

## REPORT TO THE uMGUNGUNDLOVU DISTRICT MUNICIPAL COUNCIL



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

### OUT OF COMMITTEE CONSIDERATION

1<sup>st</sup> Level – MANCO : 13 April 2015  
2<sup>nd</sup> Level – Portfolio Committee : 15 April 2015  
3<sup>rd</sup> Level – Audit Committee : 20 April 2015  
4<sup>th</sup> Level – EXCO : 23 April 2015  
5<sup>th</sup> Level – Council :

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

**DATE : 10 April 2015**

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### 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 March 2015 the ten working day reporting limit expired on **16 April 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 09th 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 31 March 2015 is R 135 425 million.
  - 3.2 Cash & Cash Equivalent for the period ending 31 March 2015 is R 259 791 million.
  - 3.3 Capital Expenditure for the period ending 31 March 2015 is R 210 932 million.
  - 3.4 Trade Payables for the period ending 31 March 2015 is R 6 913 million.
  - 3.5 Trade Receivables for the period ending 31 March 2015 R 431 067 million.
  - 3.6 Conditional Grants for the period ending 31 March 2015 is R 63 824 million.

## 5. EXECUTIVE SUMMARY

### 5.1. Operating Budget

**Summary financial performance report for the period ending 31 March 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						
	Original Budget	Adjusted Budget	YTD actual March '15	YTD budget	YTD variance	% Progress YTD	% YTD Actual vs YTD budget
R thousands	R'000	R'000	R'000	R'000	R'000		
Total Revenue (excluding capital transfers and contributions)	548,480	<b>532, 539</b>	479,233	403,355	75,878	<b>90%</b>	<b>119%</b>
Total Expenditure	563,718	<b>566, 781</b>	343,808	425,085	-81,277	<b>61%</b>	<b>81%</b>
Operating Surplus/(Deficit)	-15,238	<b>(34, 241)</b>	135,425	-21,730	157,155		
Transfers recognised – capital	139,097	116,097	195,697	87,073	108,624	<b>169%</b>	<b>225%</b>
Surplus/(Deficit) after capital transfers & contributions	<b>123,859</b>	<b>81 856</b>	<b>331,122</b>	<b>65,342</b>	<b>265,779</b>		
Surplus/ (Deficit) for the year	<b>123,859</b>	<b>81 856</b>	<b>331,122</b>	<b>65,342</b>	<b>265,779</b>		

The revenue raised as at 31 March 2015 was R479 233 000 against a budget of R403 355 000 for the period. This reflects a revenue rate against year to date budget of **119%** and **90%** against the annual budget. The operating expenditure as at 31 March 2015 was R343 808 000 vs a year to date budget of R425 085 000 reflecting an expenditure of **81%** against the year to date budget and **61%** against the annual budget. The operating surplus for the period amounted to R135 425 000.

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.

## 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						
	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	<b>-66,591</b>	<b>97,264</b>	72,948	186,212	<b>-113,264</b>	<b>191%</b>
<b>Massification grant</b>	6,104	<b>15,235</b>	<b>21,339</b>	16,004	22,057	<b>-6,053</b>	<b>103%</b>
<b>Water Infrastructure grant</b>	28,611	<b>4,027</b>	<b>32,638</b>	24,478	2,663	<b>21,815</b>	<b>8%</b>
	<b>131,979</b>	<b>-47,329</b>	<b>151,241</b>	<b>113 430</b>	<b>210 932</b>	<b>-97,502</b>	<b>139%</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 88, 948 million**. The first tranche of the R130 million front loading DBSA loan was received on 31 March 2015 at R36, 8 million and will be used to pay for MIG payments from the month of April onwards. The R130 million facility has been split over the current and following financial year. **Massification grant is 103% spent and MWIG 8% spent** as at March 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 KwaHaza Project which is indicative of the low expenditure within the quarter. The total capital expenditure overall is **101%**.

