

MTUBATUBA



UMASIPALA . MUNICIPALITY . MUNISIPALITEIT

Physical Address: Lot 105 INkosi Mtubatuba Road, Mtubatuba, 3935



52 Mtubatuba 3935



(035) 550 0069



Fax (035) 550 0060

**CONSOLIDATED BUDGET IMPLEMENTATION REPORTS IN TERMS
OF SEC72, SEC54 OF THE MFMA AND REGULATION 28 OF THE
MBRR FOR THE PERIOD ENDED**

31 December 2015

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Mayor's Report

- This report will be table to council on the 29 January 2015, therefore the Mayors report will follow after the council meeting.
- The council resolution will follow thereafter.

EXECUTIVE SUMMARY

Purpose

The Purpose of this report is to comply with section 52(d) and Sec72 (1) (a) of the Municipal Finance Management Act (MFMA) and other requirements as introduced in the Government Gazette No:32141 of 17 April 2009 regarding Municipal Budget and Regulation, which requires that specific financial particulars be reported on and in the prescribe format.

Background

Section 72 of the MFMA (Act No: 56 of 2003) state that:

- (1) 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, taking into account—
 - (i) The monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) The past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) The performance of every municipal entity under the sole or shared Control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) Submit a report on such assessment to—
 - (i) The mayor of the municipality;
 - (ii) The National Treasury; and
 - (iii) The relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.
- (3) The accounting officer must, as part of the review—
 - (a) Make recommendations as to whether an adjustments budget is necessary; and
 - (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 54 of the MFMA (Act No: 56 of 2003) state that:

- (1) On receipt of a statement or report submitted by the accounting officer of the Municipality in terms of section 71 or 72, the mayor must—
 - (a) Consider the statement or report;
 - (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
 - (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
 - (d) Issue any appropriate instructions to the accounting officer to ensure—

- (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) That spending of funds and revenue collection proceed in accordance with the budget;
 - (e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - (f) In the case of a section 72 report, submit the report to the council by 31 January of each year.
- (2) If the municipality faces any serious financial problems, the mayor must—
- (a) Promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include—
 - (i) Steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
 - (ii) The tabling of an adjustments budget; or
 - (iii) Steps in terms of Chapter 13; and
 - (b) Alert the council and the MEC for local government in the province to those problems.
- (3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

The Mid-Year Report and supporting tables of Mtubatuba Municipality is prepared in accordance with the Municipal Budget and Reporting Regulations.

Table C1 Monthly budget Statement Summary

KZN275 Mtubatuba - Table C1 Monthly Budget Statement Summary - M06 December

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									
Financial Performance									
Property rates	21,378	25,482	-	2,415	14,701	12,741	1,960	15%	25,482
Service charges	4,857	7,472	-	425	2,443	3,736	(1,293)	-35%	7,472
Investment revenue	761	2,128	-	196	1,196	1,064	132	12%	2,128
Transfers recognised - operational	91,532	125,711	-	1,641	93,127	62,856	30,271	48%	125,711
Other own revenue	13,802	6,567	-	881	5,041	3,284	1,757	54%	6,567
Total Revenue (excluding capital transfers and contributions)	132,330	167,361	-	5,558	116,508	83,680	32,828	39%	167,361
Employee costs	41,571	46,146	-	4,741	22,271	23,073	(802)	-3%	46,146
Remuneration of Councillors	7,209	11,022	-	888	5,581	5,511	70	1%	11,022
Depreciation & asset impairment	16,287	16,520	-	1,339	7,839	8,260	(421)	-5%	16,520
Finance charges	1,151	442	-	1	17	221	(204)	-92%	442
Materials and bulk purchases	6,526	12,619	-	610	4,213	6,309	(2,096)	-33%	12,619
Transfers and grants	-	147	-	22	35	74	(38)	-52%	147
Other expenditure	39,392	48,360	-	3,449	21,619	24,180	(2,561)	-11%	48,360
Total Expenditure	112,137	135,257	-	11,050	61,576	67,628	(6,052)	-9%	135,257
Surplus/(Deficit)	20,193	32,104	-	(5,492)	54,932	16,052	38,880	242%	32,104
Transfers recognised - capital	29,525	30,000	-	1,085	1,729	15,000	(13,271)	-88%	30,000
Contributions & Contributed assets	8,510	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	58,228	62,104	-	(4,407)	56,661	31,052	25,609	82%	62,104
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	58,228	62,104	-	(4,407)	56,661	31,052	25,609	82%	62,104
Capital expenditure & funds sources									
Capital expenditure	31,915	48,250	-	4,585	8,091	24,125	(16,034)	-66%	48,250
Capital transfers recognised	29,525	30,000	-	952	1,418	15,000	(13,582)	-91%	30,000
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	2,390	18,250	-	3,634	6,672	9,125	(2,453)	-27%	18,250
Total sources of capital funds	31,915	48,250	-	4,585	8,091	24,125	(16,034)	-66%	48,250
Financial position									
Total current assets	35,212	74,866	-	-	88,965	-	-	-	74,866
Total non current assets	353,284	351,031	-	-	353,537	-	-	-	351,031
Total current liabilities	21,658	19,502	-	-	20,542	-	-	-	19,502
Total non current liabilities	6,849	9,816	-	-	6,764	-	-	-	9,816
Community wealth/Equity	359,988	396,579	-	-	415,196	-	-	-	396,579
Cash flows									
Net cash from (used) operating	46,258	74,240	-	(11,791)	58,790	37,120	(21,670)	-58%	74,240
Net cash from (used) investing	(31,954)	(48,250)	-	(25,227)	(41,739)	(24,125)	17,614	-73%	(48,250)
Net cash from (used) financing	(1,354)	(1,250)	-	-	-	(625)	(625)	100%	(1,250)
Cash/cash equivalents at the month/year end	13,844	29,483	-	-	30,234	17,113	(13,122)	-77%	37,923
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	3,409	5,470	1,480	2,157	2,142	802	43,435	14,724	73,619
Creditors Age Analysis									
Total Creditors	296	267	118	-	78	-	263	-	1,021

Table C1 summarises the Revenue and Expenditure Operational, Capital Expenditure and Source of Funding, Financial Position, Cash Flow, Aged Debtors and Aged Creditors.

Table C2 Monthly budget statement (Financial Performance) standard Classifications.

