

**REPORT TO THE  
uMGUNGUNDLOVU  
DISTRICT MUNICIPAL**



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Report Number: 02	Designation	: Manager: Budget & Reporting

For consideration

1 <sup>st</sup> Level – MANCO	:	
2 <sup>nd</sup> Level – Portfolio Committee	:	20/09/2018
3 <sup>rd</sup> Level – EXCO	:	27/09/2018
4 <sup>th</sup> Level – MPAC	:	28/09/2018
5 <sup>th</sup> Level – Council	:	/09/2018

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**SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018**

**DATE : 11 SEPTEMBER 2018**

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The purpose of this report is to comply with section 71 and section 87 (11) 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 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.

Section 71 of the MFMA states that:

- (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: ...”.

Section 28 of the Municipal Budget and Reporting Regulations states that : 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.”

Section 87(11) of the MFMA prescribes that : The accounting officer of a municipal entity must by no later than seven working days after the end of each month submit to the accounting officer of the parent municipality a statement in the prescribed format on the state of the entity’s budget reflecting the following particulars for the month and for the financial year up to the end of that month :

- a) Actual revenue, per revenue source
- b) Actual borrowings
- c) Actual Expenditure
- d) Actual capital expenditure
- e) The amount of any allocations received
- f) Actual expenditure on those allocations, excluding expenditure on allocations exempted by the annual Division of Revenue Act from compliance
- g) When necessary, an explanation of
  - i. Any material variances from the entity’s projected revenue by source, and from the entity’s expenditure projections;
  - ii. Any material variances from the service delivery agreement and the business plan; and
  - iii. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the entity’s approved budget.

For the reporting period ending 31 August 2018 the ten working day reporting limit expired on **15 September 2018**.

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

**The below is the summary of financial performance for the period ended 31 August 2018.**

**Table 1**

Summary of financial performance	
Actual Revenue to Budgeted Revenue	32
Actual OPEX to budgeted OPEX	13
Actual CAPEX to budgeted CAPEX	4.96
Employee related cost exp to total OPEX	36
% Grant Utilisation	12.88
Cash Coverage Ratio	2.24
Debt Service to Revenue Ratio	1.50
% Debt to Revenue Ratio	26.46
Creditors Age Analysis	27% or R 6 061 232 of creditors is outstanding longer than 30 days.
Debt Collection Rate	44

**RECOMMENDATIONS**

- (1) That, in compliance with, Section 71 and Section 87(11) 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 7<sup>th</sup> month of the 2018/19 financial year, and supporting documents as required by National Treasury (Schedule C) and Schedule F be submitted to Full Council .
- (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 for the uMgungundlovu District Municipality :
  - 3.1 Surplus for the period ending 31 August 2018 is R167 million.
  - 3.2 Cash & Cash Equivalent for the period ending 31 August 2018 is R181.4 million.
  - 3.3 Capital Expenditure for the period ending 31 August 2018 is R10.6 million.
  - 3.4 Trade Payables for the period ending 31 August 2018 is R22.8 million.
  - 3.5 Trade Receivables for the period ending 31 August 2018 is R538.1 million.
  - 3.5 Unspent conditional Grants for the period ending 31 August 2018 is R71.8 million.

(4) That the Committee notes the following for the uMgungundlovu Development Agency:

- 4.1 Surplus for the period ending 31 August 2018 of R765 000.
- 4.2 Cash & Cash Equivalent for the period ending 31 August 2018 is R510 000.
- 4.3 Capital Expenditure for the period ending 31 August 2018 is Nil
- 4.4 Trade Payables for the period ending 31 August 2018 is R 985 000.

**IN YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 AUGUST 2018**

**1. Operating Budget**

Summary financial performance report for the period ending 31 August 2018 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:

**Table 2**

DC22 uMgungundlovu - Table C1 Consolidated Monthly Budget Statement Summary - M02 August									
Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	196 388	306 911	-	23 074	48 793	51 152	(2 358)	-5%	306 911
Investment revenue	4 000	2 500	-	26	53	417	(364)	-87%	2 500
Transfers and subsidies	465 297	492 260	-	3 839	205 491	82 043	123 448	150%	492 260
Other own revenue	22 850	10 150	-	2 497	5 571	1 692	3 880	229%	10 150
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>688 535</b>	<b>811 821</b>	<b>-</b>	<b>29 437</b>	<b>259 909</b>	<b>135 304</b>	<b>124 605</b>	<b>92%</b>	<b>811 821</b>
<b>Expenditure</b>									
Employee costs	221 547	250 246	-	16 828	34 871	41 708	(6 836)	-16%	250 246
Remuneration of Councillors	12 266	12 266	-	920	1 878	2 044	(167)	-8%	12 266
Depreciation & asset impairment	36 713	51 000	-	4 250	8 500	8 500	-		51 000
Finance charges	23 419	22 609	-	-	1 949	3 768	(1 819)	-48%	22 609
Materials and bulk purchases	121 234	139 150	-	11 519	11 695	23 192	(11 497)	-50%	139 150
Transfers and subsidies	-	-	-	-	-	-	-		-
Other expenditure	359 330	333 376	-	31 332	44 623	55 563	(10 940)	-20%	333 376
<b>Total Expenditure</b>	<b>774 511</b>	<b>808 648</b>	<b>-</b>	<b>64 848</b>	<b>103 516</b>	<b>134 775</b>	<b>(31 259)</b>	<b>-23%</b>	<b>808 648</b>
<b>Surplus/(Deficit)</b>	<b>(85 975)</b>	<b>3 173</b>	<b>-</b>	<b>(35 412)</b>	<b>156 393</b>	<b>529</b>	<b>155 864</b>	<b>29469%</b>	<b>3 173</b>

The total revenue raised as at 31 August 2018 was R259 909 million against the original budget of R811 821 million for the year and R135 304 million for the period. This reflects a revenue rate against the original budget of 32% and 192% for the year to date budget.

The operating expenditure as at 31 August 2018 was R103 516 million vs a year to date budget of R134 775 million reflecting YTD expenditure of 77% and 13% against the original budget. The operating surplus for the period was R156 393 million.

The major operating revenue variances against year to date budget are:

- Service charges below by 5%.
- Interest revenue 87% below target due to investment cancellations.
- Transfers and subsidies are 150% above target.
- Other revenue account is above target by 229%. The other revenue amount is made up of: Tender sales , Rental of facilities and SANBI

The reasons for variances per source group are also cited in Annexure A, Table SC1 of this report.

## 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:

**Table 3**

<b>Funding Source</b>	<b>Budget 2018 /2019</b>	<b>Expenditure as at 31 August 2018</b>	<b>% spent</b>
MIG	99 828 000.00	10 058 683.52	10.08
DBSA LOAN	0.00	0.00	0.00
WSIG	102 700 000.00	559 845.88	0.55
RESERVES	5 000 000.00	0.00	0.00
RRAMS	2 531 000.00	0.00	0.00
DWS	4 000 095.45	0.00	
	<b>214 059 095.45</b>	<b>10 618 529.40</b>	<b>4.96</b>

**Table 4**

<b>Project Name</b>	<b>Funding Source</b>	<b>Original Budget 2018/2019</b>	<b>Total current year expenditure as at 31.08.2018</b>
<b>Infrastructure assets</b>			
Manyavu water	MIG	11,636,359	5,453,939
Manzamyama Water	MIG	10,855,358	135,336
Nkanyezini Water	MIG	8,742,766	2,479,339
Maqongqo Water/ Upgrade	MIG	8,093,517	1,990,069
Phase 2 Nadi - Efaye	MIG	20,350,000	
Phase 3A Mtulwa	MIG	16,804,000	
Phase 3B Ekhamanzi	MIG	14,346,000	
Trust feeds Phase 1	MIG	3,000,000	
Sanitation	MIG	6,000,000	
Umshwathi Regional Bulk	WSIG	102,700,000	559,846
Boreholes - Drought (ex Mkhambathini WWTW)	DWS	4,000,095	
Fire Fighting Equipment	Reserves	5,000,000	
		<b>211,528,095</b>	<b>10,618,529</b>

The total capital original budget for the 2018/ 2019 financial year is R207 528 million and the MIG allocation is R 99 828 million. The year to date, MIG expenditure amounts to R 10 058 million or 26.47%. The municipality anticipates to spend in full the capital allocations. The projects on the pipeline are as follows:

1. **The Nkanyezini water supply scheme** has a total project budget of R 85 million and tender was awarded on 17 October 2016. The project is on going. Initially there were delays in the start of the projects due to contractor challenges and contract termination processes were institution and the contractor given time to correct anomalies in line with the GCCs. Further delays were experienced due to social facilitation issues which arose after the death of the ward councillor. Other delays were due to the negotiations with the landowner and house owner which have both been resolved. An amount of R950 000 was paid for the purchase of the house which is on the site on which a reservoir is to be built. The land price of R115k was paid in November 2017. Expenditure as 31 August is at 28 % of 2018/ 2019 year allocation.
2. **The Manyavu water supply scheme** with a total budget of R17.5 million and a maximum year allocation of R11.6 was awarded 21 April 2017 and a site handover has been completed. The project is expected to be completed in 22 months. Expenditure as at 31 August is at 47% of the 2018/ 2019 financial year.
3. **The Manzamnyama water supply scheme** was advertised and closed on 18 January 2018, and the project has been awarded. The project has a total budget of R 63.8 million .
4. **Maqongqo water supply scheme** project has a budget of R19 million and was awarded in July 2017 and has a R 8.1 million 2018/ 2019 budget allocation. The project experienced social facilitation issues which have subsequently been attended to through the intervention of the infrastructure portfolio chairperson. Expenditure to date is at 25% of the 2018/ 2019 budget allocation.
5. **Other MIG projects** expenditure incurred for MIG registered projects to co fund the Phase 2 Nadi and Phase 3 Mtulwa projects.
6. Spending on the **WSIG is 2.64%** of the received allocation including its carry over funding.
7. Total capital expenditure to date is 5% against the original budget.

