



UMZINYATHI DISTRICT MUNICIPALITY

2018/2019 MID-YEAR BUDGET

AND

PERFORMANCE ASSESSMENT

0 of 30

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UMzinyathi District Municipality

Mid-Year Budget and Performance Assessment 2018/19

1. Purpose

1.1 The Purpose of this report is to present the 2018/19 Mid-Year Budget and Performance Assessment in compliance with section 72 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and Section 33 of the Municipal Budget and Reporting Regulations (MBRR).

2. Background

2.1 Section 72 (1) of the MFMA reads that *“The accounting officer of a municipality must by 25 January of each year –*

(a) Assess the performance of the municipality during the first half of the financial year,

2.2 Section 33 of the MBRR reads that *“A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act 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.¹⁹*

2.3 In compliance with the MFMA and the MBRR herewith please find the 2018/19 Mid-Year Budget and Performance Assessment in the prescribed format:

3. In Year Report

3.1 Mayor’s report

The municipality prepared the 2018/19 Service Delivery and Budget Implementation Plan (SDBIP) as required by the Municipal Finance Management Act (No 56 of 2003), and in line with Circular No 13 of National Treasury. The 2018/19 Service Delivery and Budget Implementation Plan was approved by the Mayor on the 19 of June 2018. The SDBIP serves as a contract between the Administration, Council and Community expressing the goals and objectives set and to ensure effective service delivery.

- The municipal 2018/19 IDP and Budget is being implemented in accordance with the service delivery and budget implementation plan. This report will look at the targets which were projected to be achieved by the 31 December 2018 relating to the provision of Water, Sanitation, Local Economic Development, Social / Community development, and Institutional Management and Development. The planned targets as at the end of the second quarter were twenty-five (25), fourteen (14) of were achieved, three (3) were partially achieved and eight (8) were not achieved. Reasons for variance and corrective measures have been provided on most of the partially and unachieved targets.
- In terms of water, there were no new connections during the quarter under review. However, processes are in place to ensure that connections are done as planned out in the strategic documents. We have prioritized Mthembu West, Douglas Water, Makhabeleni Water, Kwakopi Water, KwaJama water and Ophathe Water as the main focus area for the 2018/19 financial year and have undertaken sod turnings at Kwajama Water, Makhabeleni Water, Ruigterfontein Water and Douglas Water, plans are underway to hold the KwaKopi and Greytown Bulk sod turnings. The drought predicament remains a huge challenge within the district, water restrictions are currently being implemented and Jojo tanks have been disbursed as a relief mechanism in areas affected severely by the drought and the restrictions.
- The mid-year target for sanitation was one thousand, four hundred and thirty to date one thousand, one hundred and seventy-five households have been provided with sanitation facilities. Corrective measures to ensure that the annual target is achieved are being implemented. The district is committed in keeping its promise to provide Umzinyathi District citizens with water and sanitation citizens.
- Some of the targets that have been achieved for LED relate to provision of financial and technical support to the Tourism Institutional structures such as the Battlefields Route Association, staging of Informal Economy Indaba, Craft co-operative trained on product design and development as well as support in accessing markets and supporting agricultural co-operatives with training, mentorship, materials, inputs and applications for funding as part of the support programme. Identification and assessment of groups in the informal economy and provided with training and

product development. Identification of quick spin off projects linked to the Agri-Parks. As well as the establishment of the district agency.

- Some of the targets which have been achieved on community development relate to hosting of the Dundee July, participation in the District Cultural Event, participation in the Golden games, Indigenous games and SALGA Games, provision of support to the local municipalities in terms of training courses, attending to DTT and LTT meetings and continuous interventions, conducting the disability awareness campaigns, hosting of the Women's Summit and establishment of women's Structure and identification of programmes, construction for the Disaster Management Centre, undertaking of disaster management awareness campaigns, taking of water samples from sources used for human consumption, Taking food samples from food outlets, Investigation of notifiable medical conditions; Visit of public premises to determine compliance with health standards, etc.
- In terms of the planning, the targets which have been achieved relate to ensuring the functionality Joint Municipal Planning Tribunal, providing support to the local municipalities on the wall to wall schemes, IDP Sector Plans, IDP Projects Mapping. Development of Isandlwana Precinct Plan. Ensuring the implementation of the reviewed DGDP as aligned to the PGDP.
- Council and other Oversight structures have been established and are fully operational to date a number of Mayoral and community meetings have been held, Corporate Services continues to provide secretariat support to these structures. In terms of Institutional Management and Development the municipality has funded a number of bursaries to staff to further their studies in their field of expertise. Learnerships and other training programmes have been offered under the community skills programmes. The Communications editorial team are in the process of producing and publishing the first Umzinyathi District Municipality News External Newsletter of the 2018/19 Financial Year.
- On Financial Management, the municipality has been able to prepare the Section 71 and 66 reports on time and their submission thereof to relevant departments, managing MIG expenditure which is 37%, effective implementation of MSCOA, effective cash flow management etc.
- A detailed mid - year performance report is provided and attached herewith for consideration.

3.2 Resolutions

- a) Finance portfolio committee has received the monthly budget statement and the supporting documents and noted in terms of Section 71 of the MFMA.
- b) the quarterly report has been submitted to the finance portfolio committee on the implementation of the budget and the financial affairs for the municipality and noted as referred to in section 52(d) of the MFMA.

3.3 Executive summary

	Original Budget	YearTD Actual	YTD Variance	Six (6) Months Performance in %	Reason for variance
Revenue By Source					
Service charges - water revenue	46,004,173	23,271,253	22,732,920	51%	
Service charges - sanitation revenue	14,504,692	5,216,233	9,288,459	36%	
Rental of facilities and equipment	548,712	253,279	295,433	46%	
Interest earned - external investments	14,509,211	17,556,910	-3,047,699	121%	Posting error of R11 million.
Interest earned - outstanding debtors	13,281,000	8,598,351	4,682,649	65%	Credit control has not been fully implemented.
Transfer receipts - operating	331,936,000	206,624,149	125,311,851	62%	Operating grants received FMG, Shared services and two tranches of the equitable share and EPWP. Unexpected insurance claim funds received.
Other revenue	20,700	1,038,022	-1,017,322	5015%	
Total Revenue (excluding capital transfers and contributions)	420,804,488	262,558,197	158,246,291	62%	
Expenditure By Type					
Employee related costs	158,813,881	69,899,503	88,914,378	44%	
Remuneration of councillors	4,853,065	2,585,550	2,267,515	53%	
Debt impairment	12,606,172	-	12,606,172	0%	No debt impairments processed to date due to Debtors cleansing process being done.
Depreciation & asset impairment	41,373,608	-	41,373,608	0%	Depreciation has not processed as there has been financial system errors.
Bulk purchases	18,400,000	14,510,617	3,889,383	79%	Posting errors of R7.4 million.
Other materials	56,644,000	39,683,690	16,960,310	70%	O & M costs have been broken into a number of expenditure categories and costs have increased.
Contracted services	82,422,736	36,607,971	45,814,765	44%	
Other expenditure	48,465,766	35,266,307	13,199,459	73%	O & M is also part of the other expenditure.
Total Expenditure	423,579,228	198,553,637	225,025,591	47%	
Capital Expenditure	277,114,856	138,943,314	138,171,542	50%	
Capital Receipts	281,765,000	116,596,000	165,169,000	41%	Capital grants received only one tranche MIG, RRAMS, WSIG and two tranches of the RBIG.