KZN275 Mtubatuba - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

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	1									
Revenue - Standard										
<i>Governance and administration</i>		126,560	108,310	-	18,689	84,199	54,155	30,044	55%	108,310
Executive and council		-	22,338	-	22,338	22,338	11,169	11,169	100%	22,338
Budget and treasury office		126,560	73,309	-	(4,888)	60,622	36,655	23,967	65%	73,309
Corporate services		-	12,663	-	1,239	1,239	6,331	(5,092)	-80%	12,663
<i>Community and public safety</i>		10,968	27,513	-	(17,841)	25,453	13,756	11,697	85%	27,513
Community and social services		7,187	19,152	-	(23,720)	18,596	9,576	9,020	94%	19,152
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3,780	8,361	-	5,878	6,857	4,180	2,677	64%	8,361
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		29,525	43,762	-	5,508	6,968	21,881	(14,913)	-68%	43,762
Planning and development		-	4,286	-	4,203	4,227	2,143	2,084	97%	4,286
Road transport		29,525	39,476	-	1,305	2,742	19,738	(16,996)	-86%	39,476
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3,275	17,776	-	287	1,617	8,888	(7,272)	-82%	17,776
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,275	17,776	-	287	1,617	8,888	(7,272)	-82%	17,776
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	170,328	197,361	-	6,643	118,237	98,680	19,557	20%	197,361
Expenditure - Standard										
<i>Governance and administration</i>		65,918	77,462	-	4,782	29,352	38,731	(9,379)	-24%	77,462
Executive and council		16,941	22,338	-	2,528	12,400	11,169	1,230	11%	22,338
Budget and treasury office		38,203	41,911	-	1,432	10,271	20,956	(10,685)	-51%	41,911
Corporate services		10,774	13,213	-	821	6,682	6,606	75	1%	13,213
<i>Community and public safety</i>		25,983	26,526	-	2,956	15,800	13,263	2,537	19%	26,526
Community and social services		17,148	18,165	-	1,900	10,434	9,082	1,352	15%	18,165
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		8,835	8,361	-	1,056	5,366	4,180	1,185	28%	8,361
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10,038	18,871	-	2,119	10,044	9,435	608	6%	18,871
Planning and development		2,353	4,286	-	185	1,037	2,143	(1,106)	-52%	4,286
Road transport		7,685	14,585	-	1,935	9,007	7,293	1,714	24%	14,585
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		10,161	12,398	-	1,193	6,380	6,199	181	3%	12,398
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10,161	12,398	-	1,193	6,380	6,199	181	3%	12,398
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	112,100	135,257	-	11,050	61,576	67,628	(6,052)	-9%	135,257
Surplus/ (Deficit) for the year		58,228	62,104	-	(4,407)	56,661	31,052	25,609	82%	62,104

Table C2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.

Table C3 Monthly Budget Statement (Financial Performance) Revenue and Expenditure by Municipal Vote

KZN275 Mtubatuba - 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										
Revenue by Vote	1									
Vote 1 - Executive and council		–	22,338	–	22,338	22,338	11,169	11,169	100.0%	22,338
Vote 2 - Budget and Treasury		126,560	73,309	–	(4,888)	60,622	36,655	23,967	65.4%	73,309
Vote 3 - Corporate Services		–	12,663	–	1,239	1,239	6,331	(5,092)	-80.4%	12,663
Vote 4 - Community Services		3,958	16,429	–	(23,836)	16,646	8,214	8,432	102.6%	16,429
Vote 5 - Libraries and archives		3,229	2,723	–	117	1,950	1,362	588	43.2%	2,723
Vote 6 - Planning and Economic Development		–	4,286	–	4,203	4,227	2,143	2,084	97.2%	4,286
Vote 7 - Roads		29,525	39,476	–	1,305	2,742	19,738	(16,996)	-86.1%	39,476
Vote 8 - Licences and permits		3,780	8,361	–	5,878	6,857	4,180	2,677	64.0%	8,361
Vote 9 - Solid Waste		3,275	17,776	–	287	1,617	8,888	(7,272)	-81.8%	17,776
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	170,328	197,361	–	6,643	118,237	98,680	19,557	19.8%	197,361
Expenditure by Vote	1									
Vote 1 - Executive and council		16,941	22,338	–	2,528	12,400	11,169	1,230	11.0%	22,338
Vote 2 - Budget and Treasury		38,203	41,911	–	1,432	10,271	20,956	(10,685)	-51.0%	41,911
Vote 3 - Corporate Services		10,774	13,213	–	821	6,682	6,606	75	1.1%	13,213
Vote 4 - Community Services		15,024	15,883	–	1,598	8,478	7,942	536	6.7%	15,883
Vote 5 - Libraries and archives		2,124	2,282	–	301	1,957	1,141	816	71.5%	2,282
Vote 6 - Planning and Economic Development		2,353	4,286	–	185	1,037	2,143	(1,106)	-51.6%	4,286
Vote 7 - Roads		7,685	14,585	–	1,935	9,007	7,293	1,714	23.5%	14,585
Vote 8 - Licences and permits		8,835	8,361	–	1,056	5,366	4,180	1,185	28.4%	8,361
Vote 9 - Solid Waste		10,161	12,398	–	1,193	6,380	6,199	181	2.9%	12,398
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	112,100	135,257	–	11,050	61,576	67,628	(6,052)	-8.9%	135,257
Surplus/ (Deficit) for the year	2	58,228	62,104	–	(4,407)	56,661	31,052	25,609	82.5%	62,104

Table C3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table C4 Monthly Budget Statement (Financial Performance) Revenue and Expenditure.

KZN275 Mtubatuba - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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										
Revenue By Source										
Property rates		21,378	25,482	-	2,415	14,701	12,741	1,960	15%	25,482
Property rates - penalties & collection charges		-	-	-	-	-	-	-		-
Service charges - electricity revenue		-	-	-	-	-	-	-		-
Service charges - water revenue		-	-	-	-	-	-	-		-
Service charges - sanitation revenue		-	-	-	-	-	-	-		-
Service charges - refuse revenue		3,275	5,778	-	287	1,617	2,889	(1,272)	-44%	5,778
Service charges - other		1,582	1,694	-	138	827	847	(20)	-2%	1,694
Rental of facilities and equipment		239	262	-	17	119	131	(12)	-9%	262
Interest earned - external investments		761	2,128	-	196	1,196	1,064	132	12%	2,128
Interest earned - outstanding debtors		6,730	3,262	-	670	3,693	1,631	2,062	126%	3,262
Dividends received		-	-	-	-	-	-	-		-
Fines		1,282	202	-	-	3	101	(97)	-97%	202
Licences and permits		2,504	2,468	-	182	1,159	1,234	(76)	-6%	2,468
Agency services		-	-	-	-	-	-	-		-
Transfers recognised - operational		91,532	125,711	-	1,641	93,127	62,856	30,271	48%	125,711
Other revenue		3,047	373	-	10	67	186	(120)	-64%	373
Gains on disposal of PPE		-	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		132,330	167,361	-	5,558	116,508	83,680	32,828	39%	167,361
Expenditure By Type										
Employee related costs		41,571	46,146	-	4,741	22,271	23,073	(802)	-3%	46,146
Remuneration of councillors		7,209	11,022	-	888	5,581	5,511	70	1%	11,022
Debt impairment		8,077	8,617	-	0	158	4,308	(4,151)	-96%	8,617
Depreciation & asset impairment		16,287	16,520	-	1,339	7,839	8,260	(421)	-5%	16,520
Finance charges		1,151	442	-	1	17	221	(204)	-92%	442
Bulk purchases		-	-	-	-	-	-	-		-
Other materials		6,526	12,619	-	610	4,213	6,309	(2,096)	-33%	12,619
Contracted services		10,339	13,904	-	1,454	7,432	6,952	481	7%	13,904
Transfers and grants		-	147	-	22	35	74	(38)	-52%	147
Other expenditure		20,939	25,840	-	1,994	14,029	12,920	1,109	9%	25,840
Loss on disposal of PPE		37	-	-	-	-	-	-		-
Total Expenditure		112,137	135,257	-	11,050	61,576	67,628	(6,052)	-9%	135,257
Surplus/(Deficit)		20,193	32,104	-	(5,492)	54,932	16,052	38,880	0	32,104
Transfers recognised - capital		29,525	30,000	-	1,085	1,729	15,000	(13,271)	(0)	30,000
Contributions recognised - capital		-	-	-	-	-	-	-		-
Contributed assets		8,510	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		58,228	62,104	-	(4,407)	56,661	31,052			62,104
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		58,228	62,104	-	(4,407)	56,661	31,052			62,104
Attributable to minorities		-	-	-	-	-	-	-		-
Surplus/(Deficit) attributable to municipality		58,228	62,104	-	(4,407)	56,661	31,052			62,104
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year		58,228	62,104	-	(4,407)	56,661	31,052			62,104

