



Msunduzi Municipality  
MFMA s71, s72 & s52 (d) Monthly, Mid-Year & Quarterly Reports

Budget & Treasury Office

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## **1. PART 1 – IN YEAR REPORT**

### **1.1 Mayor's Report**

The first six months of the 2016/17 financial year has come to an end leaving the municipality with another six months to deliver in respect of the current year's service delivery projections.

The first half of the year has been challenging for the municipality as there were quite a few fundamental changes that took place during this period, the most important one being the election of the new municipal council. On the administration side, the municipality implemented the new financial system, SAP, as from the first of July. Having taken the decision to also adopt mSCOA accounts a year earlier, the municipality did roll out the this programme as at 1 July 2016.

As indicated, the three events mentioned above were not without challenges. However, the municipality dealt with challenges as and when they arised and it is very pleasing to see the significant progress that has been made particularly with regards to the implementation of SAP and mSCOA. On the part of the operations, the new organogram has been succefully implemented and the few remaining issues regarding that issue are being dealt with. As per the directive of the President of the Republic, in his tate of the nationa address, qualifying contract employees have been absorbed and of course this required additional financial resources which will be provided through the adjustments budget. The operational budget performance report has been quite satisfactorily

The challenges with regards to the implementation of capital projects continued to exist but the weekly meetings that are convened by the top management are starting to yield positive results. While the actual capital expenditure as at the end of December , stood at 24%, it is pleasing to that if the commitments are added onto the equation, expenditure went to over 6%. There will definitely be close monitoring of the capital expenditure performance in the second half of the year. There are challenges but they are not fundamental, they can and will be dealt with.

Section 72 of the MFMA requires that the municipality's performance during the first half of the financial year reviewed in order to ascertain if there are adjustments and interventions that need to be made. Honourable Speaker and fellow Councillors, this report therefore serves as a decision making tool as to whether or not there is a need for an adjustments budget.

Honourable Speaker and Councillors, I hereby table the 2015/16 Mid-year budget and performance assessment report.

### **1.2 Resolutions**

It is recommended that Council;

- 1.2.1 Approves and adopts the 2015/16 Mid-year budget performance report
- 1.2.2 That an adjustments budget be prepared to deal with variances identified in this report.

### 1.3 Executive Summary

#### Legislative Requirements

In terms of Section 72 of the MFMA, the Accounting Officer of the Municipality is required to submit a report in the prescribed format to the Mayor by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the year. This mid-year report is a critical stage in the in year reporting cycle of the municipality as it allow for the municipality to review any circumstances that may have changed since the preparation of the annual budget. As part of the review, in terms of Section 72(3), the accounting officer needs to make recommendations as to whether the SDBIP and Annual budget, i.e. Both Operational & Capital, need to be adjusted. Furthermore, Section 54(f) of the MFMA requires the Mayor to consider and submit a report to Council by 31 January.

#### FINANCIAL PERFORMANCE

**Revenue:** The Year to Date (YTD) total revenue earned was R 2.20 billion for the period ending at 31 December 2016 while the YTD Budget was R 2.23 billion. This resulted in a slight under performance of R 33.8 million of the planned revenue mainly due to the under budgeting in the monthly revenue projections. The two main contributors, both accounting for 62% of the actual total YTD Revenue earned are Electricity (44%) & Property Rates revenue (18%). These two revenue sources make up more than 62% of the total YTD budget.

**Operating Expenditure:** The total YTD operating expenditure for the period ending 31 December 2016 amounted to R 2.13 billion while the YTD budget was R 2,23 billion resulting in under performance of R 100.0 million. Operational expenditure is largely defined by the bulk (electricity & water) purchases and employee related costs both accounting for 65% of the YTD expenditure (67% of YTD budget). As at the end of December, the bulk purchases budget was underspent by 12% (R 118.0 million), the forecast suggest that we seasonal usage will increase therefore pointing towards a slight upward budget adjustment of this budget in order avoid unauthorised expenditure in this line item.

**Capital Expenditure:** While the YTD capital expenditure budget was R 363.1 million, the actual YTD Capital expenditure incurred amounted to R 174.0 million resulting in underperformance of 52% of the capital budget. An increasing trend on Capex budget can seen when comparing the month on month movements.

**Cash & Cash equivalents** at 31 December 2016 was of R 957.2 million showing a slight decrease of R 13.8 million from the balance at 30 June 2016.

**Consumer Debt:** Consumer debt at 31 December 2016 was R 1.73 billion. The average collection rate for the six month period under review is at 109%.

## 1.4 In-year Budget Statement Tables

### Parent Municipality (Msunduzi Municipality Only)

#### Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance in the Municipality and is unpacked in the sections that follow.

KZN225 Msunduzi - Table C1 Monthly Budget Statement Summary - M06 December

| Description                                                          | 2015/16          | Budget Year 2016/17 |                   |                    |                    |                    |                     |                 |                    |
|----------------------------------------------------------------------|------------------|---------------------|-------------------|--------------------|--------------------|--------------------|---------------------|-----------------|--------------------|
|                                                                      | Audited Outcome  | Original Budget     | Adjusted Budget   | Monthly actual     | YearTD actual      | YearTD budget      | YTD variance        | YTD variance %  | Full Year Forecast |
| <b>R thousands</b>                                                   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b><u>Financial Performance</u></b>                                  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Property rates                                                       | 717 026          | 842 558             | –                 | 68 064             | 424 132            | 421 279            | 2 853               | 1%              | 842 558            |
| Service charges                                                      | 2 228 636        | 2 878 830           | –                 | 212 698            | 1 312 298          | 1 439 415          | (127 117)           | -9%             | 2 878 830          |
| Investment revenue                                                   | 50 973           | 49 270              | –                 | 200                | 45 897             | 24 665             | 21 232              | 86%             | 49 270             |
| Transfers recognised - operational                                   | 519 191          | 489 491             | –                 | 149 003            | 333 723            | 244 745            | 88 978              | 36%             | 489 491            |
| Other own revenue                                                    | 325 520          | 212 797             | –                 | 12 520             | 86 586             | 106 398            | (19 812)            | -19%            | 212 797            |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>3 841 347</b> | <b>4 472 946</b>    | <b>–</b>          | <b>442 485</b>     | <b>2 202 637</b>   | <b>2 236 503</b>   | <b>(33 866)</b>     | <b>-2%</b>      | <b>4 472 946</b>   |
| Employee costs                                                       | 832 495          | 1 035 660           | –                 | 80 124             | 537 813            | 520 469            | 17 344              | 3%              | 1 035 660          |
| Remuneration of Councillors                                          | 34 657           | 43 033              | –                 | 3 572              | 21 402             | 21 517             | (115)               | -1%             | 43 033             |
| Depreciation & asset impairment                                      | 463 063          | 506 103             | –                 | 38 885             | 364 893            | 253 649            | 111 244             | 44%             | 506 103            |
| Finance charges                                                      | 71 169           | 65 460              | –                 | 17 669             | 33 930             | 32 737             | 1 193               | 4%              | 65 460             |
| Materials and bulk purchases                                         | 1 785 315        | 2 117 550           | –                 | (154 101)          | 854 567            | 1 059 053          | (204 487)           | -19%            | 2 117 550          |
| Transfers and grants                                                 | 11 995           | 148 325             | –                 | 20                 | 4 684              | 70 263             | (65 579)            | -93%            | 148 325            |
| Other expenditure                                                    | 951 496          | 536 243             | –                 | 59 363             | 309 201            | 269 096            | 40 104              | 15%             | 536 243            |
| <b>Total Expenditure</b>                                             | <b>4 150 192</b> | <b>4 452 374</b>    | <b>–</b>          | <b>45 532</b>      | <b>2 126 489</b>   | <b>2 226 785</b>   | <b>(100 295)</b>    | <b>-5%</b>      | <b>4 452 374</b>   |
| <b>Surplus/(Deficit)</b>                                             | <b>(308 844)</b> | <b>20 572</b>       | <b>–</b>          | <b>396 953</b>     | <b>76 148</b>      | <b>9 718</b>       | <b>66 429</b>       | <b>684%</b>     | <b>20 572</b>      |
| Transfers recognised - capital                                       | 356 835          | 447 414             | –                 | 18 845             | 71 993             | 223 987            | (151 993)           | -68%            | 447 414            |
| Contributions & Contributed assets                                   | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>47 991</b>    | <b>467 986</b>      | <b>–</b>          | <b>415 798</b>     | <b>148 141</b>     | <b>233 705</b>     | <b>(85 564)</b>     | <b>-37%</b>     | <b>467 986</b>     |
| Share of surplus/ (deficit) of associate                             | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>47 991</b>    | <b>467 986</b>      | <b>–</b>          | <b>415 798</b>     | <b>148 141</b>     | <b>233 705</b>     | <b>(85 564)</b>     | <b>-37%</b>     | <b>467 986</b>     |
| <b><u>Capital expenditure &amp; funds sources</u></b>                |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Capital expenditure</b>                                           | <b>461 711</b>   | <b>726 241</b>      | <b>–</b>          | <b>52 085</b>      | <b>174 041</b>     | <b>363 120</b>     | <b>(189 080)</b>    | <b>-52%</b>     | <b>726 241</b>     |
| Capital transfers recognised                                         | 275 665          | 447 973             | –                 | 24 402             | 118 605            | 223 987            | (105 382)           | -47%            | 447 973            |
| Public contributions & donations                                     | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| Borrowing                                                            | 62 181           | 158 268             | –                 | 1 672              | 6 481              | 79 134             | (72 653)            | -92%            | 158 268            |
| Internally generated funds                                           | 123 864          | 120 000             | –                 | 26 010             | 48 955             | 60 000             | (11 045)            | -18%            | 120 000            |
| <b>Total sources of capital funds</b>                                | <b>461 711</b>   | <b>726 241</b>      | <b>–</b>          | <b>52 085</b>      | <b>174 041</b>     | <b>363 120</b>     | <b>(189 080)</b>    | <b>-52%</b>     | <b>726 241</b>     |
| <b><u>Financial position</u></b>                                     |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total current assets                                                 | 1 984 966        | 3 134 961           | –                 | –                  | –                  | –                  | –                   | –               | 3 134 961          |
| Total non current assets                                             | 7 548 842        | 7 628 886           | –                 | –                  | –                  | –                  | –                   | –               | 7 628 886          |
| Total current liabilities                                            | 915 372          | 1 318 873           | –                 | –                  | –                  | –                  | –                   | –               | 1 318 873          |
| Total non current liabilities                                        | 1 197 150        | 1 255 546           | –                 | –                  | –                  | –                  | –                   | –               | 1 255 546          |
| <b>Community wealth/Equity</b>                                       | <b>7 421 286</b> | <b>8 189 428</b>    | <b>–</b>          | –                  | –                  | –                  | –                   | –               | <b>8 189 428</b>   |
| <b><u>Cash flows</u></b>                                             |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Net cash from (used) operating                                       | 1 180 761        | 773 696             | –                 | 212 661            | 187 793            | 386 848            | 199 055             | 51%             | 773 696            |
| Net cash from (used) investing                                       | (1 224 532)      | (617 305)           | –                 | (52 093)           | (174 031)          | (308 653)          | (134 622)           | 44%             | (617 305)          |
| Net cash from (used) financing                                       | 50 631           | (17 762)            | –                 | (14 430)           | (33 223)           | (8 881)            | 24 342              | -274%           | (17 762)           |
| <b>Cash/cash equivalents at the month/year end</b>                   | <b>834 133</b>   | <b>1 051 338</b>    | <b>–</b>          | <b>–</b>           | <b>957 255</b>     | <b>982 024</b>     | <b>24 768</b>       | <b>3%</b>       | <b>1 115 346</b>   |
| <b>Debtors &amp; creditors analysis</b>                              | <b>0-30 Days</b> | <b>31-60 Days</b>   | <b>61-90 Days</b> | <b>91-120 Days</b> | <b>121-150 Dys</b> | <b>151-180 Dys</b> | <b>181 Dys-1 Yr</b> | <b>Over 1Yr</b> | <b>Total</b>       |
| <b><u>Debtors Age Analysis</u></b>                                   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total By Income Source                                               | 299 112          | 105 970             | 55 639            | 45 053             | 37 052             | 40 206             | 37 346              | #####           | 1 738 118          |
| <b><u>Creditors Age Analysis</u></b>                                 |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total Creditors                                                      | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |

Table C2 provides the statement of financial performance by standard classification.

KZN225 Msunduzi - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

| Description                                | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|--------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                            |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                | 1   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Revenue - Standard</b>                  |     |                 |                     |                 |                |               |               |              |                |                    |
| <i>Governance and administration</i>       |     | 1 435 170       | 1 542 450           | -               | 149 592        | 674 277       | 771 225       | (96 948)     | -13%           | 1 542 450          |
| Executive and council                      |     | 6 748           | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Budget and treasury office                 |     | 1 422 429       | 1 528 270           | -               | 149 588        | 674 272       | 764 135       | (89 863)     | -12%           | 1 528 270          |
| Corporate services                         |     | 5 993           | 14 180              | -               | 4              | 5             | 7 090         | (7 085)      | -100%          | 14 180             |
| <i>Community and public safety</i>         |     | 225 653         | 93 565              | -               | 6 146          | 22 719        | 46 783        | (24 064)     | -51%           | 93 565             |
| Community and social services              |     | 71 074          | 52 155              | -               | 4 819          | 15 801        | 26 078        | (10 277)     | -39%           | 52 155             |
| Sport and recreation                       |     | 24 880          | 885                 | -               | 138            | 453           | 442           | 11           | 2%             | 885                |
| Public safety                              |     | 111 819         | 23 347              | -               | 619            | 3 029         | 11 673        | (8 644)      | -74%           | 23 347             |
| Housing                                    |     | 17 809          | 17 144              | -               | 570            | 3 436         | 8 572         | (5 136)      | -60%           | 17 144             |
| Health                                     |     | 71              | 34                  | -               | -              | -             | 17            | (17)         | -100%          | 34                 |
| <i>Economic and environmental services</i> |     | 235 988         | 435 042             | -               | 22 254         | 44 993        | 217 521       | (172 529)    | -79%           | 435 042            |
| Planning and development                   |     | 63 074          | 53 331              | -               | 12 346         | 3 919         | 26 666        | (22 747)     | -85%           | 53 331             |
| Road transport                             |     | 172 914         | 381 711             | -               | 8 218          | 41 060        | 190 856       | (149 795)    | -78%           | 381 711            |
| Environmental protection                   |     | -               | -                   | -               | 1 690          | 14            | -             | 14           | #DIV/0!        | -                  |
| <i>Trading services</i>                    |     | 2 667 551       | 3 426 115           | -               | 283 338        | 1 522 104     | 1 713 057     | (190 954)    | -11%           | 3 426 115          |
| Electricity                                |     | 1 700 426       | 2 074 912           | -               | 163 807        | 990 212       | 1 037 456     | (47 244)     | -5%            | 2 074 912          |
| Water                                      |     | 660 510         | 1 052 569           | -               | 98 855         | 390 126       | 526 284       | (136 158)    | -26%           | 1 052 569          |
| Waste water management                     |     | 191 593         | 176 288             | -               | 18 681         | 82 223        | 88 144        | (5 921)      | -7%            | 176 288            |
| Waste management                           |     | 115 022         | 122 345             | -               | 1 995          | 59 542        | 61 173        | (1 630)      | -3%            | 122 345            |
| <i>Other</i>                               |     | 34 298          | 31 371              | -               | -              | 10 538        | 15 686        | (5 148)      | -33%           | 31 371             |
| <b>Total Revenue - Standard</b>            | 2   | 4 598 660       | 5 528 543           | -               | 461 330        | 2 274 630     | 2 764 272     | (489 642)    | -18%           | 5 528 543          |
| <b>Expenditure - Standard</b>              |     |                 |                     |                 |                |               |               |              |                |                    |
| <i>Governance and administration</i>       |     | 874 771         | 995 248             | -               | 66 587         | 337 490       | 497 624       | (160 134)    | -32%           | 995 248            |
| Executive and council                      |     | 7 712           | 113 165             | -               | 19 063         | 89 432        | 56 582        | 32 850       | 58%            | 113 165            |
| Budget and treasury office                 |     | 859 050         | 645 336             | -               | 32 902         | 169 013       | 322 668       | (153 655)    | -48%           | 645 336            |
| Corporate services                         |     | 8 009           | 236 747             | -               | 14 621         | 79 046        | 118 374       | (39 328)     | -33%           | 236 747            |
| <i>Community and public safety</i>         |     | 670 660         | 551 767             | -               | 56 312         | 312 497       | 276 171       | 36 325       | 13%            | 551 767            |
| Community and social services              |     | 116 571         | 140 429             | -               | 13 159         | 78 300        | 70 215        | 8 085        | 12%            | 140 429            |
| Sport and recreation                       |     | 145 186         | 118 290             | -               | 9 342          | 71 037        | 59 145        | 11 892       | 20%            | 118 290            |
| Public safety                              |     | 316 932         | 236 010             | -               | 30 487         | 144 713       | 118 293       | 26 419       | 22%            | 236 010            |
| Housing                                    |     | 49 923          | 32 584              | -               | 2 963          | 16 166        | 16 292        | (126)        | -1%            | 32 584             |
| Health                                     |     | 42 048          | 24 453              | -               | 362            | 2 280         | 12 226        | (9 946)      | -81%           | 24 453             |
| <i>Economic and environmental services</i> |     | 522 277         | 567 103             | -               | 40 122         | 74 253        | 283 552       | (209 299)    | -74%           | 567 103            |
| Planning and development                   |     | 97 679          | 110 222             | -               | 6 102          | 35 384        | 55 111        | (19 727)     | -36%           | 110 222            |
| Road transport                             |     | 424 597         | 456 881             | -               | 25 661         | 33 841        | 228 440       | (194 600)    | -85%           | 456 881            |
| Environmental protection                   |     | -               | -                   | -               | 8 358          | 5 028         | -             | 5 028        | #DIV/0!        | -                  |
| <i>Trading services</i>                    |     | 2 428 609       | 2 904 545           | -               | (117 489)      | 1 372 268     | 1 452 272     | (80 005)     | -6%            | 2 904 545          |
| Electricity                                |     | 1 512 417       | 1 695 915           | -               | (70 356)       | 825 797       | 847 958       | (22 160)     | -3%            | 1 695 915          |
| Water                                      |     | 590 023         | 912 149             | -               | (46 875)       | 428 885       | 456 074       | (27 190)     | -6%            | 912 149            |
| Waste water management                     |     | 175 548         | 192 253             | -               | (5 327)        | 76 456        | 96 127        | (19 671)     | -20%           | 192 253            |
| Waste management                           |     | 150 620         | 104 227             | -               | 5 069          | 41 130        | 52 114        | (10 983)     | -21%           | 104 227            |
| <i>Other</i>                               |     | 54 353          | 41 895              | -               | -              | 29 982        | 20 948        | 9 034        | 43%            | 41 895             |
| <b>Total Expenditure - Standard</b>        | 3   | 4 550 669       | 5 060 558           | -               | 45 532         | 2 126 489     | 2 530 567     | (404 078)    | -16%           | 5 060 558          |
| <b>Surplus/ (Deficit) for the year</b>     |     | 47 991          | 467 985             | -               | 415 798        | 148 141       | 233 705       | (85 564)     | -37%           | 467 985            |

Table C3 presents the same information as table C2 above, the difference being that it's by Municipal vote.

