

**REPORT TO THE uMGUNGUNDLOVU
DISTRICT MUNICIPALITY COUNCIL**



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Report Number: 06 Designation : CFO

For consideration

1st Level – MANCO :
2nd Level – Portfolio Committee :
3rd Level – EXCO : 25/01/2019
4th Level – MPAC :
5th Level – Council :

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

DATE :

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: ...”.

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 December 2018 the ten working day reporting limit expired on **14 January 2019**.

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 December 2018.

Table 1

Summary of financial performance	
Actual Revenue to Budgeted Revenue	64
Actual OPEX to budgeted OPEX	51
Actual CAPEX to budgeted CAPEX	44.00
Employee related cost exp to total OPEX	29
% Grant Utilisation	82.63
Cash Coverage Ratio	1.09
Debt Service to Revenue Ratio	1.92
% Debt to Revenue Ratio	26.85
Creditors Age Analysis	27.07% or R13 102 183 of creditors is outstanding longer than 30 days.
Debt Collection Rate	95

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 6th month of the 2018/19 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 December 2018 is R 90.61 million.

3.2 Cash & Cash Equivalent for the period ending 31 December 2018 is R 98.4 million.

3.3 Capital Expenditure for the period ending 31 December 2018 is R 91.08 million.

3.4 Trade Payables for the period ending 31 December 2018 is R 27.5 million.

3.5 Trade Receivables for the period ending 31 December 2018 is R 600.7 million.

3.5 Unspent conditional Grants for the period ending 31 December 2018 is R 20.1 million.

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

4.1 Surplus for the period ending 31 December 2018 of R 2.8 million.

4.2 Cash & Cash Equivalent for the period ending 31 December 2018 is R 3.1 million.

4.3 Capital Expenditure for the period ending 31 December 2018 is Nil

4.4 Trade Payables for the period ending 31 December 2018 is R 155 716.85

IN YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

1. Operating Budget

Summary financial performance report for the period ending 31 December 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 - M06 December									
Description	2017/18	Budget Year 2018/19							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	177,003	306,911	-	16,800	132,146	153,456	(21,310)	-14%	306,911
Investment revenue	3,802	2,500	-	25	388	1,250	(862)	-69%	2,500
Transfers and subsidies	430,314	492,260	-	161,713	367,734	246,130	121,604	49%	492,260
Other own revenue	54,951	10,150	-	2,323	17,426	5,075	12,351	243%	10,150
Total Revenue (excluding capital transfers and contributions)	666,070	811,821	-	180,862	517,694	405,911	111,783	28%	811,821
Employee costs	206,408	250,246	-	18,254	120,438	125,123	(4,685)	-4%	250,246
Remuneration of Councillors	10,347	12,266	-	949	5,666	6,133	(467)	-8%	12,266
Depreciation & asset impairment	38,935	51,000	-	3,300	19,942	25,500	(5,558)	-22%	51,000
Finance charges	35,321	22,609	-	11,599	23,256	11,305	11,952	106%	22,609
Materials and bulk purchases	132,383	139,150	-	13,383	66,205	69,575	(3,370)	-5%	139,150
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	400,750	333,376	-	41,039	191,578	166,688	24,890	15%	333,376
Total Expenditure	824,144	808,648	-	88,525	427,085	404,324	22,761	6%	808,648
Surplus/(Deficit)	(158,074)	3,173	-	92,336	90,609	1,587	89,022	5610%	3,173

The revenue raised as at 31 December 2018 is R 517.6 million against the original budget of R 811.8million for the year and R 405.9 million for the period. This reflects a revenue rate of 63% against the original budget and 128% for the year to date budget.

The operating expenditure as at 31 December 2018 was R 427.1 million vs a year to date budget of R 404.3 million reflecting YTD expenditure of 105.6 % and 52.8% against the original budget. The operating surplus for the period was R 90.6 million.