## 5.3 Employee costs and councillors allowances

Section 66 of the MFMA requires that A total of 64% of the budget of councillor's allowances was spent as at 31 March 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 **73%** expenditure as at 31 March 2015 whilst it represented **41%** of total operating expenditure for the period which is slightly above the norm of 40% to total operating expenses. The combined expenditure on councillor's allowances and salary costs amounted to **26%** against annual budget. The average variance on salary costs is -5% and well within norm. 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. See SC 8

**DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March**

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
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		9 944	14 878	11 684	840	7 465	11 159	(3 694)	-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>14 878</b>	<b>11 684</b>	<b>840</b>	<b>7 465</b>	<b>11 159</b>	<b>(3 694)</b>	<b>-33%</b>	<b>11 684</b>
<b>% increase</b>	4		<b>49.6%</b>	<b>17.5%</b>						<b>17.5%</b>
<b><u>Municipal Staff</u></b>										
Basic Salaries and Wages		91 456	109 678	106 905	13 013	79 917	82 258	(2 341)	-3%	106 905
Pension and UIF Contributions		22 634	19 795	50 424	2 111	19 260	14 846	4 414	30%	50 424
Medical Aid Contributions		1 637	13 022	10 183	767	5 657	9 766	(4 109)	-42%	10 183
Overtime		7 284	28 177	183	607	5 880	21 133	(15 253)	-72%	183
Performance Bonus		7 702	8 386	10 173	7 847	15 695	6 290	9 405	150%	10 173
Motor Vehicle Allowance		12 993	12 024	13 215	1 895	10 707	9 018	1 689	19%	13 215
Cellphone Allowance		22	22	22	3	17	16	1	7%	22
Housing Allowances		592	590	802	72	597	443	154	35%	802
Other benefits and allowances		-	-	2 267	-	-	-	-		2 267
Payments in lieu of leave		4 105	2	-	406	811	1	810	60516%	-
Long service awards		6 180	1 391	1 374	208	1 269	1 043	226	22%	1 374
Post-retirement benefit obligations	2	2 571	5 753	-	484	2 602	4 315	(1 713)	-40%	-
<b>Sub Total - Other Municipal Staff</b>		<b>157 176</b>	<b>198 840</b>	<b>195 549</b>	<b>27 413</b>	<b>142 413</b>	<b>149 130</b>	<b>(6 716)</b>	<b>-5%</b>	<b>195 549</b>
<b>% increase</b>	4		<b>26.5%</b>	<b>24.4%</b>						<b>24.4%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>167 120</b>	<b>213 718</b>	<b>207 233</b>	<b>28 254</b>	<b>149 879</b>	<b>160 288</b>	<b>(10 410)</b>	<b>-6%</b>	<b>207 233</b>
<b>% increase</b>	4		<b>27.9%</b>	<b>24.0%</b>						<b>24.0%</b>

## 5.4 Conditional Grants

The following were the movements on the conditional grants as at 31 March 2015. To date **R210.7 million** of conditional grants has been received since 1 July 2014 whilst **R218.9 million** has been spent as at 31 March 2015. Operating grants indicate a **71%** utilisation of already received money which is up by 18% utilisation reported in the prior month. Capital grants were **119%** utilised as at the end of the period which is down by **6%** from **125%** reported in the previous month due to Capital grants received to the value of R 21.9 million during the month of March. Allocations which were received in the month of March were the Drought relief grant of **R10 million** and **R4,75 million** for Disaster Management-drought relief and **R7,152 million** from the MWIG. The overall conditional grants utilisation at the end of March is **104%** which is down from **108%** with a balance of R63.8 million up from prior month balance of R46.2 million.

See SC6 and SC7 (1)