**KZN225 Msunduzi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

| Vote Description                                      | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|-------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                       |     | 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 - City Manager                                 |     | 6 851           | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 2 - City Finance                                 |     | 1 422 429       | 1 528 270           | –               | 149 588        | 674 272       | 764 135       | (89 863)     | -11.8%         | 1 528 270          |
| Vote 3 - Community Services & Social Equity           |     | 281 059         | 176 823             | –               | 5 582          | 19 314        | 88 412        | (69 098)     | -78.2%         | 176 823            |
| Vote 4 - Corporate Services                           |     | 5 890           | 14 182              | –               | 4              | 5             | 7 091         | (7 086)      | -99.9%         | 14 182             |
| Vote 5 - Infrastructure Services                      |     | 2 763 949       | 3 712 792           | –               | 291 550        | 1 516 029     | 1 856 396     | (340 367)    | -18.3%         | 3 712 792          |
| Vote 6 - Sustainable Development and City Enterprises |     | 141 174         | 96 476              | –               | 14 606         | 65 010        | 48 238        | 16 772       | 34.8%          | 96 476             |
| Vote 7 - [NAME OF VOTE 7]                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 8 - [NAME OF VOTE 8]                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 9 - [NAME OF VOTE 9]                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| 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   | 4 621 352       | 5 528 543           | –               | 461 330        | 2 274 630     | 2 764 272     | (489 642)    | -17.7%         | 5 528 543          |
| Expenditure by Vote                                   | 1   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 1 - City Manager                                 |     | 12 576          | 142 460             | –               | 4 928          | 28 037        | 71 230        | (43 193)     | -60.6%         | 142 460            |
| Vote 2 - City Finance                                 |     | 942 905         | 723 311             | –               | 32 902         | 169 013       | 361 655       | (192 643)    | -53.3%         | 723 311            |
| Vote 3 - Community Services & Social Equity           |     | 732 073         | 605 502             | –               | 67 485         | 357 725       | 302 751       | 54 974       | 18.2%          | 605 502            |
| Vote 4 - Corporate Services                           |     | 8 582           | 216 740             | –               | 14 621         | 79 046        | 108 370       | (29 324)     | -27.1%         | 216 740            |
| Vote 5 - Infrastructure Services                      |     | 2 675 999       | 3 220 418           | –               | (91 828)       | 1 386 352     | 1 610 209     | (223 857)    | -13.9%         | 3 220 418          |
| Vote 6 - Sustainable Development and City Enterprises |     | 201 227         | 152 126             | –               | 17 423         | 106 316       | 76 351        | 29 964       | 39.2%          | 152 126            |
| Vote 7 - [NAME OF VOTE 7]                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 8 - [NAME OF VOTE 8]                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 9 - [NAME OF VOTE 9]                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| 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   | 4 573 361       | 5 060 558           | –               | 45 531         | 2 126 488     | 2 530 567     | (404 079)    | -16.0%         | 5 060 558          |
| Surplus/ (Deficit) for the year                       | 2   | 47 991          | 467 985             | –               | 415 798        | 148 141       | 233 705       | (85 563)     | -36.6%         | 467 985            |

**Statement of financial Performance**

This schedule Table C4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2016.

**KZN225 Msunduzi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description                                                   | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|---------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                               |     | 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                                                |     | 686 819         | 798 728             |                 | 67 682         | 406 567       | 399 364       | 7 203        | 2%             | 798 728            |
| Property rates - penalties & collection charges               |     | 30 207          | 43 830              |                 | 382            | 17 565        | 21 915        | (4 350)      | -20%           | 43 830             |
| Service charges - electricity revenue                         |     | 1 566 133       | 2 008 246           |                 | 151 624        | 966 725       | 1 004 123     | (37 398)     | -4%            | 2 008 246          |
| Service charges - water revenue                               |     | 448 064         | 623 188             |                 | 41 682         | 234 946       | 311 594       | (76 648)     | -25%           | 623 188            |
| Service charges - sanitation revenue                          |     | 139 629         | 147 839             |                 | 11 921         | 65 489        | 73 920        | (8 430)      | -11%           | 147 839            |
| Service charges - refuse revenue                              |     | 74 810          | 99 557              |                 | 7 471          | 45 138        | 49 779        | (4 641)      | -9%            | 99 557             |
| Service charges - other                                       |     | -               | -                   |                 | -              | -             | -             | -            |                | -                  |
| Rental of facilities and equipment                            |     | 21 476          | 43 809              |                 | 1 534          | 10 263        | 21 904        | (11 642)     | -53%           | 43 809             |
| Interest earned - external investments                        |     | 50 973          | 49 270              |                 | 200            | 45 897        | 24 665        | 21 232       | 86%            | 49 270             |
| Interest earned - outstanding debtors                         |     | 69 529          | 66 349              |                 | 6 842          | 31 160        | 33 174        | (2 015)      | -6%            | 66 349             |
| Dividends received                                            |     | -               | -                   |                 | -              | -             | -             | -            |                | -                  |
| Fines                                                         |     | 108 634         | 18 538              |                 | 107            | 513           | 9 269         | (8 756)      | -94%           | 18 538             |
| Licences and permits                                          |     | 89              | 92                  |                 | 4              | 35            | 46            | (11)         | -24%           | 92                 |
| Agency services                                               |     | 24 372          | 670                 |                 | 26             | 226           | 335           | (109)        | -33%           | 670                |
| Transfers recognised - operational                            |     | 519 191         | 489 491             |                 | 149 003        | 333 723       | 244 745       | 88 978       | 36%            | 489 491            |
| Other revenue                                                 |     | 101 001         | 83 339              |                 | 4 006          | 25 189        | 41 670        | (16 480)     | -40%           | 83 339             |
| Gains on disposal of PPE                                      |     | 420             | -                   |                 | -              | 19 201        | -             | 19 201       | #DIV/0!        | -                  |
| Total Revenue (excluding capital transfers and contributions) |     | 3 841 347       | 4 472 946           | -               | 442 485        | 2 202 637     | 2 236 503     | (33 866)     | -2%            | 4 472 946          |
| Expenditure By Type                                           |     |                 |                     |                 |                |               |               |              |                |                    |
| Employee related costs                                        |     | 832 495         | 1 035 660           |                 | 80 124         | 537 813       | 520 469       | 17 344       | 3%             | 1 035 660          |
| Remuneration of councillors                                   |     | 34 657          | 43 033              |                 | 3 572          | 21 402        | 21 517        | (115)        | -1%            | 43 033             |
| Debt impairment                                               |     | 222 110         | 120 815             |                 | -              | -             | 60 408        | (60 408)     | -100%          | 120 815            |
| Depreciation & asset impairment                               |     | 463 063         | 506 103             |                 | 38 885         | 364 893       | 253 649       | 111 244      | 44%            | 506 103            |
| Finance charges                                               |     | 71 169          | 65 460              |                 | 17 669         | 33 930        | 32 737        | 1 193        | 4%             | 65 460             |
| Bulk purchases                                                |     | 1 586 802       | 1 936 708           |                 | (155 303)      | 849 890       | 968 354       | (118 464)    | -12%           | 1 936 708          |
| Other materials                                               |     | 198 513         | 180 842             |                 | 1 202          | 4 677         | 90 699        | (86 023)     | -95%           | 180 842            |
| Contracted services                                           |     | 110 072         | 35 108              |                 | 32 528         | 192 969       | 17 704        | 175 264      | 990%           | 35 108             |
| Transfers and grants                                          |     | 11 995          | 148 325             |                 | 20             | 4 684         | 70 263        | (65 579)     | -93%           | 148 325            |
| Other expenditure                                             |     | 618 857         | 380 320             |                 | 26 835         | 116 232       | 190 985       | (74 753)     | -39%           | 380 320            |
| Loss on disposal of PPE                                       |     | 457             | -                   |                 | -              | -             | -             | -            |                | -                  |
| Total Expenditure                                             |     | 4 150 192       | 4 452 374           | -               | 45 532         | 2 126 489     | 2 226 785     | (100 295)    | -5%            | 4 452 374          |
| Surplus/(Deficit)                                             |     | (308 844)       | 20 572              | -               | 396 953        | 76 148        | 9 718         | 66 429       | 0              | 20 572             |
| Transfers recognised - capital                                |     | 356 835         | 447 414             |                 | 18 845         | 71 993        | 223 987       | (151 993)    | (0)            | 447 414            |
| Contributions recognised - capital                            |     |                 |                     |                 |                |               |               | -            |                |                    |
| Contributed assets                                            |     |                 |                     |                 |                |               |               | -            |                |                    |
| Surplus/(Deficit) after capital transfers & contributions     |     | 47 991          | 467 986             | -               | 415 798        | 148 141       | 233 705       |              |                | 467 986            |
| Taxation                                                      |     |                 |                     |                 |                |               |               | -            |                |                    |
| Surplus/(Deficit) after taxation                              |     | 47 991          | 467 986             | -               | 415 798        | 148 141       | 233 705       |              |                | 467 986            |
| Attributable to minorities                                    |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/(Deficit) attributable to municipality                |     | 47 991          | 467 986             | -               | 415 798        | 148 141       | 233 705       |              |                | 467 986            |
| Share of surplus/ (deficit) of associate                      |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/ (Deficit) for the year                               |     | 47 991          | 467 986             | -               | 415 798        | 148 141       | 233 705       |              |                | 467 986            |

A detailed analysis of the anomalies is provided under “2.6 Material Variances in the SDBIP”

## Capital Expenditure

Table C5 below reports on the capital expenditures by departments (municipal vote) for single year as well as multiyear capital appropriations. The bottom part of the schedule looks at the funding sources of the capital projects.

KZN225 Msunduzi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

| Vote Description                                      | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|-------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                       |     | 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 - City Manager                                 |     | 6 411           | 5 250               | —               | —              | —             | 2 625         | (2 625)      | -100%          | 5 250              |
| Vote 2 - City Finance                                 |     | 4 936           | 24 928              | —               | —              | 431           | 12 464        | (12 033)     | -97%           | 24 928             |
| Vote 3 - Community Services & Social Equity           |     | 34 870          | 51 700              | —               | —              | 8 063         | 25 850        | (17 787)     | -69%           | 51 700             |
| Vote 4 - Corporate Services                           |     | —               | 5 985               | —               | —              | —             | 2 993         | (2 993)      | -100%          | 5 985              |
| Vote 5 - Infrastructure Services                      |     | 311 425         | 546 074             | —               | 20 933         | 111 030       | 273 037       | (162 007)    | -59%           | 546 074            |
| Vote 6 - Sustainable Development and City Enterprises |     | 26 852          | 63 544              | —               | 5 065          | 16 811        | 31 772        | (14 961)     | -47%           | 63 544             |
| Vote 7 - [NAME OF VOTE 7]                             |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Vote 8 - [NAME OF VOTE 8]                             |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Vote 9 - [NAME OF VOTE 9]                             |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| 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 Capital Multi-year expenditure                  | 4,7 | 384 493         | 697 480             | —               | 25 997         | 136 335       | 348 740       | (212 405)    | -61%           | 697 480            |
| Single Year expenditure appropriation                 | 2   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 1 - City Manager                                 |     | 763             | 500                 | —               | —              | 19            | 250           | (231)        | -92%           | 500                |
| Vote 2 - City Finance                                 |     | 31 896          | 782                 | —               | 13 797         | 13 979        | 391           | 13 588       | 3475%          | 782                |
| Vote 3 - Community Services & Social Equity           |     | 16 180          | 19 565              | —               | 5 824          | 13 137        | 9 783         | 3 355        | 34%            | 19 565             |
| Vote 4 - Corporate Services                           |     | 6 460           | 527                 | —               | 1 216          | 2 123         | 263           | 1 859        | 706%           | 527                |
| Vote 5 - Infrastructure Services                      |     | 17 510          | 3 590               | —               | 4 573          | 7 769         | 1 795         | 5 974        | 333%           | 3 590              |
| Vote 6 - Sustainable Development and City Enterprises |     | 4 409           | 3 798               | —               | 678            | 678           | 1 899         | (1 221)      | -64%           | 3 798              |
| Vote 7 - [NAME OF VOTE 7]                             |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Vote 8 - [NAME OF VOTE 8]                             |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Vote 9 - [NAME OF VOTE 9]                             |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| 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 Capital single-year expenditure                 | 4   | 77 217          | 28 761              | —               | 26 088         | 37 706        | 14 381        | 23 325       | 162%           | 28 761             |
| Total Capital Expenditure                             |     | 461 711         | 726 241             | —               | 52 085         | 174 041       | 363 120       | (189 080)    | -52%           | 726 241            |
| Capital Expenditure - Standard Classification         |     |                 |                     |                 |                |               |               |              |                |                    |
| Governance and administration                         |     | 50 466          | 37 971              | —               | 15 013         | 18 558        | 18 986        | (427)        | -2%            | 37 971             |
| Executive and council                                 |     | 7 174           | 5 750               | —               | —              | 19            | 2 875         | (2 856)      | -99%           | 5 750              |
| Budget and treasury office                            |     | 36 832          | 25 710              | —               | 13 797         | 14 410        | 12 855        | 1 556        | 12%            | 25 710             |
| Corporate services                                    |     | 6 460           | 6 512               | —               | 1 216          | 4 129         | 3 256         | 873          | 27%            | 6 512              |
| Community and public safety                           |     | 52 921          | 103 238             | —               | 7 584          | 25 260        | 51 619        | (26 359)     | -51%           | 103 238            |
| Community and social services                         |     | 4 763           | 32 740              | —               | —              | 8 057         | 16 370        | (8 313)      | -51%           | 32 740             |
| Sport and recreation                                  |     | 39 271          | 31 425              | —               | 7 584          | 12 924        | 15 712        | (2 788)      | -18%           | 31 425             |
| Public safety                                         |     | 3 022           | 3 640               | —               | —              | 1 820         | 1 820         | —            | -100%          | 3 640              |
| Housing                                               |     | 5 864           | 35 434              | —               | —              | 4 278         | 17 717        | (13 438)     | -76%           | 35 434             |
| Health                                                |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Economic and environmental services                   |     | 151 576         | 293 680             | —               | 24 086         | 79 793        | 146 840       | (67 047)     | -46%           | 293 680            |
| Planning and development                              |     | 23 039          | 31 908              | —               | 4 721          | 12 189        | 15 954        | (3 765)      | -24%           | 31 908             |
| Road transport                                        |     | 126 943         | 260 312             | —               | 19 365         | 67 604        | 130 156       | (62 552)     | -48%           | 260 312            |
| Environmental protection                              |     | 1 594           | 1 460               | —               | —              | —             | 730           | (730)        | -100%          | 1 460              |
| Trading services                                      |     | 204 390         | 291 352             | —               | 5 402          | 50 297        | 145 676       | (95 379)     | -65%           | 291 352            |
| Electricity                                           |     | 97 937          | 190 721             | —               | 2 412          | 14 988        | 95 360        | (80 372)     | -84%           | 190 721            |
| Water                                                 |     | 65 591          | 58 728              | —               | —              | 473           | 29 364        | (28 891)     | -98%           | 58 728             |
| Waste water management                                |     | 37 404          | 31 403              | —               | 2 719          | 28 061        | 15 702        | 12 360       | 79%            | 31 403             |
| Waste management                                      |     | 3 457           | 10 500              | —               | 270            | 6 775         | 5 250         | 1 525        | 29%            | 10 500             |
| Other                                                 |     | 2 357           | —                   | —               | —              | 132           | —             | 132          | #DIV/0!        | —                  |
| Total Capital Expenditure - Standard Classification   | 3   | 461 711         | 726 241             | —               | 52 085         | 174 041       | 363 120       | (189 080)    | -52%           | 726 241            |
| Funded by:                                            |     |                 |                     |                 |                |               |               |              |                |                    |
| National Government                                   |     | 260 460         | 428 074             | —               | 22 812         | 113 003       | 214 037       | (101 034)    | -47%           | 428 074            |
| Provincial Government                                 |     | 15 205          | 19 899              | —               | 1 591          | 5 602         | 9 950         | (4 348)      | -44%           | 19 899             |
| District Municipality                                 |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Other transfers and grants                            |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Transfers recognised - capital                        |     | 275 665         | 447 973             | —               | 24 402         | 118 605       | 223 987       | (105 382)    | -47%           | 447 973            |
| Public contributions & donations                      | 5   | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Borrowing                                             | 6   | 62 181          | 158 268             | —               | 1 672          | 6 481         | 79 134        | (72 653)     | -92%           | 158 268            |
| Internally generated funds                            |     | 123 864         | 120 000             | —               | 26 010         | 48 955        | 60 000        | (11 045)     | -18%           | 120 000            |
| Total Capital Funding                                 |     | 461 711         | 726 241             | —               | 52 085         | 174 041       | 363 120       | (189 080)    | -52%           | 726 241            |

A detailed analysis of the capital expenditure programme is provided in section 2.7 "Capital Expenditure Programme".

Table C6 displays the financial position of the municipality as at 31 December 2016 while the paragraphs that follow analyse some of the key ratios based on the data in this table and the previous tables.

**KZN225 Msunduzi - Table C6 Monthly Budget Statement - Financial Position - M06 December**

| Description                              | Ref | 2015/16          | Budget Year 2016/17 |                 |               |                    |
|------------------------------------------|-----|------------------|---------------------|-----------------|---------------|--------------------|
|                                          |     | Audited Outcome  | Original Budget     | Adjusted Budget | YearTD actual | Full Year Forecast |
| <b>R thousands</b>                       | 1   |                  |                     |                 |               |                    |
| <b><u>ASSETS</u></b>                     |     |                  |                     |                 |               |                    |
| <b>Current assets</b>                    |     |                  |                     |                 |               |                    |
| Cash                                     |     | 96 597           | 100 000             |                 |               | 100 000            |
| Call investment deposits                 |     | 745 471          | 951 338             |                 |               | 951 338            |
| Consumer debtors                         |     | 716 949          | 965 246             |                 |               | 965 246            |
| Other debtors                            |     | 379 166          | 376 441             |                 |               | 376 441            |
| Current portion of long-term receivables |     | 46               | 43                  |                 |               | 43                 |
| Inventory                                |     | 46 737           | 741 893             |                 |               | 741 893            |
| <b>Total current assets</b>              |     | <b>1 984 966</b> | <b>3 134 961</b>    | <b>-</b>        | <b>-</b>      | <b>3 134 961</b>   |
| <b>Non current assets</b>                |     |                  |                     |                 |               |                    |
| Long-term receivables                    |     | 10 482           | 9 455               |                 |               | 9 455              |
| Investments                              |     | -                | -                   |                 |               | -                  |
| Investment property                      |     | 382 805          | 356 914             |                 |               | 356 914            |
| Investments in Associate                 |     | -                | -                   |                 |               | -                  |
| Property, plant and equipment            |     | 6 862 567        | 7 009 706           |                 |               | 7 009 706          |
| Agricultural                             |     | 230 945          | -                   |                 |               | -                  |
| Biological assets                        |     | 44 831           | 46 520              |                 |               | 46 520             |
| Intangible assets                        |     | 17 212           | 27 283              |                 |               | 27 283             |
| Other non-current assets                 |     | -                | 179 008             |                 |               | 179 008            |
| <b>Total non current assets</b>          |     | <b>7 548 842</b> | <b>7 628 886</b>    | <b>-</b>        | <b>-</b>      | <b>7 628 886</b>   |
| <b>TOTAL ASSETS</b>                      |     | <b>9 533 808</b> | <b>10 763 847</b>   | <b>-</b>        | <b>-</b>      | <b>10 763 847</b>  |
| <b><u>LIABILITIES</u></b>                |     |                  |                     |                 |               |                    |
| <b>Current liabilities</b>               |     |                  |                     |                 |               |                    |
| Bank overdraft                           |     | -                | -                   |                 |               | -                  |
| Borrowing                                |     | 53 524           | 67 762              |                 |               | 67 762             |
| Consumer deposits                        |     | 89 479           | 92 798              |                 |               | 92 798             |
| Trade and other payables                 |     | 765 335          | 1 152 229           |                 |               | 1 152 229          |
| Provisions                               |     | 7 034            | 6 084               |                 |               | 6 084              |
| <b>Total current liabilities</b>         |     | <b>915 372</b>   | <b>1 318 873</b>    | <b>-</b>        | <b>-</b>      | <b>1 318 873</b>   |
| <b>Non current liabilities</b>           |     |                  |                     |                 |               |                    |
| Borrowing                                |     | 543 401          | 511 999             |                 |               | 511 999            |
| Provisions                               |     | 653 749          | 743 547             |                 |               | 743 547            |
| <b>Total non current liabilities</b>     |     | <b>1 197 150</b> | <b>1 255 546</b>    | <b>-</b>        | <b>-</b>      | <b>1 255 546</b>   |
| <b>TOTAL LIABILITIES</b>                 |     | <b>2 112 522</b> | <b>2 574 419</b>    | <b>-</b>        | <b>-</b>      | <b>2 574 419</b>   |
| <b>NET ASSETS</b>                        | 2   | <b>7 421 286</b> | <b>8 189 428</b>    | <b>-</b>        | <b>-</b>      | <b>8 189 428</b>   |
| <b><u>COMMUNITY WEALTH/EQUITY</u></b>    |     |                  |                     |                 |               |                    |
| Accumulated Surplus/(Deficit)            |     | 7 163 338        | 8 016 514           |                 |               | 8 016 514          |
| Reserves                                 |     | 257 948          | 172 914             |                 |               | 172 914            |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 2   | <b>7 421 286</b> | <b>8 189 428</b>    | <b>-</b>        | <b>-</b>      | <b>8 189 428</b>   |

Table C7 below display the Cash Flow Statement for the month ending December 2016.

