

**REPORT TO THE uMGUNGUNDLOVU
DISTRICT MUNICIPALITY COUNCIL**



File Reference : 5/1/1/1

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Designation : CFO

For consideration

1 st Level – MANCO	:
2 nd Level – Portfolio Committee	: 15/11/2018
3 rd Level – EXCO	: 29/11/2018
4 th Level – MPAC	: 23/11/2018
5 th Level – Council	:

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

DATE : 15 NOVEMBER 2018

The purpose of this report is to comply with section 71 of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009.

2. STRATEGIC OBJECTIVE

To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.”

3. BACKGROUND

Section 52 (d) and 71 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations” necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

“The Mayor of a municipality-

52(d) must, **within 30 days of the end of each quarter**, submit a report to council on the implementation of the budget and the financial state of the municipality;”

“71(1) The accounting officer of a municipality must by no later than **10 working days after the end of each month** submit to the mayor of the municipality and the relevant treasury a statement in the prescribed format on the state of the municipality’s budget reflecting the following particulars for the month and for the financial year up to the end of that month: ...”.

“28.The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”

For the reporting period ending 31 October 2018 the ten working day reporting limit expired on **14 November 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 30 September 2018.

Table 1

Summary of financial performance	
Actual Revenue to Budgeted Revenue	38
Actual OPEX to budgeted OPEX	31
Actual CAPEX to budgeted CAPEX	18.36
Employee related cost exp to total OPEX	33
% Grant Utilisation	55.17
Cash Coverage Ratio	1.71
Debt Service to Revenue Ratio	1.92
% Debt to Revenue Ratio	26.85
Creditors Age Analysis	18.21% or R 9 515 549 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 7th month of the 2017/18 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 October 2018 is R 98.9 million.

3.2 Cash & Cash Equivalent for the period ending 31 October 2018 is R 115.9 million.

3.3 Capital Expenditure for the period ending 31 October 2018 is R 38.1 million.

3.4 Trade Payables for the period ending 31 October 2018 is R 52.3 million.

3.5 Trade Receivables for the period ending 31 October 2018 is R 589.4 million.

3.5 Unspent conditional Grants for the period ending 31 October 2018 is R 32.1 million.

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

4.1 Surplus for the period ending 31 October 2018 of R 186 000.

4.2 Cash & Cash Equivalent for the period ending 31 October 2018 is R 451 164.

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

4.4 Trade Payables for the period ending 31 October 2018 is R 145 336.

IN YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

1. Operating Budget

Summary financial performance report for the period ending 31 October 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 - M04 October									
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								%	
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	177 003	306 911	-	22 340	91 848	102 304	(10 456)	-10%	306 911
Investment revenue	3 802	2 500	-	25	372	833	(462)	-55%	2 500
Transfers and subsidies	430 314	492 260	-	-	205 991	164 087	41 904	26%	492 260
Other own revenue	54 951	10 150	-	2 769	11 880	3 383	8 497	251%	10 150
Total Revenue (excluding capital transfers and contributions)	666 070	811 821	-	25 134	310 091	270 607	39 484	15%	811 821
Expenditure									
Employee costs	206 408	250 246	-	18 613	74 459	83 415	(8 956)	-11%	250 246
Remuneration of Councillors	10 347	12 266	-	988	3 779	4 089	(310)	-8%	12 266
Depreciation & asset impairment	38 935	51 000	-	3 300	13 200	17 000	(3 800)	-22%	51 000
Finance charges	35 321	22 609	-	18	2 216	7 536	(5 320)	-71%	22 609
Materials and bulk purchases	132 383	139 150	-	13 157	39 512	46 383	(6 871)	-15%	139 150
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	400 750	333 376	-	44 407	116 120	111 125	4 994	4%	333 376
Total Expenditure	824 144	808 648	-	80 483	249 286	269 549	(20 263)	-8%	808 648
Surplus/(Deficit)	(158 074)	3 173	-	(55 349)	60 805	1 058	59 747	5648%	3 173

The revenue raised as at 31 October 2018 was R310 091 million against the original budget of R811 821 million for the year and R270 607 million for the period. This reflects a revenue rate against the original budget of 38% and 115% for the year to date budget.

The operating expenditure as at 31 October 2018 was R249 286 million vs a year to date budget of R269 549 million reflecting YTD expenditure of 92% and 31% against the original budget. The operating surplus for the period was R98 908 million.

