

MID YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2015 / 2016



MID YEAR BUDGET AND PERFORMANCE ASSESSMENT 2015 /2016

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1. Mayor's Report

As we strive as uMgungundlovu District Municipality to continue providing and improving the quality of services provided to our citizens, we need to generate required revenues to sustain the services and strive to overcome grant dependency.

In these tough economic times, strong revenue management and cost controlling measures becomes fundamental to the financial sustainability of every municipality. The reality is that, as the municipality, we are faced with challenges such as aged infrastructure, development backlogs and poverty. While we strive to bring development to the District, more services has been brought to our citizens.

During 2016, the Local Government sphere is celebrating 15 years managing and bringing service delivery, from access to water and sanitation to other social programmes such as the EPWP to all citizens. Such delivery is aimed to ensure that the lives for previously disadvantaged citizens is made better. The 2011 Census clearly exhibits the success of uMDM.

The financial year 2015/16 is another era as the public will once again be voting during the 2016 Local Government elections. While we continue to service all citizens, early 2015 the province of KZN was declared a disaster due to the drought. The global warming phenomena has largely affected access to water and in large parts of our province led to water restrictions. The National together with the Provincial Government is financially assisting in ensuring there is water access and other water saving initiatives.

We have come a long way as a municipality with our efforts to generate own revenues from the services that we provide as a water and citizen centric municipality. Although we experience a steady incline in revenue generation and collection, the Municipality continues to rely on grants to fund both its operational expenditure and capital expenditure as the income generated from trading services is still not sufficient to facilitate profits and growth of the services.

The amount required to address challenges related to provision of basic services and growth, continues to exceed available funding; hence difficult choices are made in relation to tariff increases, expenditure prioritization, projects implementation and balancing against realistically anticipated revenues.

The challenge of ageing infrastructure has seen the Municipality being faced with severe service interruptions leading to reduced levels of service to some of our communities. As a Municipality, we are pleased that the R130 million loan from DBSA is assisting in fast tracking the Asbestos Cement Replacement Projects in Merrivale and Hilton. These projects are implementation of assisting in reducing high rate of water interruptions. Other major projects include the newly commissioned Greater Eston Water Bulk project which will see over 50 000 citizens of 5 wards of Mkhambathini and 2 wards of Richmond receiving water.

2. Resolutions

It recommended

- 2.1 That the Council notes and approved the mid-year budget assessment report.

3. Executive Summary

Table 1

Description	December YTD Budget	December YTD Actual	Variance Fav (Unfav)
	R'000	R'000	R'000
Total Revenue by Source (Excluding Capital Transfers)	289 500	411 395	121 894
Total Operating Expenditure	288 459	275 702	(12 757)
SURPLUS/DEFICIT	1 041	135 693	134 652

The year to date operating revenue budget amounts to R 289.5 million and the actual received for the period is R411.4 million. This translate to 42.1 % more revenue received than anticipated for the period. This amount includes an amount of R 128 179 million received in November as the Equitable Share second tranche which is meant to last the municipality for a period of 5 months from November 2015 to March 2016.

For the same period, the anticipated operating expenditure was R288.5 million whilst the actual expenditure totalled to R 275.7 million, indicating reduced expenditure by 4.4%.

As can be depicted on Table C1 of Schedule C, all major categories of expenditure except for depreciation are under spent. Table 1 above, indicates that the municipality had an actual surplus of R 135.7 million for the period ending 31 December 2014.

4. IN YEAR BUDGET STATEMENT TABLES

4.1 Operating Revenue Framework

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.

Table 2

DC22 uMgungundlovu - Table C4 Monthly Budget Statement - Financial Performance (revenue) - M06 December

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		104 494	145 048	-	9 989	60 659	72 524	(11 866)	-16%	145 048
Service charges - sanitation revenue		10 552	7 983	-	1 023	6 382	3 992	2 391	60%	7 983
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Service charges - other		1 258	-	-	-	-	-	-	-	-
Rental of facilities and equipment		296	-	-	12	90	-	90	#DIV/0!	-
Interest earned - external investments		12 260	9 360	-	1 117	5 161	4 680	481	10%	9 360
Interest earned - outstanding debtors		17 218	2 872	-	1 619	9 106	1 436	7 670	534%	2 872
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised - operational		376 281	405 737	-	1 916	298 412	202 869	95 543	47%	405 737
Other revenue		4 080	8 000	-	1 034	31 584	4 000	27 584	690%	8 000
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		526 439	579 001	-	16 709	411 395	289 500	121 894	42%	579 001

The revenue raised as at 31 December 2015 was R411 395 million against a budget of R289 500 million for the period. This reflects a revenue rate against year to date budget of **142%** and **71%** against the annual budget.

As can be seen on the above table, our water services is under performing by 16% or by R 11.9 million according to the approved budget whilst the sanitation revenue is over performing by 60% or by an amount of R 2.4 million.

From the performance of the water income billing, it is evident that as a Municipality, the revenue raising strategies must be tightened and where necessary be strengthened.

According to the table below, the average collection for the service is 62.4 %. The reduced collection rate directly contributes to the long outstanding debtors as reflected by the debtors age analysis.

TABLE 3

	Nov-15	Dec-15	
0- 30 days	30 321 438	23 447 724	-6 873 714
31- 60 days	14 632 364	14 636 872	4 508
61- 90 days	12 358 302	14 309 041	1 950 739
91-120 days	8 202 933	11 832 274	3 629 341
121-150 days	7 721 416	8 100 513	379 097
151-180 days	275 288 157	281 578 682	6 290 525
	348 524 610	353 905 106	5 380 496

Table 3 above reflects that the outstanding debt continues to grow due to non payment by our customers. Between the months of November and December 2015, the increase in debtors was almost R5.4 million.