The Statement of Financial Performance shown in Table C4, is prepared on the similar basis to the prescribed budget format, detailing Revenue by Source and Expenditure by Type. There were no material variances in the income components of Service Charge: Other, Licence and Permits and Rentals of Facilities and Equipment. The following income components have the variances:

Property Rates

- Property Rates has a variance of 15 percent and a rand value of R1, 960, 000. The municipality has under budgeted for this line item because it has billed more than the budget. As at May 2015, the new valuation roll to be used in 2015/16 financial year had not been finalised as a result of objection outcomes, number of appeals and so on were still outstanding. The other issues in this regard will be addressed through supplementary roll. The municipality recommends an adjustment against this line item.

Service Charge: Refuse

- Service Charge Refuse has a variance of 44 percent and a rand value of R1 272, 000. The municipality has over budgeted for this line item because of an increase in the number of properties due to new valuation roll, the municipality anticipated that it will bill more revenue however as at the end of December 2015 the anticipated revenue has materialised. This also emanate from vacant sites that were incorrectly included as properties in the valuation roll. However these kind of issues are get resolve on daily basis by revenue section. Therefore, the municipality recommend an adjustment downwards against this line item.

Interest Earned-External Investments

- Interest Earned- External Investments has a high variance of 12 percent and a rand value of R132, 000. The municipality has set aside the funds to the investment account so that it will generate interest. From July to October 2015, the municipality has generated more income on this line item due to grants sitting in the main Municipal account. Funds has been set aside to the investment accounts and there is improvements as the municipality is in the process of facilitating grant expenditure. The municipality will not recommend an adjustment in this line item.

Interest Earned-Outstanding Debtors

- Interest Earned-Outstanding Debtors have a variance of 126 percent and a rand value of R2, 062, 000. This is because of the increase in long outstanding debtors in the Municipal debtor's book that arise from the previous financial years. The municipality still has a challenge of disagreement with residents due to incorrect address to send statement, disagreement in billing, the fifty percent rebate and issue of title deeds. The Revenue Manager is still not recruited to oversee the revenue department. The municipality has advertised for data cleansing but has not yet awarded. No write-off of long outstanding debtors has taken place. The municipality recommend an adjustment against this line item.

Fines

- Fines has a variance of 97 percent and a rand value of R97, 000. Income from fines is from the combination of traffic fines and library fines. The municipality has received less income from Fines. The Testing station camera for fine is no longer working from last year. There is the lack of over sight within that

department. Two Municipal traffic vehicles have been delivered which we anticipate it bring more improvement in generating income. The municipality recommend an adjustment against this line item.

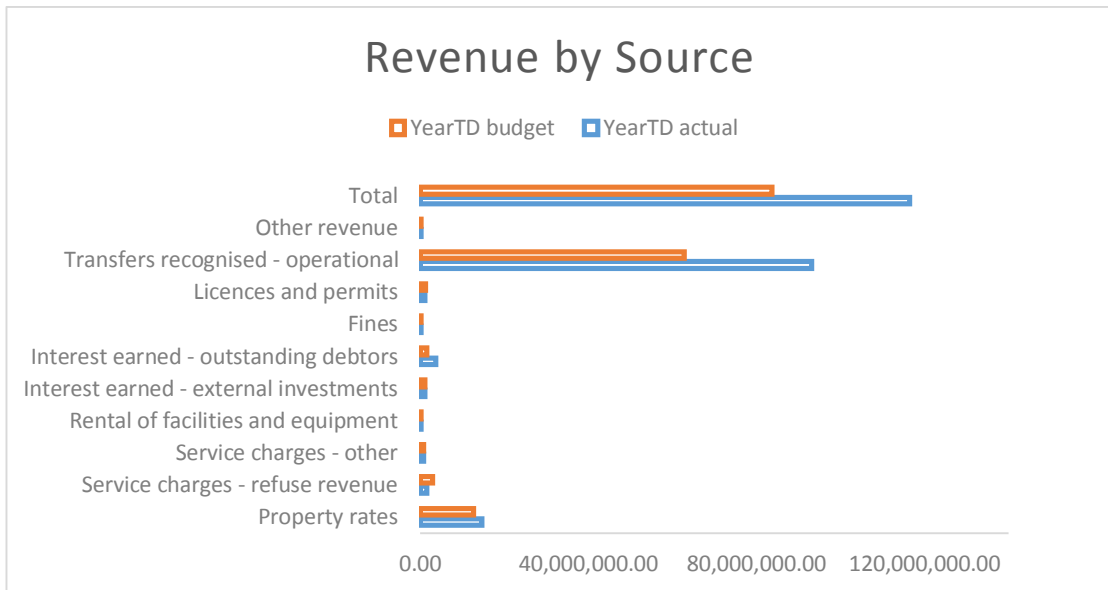
Transfers Recognised-Operational

- Transfers Recognised-Operational has a variance of 48 percent and a rand value of R30, 271, 000 million. This because of once of receipts grants of FMG, MSIG and Quarterly receipts of Equitable Share. The municipality will ensure that grants are spent as budgeted. No adjustment will be made in this line item.

Other Revenue

- Other Revenue has a variance of 64 percent and rand of R120, 000. Other revenue is a combination of building plan fees, burial fees, rates clearance certificate, sale of documents and search fees. All of the above mention items are non-recurring transaction and the income receipt from other revenue fluctuate on the month to month basis. The municipality recommend an adjustment in this line item.

Revenue by Source		
Description	Year TD actual	Year TD budget
Property rates	14,700,915.00	12,741,147.00
Service charges - refuse revenue	1,616,592.00	2,889,007.00
Service charges - other	826,576.00	847,013.00
Rental of facilities and equipment	119,208.00	131,235.00
Interest earned - external investments	1,196,124.00	1,064,045.00
Interest earned - outstanding debtors	3,692,805.00	1,630,911.00
Fines	3,454.00	100,936.00
Licences and permits	1,158,504.00	1,234,165.00
Transfers recognised - operational	93,126,989.00	62,855,500.00
Other revenue	66,838.00	186,418.00
Total	116,508,005.00	83,680,377.00



The above bar graph depicts the year to date actuals represented by blue colour versus the year to date Budget represented by light brown.