<b>GRANTS - 2013/2014</b>	<b>Balance b/f 14/15</b>	<b>YTD Receipts</b>	<b>TOTAL Received</b>	<b>EXPENDITURE TO DATE</b>	<b>BALANCE</b>	<b>% Spent</b>
<b>OPERATIONAL GRANTS</b>						
CORRIDOR DEVELOPMENT GRANT	550 000.00	0.00	550 000.00	0.00	550 000.00	0.0%
MATERIALS RECOVERY FACILITY - CORRIDOR GRANT	19 553 971.77	0.00	19 553 971.77	19 553 971.77	0.00	100.0%
WATER PURIFICATION GRANT	2 244 800.00	0.00	2 244 800.00	0.00	2 244 800.00	0.0%
SHARED DEPLOYMENT GRANT	800 000.00	0.00	800 000.00	600 000.00	200 000.00	75.0%
MASSIFICATION GRANT	15 235 290.77	6 104 000.00	21 339 290.77	22 056 877.90	-717 587.13	103.4%
CAMPERDOWN WASTE WATER WORKS	4 000 095.45	0.00	4 000 095.45	0.00	4 000 095.45	0.0%
NEW WWW & BULK SEWER LINE - CORRIDOR DEVELOPMENT	4 000 000.00	0.00	4 000 000.00	0.00	4 000 000.00	0.0%
IRO MUNICIPAL EXCELLENCE GRANT	262 678.47	0.00	262 678.47	0.00	262 678.47	0.0%
ENERGY SECTOR	150 439.76	0.00	150 439.76	0.00	150 439.76	0.0%
WATER DEMAND MANAGEMENT GRANT	969 333.00	0.00	969 333.00	0.00	969 333.00	0.0%
RURAL ROADS ASSET MANAGEMENT SYSTEMS GRANT	952 180.55	2 303 000.00	3 255 180.55	1 266 017.62	1 989 162.93	38.9%
EXPANDED PUBLIC WORKS PROGRAMMES GRANT	1 405 870.89	3 321 000.00	4 726 870.89	604 552.26	4 122 318.63	12.8%
ACCREDITED COUNCILLOR TRAINING PROGRAMME	23 020.08	0.00	23 020.08	0.00	23 020.08	0.0%
MSIG	0.00	934 000.00	934 000.00	639 367.20	294 632.80	68.5%
FMG	0.00	1 250 000.00	1 250 000.00	1 182 280.74	67 719.26	94.6%
KZN SPORT	633 775.88	0.00	633 775.88	0.00	633 775.88	0.0%
PTP GRANT	308 816.64	0.00	308 816.64	0.00	308 816.64	0.0%
DPSS GIS GRANT	1 001 016.98	1 001 016.98	1 001 016.98	1 001 016.98	0.00	100.0%
	<b>52 091 290.24</b>	<b>14 913 016.98</b>	<b>66 003 290.24</b>	<b>46 904 084.47</b>	<b>19 099 205.77</b>	<b>71.1%</b>
<b>CAPITAL GRANTS</b>						
MIG	-66 590 950.97	97 264 000.00	97 264 000.00	169 299 827.22		174.1%
MUNICIPAL WATER INFRASTRUCTURE GRANT	4 027 337.75	28 611 000.00	32 638 337.75	2 663 218.83	29 975 118.92	8.2%
DISASTER MANAGEMENT - Drought Relief	0.00	4 750 000.00	4 750 000.00	0.00	4 750 000.00	0.0%
CREDITOR - DROUGHT RELIEF WSA	0.00	10 000 000.00	10 000 000.00	0.00	10 000 000.00	0.0%
<b>TOTAL</b>	<b>-62 563 613.22</b>	<b>140 625 000.00</b>	<b>144 652 337.75</b>	<b>171 963 046.05</b>	<b>44 725 118.92</b>	<b>118.9%</b>
<b>TOTAL</b>	<b>56 118 627.99</b>	<b>155 538 016.98</b>	<b>210 655 627.99</b>	<b>218 867 130.52</b>	<b>63 824 324.69</b>	<b>104%</b>

## 5.5 Cash and cash equivalents

An amount of R707 359 was accrued in investment interest income for the month of March. The cash in bank as at 31 March 2015 amounted to **R129 643 005** and investments amounted to **R130 147 876** with a total cash and cash equivalents of **R259 790 881**. The average interest rate on investment has remained at **6.6%** from last month as no investments matured in the month of March. The cash coverage ratio as at 31 March 2015 is **4** months based on average operating expenditure for the period. This indicates that the municipality as at 31 March 2015 had sufficient cash to operate for a period of **4** 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 doubled from **2** months to **4** months due to an amount of R 99.3 million receive as the Equitable Share and an amount of R36.8 million from the DBSA front loading loan facility. 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	164	6.5%	30,042	164	30,206
Nedbank	3 months	Short term	08/05/2015	163	6.4%	30,132	163	30,294
Std Bank	4 months	Short term	04/06/2015	165	6.5%	30,127	165	30,292
Investec Bank	3 months	Short term	29/04/2015	163	6.4%	30,157	163	30,320
FNB	1 year	Long term	05/08/2015	22	7.1%	3,899	22	3,922
Ithala Bank	6 months	Short term	03/06/2015	29	6.9%	5,082	29	5,111
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>707</b>		<b>130,217</b>	<b>707</b>	<b>130 147</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	6,612	14,428	21,040
Salaries Account	50940092196	7,042	(7,033)	8
Water Services Account	62023616462	51	298	350
NSTD Call Account	62215748289	7,098	100,418	107,517
Mandela Race Account	62411577193	772	(117)	655
UMDM MIG (Dbsa) Account	62400041985	71	0	71
Public Sector Cheque Account	62243484417			
<b>TOTAL CASH BALANCES</b>		<b>21,648</b>	<b>107,994</b>	<b>129,643</b>