In efforts to improve the collection rate, the Municipality has introduced a debt relief and amnesty program aimed at encouraging customers to register for indigency status and make applications for easy payment plans for long outstanding debts. Since the inception of this program, the Municipality has managed to collect in excess of R 1 800 million and a total of 2 962 indigent customers have since been registered.

Further to the amnesty program, we have intensified the water restrictions for non-paying and high consumption customers.

Table 4 below, reflects the collection rate per month in comparison to the revenue raised for the month. The amount billed includes the Vat portion.

TABLE 4

WATER RECEIPTS - July 2015 - December 2015			
MONTH	AMOUNT COLLECTED	AMOUNT BILLED	% Collection
31-Jul-15	7 055 853.00	12 225 523.04	57.71
31-Aug-15	7 297 769.50	13 351 865.58	54.66
30-Sep-15	8 935 815.58	12 652 525.65	70.62
31-Oct-15	7 604 358.91	13 578 766.45	56.00
30-Nov-15	8 658 348.00	13 429 843.76	64.47
31-Dec-15	8 458 889.85	11 923 000.37	70.95
Total	48 011 034.84	77 161 524.85	62.40

The interest from external investments is on track and is performing as expected. Currently the interest on investments is 10% above the year to date budget. The list investments is discussed on item 7 below of this report.

The operational transfers recognized is 47% above the year to date budget. This is attributable to the equitable share allocation received in November 2015. This allocation is to be utilized until the end of March 2016.

In response to the unfortunate drought situation that is experienced by the whole of South Africa, our Municipality in partnership with the department of Water Affairs have identified disaster areas that needs specialized attention to alleviate pressure with the supply and provision of water in those areas. As a result, the Municipality is allowed to claim back the funding used for those identified areas from Department of Water Affairs. As at 31 December 2015, the Municipality had raised in excess of R 16.2 million which has resulted to the 690% of the other revenue budget .

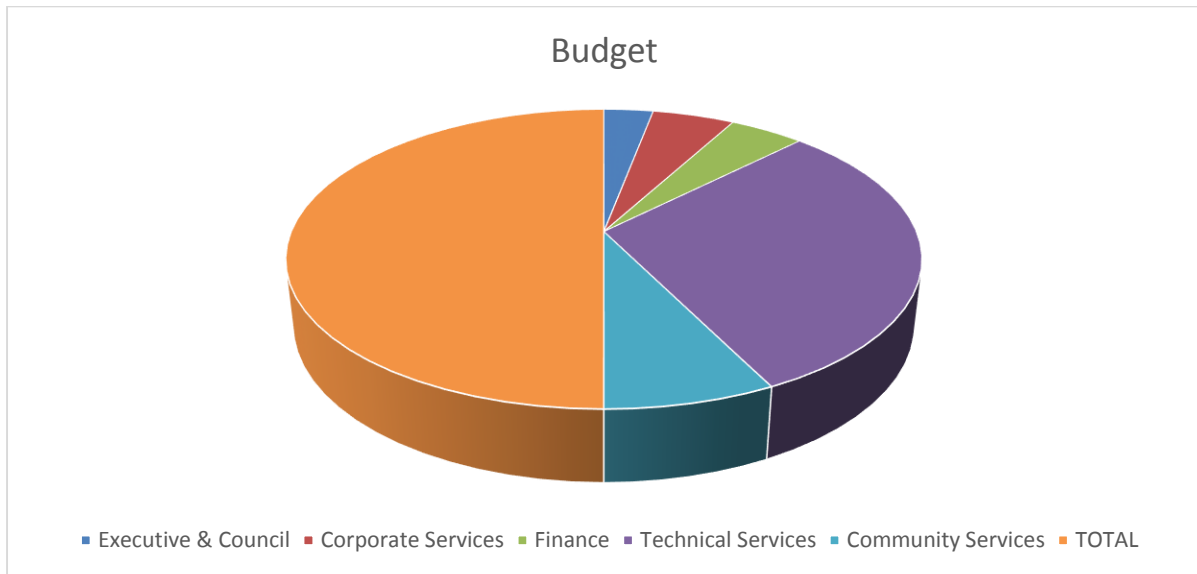
4.2 Operating Expenditure Framework

The core business for the municipality is to provide sustainable water and sanitation services with dignity. This is evident from the allocation of financial resources to the Technical Services as the water provision function falls under this department. Table 5 below (Ref :*Table C3 of the in - year monitoring report*) reflects an allocation of R347 430 million for Technical Services. This figure is 60.2 % of the total original budget.

TABLE 5

Department	Budget	
Executive & Council	34 514	5.98
Corporate Services	57 457	9.96
Finance	52 346	9.07
Technical Services	347 430	60.22
Community Services	85 172	14.76
TOTAL	576 919	100

GRAPH 1



For the period, the municipality recorded surplus of R134 652 million as result of reduced operational budget compared to the original budget by 4%. Although all major expenditure categories reflects a reduction in expenditure trends, the depreciation line item reflects over spending by 74% (R 26 123 million) towards the year to date budget, or 34% to the annual budget. The reason for this over expenditure, is that the Municipality is in the process of re evaluating its under ground infrastructure assets and is expected to revisit its depreciation rates.