KZN225 Msunduzi - Table C7 Monthly Budget Statement - Cash Flow - M06 December

| Description                                       | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|---------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                   |     | 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, penalties & collection charges    |     | 716 603         | 741 451             |                 | 58 880         | 354 944       | 370 726       | (15 782)     | -4%            | 741 451            |
| Service charges                                   |     | 2 227 525       | 2 533 370           |                 | 225 215        | 1 342 843     | 1 266 685     | 76 158       | 6%             | 2 533 370          |
| Other revenue                                     |     | –               | 138 875             |                 | 21 929         | 170 041       | 69 438        | 100 604      | 145%           | 138 875            |
| Government - operating                            |     | 519 604         | 489 491             |                 | 159 820        | 349 332       | 244 746       | 104 587      | 43%            | 489 491            |
| Government - capital                              |     | 356 459         | 447 973             |                 | 109 178        | 308 380       | 223 987       | 84 394       | 38%            | 447 973            |
| Interest                                          |     | 120 502         | 107 657             |                 | 1 613          | 51 696        | 53 829        | (2 133)      | -4%            | 107 657            |
| Dividends                                         |     |                 |                     |                 |                |               | –             | –            |                | –                  |
| Payments                                          |     |                 |                     |                 |                |               |               |              |                |                    |
| Suppliers and employees                           |     | (2 677 191)     | (3 611 671)         |                 | (346 304)      | (2 355 524)   | (1 805 836)   | 549 688      | -30%           | (3 611 671)        |
| Finance charges                                   |     | (71 169)        | (65 460)            |                 | (17 669)       | (33 920)      | (32 730)      | 1 190        | -4%            | (65 460)           |
| Transfers and Grants                              |     | (11 573)        | (7 990)             |                 |                |               | (3 995)       | (3 995)      | 100%           | (7 990)            |
| NET CASH FROM/(USED) OPERATING ACTIVITIES         |     | 1 180 761       | 773 696             | –               | 212 661        | 187 793       | 386 848       | 199 055      | 51%            | 773 696            |
| CASH FLOWS FROM INVESTING ACTIVITIES              |     |                 |                     |                 |                |               |               |              |                |                    |
| Receipts                                          |     |                 |                     |                 |                |               |               |              |                |                    |
| Proceeds on disposal of PPE                       |     | 421             |                     |                 |                |               | –             | –            |                | –                  |
| Decrease (Increase) in non-current debtors        |     |                 |                     |                 |                |               | –             | –            |                | –                  |
| Decrease (increase) other non-current receivables |     |                 |                     |                 |                |               | –             | –            |                | –                  |
| Decrease (increase) in non-current investments    |     | (1 033)         |                     |                 |                |               | –             | –            |                | –                  |
| Payments                                          |     |                 |                     |                 |                |               |               |              |                |                    |
| Capital assets                                    |     | #####           | (617 305)           |                 | (52 093)       | (174 031)     | (308 653)     | (134 622)    | 44%            | (617 305)          |
| NET CASH FROM/(USED) INVESTING ACTIVITIES         |     | (1 224 532)     | (617 305)           | –               | (52 093)       | (174 031)     | (308 653)     | (134 622)    | 44%            | (617 305)          |
| CASH FLOWS FROM FINANCING ACTIVITIES              |     |                 |                     |                 |                |               |               |              |                |                    |
| Receipts                                          |     |                 |                     |                 |                |               |               |              |                |                    |
| Short term loans                                  |     |                 |                     |                 |                |               | –             | –            |                | –                  |
| Borrowing long term/refinancing                   |     | 100 000         | 50 000              |                 |                |               | 25 000        | (25 000)     | -100%          | 50 000             |
| Increase (decrease) in consumer deposits          |     | 4 370           |                     |                 |                |               | –             | –            |                | –                  |
| Payments                                          |     |                 |                     |                 |                |               |               |              |                |                    |
| Repayment of borrowing                            |     | (53 739)        | (67 762)            |                 | (14 430)       | (33 223)      | (33 881)      | (658)        | 2%             | (67 762)           |
| NET CASH FROM/(USED) FINANCING ACTIVITIES         |     | 50 631          | (17 762)            | –               | (14 430)       | (33 223)      | (8 881)       | 24 342       | -274%          | (17 762)           |
| NET INCREASE/ (DECREASE) IN CASH HELD             |     | 6 860           | 138 629             | –               | 146 139        | (19 461)      | 69 315        |              |                | 138 629            |
| Cash/cash equivalents at beginning:               |     | 827 273         | 912 709             |                 |                | 976 717       | 912 709       |              |                | 976 717            |
| Cash/cash equivalents at month/year end:          |     | 834 133         | 1 051 338           | –               |                | 957 255       | 982 024       |              |                | 1 115 346          |

## Consolidated Budget Tables (With Municipal Entity: Safe City)

KZN225 Msunduzi - Table C1 Consolidated Monthly Budget Statement Summary - M06 December

| Description                                                          | 2015/16          | Budget Year 2016/17 |                   |                    |                    |                    |                     |                 |                    |
|----------------------------------------------------------------------|------------------|---------------------|-------------------|--------------------|--------------------|--------------------|---------------------|-----------------|--------------------|
|                                                                      | Audited Outcome  | Original Budget     | Adjusted Budget   | Monthly actual     | YearTD actual      | YearTD budget      | YTD variance        | YTD variance %  | Full Year Forecast |
| <b>R thousands</b>                                                   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Financial Performance</b>                                         |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Property rates                                                       | 717 026          | 842 558             | –                 | 68 064             | 424 132            | 421 279            | 2 853               | 1%              | 842 558            |
| Service charges                                                      | 2 228 636        | 2 878 830           | –                 | 212 698            | 1 312 298          | 1 439 415          | (127 117)           | -9%             | 2 878 830          |
| Investment revenue                                                   | 50 973           | 49 330              | –                 | 206                | 45 937             | 24 698             | 21 239              | 86%             | 49 330             |
| Transfers recognised - operational                                   | 519 191          | 489 491             | –                 | 149 003            | 333 723            | 244 745            | 88 978              | 36%             | 489 491            |
| Other own revenue                                                    | 325 520          | 212 797             | –                 | 12 520             | 86 586             | 106 398            | (19 812)            | -19%            | 212 797            |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>3 841 347</b> | <b>4 473 006</b>    | <b>–</b>          | <b>442 491</b>     | <b>2 202 677</b>   | <b>2 236 536</b>   | <b>(33 859)</b>     | <b>-2%</b>      | <b>4 473 006</b>   |
| Employee costs                                                       | 832 495          | 1 040 938           | –                 | 80 713             | 540 190            | 522 865            | 17 325              | 3%              | 1 040 938          |
| Remuneration of Councillors                                          | 34 657           | 43 033              | –                 | 3 572              | 21 402             | 21 517             | (115)               | -1%             | 43 033             |
| Depreciation & asset impairment                                      | 463 063          | 507 298             | –                 | 38 954             | 365 308            | 254 064            | 111 244             | 44%             | 507 298            |
| Finance charges                                                      | 71 169           | 65 474              | –                 | 17 670             | 33 936             | 32 743             | 1 193               | 4%              | 65 474             |
| Materials and bulk purchases                                         | 1 785 315        | 2 118 107           | –                 | (154 093)          | 854 698            | 1 059 297          | (204 600)           | -19%            | 2 118 107          |
| Transfers and grants                                                 | 11 995           | 140 526             | –                 | 20                 | 4 684              | 70 263             | (65 579)            | -93%            | 140 526            |
| Other expenditure                                                    | 951 496          | 538 193             | –                 | 59 626             | 310 136            | 269 952            | 40 183              | 15%             | 538 193            |
| <b>Total Expenditure</b>                                             | <b>4 150 192</b> | <b>4 453 569</b>    | <b>–</b>          | <b>46 462</b>      | <b>2 130 353</b>   | <b>2 230 702</b>   | <b>(100 348)</b>    | <b>-4%</b>      | <b>4 453 569</b>   |
| <b>Surplus/(Deficit)</b>                                             | <b>(308 844)</b> | <b>19 436</b>       | <b>–</b>          | <b>396 029</b>     | <b>72 324</b>      | <b>5 834</b>       | <b>66 489</b>       | <b>1140%</b>    | <b>19 436</b>      |
| Transfers recognised - capital                                       | 356 835          | 447 973             | –                 | 18 845             | 71 993             | 223 987            | (151 993)           | -68%            | 447 973            |
| Contributions & Contributed assets                                   | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>47 991</b>    | <b>467 410</b>      | <b>–</b>          | <b>414 874</b>     | <b>144 317</b>     | <b>229 821</b>     | <b>(85 504)</b>     | <b>-37%</b>     | <b>467 410</b>     |
| Share of surplus/ (deficit) of associate                             | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>47 991</b>    | <b>467 410</b>      | <b>–</b>          | <b>414 874</b>     | <b>144 317</b>     | <b>229 821</b>     | <b>(85 504)</b>     | <b>-37%</b>     | <b>467 410</b>     |
| <b>Capital expenditure &amp; funds sources</b>                       |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Capital expenditure</b>                                           | <b>461 711</b>   | <b>726 241</b>      | <b>–</b>          | <b>52 085</b>      | <b>174 041</b>     | <b>363 120</b>     | <b>(189 080)</b>    | <b>-52%</b>     | <b>726 241</b>     |
| Capital transfers recognised                                         | 275 665          | 447 973             | –                 | 24 402             | 118 605            | 223 987            | (105 382)           | -47%            | 447 973            |
| Public contributions & donations                                     | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| Borrowing                                                            | 62 181           | 158 268             | –                 | 1 672              | 6 481              | 79 134             | (72 653)            | -92%            | 158 268            |
| Internally generated funds                                           | 123 864          | 120 000             | –                 | 26 010             | 48 955             | 60 000             | (11 045)            | -18%            | 120 000            |
| <b>Total sources of capital funds</b>                                | <b>461 711</b>   | <b>726 241</b>      | <b>–</b>          | <b>52 085</b>      | <b>174 041</b>     | <b>363 120</b>     | <b>(189 080)</b>    | <b>-52%</b>     | <b>726 241</b>     |
| <b>Financial position</b>                                            |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total current assets                                                 | 1 984 966        | 3 135 284           | –                 | –                  | 1 161              | –                  | –                   | –               | 3 135 284          |
| Total non current assets                                             | 7 548 842        | 7 640 388           | –                 | –                  | 5 962              | –                  | –                   | –               | 7 640 388          |
| Total current liabilities                                            | 915 372          | 1 319 101           | –                 | –                  | 562                | –                  | –                   | –               | 1 319 101          |
| Total non current liabilities                                        | 1 197 150        | 1 255 547           | –                 | –                  | –                  | –                  | –                   | –               | 1 255 547          |
| <b>Community wealth/Equity</b>                                       | <b>7 421 286</b> | <b>8 201 024</b>    | <b>–</b>          | <b>–</b>           | <b>6 561</b>       | <b>–</b>           | <b>–</b>            | <b>–</b>        | <b>8 201 024</b>   |
| <b>Cash flows</b>                                                    |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Net cash from (used) operating                                       | 1 180 761        | 773 947             | –                 | 211 736            | 184 120            | 383 256            | 199 136             | 52%             | 773 947            |
| Net cash from (used) investing                                       | (1 224 532)      | (617 305)           | –                 | (52 093)           | (174 031)          | (308 653)          | (134 622)           | 44%             | (617 305)          |
| Net cash from (used) financing                                       | 50 631           | (17 762)            | –                 | (14 430)           | (33 223)           | (33 881)           | (658)               | 2%              | (17 762)           |
| <b>Cash/cash equivalents at the month/year end</b>                   | <b>834 133</b>   | <b>1 051 589</b>    | <b>–</b>          | <b>–</b>           | <b>953 582</b>     | <b>953 431</b>     | <b>(151)</b>        | <b>-0%</b>      | <b>1 115 597</b>   |
| <b>Debtors &amp; creditors analysis</b>                              | <b>0-30 Days</b> | <b>31-60 Days</b>   | <b>61-90 Days</b> | <b>91-120 Days</b> | <b>121-150 Dys</b> | <b>151-180 Dys</b> | <b>181 Dys-1 Yr</b> | <b>Over 1Yr</b> | <b>Total</b>       |
| <b>Debtors Age Analysis</b>                                          |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total By Income Source                                               | 299 112          | 105 970             | 55 639            | 45 053             | 37 052             | 40 206             | 37 346              | #####           | 1 738 118          |
| <b>Creditors Age Analysis</b>                                        |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total Creditors                                                      | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |

KZN225 Msunduzi - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M06 December

| Description                                       | Ref       | 2015/16          | Budget Year 2016/17 |                 |                  |                  |                  |                  |                |                    |
|---------------------------------------------------|-----------|------------------|---------------------|-----------------|------------------|------------------|------------------|------------------|----------------|--------------------|
|                                                   |           | Audited Outcome  | Original Budget     | Adjusted Budget | Monthly actual   | YearTD actual    | YearTD budget    | YTD variance     | YTD variance % | Full Year Forecast |
| R thousands                                       | 1         |                  |                     |                 |                  |                  |                  |                  |                |                    |
| <b>Revenue - Standard</b>                         |           |                  |                     |                 |                  |                  |                  |                  |                |                    |
| <i><b>Governance and administration</b></i>       |           | <b>1 435 170</b> | <b>1 542 450</b>    | <b>-</b>        | <b>149 592</b>   | <b>674 277</b>   | <b>771 225</b>   | <b>(96 948)</b>  | <b>-13%</b>    | <b>1 542 450</b>   |
| Executive and council                             |           | 6 748            | -                   | -               | -                | -                | -                | -                | -              | -                  |
| Budget and treasury office                        | 1 422 429 | 1 528 270        | -                   | -               | 149 588          | 674 272          | 764 135          | (89 863)         | -12%           | 1 528 270          |
| Corporate services                                | 5 993     | 14 180           | -                   | -               | 4                | 5                | 7 090            | (7 085)          | -100%          | 14 180             |
| <i><b>Community and public safety</b></i>         |           | <b>225 653</b>   | <b>93 565</b>       | <b>-</b>        | <b>6 146</b>     | <b>22 719</b>    | <b>46 783</b>    | <b>(24 064)</b>  | <b>-51%</b>    | <b>93 565</b>      |
| Community and social services                     | 71 074    | 52 155           | -                   | -               | 4 819            | 15 801           | 26 078           | (10 277)         | -39%           | 52 155             |
| Sport and recreation                              | 24 880    | 885              | -                   | -               | 138              | 453              | 442              | 11               | 2%             | 885                |
| Public safety                                     | 111 819   | 23 347           | -                   | -               | 619              | 3 029            | 11 673           | (8 644)          | -74%           | 23 347             |
| Housing                                           | 17 809    | 17 144           | -                   | -               | 570              | 3 436            | 8 572            | (5 136)          | -60%           | 17 144             |
| Health                                            | 71        | 34               | -                   | -               | -                | -                | 17               | (17)             | -100%          | 34                 |
| <i><b>Economic and environmental services</b></i> |           | <b>235 988</b>   | <b>435 042</b>      | <b>-</b>        | <b>22 254</b>    | <b>44 993</b>    | <b>217 521</b>   | <b>(172 529)</b> | <b>-79%</b>    | <b>435 042</b>     |
| Planning and development                          | 63 074    | 53 331           | -                   | -               | 12 346           | 3 919            | 26 666           | (22 747)         | -85%           | 53 331             |
| Road transport                                    | 172 914   | 381 711          | -                   | -               | 8 218            | 41 060           | 190 856          | (149 795)        | -78%           | 381 711            |
| Environmental protection                          | -         | -                | -                   | -               | 1 690            | 14               | -                | 14               | #DIV/0!        | -                  |
| <i><b>Trading services</b></i>                    |           | <b>2 667 551</b> | <b>3 426 115</b>    | <b>-</b>        | <b>283 338</b>   | <b>1 522 104</b> | <b>1 713 057</b> | <b>(190 954)</b> | <b>-11%</b>    | <b>3 426 115</b>   |
| Electricity                                       | 1 700 426 | 2 074 912        | -                   | -               | 163 807          | 990 212          | 1 037 456        | (47 244)         | -5%            | 2 074 912          |
| Water                                             | 660 510   | 1 052 569        | -                   | -               | 98 855           | 390 126          | 526 284          | (136 158)        | -26%           | 1 052 569          |
| Waste water management                            | 191 593   | 176 288          | -                   | -               | 18 681           | 82 223           | 88 144           | (5 921)          | -7%            | 176 288            |
| Waste management                                  | 115 022   | 122 345          | -                   | -               | 1 995            | 59 542           | 61 173           | (1 630)          | -3%            | 122 345            |
| <i><b>Other</b></i>                               | <b>4</b>  | <b>34 298</b>    | <b>31 371</b>       | <b>-</b>        | <b>-</b>         | <b>10 538</b>    | <b>15 686</b>    | <b>(5 148)</b>   | <b>-33%</b>    | <b>31 371</b>      |
| <b>Total Revenue - Standard</b>                   | <b>2</b>  | <b>4 598 660</b> | <b>5 528 543</b>    | <b>-</b>        | <b>461 330</b>   | <b>2 274 630</b> | <b>2 764 272</b> | <b>(489 642)</b> | <b>-18%</b>    | <b>5 528 543</b>   |
| <b>Expenditure - Standard</b>                     |           |                  |                     |                 |                  |                  |                  |                  |                |                    |
| <i><b>Governance and administration</b></i>       |           | <b>874 771</b>   | <b>995 248</b>      | <b>-</b>        | <b>66 587</b>    | <b>337 490</b>   | <b>497 624</b>   | <b>(160 134)</b> | <b>-32%</b>    | <b>995 248</b>     |
| Executive and council                             |           | 7 712            | 113 165             | -               | 19 063           | 89 432           | 56 582           | 32 850           | 58%            | 113 165            |
| Budget and treasury office                        | 859 050   | 645 336          | -                   | -               | 32 902           | 169 013          | 322 668          | (153 655)        | -48%           | 645 336            |
| Corporate services                                | 8 009     | 236 747          | -                   | -               | 14 621           | 79 046           | 118 374          | (39 328)         | -33%           | 236 747            |
| <i><b>Community and public safety</b></i>         |           | <b>670 660</b>   | <b>552 342</b>      | <b>-</b>        | <b>57 236</b>    | <b>316 321</b>   | <b>280 055</b>   | <b>36 266</b>    | <b>13%</b>     | <b>552 342</b>     |
| Community and social services                     | 116 571   | 141 004          | -                   | -               | 13 159           | 78 300           | 70 502           | 7 798            | 11%            | 141 004            |
| Sport and recreation                              | 145 186   | 118 290          | -                   | -               | 9 342            | 71 037           | 59 145           | 11 892           | 20%            | 118 290            |
| Public safety                                     | 316 932   | 236 010          | -                   | -               | 31 411           | 148 537          | 121 889          | 26 647           | 22%            | 236 010            |
| Housing                                           | 49 923    | 32 584           | -                   | -               | 2 963            | 16 166           | 16 292           | (126)            | -1%            | 32 584             |
| Health                                            | 42 048    | 24 453           | -                   | -               | 362              | 2 280            | 12 226           | (9 946)          | -81%           | 24 453             |
| <i><b>Economic and environmental services</b></i> |           | <b>522 277</b>   | <b>567 103</b>      | <b>-</b>        | <b>40 122</b>    | <b>74 253</b>    | <b>283 552</b>   | <b>(209 299)</b> | <b>-74%</b>    | <b>567 103</b>     |
| Planning and development                          | 97 679    | 110 222          | -                   | -               | 6 102            | 35 384           | 55 111           | (19 727)         | -36%           | 110 222            |
| Road transport                                    | 424 597   | 456 881          | -                   | -               | 25 661           | 33 841           | 228 440          | (194 600)        | -85%           | 456 881            |
| Environmental protection                          | -         | -                | -                   | -               | 8 358            | 5 028            | -                | 5 028            | #DIV/0!        | -                  |
| <i><b>Trading services</b></i>                    |           | <b>2 428 609</b> | <b>2 904 545</b>    | <b>-</b>        | <b>(117 489)</b> | <b>1 372 268</b> | <b>1 452 272</b> | <b>(80 005)</b>  | <b>-6%</b>     | <b>2 904 545</b>   |
| Electricity                                       | 1 512 417 | 1 695 915        | -                   | -               | (70 356)         | 825 797          | 847 958          | (22 160)         | -3%            | 1 695 915          |
| Water                                             | 590 023   | 912 149          | -                   | -               | (46 875)         | 428 885          | 456 074          | (27 190)         | -6%            | 912 149            |
| Waste water management                            | 175 548   | 192 253          | -                   | -               | (5 327)          | 76 456           | 96 127           | (19 671)         | -20%           | 192 253            |
| Waste management                                  | 150 620   | 104 227          | -                   | -               | 5 069            | 41 130           | 52 114           | (10 983)         | -21%           | 104 227            |
| <i><b>Other</b></i>                               |           | <b>54 353</b>    | <b>41 895</b>       | <b>-</b>        | <b>-</b>         | <b>29 982</b>    | <b>20 948</b>    | <b>9 034</b>     | <b>43%</b>     | <b>41 895</b>      |
| <b>Total Expenditure - Standard</b>               | <b>3</b>  | <b>4 550 669</b> | <b>5 061 133</b>    | <b>-</b>        | <b>46 456</b>    | <b>2 130 313</b> | <b>2 534 451</b> | <b>(404 137)</b> | <b>-16%</b>    | <b>5 061 133</b>   |
| <b>Surplus/ (Deficit) for the year</b>            |           | <b>47 991</b>    | <b>467 410</b>      | <b>-</b>        | <b>414 874</b>   | <b>144 317</b>   | <b>229 821</b>   | <b>(85 504)</b>  | <b>-37%</b>    | <b>467 410</b>     |