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

- Service charges below by 14%.
- Interest revenue 69% below target due to investment cancellations.
- Transfers and subsidies are 49% above target.
- Other revenue account is above target by 243%. 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

Funding Source	Budget 2018 /2019	Expenditure as at 31 December 2018	% spent
MIG	99,828,000.00	75,268,811.73	75.40
DBSA LOAN	0.00	0.00	0.00
WSIG	102,700,000.00	15,806,291.80	15.39
RESERVES	5,000,000.00	0.00	0.00
RRAMS	2,531,000.00	1,115,985.30	44.09
DWS	4,000,095.45	0.00	
	214,059,095.45	92,191,088.83	43.07
LESS NON CAPITALISED PROJECTS	6,531,095.45	1,115,985.30	
TOTAL CAPITAL EXPENDITURE	207,528,000.00	91,075,103.53	43.89

Table 4

Project Name	Funding Source	Original Budget 2018/2019	Total current year expenditure as at 31.12.2018	% Percentage
Infrastructure assets				
Manyavu water	MIG	11,636,359	32,479,982	279.12
Manzamyama Water	MIG	10,855,358	17,559,079	161.75
Nkanyezini Water	MIG	8,742,766	13,952,356	159.59
Maqongqo Water/ Upgrade	MIG	8,093,517	9,375,203	115.84
Phase 2 Nadi - Efaye	MIG	20,350,000		
Hilton Corridor development	MIG			
Phase 3A Mtulwa	MIG	16,804,000		
Phase 3B Ekhamanzi	MIG	14,346,000		
uMshwathi slum water	MIG		1,247,679	
Trust feeds Phase 1	MIG	3,000,000		
Sanitation	MIG	6,000,000		
Hilton AC Pipes	MIG		330,574	
Umshwathi Regional Bulk	WSIG	102,700,000	15,806,292	15.39
Boreholes - Drought (ex Mkhambathini)	DWS	4,000,095		
Merrivale AV Pipes	DBSA			
Merrivale AV Pipes	MIG			
Rural roads asset management	DOT	2,531,000	1,115,985	1.83
Retentions	Reserves			
Fire Fighting Equipment	Reserves	5,000,000		
Furniture	Reserves			
IT Equipment and Infrastructure	Reserves			
		214,059,095	91,867,151	

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 75 269 million or 75.40%. 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 ongoing. 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 for September is at 3 % 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.
3. **The Manzamnyama water supply scheme** was advertised and closed on 18 January 2018, Contractor appointed and now on onsite.
4. **Maqongqo water supply scheme** project has a budget of R19 million and was awarded in July 2017 and has R 8.1 million 2018/ 2019 budget allocation. The project is experienced social facilitation issues which have subsequently been attended to through the intervention of the infrastructure portfolio chairperson.
5. Spending on the **WSIG is 56.19%** of the received allocation.
6. Total capital expenditure to date is **43.89%** against the original budget.

3. Employee costs and councillor's 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 December 2018, **46%** of the councillor's allowances budget was spent and **48 %** spent of the employee costs budget. As at 31 December 2018 the total salary cost including councillor's allowances represented **30%** 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 - M06 December