DC22 uMgungundlovu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure by Vote	1									
Vote 1 - Executive & Council		39 104	34 514	-	3 095	26 820	17 257	9 563	55.4%	34 514
Vote 2 - Corporate Services		61 840	57 457	-	2 975	25 937	28 729	(2 791)	-9.7%	57 457
Vote 3 - Finance		121 925	52 346	-	1 951	21 097	26 173	(5 076)	-19.4%	52 346
Vote 4 - Technical		281 703	347 430	-	22 245	165 575	173 715	(8 139)	-4.7%	347 430
Vote 5 - Community		28 140	52 484	-	3 810	24 320	26 242	(1 922)	-7.3%	52 484
Vote 6 - Public		30 693	32 688	-	2 652	11 953	16 344	(4 391)	-26.9%	32 688
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	563 404	576 918	-	36 728	275 702	288 459	(12 757)	-4.4%	576 918

Table 6 (Table C1 of the Schedule C) below reflect the budget implementation per the major expenditure trends.

TABLE 6

Description	2014/15	Budget Year 2015/16								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands										
Employee costs	176 152	218 052	-	13 797	91 267	109 026	(17 759)	-16%	218 052	
Remuneration of Councillors	10 836	12 327	-	850	5 158	6 163	(1 005)	-16%	12 327	
Depreciation & asset impairment	83 245	30 000	-	6 854	41 123	15 000	26 123	174%	30 000	
Finance charges	2 433	13 284	-	745	1 063	6 642	(5 579)	-84%	13 284	
Materials and bulk purchases	76 626	97 093	-	8 067	48 515	48 546	(31)	-0%	97 093	
Transfers and grants	-	3 000	-	-	-	1 500	(1 500)	-100%	3 000	
Other expenditure	286 811	203 163	-	6 415	88 576	101 581	(13 006)	-13%	203 163	
Total Expenditure	636 102	576 919	-	36 728	275 702	288 459	(12 757)	-4%	576 919	

Variance Explanations for the major expenditure items:

TABLE 7

Description	Budget Year 2015/16				Explanation
	Original Budget	YearTD budget	Year TD Actual	YTD variance	
R thousands					
Employee costs	218 052	109 026	91 267	-17 759	Unfilled positions and the maximum allowable medical aid contribution budget
Remuneration of Councillors	12 327	6 164	5 158	-1 006	Redetermination of Councillor Allowances finalised during the month of December/ January
Depreciation & asset impairment	30 000	15 000	41 123	26 123	Policy Change
Finance charges	13 284	6 642	1 063	-5 579	Bridge funding of the MIG shortfall through the Municipal Reserves which delays draw downs from DBSA, hence savings on interest paid
Materials and bulk purchases	97 093	48 547	48 515	-32	
Transfers and grants	3 000	1 500	0	-1 500	Delays in operational grant spending
Other expenditure	203 163	101 582	88 576	-13 006	
	576 919	288 460	275 702		

PART 2- SUPPORTING DOCUMENTATION

5. 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 8.1

Description	Budget Year 2015/16						
	Original Budget	Roll over	Total including roll over funds	YTD budget	YTD Actual	Variance	% YTD spent vs Annual Budget
Funding Source	R'000	R'000		R'000	R'000	R'000	
MIG	106 052	-165 404	106 052	53 026	73 089	20 063	69%
Massification grant		6 343	6 343	3 172	169	-3 003	3%
Water Infrastructure grant	80 080	24 849	104 929	52 465	6 381	-46 084	6%
	186 132	-134,212	217,324	108 663	79 639	-29 024	78%

Spending on MIG continues to be accelerated due to progress on projects implementation. The cumulative amount spent on MIG from the beginning of the financial year is R 73 089 million.

For the previous financial year, the municipality had a MIG allocation of R 97.264 million and spent an amount of R 196 076 million. However, for the 2013 /2014 financial year, the MIG allocation had been overspent by R 66 590 million. Cumulatively from the 2013 /2014 financial year to 2014 /2015 financial year, the MIG grant was overspent by R165. 4 million.

To breach fund the over expenditure, the Municipality withdrew an amount of R79 539 million as a DBSA loan which left an amount of R85 863 million of expenditure related to the 2015 /2016 financial year.

For the 2015 /2016 financial year, the allocation of R 106 052 million was received in July as per DoRA which was used to settle the bridge finance loan to the value of R 79 539 million.

The expenditure to date for the 2015 /2016 is R 158 952 including the amount spent since July which amounts to R 73 089 and the R 85 863 as the roll over amount.

Spending on the **Massification grant** was **49.19 %** and **MWIG 7.52 %** as at 31 December 2015. The low expenditure against the water infrastructure grant is attributed to the delays in appointment of a contractor due to an objection received during the procurement process. The objection has since been resolved and the service provider is already in site from January 2015. Site problems have further caused delays in the project progress with the project which is indicative of the low expenditure within the quarter. The total capital expenditure overall is including all grants received is **124.52%**.