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

- Service charges below by 10%.
- Interest revenue 55% below target due to investment cancellations.
- Transfers and subsidies are 26% above target.
- Other revenue account is above target by 251%. 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 October 2018	% spent
MIG	99 828 000.00	36 228 495.23	36.29
DBSA LOAN	0.00	0.00	0.00
WSIG	102 700 000.00	1 874 524.88	1.83
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	39 219 005.41	18.32
LESS NON CAPITALISED PROJECTS	6 531 095.45	1 115 985.30	
TOTAL CAPITAL EXPENDITURE	207 528 000.00	38 103 020.11	18.36

Table 4

Project Name	Funding Source	Original Budget 2018/2019	Total current year expenditure as at 30.09.2018	% Percentage
Infrastructure assets				
Manyavu water	MIG	11 636 359	14 838 364	127.52
Manzamyama Water	MIG	10 855 358	4 843 049	44.61
Nkanyezini Water	MIG	8 742 766	7 561 589	86.49
Maqongqo Water/ Upgrade	MIG	8 093 517	8 654 918	106.94
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		
Trust feeds Phase 1	MIG	3 000 000		
Sanitation	MIG	6 000 000		
Umshwathi Regional Bulk	WSIG	102 700 000	1 874 525	1.83
Boreholes - Drought (ex Mkhambathini)	DWS	4 000 095		
Hilton AC Pipes	DBSA		330 574	
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	39 219 004	

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 36 228 million or 36.29%. 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 18.75%** of the received allocation.
6. Total capital expenditure to date is **18.36%** 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 October 2018, 31%** of the councillor's allowances budget was spent and **30%** spent of the employee costs budget. As at 31 October 2018 the total salary cost including councillor's allowances represented **31%** 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 - M04 October										
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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		12 266	12 266		988	3 779	4 089	(310)	-8%	12 266
Sub Total - Councillors		12 266	12 266	-	988	3 779	4 089	(310)	-8%	12 266
% increase	4		0.0%							0.0%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	7 461	5 717		177	676	1 906	(1 230)	-65%	5 717
Pension and UIF Contributions		9	185		15	62	62	(0)	0%	185
Performance Bonus		1 054	972				324	(324)	-100%	972
Motor Vehicle Allowance		-	878		42	208	293	(85)	-29%	878
Cellphone Allowance		108	108		4	14	36	(22)	-60%	108
Housing Allowances								-		
Other benefits and allowances		75	75		6	24	25	(1)	-5%	75
Sub Total - Senior Managers of Municipality		8 707	7 936	-	244	984	2 645	(1 661)	-63%	7 936
% increase	4		-8.9%							-8.9%
Other Municipal Staff										
Basic Salaries and Wages		105 486	131 982		11 007	44 803	43 994	809	2%	131 982
Pension and UIF Contributions		20 679	29 358		2 299	9 338	9 786	(448)	-5%	29 358
Medical Aid Contributions		10 959	11 247		789	3 215	3 749	(533)	-14%	11 247
Overtime		14 147	8 902		506	2 302	2 967	(666)	-22%	8 902
Performance Bonus		9 216	10 793		48	119	3 598	(3 478)	-97%	10 793
Motor Vehicle Allowance		19 157	21 809		1 648	6 330	7 270	(940)	-13%	21 809
Cellphone Allowance		848	1 702		129	535	567	(32)	-6%	1 702
Housing Allowances		1 166	1 037		93	367	346	22	6%	1 037
Other benefits and allowances		17 944	16 182		888	3 560	5 394	(1 834)	-34%	16 182
Payments in lieu of leave		-			387	736	-	736	#DIV/0!	
Long service awards		1 239	299		147	564	100	465	467%	299
Post-retirement benefit obligations	2	12 000	9 000		316	1 180	3 000	(1 820)	-61%	9 000
Sub Total - Other Municipal Staff		212 841	242 310	-	18 256	73 050	80 770	(7 720)	-10%	242 310
% increase	4		13.8%							13.8%
Total Parent Municipality		233 814	262 512	-	19 488	77 813	87 504	(9 691)	-11%	262 512
			12.3%							12.3%
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		845	845		115	365	282	84	30%	845
Sub Total - Board Members of Entities	2	845	845	-	115	365	282	84	30%	845
% increase	4		0.0%							0.0%
Senior Managers of Entities										
Other benefits and allowances		122	1 226		91	339	409	(69)	-17%	1 226
Sub Total - Senior Managers of Entities		122	1 226	-	91	339	409	(69)	-17%	1 226
% increase	4		907.9%							907.9%
Other Staff of Entities										
Other benefits and allowances		884	109		22	86	36	50	136%	109
Sub Total - Other Staff of Entities		884	109	-	22	86	36	50	136%	109
% increase	4		-87.7%							-87.7%
Total Municipal Entities		1 851	2 180	-	228	790	727	64	9%	2 180
TOTAL SALARY, ALLOWANCES & BENEFITS		235 665	264 692	-	19 716	78 604	88 231	(9 627)	-11%	264 692
% increase	4		12.3%							12.3%
TOTAL MANAGERS AND STAFF		222 553	251 581	-	18 613	74 459	83 860	(9 401)	-11%	251 581