### 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 August 2018, 15% of the councillor's allowances annual budget was spent and 14% spent of the employee costs annual budget. As at 31 August 2018 the total salary cost including councillor's allowances represented 36% of total operating expenditure for the period which is above the norm of 25%-40% to total operating expenses as set by National Treasury circular 71.

**Table 5**

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August										
Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		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>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		12 266	12 266		920	1 878	2 044	(167)	-8%	12 266
<b>Sub Total - Councillors</b>		<b>12 266</b>	<b>12 266</b>	<b>-</b>	<b>920</b>	<b>1 878</b>	<b>2 044</b>	<b>(167)</b>	<b>-8%</b>	<b>12 266</b>
% increase	4		0.0%							0.0%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	7 461	5 717		111	111	953	(842)	-88%	5 717
Pension and UIF Contributions		9	185		15	31	31	(0)	0%	185
Medical Aid Contributions								-		
Overtime								-		
Performance Bonus		1 054	972				162	(162)	-100%	972
Motor Vehicle Allowance		-	878		124	124	146	(23)	-15%	878
Cellphone Allowance		108	108		4	7	18	(11)	-60%	108
Housing Allowances								-		
Other benefits and allowances		75	75		6	12	12	(1)	-5%	75
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations	2							-		
<b>Sub Total - Senior Managers of Municipality</b>		<b>8 707</b>	<b>7 936</b>	<b>-</b>	<b>260</b>	<b>285</b>	<b>1 323</b>	<b>(1 038)</b>	<b>-78%</b>	<b>7 936</b>
% increase	4		-8.9%							-8.9%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		105 486	131 982		10 310	21 176	21 997	(821)	-4%	131 982
Pension and UIF Contributions		20 679	29 358		2 164	4 433	4 893	(461)	-9%	29 358
Medical Aid Contributions		10 959	11 247		795	1 594	1 874	(280)	-15%	11 247
Overtime		14 147	8 902		475	1 118	1 484	(366)	-25%	8 902
Performance Bonus		9 216	10 793		-	44	1 799	(1 755)	-98%	10 793
Motor Vehicle Allowance		19 157	21 809		1 374	2 921	3 635	(713)	-20%	21 809
Cellphone Allowance		848	1 702		131	268	284	(16)	-6%	1 702
Housing Allowances		1 166	1 037		86	173	173	1	0%	1 037
Other benefits and allowances		17 944	16 182		819	1 663	2 697	(1 034)	-38%	16 182
Payments in lieu of leave		-			-	350		350	#DIV/0!	
Long service awards		1 239	299		116	253	50	204	409%	299
Post-retirement benefit obligations	2	12 000	9 000		295	594	1 500	(906)	-60%	9 000
<b>Sub Total - Other Municipal Staff</b>		<b>212 841</b>	<b>242 310</b>	<b>-</b>	<b>16 568</b>	<b>34 587</b>	<b>40 385</b>	<b>(5 798)</b>	<b>-14%</b>	<b>242 310</b>
% increase	4		13.8%							13.8%
<b>Total Parent Municipality</b>		<b>233 814</b>	<b>262 512</b>	<b>-</b>	<b>17 748</b>	<b>36 749</b>	<b>43 752</b>	<b>(7 003)</b>	<b>-16%</b>	<b>262 512</b>
			12.3%							12.3%
Unpaid salary, allowances & benefits in arrears:										

**4. Conditional Grants**

As at the end of August 2018, R51 839 million of conditional grants had been received since 1 July 2018. A total of R10 618 million was spent as at 31 August 2018. The operational grants utilisation is at 0% and the capital grant utilisation was 15% of allocations received. Overall grant utilisation is at 12.88%