There were no material variance in the expenditure component of Employee related cost, Remuneration of Councillors, Depreciation and Asset Impairment, Contracted Services and Other Expenditure. The following expenditure components have the variances.

Debt Impairment

- Debt impairment has a variance of 96 percent and a rand value of R 4, 151, 000. This is because the municipality has not yet assigned a person who will cater for impairment using the correct procedure and policy on a month-to-month basis. The municipality will capacitate one of the finance officials in the absence of the Revenue Manager that is not yet recruited. The municipality will visit residents in order to register for indigents so that it will get the clear picture whether to write off or not. The municipality will not recommend the adjustment in this line item because the amount budgeted is reasonable and is in line with the prior year's trends.

Finance Charges

- Finance charges have a variance of 92 percent and a rand value of R204, 000. The most contributing factors to this variance is the unpaid interest on Development Bank of Southern Africa (DBSA) loan. The municipality budgeted to pay DBSA loan and interest thereof in the beginning of the financial year but it has not done so till now. The Municipality will request invoice and statements from DBSA in order to process the interest and capital to avoid future interest. The municipality will not recommend an adjustment to this line item.

Other Materials

- Other Material has a variance of 33 percent and a rand value of R2, 096, 000. Other Material variance relate to repairs and maintenance that must be done internally. The municipality has just appointed the Manager Operation who has fast tracked the processes and will ensure that facilities are repaired as budgeted. The municipality is also on the process of awarding services providers that will be repairing Municipal Facilities.

Contracted Services

- Contracted Services has a variance of 7 percent and a rand value of R481 000. The municipality has also spend less on contracted services due to the delay in securing a services provider for Nordale Dumpsite which will be contracted. This Contractor contribute around 26 percent of the total contracted services budget. The municipality will also fast track all other contracted services that still undergoing SCM processes. The Municipality recommend no adjustment to against this line item.

Transfers and Grants

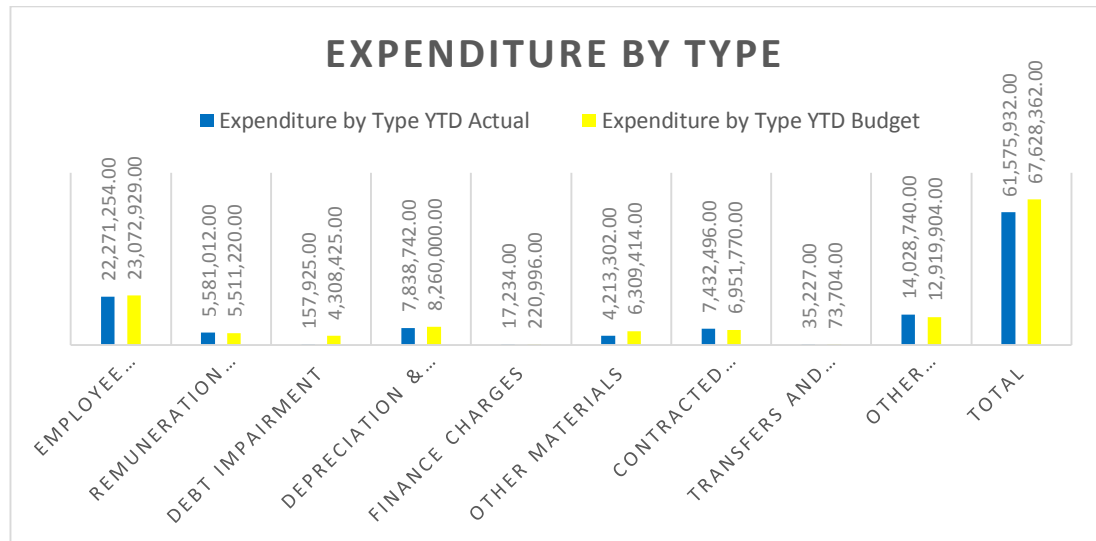
- Transfers and Grants has a variance of 52 percent and a rand value of R38, 000. Transfers and Grants relate to free basic electricity provided to Mtubatuba residents. The municipality will now allocate Eskom accounts with free basic electricity to the relevant vote and reclassify those previous invoice incorrectly raised. There is the improvements in the spending on Transfers and Grants hence the municipality will not recommend an adjustment in this line item.

Other Expenditure

- Although there is no material variance in Other Expenditure, The municipality will adjust other components of Other Expenditure that has no expenditure to those items that has more Expenditure than the variance. Included in other expenditure are items that was not budgeted like speed management contract, Security and body guard for some EXCO members and other small items. On such items adjustment will be made to ensure that we don't have unauthorised expenditure and we are complying section 28(c) (g) and 32 (2) a of MFMA and regulation 23(1),(2)(4) (6)of MBRR

Expenditure by Type		
Description	YTD Actual	YTD Budget
Employee related costs	22,271,254.00	23,072,929.00
Remuneration of councillors	0	0
Debt impairment	5,581,012.00	5,511,220.00
Depreciation & asset impairment	157,925.00	4,308,425.00
Finance charges	7,838,742.00	8,260,000.00
Other materials	17,234.00	220,996.00
	4,213,302.00	6,309,414.00

Contracted services	7,432,496.00	6,951,770.00
Transfers and grants	35,227.00	73,704.00
Other expenditure	14,028,740.00	12,919,904.00
Total	61,575,932.00	67,628,362.00



The above bar graph depicts the year to date expenditure represented by blue colour versus the year to date Budget represented by yellow colour.

Table C5 Monthly Budget statement- Capital Expenditure (Municipal Vote, Standard Classification and Funding.

KZN275 Mtubatuba - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - 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	1									
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		857	900	-	59	650	450	200	44%	900
Vote 4 - Community Services		150	8,000	-	468	1,263	4,000	(2,737)	-68%	8,000
Vote 5 - Libraries and archives		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-
Vote 7 - Roads		28,208	27,200	-	952	2,311	13,600	(11,289)	-83%	27,200
Vote 8 - Licences and permits		-	5,000	-	-	384	2,500	(2,116)	-85%	5,000
Vote 9 - Solid Waste		2,701	7,150	-	3,107	3,482	3,575	(93)	-3%	7,150
Total Capital single-year expenditure	4	31,915	48,250	-	4,585	8,091	24,125	(16,034)	-66%	48,250
Total Capital Expenditure		31,915	48,250	-	4,585	8,091	24,125	(16,034)	-66%	48,250

The municipality has spent an insignificant portion in capital projects. Most of the project we late registered on MIG Municipal Information System in order to be approved thus delaying the project implementation. This was because of the change of project reprioritization as at the end of the last financial year. Most of the projects are now approved for MIG and appointments has been made to certain services provider to the value of **R 15,703,425.87**. The following table depict MIG commitments and Expenditure Acceleration plan as at beginning of January 2015. These project are budgeted under Roads departments.