GRAPH 2

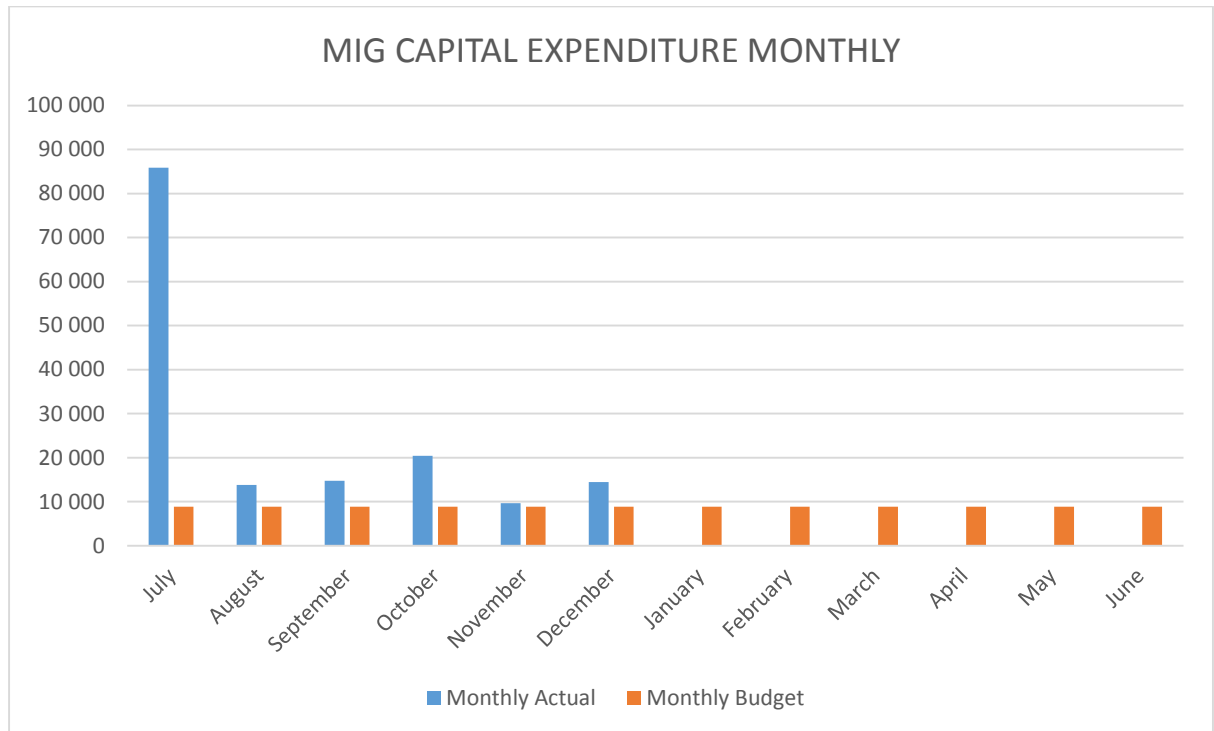


TABLE 8.2

	Monthly Actual	Monthly Budget
July	85 863	8 838
August	13 782	8 838
September	14 780	8 838
October	20 397	8 838
November	9 664	8 838
December	14 466	8 838
January		8 838
February		8 838
March		8 838
April		8 838
May		8 838
June		8 838
TOTAL	158 952	106 056

Table 8.3 below reflects the expenditure spent per function since the beginning of the financial year. This table continues to demonstrate the commitment by the municipality in allocating financial resources to the provision of basic water services

TABLE 8.3

	Vat Inclusive	No Vat	
Water	62 894 566	55 170 672	86.05
Sanitation	4 125 446	3 618 813	5.64
Roads	6 069 159	5 323 824	8.30
TOTAL	73 089 172	64 113 308	100.00