**Table6**

Description	Opening Balance	Receipts	Total receipts	Expenditure	Balance	% spent to date
<b>Operating Grants</b>						
FMG	0.00	1 000 000.00	1 000 000.00	0.00	1 000 000.00	
PTP	308 817.00	0.00	308 817.00	0.00	308 817.00	0.00
RRAMS	0.00	1 772 000.00	1 772 000.00	0.00	1 772 000.00	
EPWP	0.00	1 067 000.00	1 067 000.00	0.00	1 067 000.00	
Camperdown WWW	4 000 095.00	0.00	4 000 095.00	0.00	4 000 095.00	0.00
SETA Grants	219 304.75	0.00	219 304.75	0.00	219 304.75	
RASET GRANT	3 000 000.00	0.00	3 000 000.00	0.00	3 000 000.00	0.00
DGDS GRANT	300 000.00	0.00	300 000.00	0.00	300 000.00	0.00
<b>Total Operating Grants</b>	<b>7 828 216.75</b>	<b>3 839 000.00</b>	<b>11 667 216.75</b>	<b>0.00</b>	<b>11 667 216.75</b>	<b>0.00</b>
<b>Capital Grants</b>						
WSIG	11 243 255.10	10 000 000.00	21 243 255.10	559 845.88	20 683 409.22	2.64
MIG	0.00	38 000 000.00	38 000 000.00	10 058 683.52	27 941 316.48	26.47
Orio	11 550 860.00	0.00	11 550 860.00	0.00	11 550 860.00	0.00
<b>Total Capital Grants</b>	<b>22 794 115.10</b>	<b>48 000 000.00</b>	<b>70 794 115.10</b>	<b>10 618 529.40</b>	<b>60 175 585.70</b>	<b>15.00</b>
<b>Total Grants</b>	<b>30 622 331.85</b>	<b>51 839 000.00</b>	<b>82 461 331.85</b>	<b>10 618 529.40</b>	<b>71 842 802.45</b>	<b>12.88</b>

## 5. Cash and cash equivalents

An amount of R26 495 was accrued in investment interest income for the month of August 2018. The cash in bank as at 31 August 2018 amounted to **R177 405 million** and investments amounted to **R 4 040 million** with a total cash and cash equivalents of **R181 445 million**. The average interest rate on investment is at 7.8%. The cash coverage ratio as at 31 August 2018 is **2.24 months** based on average of R49 million per month fixed operating expenditure. The fixed costs are to increase during the month of September as the employer and organised labour has settled labour disputes. This indicates that the municipality as at 31 August 2018 had sufficient cash to operate for a period of 2.24 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.

**Table 7**

Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1	Market value at beginning	Change in market value	Market value at end of the
Yrs/Months							
1 year	Long term	07/09/2018	26	7.8%	4 014	26	4 040
			26		4 014	26	4 040



**Table 8**

Bank Accounts	Account Number	Market value at the beginning of the month	Change in market value	Market value at the end of the month
		<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>
Main Account	50940026773	49 763 579.29	-40 393 075.83	9 370 503.46
Salaries Account	50940092196	7 690 462.00	121 123.71	7 811 585.71
Water Services Account	62023616462	28 214 321.00	4 215 171.00	32 429 492.00
NSTD Call Account	62215748289	151 546 928.00	-26 930 642.71	124 616 285.29
Mandela Race Account	62411577193	736 010.00	2 695.45	738 705.45
UMDM MIG (DBSA) Account	62400041985	83 903.00	337.86	84 240.86
Corporate Cheque Account	62597807125	3 431 679.00	-1 077 252.87	2 354 426.13
Public Sector Cheque Account	62243484417	0.00	0.00	
<b>Total Cash Balances</b>		<b>241 466 882.29</b>	<b>-64 061 643.39</b>	<b>177 405 238.90</b>

## 6. Borrowings

As at 31 August 2018 the loans book was sitting at R214 826 million. The average interest rate on remaining loans is 11%. The debt to revenue ratio at 1.50% as projected which is below the treasury norm of below 45%. This indicates that the debt books is 26.46% of the internally generated operating income. The debt service ratio to operating expenditure is 1.50% which is below the 6 -8% recommended treasury norm.

**Table 9**

<b>LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) JULY 2018 - JUNE 2019</b>									
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/07/2017	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Add: Arrear Interest	Closing Balance at 31/05/2018	Repayment Due
13851	uMDM Infrastructure Development Program	11	512,325.24	5,043.20	0.00	0.00	0.00	517,368.45	522,248.00
12007869	uMgungundlovu Various Water Projects	10.889	227,943,277.73	1,943,655.49	11,626,590.64	3,968,112.69	16,520.56	214,308,750.44	0.00
			<b>210,735,981.66</b>	<b>1,948,698.69</b>	<b>11,626,590.64</b>	<b>3,968,112.69</b>	<b>16,520.56</b>	<b>214,826,118.89</b>	<b>522,248.00</b>

## 7. Creditors Age Analysis

A total R6 061 232 or 27% of invoices remained outside the compliance period of 30 days as at 31 August 2018. None of the bulk services, 3<sup>rd</sup> party and statutory invoices were outstanding for longer than 30 days as at 31 August 2018. The balance of trade payables as at 31 August 2018 was **R22 840 million**.