- Effectively implement credit control policies;
- Installation of water meters to reduce illegal connections;
- Realistic budget for water operational costs;
- Reduce non-priority spending items;
- Effectively implement the action plan on capital projects acceleration.

3.4 Summary of financial problems or risks facing the municipality

3.4.1 REVENUE ANALYSIS

Umzinyathi District Municipality has limited revenue streams. The municipality relies heavily on Grants. Management has implemented various measures to ensure that the municipality has a sound financial position. With this information, it must be noted that there are still challenges relating to revenue.

For the period under review, service charges were budgeted at **R 60,5 mil (R 30,2 mil for 6 months)** and the actual amount billed is **R 28,4 mil** and the municipality only collected **R16.9mil**. Below are challenges and risks relating to revenue.

3.4.1.1 Challenges and risks in relation to Revenue

The amounts billed in the last 6 months were below what was anticipated due to the following reasons;

- UMzinyathi District consists, mainly of rural areas which consume water through free stand pipes;
- A water supply project to areas in Greytown was not completed as it was anticipated to have been completed, thus water consumption to areas in Greytown has declined;
- Drought has impacted a lot in the district as well;
- Water restriction being implemented to save water;
- High impact of the drought has resulted in the municipality delivering water to the consumers by procuring services of free water tankers to the communities.

Low collection

- The unemployment rate is high within the district;
- High number of Indigent consumers

3.4.1.2 Measures implemented to address these challenges

The municipality has developed and implemented credit control policies and bylaws as well as Revenue Enhancement Strategy to improve revenue collection for the municipality. Included in these policies are strategies which are not limited to;

- Entering into arrangements with consumers, which also include employees and councillors.
- Renew/review of all municipal rental contracts with market related rates
- Restriction of water consumption for non-payers
- The municipality suggests that consumers may approach the municipality to install private meters to household provided the consumers pays the municipality.
- Enhancement of indigent registration and ward profiling
- Data management - verification of all data on the financial system and ensuring that all properties and services are billed.
- Regular auditing of payment arrangements
- War on leaks: fix water leaks for free to residential
- SCM: tenders are not considered/awarded to tenderers who owe the District money
- Building plans (disaster, environmental, water & sanitation stamps) must not be approved for individual and organisations that owes the District
- Data cleansing and profiling of debtors
- Tariff Modelling exercise to ascertain whether current tariffs are sufficient to sustain the service currently rendered to consumers taking into account all costs associated with providing the service
- Increasing emailing of invoices and reducing printing and posting
- E-services to implemented once the revenue collection has increased to the required norm, this will also assist in reducing costs of postage

3.4.2 EXPENDITURE ANALYSIS

3.4.2.1 Salaries and allowances

Umzinyathi has had challenges relating to critical positions not filled. Positions of most Heads of Departments within the municipality are filled. The municipality has appointed the Municipal Manager on a full-time basis.

The municipality has had a number of management and staff officials on full pay suspension, which has resulted on a number of officials acting on the suspended management and staff positions. This has put a serious strain in the municipality as it increased the salary budget of the municipality.

The employee related costs were budgeted at **R 158.8 million (R79.4 million for 6 months)** and the expenditure to date is **R69,9 million**, which is less by R9,5 million due to the reasons explained above.

The budget for overtime is **R 3,5 million (R1.7 million for 6 months)** but the expenditure as at 31 December 2018 was already **R3,8 million**.

3.4.2.2 Measures implemented to address these challenges

- To reduce double salary payments due to suspended staff members, it is important that the municipality speeds up the process of finalising the pending disciplinary matters.
- To reduce overtime, critical vacant positions in the municipality need to be filled.

3.4.3 GENERAL AND CONTRACTED SERVICES EXPENDITURE

This section deals with the operational expenses that amongst them are having bigger spenders being the water operations and services costs under the municipal services vote. The high utilization of water tanker services was due to the fact that, there was an outcry of water supply since there's drought in the whole of South Africa including our district.

The other element of general expenses is the water services provision, a service that is being provided by an appointed service provider. Considering taking over the procuring of consumables from the company thus avoiding payment of mark-up fee. Furthermore, the municipality will build up the relevant Human resource that will be able to run the service. The Municipality has still not been able to provide the entire areas of the district with water, thus has continued to obtain a service provider to provide water tankers on a month to month contract basis. The municipality is required to advertise for the procurement of water tankers to ensure that the areas in the district obtain water especially in areas where the municipality has not yet reached its consumers and to ensure that the irregular expenditure already incurred is reduced.

3.4.4 WATER SERVICES OPERATIONAL COSTS (O & M)

Description	Budget Amount	Actuals Amount Spent to date	Pending Expenditure	Remaining Budget
Bulk purchases	18,400,000	14,510,617	-	3,889,383
lab fees	648,000	323,520	-	324,480
Electrician costs/ fees	9,600,000	9,944,438	-	-344,438
Vehicle repairs (R &M)	500,000	202,005	222,931	75,064
Labour Costs	10,000,000	5,218,465	-	4,781,535
Repairs plan (building and other assets)	12,061,396	613,857	1,122,767	10,324,772
Mechanical specialist	4,200,000	4,315,166	-	-115,166
Security Costs	9,000,000	3,024,469	-	5,975,531
Sanitation Desludging	5,000,000	1,218,480	-	3,781,520

Water tanker hire	5,000,000	5,356,440	1,500	-357,940
Chemicals	7,200,000	1,448,669	-	5,751,331
Fuel and oil (Generators)	17,000,000	9,703,569	-	7,296,431
Electricity	18,000,000	16,021,554	0	1,978,445
Repairs fuel & oil	900,000	766,741	66,738	66,521
Fittings & Materials costs	10,800,000	8,803,273	19,256	1,977,471
Leasing of Machinery and Equipment	10,800,000	10,694,175	-	105,825
Vehicle Hire/Leasing	1,003,200	632,638	-	370,562
Repairs vehicle leasing	4,276,800	2,107,089	-	2,169,711
Protective Clothing	900,000	208,000	935,401	-243,401
Total	145,289,396	95,113,164	2,368,593	47,807,639

The budget for water services operational costs is R145,289,396 (72,644,698 for 6 months) and expenditure to date is R97,481,757 with a projected over expenditure of R49,674,118. As at to date Budget and Treasury office cannot pay any claim in excess of the remaining budget unless additional funds are provided.