GRAPH 3

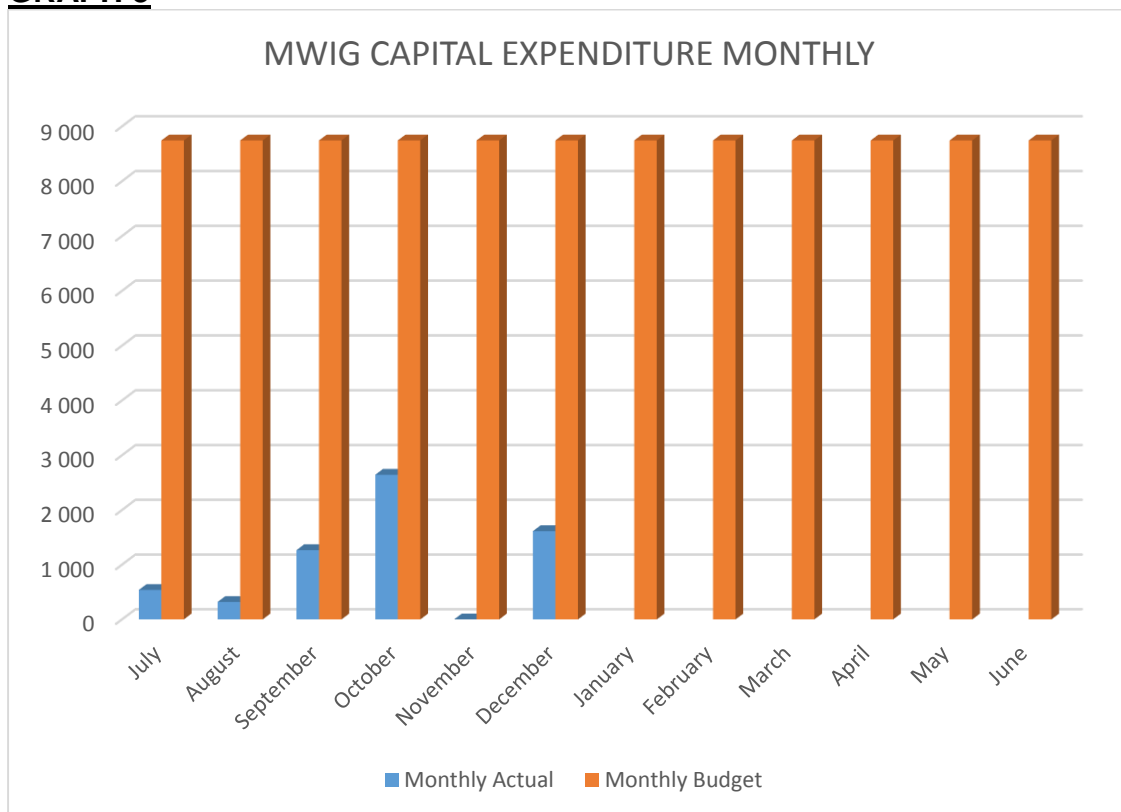
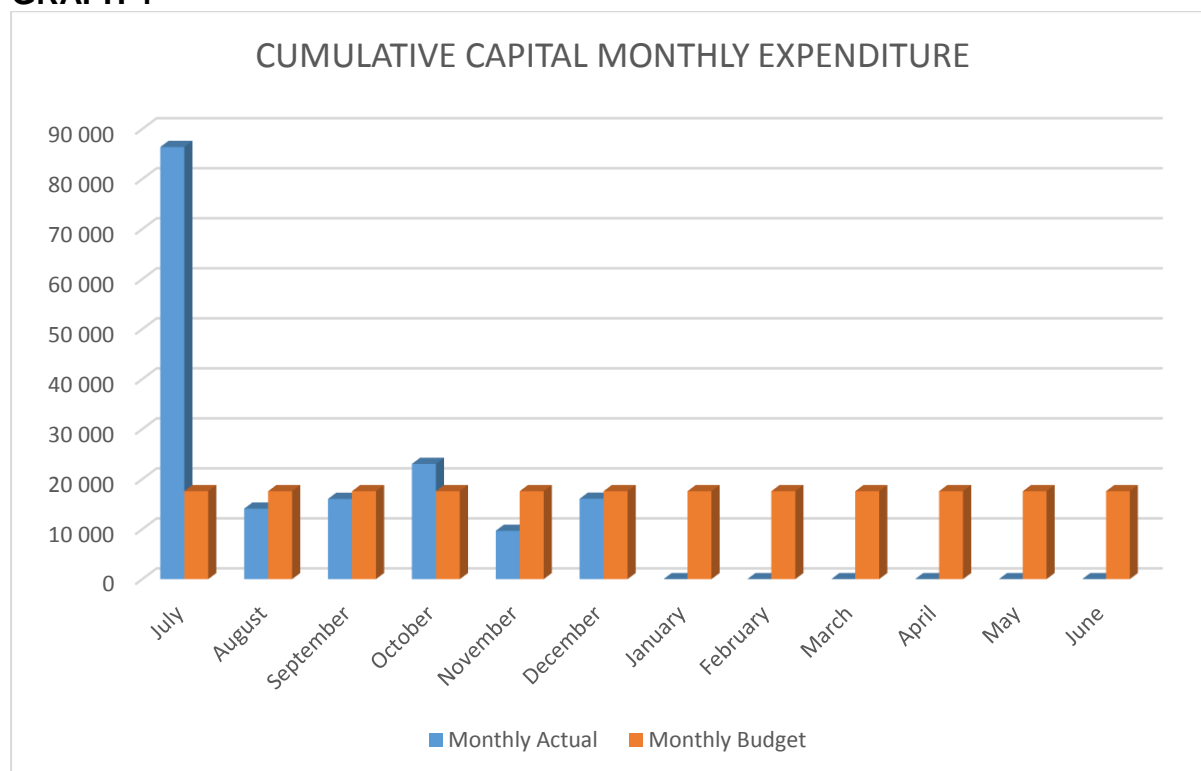


TABLE 8.4

	Monthly Actual	Monthly Budget
July	538	8 744
August	319	8 744
September	1 266	8 744
October	2 644	8 744
November	0	8 744
December	1 614	8 744
January		8 744
February		8 744
March		8 744
April		8 744
May		8 744
June		8 744
TOTAL	6 381	104 928

GRAPH 4

6. Conditional Grants

The following were the movements on the conditional grants as at 31 December 2015. As at the end of December 2015, **R184 052 million** of conditional grants had been received since 1 July 2015 whilst **R270 097 million** had been spent as at 31 December 2015. Operating grants indicate **60.80%** utilisation of already received money. Capital grants were **124.52%** utilised as at the end of the period. The overall conditional grants utilisation at the end of December is **116.18%**. See SC6 and SC7 (1)