**Table 10**

DC22 uMgungundlovu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August										
Description	NT Code	Budget Year 2018/19								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	16 779	3 992	942	453	210	465	-	-	22 840
<b>Total By Customer Type</b>	<b>1000</b>	<b>16 779</b>	<b>3 992</b>	<b>942</b>	<b>453</b>	<b>210</b>	<b>465</b>	<b>-</b>	<b>-</b>	<b>22 840</b>

**Table 11**

SUPPLIER	AMOUNT	COMMENTS
Development Bank Of S.A.	15 594 703.33	Loan Repayment
UMNGENI WATER	13 022 680.86	Bulk Water Purchases
AQUA TRANSPORT AND PLANT HIRE	5 736 060.55	Hire of Water Tankers
UMGENI WATER ACC (6001665/10152740)	3 551 616.05	Howick Waste Water Works
MASIQHAME TRADING 1244	2 698 894.13	Manyavu Water Scheme
South African Local Government Association	2 638 783.46	Membership Fees, Job Evaluation
MMOLAWA-ANDEL-MOKOENA PROJECTS CC	2 007 525.40	Maqongqo Bulk Water
UMGENI WATER ACC (6001665/20000705)	1 529 500.00	Flood Early Warning System - Umngeni Resilience Project
CCG SYSTEMS	1 258 815.00	mSCOA Annual Maintenance Fee
UMGENI WATER ACC (6001665/10279770)	1 002 758.22	Richmond Waste Water Works
UMGUNGUNDLOVU ECONOMIC DEVELOPMENT AGENCY	1 000 000.00	Payment of Grant
MLO NEW BOSS ZAMISANANI JV	871 308.55	Nkanyezi Water Supply
VUCO SECURITY SOLUTIONS	738 214.16	Security Services
UMGENI WATER ACC (6001665/10279750)	656 793.12	Cool Air Waste Water Works
KWA-ZULU NATAL MOUNTAINBIKE COMMISSION	605 454.00	Staging of MTB Event for Mandela Day Marathon
B-ACTIVE SPORTS	584 900.00	Staging of Triathlon Event for Mandela Day Marathon
ESKOM HOLDINGS	471 533.87	Electricity Consumption at Water Schemes
MHLANGA INC	392 351.80	Legal Fees
PROACTIVE PUBLIC RELATIONS & EVENTS	344 828.88	Event Management Services fee for Izimbizo
UMGENI WATER ACC (6001665/10279740)	340 235.75	Camperdown Waste Water Works
<b>SUB-TOTAL</b>	<b>55 046 957.13</b>	

**8. Debtors age analysis**

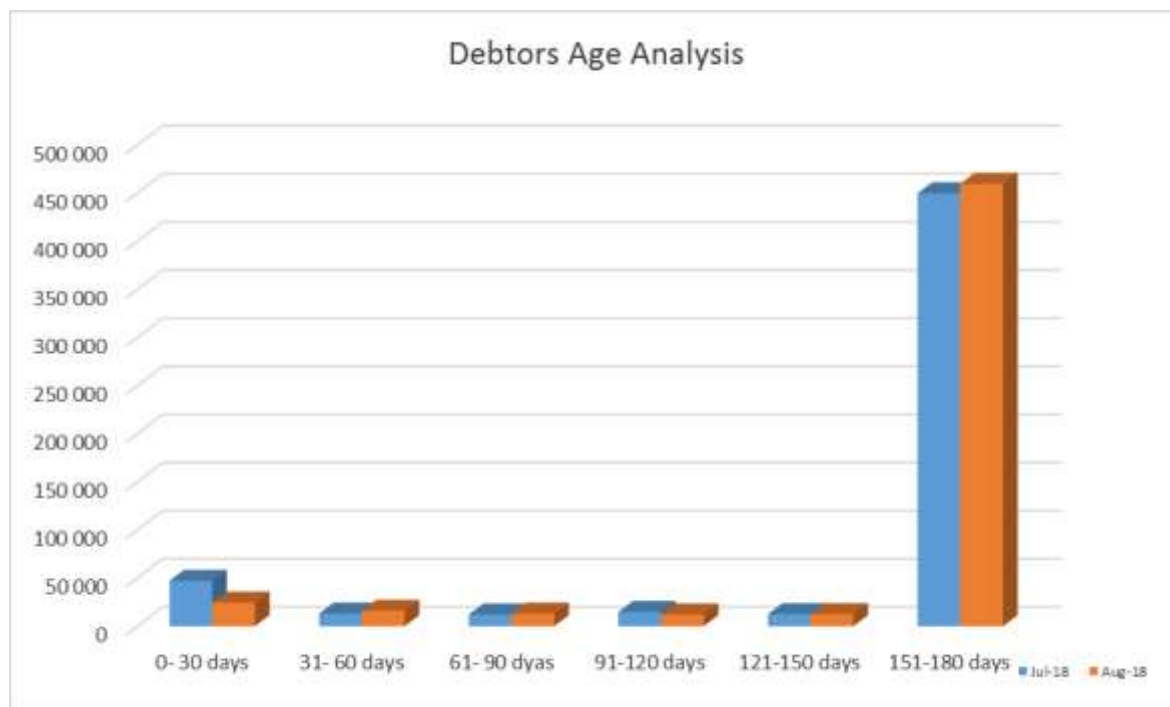
The debtor book value as at 31 August 2018 amounted to **R538 064 million**. The collection in the month of August was **44%**. The average collection rate to date is **56%**.

