

REPORT TO THE uMGUNGUNDLOVU DISTRICT MUNICIPALITY COUNCIL



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Report Number: 03 Designation : ACFO

For consideration

1st Level – MANCO :
2nd Level – Portfolio Committee : 17/10/2019
3rd Level – EXCO : 24/10/2019
4th Level – MPAC : 25/10/2019
5th Level – Council :

**SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR THE PERIOD ENDED 30
SEPTEMBER 2019**

DATE : 17 OCTOBER 2019

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 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-

Section 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 30 SEPTEMBER 2019 the ten working day reporting limit expires on **14 OCTOBER 2019**.

The below is the summary of financial performance for the period ended 30 SEPTEMBER 2019.

Table1

| Summary of financial performance | |
|---|--|
| Actual Revenue to Budgeted Revenue | 33 |
| Actual OPEX to budgeted OPEX | 18 |
| Actual CAPEX to budgeted CAPEX | 39.07 |
| Employee related cost exp to total OPEX | 37 |
| % Grant Utilisation | 95.87 |
| Cash Coverage Ratio | 1.13 |
| Debt Service to Revenue Ratio | 0.19 |
| % Debt to Revenue Ratio | 21.86 |
| Creditors Age Analysis | 43% or R 36.8 milliom of creditors is outstanding longer than 30 days. |
| Debt Collection Rate | 70 |

4. RECOMMENDATIONS

- (1) That, in compliance with, Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations” the **preliminary** financial results regarding the operating and capital budgets for the 10th month of the 2018/19 financial year, and supporting documents as required by National Treasury (Schedule C) be submitted to 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:
 - 3.1 Surplus for the period ending 30 September 2019 is R 208.2 million.
 - 3.2 Cash & Cash Equivalent for the period ending 30 September 2019 is R 163.7 million.
 - 3.3 Capital Expenditure for the period ending 30 September 2019 is R 72.1 million.
 - 3.4 Trade Payables for the period ending 30 September 2019 is R85.2 million.
 - 3.5 Trade Receivables for the period ending 30 September 2019 is R703.7 million.
 - 3.6 Unspent conditional Grants for the period ending 30 September 2019 is R 21.7 million.
- 4 The Committee notes the cash and cash equivalents of R163.7 million translates to a positive cash

Coverage of 1.13 months, which is within the National Treasury Norm of 1 – 3 months.

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

4.1 Surplus for the period ending 30 September 2019 of R .

4.2 Cash & Cash Equivalent for the period ending 30 September 2019 is R .

4.3 Capital Expenditure for the period ending 30 September 2019 is Nil

4.4 Trade Payables for the period ending 30 September 2019 is R.

IN YEAR MONITORING REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019.

1. Operating Budget

Summary financial performance report **SF1** for the period ending 30 September 2019 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 - M03 September | | | | | | | | | |
|---|-----------------|---------------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|--------------------|
| Description | 2018/19 | Budget Year 2019/20 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Financial Performance | | | | | | | | | |
| Property rates | - | - | - | - | - | - | - | - | - |
| Service charges | 254 050 | 372 228 | - | 26 497 | 74 275 | 93 057 | (18 782) | -20% | 372 228 |
| Investment revenue | 293 | 500 | - | 4 | 55 | 125 | (70) | -56% | 500 |
| Transfers and subsidies | 488 175 | 556 568 | - | 1 707 | 217 140 | 139 142 | 77 998 | 56% | 556 568 |
| Other own revenue | 42 346 | 6 791 | - | 4 509 | 13 112 | 1 698 | 11 414 | 672% | 6 791 |
| Total Revenue (excluding capital transfers and contributions) | 784 864 | 936 086 | - | 32 718 | 304 582 | 234 022 | 70 560 | 30% | 936 086 |
| Expenditure | | | | | | | | | |
| Employee costs | 215 841 | 283 677 | - | 19 570 | 58 732 | 70 919 | (12 187) | -17% | 283 677 |
| Remuneration of Councillors | 10 691 | 12 941 | - | 973 | 2 857 | 3 235 | (378) | -12% | 12 941 |
| Depreciation & asset impairment | 21 759 | 42 500 | - | 3 728 | 11 184 | 10 625 | 559 | 5% | 42 500 |
| Finance charges | 23 084 | 27 550 | - | 5 | 3 792 | 6 888 | (3 095) | -45% | 27 550 |
| Materials and bulk purchases | 146 362 | 142 500 | - | 18 504 | 32 993 | 35 625 | (2 632) | -7% | 142 500 |
| Transfers and subsidies | 13 | 5 084 | - | - | 13 | 1 271 | (1 258) | -99% | 5 084 |
| Other expenditure | 249 797 | 399 052 | - | 24 610 | 58 968 | 99 763 | (40 795) | -41% | 399 052 |
| Total Expenditure | 667 547 | 913 304 | - | 67 391 | 168 540 | 228 326 | (59 786) | -26% | 913 304 |
| Surplus/(Deficit) | 117 317 | 22 782 | - | (34 673) | 136 042 | 5 696 | 130 347 | 2289% | 22 782 |

The revenue raised as at 30 September 2019 is R 304.6 million against the original budget of R 936.0 million for the year and R 234 million for the period. This reflects a revenue rate of 33% against the original budget and 130% for the year to date budget.

The operating expenditure as at 30 September 2019 was R 168.5 million vs a year to date budget of R 228.3 million reflecting YTD expenditure of 73% and 18% against the original budget. The operating surplus for the period was R 136 million.