TABLE 9

GRANTS -	<i>Balance b/f 14/15</i>	<i>YTD Receipts</i>	TOTAL	EXPENDITURE TO DATE	BALANCE	% Spent
OPERATIONAL GRANTS						
CORRIDOR DEVELOPMENT GRANT	550 000.00	0.00	550 000.00	0.00	550 000.00	0.00
WATER PURIFICATION GRANT	2 244 800.00	0.00	2 244 800.00	0.00	2 244 800.00	0.00
SHARED DEPLOYMENT GRANT	20 000.00	0.00	20 000.00	20 000.00	0.00	100.00
CAMPERDOWN WASTE WATER WORKS	4 000 095.45	0.00	4 000 095.45	0.00	4 000 095.45	0.00
NEW WWW & BULK SEWER LINE - CORRIDOR DEVELOPMENT	4 000 000.00	0.00	4 000 000.00	0.00	4 000 000.00	0.00
IRO MUNICIPAL EXCELLENCE GRANT	262 678.47	0.00	262 678.47	0.00	262 678.47	0.00
ENERGY SECTOR	150 439.76	0.00	150 439.76	0.00	150 439.76	0.00
RURAL ROADS ASSET MANAGEMENT SYSTEMS GRANT	0.00	2 329 000.00	2 329 000.00	952 531.55	1 376 468.45	40.90
EXPANDED PUBLIC WORKS PROGRAMMES GRANT	0.00	1 750 000.00	1 750 000.00	449 262.56	1 300 737.44	25.67
ACCREDITED COUNCILLOR TRAINING PROGRAMME	0.00	0.00	0.00	0.00	0.00	0.00
MSIG	0.00	940 000.00	940 000.00	264 087.15	675 912.85	28.09
FMG	0.00	1 250 000.00	1 250 000.00	403 561.34	846 438.66	32.28
KZN SPORT	633 775.88	0.00	633 775.88	0.00	633 775.88	0.00
PTP GRANT	308 816.64	0.00	308 816.64	0.00	308 816.64	0.00
DPSS GIS GRANT	320 549.15	0.00	320 549.15	139 628.92	180 920.23	43.56
DEPARTMENT OF WATER & SANITATION	0.00	11 671 991.63	11 671 991.63	16 274 595.93	-4 602 604.30	139.43
TOTAL OPERATIONAL GRANTS	12 491 155.35	17 940 991.63	30 432 146.98	18 503 667.45	11 928 479.53	60.80
CAPITAL GRANTS						
MIG	-165 403 555.07	106 052 000.00	106 052 000.00	238 492 726.55		224.88
MUNICIPAL WATER INFRASTRUCTURE GRANT	24 849 191.40	60 060 000.00	84 909 191.40	6 381 242.76	78 527 948.64	7.52
MASSIFICATION GRANT	6 343 190.18	0.00	6 343 190.18	3 120 011.23	3 223 178.95	49.19
MUNICIPAL DISASTER GRANT - Drought Relief	4 750 000.00	0.00	4 750 000.00	3 599 345.02	1 150 654.98	75.78
TOTAL	-129 461 173.49	166 112 000.00	202 054 381.58	251 593 325.56	82 901 782.57	124.52
TOTAL	116 970 018.14	184 052 991.63	232 486 528.56	270 096 993.01	94 830 262.10	116.18

7. Cash and cash equivalents

An amount of R 651 000 was accrued in investment interest income for the month of December. The cash in bank as at 31 December 2015 amounted to **R175 075 719** and investments amounted to **R130 297 316** with a total cash and cash equivalents of **R305 373 093**. The average interest rate on investment is at **6.97%**. The cash coverage ratio as at 31 December 2015 is **4.5** months based on average operating expenditure for the period. This indicates that the municipality as at 31 December 2015 had sufficient cash to operate for a period of **4** months without receiving grants to cover operating costs. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months. See below extract from SC 5.

TABLE 10

Investments by maturity Name of institution & investment ID R thousands	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
		Yrs/Months							
Municipality									
ABSA		4 months	Short term	23/04/2016	46	7.0%	30 000	46	30 046
Nedbank		5 months	Short term	12/02/2016	175	6.9%	30 463	175	30 638
Std Bank		4 months	Short term	04/02/2016	172	6.7%	30 292	172	30 464
Investec Bank		3 months	Short term	04/12/2015	34	6.8%	30 667	(30 667)	0
FNB		1 year	Long term	04/09/2016	24	7.4%	3 819	24	3 843
Ithala Bank		6 Months	Short term	07/06/2016	29	7.3%	5 174	(149)	5 025
Investec Bank		4 Months	Short term	11/03/2016	171	6.7%	30 110	171	30 281
Municipality sub-total					651		160 525	(30 227)	130 297

TABLE 11

Cash in bank Account Name	Account Number	Market value at the beginning of the month	change in market value	Market value at the end of the month
Main Account	50940026773	180 061 638.26	-146 883 942.71	33 177 695.55
Salaries Account	50940092196	101 771.20	-101 512.87	258.33
Water Services Account	62023616462	512 004.96	4 070 420.71	4 582 425.67
NSTD Call Account	62215748289	30 149 472.33	106 594 610.52	136 744 082.85
Mandela Race Account	62411577193	1 355 930.93	-858 225.79	497 705.14
UMDM MIG (Dbsa) Account	62400041985	73 314.97	236.84	73 551.81
Public Sector Cheque Account	62243484417			
TOTAL CASH BALANCES		212 254 132.65	37 178 413.30	175 075 719.35
TOTAL CASH AND CASH EQUIVALENTS		372 779 132.65	6 951 413.30	305 373 035.35

8. Borrowings

As at 31 December 2015 the borrowings were sitting as **R 108 million** with the inclusion of the R 55 549 and R 47 095 million loans from the DBSA front loading facility which were drawn down in the current financial year and to be fully repaid in the next financial year. The facility relates to the sub loan 3 (R130million) of the front loading loan facility of R200 million. Sub loan 2 of R80 million was drawn down in the 2014/2015 financial year and has been paid back in full in August 2015.