There are also other individual votes that were over budgeted and others under budgeted. This needs to be corrected on the adjustment budget with the inclusion of the above-mentioned votes.



A CONSOLIDATED PROJECTION OF REVENUE AND EXPENDITURE ACTUAL OF THE SECOND QUARTER ENDING 31 DECEMBER 2018
DC24 Umzinyathi - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Ref	Budget Year 2018/19													
		July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2018/19	
R thousands	1														
Cash Receipts By Source															
Service charges - water revenue		2,574	1,741	3,715	2,591	2,121	2,386	3,616	3,616	3,616	3,616	3,616	3,616	3,616	39,824
Service charges - sanitation revenue		492	330	569	268	285	223	2,056	2,056	2,056	2,056	2,056	2,056	2,056	14,505
Rental of facilities and equipment		34	33	78	36	34	39	49	49	49	49	49	49	49	549
Interest earned - external investments		728	1,035	13,002	1,097	923	772	(508)	(508)	(508)	(508)	(508)	(508)	(508)	14,509
Interest earned - outstanding debtors		228	134	(1,062)	98	53	70	2,293	2,293	2,293	2,293	2,293	2,293	2,293	13,281
Transfer receipts - operating		142,801	1,320	-	-	2,298	71,053	19,066	19,066	19,066	19,066	19,066	19,066	19,066	331,672
Other revenue		114	222	490	79	132	1	(170)	(170)	(170)	(170)	(170)	(170)	(170)	21
Cash Receipts by Source		146,771	4,814	16,792	4,170	5,846	74,544	26,404	26,404	26,404	26,404	26,404	26,404	26,404	411,360
Other Cash Flows by Source															
Transfer receipts - capital		66,000	14,000	-	-	36,596	-	72,000	684	92,485	-	-	-	-	281,765
Total Cash Receipts by Source		212,771	18,814	16,792	4,170	42,442	74,544	98,404	27,088	118,889	26,404	26,404	26,404	26,404	693,125
Cash Payments by Type															
Employee related costs		-	10,072	19,826	9,666	15,358	14,957	14,819	14,819	14,819	14,819	14,819	14,819	14,819	158,814
Remuneration of councillors		-	455	847	504	457	323	378	378	378	378	378	378	378	4,853
Bulk purchases - Water & Sewer		-	-	9,832	1,436	1,198	1,419	753	753	753	753	753	753	753	18,400
Other materials		2,128	1,666	6,404	6,442	11,598	9,414	2,827	2,827	2,827	2,827	2,827	2,827	2,827	56,844
Contracted services		876	5,728	4,465	7,631	2,527	15,380	7,000	7,000	7,000	7,000	7,000	7,000	7,000	78,610
General expenses		86,449	3,512	13,501	5,414	6,517	4,691	(11,988)	(11,988)	(11,988)	(11,988)	(11,988)	(11,988)	(11,988)	48,466
Cash Payments by Type		89,454	21,464	57,274	31,114	37,655	46,096	13,788	13,788	13,788	13,788	13,788	13,788	13,788	366,786
Other Cash Flows/Payments by Type															
Capital assets		4,413	11,373	11,298	36,177	19,246	57,795	25,802	25,802	25,802	25,802	25,802	25,802	25,802	277,115
Other Cash Flows/Payments		-	1,285	-	-	(16,372)	(9,677)	4,127	4,127	4,127	4,127	4,127	4,127	4,127	-
Total Cash Payments by Type		93,866	34,122	68,574	69,291	40,529	74,214	43,718	43,718	43,718	43,718	43,718	43,718	43,718	642,901
NET INCREASE/(DECREASE) IN CASH HELD		118,905	(16,308)	(51,782)	(65,121)	1,913	330	54,686	(16,630)	75,171	(17,314)	(17,314)	(17,314)	(17,314)	50,224
Cash/cash equivalents at the month/year beginning:		150,841	269,746	254,438	202,656	137,535	139,448	139,778	194,465	177,895	253,007	235,693	218,379	201,066	25,000
Cash/cash equivalents at the month/year end:		269,746	254,438	202,656	137,535	139,448	139,778	194,465	177,895	253,007	235,693	218,379	201,066	201,066	75,224

3.4.5 OPERATIONAL GRANTS EXPENDITURE

Description	Budgeted Amount (Rm)	Actual Received Amount (Rm)	Actual Amount Spent to date (Rm)	Percentage spent to date
Operational Grants	R6,879,000	R5,347,000	R2 963 158	43%

3.4.5.1 Shared Services Expenditure

The municipality had an unspent amount of R126 884 and R75 304 was spent between July 2018 to December 2018. The balance of R450 000 which is the budget for the current was only received in September 2018. The Business Plan for the implementation of the Development Planning Shared Services has been signed off by the Municipal Manager, and the implementation thereof will commence in January 2019, and the grant will be fully spent by the end of June 2019.

3.4.5.2 Financial Management Grant Expenditure (FMG)

The budget for this grant is R1 320 000 for the year under review and the expenditure to date is R 294 382. The grant is still going according to the activity plan submitted to National Treasury.

3.4.5.3 Expanded Public Works Programme (EPWP) Incentive Grant

The budget for this incentive grant is R5 109 000 and the expenditure to date is R2 593 471. There are six (6) projects being implemented under this incentive grant.

3.4.6 CAPITAL BUDGET

Description	Budgeted Amount (Rm)	Actual Received to date	Actual Amount Spent to date (Rm)	Percentage spent to date
1. Capital Projects	R281,765,000	R116,596,000	R122,136,434	43%
2. Internal Funded Project	R4,574,106	EQ	R 3,343,105	73%

3.4.6.1 Municipal Infrastructure Grant (MIG) Expenditure

- The expenditure on MIG is R67,072,243 as at end of December 2018 which is 36% of the total MIG allocation and 102% of the actual receipts as at 31 December 2018.