PROJECT NAME	MIG PROJECT NUMBER	AWARD VALUE	CONTRACTOR
Emchakwini Access Road, Ward 10	2015MIGFK275213623	R 7,500,042.33	Sele and Musa Trading & Tours
Shunqa Access Road, Ward 17	2015MIGFK275214521	R 3,315,820.53	Makheleni Construction
Madondo Access Road, Ward 09	2013MIGFK275123659	R 1,598,897.50	Dinlengs Trading
Nkodibe, Nkombose Road, ward 6	2015MIGFK275123623	R 1,696,408.00	Nhlangulela Contruction and Projects
Mfekayi Pension Point, Ward 08	2015MIGFK275230527	R 799,723.68	Luyeza Trading
Ezwelishisa Market Stalls, Ward 04	2015MIGFK275228571	R 792,533.83	Mzimkhulu Trading Enterprise
TOTAL		R 15,703,425.87	

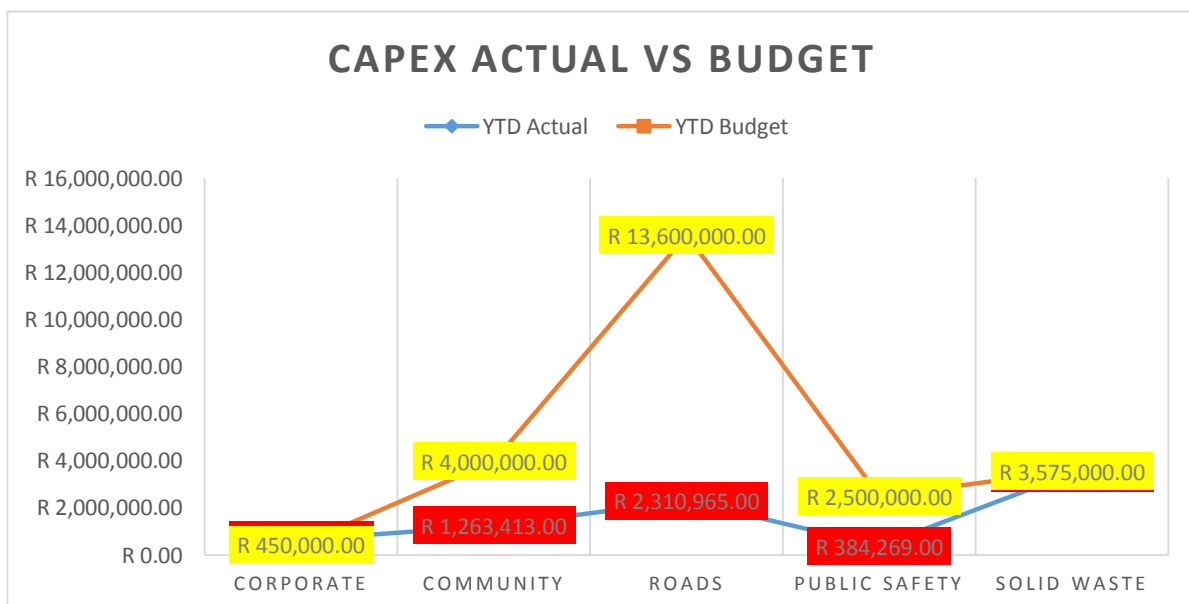
The Municipality will also wait for the outcome that will be derived at with National CoGTA for a meeting schedule the 25 January 2016 for the remainder of capital projects.

The Municipality will recommend the adjustment to public safety department as it has budgeted to construct the new testing centre which will not be possible this financial year as we await the approval from other government departments such Department of Transport.

The Municipality will also adjust the budget for Community and Social Services department under KwaMsane Civic Centre line item. That line item constitute 44 percent of the community department and it will be impossible to finalise it this financial year.

Table C5C

Departments	YTD Actual	YTD Budget
Corporate	R 650,064.00	R 450,000.00
Community	R 1,263,413.00	R 4,000,000.00
Roads	R 2,310,965.00	R 13,600,000.00
Public Safety	R 384,269.00	R 2,500,000.00
Solid Waste	R 3,482,017.00	R 3,575,000.00



The above graph show the year to date expenditure represented by blue and year to date actual budget represent by red. If expenditure was equal to budget, then the bar representing Actual and budget was going to on the same level. The municipality will ensure that it spend on capital project because they are the one for service delivery.

Table C6 Monthly Budget Statement- Financial Position

KZN275 Mtubatuba - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		13,485	4,743	-	30,258	4,743
Call investment deposits		360	24,740	-	30,489	24,740
Consumer debtors		19,707	45,383	-	28,219	45,383
Other debtors		-	-	-	-	-
Current portion of long-term receivables		1,660	-	-	-	-
Inventory		-	-	-	-	-
Total current assets		35,212	74,866	-	88,965	74,866
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		45,832	25,684	-	45,832	25,684
Investments in Associate		-	-	-	-	-
Property, plant and equipment		306,109	325,347	-	307,278	325,347
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		322	-	-	262	-
Other non-current assets		1,021	-	-	165	-
Total non current assets		353,284	351,031	-	353,537	351,031
TOTAL ASSETS		388,495	425,896	-	442,502	425,896
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		697	750	-	624	750
Consumer deposits		654	-	-	-	-
Trade and other payables		18,072	10,185	-	10,768	10,185
Provisions		2,235	8,566	-	9,150	8,566
Total current liabilities		21,658	19,502	-	20,542	19,502
Non current liabilities						
Borrowing		902	1,250	-	865	1,250
Provisions		5,948	8,566	-	5,899	8,566
Total non current liabilities		6,849	9,816	-	6,764	9,816
TOTAL LIABILITIES		28,508	29,318	-	27,306	29,318
NET ASSETS	2	359,988	396,579	-	415,196	396,579
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		359,988	337,062	-	358,535	337,062
Reserves		-	59,516	-	56,661	59,516
TOTAL COMMUNITY WEALTH/EQUITY	2	359,988	396,579	-	415,196	396,579

Current Assets

- Cash has a variance of 85 percent. The reason is that cash is volatile rather than stable. The high variance is as a result of Transfers and Grants.
- *Call on Investment Deposits* has a variance of 19 percent. There is an improvement in investment deposits when compared to previous month. A top up of twenty million has been made for investment in the month of December.
- *Consumer Debtors* has a variance of 60 percent. The reason for this variance is the provision for debt impairment which offset the total Debtor balance.

Non-Current Assets

- *Investment Property* has a variance of 44 percent. The value of Investment properties has increase due to new valuation roll.
- *Intangible assets and other Non-current assets* have a variance of 100 percent. These items has been separately disclosed in the October statement of financial position while they were included in PPE line item of the final budget. The municipality will recommend the adjustment in this line item.

Current liabilities

- *Borrowing* has a variance of 20 percent.

Non-Current Liabilities

- *Borrowing* has a variance of 46 percent.
- *Provision* has a variance of 45 percent.
- The above table of Statement of Financial Position shows that the Community wealth or Equity for The municipality in the first half has Increase by 4, 5 percent from R396, 579 million to R415, 196 million. The variance is insignificant because it is less than five percent.