TABLE 12

Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/10/2015	Loan Amount Paid in the current year	Add: Interest Accrued	Less: Interest paid	Add: Arrear Interest Paid	Closing Balance at 31/12/2015
10434	Greater PMB Electrification Phase 3	10	323 670.27		8 158.26	0.00	0.00	331 828.53
10394	Mooi River - Tendele Bulk Water Scheme	10	5 689.61		143.41	0.00	0.00	5 833.02
10180	Greater PMB Electrification Phase 2	10	323 670.27		8 158.26	0.00	0.00	331 828.53
10392	Greytown Jabula Road Upgrading	10	0.00		0.00	0.00	0.00	0.00
10158	Edendale Unit S Phase 2 Rudimentary Services	10	741 773.18		18 696.75	0.00	0.00	760 469.93
10395	Greytown / Enhalakahle Bulk Water Phase 2	10	323 840.39		8 162.54	0.00	0.00	332 002.93
13851	uMDM Ifrastructure Development Programme	11	2 564 029.75		78 005.51	0.00	0.00	2 642 035.26
12007528	uMgungundlovu Various Water Projects	8.718	25 440 714.54	25 230 000.00	380 696.83	0.00		51 051 411.37
12007869	uMgungundlovu Various Water Projects	10.889	21 864 000.00	30 319 000.00	744 805.21	744 805.21	744 805.21	52 927 805.21
			51 587 388.01	55 549 000.00	1 246 826.77	0.00	744 805.31	108 3 214.78

9. Creditors Age Analysis

The total payments for the month of December amounted to **R92 186 million** and the top 20 highest paid creditors amounted to **R77 816 million** which is **84%** of total payments. A total of **R3 007 million** or **43%** of invoices remained outside the compliance period of 30 days as at 31 December 2015. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 December 2015. The balance of trade payables as at 31 December 2015 was **R7 055 million**.

TABLE 13.1

Description	Budget Year 2015/16								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									
Trade Creditors	4 048	1 282	23	648	2	1 053			7 055
	57%	18%	0%	9%	0%	15%			100%

TABLE 13.2**Top 20 highest paid creditors in the month of November 2015**

AQT01	AQUA TRANSPORT AND PLANT HIRE(PTY) LTD	12 130 600.94	Hire of Water Tankers
IC0001	Icon construction (pty)ltd	11 031 323.25	Merrivale AC Pipeline replacement, Ukhalo Water Kwanovuka Water
WKC001	WK CONSTRUCTION(PTY) LTD	10 455 968.94	Hilton AC Pipeline Replacement
UMW	Umgeni Water	9 277 300.12	Bulk Water Purchases
UMZ001	UMZINYATHI MUNICIPALITY	4 570 129.75	Emakhuzeni Extension to UMDM Area
HID001	Hidrotech Infra (PTY) LTD	4 187 981.19	Engugua/Entshayabantu Water & Hilton Corridor Dev
UMN006	UMGENI WATER (ACC-1015274)	3 067 230.20	Operating & Maintenance costs - Howick Water Works
MAK005	MAKHAOTSE, NARASIMULU & ASSOCIATES	2 975 895.86	Hilton Corridor Development & Umshwathi Bulk Water Supply
NAI004	NAIDU CONSULTING	2 756 640.74	Hilton & Merrivale AC Pipeline replacement
MAK001	Makhubu Civil cc	2 673 633.49	Inhlazuka Water Supply, Ukhalo Water
ENG004	ENGEOLAB cc	2 627 878.42	Drought relief
AFR028	AFROSTRUCTURES (PTY) LTD	2 103 356.76	Kwahaz, Kwanxamala, Enguga Water Supply
MAK003	MAKHUBU CIVILS CC	1 543 604.69	Drought relief
ELP001	Electric & Pump Services	1 412 503.51	Maintenance of water plants
AUR001	AURECON SOUTH AFRICA (PTY)LTD	1 409 780.64	Ukhalo Water & Kwanovuka Water
ESC001	ESCONGWENI ENGINEERS	1 259 860.18	Nkanyezi, Manzamyama & Manyavu Water Scheme
AMA055	AMAQHAWE ASSET MANAGEMENT SOLUTIONS CC	1 219 901.08	Maintenance of water plants
SIG001	SIGMA IT AND ION CONSULTING JV	1 069 935.60	IT Management
THE004	The Imvula trust	1 053 996.12	Mvula Maintenance & Karkloof Sanitation
WOR001	Worley Parsons RSA	988 782.65	Magonggo Bulk Water
	TOTAL	77 816 304.13	