4. Conditional Grants

As at the end of October 2018, R52.3 million of conditional grants had been received since 1 July 2018 R39.6 million was spent as at 31 October 2018. The operating grant utilisation is at 12.05% and the capital grant utilisation was 63.98% of allocations received. Overall grant utilisation is at 55.17%

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	164 026.00	835 974.00	16.40
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	1 067 000.00	1 067 000.00	0.00	1 067 000.00	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	0.00	3 000 000.00	0.00
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
Total Operating Grants	7 828 216.75	4 339 000.00	12 167 216.75	1 466 022.30	10 701 194.45	12.05
Capital Grants						
WSIG	0.00	10 000 000.00	10 000 000.00	1 874 524.88	8 125 475.12	18.75
MIG	0.00	38 000 000.00	38 000 000.00	36 228 495.23	1 771 504.77	95.34
Orio	11 550 860.00	0.00	11 550 860.00	0.00	11 550 860.00	0.00
Total Capital Grants	11 550 860.00	48 000 000.00	59 550 860.00	38 103 020.11	21 447 839.89	63.98
Total Grants	19 379 076.75	52 339 000.00	71 718 076.75	39 569 042.41	32 149 034.34	55.17

5. Cash and cash equivalents

An amount of R25 479 was accrued in investment interest income for the month of October 2018. The cash in bank as at 31 October 2018 amounted to **R112 196 717 million** and investments amounted to **R3 795 205 million** with a total cash and cash equivalents of **R115 991 922 million**. The average interest rate on investment is at 8%. The cash coverage ratio as at 31 October 2018 is **1.71 months** based on average of R49 million per month fixed operating expenditure as the employer and organised labour has not finalise the wage increase negotiations. This figure is expected to increase with the finalisation of wage increases. This indicates that the municipality as at 31 October 2018 had sufficient cash to operate for a period of **1.71 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 Yrs/Months	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
1 year	Long term	2019 Sept Seven	25	8.0%	3 770	25	3 795
			25		3 770	25	3 795

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	13 183 202.69	18 372 836.31	31 556 039.00
Salaries Account	50940092196	267 281.09	-267 281.09	0.00
Water Services Account	62023616462	23 389 080.96	-896 917.96	22 492 163.00
NSTD Call Account	62215748289	93 948 766.70	-39 008 618.70	54 940 148.00
Mandela Race Account	62411577193	741 427.82	2 491.18	743 919.00
UMDM MIG (DBSA) Account	62400041985	84 580.15	326.85	84 907.00
Corporate Cheque Account	62597807125	2 367 953.51	11 587.49	2 379 541.00
Public Sector Cheque Account	62243484417	179.00	0.00	0.00
Total Cash Balances		133 982 292.92	-21 785 575.92	112 196 717.00

6. Borrowings

As at 31 October 2018 the loans book was sitting at R217.9 million. The average interest rate on remaining loans is 11%. The debt to revenue ratio at 1.92% as projected which is below the treasury norm of below 45%. This indicates that the debt books is 26.85% of the internally generated operating income. The debt service ratio to operating expenditure is 1.93% which is below the 6 -8% recommended treasury norm.

Table 9

<i>LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) October 2018</i>								
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/10/2018	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/10/2018	Repayment Due before year end
12007869	uMgungundlovu Various Water Projects	10.889	215 996 967.55	1 943 655.49	0.00	0.00	217 940 623.04	15 600 210.18
			215 996 967.55	1 943 655.49	0.00	0.00	217 940 623.04	15 600 210.18

7. Creditors Age Analysis

A total R 9 515 549 or 18.21% of invoices remained outside the compliance period of 30 days as at 31 October 2018. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 October 2018. The balance of trade payables as at 31 October 2018 was **R52 .3 million**.