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

- Service charges below target by 20%.
- Transfers and subsidies are 56% above target.
- Investment revenue is 56% below target.
- Other revenue account, the 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 | Original Budget 2019 /2020 | Expenditure as at 30 September 2019 | % spent |
|----------------------------------|----------------------------|-------------------------------------|--------------|
| MIG | 101 944 000.00 | 56 580 775.08 | 55.50 |
| WSIG | 80 000 000.00 | 15 078 085.85 | 18.85 |
| RRAMS | 2 631 000.00 | 476 846.83 | 18.12 |
| | 184 575 000.00 | 72 135 707.76 | 39.08 |
| LESS NON CAPITALISED PROJECTS | | | |
| TOTAL CAPITAL EXPENDITURE | 184 575 000.00 | 72 135 707.76 | 39.08 |

Table 4

| Project Name | Funding Source | Original Budget 2019/2020 | Total current year expenditure as at 30.09.2019 | % Percentage |
|---|----------------|---------------------------|---|--------------|
| Infrastructure assets | | | | |
| Manyavu water | MIG | 36 408 614 | 34 508 805 | 0.95 |
| Manzamyama Water | MIG | 24 383 724 | 11 740 076 | 0.48 |
| Nkanyezini Water | MIG | 6 151 662 | 1 338 158 | 0.22 |
| Mpolweni, Thokozani, Claridge | MIG | 5 000 000 | 1 790 835 | 0.36 |
| Merrivale heights AC Pipeline Replacement | MIG | | 2 035 634 | |
| Maqongqo Bulk Water | MIG | | 445 914 | |
| Hilton AC Pipeline Replacement | MIG | | 4 721 355 | |
| Trust feed Phase1 | MIG | 20 000 000 | 0 | 0.00 |
| uMshwathi VIP Backlog Toilets | MIG | 2 000 000 | 0 | 0.00 |
| Impendle VIP Backlog Toilets | MIG | 1 000 000 | 0 | 0.00 |
| Mkhambathini VIP Backlog Toilets | MIG | 2 000 000 | 0 | 0.00 |
| Umgeni VIP Backlog Toilets | MIG | 2 000 000 | 0 | 0.00 |
| Richmond VIP Backlog Toilets | MIG | 2 000 000 | 0 | 0.00 |
| Mpofana VIP Backlog Toilets | MIG | 1 000 000 | 0 | 0.00 |
| Nadi Efaye Phase 2 | WSIG | 41 878 809 | 15 078 086 | 0.36 |
| Mtulwa to Mt Elias- Phase 3A | WSIG | 1 696 474 | 0 | 0.00 |
| Nadi to Ekhamanzi Phase 3 | WSIG | 36 424 717 | 0 | 0.00 |
| Rural Roads Asset Management | DOT | 2 681 000 | 476 847 | 0.18 |
| | | | | |
| | | 184 625 000 | 72 135 708 | 39.07 |

The total capital budget for the 2019/ 2020 financial year is R 184 625 million including the allocation for the Rural Roads Assets Management Grant of R 2.6 million. The MIG allocation is R 101.9 million and the Water Services Infrastructure Grant is R 80 million. The year to date certified MIG expenditure amounts to R 56.58 million. The total expenditure for the Water Services Infrastructure Grant amount to R15.1 or 18.85%.

The projects on the pipeline are as follows:

1. **The Nkanyezini water supply scheme** has a total project budget of R 85 million, the 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, the contract termination processes were instituted and the contractor given time to correct anomalies. 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. Subsequently, the progress of the contractor continues to deteriorate. The initial contract with the contractor was terminated and was replaced with a revised contract. The service provider was requested to compile and produce a turnaround plan on their performance and remedial strategies. The plan was submitted on 31 August 2019. The project has a budget allocation of R 6 151 662 for the 2019 /2020 financial year. Total expenditure as at 30 September amounted to R 1 338 158 or 22% of the budget.

2. **The Manyavu water supply scheme** has an allocation of R36.4 million for year. The project was awarded on 21 April 2017, the site handover has been completed. The project is progressing well with expenditure of R 31.5million at the end of September 2019 out of the R 36.4 million budget allocation for the 2019 /2020 financial year (95%) . The project is anticipated to be completed by 31 December 2019.
3. **The Manzamnyama water supply scheme** was advertised and closed on 18 January 2018, Contractor appointed and now on onsite. The project is progressing well with a 2019/ 2020 year budget allocation of R 24.4 million. Expenditure for the period ending 30 September amount to R11.7 or 48% of the budget. The project is expected to be completed by 31 December 2019.
4. **Mpolweni, Thokoza & Claridge:** the project is at a planning stage. The budget for the 2019 /2020 financial year is R 5 million. Expenditure as at the end of September amounted to R 1.79 or 36% of the budget.
5. **Trustfeed Phase 1.** The project has a R 20 million budget for the 2019 /2020 financial year. The project is on the inception stage and anticipated to resume contraction by the end of September 2019.
6. **Various VIP Toilets Projects:** The total project has an allocation R 10 million for various sites within the District. The allocation is as follows:
 - 6.1 uMshwathi Municipality - R 2 million.
 - 6.2 Impendle Municipality - R 1 million.
 - 6.3 Mkhambathini Municipality - R 2 million.
 - 6.4 uMgeni Municipality - R 2 million.
 - 6.5 Richmond Municipality - R 2 million.
 - 6.6 Mpofana Municipality - R 1 million.

As at 30 September, there was no expenditure to the project. The project is expected to resume with construction by the end of November 2019.

7. Spending on the **WSIG is 18.85%** of the year allocation. The following projects are funded by the Water Services Infrastructure Grant :
 - 7.1 Nadi Efaye Phase 2. The project has a budget allocation of R 41.9 for the 2019/2020 financial year. Expenditure to date for the period ending 31 September 2019 amounts to R 15.1 or 36%.
 - 7.2 Nadi to Ekhamanzi Phase 3. This portion of the project has a budget allocation of R 36.4 with NIL expenditure as at 30 September 2019.