KZN225 Msunduzi - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

| Vote Description                                      | Ref | 2015/16          | Budget Year 2016/17 |                 |                |                  |                  |                  |                |                    |
|-------------------------------------------------------|-----|------------------|---------------------|-----------------|----------------|------------------|------------------|------------------|----------------|--------------------|
|                                                       |     | Audited Outcome  | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual    | YearTD budget    | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                    |     |                  |                     |                 |                |                  |                  |                  |                |                    |
| <b>Revenue by Vote</b>                                | 1   |                  |                     |                 |                |                  |                  |                  |                |                    |
| Vote 1 - City Manager                                 |     | 6 851            | -                   | -               | -              | -                | -                | -                | -              | -                  |
| Vote 2 - City Finance                                 |     | 1 422 429        | 1 528 270           | -               | 149 588        | 674 272          | 764 135          | (89 863)         | -11.8%         | 1 528 270          |
| Vote 3 - Community Services & Social Equity           |     | 281 059          | 176 823             | -               | 5 582          | 19 314           | 88 412           | (69 098)         | -78.2%         | 176 823            |
| Vote 4 - Corporate Services                           |     | 5 890            | 14 182              | -               | 4              | 5                | 7 091            | (7 086)          | -99.9%         | 14 182             |
| Vote 5 - Infrastructure Services                      |     | 2 763 949        | 3 712 792           | -               | 291 550        | 1 516 029        | 1 856 396        | (340 367)        | -18.3%         | 3 712 792          |
| Vote 6 - Sustainable Development and City Enterprises |     | 141 174          | 96 476              | -               | 14 606         | 65 010           | 48 238           | 16 772           | 34.8%          | 96 476             |
| Vote 7 - [NAME OF VOTE 7]                             |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]                             |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]                             |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| 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]                           |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| <b>Total Revenue by Vote</b>                          | 2   | <b>4 621 352</b> | <b>5 528 543</b>    | <b>-</b>        | <b>461 330</b> | <b>2 274 630</b> | <b>2 764 272</b> | <b>(489 642)</b> | <b>-17.7%</b>  | <b>5 528 543</b>   |
| <b>Expenditure by Vote</b>                            | 1   |                  |                     |                 |                |                  |                  |                  |                |                    |
| Vote 1 - City Manager                                 |     | 12 576           | 142 460             | -               | 4 928          | 28 037           | 71 230           | (43 193)         | -60.6%         | 142 460            |
| Vote 2 - City Finance                                 |     | 942 905          | 723 311             | -               | 32 902         | 169 013          | 361 655          | (192 643)        | -53.3%         | 723 311            |
| Vote 3 - Community Services & Social Equity           |     | 732 073          | 605 502             | -               | 67 485         | 357 725          | 302 751          | 54 974           | 18.2%          | 605 502            |
| Vote 4 - Corporate Services                           |     | 8 582            | 216 740             | -               | 14 621         | 79 046           | 108 370          | (29 324)         | -27.1%         | 216 740            |
| Vote 5 - Infrastructure Services                      |     | 2 675 999        | 3 220 418           | -               | (91 828)       | 1 386 352        | 1 610 209        | (223 857)        | -13.9%         | 3 220 418          |
| Vote 6 - Sustainable Development and City Enterprises |     | 201 227          | 152 701             | -               | 18 347         | 110 140          | 80 235           | 29 905           | 37.3%          | 152 701            |
| Vote 7 - [NAME OF VOTE 7]                             |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]                             |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]                             |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| 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]                           |     | -                | -                   | -               | -              | -                | -                | -                | -              | -                  |
| <b>Total Expenditure by Vote</b>                      | 2   | <b>4 573 361</b> | <b>5 061 133</b>    | <b>-</b>        | <b>46 455</b>  | <b>2 130 312</b> | <b>2 534 451</b> | <b>(404 138)</b> | <b>-15.9%</b>  | <b>5 061 133</b>   |
| <b>Surplus/ (Deficit) for the year</b>                | 2   | <b>47 991</b>    | <b>467 410</b>      | <b>-</b>        | <b>414 874</b> | <b>144 317</b>   | <b>229 821</b>   | <b>(85 504)</b>  | <b>-37.2%</b>  | <b>467 410</b>     |

**KZN225 Msunduzi - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description                                                   | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                | 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                                                |     | 686 819         | 798 728             |                 | 67 682         | 406 567       | 399 364       | 7 203        | 2%             | 798 728            |
| Property rates - penalties & collection charges               |     | 30 207          | 43 830              |                 | 382            | 17 565        | 21 915        | (4 350)      | -20%           | 43 830             |
| Service charges - electricity revenue                         |     | 1 566 133       | 2 008 246           |                 | 151 624        | 966 725       | 1 004 123     | (37 398)     | -4%            | 2 008 246          |
| Service charges - water revenue                               |     | 448 064         | 623 188             |                 | 41 682         | 234 946       | 311 594       | (76 648)     | -25%           | 623 188            |
| Service charges - sanitation revenue                          |     | 139 629         | 147 839             |                 | 11 921         | 65 489        | 73 920        | (8 430)      | -11%           | 147 839            |
| Service charges - refuse revenue                              |     | 74 810          | 99 557              |                 | 7 471          | 45 138        | 49 779        | (4 641)      | -9%            | 99 557             |
| Service charges - other                                       |     | -               | -                   |                 | -              | -             | -             | -            | -              | -                  |
| Rental of facilities and equipment                            |     | 21 476          | 43 809              |                 | 1 534          | 10 263        | 21 904        | (11 642)     | -53%           | 43 809             |
| Interest earned - external investments                        |     | 50 973          | 49 330              |                 | 206            | 45 937        | 24 698        | 21 239       | 86%            | 49 330             |
| Interest earned - outstanding debtors                         |     | 69 529          | 66 349              |                 | 6 842          | 31 160        | 33 174        | (2 015)      | -6%            | 66 349             |
| Dividends received                                            |     | -               | -                   |                 | -              | -             | -             | -            | -              | -                  |
| Fines                                                         |     | 108 634         | 18 538              |                 | 107            | 513           | 9 269         | (8 756)      | -94%           | 18 538             |
| Licences and permits                                          |     | 89              | 92                  |                 | 4              | 35            | 46            | (11)         | -24%           | 92                 |
| Agency services                                               |     | 24 372          | 670                 |                 | 26             | 226           | 335           | (109)        | -33%           | 670                |
| Transfers recognised - operational                            |     | 519 191         | 489 491             |                 | 149 003        | 333 723       | 244 745       | 88 978       | 36%            | 489 491            |
| Other revenue                                                 |     | 101 001         | 83 339              |                 | 4 006          | 25 189        | 41 670        | (16 480)     | -40%           | 83 339             |
| Gains on disposal of PPE                                      |     | 420             | -                   |                 | -              | 19 201        | -             | 19 201       | #DIV/0!        | -                  |
| Total Revenue (excluding capital transfers and contributions) |     | 3 841 347       | 4 473 006           | -               | 442 491        | 2 202 677     | 2 236 536     | (33 859)     | -2%            | 4 473 006          |
| Expenditure By Type                                           |     |                 |                     |                 |                |               |               |              |                |                    |
| Employee related costs                                        |     | 832 495         | 1 040 938           |                 | 80 713         | 540 190       | 522 865       | 17 325       | 3%             | 1 040 938          |
| Remuneration of councillors                                   |     | 34 657          | 43 033              |                 | 3 572          | 21 402        | 21 517        | (115)        | -1%            | 43 033             |
| Debt impairment                                               |     | 222 110         | 120 815             |                 | -              | -             | 60 408        | (60 408)     | -100%          | 120 815            |
| Depreciation & asset impairment                               |     | 463 063         | 507 298             |                 | 38 954         | 365 308       | 254 064       | 111 244      | 44%            | 507 298            |
| Finance charges                                               |     | 71 169          | 65 474              |                 | 17 670         | 33 936        | 32 743        | 1 193        | 4%             | 65 474             |
| Bulk purchases                                                |     | 1 586 802       | 1 936 708           |                 | (155 303)      | 849 890       | 968 354       | (118 464)    | -12%           | 1 936 708          |
| Other materials                                               |     | 198 513         | 181 399             |                 | 1 210          | 4 808         | 90 943        | (86 136)     | -95%           | 181 399            |
| Contracted services                                           |     | 110 072         | 35 408              |                 | 32 548         | 193 096       | 17 836        | 175 259      | 983%           | 35 408             |
| Transfers and grants                                          |     | 11 995          | 140 526             |                 | 20             | 4 684         | 70 263        | (65 579)     | -93%           | 140 526            |
| Other expenditure                                             |     | 618 857         | 381 970             |                 | 27 078         | 117 040       | 191 709       | (74 669)     | -39%           | 381 970            |
| Loss on disposal of PPE                                       |     | 457             | -                   |                 | -              | -             | -             | -            | -              | -                  |
| Total Expenditure                                             |     | 4 150 192       | 4 453 569           | -               | 46 462         | 2 130 353     | 2 230 702     | (100 348)    | -4%            | 4 453 569          |
| Surplus/(Deficit)                                             |     | (308 844)       | 19 436              | -               | 396 029        | 72 324        | 5 834         | 66 489       | 0              | 19 436             |
| Transfers recognised - capital                                |     | 356 835         | 447 973             |                 | 18 845         | 71 993        | 223 987       | (151 993)    | (0)            | 447 973            |
| Contributions recognised - capital                            |     |                 |                     |                 |                |               |               | -            |                |                    |
| Contributed assets                                            |     |                 |                     |                 |                |               |               | -            |                |                    |
| Surplus/(Deficit) after capital transfers & contributions     |     | 47 991          | 467 410             | -               | 414 874        | 144 317       | 229 821       |              |                | 467 410            |
| Taxation                                                      |     |                 |                     |                 |                |               |               | -            |                |                    |
| Surplus/(Deficit) after taxation                              |     | 47 991          | 467 410             | -               | 414 874        | 144 317       | 229 821       |              |                | 467 410            |
| Attributable to minorities                                    |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/(Deficit) attributable to municipality                |     | 47 991          | 467 410             | -               | 414 874        | 144 317       | 229 821       |              |                | 467 410            |
| Share of surplus/ (deficit) of associate                      |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/ (Deficit) for the year                               |     | 47 991          | 467 410             | -               | 414 874        | 144 317       | 229 821       |              |                | 467 410            |

**KZN225 Msunduzi - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M06 December**

| Vote Description                                      |  | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|-------------------------------------------------------|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                       |  |     | 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 - City Manager                                 |  |     | 6 411           | 5 250               | -               | -              | -             | 2 625         | (2 625)      | -100%          | 5 250              |
| Vote 2 - City Finance                                 |  |     | 4 936           | 24 928              | -               | -              | 431           | 12 464        | (12 033)     | -97%           | 24 928             |
| Vote 3 - Community Services & Social Equity           |  |     | 34 870          | 51 700              | -               | -              | 8 063         | 25 850        | (17 787)     | -69%           | 51 700             |
| Vote 4 - Corporate Services                           |  |     | -               | 5 985               | -               | -              | -             | 2 993         | (2 993)      | -100%          | 5 985              |
| Vote 5 - Infrastructure Services                      |  |     | 311 425         | 546 074             | -               | 20 933         | 111 030       | 273 037       | (162 007)    | -59%           | 546 074            |
| Vote 6 - Sustainable Development and City Enterprises |  |     | 26 852          | 63 544              | -               | 5 065          | 16 811        | 31 772        | (14 961)     | -47%           | 63 544             |
| Vote 7 - [NAME OF VOTE 7]                             |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]                             |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]                             |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| 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 Capital Multi-year expenditure                  |  | 4,7 | 384 493         | 697 480             | -               | 25 997         | 136 335       | 348 740       | (212 405)    | -61%           | 697 480            |
| Single Year expenditure appropriation                 |  | 2   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 1 - City Manager                                 |  |     | 763             | 500                 | -               | -              | 19            | 250           | (231)        | -92%           | 500                |
| Vote 2 - City Finance                                 |  |     | 31 896          | 782                 | -               | 13 797         | 13 979        | 391           | 13 588       | 3475%          | 782                |
| Vote 3 - Community Services & Social Equity           |  |     | 16 180          | 19 565              | -               | 5 824          | 13 137        | 9 783         | 3 355        | 34%            | 19 565             |
| Vote 4 - Corporate Services                           |  |     | 6 460           | 527                 | -               | 1 216          | 2 123         | 263           | 1 859        | 706%           | 527                |
| Vote 5 - Infrastructure Services                      |  |     | 17 510          | 3 590               | -               | 4 573          | 7 769         | 1 795         | 5 974        | 333%           | 3 590              |
| Vote 6 - Sustainable Development and City Enterprises |  |     | 4 409           | 3 798               | -               | 678            | 678           | 1 899         | (1 221)      | -64%           | 3 798              |
| Vote 7 - [NAME OF VOTE 7]                             |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]                             |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]                             |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| 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 Capital single-year expenditure                 |  | 4   | 77 217          | 28 761              | -               | 26 088         | 37 706        | 14 381        | 23 325       | 162%           | 28 761             |
| Total Capital Expenditure                             |  |     | 461 711         | 726 241             | -               | 52 085         | 174 041       | 363 120       | (189 080)    | -52%           | 726 241            |
| Capital Expenditure - Standard Classification         |  |     |                 |                     |                 |                |               |               |              |                |                    |
| Governance and administration                         |  |     | 50 466          | 37 971              | -               | 15 013         | 18 558        | 18 986        | (427)        | -2%            | 37 971             |
| Executive and council                                 |  |     | 7 174           | 5 750               | -               | -              | 19            | 2 875         | (2 856)      | -99%           | 5 750              |
| Budget and treasury office                            |  |     | 36 832          | 25 710              | -               | 13 797         | 14 410        | 12 855        | 1 556        | 12%            | 25 710             |
| Corporate services                                    |  |     | 6 460           | 6 512               | -               | 1 216          | 4 129         | 3 256         | 873          | 27%            | 6 512              |
| Community and public safety                           |  |     | 52 921          | 103 238             | -               | 7 584          | 25 260        | 51 619        | (26 359)     | -51%           | 103 238            |
| Community and social services                         |  |     | 4 763           | 32 740              | -               | -              | 8 057         | 16 370        | (8 313)      | -51%           | 32 740             |
| Sport and recreation                                  |  |     | 39 271          | 31 425              | -               | 7 584          | 12 924        | 15 712        | (2 788)      | -18%           | 31 425             |
| Public safety                                         |  |     | 3 022           | 3 640               | -               | -              | 1 820         | 1 820         | (1 820)      | -100%          | 3 640              |
| Housing                                               |  |     | 5 864           | 35 434              | -               | -              | 4 278         | 17 717        | (13 438)     | -76%           | 35 434             |
| Health                                                |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Economic and environmental services                   |  |     | 151 576         | 293 680             | -               | 24 086         | 79 793        | 146 840       | (67 047)     | -46%           | 293 680            |
| Planning and development                              |  |     | 23 039          | 31 908              | -               | 4 721          | 12 189        | 15 954        | (3 765)      | -24%           | 31 908             |
| Road transport                                        |  |     | 126 943         | 260 312             | -               | 19 365         | 67 604        | 130 156       | (62 552)     | -48%           | 260 312            |
| Environmental protection                              |  |     | 1 594           | 1 460               | -               | -              | -             | 730           | (730)        | -100%          | 1 460              |
| Trading services                                      |  |     | 204 390         | 291 352             | -               | 5 402          | 50 297        | 145 676       | (95 379)     | -65%           | 291 352            |
| Electricity                                           |  |     | 97 937          | 190 721             | -               | 2 412          | 14 988        | 95 360        | (80 372)     | -84%           | 190 721            |
| Water                                                 |  |     | 65 591          | 58 728              | -               | -              | 473           | 29 364        | (28 891)     | -98%           | 58 728             |
| Waste water management                                |  |     | 37 404          | 31 403              | -               | 2 719          | 28 061        | 15 702        | 12 360       | 79%            | 31 403             |
| Waste management                                      |  |     | 3 457           | 10 500              | -               | 270            | 6 775         | 5 250         | 1 525        | 29%            | 10 500             |
| Other                                                 |  |     | 2 357           | -                   | -               | -              | 132           | -             | 132          | #DIV/0!        | -                  |
| Total Capital Expenditure - Standard Classification   |  | 3   | 461 711         | 726 241             | -               | 52 085         | 174 041       | 363 120       | (189 080)    | -52%           | 726 241            |
| Funded by:                                            |  |     |                 |                     |                 |                |               |               |              |                |                    |
| National Government                                   |  |     | 260 460         | 428 074             | -               | 22 812         | 113 003       | 214 037       | (101 034)    | -47%           | 428 074            |
| Provincial Government                                 |  |     | 15 205          | 19 899              | -               | 1 591          | 5 602         | 9 950         | (4 348)      | -44%           | 19 899             |
| District Municipality                                 |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other transfers and grants                            |  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Transfers recognised - capital                        |  |     | 275 665         | 447 973             | -               | 24 402         | 118 605       | 223 987       | (105 382)    | -47%           | 447 973            |
| Public contributions & donations                      |  | 5   | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Borrowing                                             |  | 6   | 62 181          | 158 268             | -               | 1 672          | 6 481         | 79 134        | (72 653)     | -92%           | 158 268            |
| Internally generated funds                            |  |     | 123 864         | 120 000             | -               | 26 010         | 48 955        | 60 000        | (11 045)     | -18%           | 120 000            |
| Total Capital Funding                                 |  |     | 461 711         | 726 241             | -               | 52 085         | 174 041       | 363 120       | (189 080)    | -52%           | 726 241            |