**Table 12**

**DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August**

Description	NT Code	Budget Year 2018/19						Total
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	
<b>R thousands</b>								
<b>Debtors Age Analysis By Income Source</b>								
Trade and Other Receivables from Exchange Transactions - Water	1200	24 498	16 147	13 063	12 153	12 500	459 704	538 065
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>24 498</b>	<b>16 147</b>	<b>13 063</b>	<b>12 153</b>	<b>12 500</b>	<b>459 704</b>	<b>538 065</b>
<b>2017/18 - totals only</b>								
								-
<b>Debtors Age Analysis By Customer Group</b>								
Organs of State	2200	5 587	2 120	979	486	289	8 278	17 740
Commercial	2300	2 093	1 553	1 084	1 629	1 892	19 728	27 979
Households	2400	14 147	10 770	10 431	9 638	8 243	418 839	472 068
Other	2500	2 671	1 704	568	400	2 077	12 858	20 278
<b>Total By Customer Group</b>	<b>2600</b>	<b>24 498</b>	<b>16 147</b>	<b>13 063</b>	<b>12 153</b>	<b>12 500</b>	<b>459 704</b>	<b>538 065</b>

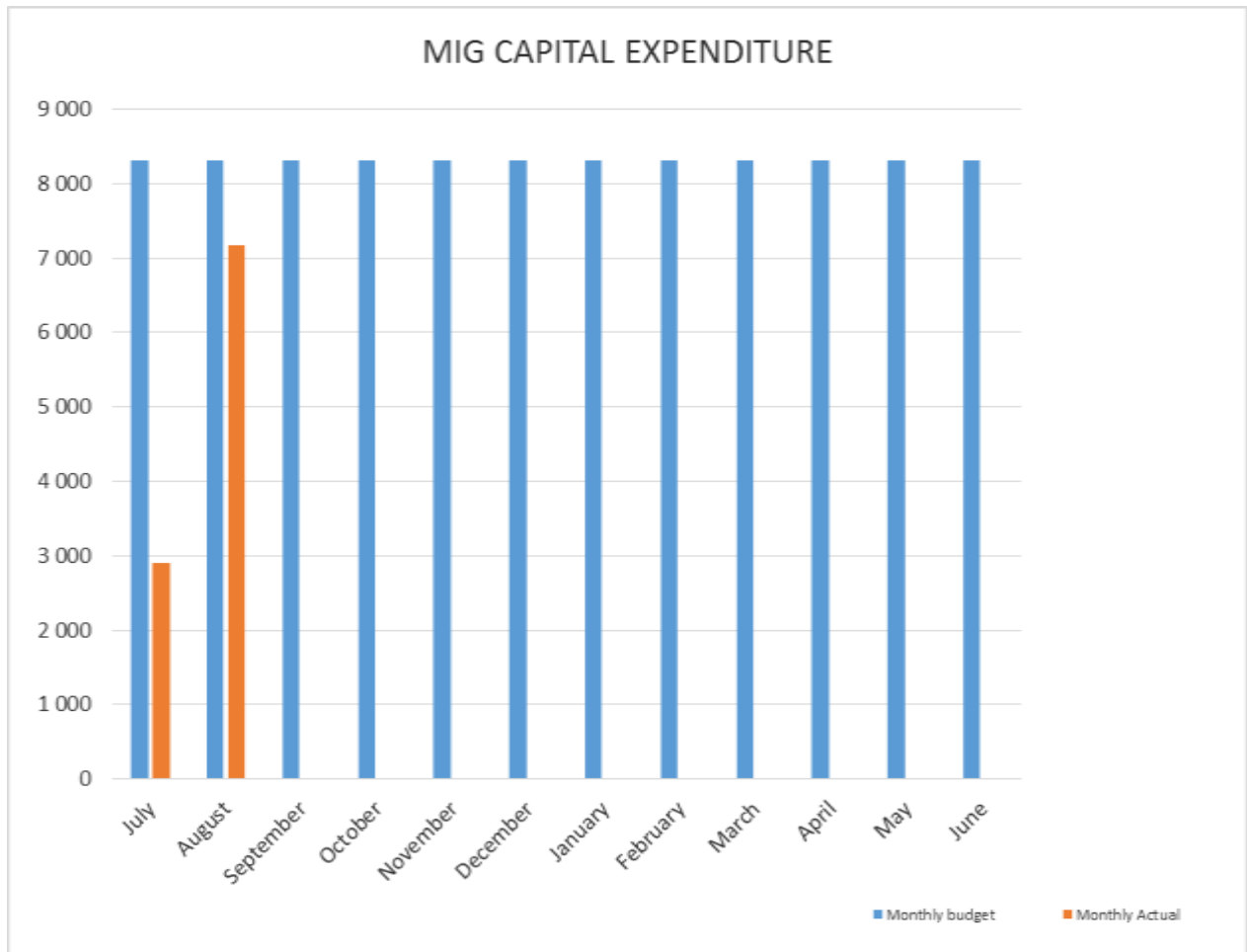
Graph 2



**9. IN-YEAR BUDGET STATEMENT CHARTS: AUGUST 2018 REPORT**

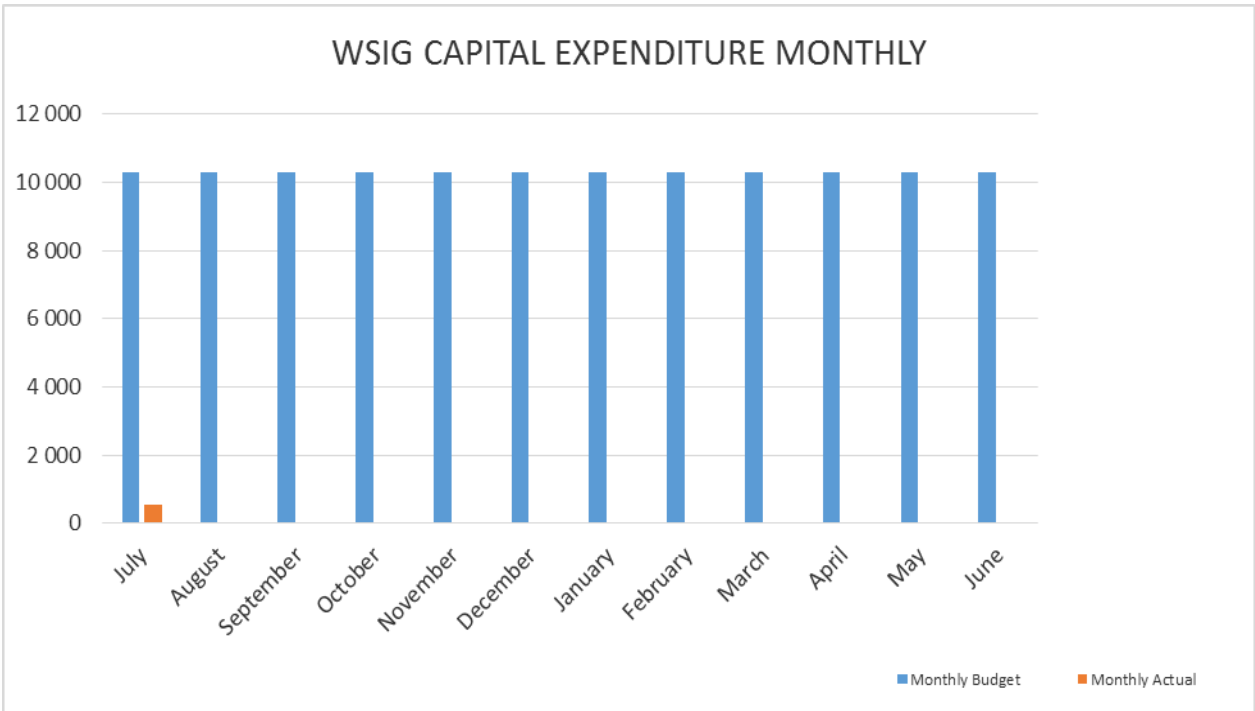
**MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET**