Summary of Employee and Councillor remuneration	Ref	Budget Year 2018/19								
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		12,266	12,266		949	5,666	6,133	(467)	-8%	12,266
Pension and UIF Contributions								-		
Medical Aid Contributions								-		
Motor Vehicle Allowance								-		
Cellphone Allowance								-		
Housing Allowances								-		
Other benefits and allowances								-		
Sub Total - Councillors		12,266	12,266	-	949	5,666	6,133	(467)	-8%	12,266
% increase	4		0.0%							0.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		7,461	5,717		143	994	2,859	(1,865)	-65%	5,717
Pension and UIF Contributions		9	185		15	91	93	(1)	-1%	185
Medical Aid Contributions								-		
Overtime								-		
Performance Bonus		1,054	972				486	(486)	-100%	972
Motor Vehicle Allowance		-	878		23	253	439	(186)	-42%	878
Cellphone Allowance		108	108		2	18	54	(36)	-67%	108
Housing Allowances								-		
Other benefits and allowances		75	75		28	90	37	52	140%	75
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations	2							-		
Sub Total - Senior Managers of Municipality		8,707	7,936	-	210	1,446	3,968	(2,522)	-64%	7,936
% increase	4		-8.9%							-8.9%
Other Municipal Staff										
Basic Salaries and Wages		105,486	131,982		11,205	67,051	65,991	1,060	2%	131,982
Pension and UIF Contributions		20,679	29,358		2,323	13,976	14,679	(703)	-5%	29,358
Medical Aid Contributions		10,959	11,247		805	4,908	5,623	(716)	-13%	11,247
Overtime		14,147	8,902		441	3,253	4,451	(1,198)	-27%	8,902
Performance Bonus		9,216	10,793		10	10,493	5,396	5,097	94%	10,793
Motor Vehicle Allowance		19,157	21,809		1,699	9,613	10,905	(1,292)	-12%	21,809
Cellphone Allowance		848	1,702		132	671	851	(180)	-21%	1,702
Housing Allowances		1,166	1,037		93	544	518	26	5%	1,037
Other benefits and allowances		17,944	16,182		694	4,837	8,091	(3,254)	-40%	16,182
Payments in lieu of leave		-			231	968	-	968	#DIV/0!	
Long service awards		1,239	299		123	809	149	660	442%	299
Post-retirement benefit obligations	2	12,000	9,000		287	1,868	4,500	(2,632)	-58%	9,000
Sub Total - Other Municipal Staff		212,841	242,310	-	18,044	118,992	121,155	(2,163)	-2%	242,310
% increase	4		13.8%							13.8%
Total Parent Municipality		233,814	262,512	-	19,204	126,104	131,256	(5,152)	-4%	262,512
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		845	845		78	522	845	(324)	-38%	845
Pension and UIF Contributions								-		
Medical Aid Contributions								-		
Sub Total - Board Members of Entities	2	845	845	-	78	522	845	(324)	-38%	845
% increase	4		0.0%							0.0%
Senior Managers of Entities										
Housing Allowances								-		
Other benefits and allowances		122	1,226		91	700	1,226	(526)	-43%	1,226
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations	2							-		
Sub Total - Senior Managers of Entities		122	1,226	-	91	700	1,226	(526)	-43%	1,226
% increase	4		907.9%							907.9%
Other Staff of Entities										
Housing Allowances								-		
Other benefits and allowances		884	109		31	129	109	20	19%	109
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Other Staff of Entities		884	109	-	31	129	109	20	19%	109
% increase	4		-87.7%							-87.7%
Total Municipal Entities		1,851	2,180	-	200	1,351	2,180	(830)	-38%	2,180
TOTAL SALARY, ALLOWANCES & BENEFITS		235,665	264,697	-	19,404	127,454	133,436	(5,982)	-4%	264,692
% increase	4		12.3%							12.3%
TOTAL MANAGERS AND STAFF		222,553	251,581	-	18,377	121,267	126,458	(5,191)	-4%	251,581

4. Conditional Grants

As at the end of December 2018, R55 millions of conditional grants was received since 1 July 2018, whilst an additional R 60.9 million was available which was received in the previous financial year . R95.8 million was spent as at 31 December 2018. The operating grant utilisation is at 32.07% and the capital grant utilisation was 90.07% of allocations received. Overall grant utilisation is at 82.63%

Table6

Description	Opening Balance	Receipts	Total receipts	Expenditure	Balance	% spent to date
Operating Grants						
FMG	0.00	1,000,000.00	1,000,000.00	472,462.00	527,538.00	47.25
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	1,115,985.30	656,014.70	62.98
EPWP	0.00	2,986,000.00	2,986,000.00	0.00	2,986,000.00	0.00
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	0.00
RASET GRANT	3,000,000.00	0.00	3,000,000.00	3,000,000.00	0.00	100.00
DGDS GRANT	300,000.00	0.00	300,000.00	186,011.00	113,989.00	62.00
DPSS GRANT	0.00	500,000.00	500,000.00	0.00	500,000.00	0.00
GEOPlanning	0.00	800,000.00	800,000.00	0.00	800,000.00	0.00
Total Operating Grants	7,828,216.75	7,058,000.00	14,886,216.75	4,774,458.30	10,111,758.45	32.07
Capital Grants						
WSIG	18,130,635.92	10,000,000.00	28,130,635.92	15,806,291.80	12,324,344.12	56.19
MIG	23,430,775.00	38,000,000.00	61,430,775.00	75,268,812.00	-13,838,037.00	122.53
Orio	11,550,860.00	0.00	11,550,860.00	0.00	11,550,860.00	0.00
Total Capital Grants	53,112,270.92	48,000,000.00	101,112,270.92	91,075,103.80	10,037,167.12	90.07
Total Grants	60,940,487.67	55,058,000.00	115,998,487.67	95,849,562.10	20,148,925.57	82.63