Both phases for the project have resumed and progressing well. The entire project is anticipated to be completed during the 2020 /2021 financial year.

 - 7.3 Mtulwa to Mt Elias Phase 3 A, the project is progressing well and anticipated to be completed 30 October 2019

8. Total capital expenditure to date is 39.08% 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 30 September 2019, **22%** of the councillor's allowances budget was spent and **21%** spent of the employee costs budget. As at 30 September 2019 the total salary cost including councillor's allowances represented **37%** of total operating expenditure for the period which is within the norm of 25%-40% to total operating expenses as set by National Treasury circular 71.1

Table 5

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

| Summary of Employee and Councillor remuneration | Ref | Budget Year 2019/20 | | | | | | | | |
|---|-----|-------------------------------|--------------------|--------------------|-------------------|------------------|------------------|-----------------|----------------------|-----------------------|
| | | 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 |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | 6 478 | 12 941 | - | 981 | 2 881 | 3 235 | (354) | -11% | 12 941 |
| Pension and UIF Contributions | | 625 | - | - | - | - | - | - | | - |
| Medical Aid Contributions | | 174 | - | - | - | - | - | - | | - |
| Motor Vehicle Allowance | | 2 420 | - | - | - | - | - | - | | - |
| Cellphone Allowance | | 993 | - | - | - | - | - | - | | - |
| Housing Allowances | | - | - | - | - | - | - | - | | - |
| Other benefits and allowances | | - | - | - | - | - | - | - | | - |
| Sub Total - Councillors | | 10 691 | 12 941 | - | 981 | 2 881 | 3 235 | (354) | -11% | 12 941 |
| % increase | 4 | | 21.0% | | | | | | | 21.0% |
| Senior Managers of the Municipality | | | | | | | | | | |
| Basic Salaries and Wages | | - | 5 717 | - | 336 | 1 007 | 1 429 | (422) | -30% | 5 717 |
| Pension and UIF Contributions | | - | 185 | - | 19 | 57 | 46 | 10 | 22% | 185 |
| Medical Aid Contributions | | - | - | - | - | - | - | - | | - |
| Overtime | | - | - | - | - | - | - | - | | - |
| Performance Bonus | | - | 972 | - | - | - | 243 | (243) | -100% | 972 |
| Motor Vehicle Allowance | | - | 878 | - | 44 | 132 | 220 | (87) | -40% | 878 |
| Cellphone Allowance | | - | 108 | - | - | - | 27 | (27) | -100% | 108 |
| Housing Allowances | | - | - | - | - | - | - | - | | - |
| Other benefits and allowances | | - | 75 | - | 7 | 22 | 19 | 3 | 15% | 75 |
| Payments in lieu of leave | | - | - | - | - | - | - | - | | - |
| Long service awards | | - | - | - | 1 | 4 | - | 4 | #DIV/0! | - |
| Post-retirement benefit obligations | 2 | - | - | - | - | - | - | - | | - |
| Sub Total - Senior Managers of Municipality | | - | 7 936 | - | 407 | 1 221 | 1 984 | (763) | -38% | 7 936 |
| % increase | 4 | | #DIV/0! | | | | | | | #DIV/0! |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 165 182 | 165 413 | - | 11 865 | 39 554 | 41 353 | (1 799) | -4% | 131 982 |
| Pension and UIF Contributions | | 827 | 29 358 | - | 2 570 | 5 172 | 7 340 | (2 167) | -30% | 29 358 |
| Medical Aid Contributions | | 11 309 | 11 247 | - | 917 | 2 801 | 2 812 | (11) | 0% | 11 247 |
| Overtime | | 6 379 | 8 902 | - | 551 | 1 756 | 2 226 | (469) | -21% | 8 902 |
| Performance Bonus | | 11 312 | 10 793 | - | 23 | 23 | 2 698 | (2 675) | -99% | 10 793 |
| Motor Vehicle Allowance | | 17 625 | 21 809 | - | 1 696 | 5 037 | 5 452 | (415) | -8% | 21 809 |
| Cellphone Allowance | | 424 | 1 702 | - | 136 | 266 | 426 | (159) | -37% | 1 702 |
| Housing Allowances | | 1 013 | 1 037 | - | 99 | 290 | 259 | 31 | 12% | 1 037 |
| Other benefits and allowances | | - | 16 182 | - | 1 344 | 3 005 | 4 045 | (1 040) | -26% | 16 182 |
| Payments in lieu of leave | | 56 | - | - | 25 | 25 | - | 25 | #DIV/0! | - |
| Long service awards | | 2 670 | 299 | - | 150 | 411 | 75 | 336 | 451% | 299 |
| Post-retirement benefit obligations | 2 | (956) | 9 000 | - | 327 | 940 | 2 250 | (1 310) | -58% | 9 000 |
| Sub Total - Other Municipal Staff | | 215 841 | 275 741 | - | 19 703 | 59 280 | 68 935 | (9 655) | -14% | 242 310 |
| % increase | 4 | | 27.8% | | | | | | | 12.3% |
| Total Parent Municipality | | 226 532 | 296 618 | - | 21 091 | 63 382 | 74 154 | (10 772) | -15% | 263 187 |
| Unpaid salary, allowances & benefits in arrears: | | | | | | | | | | |
| Board Members of Entities | | | | | | | | | | |
| Sub Total - Other Staff of Entities | | - | - | - | - | - | - | - | | - |
| % increase | 4 | | | | | | | | | |
| Total Municipal Entities | | - | - | - | - | - | - | - | | - |
| TOTAL SALARY, ALLOWANCES & BENEFITS | | 226 532 | 296 618 | - | 21 091 | 63 382 | 74 154 | (10 772) | -15% | 263 187 |
| % increase | 4 | | 30.9% | | | | | | | 16.2% |
| TOTAL MANAGERS AND STAFF | | 215 841 | 283 677 | - | 20 110 | 60 501 | 70 919 | (10 418) | -15% | 250 246 |