<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>151,865</b>	<b>107,925</b>	<b>259,790</b>
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## 5.6 Borrowings

As at 31 March 2015 the borrowings were sitting as R 5,7 million with the exclusion of the R36.378 million loan from the DBSA front loading facility which is to be drawn down over the current and 2015/2016 financial year and fully repaid in the same 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. Of the existing loans R1, 8million was repaid in the 3<sup>rd</sup> quarter.

### LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA JAN 2015- MAR 2015)

Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/01/2015	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/03/2015
10181	Pomeroy Bulk Water Supply	10	17,012.06	409.20	827.42	16,593.84	0.00
10155	Howick Extension of Bulk Services	10	310,693.26	7,472.58	15,111.22	303,054.62	0.00
10157	Greytown Bulk Services	10	112,172.28	2,697.89	5,455.73	109,414.44	0.00
10434	Greater PMB Electrification Phase 3	10	948,961.79	22,823.80	46,154.74	293,743.39	631,887.46
10394	Mooi River - Tendele Bulk Water Scheme	10	16,681.24	401.20	811.33	5,163.54	11,107.57
10180	Greater PMB Electrification Phase 2	10	948,961.79	22,823.80	46,154.74	293,743.39	631,887.46
10392	Greytown Jabula Road Upgrading	10	68,971.61	1,658.90	3,354.58	32,824.30	34,451.63
10158	Edendale Unit S Phase 2 Rudimentary Services	10	1,450,437.06	34,884.90	70,545.04	328,461.63	1,086,315.29
10395	Greytown / Enhalakahle Bulk Water Phase 2	10	527,879.80	12,696.20	25,674.54	93,263.10	421,638.36
13851	uMDM Infrastructure Development Programme	11	3,336,062.46	96,355.29	194,851.80	327,397.13	2,910,168.82
			<b>44,115,833.35</b>	<b>202,223.76</b>	<b>408,941.14</b>	<b>1,803,659.38</b>	<b>5,727,456.59</b>

## 5.7 Creditors Age Analysis

The total payments for the month of March amounted to **R43 391 773. 06** and the top 20 highest paid creditors amounted to **R36 149 981.31** which is **83 %** of total payments. A total of R 5,9 million or 87% of invoices remained outside the compliance period of 30 days as at 31 March 2015. None of the bulk services, 3<sup>rd</sup> party and statutory invoices were outstanding for longer than 30 days as at 31 March 2015. The balance of trade payables as at 31 March 2015 was R6, 913 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
<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	921	79	1,102	1	-	4,811	-	-	6,913
<b>Total By Customer Type</b>	921	79	1,102	1	-	4,811	-	-	6,913
	13.3%	1.14%	15.9%	0%	-	69.6%			100%