Table C7 Monthly Budget Statement- Cash Flow

KZN275 Mtubatuba - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2015/16								
		2014/15 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		14,268	16,865	-	1,324	8,957	8,433	524	6%	16,865
Service charges		2,957	4,965	-	162	1,612	2,483	(871)	-35%	4,965
Other revenue		4,983	3,306	-	210	1,370	1,653	(283)	-17%	3,306
Government - operating		91,532	125,711	-	-	94,038	62,856	31,182	50%	125,711
Government - capital		29,525	30,000	-	-	5,509	15,000	(9,491)	-63%	30,000
Interest		761	2,128	-	196	1,194	1,064	130	12%	2,128
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(96,617)	(108,146)	-	(13,149)	(53,325)	(54,073)	(748)	1%	(108,146)
Finance charges		(1,151)	(442)	-	(1)	(17)	(221)	(204)	92%	(442)
Transfers and Grants		-	(147)	-	(22)	(35)	(74)	(38)	52%	(147)
NET CASH FROM/(USED) OPERATING ACTIVITIES		46,258	74,240	-	(11,279)	59,302	37,120	(22,182)	-60%	74,240
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		(31,954)	(48,250)	-	(5,227)	(11,739)	(24,125)	(12,386)	51%	(48,250)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(31,954)	(48,250)	-	(5,227)	(11,739)	(24,125)	(12,386)	51%	(48,250)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		(1,354)	(1,250)	-	-	-	(625)	(625)	100%	(1,250)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,354)	(1,250)	-	-	-	(625)	(625)	100%	(1,250)
NET INCREASE/ (DECREASE) IN CASH HELD		12,949	24,740	-	(16,506)	47,563	12,370			24,740
Cash/cash equivalents at beginning:		895	4,743	-	-	13,183	4,743			13,183
Cash/cash equivalents at month/year end:		13,844	29,483	-	-	60,746	17,113			37,923

Service Charge

- Service charge has a variance of 57 percent because of over budgeting in Service charge refuse due to new valuation roll. This was also explained under table C4 in page nine

Government operating

- Government operating has a variance of 48 percent because of once of receipts and quarterly receipts of grants. This was also explained on page nine

Government Capital

- Government Capital has a variance of 58 percent because of low spending on MIG.

Finance Charges

- Finance charges has a variance of 92 percent because of unpaid interest for DBSA loan.

Transfers and Grants

- Transfers and grants has a variance of 55 percent because of incorrect allocation of Eskom accounts.

Capital Assets

- Capital assets has a variance of 51 due to low spending on capital project and this was explain under table C5 on page 14 through 15.

The above table reflect the statement of Cash flow of the municipality. The Municipality's Cash flow position has decrease by 27 percent in December when compared to the previous month closing cash balance. This is due to investment made of twenty million in December and the spending mostly on Equitable share other than the conditional grants receipts of MIG, EPWP and EEDM.

PART 2- SUPPORTING DOCUMENTS

The following tables support the monthly budget statements

Table SC3 Aged Debtors

AD : AGE ANALYSIS OF DEBTORS (All values in Rand)
 Save File as : Muncde_AD_cpyy_Mnn.XLS (e.g.: GT411_AD_2005_M10)
 Change Year End (cpyy) to Financial Year End (e.g.: 2005 for year 2004/2005) and Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)
 Change Muncde to your own municipal code (e.g.: GT411)
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

Year End	Month End	Mun	Item	Detail	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	Total	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.o Council Policy
2016	M06	KZN275	1100	Debtors Age Analysis By Income Source											
			1200	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0
			1300	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0
			1400	Receivables from Non-exchange Transactions - Property Rates	2,669,844	4,284,436	1,159,046	1,689,555	1,678,023	628,538	34,021,767	11,532,802	57,664,011	0	0
			1500	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0
			1600	Receivables from Exchange Transactions - Waste Management	568,171	911,772	246,657	359,555	357,100	133,759	7,240,183	2,454,299	12,271,496	0	0
			1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0
			1810	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0
			1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
			1900	Other	170,530	273,657	74,031	107,916	107,179	40,146	2,173,054	736,628	3,683,141	0	0
			2000	Total By Income Source	3,408,545	5,469,865	1,479,734	2,157,026	2,142,302	802,443	43,435,004	14,723,729	73,618,648	0	0
			2100	Debtors Age Analysis By Customer Group											
			2200	Organs of State	118,330	189,891	51,370	74,883	74,372	27,858	1,507,881	511,146	2,555,731	0	0
			2300	Commercial	434,599	697,425	188,671	275,028	273,150	102,314	5,538,098	1,877,321	9,386,606	0	0
			2400	Households	2,365,339	3,795,782	1,026,854	1,496,856	1,486,639	556,851	30,141,475	10,217,449	51,087,245	0	0
			2500	Other	490,277	786,767	212,839	310,259	308,141	115,420	6,247,550	2,117,813	10,589,066	0	0
			2600	Total By Customer Group	3,408,545	5,469,865	1,479,734	2,157,026	2,142,302	802,443	43,435,004	14,723,729	73,618,648	0	0

- The percentage of debtors sitting from 90 to over the year is 86 percent. Long outstanding debtors are as a result of no write-off of long outstanding debtors and no senior person within revenue section. A single reason alone as mention above has much impact on collection rate. As mention in page eleven under Table C4, The municipality is on process to recruit a Revenue Manager and again to write-off all long outstanding debtors once the council approval is obtained.

Table SC4 Aged Creditors

AC : AGE ANALYSIS OF CREDITORS (All values in Rand)
 Save File as : Muncde_AC_cpyy_Mnn.XLS (e.g.: GT411_AC_2005_M10)
 Change Year End (cpyy) to Financial Year End (e.g.: 2005 for year 2004/2005) and Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)
 Change Muncde to your own municipal code (e.g.: GT411)
 If (and only if) Creditors per function not available, list top 10 creditors by name
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

Year End	Month End	Mun	Item	Detail	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	Total
2016	M06	KZN275	0100	Bulk Electricity	0	0	0	0	0	0	0	0	0
			0200	Bulk Water	0	0	0	0	0	0	0	0	0
			0300	PAYE deductions	0	0	0	0	0	0	0	0	0
			0400	VAT (output less input)	0	0	0	0	0	0	0	0	0
			0500	Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
			0600	Loan repayments	0	0	0	0	0	0	0	0	0
			0700	Trade Creditors	295,715	266,578	117,663	0	78,492	0	262,699	0	1,021,147
			0800	Auditor General	0	0	0	0	0	0	0	0	0
			0900	Other	0	0	0	0	0	0	0	0	0
			1000	Total	295,715	266,578	117,663	0	78,492	0	262,699	0	1,021,147

- The percentage of creditors sitting at more than 90 days is 33 percent. The municipality is trying by all mean to settle those creditors sitting at more than 90 day. Financial system was not updated as suppliers did not submit statement on time, as a result creditors reconciliation could not be finalised in time. By 28 February 2015, The Municipality would have updated the age creditors.