4. Conditional Grants

As at the end of September 2019 a total of R 63.7 million of conditional grants was received since 1 July 2019, whilst an additional R 23 million was available which was received in the previous financial year. R 74.1 million was spent as at end of September 2019. The operating grant utilisation is at 20.52% and the capital grant utilisation was 106.47% of allocations received. Overall grant utilisation is at 95.87%

Table 6

| Description | Opening Balance | Receipts | Roll Over Repayments | Total receipts | Expenditure | Balance | Percentage |
|-----------------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|---------------|
| Operating Grants | | | | | | | |
| FMG | - | 1,000,000.00 | | 1,000,000.00 | 177,081.75 | 822,918.25 | 17.71 |
| PTP | 308,817.00 | - | | 308,817.00 | - | 308,817.00 | 0.00 |
| EPWP | 1,955,102.22 | 842,000.00 | | 2,797,102.22 | 1,779,395.12 | 1,017,707.10 | 63.62 |
| Camperdown WWW | 4,000,095.00 | - | | 4,000,095.00 | - | 4,000,095.00 | 0.00 |
| SETA Grants | - | - | | - | - | - | 0.00 |
| RASET GRANT | - | - | | - | - | - | 0.00 |
| DGDS GRANT | 126,989.00 | - | | 126,989.00 | - | 126,989.00 | 0.00 |
| DPSS GRANT | - | - | | - | - | - | 0.00 |
| GEOPlanning | 1,300,000.00 | - | | 1,300,000.00 | - | 1,300,000.00 | 0.00 |
| Total Operating Grants | 7,691,003.22 | 1,842,000.00 | | 9,533,003.22 | 1,956,476.87 | 7,576,526.35 | 20.52 |
| Capital Grants | | | | | | | |
| WSIG | 3,843,255.08 | 20,000,000.00 | 3,800,000.00 | 16,200,000.00 | 15,078,085.85 | 1,121,914.15 | 93.07 |
| Drought Relief Initiatives | - | - | | - | - | - | 0.00 |
| MIG | - | 40,000,000.00 | | 40,000,000.00 | 56,580,085.85 | -16,580,085.85 | 141.45 |
| Orio | 11,550,860.00 | - | | 11,550,860.00 | - | 11,550,860.00 | 0.00 |
| RRAMS | - | 1,877,000.00 | | 1,877,000.00 | 476,946.83 | 1,400,053.17 | 25.41 |
| Total Capital Grants | 15,394,115.08 | 61,877,000.00 | | 67,750,860.00 | 72,135,118.53 | 14,072,827.32 | 106.47 |
| Total Grants | 23,085,118.30 | 63,719,000.00 | | 77,283,863.22 | 74,091,595.40 | 21,649,353.67 | 95.87 |
| Total Grants Excluding MIG & WSIG | 19,241,863.22 | 3,719,000.00 | | 21,083,863.22 | 2,433,423.70 | 7,576,526.35 | |

5. Cash and cash equivalents

An amount of R 24 667 was accrued in investment interest income for the month of September 2019. The cash in bank as at 30 September 2019 amounted to **R 159.9 million** and investments amounted to **R 3.8 million** bringing a total cash and cash equivalents of **R 163.7 million**. The average interest rate on investment is at 8%. The cash coverage ratio as at 30 September 2019 is a **1.13 months** based on average of R 70 million per month fixed operating expenditure. This indicates that the municipality as at 30 September 2019 has sufficient cash to run its operations for 1.13 months. 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 Yrs/Months | 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 |
|------------------------------------|--------------------|---------------------------|--------------------------------|---------------------------|--|------------------------|----------------------------------|
| 1 year | Long term | 07 September 2020 | 25 | 8.0% | 4 045 | (275) | 3 770 |
| | | | 25 | 0 | 4 045 | (275) | 3 770 |

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 | 134,761,294.81 | -23,310,309.15 | 111,450,985.66 |
| Salaries Account | 50940092196 | 109,847.90 | 167,089.31 | 276,937.21 |
| Water Services Account | 62023616462 | 46,798,286.26 | -15,411,433.17 | 31,386,853.09 |
| NSTD Call Account | 62215748289 | 11,939,842.44 | 60,844.13 | 12,000,686.57 |
| Mandela Race Account | 62411577193 | 773,246.21 | 2,893.39 | 776,139.60 |
| UMDM MIG (DBSA) Account | 62400041985 | 0.00 | 0.00 | 0.00 |
| Corporate Cheque Account | 62597807125 | 2,525,764.00 | 1,553,433.03 | 4,079,197.03 |
| Public Sector Cheque Account | 62243484417 | -208.76 | 0.00 | 0.00 |
| Total Cash Balances | | 196,908,072.86 | -36,937,482.46 | 159,970,799.16 |

Table 8 above excluded an investment of R3.8 million held with FNB as a security for the Long Term Borrowings (DBSA Loan).

6. Borrowings

As at 30 September 2019 the loans book was sitting at R 204.7 million. The average interest rate on remaining loans is 11%. The debt to revenue ratio at 21.86% as projected which is below the treasury norm of below 45%. This indicates that the debt books is funded by 0.19% of the internally generated operating income.