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

Payee Name	Amount	Description
Umgeni Water	6 792 366.59	Purchase of bulk water
AQUA TRANSPORT AND PLANT HIRE(PTY) LTD	5 333 983.54	Water tankering services
ROYAL HASKONING DHV(PTY)LTD T/A ROYAL HASKONING D	3 502 265.82	Rams Project/Impendle Bulk Water
Hidrotech Infra (PTY) LTD	3 384 397.58	Hilton Corridor Development/Ephatheni Water
The Imvula trust	2 429 809.35	Dwengu/Gengeshe/Richmond Sanitation
Development Bank Of S.A.	2 212 600.52	Repayment of loan
Electric & Pump Services	1 588 989.12	Maintenance of water plants
Icon construction (pty)ltd	1 550 099.73	Ukhalo Water
NAIDU CONSULTING	1 105 769.01	Hilton/Merrivale Pipelines replacement
AMAQHAWE ASSET MANAGEMENT SOLUTIONS CC	1 089 677.29	Maintenance of water plants
UMGENI WATER (ACC-1015274)	1 026 831.99	Water quality monitoring
ESCONGWENI ENGINEERS	985 795.74	Manzamyama/Nkanyezi/Manyavu Water Supply
SIGMA IT AND ION CONSULTING JV	762 017.04	IT Management & Provision of Internet Services
ILANGA SECURITY	746 923.00	Security Services
Talbot & Talbot (Pty) Ltd	707 422.44	Water quality monitoring
MAKHAOTSE, NARASIMULU & ASSOCIATES	701 565.74	uMshwathi Bulk Water/Hilton Corridor Development
Makhubu Civil cc	674 042.08	Ukholo Water
Worley Parsons RSA	546 838.86	Maqongqo Bulk Water
UNICON CONSTRUCTION	512 970.55	Engugu/Entshayabantu Water
Eskom	495 615.32	Electricity costs
<b>Sub-Total</b>	<b>36 149 981.31</b>	

## 5.8 Debtors age analysis

The debtor book value as at 31 March 2015 amounted to **R431 million** of which 91% (R392.5 million) is over 90 days. The collection rate in the month of March was at 67%, up from the average 54 % for the mid- year.

Description	Budget Year 2014/15								
	R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	Total	Total over 90 days
<b>Debtors Age Analysis By Customer Group</b>									
Organs of State	3 132 481	372 684	151 594	201 194	881 662	38 530 717	43 270 332	39 613 573	
Commercial	2 402 478	524 507	412 296	484 050	524 719	10 101 699	14 449 749	11 110 468	
Households	11 789 516	6 414 426	5 093 930	4 660 689	5 921 155	288 196 287	322 076 003	298 778 131	
Other	6 205 410	967 015	1 098 537	902 163	1 079 474	41 018 797	51 271 396	43 000 434	
<b>Total By Customer Group</b>	<b>23 529 885</b>	<b>8 278 632</b>	<b>6 756 357</b>	<b>6 248 096</b>	<b>8 407 010</b>	<b>377 847 500</b>	<b>431 067 480</b>	<b>392 502 606</b>	
	5%	2%	2%	1%	2%	88%		91%	

### TOP TEN DEBTORS AS AT MARCH 2015

#### SUNDRY DEBTORS

These debtors are not water related.

Debtor	February	Movement	March	Background	Credit Control Progress to date
4000164 uMsunduzi Municipality	31,564,655.91		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 in terms of source documentation.
4000657 KZN Department of Works	1,822,628.31		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 in terms of source documentation.

4000160 uMzinyathi Municipality	1,360,790.54		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. Requests for payments have been unsuccessful.
40001762 NL Agency/ORIO	210,701.52	1,091,705.00	1,302,406.52	Outstanding amount in respect of Orio Grant	Invoice raised for Orio Grant for advance payment.
4000456 Prov. Dept. of Social Develop	918,058.75		918,058.75	<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>	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.
4000172 Department of Water Works	295,306.50	571,062.16	866,368.66	Amount due in respect of Development and Implementation of WSA Programme. Invoices sent for payment.	<p>Payment of R 841,855.80 was received on the 7<sup>th</sup> April 2015.</p> <p>Balance is in respect of current amount which will be paid at the end of April 2015.</p>
4000166 uMshwathi Municipality	326,792.33		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 paid.
40001763 First National Bank	135,659.77		135,659.77	Outstanding amount in respect of Mandela Marathon	Enquiries made and emails sent with regards to payment of account. Awaiting response from FNB.
40001764 Standard Bank	107,549.33		107,549.33	Outstanding amount in respect of Mandela Marathon	Enquiries made and emails sent with regards to payment of account. Awaiting response from

					Standard Bank.
4000163 Richmond Municipality	124,959.28		124,959.28	Outstanding amount in respect of Agency agreement	Invoice raised for Agency agreement. Enquiries made with regards to payment of account. Richmond municipality is reconciling the invoices that have been sent to them. Awaiting response from the municipality.
<b>Total</b>	<b>R 36,867,102.24</b>	<b>R 1,662,767.16</b>	<b>R 38,529,869.40</b>		