5. Cash and cash equivalents

An amount of R25 479 was accrued in investment interest income for the month of December 2018. The cash in bank as at 31 December 2018 amounted to **R 94 523 million** and investments amounted to **R3 845 million** with a total cash and cash equivalents of **R 98 368 million**. The average interest rate on investment is at **8%**. The cash coverage ratio as at 31 December 2018 is **1.6 months** based on average of R49 million per month fixed operating expenditure. This indicates that the municipality as at 31 December 2018 had sufficient cash to operate for a period of **1.6 months** or 48 days 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

DC22 uMgungundlovu - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December									
Investments by maturity Name of institution & investment ID	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
R thousands		Yrs/Months							
Municipality									
FNB		1 year	Long term	2019 Sept Se	25	8.0%	3,800	25	3,845
Municipality sub-total					25		3,800	25	3,845
TOTAL INVESTMENTS AND INTEREST	2				25		3,800	25	3,845

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
		R 0.00	R 0.00	R 0.00
Main Account	50940026773	17,675,749.25	-1,410,086.13	16,265,663.12
Salaries Account	50940092196	680,497.62	-665,756.05	14,741.57
Water Services Account	62023616462	186,615.27	11,741,630.61	11,928,245.88
NSTD Call Account	62215748289	594,050.50	60,167,333.47	60,761,383.97
Mandela Race Account	62411577193	746,791.40	2,753.24	749,544.64
UMDM MIG (DBSA) Account	62400041985	0.00	0.00	0.00
Corporate Cheque Account	62597807125	6,254,024.65	-1,323,107.94	4,930,916.71
Public Sector Cheque Account	62243484417	0.00	0.00	0.00
Total Cash Balances		26,137,728.69	68,512,767.20	94,650,495.89

6. Borrowings

As at 31 December 2018 the loans book was sitting at R206.2 million. The average interest rate on remaining loans is 11%. The debt to revenue ratio at 2.15% as projected which is below the treasury norm of below 45%. This indicates that the debt books is 27.08% of the internally generated operating income. The debt service ratio to operating expenditure is 2.16% which is below the 6 -8% recommended treasury norm.

Table 9

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) JULY 2018 - JUNE 2019								
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/07/2018	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/12/2018	Repayment Due
12007869	uMgungundlow Various Water Projects	10.889	225,828,909.84	11,723,768.12	23,418,564.83	7,963,581.68	206,170,532.07	15,594,703.33
			225,828,909.84	11,723,768.12	23,418,564.83	7,963,581.68	206,170,532.07	15,594,703.33