Table 9

| <i>LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) September 2019</i> | | | | | | |
|--|--------------------------------------|-----------------|-------------------------------|-----------------------|---------------------|-------------------------------|
| Agreement Number | Project Description | Interest Rate % | Opening Balance at 01/09/2019 | Add: Interest Accrued | Less: Interest paid | Closing Balance at 30/09/2019 |
| 12007869 | uMgungundlovu Various Water Projects | 10.889 | 202 866 349.21 | 1 802 662.96 | | 204 669 012.17 |
| | | | 202 866 349.21 | 1 802 662.96 | 0.00 | 204 669 012.17 |

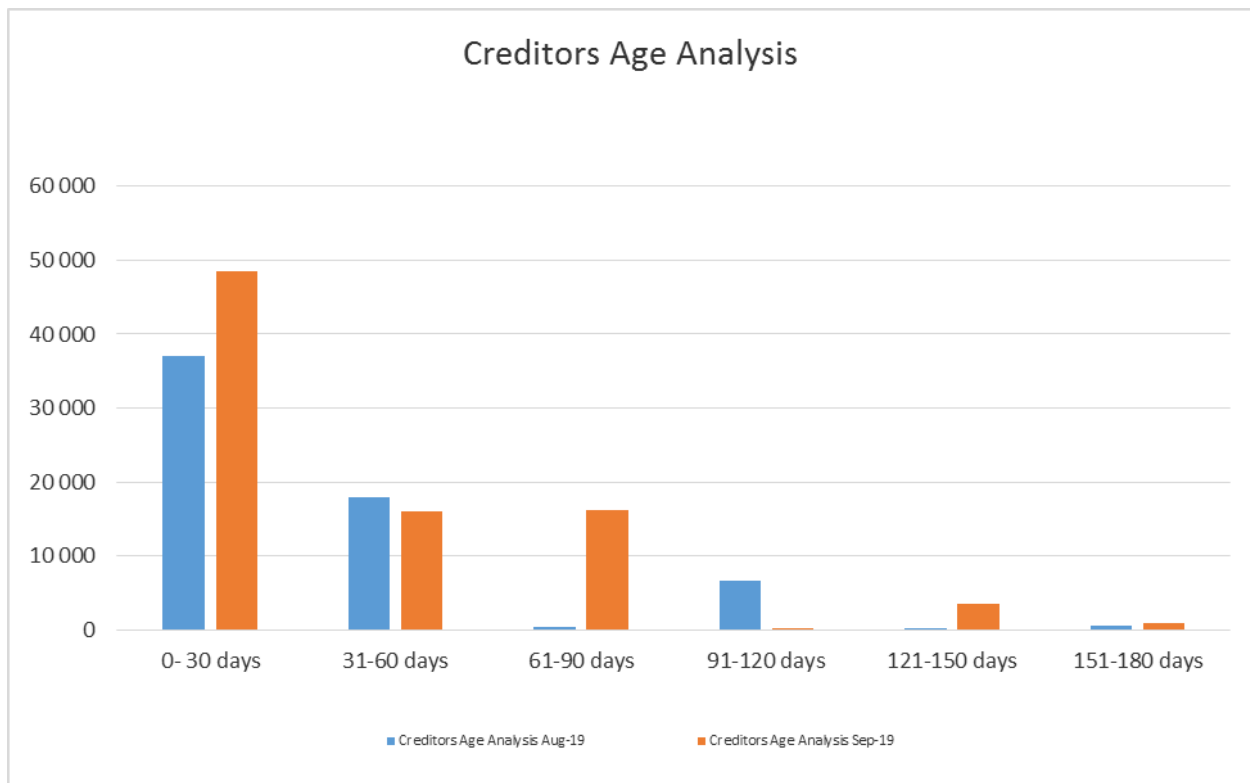
7. Creditors Age Analysis

A total of R 36.8 million or 43% of invoices remained outside the compliance period of 30 days as at 30 September 2019. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 30 September 2019. The balance of trade payables as at 30 September 2019 was **R 85.2 million**.

Table 10

| DC22 uMgungundlovu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September | | | | | | | | | | |
|---|-------------|---------------------|---------------|---------------|---------------|----------------|----------------|-------------------|-------------|---------------|
| Description | NT Code | Budget Year 2019/20 | | | | | | | | 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 | | | | | | | | | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | | |
| Bulk Electricity | 0100 | - | - | - | - | - | - | - | - | - |
| Bulk Water | 0200 | 20 761 | - | - | - | - | - | - | - | 0 |
| PAYE deductions | 0300 | - | - | - | - | - | - | - | - | - |
| VAT (output less input) | 0400 | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 0500 | - | - | - | - | - | - | - | - | - |
| Loan repayments | 0600 | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 0700 | 21 068 | 8 344 | 3 596 | 103 | 3 566 | 22 | 431 | 151 | 37 280 |
| Auditor General | 0800 | 346 | - | - | - | - | - | - | - | 346 |
| Other | 0900 | 6 250 | 7 741 | 12 626 | 10 | - | 219 | 4 | 2 | 26 851 |
| Total By Customer Type | 1000 | 48 426 | 16 085 | 16 221 | 113 | 3 566 | 240 | 435 | 153 | 85 239 |

