE PROPERTY DEVELOPMENT	1 071 946.33	Umshwathi Regional Bulk Water Supply
SUKUMA CONSULTING ENGINEERS (Pty) Ltd	821 612.97	Umshwathi Slum Water
ESKOM	762 508.54	Electricity Purchases and new account deposits
MAKHUBU CIVILS CC	680 494.72	Ukhalo Water
ILANGA SECURITY	635 885.27	Security Services
THE IMVULA TRUST	621 510.20	Richmond Ward 4 Sanitation
ETHEKWINI MUNICIPALITY	601 562.06	Bulk Water Purchases
JORDAAN IRRIGATION SUPPLIES T/A EAST COAST IRRIGATION	552 492.81	Khayelisha Housing
Sub-Total	44 148 711.11	

5.8. Debtors age analysis

The debtor book value as at 30 June 2015 amounted to **R298.8 million** after the debt write off of **R153 million**. The collection rate in the month of June was at **70%**, and the average collection rate for the period was at **66%**.

Description	Budget Year 2014/15							
	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	-192	1,701	116	462	342	39,039	41,467	
Commercial	727	2,262	2,171	557	596	12,878	19,191	
Households	(137 426)	15,885	5,193	6,414	6,777	340,385	237,229	
Other	-14	-14	15	40	26	921	974	
Total By Customer Group	(136 906)	19,834	7,495	7,473	7,741	393,223	298 860	

SUNDRY DEBTORS

These debtors are not water related.

Debtor	May	Movement	June	Background	Credit Control Progress to date
4000164 uMsunduzi Municipality	31,762,193.40	197,537.49	31,959,730.89	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.	Matter has been handed over to Legal for assessment of prospect to recover.
4000657 KZN Department of Works	1,835,936.23	13,307.92	1,849,244.15	This matter is in respect of the water works takeover of the Appelsbosch Water Plant. The original outstanding debt was R2 552 745. KZN Public works agreed to pay R 808 236 and the balance must be claimed	This matter is being investigated in terms of source documentation.

				<p>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>	
4000160 uMzinyathi Municipality	1,369,642.71	8,852.17	1,378,494.88	<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>Matter has been handed over to Legal for assessment of prospect to recover.</p>

40001762 NL Agency/ORIO	1,312,394.23	9,987.71	1,322,381.94	Outstanding amount in respect of Orio Grant	Fulfillment of document requests from RVO before payment can be released. Meeting on 17 July to discuss the final request of documents requested.
4000456 Prov. Dept. of Social Develop	923,908.83	5,850.08	929,758.91	<p>The matter is in respect of a Womens 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. 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>	<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.</p> <p>Matter has been handed over to Legal for assessment of prospect to recover.</p>
4000781 South African Post Office	380,000.00	2,926.00	382,926.00	Invoice raised in respect of donation Mandela Day Marathon.	Invoice was sent to the Post Office for payment. Email sent to customer requesting payment.

					Payment confirmation received for the 15 th July 2015
4000166 uMshwathi Municipality	328,280.47	1,488.14	329,768.61	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. Matter has been handed over to Legal for assessment of prospect to recover.
40001763 First National Bank	136,583.77	1057.15	137,507.77	Outstanding amount in respect of Mandela Marathon	Enquiries made with regards to payment of account. Awaiting payment.
400001213 KZNPA	92,319.46	24,088.70	145,408.16	Outstanding amount in respect of Parking	Invoices and emails sent to KZNPA. Awaiting payment. Email sent to customer requesting payment. Payment confirmation received for the 15 th July 2015
4000163 Richmond Municipality	125,753.00	793.72	126,546.72	Outstanding amount in respect of Agency agreement	Invoice sent to Richmond Municipality CFO. The municipality is investigating the invoices before payment can be made.
Total	R 38,295,012.10	R 266,755.93	R 38,561,768.03		