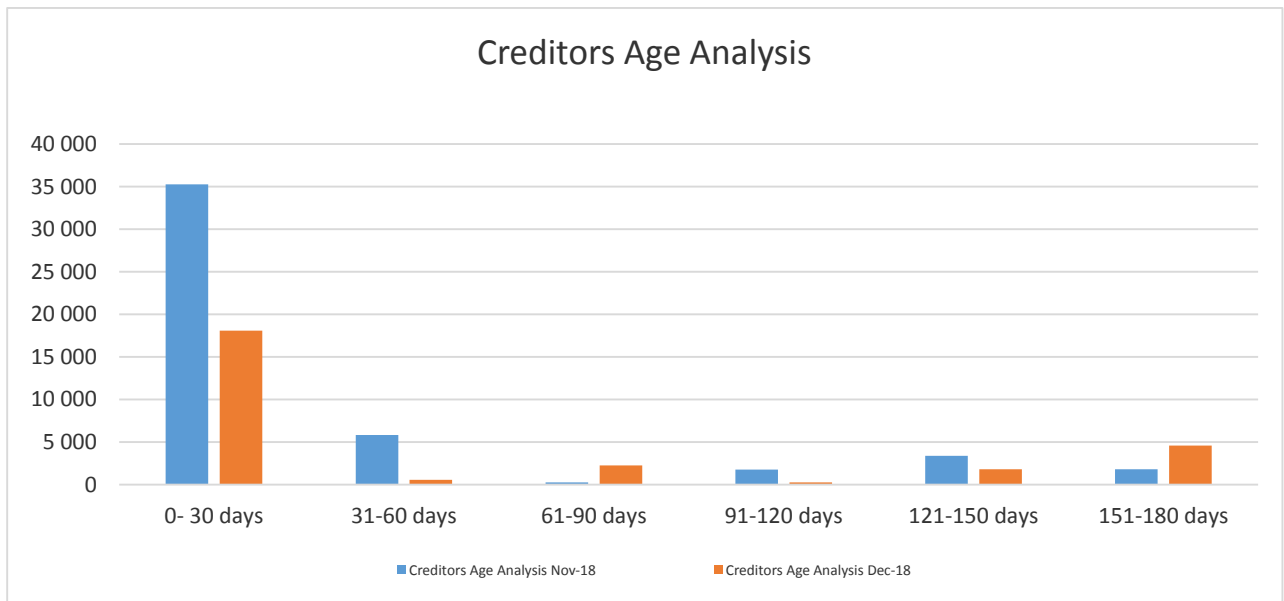
7. Creditors Age Analysis

A total R 9 466 475 or 34.37% of invoices remained outside the compliance period of 30 days as at 31 December 2018. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 December 2018. The balance of trade payables as at 31 December 2018 was **R27.5 million**.

Table 10

DC22 uMgungundlovu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December										
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	
Creditors Age Analysis By Customer Type										
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	18,076	575	2,252	239	1,803	4,598	-	-	27,542
Total By Customer Type	1000	18,076	575	2,252	239	1,803	4,598	-	-	27,542

Graph 1



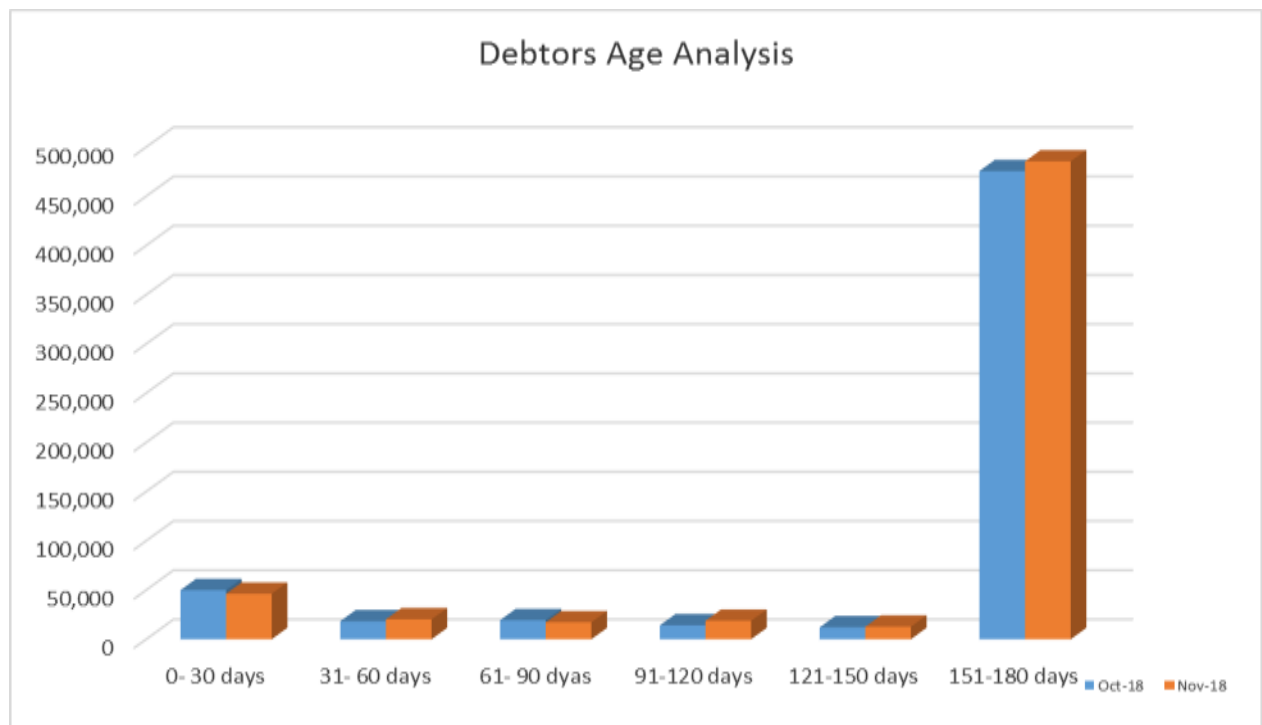
8. Debtors age analysis

The debtor book value as at 31 December 2018 amounted to **R 600.7 million**. The collection rate in the month of December was **69%**. The average collection rate to date is **67%**.