Graph 1



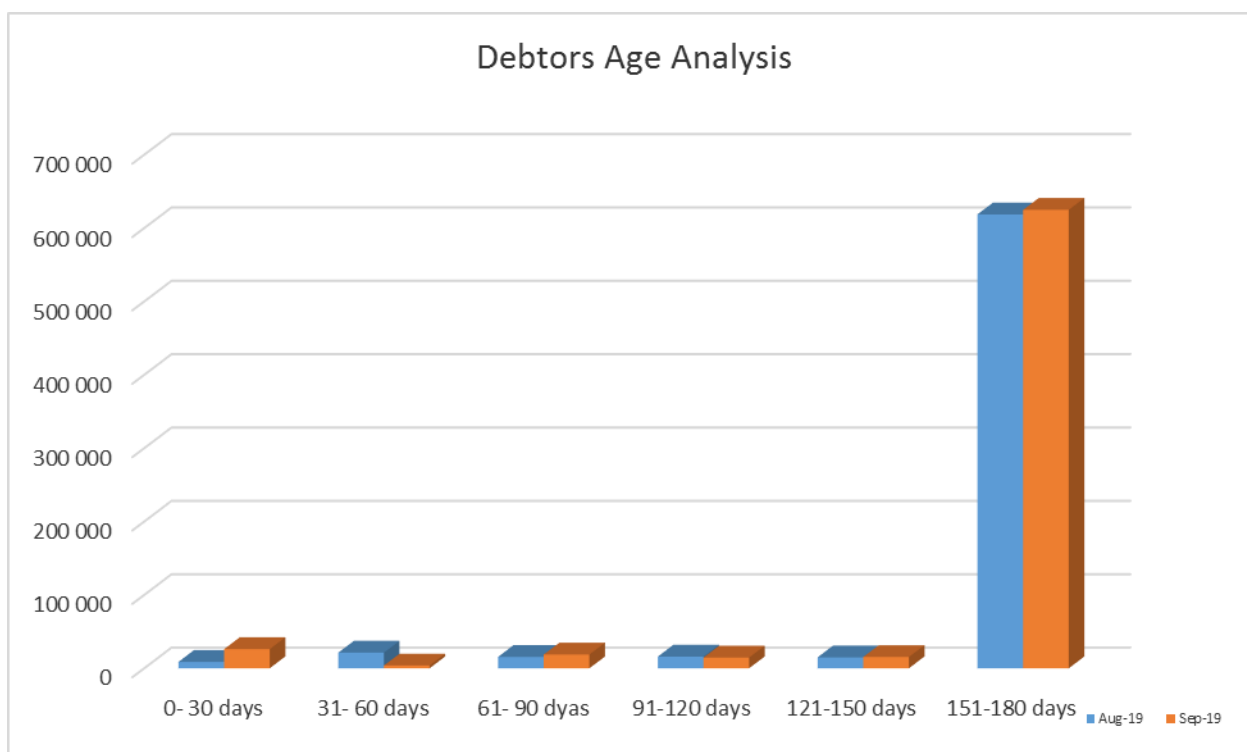
8. Debtors age analysis

The debtor book value as at 30 September 2019 amounted to **R 703.7 million**. The collection rate in the month of September was 70%. The average collection rate to date is **67%**.

| DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September | | | | | | | | | | | |
|---|-------------|---------------------|--------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|--------------------|
| Description | NT Code | Budget Year 2019/20 | | | | | | | | | |
| | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days |
| R thousands | | | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | 13 917 | (298) | 12 009 | 8 843 | 9 402 | 9 190 | 55 929 | 354 589 | 463 581 | 437 953 |
| 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 | 2 202 | (0) | 1 776 | 1 557 | 1 576 | 1 610 | 8 760 | 68 732 | 86 214 | 82 235 |
| Receivables from Exchange Transactions - Waste Management | 1600 | (15) | (9) | (3) | 2 | (2) | (1) | (13) | (35) | (76) | (48) |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | - | - | - | - | - | 4 | 21 | 715 | 740 | 740 |
| Interest on Arrear Debtor Accounts | 1810 | 8 688 | (0) | 4 425 | 4 271 | 4 422 | 3 665 | 22 669 | 91 604 | 139 745 | 126 632 |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | - | - | - | - | - | - | - | - | - | - |
| Other | 1900 | 1 334 | 4 132 | 513 | (0) | (12) | (3) | 1 861 | 5 665 | 13 489 | 7 510 |
| Total By Income Source | 2000 | 26 126 | 3 824 | 18 721 | 14 673 | 15 386 | 14 466 | 89 227 | 521 270 | 703 692 | 655 021 |
| 2018/19 - totals only | | | | | | | | | | | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| Organs of State | 2200 | 1 874 | 6 | 977 | 668 | 644 | 670 | 4 105 | 12 314 | 21 257 | 18 401 |
| Commercial | 2300 | 821 | (46) | 516 | 440 | 301 | 321 | 2 808 | 5 886 | 11 047 | 9 757 |
| Households | 2400 | 19 980 | (299) | 15 360 | 12 235 | 13 151 | 12 227 | 72 088 | 445 252 | 589 993 | 554 953 |
| Other | 2500 | 3 451 | 4 164 | 1 869 | 1 330 | 1 290 | 1 248 | 10 225 | 57 818 | 81 394 | 71 911 |
| Total By Customer Group | 2600 | 26 126 | 3 824 | 18 721 | 14 673 | 15 386 | 14 466 | 89 227 | 521 270 | 703 692 | 655 021 |