Table SC5 Investment Portfolio Analysis

KZN275 Mtubatuba - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
7000/7001-MONEY MARKET 1		0	Call Account		0	0.0%	53	-	53
7000/7003-MONEY MARKET 2		0	Call Account		83	0.0%	10,129	20,000	30,213
7000/7004-MONEY MARKET 3		0	Call Account		0	0.0%	31	-	31
7000/7002-Fixed Deposits		0	Fixed deposit		-	0.0%	192	-	192
Municipality sub-total					84		10,405	20,000	30,489

- There is insignificant variance between the budgeted investments and actual investments. The Municipal has top-up an amount of twenty million to FNB in the month of December as investments. The variance to date is 19 percent. The municipality will not recommend the adjustment to the investment portfolio.

Table SC6 Transfers and Grants Receipts

KZN275 Mtubatuba - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

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										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		87,579	122,993	-	-	92,271	82,401	9,870	12.0%	122,993
Local Government Equitable Share		81,379	116,487	-	-	87,365	76,895	10,470	13.6%	116,487
Finance Management		1,800	1,800	-	-	1,800	1,800	-	-	1,800
Municipal Systems Improvement		934	930	-	-	930	930	-	-	930
Energy Efficiency and Demand Management		1,500	2,000	-	-	1,000	1,000	-	-	2,000
EPWP Incentive	3	1,064	1,000	-	-	400	1,000	(600)	-60.0%	1,000
		121	-	-	-	-	-	-	-	-
		149	-	-	-	-	-	-	-	-
		147	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant Operational		484	776	-	-	776	776	-	-	776
Provincial Government:		3,953	2,718	-	-	1,767	1,529	238	15.6%	2,718
Community Library Service		251	340	-	-	340	340	-	-	340
Provincialisation Of Libraries		3,702	2,378	-	-	1,427	1,189	238	20.0%	2,378
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	91,532	125,711	-	-	94,038	83,930	10,108	12.0%	125,711
Capital Transfers and Grants										
National Government:		29,525	30,000	-	-	5,509	15,000	(9,491)	-63.3%	30,000
Municipal Infrastructure Grant (MIG)		29,040	30,000	-	-	5,509	15,000	(9,491)	-63.3%	30,000
National Electrification Programme		485	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	29,525	30,000	-	-	5,509	15,000	(9,491)	-63.3%	30,000
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	121,057	155,711	-	-	99,547	98,930	617	0.6%	155,711

- Transfers and Grant receipts shown in the above table are in line with the National Treasury transfers schedule except the MIG because of low spending in it. The municipality has received Equitable Share, Municipal System Improvement Grant, Finance Management Grant, Municipal Infrastructure Grant, Provincialisation of Libraries Grant, Energy Efficiency and Demand Management Grant and Extended Public Works Programme Grant.

Table SC7 (1) Transfers and Grant Expenditure

KZN275 Mtubatuba - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

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										
Operating expenditure of Transfers and Grants										
National Government:		87,579	122,993	-	17,525	47,050	61,497	(14,446)	-23.5%	122,993
Local Government Equitable Share		81,379	116,487	-	16,508	45,165	58,244	(13,078)	-22.5%	116,487
Finance Management		1,800	1,800	-	479	872	900	(28)	-3.1%	1,800
Municipal Systems Improvement		934	930	-	317	580	465	115	24.7%	930
Energy Efficiency and Demand Management		1,500	2,000	-	-	-	1,000	(1,000)	-100.0%	2,000
EPWP Incentive		1,064	1,000	-	147	157	500	(343)	-68.5%	1,000
		121	-	-	-	-	-	-	-	-
		149	-	-	-	-	-	-	-	-
		147	-	-	-	-	-	-	-	-
#REF!		484	776	-	73	276	388	(112)	-28.9%	776
Provincial Government:		3,953	2,718	-	301	1,890	1,359	531	39.1%	2,718
Community Library Service		251	340	-	30	117	170	(53)	-31.4%	340
Provincialisation Of Libraries		3,702	2,378	-	271	1,774	1,189	585	49.2%	2,378
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		91,532	125,711	-	17,826	48,941	62,856	(13,915)	-22.1%	125,711
Capital expenditure of Transfers and Grants										
National Government:		29,525	30,000	-	1,085	2,309	15,000	(12,691)	-84.6%	30,000
Municipal Infrastructure Grant (MIG)		29,040	30,000	-	1,085	2,309	15,000	(12,691)	-84.6%	30,000
National Electrification Programme		485	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		29,525	30,000	-	1,085	2,309	15,000	(12,691)	-84.6%	30,000
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		121,057	155,711	-	18,911	51,249	77,856	(26,606)	-34.2%	155,711

- The performance in terms of the grant expenditure is poor especially on conditional grants. The municipality will improve performance in ensuring that grants are spent as budgeted.

Table SC8 Expenditure on Councillor and Staff Benefits.

KZN275 Mtubatuba - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	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		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		7,209	7,503	-	570	3,860	3,752	108	3%	7,503
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	2,501	-	241	1,254	1,251	3	0%	2,501
Cellphone Allowance		-	1,018	-	77	467	509	(42)	-8%	1,018
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		7,209	11,022	-	888	5,581	5,511	70	1%	11,022
% increase	4		52.9%							52.9%
Senior Managers of the Municipality										
Basic Salaries and Wages		4,430	2,924	-	100	931	1,462	(531)	-36%	2,924
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	625	-	-	60	312	(252)	-81%	625
Motor Vehicle Allowance		-	808	-	39	238	404	(166)	-41%	808
Cellphone Allowance		-	120	-	4	30	60	(30)	-50%	120
Housing Allowances		-	554	-	15	115	277	(162)	-59%	554
Other benefits and allowances		-	741	-	2	38	371	(333)	-90%	741
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4,430	5,771	-	160	1,411	2,886	(1,474)	-51%	5,771
% increase	4		30.3%							30.3%
Other Municipal Staff										
Basic Salaries and Wages		37,141	22,263	-	4,165	11,348	11,131	217	2%	22,263
Pension and UIF Contributions		-	6,877	-	-	3,241	3,438	(197)	-6%	6,877
Medical Aid Contributions		-	4,125	-	2	2,743	2,062	681	33%	4,125
Overtime		-	2,032	-	159	947	1,016	(69)	-7%	2,032
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	2,492	-	124	864	1,246	(382)	-31%	2,492
Cellphone Allowance		-	124	-	0	2	62	(60)	-97%	124
Housing Allowances		-	1,587	-	33	638	793	(156)	-20%	1,587
Other benefits and allowances		-	1,855	-	98	976	927	49	5%	1,855
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		37,141	41,354	-	4,581	20,760	20,677	83	0%	41,354
% increase	4		11.3%							11.3%
Total Parent Municipality		48,780	58,148	-	5,629	27,752	29,074	(1,322)	-5%	58,148
Unpaid salary, allowances & benefits in arrears:										

Councillor and Staff Benefits

- The variance in Councillor Benefits is 1 percent which is insignificant. This Municipality will not recommend the adjustment in this line item.
- The variance to Senior Management is 51 percent. This is because of the vacant post of the Municipal Manager, The Chief Financial Officer and the General Manager: Community Services.
- Other Municipal staff has no variance. The municipality has high rate of budgeted vacant post, it has indirectly used those funds to make back pays to

those employees that were under paid during the salary adjustments of the 2014/15 financial year.