3.4.6.2 Regional Bulk Infrastructure Grant (RBIG) Expenditure

- The expenditure on RBIG is R16,950,914 as at the end of December 2018 which is 42% of the total RBIG allocation and 58% of the actual receipt as at 31 December 2018.

3.4.6.3 Water Services Infrastructure Grant (WSIG) Expenditure

- The WSIG budget is R 55,000,000 and the expenditure to date is R36,512,289 which is 66% of the total allocation and 183% of the actual receipts.
- This grant has 4 projects and the municipality has incurred expenditure on 5 projects.

3.4.6.4 Rural Road Asset Management System (RRAMS) Grant Expenditure

- The RRAMS budget is R2,280,000 and the expenditure to date is R1,600,988 which is 70% of the total allocation and 100% of the actual receipts.
- RRAMS technicians are doing road inventory and assessment of municipal roads and report monthly to DOT.
- Part of this amount goes towards the technician's salaries as they were absorbed by the municipality on contractual basis.



A PROJECTION OF CAPITAL EXPENDITURE BY PROJECT ACTUAL & REVISED TARGETS OF THE SECOND QUARTER ENDING 31 DECEMBER 2018

MIG 2018/2019 FY	Original Budget	July actual	August actual	September actual	October actual	November actual	December actual	January target	February target	March target	April target	May target	June target	Total
Mthembu West -Tugela Ferry Water	15,000,000	-	-	91,564	1,712,546	63,152	8,768,030	2,474,214	2,474,214	2,474,214	2,474,214	2,474,214	2,474,214	15,000,000
Douglas water scheme	16,056,000	747,500	-	4,549,758	312,409	5,825,083	-	-924,486	-924,486	-924,486	-924,486	-924,486	-924,486	16,056,000
Mbomo Regional water Supply Scheme	10,000,000	-	-	1,774,979	1,654,651	7,603,320	4,050,571	2,144,314	2,144,314	2,144,314	2,144,314	2,144,314	2,144,314	10,000,000
Misinga Bulk	32,944,000	-	-	4,994,594	1,218,073	-	-	4,796,988	4,796,988	4,796,988	4,796,988	4,796,988	4,796,988	32,944,000
Muden water supply	30,000,000	-	-	1,460,569	1,509,695	-	-	868,240	868,240	868,240	868,240	868,240	868,240	30,000,000
Ophiathe water supply	11,255,341	2,011,591	-	-	75,899	308,885	3,031,485	1,721,398	1,721,398	1,721,398	1,721,398	1,721,398	1,721,398	11,255,341
Ntinini Regional Water	13,744,659	-	-	-	-	-	-	2,166,667	2,166,667	2,166,667	2,166,667	2,166,667	2,166,667	13,744,659
Hlazakazi water supply	13,000,000	-	-	-	-	3,314,534	-	768,088	768,088	768,088	768,088	768,088	768,088	13,000,000
Mbomo Mkhophula Sanitation	11,529,000	1,653,470	-	519,662	-	-	1,448,713	1,713,840	1,713,840	1,713,840	1,713,840	1,713,840	1,713,840	11,529,000
Umvoti Sanitation Area Plan	11,731,750	-	-	1,354,119	801,206	1,683,816	-	1,026,810	1,026,810	1,026,810	1,026,810	1,026,810	1,026,810	10,000,000
Nquthu Sanitation	10,000,000	-	-	-	-	-	-	1,537,375	1,537,375	1,537,375	1,537,375	1,537,375	1,537,375	10,000,000
PMU Support	9,224,250	-	-	-	-	-	-	-	-	-	-	-	-	9,224,250
TOTAL ALLOCATED 2018/19 (MIG)	184,485,000	4,412,561	9,106,043	10,112,186	4,810,970	18,798,789	18,308,282	19,822,695	19,822,695	19,822,695	19,822,695	19,822,695	19,822,695	184,485,000
MIG Funds Received 2018/19	184,485,000	66,000,000	-	-	-	-	-	72,000,000	46,485,000	-	-	-	-	184,485,000
RBIG 2018/2019 FY	Original Budget	July actual	August actual	September actual	October actual	November actual	December actual	January target	February target	March target	April target	May target	June target	Total
Greytown Treatment Works	40,000,000	-	1,237,533	971,615	4,538,618	3,813,017	6,390,131	3,841,514	3,841,514	3,841,514	3,841,514	3,841,514	3,841,514	40,000,000
TOTAL ALLOCATED 2018/19 (RBIG)	40,000,000	-	1,237,533	971,615	4,538,618	3,813,017	6,390,131	3,841,514	3,841,514	3,841,514	3,841,514	3,841,514	3,841,514	40,000,000
RBIG Funds Received 2018/19	40,000,000	-	14,000,000	-	-	15,000,000	-	11,000,000	-	-	-	-	-	40,000,000
WSIG 2018/19 FY	Original Budget	July actual	August actual	September actual	October actual	November actual	December actual	January target	February target	March target	April target	May target	June target	Total
Kwakopi water supply	25,000,000	-	-	5,873,122	7,728	-	5,184,984	2,322,361	2,322,361	2,322,361	2,322,361	2,322,361	2,322,361	25,000,000
Ullani water supply	14,000,000	-	-	-	12,392,152	-	1,020,828	97,837	97,837	97,837	97,837	97,837	97,837	14,000,000
Haladu water supply	10,000,000	-	-	-	8,084,930	-	-	319,178	319,178	319,178	319,178	319,178	319,178	10,000,000
Endumeni Sanitation	6,000,000	-	-	-	2,777,603	-	175,087	507,885	507,885	507,885	507,885	507,885	507,885	6,000,000
Kwajama water supply	-	-	-	-	-	-	997,400	-166,233	-166,233	-166,233	-166,233	-166,233	-166,233	-
TOTAL ALLOCATED 2018/19 (WSIG)	55,000,000	-	5,873,122	23,262,413	20,000,000	-	7,378,299	3,247,261	3,247,261	3,247,261	3,247,261	3,247,261	3,247,261	55,000,000
WSIG Funds Received 2018/19	55,000,000	-	-	-	20,000,000	-	-	35,000,000	-	-	-	-	-	55,000,000
RRAMS 2018/2019 FY	Original Budget	July actual	August actual	September actual	October actual	November actual	December actual	January target	February target	March target	April target	May target	June target	Total
Rural Roads Asset Management Systems	2,280,000	91,763	248,954	538,551	158,158	268,532	295,030	113,169	113,169	113,169	113,169	113,169	113,169	2,280,000
TOTAL ALLOCATED 2018/19 (RRAMS)	2,280,000	91,763	248,954	538,551	158,158	268,532	295,030	113,169	113,169	113,169	113,169	113,169	113,169	2,280,000
RRAMS Funds Received 2018/19	2,280,000	-	1,596,000	-	-	-	-	684,000	-	-	-	-	-	2,280,000

NB: The highlighted projects have exceeded budget and require budget adjustments to proceed with projects expenditure payments.