Table 1

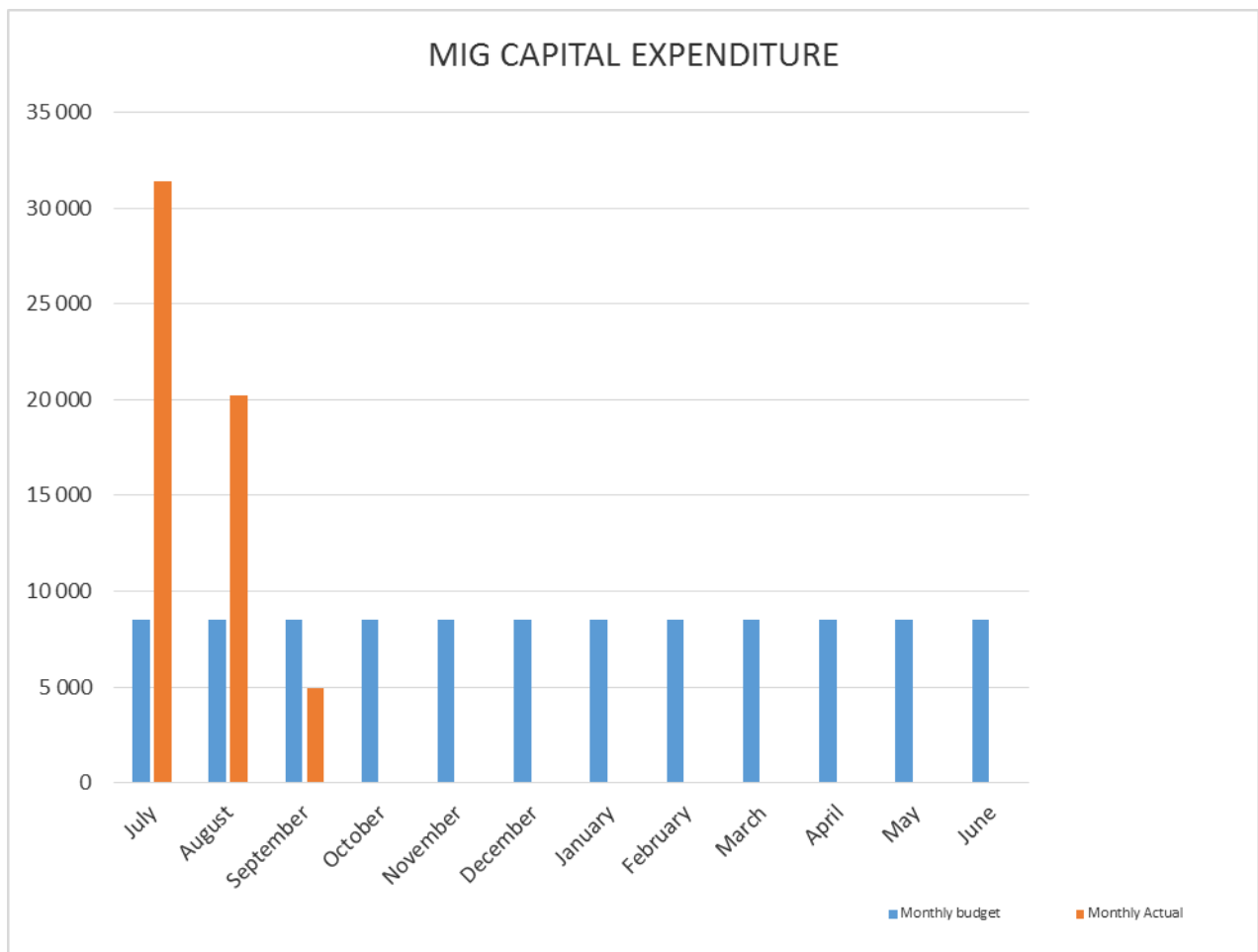
Graph 2



9. IN-YEAR BUDGET STATEMENT CHARTS: 30 SEPTEMBER 2019 REPORT

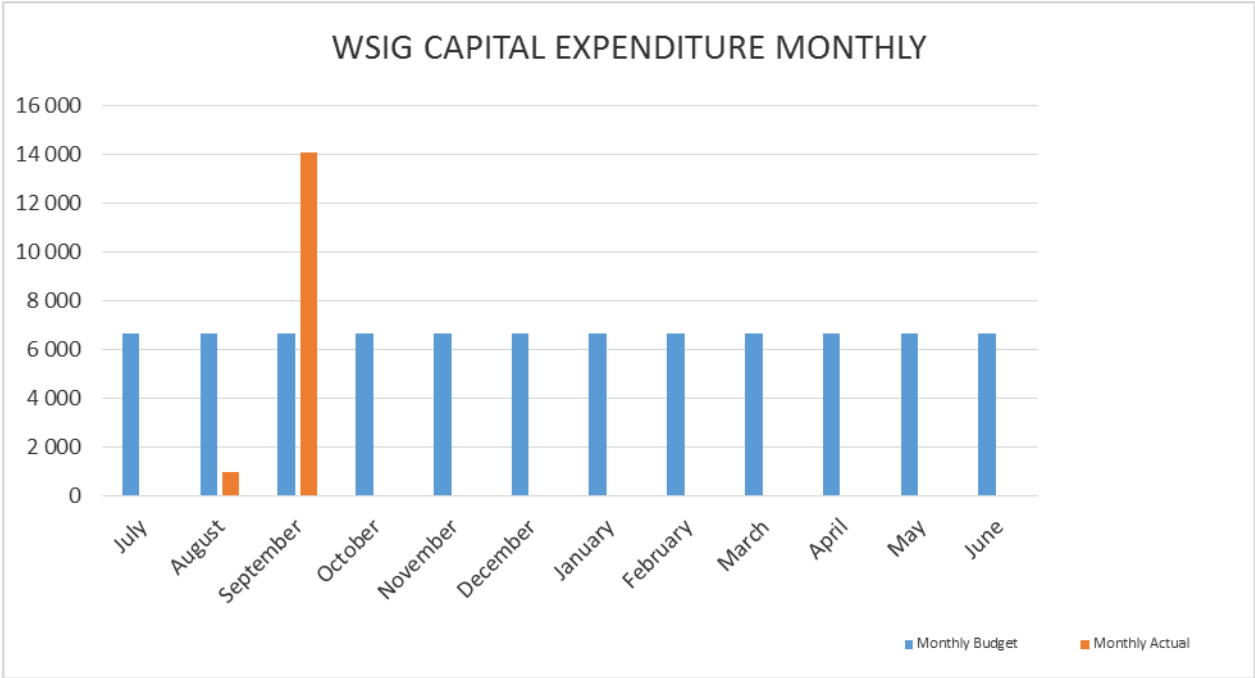
MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

| | Monthly budget | Monthly Actual |
|-----------|----------------|----------------|
| July | 8 495 | 31 409 |
| August | 8 495 | 20 231 |
| September | 8 495 | 4 941 |
| October | 8 495 | |
| November | 8 495 | |
| December | 8 495 | |
| January | 8 495 | |
| February | 8 495 | |
| March | 8 495 | |
| April | 8 495 | |
| May | 8 495 | |
| June | 8 495 | |
| | 101 944 | 56 581 |