KZN225 Msunduzi - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06 December

| Description                              | Ref | 2015/16          | Budget Year 2016/17 |                 |               |                    |
|------------------------------------------|-----|------------------|---------------------|-----------------|---------------|--------------------|
|                                          |     | Audited Outcome  | Original Budget     | Adjusted Budget | YearTD actual | Full Year Forecast |
| <b>R thousands</b>                       | 1   |                  |                     |                 |               |                    |
| <b>ASSETS</b>                            |     |                  |                     |                 |               |                    |
| <b>Current assets</b>                    |     |                  |                     |                 |               |                    |
| Cash                                     |     | 96 597           | 100 068             |                 | 116           | 100 068            |
| Call investment deposits                 |     | 745 471          | 951 589             |                 | 1 042         | 951 589            |
| Consumer debtors                         |     | 716 949          | 965 246             |                 |               | 965 246            |
| Other debtors                            |     | 379 166          | 376 444             |                 | 3             | 376 444            |
| Current portion of long-term receivables |     | 46               | 43                  |                 |               | 43                 |
| Inventory                                |     | 46 737           | 741 893             |                 |               | 741 893            |
| <b>Total current assets</b>              |     | <b>1 984 966</b> | <b>3 135 284</b>    | <b>-</b>        | <b>1 161</b>  | <b>3 135 284</b>   |
| <b>Non current assets</b>                |     |                  |                     |                 |               |                    |
| Long-term receivables                    |     | 10 482           | 9 455               |                 |               | 9 455              |
| Investments                              |     | -                |                     |                 |               | -                  |
| Investment property                      |     | 382 805          | 356 914             |                 |               | 356 914            |
| Investments in Associate                 |     | -                |                     |                 |               | -                  |
| Property, plant and equipment            |     | 6 862 567        | 7 021 207           |                 | 5 962         | 7 021 207          |
| Agricultural                             |     | 230 945          | 46 520              |                 |               | 46 520             |
| Biological assets                        |     | 44 831           |                     |                 |               | -                  |
| Intangible assets                        |     | 17 212           | 27 283              |                 |               | 27 283             |
| Other non-current assets                 |     | -                | 179 008             |                 |               | 179 008            |
| <b>Total non current assets</b>          |     | <b>7 548 842</b> | <b>7 640 388</b>    | <b>-</b>        | <b>5 962</b>  | <b>7 640 388</b>   |
| <b>TOTAL ASSETS</b>                      |     | <b>9 533 808</b> | <b>10 775 671</b>   | <b>-</b>        | <b>7 123</b>  | <b>10 775 671</b>  |
| <b>LIABILITIES</b>                       |     |                  |                     |                 |               |                    |
| <b>Current liabilities</b>               |     |                  |                     |                 |               |                    |
| Bank overdraft                           |     |                  |                     |                 |               | -                  |
| Borrowing                                |     | 53 524           | 67 762              |                 |               | 67 762             |
| Consumer deposits                        |     | 89 479           | 92 798              |                 |               | 92 798             |
| Trade and other payables                 |     | 765 335          | 1 152 457           |                 | 562           | 1 152 457          |
| Provisions                               |     | 7 034            | 6 084               |                 |               | 6 084              |
| <b>Total current liabilities</b>         |     | <b>915 372</b>   | <b>1 319 101</b>    | <b>-</b>        | <b>562</b>    | <b>1 319 101</b>   |
| <b>Non current liabilities</b>           |     |                  |                     |                 |               |                    |
| Borrowing                                |     | 543 401          | 511 999             |                 |               | 511 999            |
| Provisions                               |     | 653 749          | 743 548             |                 |               | 743 548            |
| <b>Total non current liabilities</b>     |     | <b>1 197 150</b> | <b>1 255 547</b>    | <b>-</b>        | <b>-</b>      | <b>1 255 547</b>   |
| <b>TOTAL LIABILITIES</b>                 |     | <b>2 112 522</b> | <b>2 574 648</b>    | <b>-</b>        | <b>562</b>    | <b>2 574 648</b>   |
| <b>NET ASSETS</b>                        | 2   | <b>7 421 286</b> | <b>8 201 024</b>    | <b>-</b>        | <b>6 561</b>  | <b>8 201 024</b>   |
| <b>COMMUNITY WEALTH/EQUITY</b>           |     |                  |                     |                 |               |                    |
| Accumulated Surplus/(Deficit)            |     | 7 163 338        | 8 028 109           |                 | 6 561         | 8 028 109          |
| Reserves                                 |     | 257 948          | 172 914             |                 |               | 172 914            |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 2   | <b>7 421 286</b> | <b>8 201 024</b>    | <b>-</b>        | <b>6 561</b>  | <b>8 201 024</b>   |

KZN225 Msunduzi - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December

| Description                                       | Ref      | 2015/16            | Budget Year 2016/17 |                 |                 |                  |                  |                  |                | Full Year Forecast |
|---------------------------------------------------|----------|--------------------|---------------------|-----------------|-----------------|------------------|------------------|------------------|----------------|--------------------|
|                                                   |          | Audited Outcome    | Original Budget     | Adjusted Budget | Monthly actual  | YearTD actual    | YearTD budget    | YTD variance     | YTD variance % |                    |
| <b>R thousands</b>                                | <b>1</b> |                    |                     |                 |                 |                  |                  |                  |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| <b>Receipts</b>                                   |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| Property rates, penalties & collection charges    |          | 716 603            | 741 451             |                 | 58 880          | 354 944          | 370 725          | (15 782)         | -4%            | 741 451            |
| Service charges                                   |          | 2 227 525          | 2 533 370           |                 | 225 215         | 1 342 843        | 1 266 685        | 76 158           | 6%             | 2 533 370          |
| Other revenue                                     |          | -                  | 138 875             |                 | 21 929          | 170 041          | 69 437           | 100 604          | 145%           | 138 875            |
| Government - operating                            |          | 519 604            | 489 491             |                 | 159 820         | 349 332          | 244 745          | 104 587          | 43%            | 489 491            |
| Government - capital                              |          | 356 459            | 447 973             |                 | 109 178         | 308 380          | 223 987          | 84 394           | 38%            | 447 973            |
| Interest                                          |          | 120 502            | 107 717             |                 | 1 619           | 51 736           | 53 892           | (2 156)          | -4%            | 107 717            |
| Dividends                                         |          |                    | -                   |                 |                 |                  | -                | -                |                | -                  |
| <b>Payments</b>                                   |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| Suppliers and employees                           |          | (2 677 191)        | (3 619 264)         |                 | (347 234)       | (2 359 231)      | (1 813 377)      | 545 853          | -30%           | (3 619 264)        |
| Finance charges                                   |          | (71 169)           | (65 474)            |                 | (17 670)        | (33 926)         | (32 743)         | 1 183            | -4%            | (65 474)           |
| Transfers and Grants                              |          | (11 573)           | (191)               |                 |                 |                  | (96)             | (96)             | 100%           | (191)              |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |          | <b>1 180 761</b>   | <b>773 947</b>      | <b>-</b>        | <b>211 736</b>  | <b>184 120</b>   | <b>383 256</b>   | <b>199 136</b>   | <b>52%</b>     | <b>773 947</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| <b>Receipts</b>                                   |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| Proceeds on disposal of PPE                       |          | 421                |                     |                 |                 |                  | -                | -                |                | -                  |
| Decrease (Increase) in non-current debtors        |          |                    |                     |                 |                 |                  | -                | -                |                | -                  |
| Decrease (increase) other non-current receivables |          |                    |                     |                 |                 |                  | -                | -                |                | -                  |
| Decrease (increase) in non-current investments    |          | (1 033)            |                     |                 |                 |                  | -                | -                |                | -                  |
| <b>Payments</b>                                   |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| Capital assets                                    |          | #####              | (617 305)           |                 | (52 093)        | (174 031)        | (308 653)        | (134 622)        | 44%            | (617 305)          |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |          | <b>(1 224 532)</b> | <b>(617 305)</b>    | <b>-</b>        | <b>(52 093)</b> | <b>(174 031)</b> | <b>(308 653)</b> | <b>(134 622)</b> | <b>44%</b>     | <b>(617 305)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| <b>Receipts</b>                                   |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| Short term loans                                  |          |                    |                     |                 |                 |                  |                  | -                |                | -                  |
| Borrowing long term/refinancing                   |          | 100 000            | 50 000              |                 |                 |                  |                  | -                |                | 50 000             |
| Increase (decrease) in consumer deposits          |          | 4 370              |                     |                 |                 |                  |                  | -                |                | -                  |
| <b>Payments</b>                                   |          |                    |                     |                 |                 |                  |                  |                  |                |                    |
| Repayment of borrowing                            |          | (53 739)           | (67 762)            |                 | (14 430)        | (33 223)         | (33 881)         | (658)            | 2%             | (67 762)           |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |          | <b>50 631</b>      | <b>(17 762)</b>     | <b>-</b>        | <b>(14 430)</b> | <b>(33 223)</b>  | <b>(33 881)</b>  | <b>(658)</b>     | <b>2%</b>      | <b>(17 762)</b>    |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |          | <b>6 860</b>       | <b>138 880</b>      | <b>-</b>        | <b>145 214</b>  | <b>(23 134)</b>  | <b>40 722</b>    |                  |                | <b>138 880</b>     |
| Cash/cash equivalents at beginning:               |          | 827 273            | 912 709             |                 |                 | 976 717          | 912 709          |                  |                | 976 717            |
| Cash/cash equivalents at month/year end:          |          | 834 133            | 1 051 589           | -               |                 | 953 582          | 953 431          |                  |                | 1 115 597          |

## 2. PART 2 – SUPPORTING DOCUMENTATION

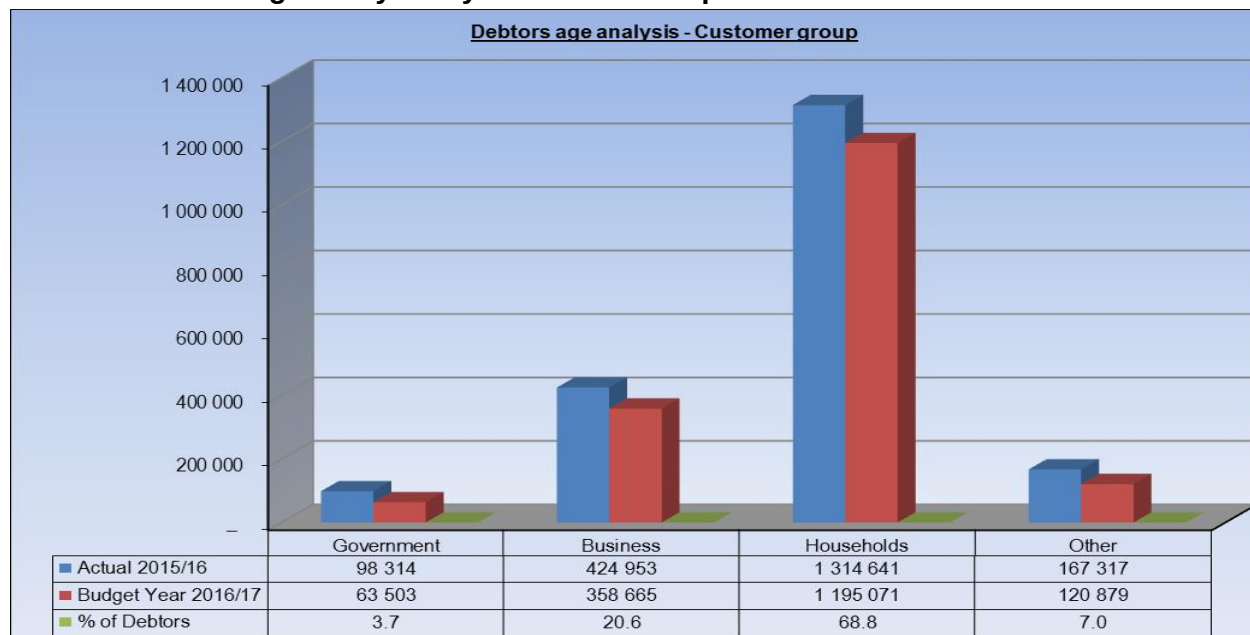
### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 December 2016.

**Table 2.1.1: Debtors Age Analysis by Income Source**

**KZN225 Msunduzi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December**

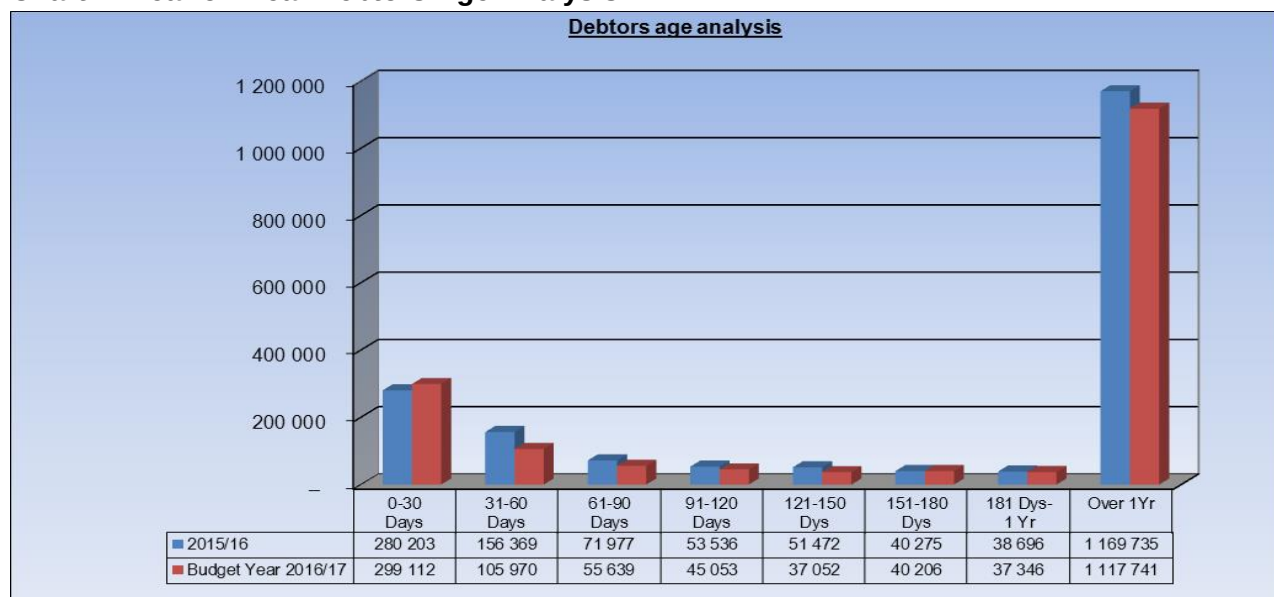
| Description                                                             | NT Code     | Budget Year 2016/17 |                |               |               |               |               |               |                  |                  |                    | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|-------------------------------------------------------------------------|-------------|---------------------|----------------|---------------|---------------|---------------|---------------|---------------|------------------|------------------|--------------------|----------------------------------------------|---------------------------------------------|
|                                                                         |             | 0-30 Days           | 31-60 Days     | 61-90 Days    | 91-120 Days   | 121-150 Dys   | 151-180 Dys   | 181 Dys-1 Yr  | Over 1Yr         | Total            | Total over 90 days |                                              |                                             |
| <b>R thousands</b>                                                      |             |                     |                |               |               |               |               |               |                  |                  |                    |                                              |                                             |
| <b>Debtors Age Analysis By Income Source</b>                            |             |                     |                |               |               |               |               |               |                  |                  |                    |                                              |                                             |
| Trade and Other Receivables from Exchange Transactions - Water          | 1200        | 48 198              | 26 643         | 18 654        | 18 518        | 17 242        | 13 944        | 14 221        | 368 949          | 526 370          | 432 874            |                                              | 141 136                                     |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 1300        | 166 563             | 53 928         | 9 462         | 6 878         | 5 167         | 3 521         | 2 775         | 51 479           | 299 773          | 69 820             |                                              | 20 003                                      |
| Receivables from Non-exchange Transactions - Property Rates             | 1400        | 59 298              | 24 956         | 18 791        | 9 701         | 8 797         | 8 131         | 6 576         | 225 008          | 361 259          | 258 214            |                                              | 132 109                                     |
| Receivables from Exchange Transactions - Waste Water Management         | 1500        | 11 636              | 5 218          | 3 369         | 3 184         | 3 177         | 2 981         | 2 714         | 73 839           | 106 118          | 85 895             |                                              | 35 020                                      |
| Receivables from Exchange Transactions - Waste Management               | 1600        | 7 059               | 3 012          | 1 791         | 1 674         | 1 613         | 1 603         | 1 404         | 37 816           | 55 971           | 44 109             |                                              | 17 474                                      |
| Receivables from Exchange Transactions - Property Rental Debtors        | 1700        | 636                 | 559            | 527           | 530           | 529           | 518           | 512           | 20 687           | 24 498           | 22 775             |                                              | 13 531                                      |
| Interest on Arrear Debtor Accounts                                      | 1810        | 9 368               | 8 712          | 8 607         | 8 629         | 8 439         | 9 287         | 8 262         | 227 387          | 288 693          | 262 005            |                                              | 117 910                                     |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820        | -                   | -              | -             | -             | -             | -             | -             | -                | -                | -                  |                                              | -                                           |
| Other                                                                   | 1900        | (3 645)             | (17 061)       | (5 562)       | (4 060)       | (7 911)       | 220           | 882           | 112 575          | 75 437           | 101 705            |                                              | 74 123                                      |
| <b>Total By Income Source</b>                                           | <b>2000</b> | <b>299 112</b>      | <b>105 970</b> | <b>55 639</b> | <b>45 053</b> | <b>37 052</b> | <b>40 206</b> | <b>37 346</b> | <b>1 117 741</b> | <b>1 738 118</b> | <b>1 277 398</b>   | <b>-</b>                                     | <b>551 306</b>                              |
| <b>2015/16 - totals only</b>                                            |             | <b>280 203</b>      | <b>156 369</b> | <b>71 977</b> | <b>53 536</b> | <b>51 472</b> | <b>40 275</b> | <b>38 696</b> | <b>1 169 735</b> | <b>1 862 262</b> | <b>1 353 713</b>   |                                              | <b>725 491</b>                              |
| <b>Debtors Age Analysis By Customer Group</b>                           |             |                     |                |               |               |               |               |               |                  |                  |                    |                                              |                                             |
| Organs of State                                                         | 2200        | 22 477              | (2 656)        | (748)         | (149)         | (4 839)       | 1 975         | 1 343         | 46 101           | 63 503           | 44 431             |                                              | 34 638                                      |
| Commercial                                                              | 2300        | 152 338             | 51 738         | 11 699        | 8 705         | 6 317         | 4 829         | 4 286         | 118 751          | 358 665          | 142 889            |                                              | 56 441                                      |
| Households                                                              | 2400        | 116 537             | 51 771         | 40 995        | 33 839        | 33 116        | 30 338        | 29 316        | 859 160          | 1 195 071        | 985 769            |                                              | 404 595                                     |
| Other                                                                   | 2500        | 7 760               | 5 117          | 3 694         | 2 658         | 2 459         | 3 064         | 2 400         | 93 728           | 120 879          | 104 309            |                                              | 55 632                                      |
| <b>Total By Customer Group</b>                                          | <b>2600</b> | <b>299 112</b>      | <b>105 970</b> | <b>55 639</b> | <b>45 053</b> | <b>37 052</b> | <b>40 206</b> | <b>37 346</b> | <b>1 117 741</b> | <b>1 738 118</b> | <b>1 277 398</b>   | <b>-</b>                                     | <b>551 306</b>                              |

**Chart 1: Debtors Age Analysis By Customer Group**

The information presented in the chart above shows a decrease in the outstanding debtor's balances as at 31 December 2016 of R 267.1 million when compared to the month of June 2016, balance bringing the total outstanding debtors balance to R1, 88 billion.