- The municipality will not recommend the adjustment to senior management and staff as the consolidated variance is less than 5 percent.

Table SC1- Material Variance Explanation

KZN275 Mtubatuba - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Property Rates	15%	New Valuation roll	The municipality recommend an adjustment
	Service Charge_Refuse	-44%	New Valuation roll	The municipality recommend an adjustment
	Interest Earned_External Investments	12%	The delay in tranfering fund to investment account	The municipality will not adjust this line item
	Interest Earned_Outstanding Debtors	126%	No write-off of long outstanding debtors while interest is	To recommend the Debtors write off and adjustment
	Fines	-97%	Speed camera is damage and the lack of supervision	The Municipality recommend an adjustment
	Transfers Recognised-Operational	48%	Once off and quarterly receipts of grants	To ensure that grants are spent as budgeted
	Other Revenue	-64%	Is a result on non-recurring transactions like sale of	The Municipality recommend an adjustment
2	Expenditure By Type			
	Debt Impairment	-96%	A small portion has been raise as debt impirment	To recommend debt write-off to council for their
	Finance Charge	-92%	The delay in paying DBSA loan	To pay DBSA loan so that there would be no variance.
	Other Material	-33%	A small portion to repairs has been made	To speed up SCM processes for Repairs and maintainance
	Transfers and Grants	-52%	Less invoice for free basic services to electricity has been	To raise other portion of eskom invoices to free basic
3	Capital Expenditure			
	Corporate	44%	Other CaPEX relate to previous financial year	None
	Community and Social Services	-68%	No major Capital Project undertaken	To speed up SCM processes for CaPEX
	Public Safety	-85%	No expenditure on new building of testing station	The municipality recommend the adjustment
	Road Transport	-83%	Project were late registered in MIG MIS system	To speed up SCM on capital project
4	Financial Position			
	Cash	84%	This is because of unspent grants	To spend grants as budgeted
	Call Investment Deposits	19%	The Municipality has invested more funds	To monitor investments
	Investment property	44%	This is because of new valuation roll	The municipality recommend the adjustment
	Intangible Assets	100%	This because of separate disclosure of this line item	The municipality recommend the adjustment
	Other Non-Current assets	100%	This is because of separate disclosure of this line item	The municipality recommend the adjustment
	Borrowing current assets	-20%	This is the current portion of DBSA loan	To pay DBSA loan so that there would be no variance.
	Borrowing Non current assets	-44%	This is the current portion of DBSA loan	To pay DBSA loan so that there would be no variance.
	Provisions	-45%	This is the provision for all other internal operations like	To monitor provisions
5	Cash Flow			
	Service Charge	57%	This because of new valuation roll	The municipality recommend the adjustmet in this line item
	Other Revenue	17%	This because of non recurring transactions like the sale of	The Municipality recommend the adjustment in this line
	Government Grants_Operating	48%	The is because of once off reciepts and quarterly reciepts	To spend grants as budgeted
	Government Grants_Capital	58%	The is because of delay in registering projects	To speed up processes for capital projects
	Interest income	12%	This was due to grants sitting at the main account and has	This municipality will monitor investments
	Finance Charges	91%	The Municipality has not yet paid DBSA interest on loan	The will pay Interest on DBSA loan
	Transfers and Grants	55%	This is due to allocations	To allocate expenditure and resubmit relevent returns
	Capital Assets	68%	Low Expenditure on MIG	To spend on MIG projects
	Repay ment of Borrowings	100%		
6	Measureable performance			
7	Municipal Entities			

Parent Municipality Financial Performance

- Municipal financial performance is explained in page nine to page fourteen.

Municipal Entity Financial Performance

- The Municipality does not have entity.

Table SC12 Capital Expenditure Trend

KZN275 Mtubatuba - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	2,660	4,021	-	219	219	4,021	3,801	94.5%	0%
August	2,660	4,021	-	613	832	8,042	7,209	89.6%	2%
September	2,660	4,021	-	408	1,240	12,062	10,822	89.7%	3%
October	2,660	4,021	-	1,623	2,863	16,083	13,221	82.2%	6%
November	2,660	4,021	-	643	3,506	20,104	16,598	82.6%	7%
December	2,660	4,021	-	4,585	8,091	24,125	16,034	66.5%	17%
January	2,660	4,021	-	-	-	28,146	-	-	-
February	2,660	4,021	-	-	-	32,167	-	-	-
March	2,660	4,021	-	-	-	36,187	-	-	-
April	2,660	4,021	-	-	-	40,208	-	-	-
May	2,660	4,021	-	-	-	44,229	-	-	-
June	2,660	4,021	-	-	-	48,250	-	-	-
Total Capital expenditure	31,915	48,250	-	8,091					

- The Capital Expenditure trends is low when compared to the budget. The variance to date is 66, 5 percent. As mentioned on page thirteen through fifteen, there were delays in approving MIG project which are also part of CAPEX. Some project are registered now and the SCM processes are about to be finalized on those project. The municipality will improve performance in the expenditure of capital project in the Month of January.

General items

1. The National Treasury embarked on a budget reform program in 1999 aiming at improving accountability and modernising the accounts of government; primarily by bringing budget and expenditure reporting in line with international best practice. The ultimate aim of this reform remains unchanged – it is to provide better quality information to legislatures to assist in the policy making process and to reinforce Parliament’s oversight role. The SCOA in essence comprises the coding of items used for classification, budgeting, recording and reporting of revenues and expenditures within the accounting system, in order to facilitate the recording of all transactions affecting assets and liabilities. As a result of this, the municipality is busy preparing its Standard Chart of Account so that it will meet the deadline of 30 June 2017.
2. The municipality will receive additional grants from Human Settlements and Development Grant for an amount of R 8, 700 million in order to build one hundred (100) units of houses in Khula Village. The municipality needs to meet the deadline of 24 March 2016 in order to receive the said funds.
3. Some portion of Mtubatuba Municipal Town will be rehabilitated by CoGTA. The Service provider has been appointed and the anticipated start date is February 2016.

In year Report of the Municipal Entity

- There were no municipal entity in the year under review.

MTUBATUBA



UMASIPALA . MUNICIPALITY . MUNISIPALITEIT

Physical Address: Lot 105 INkosi Mtubatuba Road, Mtubatuba, 3935



52 Mtubatuba 3935



(035) 550 0069



Fax (035) 550 0060

Quality certificate

I,, the municipal manager of

....., hereby certify that (mark as appropriate)

The monthly budget statement

Quarterly report on the implementation of the budget and financial state of affairs of the municipality

Mid-year budget and performance assessment

For the month of of has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Municipal Manager of (Name and demarcation code)

Signature

Date