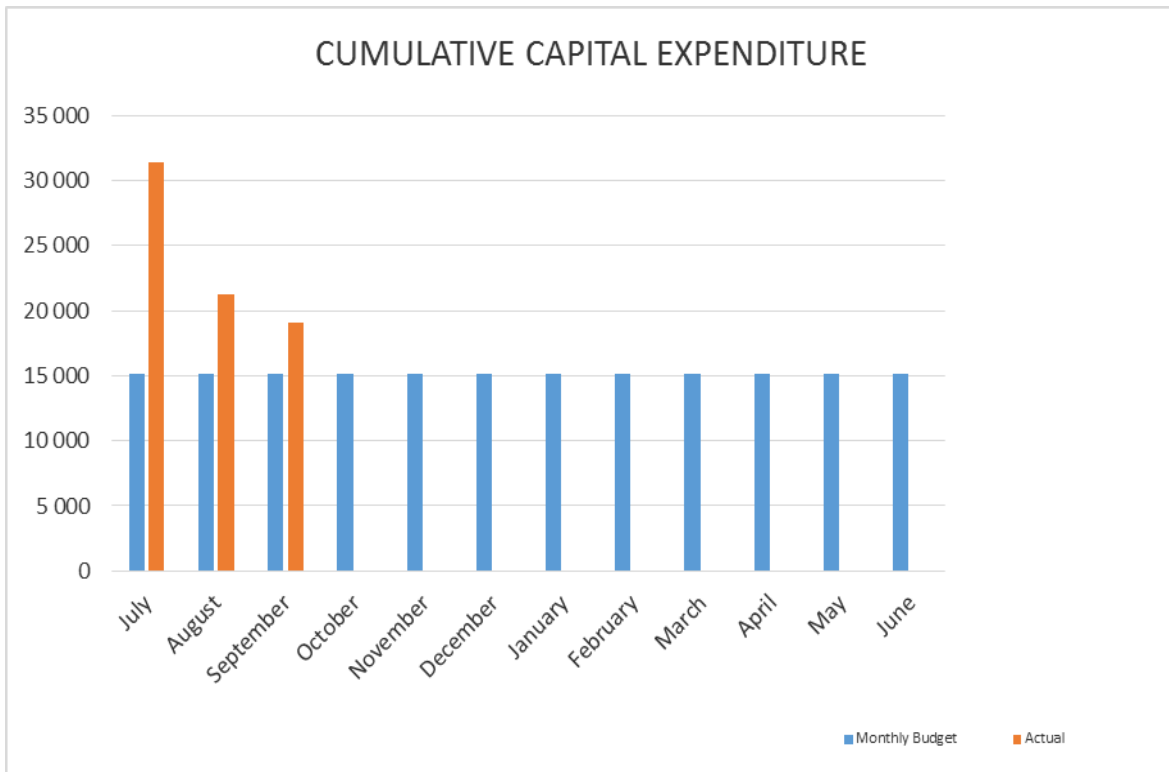
WSIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

| | Monthly Budget | Monthly Actual |
|-----------|----------------|----------------|
| July | 6 667 | 0 |
| August | 6 667 | 982 |
| September | 6 667 | 14 096 |
| October | 6 667 | 0 |
| November | 6 667 | 0 |
| December | 6 667 | 0 |
| January | 6 667 | 0 |
| February | 6 667 | 0 |
| March | 6 667 | 0 |
| April | 6 667 | 0 |
| May | 6 667 | 0 |
| June | 6 667 | 0 |
| | 80 000 | 15 078 |



CUMULATIVE MIG & WSIG EXPENDITURE: MONTHLY ACTUAL VS MONTHLY BUDGET

| | Monthly Budget | Actual |
|-----------|----------------|---------------|
| July | 15 162 | 31 409 |
| August | 15 162 | 21 213 |
| September | 15 162 | 19 037 |
| October | 15 162 | 0 |
| November | 15 162 | 0 |
| December | 15 162 | 0 |
| January | 15 162 | 0 |
| February | 15 162 | 0 |
| March | 15 162 | 0 |
| April | 15 162 | 0 |
| May | 15 162 | 0 |
| June | 15 162 | 0 |
| | 181 944 | 71 659 |



10. IN-YEAR BUDGET STATEMENT TABLES: SEPTEMBER 2019 REPORT

The preliminary financial results for the period ended 30 September 2019 (i.e. 03rd month of the 2019/20 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: Linda Africa

HEADING (INCLUSIVE OF NAME OF DIVISION/DEPARTMENT):

FINANCIAL SERVICES DEPARTMENT

PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 30 September 2019

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

| | COMPREHENSIVE NESS (FACTS, COMMENTS, RECOMMENDATIO NS ANNEXURES) (√) | CORRECTNESS (√) | QUALITY (√) |
|---|---|------------------------|--------------------|
| MANAGER: BUDGET OFFICE Vacant SIGNATURE:..... DATE: | (√) | (√) | (√) |
| MANAGER: REVENUE MANAGEMENT SIBONGILE KHUMALO SIGNATURE..... DATE: | (√) | (√) | (√) |
| MANAGER: EXPENDITURE MANAGEMENT: NOMPUMELELO KHUMALO SIGNATURE..... DATE: | (√) | (√) | (√) |
| HEAD OF DEPARTMENT: ACTING CHIEF FINANCIAL OFFICER : LINDA AFRICA 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 **SEPTEMBER 2019** 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: _____