Table 10

SUPPLIER	AMOUNT	COMMENTS
UMNGENI WATER	14 883 680.65	Bulk Water Purchases
PROACTIVE PUBLIC RELATIONS & EVENTS	6 904 399.60	Co-ordination of Mandela Day Marathon
AQUA TRANSPORT AND PLANT HIRE	5 636 831.97	Hire of Water Tankers
INONO EVENTS CO-ORDINATION	3 000 000.00	Co-Ordination of Salga Games
UMGENI WATER ACC (6001665/10152740)	2 959 967.23	Howick Waste Water Works
SENZANGAKHONA INDUSTRIAL	2 113 815.81	Supply of Fire Fighters uniforms
UMGENI WATER ACC (6001665/10279760)	1 084 630.57	Mpofana Waste Water Works
ESKOM HOLDINGS	1 053 879.18	Electricity Consumption at Water Schemes
AFRISCAN CONTRSUTION (PTY) LTD	1 008 324.46	Mansamnyama Water Scheme
VUCO SECURITY SOLUTIONS	738 214.16	Security Services
UMGENI WATER ACC (6001665/10279770)	677 072.80	Richmond Waste Water Works
KFC PIPES AND FITTINGS	614 445.77	Supply of Plumbing Fixtures
UMGENI WATER ACC (6001665/10279750)	537 902.33	Cool Air Waste Water Works
JADE STAR TRADING	502 739.82	Supply of plumbing materials & repairs
Msunduzi Municipality	433 961.89	Electricity Consumption
AUDITOR GENERAL	297 106.18	Audit Fees
SIGMA IT	279 364.93	ITC Services
WESBANK	279 024.66	Motor Vehicle Repairs and Fuel Costs
UMGENI WATER ACC (6001665/10279710)	252 693.48	Appelsbosch Waste Water Works
Ethekwini Metropolitan Municipality	230 919.18	Bulk Water Purchases
SUB-TOTAL	43 488 974.67	

Table 11

DC22 uMgungundlovu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October									
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	
R thousands									
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 repay ments	0600	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-
Other	0900	42 743	2 225	1 773	3 614	798	1 105	-	52 258
Total By Customer Type	1000	42 743	2 225	1 773	3 614	798	1 105	-	52 258