### CONSUMER DEBTORS

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

Debtor	February	Movement	March	Credit Control Progress to date
5922800012 Department of Public Work and Land	558,579.66	558,895.94	1,117,475.60	Payment of R 558,579.66 for February 2015 consumption received on the 8 <sup>th</sup> April 2015.  R 558,895.94 is current consumption which will be paid at the end of April 2015
5922112790 Ndlovu N E	874,217.26	18.81	874,236.07	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation.
5922651132 P & G Spars	829,228.31	18.81	829,247.12	Meter on the property has been disconnected.  This matter was referred to Technical Services. Umgeni Water and Technical Services are investigating the matter.
5922112818 Zondi B A	676,659.53	18.81	676,678.34	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation
5922123125 M S Ntshangase	610,803.03	56.60	610,859.63	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation
5922215208 uMngeni Municipality (UMDM)	519,729.21	31.35	519,760.56	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	439,557.80	98.05	439,655.85	High take on balance from the local municipality.  Letters sent to municipalities requesting supporting documentation.

5922121582 Inanda Shopping Centre	437,266.14	149.96	437,416.10	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	434,716.65	18.81	434,735.46	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.
5922314401 Mooi River Taxi Association	420,409.22	18.81	420,428.03	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
<b>TOTAL</b>	<b>R 5,423,166.81</b>	<b>R 559,325.95</b>	<b>R 6,360,492.76</b>	

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

The preliminary financial results for the period ended 31 March 2015 (i.e. 09 month of the 2014/15 financial year) are attached consisting of the following tables, in Annexure A:

### Part 1

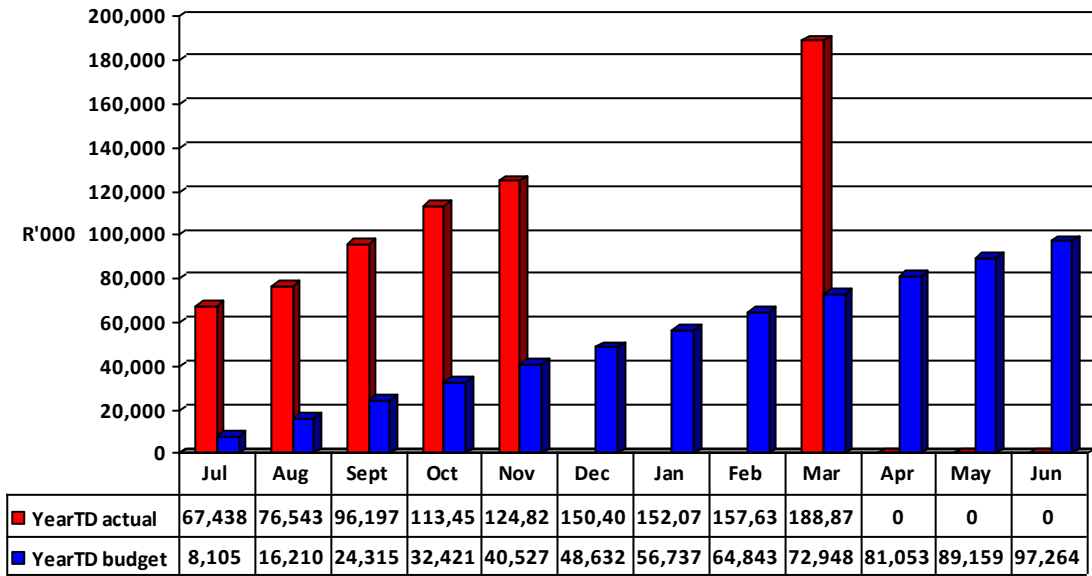
- (a) Table C1: Consolidated Monthly Budget Statement – Summary
- (b) Table C2: Consolidated Monthly Budget Statement – Financial Performance (standard Classification)
- (c) Table C3: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table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