	Monthly budget	Monthly Actual
July	8 319	2 894
August	8 319	7 165
September	8 319	0
October	8 319	0
November	8 319	0
December	8 319	0
January	8 319	0
February	8 319	0
March	8 319	0
April	8 319	0
May	8 319	0
June	8 319	0
	99 828	10 059



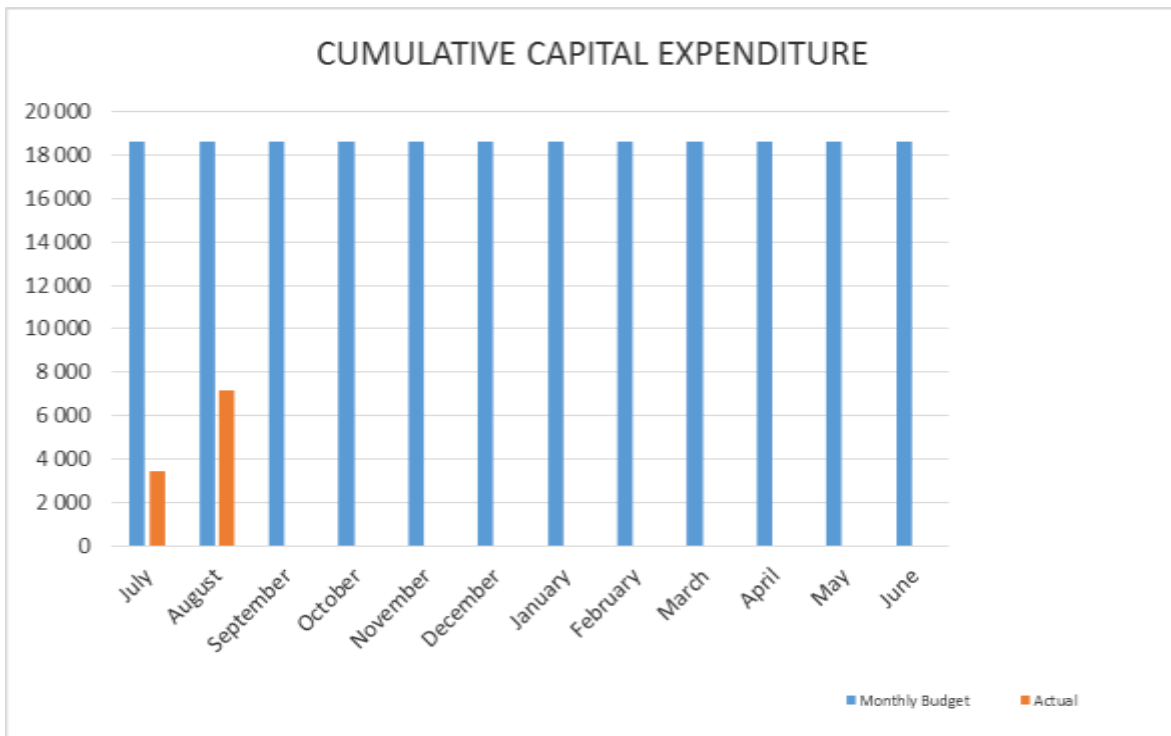
**WSIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET**

	Monthly Budget	Monthly Actual
July	10 282	560
August	10 282	0
September	10 282	0
October	10 282	0
November	10 282	0
December	10 282	0
January	10 282	0
February	10 282	0
March	10 282	0
April	10 282	0
May	10 282	0
June	10 282	0
	123 383	560



**CUMULATIVE MIG & WSIG EXPENDITURE: MONTHLY ACTUAL VS MONTHLY BUDGET**

	Monthly Budget	Actual
July	18 601	3 454
August	18 601	7 165
September	18 601	0
October	18 601	0
November	18 601	0
December	18 601	0
January	18 601	0
February	18 601	0
March	18 601	0
April	18 601	0
May	18 601	0
June	18 601	0
	<b>223 211</b>	<b>10 619</b>



## 10. IN-YEAR BUDGET STATEMENT TABLES: AUGUST 2018 REPORT

The preliminary financial results for the period ended 31 August 2018 (i.e. 02nd month of the 2018/19 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

## 11. 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: Nondumiso Mbatha

HEADING (INCLUSIVE OF NAME OF DIVISION/DEPARTMENT):

**FINANCIAL SERVICES DEPARTMENT**

**PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY AND SECOND**

**QUARTER BUDGET STATEMENT) FOR THE PERIOD ENDING 31 August 2018**

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

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



## Municipal Manager's quality certification

I, **Raymond Ngcobo**, 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 **AUGUST 2018** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Dr. MRB Ngcobo

Municipal Manager: uMgungundlovu District Municipality

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

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

Print name: Cllr T E Maphumulo

Mayor: uMgungundlovu District Municipality

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

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