3.4.7 PROVISION OF WATER AND SANITATION SERVICES

- **1175 households** have been provided with VIP toilets from July 2018 to December 2018. The target for the annual year is **1610 households**.
- **0 households** have been provided with water from July 2018 to December 2018. The target for the annual year is **2500 households**.

3.4.7.1 MEASURES IMPLEMENTED TO ADDRESS THESE CHALLENGE

The municipality is awaiting Eskom connections at Mbono Phase 2A, Phase 2B, Phase 3, Msinga Bulk and Ophathe, a survey has been conducted and plans are underway to ensure that the annual target is achieved.

Currently the municipality has seventeen (17) water tankers in operation throughout the district as a preliminary corrective measure to the drought crisis furthermore the Department of Cooperative Governance and Traditional Affairs allocated one hundred (100) JoJo tanks to the municipality of the allocation 53 have been distributed throughout the district.

In the pipeline the district is looking into spring's development, the extension of the existing water scheme and upgrading of borehole water schemes as a long term plan to address the drought crisis.

3.5 In-year budget statement tables

The following budget statement schedules are attached:

Table C1 s71 Monthly Budget Statement Summary

Table C2 Monthly Budget Statement – Financial Performance (standard classification)

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure)

Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

Table C6 Monthly Budget Statement – Financial Position
Table C7 Monthly Budget Statement – Cash Flow

DC24 Umzinyathi - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

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	-	60,509	-	5,568	28,487	30,254	(1,767)	-6%	-
Investment revenue	-	14,509	-	772	17,557	7,255	10,302	142%	-
Transfers and subsidies	-	331,672	-	71,053	206,624	248,925	(42,301)	-17%	-
Other own revenue	-	13,850	-	1,407	9,890	6,925	2,964	43%	-
Total Revenue (excluding capital transfers and contributions)	-	420,540	-	78,801	262,558	293,359	(30,801)	-10%	-
Employee costs	-	156,369	-	17,493	69,900	80,468	(10,568)	-13%	-
Remuneration of Councillors	-	4,853	-	426	2,586	2,427	159	7%	-
Depreciation & asset impairment	-	41,374	-	-	-	20,687	(20,687)	-100%	-
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	75,044	-	10,834	54,194	37,522	16,672	44%	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	-	147,551	-	19,982	71,874	76,848	(4,974)	-6%	-
Total Expenditure	-	425,190	-	48,734	198,554	217,951	(19,398)	-9%	-
Surplus/(Deficit)	-	(4,650)	-	30,066	64,005	75,408	(11,403)	-15%	-
Transfers and subsidies - capital (monetary alloc	-	281,765	-	-	-	187,232	(187,232)	-100%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	277,115	-	30,066	64,005	262,640	(198,635)	-76%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	277,115	-	30,066	64,005	262,640	(198,635)	-76%	-
Capital expenditure & funds sources									
Capital expenditure	-	277,115	-	37,795	138,943	138,557	386	0%	-
Capital transfers recognised	-	272,541	-	37,771	133,661	136,270	(2,610)	-2%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	4,574	-	24	5,283	2,287	2,996	131%	-
Total sources of capital funds	-	277,115	-	37,795	138,943	138,557	386	0%	-
Financial position									
Total current assets	-	(561,374)	-	-	284,215	-	-	-	-
Total non current assets	-	235,741	-	-	2,557,134	-	-	-	-
Total current liabilities	-	(613,251)	-	-	306,164	-	-	-	-
Total non current liabilities	-	10,504	-	-	87,787	-	-	-	-
Community wealth/Equity	-	277,115	-	-	2,447,399	-	-	-	-
Cash flows									
Net cash from (used) operating	-	320,936	-	25,809	127,880	284,550	156,670	55%	-
Net cash from (used) investing	-	(277,115)	-	(37,795)	(138,943)	(138,943)	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	-	43,821	-	-	139,778	145,607	5,829	4%	150,841
Debtors & creditors analysis									
	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
Debtors Age Analysis									
Total By Income Source	-	-	-	-	-	-	-	-	-
Creditors Age Analysis									
Total Creditors	(9,090)	(1,453)	(9,834)	(4,419)	-	-	-	(43,228)	(68,024)

DC24 Umzinyathi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment

Description	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									
Revenue - Functional										
<i>Governance and administration</i>		-	120,615	-	23,549	84,212	86,980	(2,769)	-3%	-
Executive and council		-	25,443	-	5,684	16,285	19,082	(2,797)	-15%	-
Finance and administration		-	95,172	-	17,865	67,926	67,898	28	0%	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	38,461	-	8,526	24,552	28,845	(4,294)	-15%	-
Community and social services		-	38,461	-	8,526	24,552	28,845	(4,294)	-15%	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	18,309	-	3,553	10,994	13,620	(2,625)	-19%	-
Planning and development		-	18,309	-	3,553	10,994	13,620	(2,625)	-19%	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	524,921	-	43,172	142,801	351,146	(208,345)	-59%	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	510,416	-	41,981	137,592	343,893	(206,302)	-60%	-
Waste water management		-	14,505	-	1,191	5,209	7,252	(2,043)	-28%	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	702,305	-	78,801	262,558	480,591	(218,033)	-45%	-
Expenditure - Functional										
<i>Governance and administration</i>		-	117,137	-	10,053	45,242	61,018	(15,777)	-26%	-
Executive and council		-	25,443	-	1,763	9,789	12,992	(3,204)	-25%	-
Finance and administration		-	91,694	-	8,290	35,453	48,026	(12,573)	-26%	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	38,358	-	3,791	14,891	21,429	(6,538)	-31%	-
Community and social services		-	38,358	-	3,791	14,891	21,429	(6,538)	-31%	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	18,109	-	1,747	8,533	9,347	(813)	-9%	-
Planning and development		-	18,109	-	1,747	8,533	9,347	(813)	-9%	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	251,586	-	33,143	129,887	126,157	3,730	3%	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	249,544	-	33,143	129,887	125,136	4,751	4%	-
Waste water management		-	2,043	-	-	-	1,021	(1,021)	-100%	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	425,190	-	48,734	198,554	217,951	(19,398)	-9%	-
Surplus/ (Deficit) for the year		-	277,115	-	30,066	64,005	262,640	(198,635)	-76%	-