Total debt owed to the municipality ranked from highest to lowest for current budget year reflects that households owe 69% of the total municipal debt as detailed below;

- ✓ Households 69%
- ✓ Commercial 20%
- ✓ Organs of State 4%
- ✓ Other 7%

**Chart 2: Year on Year Debtors Age Analysis**

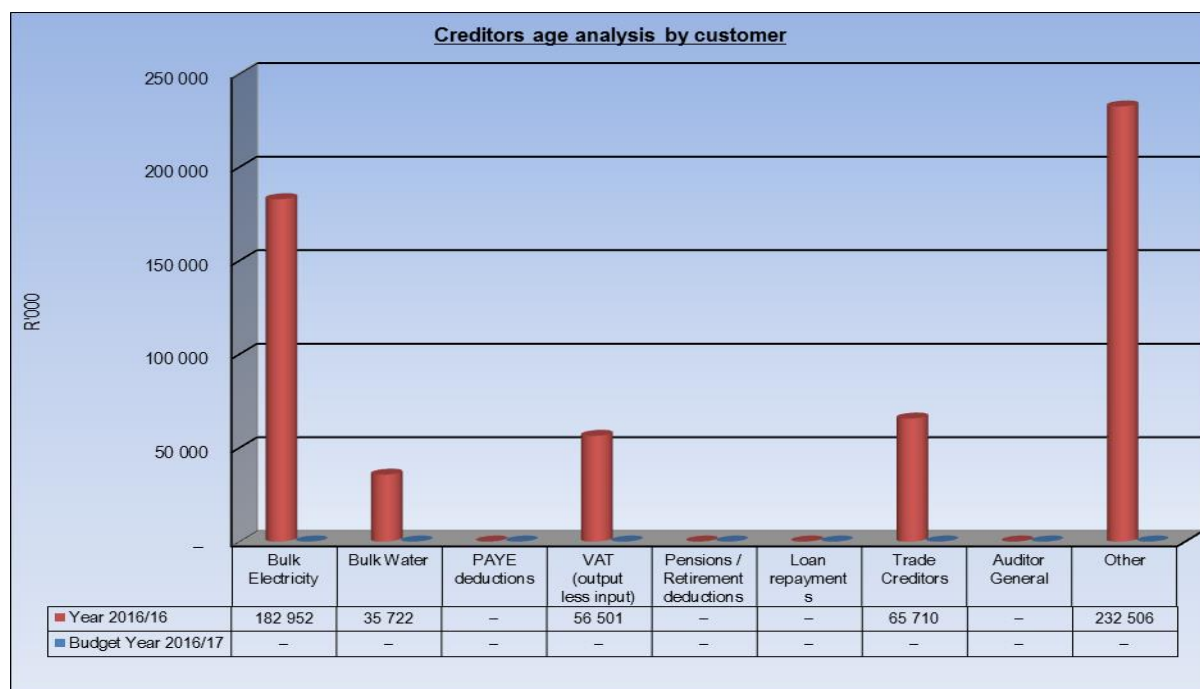
## 2.2 Creditors Analysis

Table SC 4 below presents the aged creditors as at 31 December 2016

| KZN225 Msunduzi - Supporting Table SC4 Monthly Budget Statement - aged creditors |         |                     |              |              |               |                |                |                   |             | M06 December 2016 |
|----------------------------------------------------------------------------------|---------|---------------------|--------------|--------------|---------------|----------------|----------------|-------------------|-------------|-------------------|
| Description                                                                      | NT Code | Budget Year 2016/17 |              |              |               |                |                |                   |             | Year 2016/16      |
| R thousands                                                                      |         | 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 |                   |
| <b>Creditors Age Analysis By Customer Type</b>                                   |         |                     |              |              |               |                |                |                   |             |                   |
| Bulk Electricity                                                                 | 0100    | -                   | -            | -            | -             | -              | -              | -                 | -           | 182 952           |
| Bulk Water                                                                       | 0200    | -                   | -            | -            | -             | -              | -              | -                 | -           | 35 722            |
| PAYE deductions                                                                  | 0300    | -                   | -            | -            | -             | -              | -              | -                 | -           | -                 |
| VAT (output less input)                                                          | 0400    | -                   | -            | -            | -             | -              | -              | -                 | -           | 56 501            |
| Pensions / Retirement deduction                                                  | 0500    | -                   | -            | -            | -             | -              | -              | -                 | -           | -                 |
| Loan repayments                                                                  | 0600    | -                   | -            | -            | -             | -              | -              | -                 | -           | -                 |
| Trade Creditors                                                                  | 0700    | -                   | -            | -            | -             | -              | -              | -                 | -           | 65 710            |
| Auditor General                                                                  | 0800    | -                   | -            | -            | -             | -              | -              | -                 | -           | -                 |
| Other                                                                            | 0900    | -                   | -            | -            | -             | -              | -              | -                 | -           | 232 506           |
| Total By Customer Type                                                           | 2600    | -                   | -            | -            | -             | -              | -              | -                 | -           | 573 392           |

The chart below presents a comparison of the age creditors between the current and prior year and for December months.

**Chart 4: Year on Year Creditors Age Analysis**



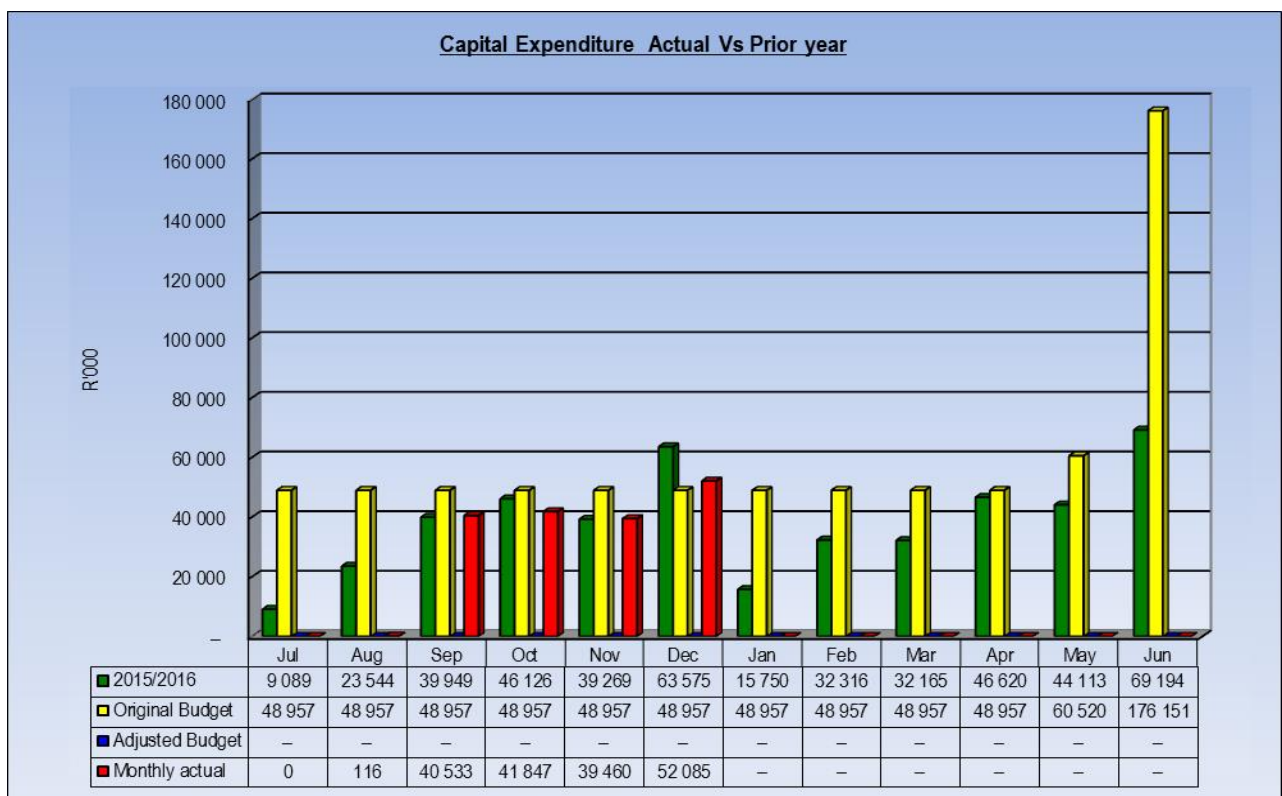
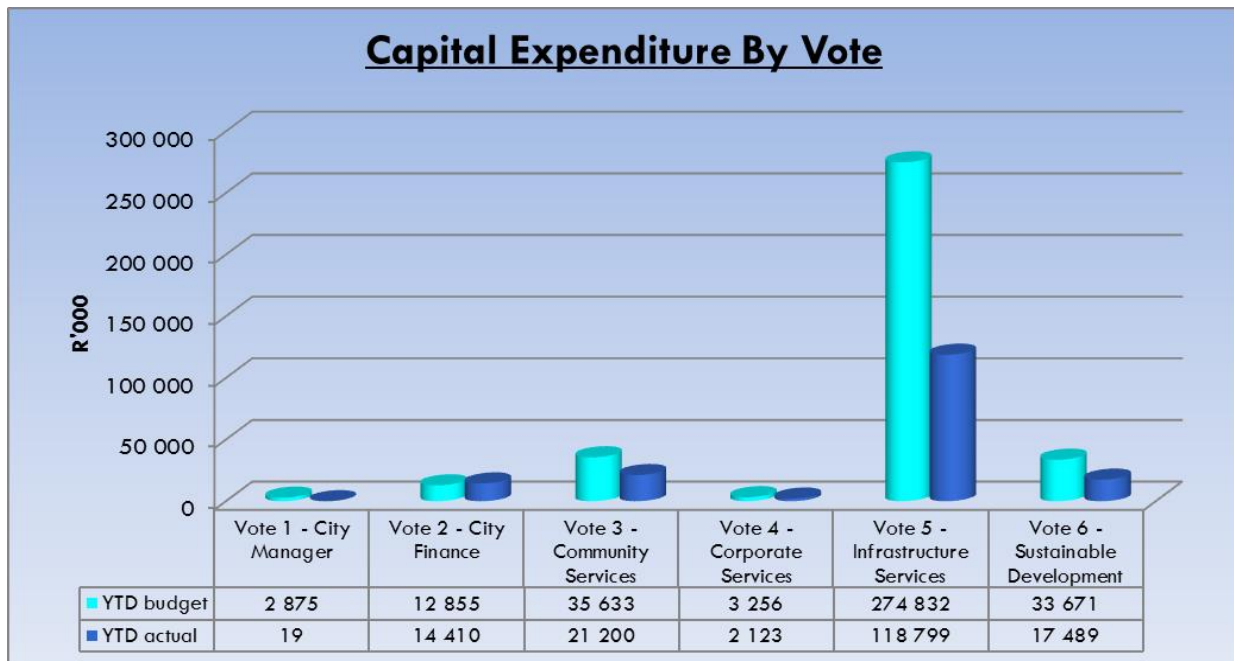
### 2.3 Investment Portfolio Analysis

The following information presents the short term investments balances broken down per investment type as at 31 December 2016.

| KZN225 Msunduzi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December |     |                         |                       |                                 |                                      |                                 |                                                    |                              |                                           |
|-------------------------------------------------------------------------------------------------------|-----|-------------------------|-----------------------|---------------------------------|--------------------------------------|---------------------------------|----------------------------------------------------|------------------------------|-------------------------------------------|
| Investments by maturity<br>Name of institution & investment ID                                        | Ref | Period of<br>Investment | Type of<br>Investment | Expiry date<br>of<br>investment | Accrued<br>interest for<br>the month | Yield for the<br>month 1<br>(%) | Market<br>value at<br>beginning<br>of the<br>month | Change in<br>market<br>value | Market<br>value at end<br>of the<br>month |
| R thousands                                                                                           |     | Yrs/Months              |                       |                                 |                                      |                                 |                                                    |                              |                                           |
| <b>Municipality</b>                                                                                   |     |                         |                       |                                 |                                      |                                 |                                                    |                              |                                           |
| Fixed - ABSA - Call                                                                                   |     | Call                    | Call                  | on call                         |                                      |                                 |                                                    |                              | 28 041                                    |
| Fixed - ABSA - 12 months (WCA)                                                                        |     | 12 months               |                       |                                 |                                      |                                 |                                                    |                              | 8 318                                     |
| Fixed - ABSA - Various                                                                                |     | Various                 |                       |                                 |                                      |                                 |                                                    |                              | 150 000                                   |
| Standard bank                                                                                         |     | 3 months                |                       |                                 |                                      |                                 |                                                    |                              | 210 000                                   |
| FNB Various                                                                                           |     |                         |                       |                                 |                                      |                                 |                                                    |                              | 496 170                                   |
| <b>Municipality sub-total</b>                                                                         |     |                         |                       |                                 | -                                    |                                 | -                                                  | -                            | 892 530                                   |

The total consolidated investment balances as at 31 December 2016 was R 892.5 million being largely made up of the Municipal Investments .

**Capital Expenditure:** While the YTD capital expenditure budget was R 363.1 million, the actual YTD Capital expenditure incurred amounted to R 174.0 million resulting in underperformance of 52% of the capital budget. An increasing expenditure trend on capex budget can be seen when comparing the month on month movements.



### **Councillor Allowances**

The expenditure on councillor allowances as at 31 December 2016 was under spent by R 0.1million. The YTD Remuneration of Councillor's budget was R 21.5 million while the actual expenditure incurred was R 21.4 million resulting in 99% YTD expenditure performance.

### **Employee Benefits**

The total salaries expenditure for December month was R 80.7 million bringing the YTD expenditure to R 540.1 million or 97,% of the YTD budget.

### **Board Member Fees – Safe City**

The municipal entity's board members offer a voluntary service to the organisation and hence the nil expenditure in this regard.

The detailed staff benefits report is contained in the s66 report

## 2.4 Material Variances to the SDBIP

This section on material variances to the Service Delivery & Budget Implementation Plan analyses mainly the financial targets and non financial target. This report analyses each major component under following headings;

- ✓ 2.6.1 Monthly Cash Projections
- ✓ 2.6.2 Material Variances: Financial Indicators
- ✓ 2.6.3 SDBIP: Non-Financial Performance

## 2.6.1 Monthly Cash Projections

Table SC9 presents the actual cash flows for the period ending December 2016 and the monthly forecast till year end. The first table mainly presents cash inflows, while the next the page presents mainly outflows.