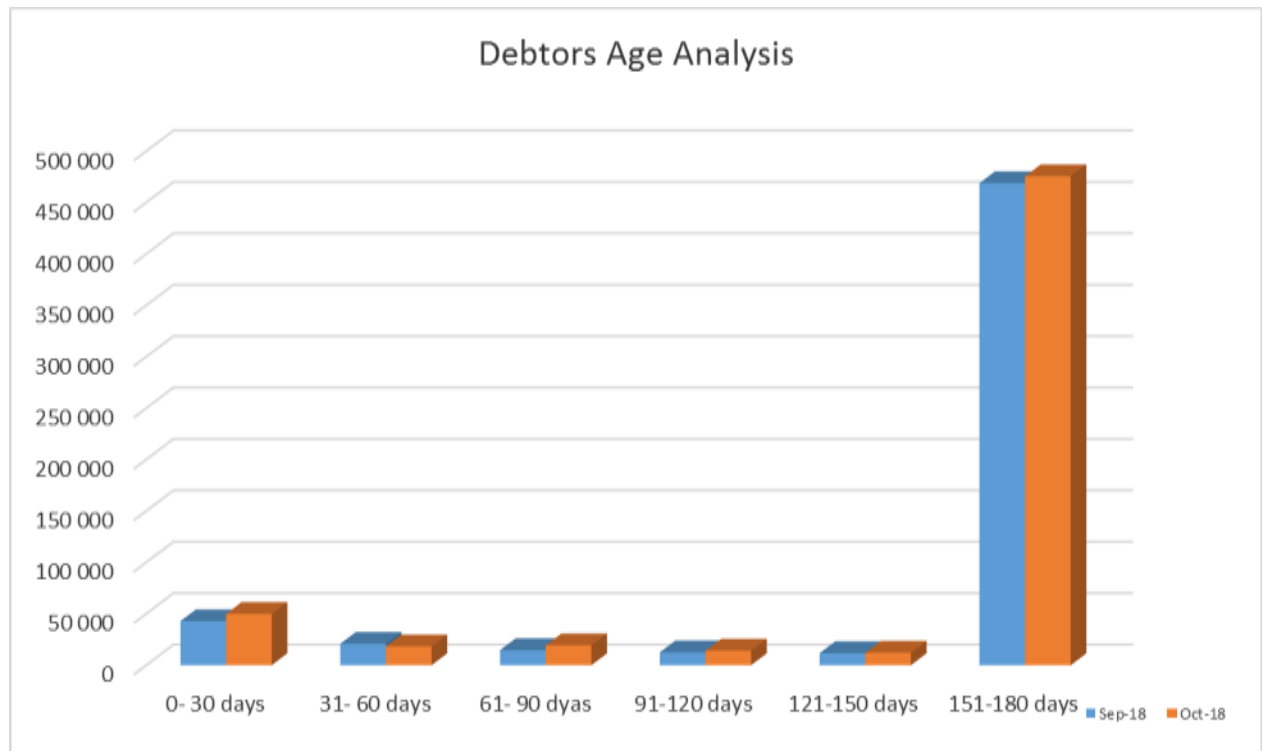
8. Debtors age analysis

The debtor book value as at 31 October 2018 amounted to **R589.4 million**. The collection rate in the month of October was **95%**. The average collection rate to date is **66%**.

Table 12

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October								
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	
R thousands								
Debtors Age Analysis By Income Source								
Trade and Other Receivables from Exchange Transactions - Water	1200	49 891	18 300	19 333	14 165	12 127	475 598	589 414
Trade and Other Receivables from Exchange Transactions - Electric	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	-	-	-	-	-	-	-
Total By Income Source	2000	49 891	18 300	19 333	14 165	12 127	475 598	589 414
2017/18 - totals only								-
Debtors Age Analysis By Customer Group								
Organs of State	2200	340	57	55	46	37	832	1 368
Commercial	2300	5 799	1 453	1 594	1 103	966	22 180	33 094
Households	2400	35 205	15 851	17 607	12 369	10 762	435 972	527 767
Other	2500	8 547	940	77	647	362	16 613	27 186
Total By Customer Group	2600	49 891	18 300	19 333	14 165	12 127	475 598	589 414