DC24 Umzinyathi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment

Vote Description	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										
Revenue by Vote	1									
Vote 1 - Mayor and Council		-	8,283	-	2,132	5,583	6,212	(629)	-10.1%	-
Vote 2 - Corporate Services-Admin		-	46,818	-	9,986	29,728	34,930	(5,202)	-14.9%	-
Vote 3 - Finance Admin		-	48,354	-	7,879	38,196	32,968	5,228	15.9%	-
Vote 4 - Technical Service-Admin		-	206,399	-	1,191	5,211	150,826	(145,615)	-96.5%	-
Vote 5 - Municipal Manager		-	17,160	-	3,553	10,703	12,870	(2,167)	-16.8%	-
Vote 6 - Planning and Social Deve-Adm		-	18,309	-	3,553	10,994	13,620	(2,625)	-19.3%	-
Vote 7 - Community Services		-	38,461	-	8,526	24,552	28,845	(4,294)	-14.9%	-
Vote 8 - Bulk Water Services		-	318,785	-	41,981	137,592	159,392	(21,800)	-13.7%	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	702,569	-	78,801	262,558	439,664	(177,106)	-40.3%	-
Expenditure by Vote	1									
Vote 1 - Mayor and Council		-	8,283	-	793	4,212	4,141	71	1.7%	-
Vote 2 - Corporate Services-Admin		-	43,559	-	4,568	19,181	21,780	(2,598)	-11.9%	-
Vote 3 - Finance Admin		-	48,554	-	3,722	16,272	25,054	(8,781)	-35.1%	-
Vote 4 - Technical Service-Admin		-	52,559	-	1,557	7,323	26,644	(19,321)	-72.5%	-
Vote 5 - Municipal Manager		-	17,369	-	970	5,576	8,685	(3,109)	-35.8%	-
Vote 6 - Planning and Social Deve-Adm		-	18,200	-	1,747	8,533	9,100	(567)	-6.2%	-
Vote 7 - Community Services		-	39,164	-	3,791	14,891	21,832	(6,941)	-31.8%	-
Vote 8 - Bulk Water Services		-	195,892	-	31,586	122,564	97,946	24,618	25.1%	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	423,580	-	48,734	198,554	215,181	(16,627)	-7.7%	-
Surplus/ (Deficit) for the year	2	-	278,988	-	30,067	64,004	224,483	(160,478)	-71.5%	-

DC24 Umzinyathi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue By Source										
Property rates		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	46,004	-	4,377	23,271	23,002	269	1%	-
Service charges - sanitation revenue		-	14,505	-	1,191	5,216	7,252	(2,036)	-28%	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	549	-	39	253	274	(21)	-8%	-
Interest earned - external investments		-	14,509	-	772	17,557	7,255	10,302	142%	-
Interest earned - outstanding debtors		-	13,281	-	1,367	8,598	6,641	1,958	29%	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	331,672	-	71,053	206,624	248,925	(42,301)	-17%	-
Other revenue		-	21	-	1	1,038	10	1,028	9929%	-
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	420,540	-	78,801	262,558	293,359	(30,801)	-10%	-
Expenditure By Type										
Employee related costs		-	156,369	-	17,493	69,900	80,468	(10,568)	-13%	-
Remuneration of councillors		-	4,853	-	426	2,586	2,427	159	7%	-
Debt impairment		-	12,606	-	-	-	6,303	(6,303)	-100%	-
Depreciation & asset impairment		-	41,374	-	-	-	20,687	(20,687)	-100%	-
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		-	18,400	-	1,419	14,511	9,200	5,311	58%	-
Other materials		-	56,644	-	9,414	39,684	28,322	11,362	40%	-
Contracted services		-	86,923	-	15,380	36,608	45,711	(9,103)	-20%	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		-	48,022	-	4,601	35,266	24,834	10,433	42%	-
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		-	425,190	-	48,734	198,554	217,951	(19,398)	-9%	-
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	(4,650)	-	30,066	64,005	75,408	(11,403)	(0)	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all))		-	281,765	-	-	-	187,232	(187,232)	(0)	-
Surplus/(Deficit) after capital transfers & contributions		-	277,115	-	30,066	64,005	262,640			-
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	277,115	-	30,066	64,005	262,640			-
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	277,115	-	30,066	64,005	262,640			-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		-	277,115	-	30,066	64,005	262,640			-

DC24 Umzinyathi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment

Vote Description	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									
Multi-Year expenditure appropriation	2									
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services-Admin		-	-	-	-	-	-	-	-	-
Vote 3 - Finance Admin		-	-	-	-	-	-	-	-	-
Vote 4 - Technical Service-Admin		-	-	-	-	-	-	-	-	-
Vote 5 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Social Deve-Adm		-	-	-	-	-	-	-	-	-
Vote 7 - Community Services		-	-	-	-	-	-	-	-	-
Vote 8 - Bulk Water Services		-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services-Admin		-	4,024	-	20	4,098	2,012	2,086	104%	-
Vote 3 - Finance Admin		-	150	-	-	569	75	494	658%	-
Vote 4 - Technical Service-Admin		-	55,541	-	2,141	16,725	27,770	(11,045)	-40%	-
Vote 5 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Social Deve-Adm		-	200	-	-	334	100	234	234%	-
Vote 7 - Community Services		-	200	-	5	283	100	183	183%	-
Vote 8 - Bulk Water Services		-	217,000	-	35,630	116,938	108,500	8,435	8%	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	277,115	-	37,795	138,943	138,557	386	0%	-
Total Capital Expenditure		-	277,115	-	37,795	138,943	138,557	386	0%	-
Capital Expenditure - Functional Classification										
Governance and administration		-	4,174	-	20	4,666	2,087	2,579	124%	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	4,174	-	20	4,666	2,087	2,579	124%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	200	-	5	283	100	183	183%	-
Community and social services		-	200	-	5	283	100	183	183%	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	200	-	-	334	100	234	234%	-
Planning and development		-	200	-	-	334	100	234	234%	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	272,541	-	37,771	133,661	136,270	(2,610)	-2%	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	233,280	-	36,017	119,934	116,640	3,294	3%	-
Waste water management		-	39,261	-	1,754	13,727	19,630	(5,904)	-30%	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	-	277,115	-	37,795	138,943	138,557	386	0%	-
Funded by:										
National Government		-	272,541	-	37,771	133,661	136,270	(2,610)	-2%	-
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	272,541	-	37,771	133,661	136,270	(2,610)	-2%	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	4,574	-	24	5,283	2,287	2,996	131%	-
Total Capital Funding		-	277,115	-	37,795	138,943	138,557	386	0%	-