Table 12

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December												
Description	NT Code	Budget Year 2018/19									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	46,225	20,251	17,231	18,803	12,735	485,465				600,710	517,003
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-				-	-
Receivables from Non-ex change 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	-	-	-	-	-	-				-	-
Total By Income Source	2000	46,225	20,251	17,231	18,803	12,735	485,465	-	-	-	600,710	517,003
2017/18 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	199	24	9	14	18	732				996	764
Commercial	2300	3,976	2,841	1,234	1,505	1,057	22,636				33,248	25,198
Households	2400	31,444	12,516	13,848	15,955	9,736	473,076				556,576	498,768
Other	2500	10,606	4,870	2,140	1,329	1,924	(10,980)				9,889	(7,726)
Total By Customer Group	2600	46,225	20,251	17,231	18,803	12,735	485,465	-	-	-	600,710	517,003

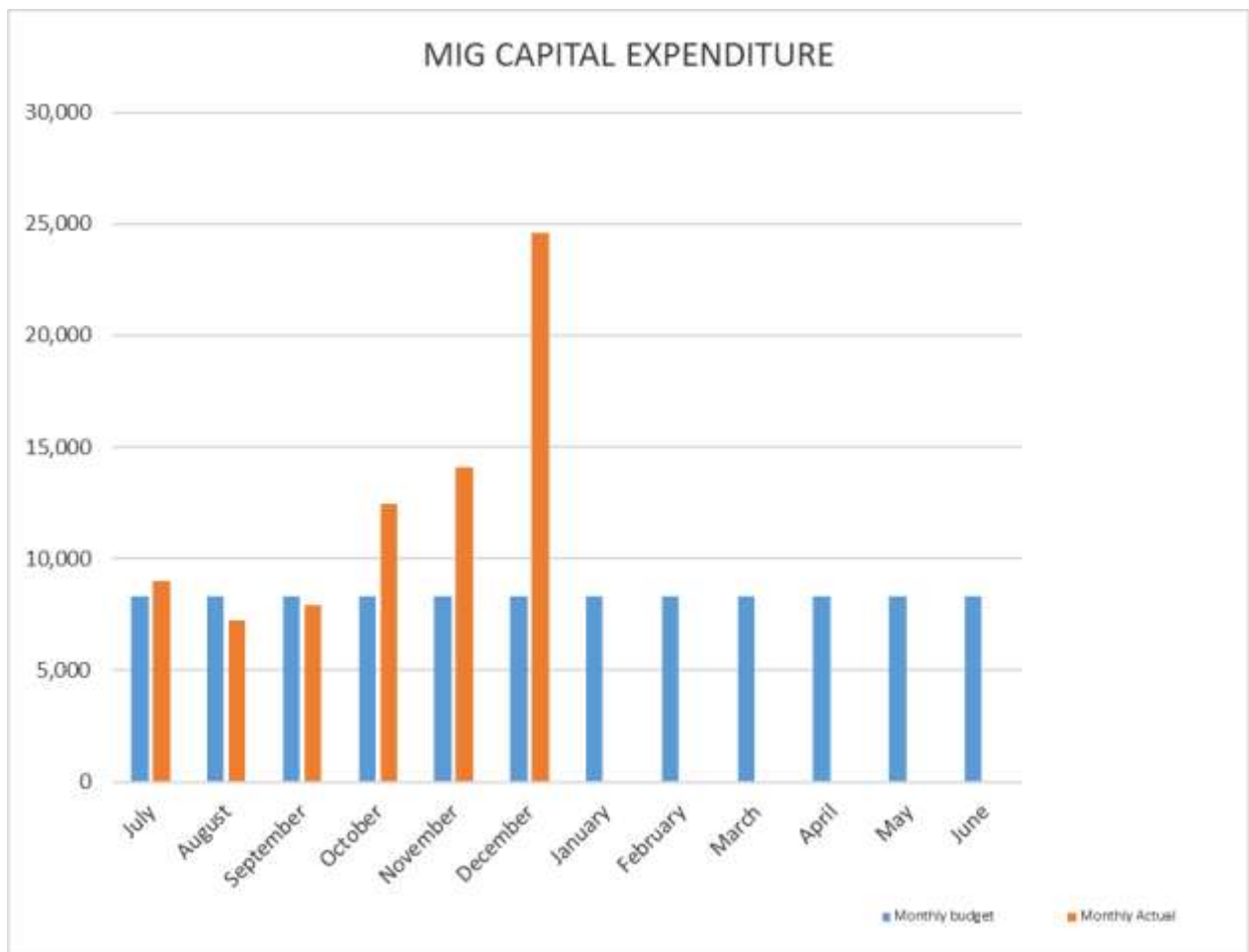
Graph 2



9. IN-YEAR BUDGET STATEMENT CHARTS: DECEMBER 2018 REPORT

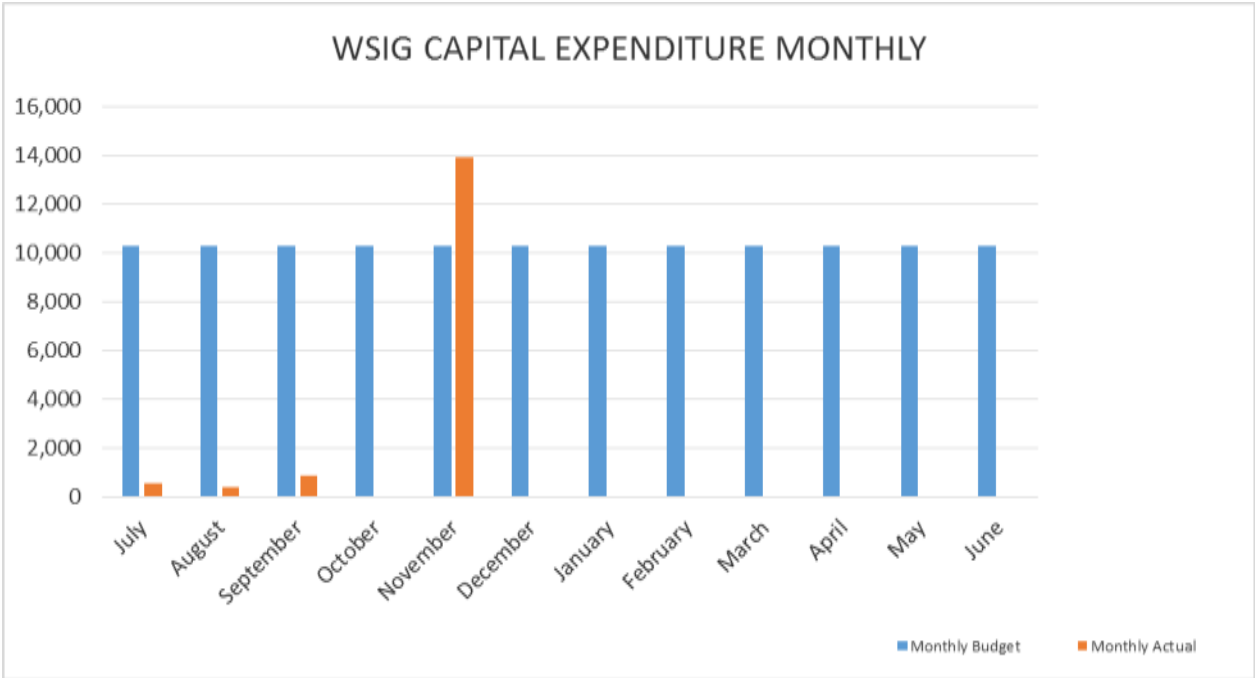
MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

	Monthly budget	Monthly Actual
July	8,319	9,017
August	8,319	7,256
September	8,319	7,915
October	8,319	12,424
November	8,319	14,072
December	8,319	24,585
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	75,269