CONSUMER DEBTORS

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

Debtor	May	Movement	June	Credit Control Progress to date
5922112790 Ndlovu N E	879,722.86	(862,077.61)	17,645.25	High take on balance from the local municipality has been written off. Credit control and debt collection policy will be implemented.
5922651132 P & G Spars	840,669.83	(155 610.15)	685, 059.68	Meter on the property has been disconnected. Correspondence has been sent to Moore Attorneys requesting a meeting with the owner of First Pacific Investments
5922112818 Zondi B A	681,429.56	(661,883.21)	19,546.35	High take on balance from the local municipality has been written off. Credit control and debt collection policy will be implemented.
5922800012 Department of Public Work and Land	0	(632,457.77)	632,457.77	R 632,457.77 is for current consumption which will be paid on the 30 th July 2015.
5922123125 M S Ntshangase	614,789.59	(610, 878.31)	3,911.28	High take on balance from the local municipality has been written off. Credit control and debt collection policy will be implemented.
5922215208 uMngeni Municipality (UMDM)	526,638.51	(526 638.51)	0	The meter has been verified and it was established that the meter belongs to UMDM. Written off
5922171316 M Gumede	442,845.67	(14,101.91)	431,914.90	Take on balance from the local municipality has been written off. Meter verification will be conducted to ascertain the status
5922711490 Richmond Country Club	440,686.11	(192,827.46)	250,831.19	Account disconnected on the 15 th October 2014. High take on balance from the local municipality has been written off. Meter verification was conducted in November and the meter remains disconnected. The file has been sent to the Legal Advisor for legal action.

5922121582 Inanda Shopping Centre	440,416.11	(430,039.65)	16,162.55	High take on balance from the local municipality has been written off. Meter has been disconnected on the 10th February 2015. On 25 th May 2015 illegal connection was confirmed. Technical Services has been advised to remove the connection.
5922314401 Mooi River Taxi Association	436,078.78	(69,110.62)	369,889.53	Take on balance from the local municipality has been written off. Account disconnected on the 15 th 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. Illegal connection was confirmed. Technical Services has been advised to remove the connection.
TOTAL	R 5,303,277.02	(R 2,890,709.66)	R 2,427,418.50	

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

The preliminary financial results for the period ended 30 June 2015 (i.e. 12th 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