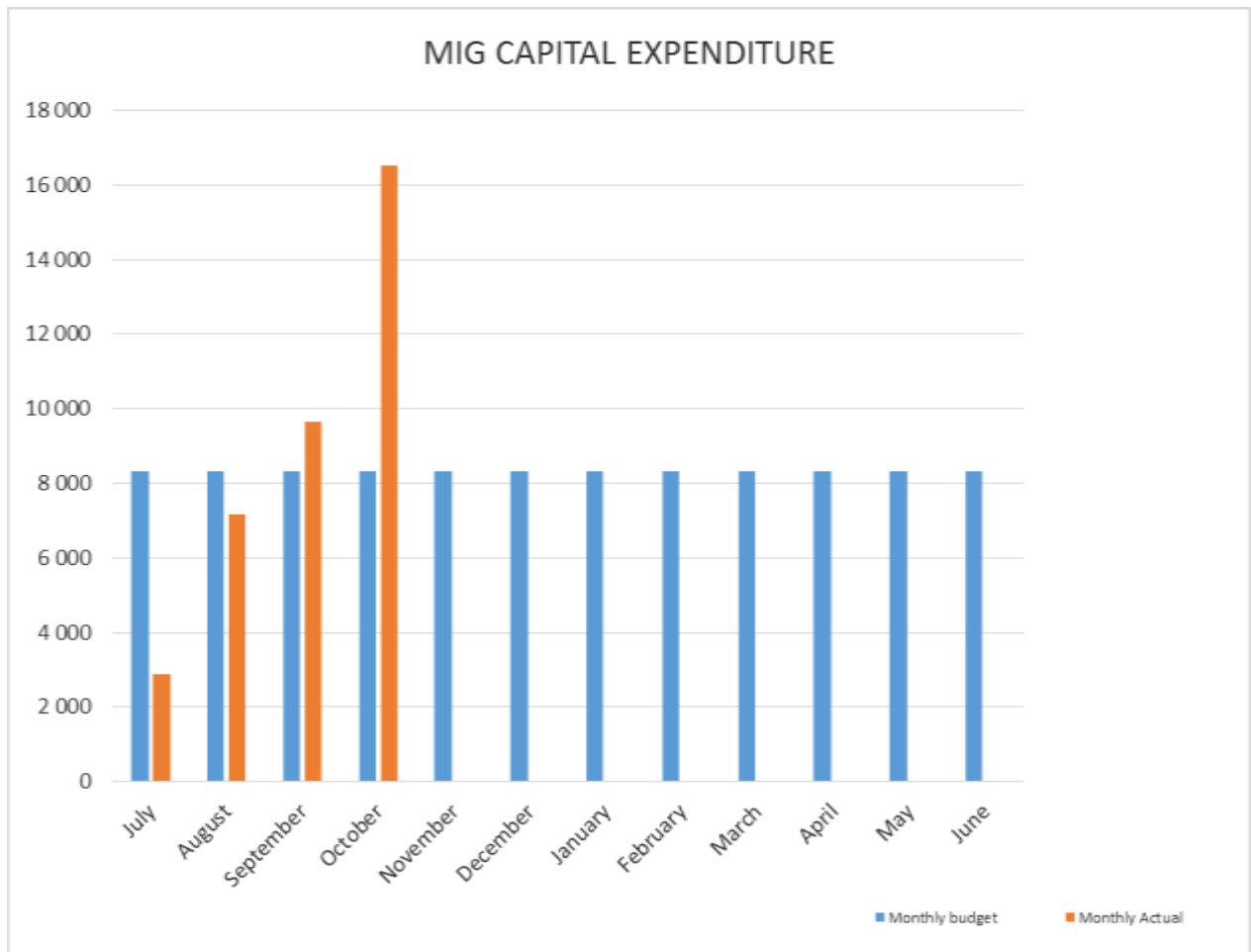
Graph 2



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

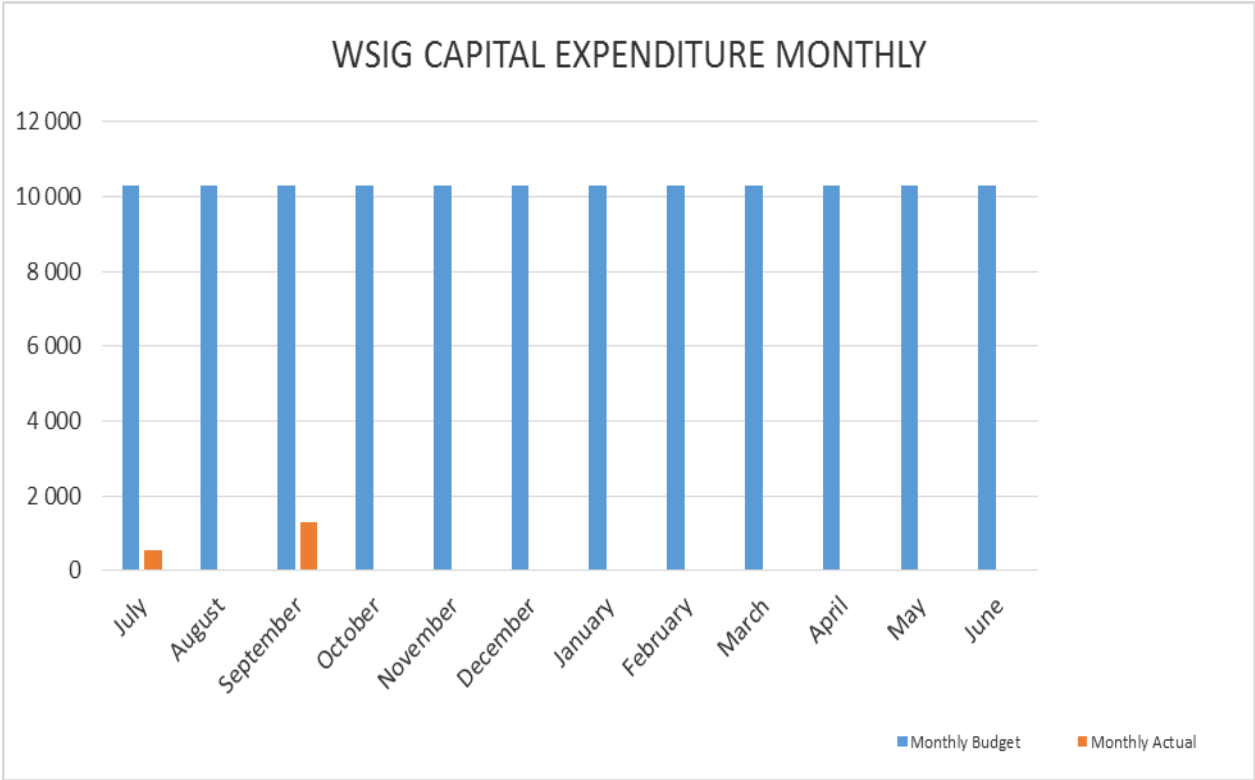
MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