GRAPH 5

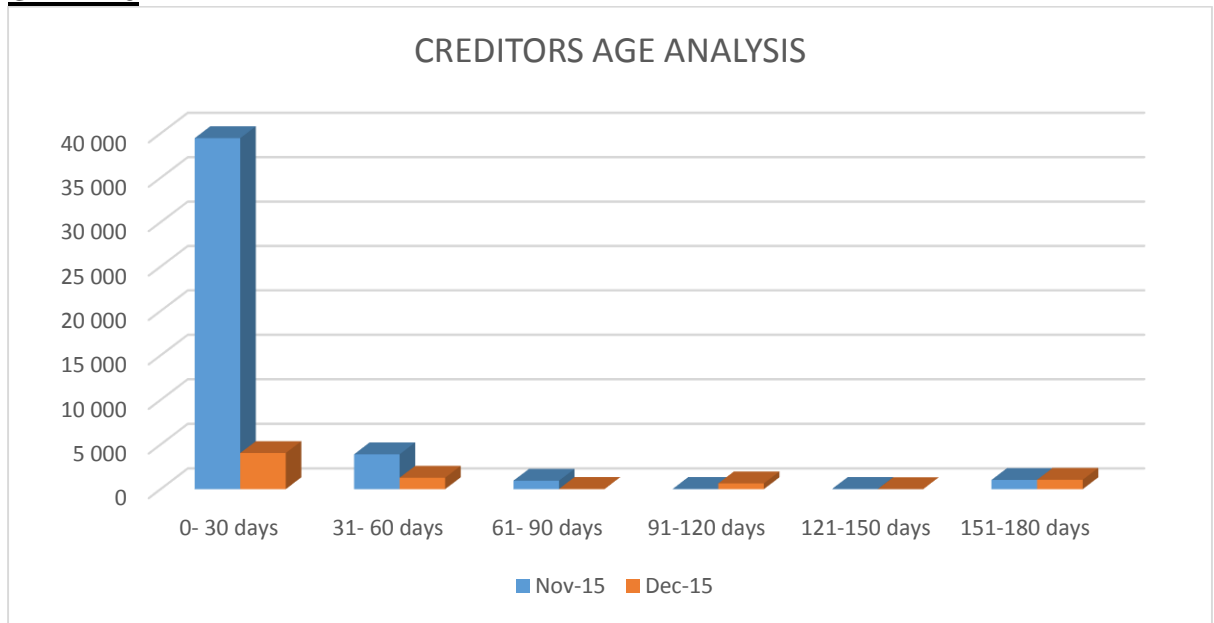


TABLE 13.3

	Nov-15	Dec-15
0- 30 days	39 474	4 048
31- 60 days	3 909	1 282
61- 90 days	946	23
91-120 days	31	648
121-150 days	24	2
151-180 days	1 032	1 053
	45 416	7 056

10. Debtors age analysis

The debtor book value as at 31 December 2015 amounted to **R353 905 million**. The collection rate in the month of December was at 71%, and the average collection rate for the period was at 62%.

The table below depicts the total debtors according to the period the debt has been held in the debtors book.

TABLE 14.1

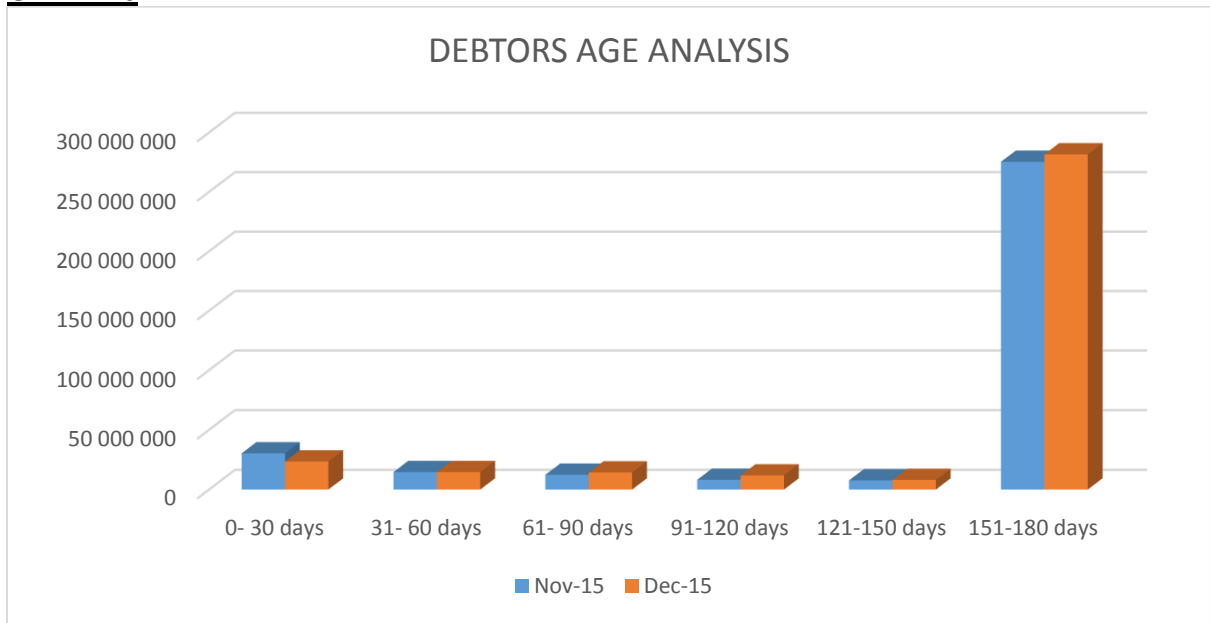
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	Total -
Debtors Age Analysis By Customer Group							
Organs of State	1 568 446	381 062	431 358	86 818	146 612	2 865 037	5 479 333
Commercial	1 549 796	309 774	517 852	308 033	324 238	9 206 410	12 216 103
Households	13 784 679	5 399 682	6 306 898	6 281 850	6 281 866	209 856 920	247 911 895
Other	6 544 803	8 546 354	7 052 933	5 155 573	1 347 797	59 650 315	88 297 775
Total By Customer Group	23 440 576	14 636 872	14 309 041	11 833 274	8 100 513	281 578 682	353 905 106
	6.63	4.14	4.04	3.34	2.29	79.56	

From the above table, it can be concluded that the Municipality needs to improve on the debt collection and credit control measures and strategies as the debtors longer than 90 days amounts to 85.19 % or R 301 512 469.

TABLE 14.2

	Nov-15	Dec-15
0- 30 days	30 321 438	23 447 724
31- 60 days	14 632 364	14 636 872
61- 90 days	12 358 302	14 309 041
91-120 days	8 202 933	11 832 274
121-150 days	7 721 416	8 100 513
151-180 days	275 288 157	281 578 682
	348 524 610	353 905 106

GRAPH 6



11. Municipal manager's quality certificate

I TLS Khuzwayo, municipal manager of uMgungundlovu District Municipality, hereby certify that the Mid Term Budget Performance Review and documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name _____

Signature _____

Date _____