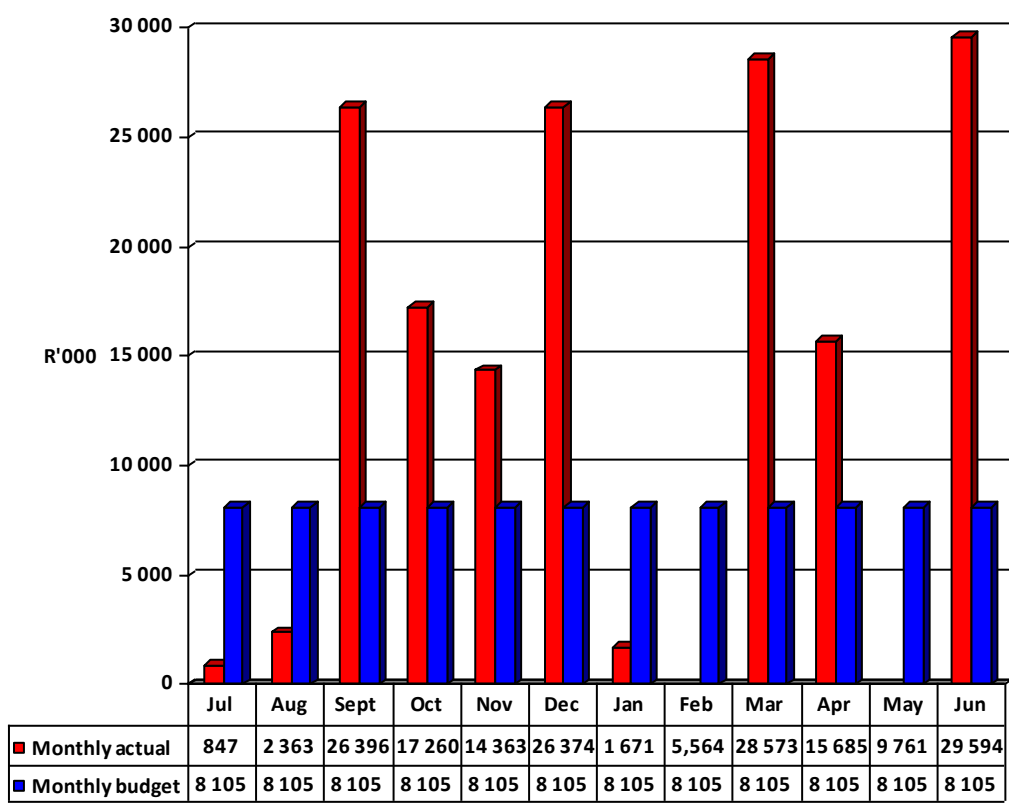
Part 2

- (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

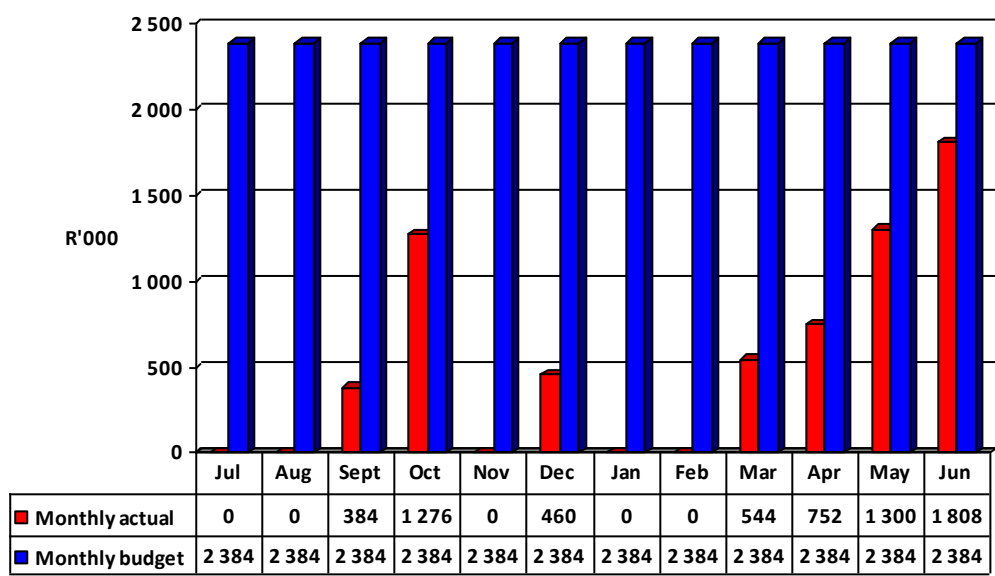
- (h) Table SC8: Monthly Budget Statement – Councillor and Staff Benefits
- (i) Table SC9: Monthly Budget Statement – Actual and Revised targets for cash receipts
- (j) Table SC10: Monthly Budget Statement – Parent Municipality Financial Performance (Revenue and Expenditure)
- (k) Table SC11: Monthly 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: JUNE 2015 REPORT