| KZN225 Msunduzi - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts |     |                     |                |                |                |                |                |                |                |                |                |                |                | M06 December 2016                   |                        |                        |
|-----------------------------------------------------------------------------------------------------------------|-----|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------------|------------------------|------------------------|
| Description                                                                                                     | Ref | Budget Year 2016/17 |                |                |                |                |                |                |                |                |                |                |                | Medium Term Revenue and Expenditure |                        |                        |
|                                                                                                                 |     | July                | August         | Sept           | October        | Nov            | Dec            | January        | Feb            | March          | April          | May            | June           | Budget Year 2016/17                 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands                                                                                                     | 1   | Outcome             | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        |                                     |                        |                        |
| <b>Cash Receipts By Source</b>                                                                                  |     |                     |                |                |                |                |                |                |                |                |                |                |                |                                     |                        |                        |
| Property rates                                                                                                  |     | 51 006              | 57 401         | 61 601         | 57 589         | 62 522         | 57 859         | 59 905         | 59 905         | 59 905         | 59 905         | 58 573         | 45 261         | 702 880                             | 745 053                | 789 756                |
| Property rates - penalties & collection charges                                                                 |     | 1 111               | 1 036          | 1 415          | 1 009          | 1 374          | 1 021          | 3 287          | 3 287          | 3 287          | 3 287          | 3 214          | 2 484          | 38 570                              | 40 885                 | 43 338                 |
| Service charges - electricity revenue                                                                           |     | 174 573             | 154 895        | 168 410        | 207 744        | 172 450        | 181 994        | 151 122        | 151 122        | 151 122        | 151 122        | 147 271        | 108 763        | 1 767 256                           | 1 902 275              | 2 047 608              |
| Service charges - water revenue                                                                                 |     | 30 590              | 32 291         | 33 777         | 32 729         | 29 983         | 27 932         | 38 020         | 38 020         | 38 020         | 38 020         | 45 700         | 122 500        | 548 405                             | 609 553                | 677 518                |
| Service charges - sanitation revenue                                                                            |     | 9 674               | 10 604         | 10 159         | 9 617          | 8 748          | 9 201          | 11 088         | 11 088         | 11 088         | 11 088         | 10 842         | 8 378          | 130 099                             | 137 904                | 146 179                |
| Service charges - refuse                                                                                        |     | 5 954               | 6 541          | 6 540          | 6 516          | 5 833          | 6 088          | 7 467          | 7 467          | 7 467          | 7 467          | 7 301          | 5 642          | 87 610                              | 92 867                 | 98 439                 |
| Service charges - other                                                                                         |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Rental of facilities and equipment                                                                              |     | 1 195               | 1 412          | 899            | 1 154          | 1 029          | 1 259          | 3 286          | 3 286          | 3 286          | 3 286          | 3 213          | 2 482          | 38 552                              | 38 044                 | 39 946                 |
| Interest earned - external investments                                                                          |     | 39 515              | 1 313          | 1 989          | 1 040          | 6 226          | 1 613          | 4 106          | 4 106          | 4 106          | 4 106          | 4 106          | 4 106          | 49 270                              | 52 177                 | 55 204                 |
| Interest earned - outstanding debtors                                                                           |     | 1 061               | 910            | 735            | 817            | 889            | 931            | 4 976          | 4 976          | 4 976          | 4 976          | 4 866          | 3 760          | 58 387                              | 61 890                 | 65 604                 |
| Dividends received                                                                                              |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Fines                                                                                                           |     | 347                 | 427            | 274            | 216            | 62             | 161            | 1 390          | 1 390          | 1 390          | 1 390          | 1 359          | 1 051          | 16 313                              | 17 185                 | 17 639                 |
| Licences and permits                                                                                            |     | 6                   | 5              | 7              | 9              | 6              | 4              | 7              | 7              | 7              | 7              | 7              | 5              | 81                                  | 85                     | 90                     |
| Agency services                                                                                                 |     | 0                   | 0              | 0              | -              | 0              | 0              | 50             | 50             | 50             | 50             | 49             | 38             | 590                                 | 619                    | 650                    |
| Transfer receipts - operating                                                                                   |     | 180 127             | 1 625          | -              | 7 761          | -              | 159 820        | 38 884         | 38 884         | 38 884         | 38 884         | 40 791         | 59 856         | 489 491                             | 530 155                | 579 871                |
| Other revenue                                                                                                   |     | 2 929               | 33 405         | 29 193         | 25 143         | 43 505         | 19 238         | 6 336          | 6 336          | 6 336          | 6 336          | 6 945          | 13 036         | 83 339                              | 87 417                 | 91 776                 |
| <b>Cash Receipts by Source</b>                                                                                  |     | <b>498 087</b>      | <b>301 865</b> | <b>315 000</b> | <b>351 345</b> | <b>332 629</b> | <b>467 121</b> | <b>329 925</b> | <b>329 925</b> | <b>329 925</b> | <b>329 925</b> | <b>334 237</b> | <b>377 361</b> | <b>4 010 844</b>                    | <b>4 316 107</b>       | <b>4 653 617</b>       |
| <b>Other Cash Flows by Source</b>                                                                               |     |                     |                |                |                |                |                |                |                |                |                |                |                |                                     |                        |                        |
| Transfer receipts - capital                                                                                     |     | 99 385              | 20 320         | 1 920          | 76 065         | 1 512          | 109 178        | 38 957         | 38 957         | 38 957         | 38 957         | 37 331         | 21 076         | 447 973                             | 460 223                | 521 989                |
| Contributions & Contributed assets                                                                              |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Proceeds on disposal of PPE                                                                                     |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Short term loans                                                                                                |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Borrowing long term/refinancing                                                                                 |     | -                   | -              | -              | -              | -              | -              | 50 000         | -              | -              | -              | -              | -              | 50 000                              | 120 000                | 120 000                |
| Increase in consumer deposits                                                                                   |     | 1 011               | 272            | 445            | 443            | 304            | 335            | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Receipt of non-current debtors                                                                                  |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Receipt of non-current receivables                                                                              |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| Change in non-current investments                                                                               |     | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                                   | -                      | -                      |
| <b>Total Cash Receipts by Source</b>                                                                            |     | <b>598 483</b>      | <b>322 456</b> | <b>317 365</b> | <b>427 853</b> | <b>334 445</b> | <b>576 635</b> | <b>418 881</b> | <b>368 881</b> | <b>368 881</b> | <b>368 881</b> | <b>371 568</b> | <b>398 437</b> | <b>4 508 817</b>                    | <b>4 896 330</b>       | <b>5 295 606</b>       |

| KZN225 Msunduzi - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash payments |     |                     |                 |                 |                |                  |                |                |                |                |                |                |                  | Medium Term Revenue and Expenditure |                        |                        |
|-----------------------------------------------------------------------------------------------------------------|-----|---------------------|-----------------|-----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-------------------------------------|------------------------|------------------------|
| Description                                                                                                     | Ref | Budget Year 2016/17 |                 |                 |                |                  |                |                |                |                |                |                |                  | Medium Term Revenue and Expenditure |                        |                        |
|                                                                                                                 |     | July                | August          | Sept            | October        | Nov              | Dec            | January        | Feb            | March          | April          | May            | June             | Budget Year 2016/17                 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands                                                                                                     | 1   | Outcome             | Outcome         | Outcome         | Outcome        | Outcome          | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome        | Outcome          |                                     |                        |                        |
| <b>Cash Payments by Type</b>                                                                                    |     |                     |                 |                 |                |                  |                |                |                |                |                |                |                  |                                     |                        |                        |
| Employee related costs                                                                                          |     | 83 964              | 83 807          | 82 755          | 122 464        | 84 103           | 82 172         | 85 722         | 85 722         | 85 722         | 85 722         | 86 305         | 92 130           | 1 035 660                           | 1 095 614              | 1 159 201              |
| Remuneration of councillors                                                                                     |     | 3 441               | 3 441           | 3 610           | 3 558          | 3 773            | 3 572          | 3 741          | 3 741          | 3 741          | 3 741          | 3 586          | 2 037            | 43 033                              | 45 615                 | 48 352                 |
| Interest paid                                                                                                   |     | -                   | 0               | 16 251          | -              | -                | -              | -              | -              | -              | -              | -              | 16 576           | 65 460                              | 58 249                 | 49 568                 |
| Bulk purchases - Electricity                                                                                    |     | 182 952             | 205 250         | 205 271         | -              | 0                | 17 669         | -              | -              | 14 956         | -              | -              | 115 889          | 1 408 955                           | 1 519 699              | 1 639 148              |
| Bulk purchases - Water & Sewer                                                                                  |     | 35 837              | 43 600          | -               | 121 897        | 124 240          | 122 031        | 117 565        | 117 565        | 117 565        | 117 565        | 117 413        | 127 269          | 527 753                             | 586 597                | 652 003                |
| Other materials                                                                                                 |     | 1 140               | 137             | 600             | 87 066         | 44 112           | 43 618         | 35 650         | 35 650         | 35 650         | 35 650         | 43 979         | (2 085)          | 180 842                             | 204 864                | 216 029                |
| Contracted services                                                                                             |     | 651                 | 18 766          | 43 732          | 1 680          | 895              | 1 202          | 16 786         | 16 786         | 16 786         | 16 786         | 15 070         | 2 926            | 35 108                              | 45 274                 | 47 548                 |
| Grants and subsidies paid - other municipalities                                                                |     | -                   | -               | -               | 30 903         | 64 454           | 32 528         | 2 926          | 2 926          | 2 926          | 2 926          | 2 926          | -                | -                                   | -                      | -                      |
| Grants and subsidies paid - other                                                                               |     | 1 710               | -               | -               | -              | -                | 20             | 650            | 650            | 650            | 650            | 666            | 825              | 7 990                               | 8 603                  | 9 265                  |
| General expenses                                                                                                |     | 79 450              | 26 976          | 2 534           | 4 935          | 205 516          | 61 162         | 22 883         | 22 883         | 22 883         | 22 883         | 31 693         | 119 794          | 380 320                             | 345 821                | 284 450                |
| <b>Cash Payments by Type</b>                                                                                    |     | <b>389 146</b>      | <b>381 977</b>  | <b>354 752</b>  | <b>372 502</b> | <b>527 094</b>   | <b>363 973</b> | <b>285 924</b> | <b>285 924</b> | <b>300 880</b> | <b>285 924</b> | <b>301 638</b> | <b>475 362</b>   | <b>3 685 121</b>                    | <b>3 910 336</b>       | <b>4 105 563</b>       |
| <b>Other Cash Flows/Payments by Type</b>                                                                        |     |                     |                 |                 |                |                  |                |                |                |                |                |                |                  |                                     |                        |                        |
| Capital assets                                                                                                  |     | 116                 | -               | 40 533          | 41 830         | 39 460           | 52 093         | 39 191         | 39 191         | 39 191         | 39 191         | 51 442         | 173 953          | 617 305                             | 867 636                | 983 155                |
| Repayment of borrowing                                                                                          |     | 24                  | 24              | 18 698          | 24             | 24               | 14 430         | -              | -              | 19 607         | -              | -              | 15 083           | 67 762                              | 73 307                 | 77 156                 |
| Other Cash Flows/Payments                                                                                       |     | -                   | -               | -               | -              | -                | -              | -              | -              | -              | -              | -              | -                | -                                   | -                      | -                      |
| <b>Total Cash Payments by Type</b>                                                                              |     | <b>389 285</b>      | <b>382 001</b>  | <b>413 984</b>  | <b>414 355</b> | <b>566 577</b>   | <b>430 496</b> | <b>325 115</b> | <b>325 115</b> | <b>359 678</b> | <b>325 115</b> | <b>353 081</b> | <b>664 398</b>   | <b>4 370 188</b>                    | <b>4 851 279</b>       | <b>5 165 874</b>       |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                                                                     |     | <b>209 198</b>      | <b>(59 545)</b> | <b>(96 619)</b> | <b>13 497</b>  | <b>(232 132)</b> | <b>146 139</b> | <b>93 767</b>  | <b>43 767</b>  | <b>9 203</b>   | <b>43 767</b>  | <b>18 488</b>  | <b>(265 961)</b> | <b>138 629</b>                      | <b>45 051</b>          | <b>129 732</b>         |
| Cash/cash equivalents at the month/year beginning:                                                              |     | 976 717             | 1 185 914       | 1 126 370       | 1 029 751      | 1 043 249        | 811 117        | 957 255        | 1 051 022      | 1 094 788      | 1 103 992      | 1 147 758      | 1 166 246        | 976 717                             | 1 115 346              | 1 160 397              |
| Cash/cash equivalents at the month/year end:                                                                    |     | 1 185 914           | 1 126 370       | 1 029 751       | 1 043 249      | 811 117          | 957 255        | 1 051 022      | 1 094 788      | 1 103 992      | 1 147 758      | 1 166 246      | 900 285          | 1 115 346                           | 1 160 397              | 1 290 129              |

## 2.6.2 Material Variances: Financial Indicators

|   |                                        |        |                                                        |
|---|----------------------------------------|--------|--------------------------------------------------------|
| 1 | <b><u>Revenue By Source</u></b>        |        |                                                        |
|   | Agency services                        | -33%   | This is based on the customer usage fgor fire services |
|   | Other revenue                          | -40%   | This is a user driven resource                         |
|   | Rental of facilities and equipment     | -53%   | This is a user driven resource                         |
|   | Licences and permits                   | -24%   | This is a user driven resource                         |
|   | Interest earned - external investments | 86%    | This is would smooth out during the year               |
|   | Transfers recognised - operational     | 36%    | This is would smooth out during the year               |
|   | Interest earned - outstanding debtors  | -6%    | This is would smooth out during the year               |
| 2 | <b><u>Expenditure By Type</u></b>      |        |                                                        |
|   | Debt impairment                        | 100%   | This is an annulised year end entry                    |
|   | Other materials                        | 95%    | This is a seasonal category and will smooth out during |
|   |                                        |        | This is a seasonal category and will smooth out during |
|   | Contracted services                    | -1000% | the year                                               |
|   | Transfers and grants                   | 94%    | These are quarterly payments, and would smooth out     |
|   |                                        |        | This over-performance would smooth out during the      |
|   | Finance charges                        | -4%    | year                                                   |
|   | Bulk purchases                         | 12%    | This is would smooth out during the year               |
|   | Depreciation & asset impairment        | -44%   | This is an annulised year end entry                    |
|   | Other expenditure                      | 38%    | This is would smooth out during the year               |

## 2.5 Parent Municipality Financial Performance

### REVENUE ANALYSIS

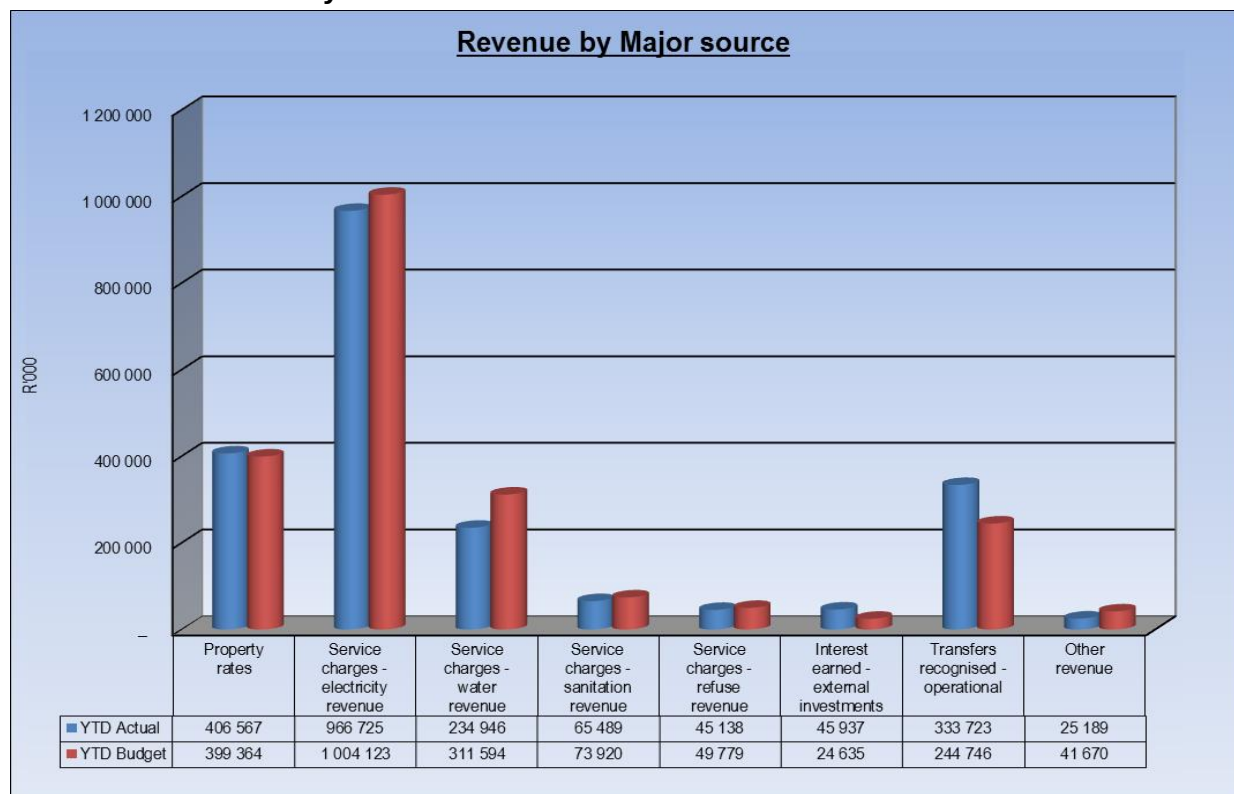
This section on material variances to the Service Delivery & Budget Implementation Plan analyses the financial as well as the non-financial performance targets for the last quarter. The financial performance section analyses material variances between the actual targets as at Midyear and the budget for the same period. This report analyses each major component under following headings;

- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and

The last section deals with the non-financial performance analysis of the actual targets against the planned targets as at 31 December 2016.

#### 2.5.1 FINANCIAL PERFORMANCE

**Chart 5: Revenue Analysis**



**Service Charges – Electricity Revenue:** This is a major revenue source of the Municipality contributing 44% to the actual Ytd operating revenue basket and 45% of the Ytd Budget. The year to date revenue earned from electricity service charges under performed by (R 37.3 million) when compared to the Ytd Budget.

**Property Rates** is the second largest contributor to the operating revenue basket making up 18% of the total Ytd actual operating revenue and 18% of the Ytd budget, When comparing Ytd Actual revenue earned to Ytd Budget, making a variance of 2% over performance which existed as at 31 December 2016.

**Transfers recognised – Operational** is made up of all operational grants funding mainly from the National & Provincial Government Departments, the largest of these being the equitable share.

**Service Charges - Water revenue:** The revenue earned from Water charges shared 11% of Ytd actual revenue basket and 14% of Ytd budget revenue causing a negative variance of -25% when comparing Ytd actual to Ytd Budget.

**Service Charges - sanitation revenue:** reflects an under performance of 11% when comparing the Ytd actual revenue to the Ytd budget.

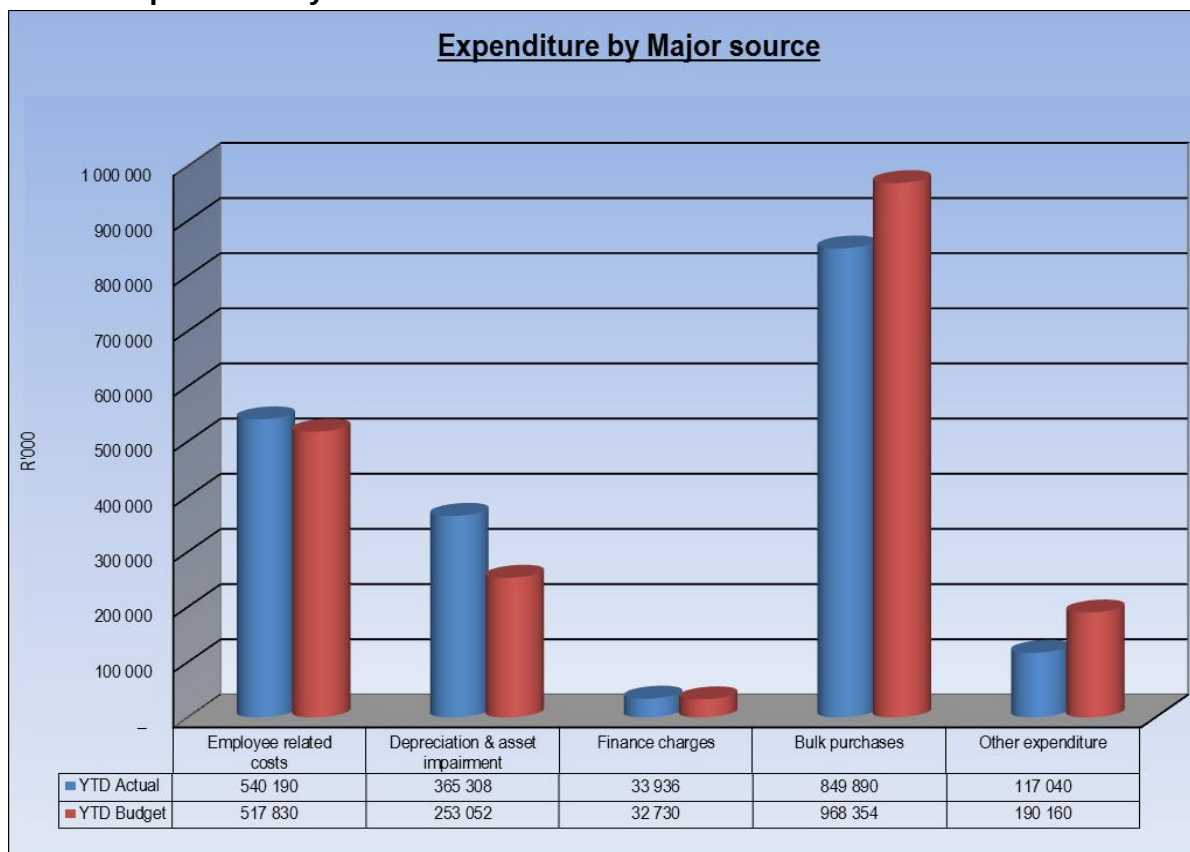
**Service Charges - refuse revenue** reflects an under performance of 9% when comparing the Ytd actual revenue to the Ytd budget.