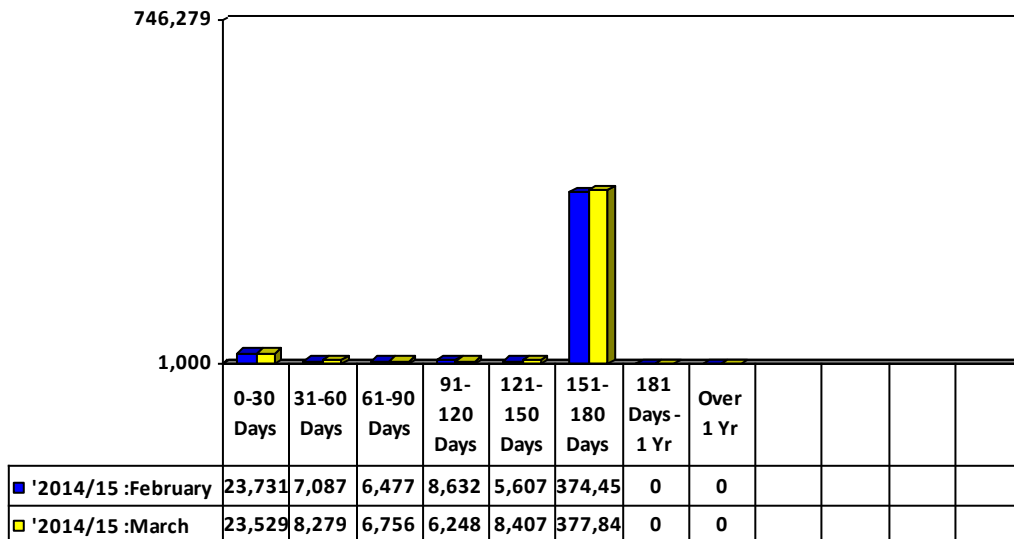
- (a) Table SC1: Material variance explanations
- (b) Table SC2: Monthly Budget Statement – Performance Indicators
- (c) Table SC3: Monthly Budget Statement – Aged Debtors
- (d) Table SC4: Monthly Budget Statement – Aged Creditors
- (e) Table SC5: Monthly Budget Statement – Investment Portfolio
- (f)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



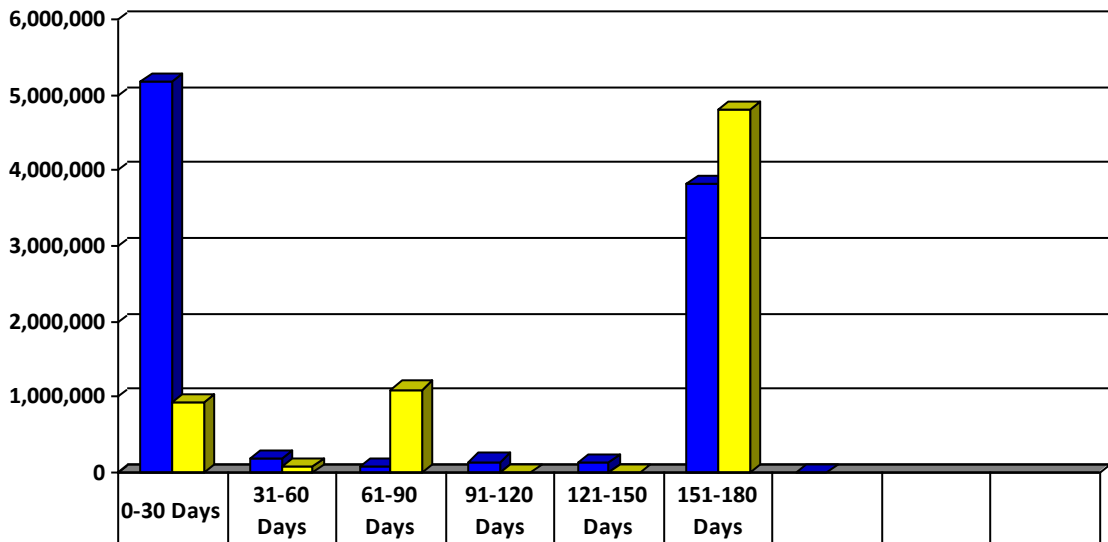
**CUMULATIVE CAPITAL EXPENDITURE: YTD ACTUAL VS YTD BUDGET**



**DEBTORS AGE ANALYSIS**



## CREDITORS AGE ANALYSIS



	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days			
'2014/15 :February	5,184,590	190,592	89,644	145,773	133,657	3,823,769	0		
'2014/15: March	920,892	78,750	1,101,815	503	0	4,811,096			

### 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 31 March 2015**

REPORT CHECKED AND PASSED FOR SUBMISSION TO: **Finance Committee**

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