DC24 Umzinyathi - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		-	(622,521)	-	8,620	-
Call investment deposits		-	14,509	-	167,968	-
Consumer debtors		-	46,638	-	96,083	-
Other debtors		-	-	-	11,469	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	-	75	-
Total current assets		-	(561,374)	-	284,215	-
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		-	-	-	848	-
Investments in Associate		-	-	-	295,229	-
Property, plant and equipment		-	235,741	-	2,260,146	-
Agricultural		-	-	-	-	-
Biological		-	-	-	-	-
Intangible		-	-	-	912	-
Other non-current assets		-	-	-	-	-
Total non current assets		-	235,741	-	2,557,134	-
TOTAL ASSETS		-	(325,632)	-	2,841,350	-
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		-	-	-	-	-
Trade and other payables		-	(613,251)	-	306,164	-
Provisions		-	-	-	-	-
Total current liabilities		-	(613,251)	-	306,164	-
Non current liabilities						
Borrowing		-	8,056	-	(56)	-
Provisions		-	2,448	-	87,843	-
Total non current liabilities		-	10,504	-	87,787	-
TOTAL LIABILITIES		-	(602,747)	-	393,950	-
NET ASSETS	2	-	277,115	-	2,447,399	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		-	277,115	-	2,447,399	-
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	277,115	-	2,447,399	-

DC24 Umzinyathi - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	-	-	-	-	-	-	-	-
Service charges		-	60,509	-	2,608	17,295	30,254	(12,959)	-43%	-
Other revenue		-	569	-	40	1,291	285	1,007	354%	-
Government - operating		-	331,672	-	71,053	217,273	248,925	(31,652)	-13%	-
Government - capital		-	281,765	-	-	116,596	187,232	(70,636)	-38%	-
Interest		-	27,790	-	842	17,077	13,895	3,182	23%	-
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		-	(381,369)	-	(48,734)	(241,652)	(196,041)	45,612	-23%	-
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	320,936	-	25,809	127,880	284,550	156,670	55%	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	(277,115)	-	(37,795)	(138,943)	(138,943)	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(277,115)	-	(37,795)	(138,943)	(138,943)	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	43,821	-	(11,986)	(11,063)	145,607			-
Cash/cash equivalents at beginning:		-	-	-		150,841	-			150,841
Cash/cash equivalents at month/year end:		-	43,821	-		139,778	145,607			150,841

3.6 Creditors' analysis

UMZINYATHI DISTRICT MUNICIPALITY							
Creditors Ageing Report as at 31 December 2018 - Sundry Creditors							
	0 - 30 Days	31 -60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	Over 1 Year	TOTAL
Creditors	9,089,798	1,453,185	9,834,183	4,419,112	712,433	42,515,509	68,024,220

Major creditors were as follows:

- 0-30 days' main creditor Uswazi Construction for R4,842,823
- 31-60 days' main creditor Sikoti Investments for R874,481
- 61-90 days' main creditor Africa Consulting Engineers for R5,463,385
- 91-120 days' main creditor Sikoti Investments for R2,508,314
- 121-150 days' main creditor Xmoor Transport (Pty) Ltd R672,750
- Over 1-year main creditor Ab Projects (Pty) Ltd R11,409,445 and retentions withheld from creditors.

3.7 Debtors' Analysis

Opening balances at 01/07/2018	R 243,855,342
Plus billings for six (6) months (July- December 2017)	R 42,250,838
Less Free basic services	R 463,339
Amount due to UMzinyathi District Municipality	R 285,642,841
Collection for six (6) months	R 16,947,104
Outstanding balance due to UMzinyathi District Municipality as at 31/12/2017	R 268,695,737
Collection rate over six (6) months	40%

3.8 Primary bank Account

Reconciliation of the primary bank

Balance as per Bank statement	R 13,817,717
Plus outstanding deposits	R 3,559,216
Less outstanding payments	R 9,439,644
Balance as per Cash book at 31/12/2018	R 7,937,289



3.9 Investment portfolio analysis

INVESTMENT SUMMARY AS AT 31 DECEMBER 2018

2018/2019

INSTITUTION	ACCOUNT NUMBER	TYPE OF FUNDS INVESTED	BALANCE 2018/07/01	INVESTED	Withdrawal/ Transfers	INTEREST	BALANCE 2018/12/31
ABSA (1802)	9330621802	EQUITABLE SHARE	27 207	0			
ABSA (3437)	2078093437	EQUITABLE SHARE	0	11 500 000	0	14 299	41 507
ABSA (3885)	2078093885	EQUITABLE SHARE	0	11 500 000	0	47 575	11 547 575
FIRST NATIONAL BANK	74321014438	VAT REFUND	49 861 471	13 579 672	28 676 091	1 011 069	11 546 945
FIRST NATIONAL BANK	62353578564	RETENTION MONIES	47 322	17 676 100	15 626 670	315 035	35 776 122
INVESTEC (450)	1100-461-826-450	EQUITABLE SHARE	0	10 000 000	10 118 900	118 900	(0)
INVESTEC (451)	1100-461826-451	EQUITABLE SHARE	0	10 000 000	10 188 482	188 482	0
INVESTEC (502)	1100-461826-502	WSIG, MWIG, RBIG	40 106 646	47 762 467	42 008 394	1 834 231	47 694 950
INVESTEC (503)	1100-461826-503	EQUITABLE SHARE	21 810	0	0	714	22 523
NEDBANK (000001)	73370000049	RAMS, EPWP	5 932 316	5 182 000	0	244 945	11 359 261
NEDBANK (000006)	7337000049/000006	RAMS, EPWP	0	11 500 000	11 718 475	218 475	(0)
NEDBANK (000005)	7337000049/000005	EQUITABLE SHARE	0	19 000 000	19 481 314	481 314	0
NEDBANK (000007)	7337000049/000007	EQUITABLE SHARE	0	11 500 000	11 633 435	133 435	0
NEDBANK (000008)	7337000049/000008	EQUITABLE SHARE	0	11 500 000	11 564 753	64 753	(0)
STANDARD BANK (003)	308632095 - 003	MIG	245 365	61 587 439	61 921 280	1 101 800	1 013 324
STANDARD BANK (005)	308632095 - 005	EQUITABLE SHARE	10 381	0	4 449	241	6 173
STANDARD BANK (239)	35517239	EQUITABLE SHARE	4 517 912	0	0	22 699	4 540 611
TOTAL			100 770 430	242 287 678	222 942 242	5 844 912	125 960 778