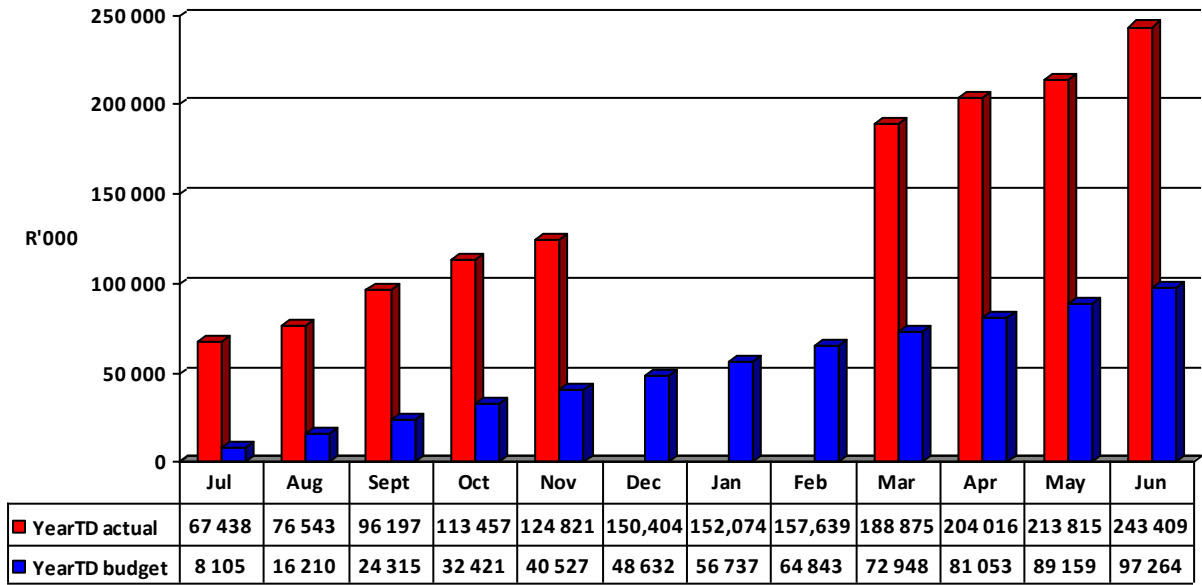
MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET



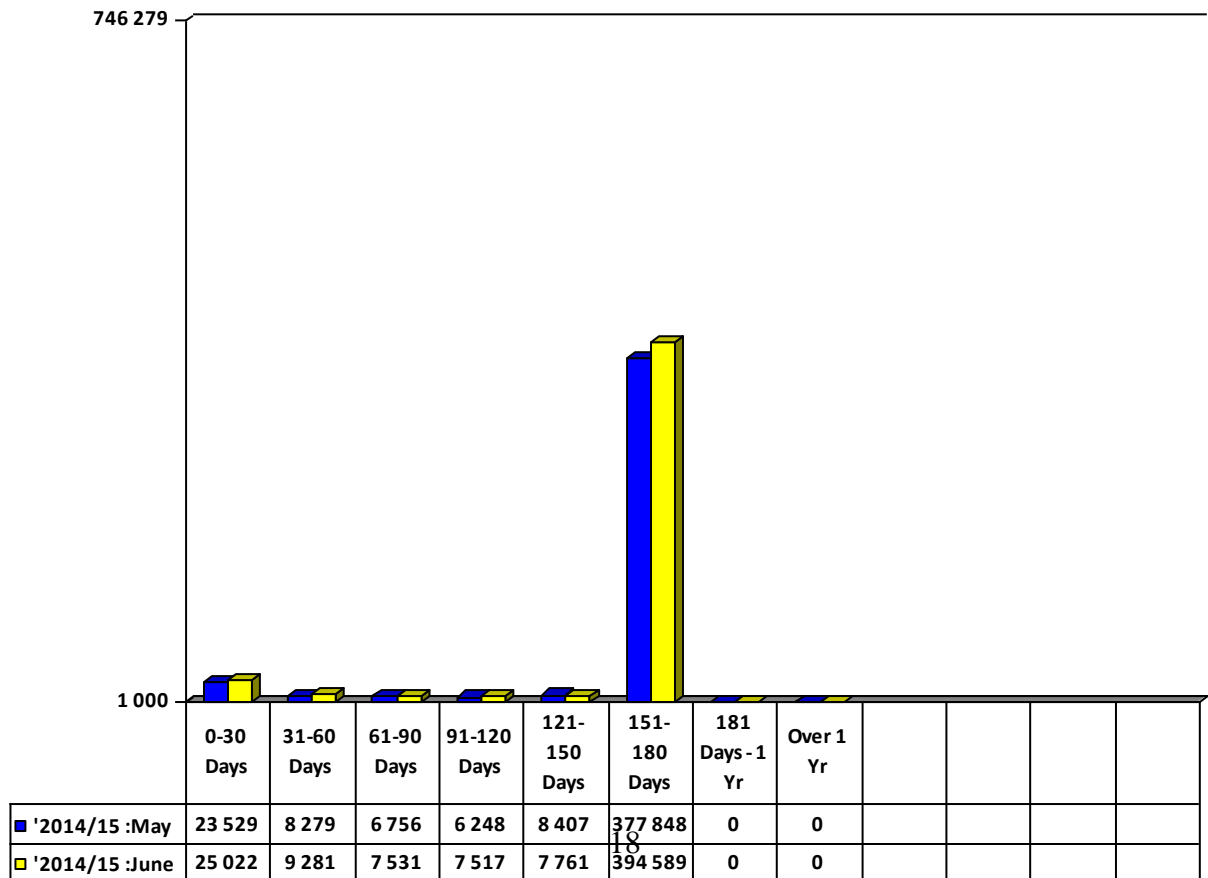
MWIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET



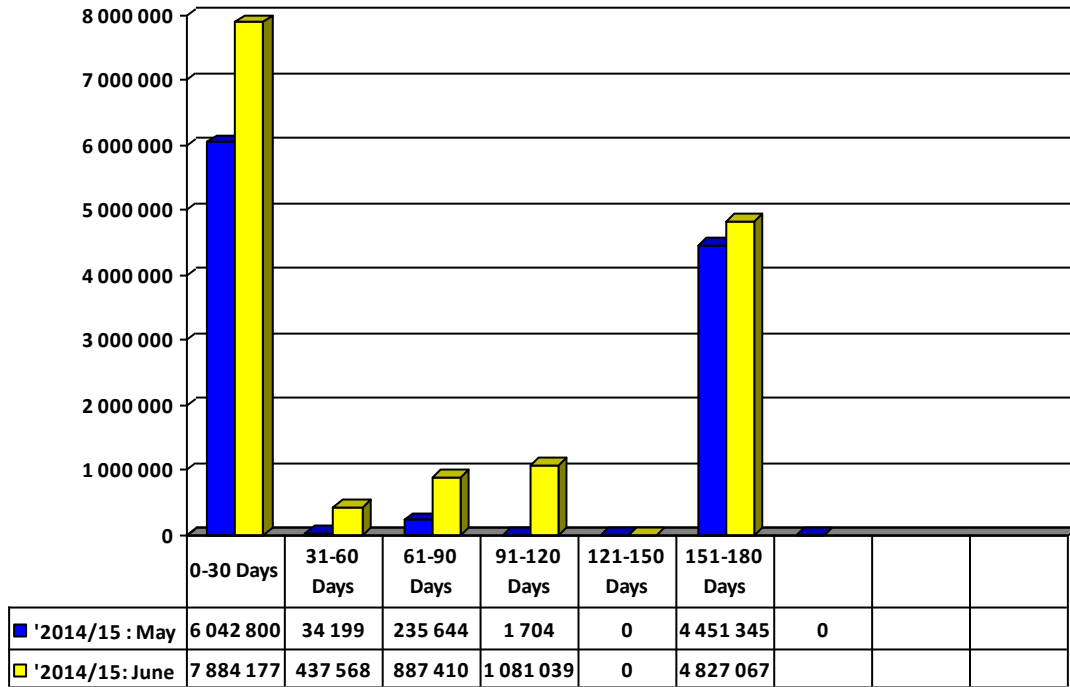
CUMULATIVE CAPITAL EXPENDITURE: YTD ACTUAL VS YTD BUDGET



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 30 June 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 **June 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: _____12 July 2015_____

Print name: Mr. Y Bhamjee_____

Mayor: uMgungundlovu District Municipality

Signature: _____

Date: _____12 July 2015_____