	Monthly budget	Monthly Actual
July	8 319	2 894
August	8 319	7 165
September	8 319	9 644
October	8 319	16 525
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	36 228



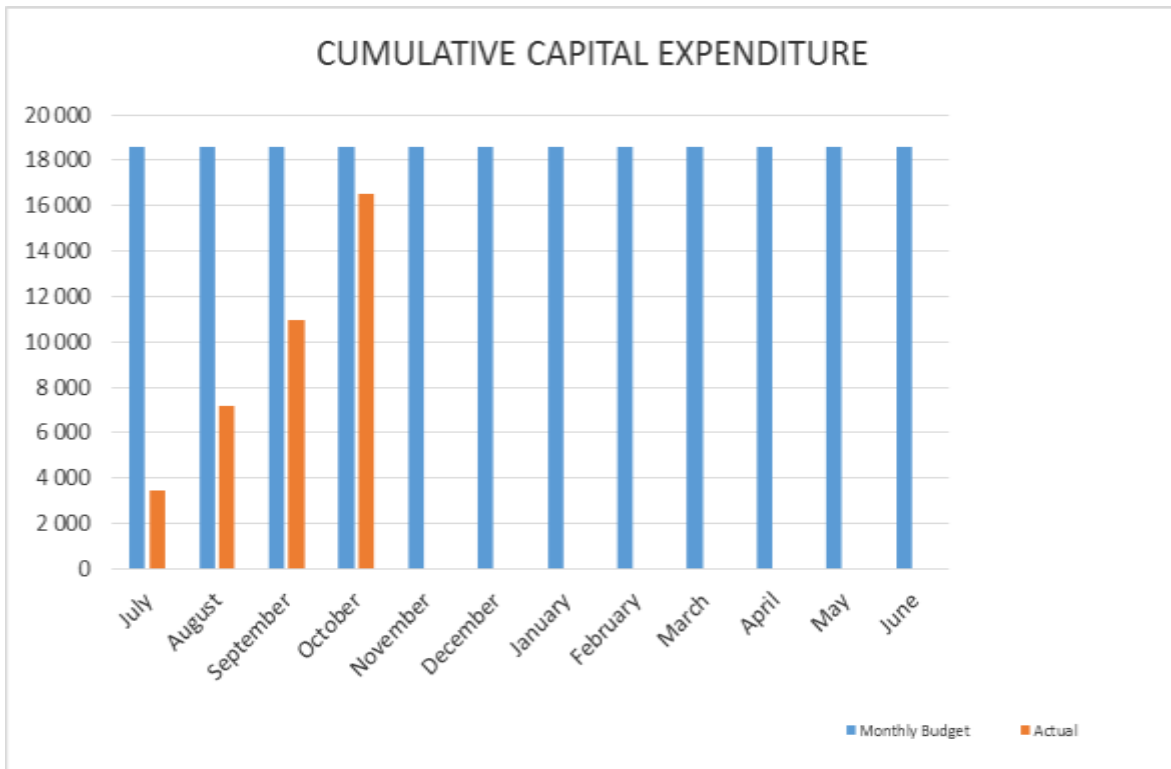
WSIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

	Monthly Budget	Monthly Actual
July	10 282	560
August	10 282	0
September	10 282	1 315
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	1 875



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	10 959
October	18 601	16 525
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
	223 211	38 103



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

The preliminary financial results for the period ended 31 October 2018 (i.e. 04th 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 October 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: CHIEF FINANCIAL OFFICER : SINEGUGU NCUBE SIGNATURE: DATE:	(√)	(√)	(√)
MANAGER: INTERNAL AUDIT PORTIA NZIMAKWE 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 **OCTOBER 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: _____