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www.umzinyathi.gov.za

FRANCES MAGOGO BUILDING, 30 VICTORIA AVENUE, DURBAN 4001, TEL: 031 276 1500 FAX: 031 216 1049

3.10 Allocation and grant receipts and expenditure

The disclosure on allocation grant and receipts expenditure must reflect particulars of –

DCA Umzinyathi District Municipality		Opening Balance as at Sunday, 01 July 2018	DORA Grant allocations for 2018/2019	Receipts	Expenditure: Operating (Revenue Recognised)	Expenditure Capital (Revenue Recognised)	Adjustments	Percentage spent of DORA grant allocation	Unspent Closing Balance as at Monday, 31 December 2018
Name of grant	Department Responsible for utilisation of grant								
Expanded Public Works Programme Integrated grant for Municipalities (EPWP)	Technical	R -	R 5,109,000	R 3,577,000	R 2,593,471	R -	R -	51%	R 983,529
Financial Management Grant (FMG)	Finance	R -	R 1,320,000	R 1,320,000	R 294,383	R -	R -	22%	R 1,025,617
Municipal Infrastructure Grant (MIG)	Technical	R -	R 184,485,000	R 66,000,000	R -	R 67,072,243	R -	36%	R -1,072,243
Water Services Infrastructure Grant (WSIG)	Technical	R 36,548,450	R 55,000,000	R 20,000,000	R -	R 36,512,289	R -36,548,450	66%	R -16,512,289
Regional Bulk Infrastructure Grant (RBIG)	Technical	R -	R 40,000,000	R 29,000,000	R -	R 16,950,914	R -	42%	R 12,049,086
Rural Roads Asset Management Systems Grant (RRAMSG)	Technical	R 749,954	R 2,280,000	R 1,596,000	R -	R 1,600,988	R -749,954	70%	R -4,988
Development Planning Shared Services (DPSS)	Planning	R 126,884	R 450,000	R 450,000	R 75,304	R -	R -	17%	R 501,580
District Growth & Development Summit Grant (DGDGSG)	Planning	R 300,000	R -	R -	R 244,102	R -	R -	81%	R 55,898
TOTAL		R 37,725,287	R 288,644,000	R 121,943,000	R 3,207,260	R 122,156,434	R -37,298,404	43%	R -2,973,811

3.11 Expenditure on councillor allowances and employee benefits

DC24 Umzinyathi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment

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		-	3,513	-	294	1,820	1,756	64	4%	-
Pension and UIF Contributions		-	223	-	21	131	111	20	18%	-
Medical Aid Contributions		-	-	-	2	9	-	9	#DIV/0!	-
Motor Vehicle Allowance		-	604	-	58	316	302	14	5%	-
Cellphone Allowance		-	513	-	52	309	257	52	20%	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		-	4,853	-	426	2,586	2,427	159	7%	-
% increase	4		#DIV/0!							
Senior Managers of the Municipality										
Basic Salaries and Wages		-	5,131	-	144	1,293	2,566	(1,273)	-50%	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	983	-	15	205	491	(286)	-58%	-
Cellphone Allowance		-	126	-	2	21	63	(42)	-67%	-
Housing Allowances		-	465	-	17	103	232	(130)	-56%	-
Other benefits and allowances		-	387	-	2	74	194	(120)	-62%	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	7,092	-	179	1,696	3,546	(1,850)	-52%	-
% increase	4		#DIV/0!							
Other Municipal Staff										
Basic Salaries and Wages		-	100,895	-	8,515	45,448	50,448	(4,999)	-10%	-
Pension and UIF Contributions		-	24,727	-	1,163	6,480	12,364	(5,883)	-48%	-
Medical Aid Contributions		-	4,458	-	309	1,929	2,229	(300)	-13%	-
Overtime		-	3,508	-	649	3,840	1,754	2,087	119%	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	2,374	-	180	964	1,187	(223)	-19%	-
Cellphone Allowance		-	582	-	35	184	291	(107)	-37%	-
Housing Allowances		-	1,237	-	49	246	619	(373)	-60%	-
Other benefits and allowances		-	8,950	-	6,472	7,786	6,758	1,028	15%	-
Payments in lieu of leave		-	2,448	-	21	1,043	1,224	(181)	-15%	-
Long service awards		-	97	-	(79)	282	49	233	479%	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		-	149,277	-	17,314	68,203	76,922	(8,718)	-11%	-
% increase	4		#DIV/0!							
Total Parent Municipality		-	161,222	-	17,919	72,485	82,894	(10,409)	-13%	-

3.12 Conclusion

Challenges

- Low debt recovery.
- Huge contingent liabilities.
- Deviation from budgeting % norm as prescribed by Treasury circular 71 of January 2014.
- Over spending on important votes such as Repairs and maintenance, Water operations and management O&M.
- High rate of un-condoned irregular expenditure and SCM irregularities.
- Financial Management System proven by Auditor General and staff to be suffering from serious operating limitations/ineffectiveness.

Possible solutions

- Implementation of the municipal revenue enhancement strategy.
- Enhance BTO staff potential by revising their job descriptions and offer them training.
- Implementation of critical cost containment measures.
- Introduce Financial Delegation system and Performance agreement to the staff below HOD's.
- Only prioritise expenditure items critical to the core function of the municipality.



UMGINYATHI DISTRICT
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3.13 Recommendations

- a) That an adjustment budget be drafted and be tabled to Council by end of February 2019; and
- b) That revised projections of revenue and expenditure be included in the adjustment budget.
- c) That only key municipal vacant positions of the Municipal Employee Structure be filled by council.

Submitted by

SS Mhlongo

Acting Chief Financial Officer

3.14 Municipal manager's quality certification

Quality Certificate

I **Mr. SB Ndabandaba**, Municipal Manager of **UMzinyathi District Municipality (DC24)**, hereby certify that the mid-year budget and performance assessment for first half of 2018/2019 financial year has been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act.

Print Name: Siphon Bonginkosi Ndabandaba

Municipal manager of: UMzinyathi District Municipality DC24

Signature:



Date:

24/01/2019