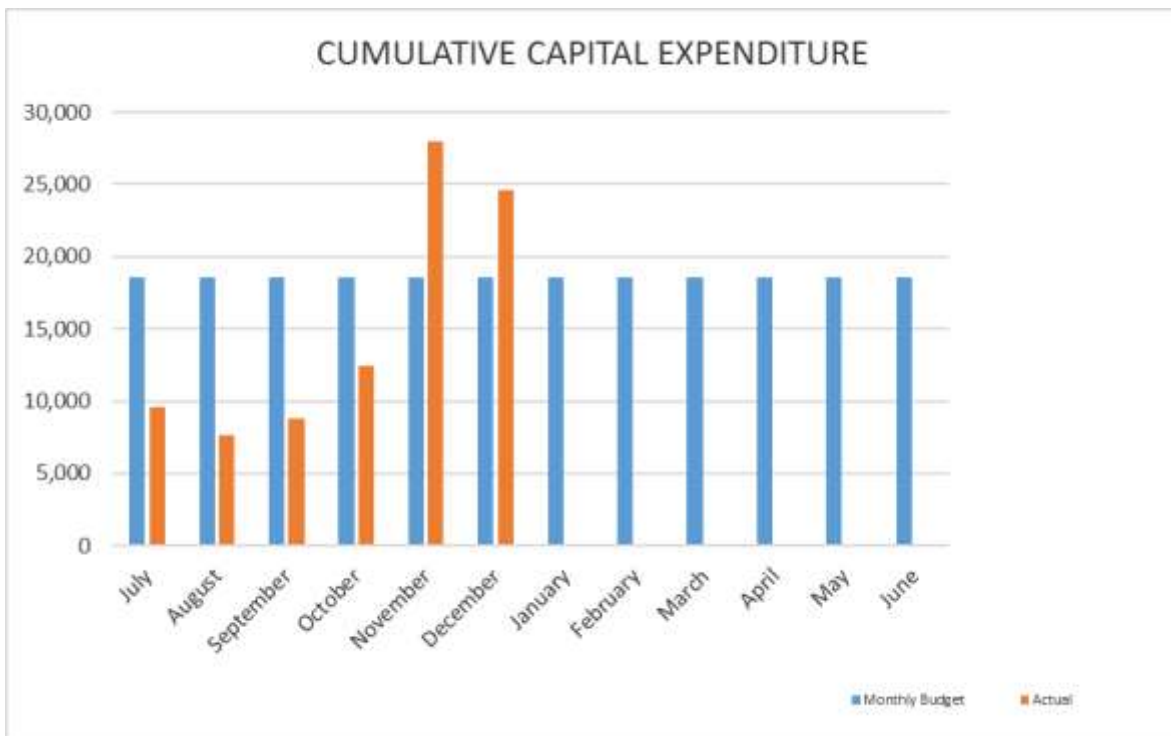
WSIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

	Monthly Budget	Monthly Actual
July	10,282	560
August	10,282	433
September	10,282	881
October	10,282	
November	10,282	13,932
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	15,806



CUMULATIVE MIG & WSIG EXPENDITURE: MONTHLY ACTUAL VS MONTHLY BUDGET

	Monthly Budget	Actual
July	18,601	9,577
August	18,601	7,689
September	18,601	8,796
October	18,601	12,424
November	18,601	28,004
December	18,601	24,585
January	18,601	0
February	18,601	0
March	18,601	0
April	18,601	0
May	18,601	0
June	18,601	0
	223,211	91,075



10. IN-YEAR BUDGET STATEMENT TABLES: DECEMBER 2018 REPORT

The preliminary financial results for the period ended 30 November 2018 (i.e. 06th 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: Anil Singh

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 December 2018

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

	COMPREHENSIVE NESS (FACTS, COMMENTS, RECOMMENDATIO NS ANNEXURES) (√)	CORRECTNESS (√)	QUALITY (√)
MANAGER: BUDGET OFFICE NONDUMISO MBATHA SIGNATURE:..... DATE:	(√)	(√)	(√)
MANAGER: REVENUE MANAGEMENT SIBONGILE KHUMALO SIGNATURE..... DATE:	(√)	(√)	(√)
MANAGER: EXPENDITURE MANAGEMENT: NOMPUMELELO KHUMALO SIGNATURE..... DATE:	(√)	(√)	(√)
HEAD OF DEPARTMENT: ACTING CHIEF FINANCIAL OFFICER : ANIL Y SINGH SIGNATURE: DATE:	(√)	(√)	(√)
MANAGER: INTERNAL AUDIT ADELE DORASAMY 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 **DECEMBER 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: _____