**Interest earned** – outstanding debtors and other revenue contributes 3% percentage to the total operating revenue received as at 31 December 2016.

## OPERATIONAL EXPENDITURE

The chart below presents the YTD operational expenditure movements against the YTD budgets. An analysis of each expenditure line item category is discussed below.

**Chart 9: Expenditure by source**



**Bulk Purchases:** The Ytd expenditure budget for Bulk Purchases was R 968.3 million and R 849.8 million was actually incurred resulting in an under performance of 12%. This under expenditure on bulk water purchases budget will be adjusted during the mid-year review process. Bulk Purchases is made up of Bulk Electricity Purchases and Water Purchases.

**Employee Related Costs:** The 97% performance of Ytd expenditure on employee related costs against the Ytd budget show great staff cost management. A detailed line item and business unit analysis of the employee related costs is contained in the MFMA S66 report on staff benefits.

**Other Expenditure's** Ytd budget figure was R 190.9 million while the actual costs incurred was R 116.2 million resulting in under expenditure of R 75 million. The table below provides a detailed listing of the top 20 cash drainers during the month of December 2016.

**Table 3: Top 20 Cash Drainers –December**

| No: | Description                      | YTD Actual | December - 2016 |                        |
|-----|----------------------------------|------------|-----------------|------------------------|
|     |                                  |            | Annual Budget   | YTD % of Annual budget |
| 1   | Pension Payable                  | 97 061     | 4 578 337       | 2.1%                   |
| 2   | Motor Vehicle Licences           | 0          | 1 800 000       | 0.0%                   |
| 3   | Bank Charges                     | 326 715    | 6 411 878       | 5.1%                   |
| 4   | Kwanalogo Subscriptions          | 0          | 8 649 000       | 0.0%                   |
| 5   | IDP Expenses                     | 0          | 2 733 669       | 0.0%                   |
| 6   | Interview Costs                  | 0          | 13 667          | 0.0%                   |
| 7   | Plant Hire                       | 0          | 2 209 816       | 0.0%                   |
| 8   | Extraordinary Items              | 0          | 951 303         | 0.0%                   |
| 9   | Stores & Materials               | 0          | 9 388 841       | 0.0%                   |
| 10  | Marketing & Promotion            | 0          | 6 807 472       | 0.0%                   |
| 11  | Security Services                | 0          | 35 107 801      | 0.0%                   |
| 12  | Uniforms                         | 126 679    | 5 288 781       | 2.4%                   |
| 13  | Petrol & Lubricants              | 0          | 32 516 298      | 0.0%                   |
| 14  | Valuation Roll                   | 0          | 341 674         | 0.0%                   |
| 15  | Postage And Stamps               | 0          | 4 749 364       | 0.0%                   |
| 16  | External Services                | 43 899     | 49 441 205      | 0.1%                   |
| 17  | Hire Charges                     | 0          | 15 540 905      | 0.0%                   |
| 18  | Telephones                       | 1 510 022  | 8 052 855       | 18.8%                  |
| 19  | Subscriptions For Cities Network | 0          | 1 127 526       | 0.0%                   |
| 20  | Ward Committee Expenses          | 0          | 9 157 994       | 0.0%                   |

**Depreciation & Asset Impairment:** The YTD depreciation & asset impairment figure was over budget by 44% as the budget was R 253.6 million and the actual expenditure incurred R 364.8 million.

**Finance Charges:** Ytd budgeted figure for finance charges for the month of December was R 32.7 million and the Actual figure was R 33.9 million resulting in a 4% variance.

**Contracted Services:** Ytd Budget for contracted services was R 17.7 million and the Actual expenditure incurred was R 192.9 million resulting in a over variance of 990%, this is primarily due to the retrofitting of the approved budget into the mSCOA budget format.

**Remuneration of councillors** budget was R 21.5 million and the actual expenditure incurred was R 21.4 million resulting in -1% variance

## 2.6 Municipal Entity Financial Performance

Safe City Msunduzi (PTY)Ltd - Table F1 Monthly Budget Statement Summary - M06 December

| Description                                                          | 2015/16            | Current Year 2016/17 |                     |                      |                       |                       |                          |                    |                    |
|----------------------------------------------------------------------|--------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|--------------------------|--------------------|--------------------|
|                                                                      | Audited Outcome    | Original Budget      | Adjusted Budget     | Monthly actual       | YearTD actual         | YearTD budget         | YTD variance             | YTD variance %     | Full Year Forecast |
| <b>R thousands</b>                                                   |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| <b>Financial Performance</b>                                         |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| Property rates                                                       | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Service charges                                                      | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Investment revenue                                                   | 192                | 65                   | -                   | 6                    | 40                    | 33                    | 0                        | 22%                | 65                 |
| Transfers recognised - operational                                   | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Other own revenue                                                    | 12 284             | 6 841                | -                   | -                    | 3 421                 | 3 421                 | 0                        | 0%                 | 6 841              |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>12 476</b>      | <b>6 906</b>         | <b>-</b>            | <b>6</b>             | <b>3 460</b>          | <b>3 453</b>          | <b>7</b>                 | <b>0</b>           | <b>6 906</b>       |
| Employee costs                                                       | 4 227              | 5 278                | -                   | 589                  | 2 377                 | 2 396                 | (19)                     | (0)                | 5 278              |
| Remuneration of Board Members                                        | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Depreciation and asset impairment                                    | 830                | 830                  | -                   | 69                   | 415                   | 415                   | -                        |                    | 830                |
| Finance charges                                                      | 12                 | 12                   | -                   | 1                    | 6                     | 6                     | 0                        | 0                  | 12                 |
| Materials and bulk purchases                                         | 167                | 489                  | -                   | 8                    | 131                   | 244                   | (113)                    | (0)                | 489                |
| Transfers and grants                                                 | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Other expenditure                                                    | 729                | 1 711                | -                   | 263                  | 935                   | 855                   | 80                       | 0                  | 1 711              |
| <b>Total Expenditure</b>                                             | <b>5 965</b>       | <b>8 319</b>         | <b>-</b>            | <b>930</b>           | <b>3 864</b>          | <b>3 916</b>          | <b>(52)</b>              | <b>(0)</b>         | <b>8 319</b>       |
| <b>Surplus/(Deficit)</b>                                             | <b>6 512</b>       | <b>(1 413)</b>       | <b>-</b>            | <b>(924)</b>         | <b>(404)</b>          | <b>(463)</b>          | <b>59</b>                | <b>(0)</b>         | <b>(1 413)</b>     |
| Transfers recognised - capital                                       | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Contributions recognised - capital & contributed assets              | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>6 512</b>       | <b>(1 413)</b>       | <b>-</b>            | <b>(924)</b>         | <b>(404)</b>          | <b>(463)</b>          | <b>59</b>                | <b>(0)</b>         | <b>(1 413)</b>     |
| Taxation                                                             | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>6 512</b>       | <b>(1 413)</b>       | <b>-</b>            | <b>(924)</b>         | <b>(404)</b>          | <b>(463)</b>          | <b>59</b>                | <b>(0)</b>         | <b>(1 413)</b>     |
| <b>Capital expenditure &amp; funds sources</b>                       |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| <b>Capital expenditure</b>                                           |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| Transfers recognised - capital                                       | 6 610              | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Public contributions & donations                                     | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Borrowing                                                            | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Internally generated funds                                           | -                  | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| <b>Total sources of capital funds</b>                                | <b>6 610</b>       | <b>-</b>             | <b>-</b>            | <b>-</b>             | <b>-</b>              | <b>-</b>              | <b>-</b>                 |                    | <b>-</b>           |
| <b>Financial position</b>                                            |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| Total current assets                                                 | 1 406              | 1 103                | -                   |                      | 1 161                 |                       |                          |                    | 1 128              |
| Total non current assets                                             | 6 138              | 5 962                | -                   |                      | 5 962                 |                       |                          |                    | 5 785              |
| Total current liabilities                                            | 222                | 250                  | -                   |                      | 562                   |                       |                          |                    | 250                |
| Total non current liabilities                                        | -                  | -                    | -                   |                      | -                     |                       |                          |                    | -                  |
| <b>Community wealth/Equity</b>                                       | <b>7 322</b>       | <b>6 663</b>         | <b>-</b>            |                      | <b>6 595</b>          |                       |                          |                    | <b>6 663</b>       |
| <b>Cash flows</b>                                                    |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| Net cash from (used) operating                                       | 6 572              | (1 072)              | -                   | (925)                | (252)                 | (297)                 | 45                       | (0)                | (1 072)            |
| Net cash from (used) investing                                       | (6 610)            | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| Net cash from (used) financing                                       | (6 800)            | -                    | -                   | -                    | -                     | -                     | -                        |                    | -                  |
| <b>Cash/cash equivalents at the year end</b>                         | <b>1 382</b>       | <b>7 147</b>         | <b>8 219</b>        | <b>(925)</b>         | <b>(252)</b>          | <b>(297)</b>          | <b>45</b>                | <b>(0)</b>         | <b>7 147</b>       |
| <b>Debtors &amp; creditors analysis</b>                              | <b>0 - 30 Days</b> | <b>31 - 60 Days</b>  | <b>61 - 90 Days</b> | <b>91 - 120 Days</b> | <b>121 - 150 Days</b> | <b>151 - 180 Days</b> | <b>181 Days - 1 Year</b> | <b>Over 1 Year</b> | <b>Total</b>       |
| <b>Debtors Age Analysis</b>                                          |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| Total By Revenue Source                                              | -                  | -                    | -                   | -                    | -                     | -                     | -                        | -                  | -                  |
| <b>Creditors Age Analysis</b>                                        |                    |                      |                     |                      |                       |                       |                          |                    |                    |
| Total Creditors                                                      | -                  | -                    | -                   | -                    | -                     | -                     | -                        | -                  | -                  |

## 2.7 Capital Programme Performance

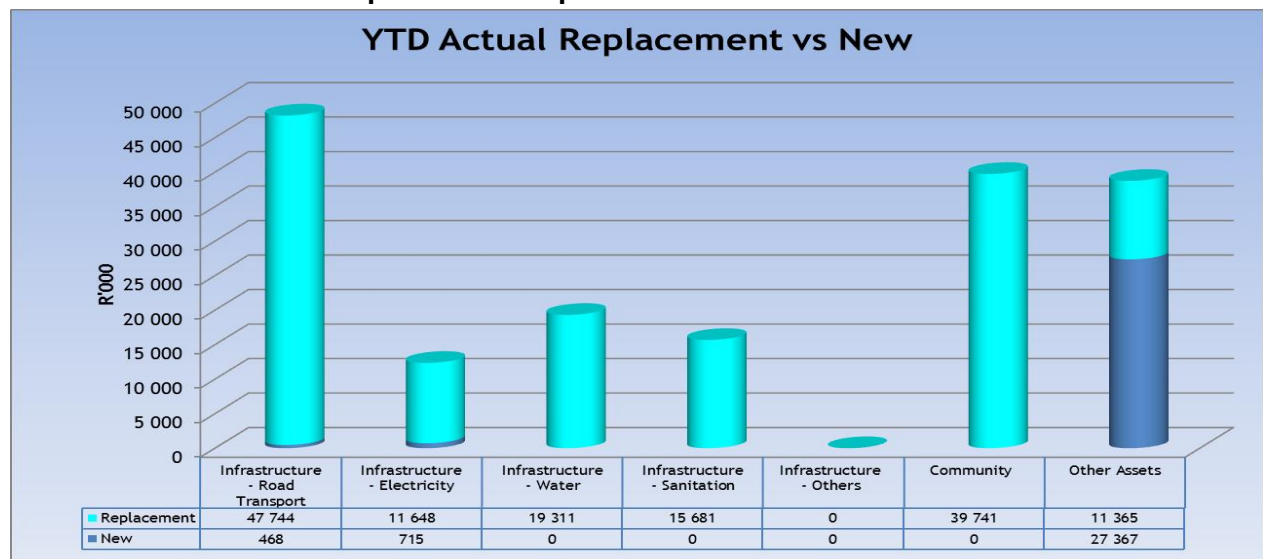
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the table and charts that follow.

KZN225 Msunduzi - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

| Month                                        | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |              |                            |
|----------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|----------------------------|
|                                              | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | % spend of Original Budget |
| <b>R thousands</b>                           |                 |                     |                 |                |               |               |              | %            |                            |
| <b>Monthly expenditure performance trend</b> |                 |                     |                 |                |               |               |              |              |                            |
| July                                         | 9 089           | 48 957              |                 | 0              | 0             | 48 957        | 48 957       | 100.0%       | 0%                         |
| August                                       | 23 544          | 48 957              |                 | 116            | 116           | 97 914        | 97 798       | 99.9%        | 0%                         |
| September                                    | 39 949          | 48 957              |                 | 40 533         | 40 533        | 146 871       | 106 338      | 72.4%        | 6%                         |
| October                                      | 46 126          | 48 957              |                 | 41 847         | 41 847        | 195 828       | 153 981      | 78.6%        | 6%                         |
| November                                     | 39 269          | 48 957              |                 | 39 460         | 39 460        | 244 785       | 205 325      | 83.9%        | 5%                         |
| December                                     | 63 575          | 48 957              |                 | 52 085         | 52 085        | 293 742       | 241 657      | 82.3%        | 7%                         |
| January                                      | 15 750          | 48 957              |                 |                |               | 342 699       | -            |              |                            |
| February                                     | 32 316          | 48 957              |                 |                |               | 391 656       | -            |              |                            |
| March                                        | 32 165          | 48 957              |                 |                |               | 440 613       | -            |              |                            |
| April                                        | 46 620          | 48 957              |                 |                |               | 489 570       | -            |              |                            |
| May                                          | 44 113          | 60 520              |                 |                |               | 550 090       | -            |              |                            |
| June                                         | 69 194          | 176 151             |                 |                |               | 726 241       | -            |              |                            |
| <b>Total Capital expenditure</b>             | <b>461 711</b>  | <b>726 241</b>      | <b>-</b>        | <b>174 041</b> |               |               |              |              |                            |

The two tables that follow provide more detailed information on the capital expenditure by separating capital expenditure by asset types and also by “New” or “Replacement” assets. The chart below displays capital expenditure for new and replacement assets for the month of December 2016.

**Chart 10: YTD New vs. Replacement Capex**



The Total Capital Expenditure amounted to R 174.1 million, R 28.6 million (16%) was new assets and R 145.5 million (84%) was Replacement assets.

**KZN225 Msunduzi - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M06**

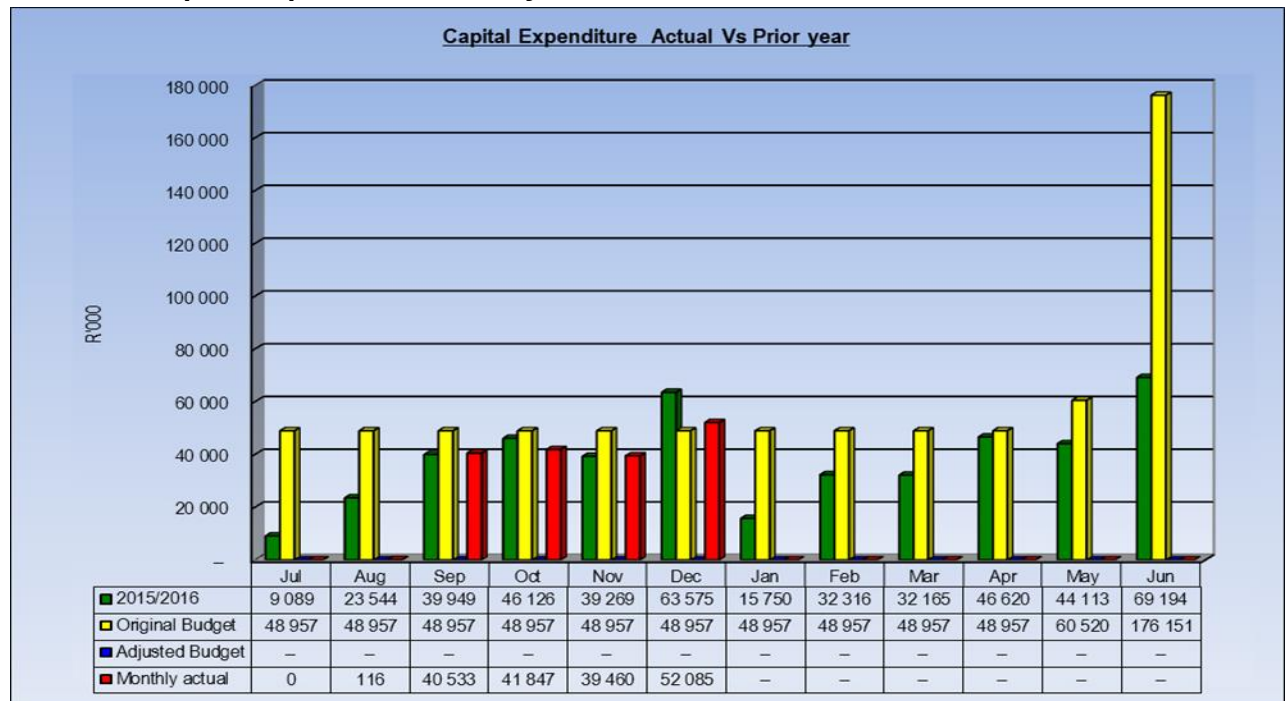
| Description                                                | Ref | 2015/16         | Budget Year 2016/17 |                 |                |               |               |              |                |                    |
|------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                            |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                                | 1   |                 |                     |                 |                |               |               |              |                |                    |
| Capital expenditure on new assets by Asset Class/Sub-class |     |                 |                     |                 |                |               |               |              |                |                    |
| Infrastructure                                             |     | 38 095          | 174 021             | -               | 1 021          | 1 183         | 87 011        | 85 827       | 98.6%          | 174 021            |
| Infrastructure - Road transport                            |     | 9 987           | 2 714               | -               | 306            | 468           | 1 357         | 889          | 65.5%          | 2 714              |
| Roads, Pavements & Bridges                                 |     | 9 987           | 2 714               | -               | 306            | 468           | 1 357         | 889          | 65.5%          | 2 714              |
| Storm water                                                |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Infrastructure - Electricity                               |     | -               | 168 827             | -               | 715            | 715           | 84 413        | 83 698       | 99.2%          | 168 827            |
| Generation                                                 |     | -               | 168 827             | -               | 715            | 715           | 84 413        | 83 698       | 99.2%          | 168 827            |
| Transmission & Reticulation                                |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Street Lighting                                            |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Infrastructure - Water                                     |     | 17 110          | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Dams & Reservoirs                                          |     | 297             | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Water purification                                         |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Reticulation                                               |     | 16 813          | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Infrastructure - Sanitation                                |     | 10 999          | 980                 | -               | -              | -             | 490           | 490          | 100.0%         | 980                |
| Reticulation                                               |     | -               | 980                 | -               | -              | -             | 490           | 490          | 100.0%         | 980                |
| Sewerage purification                                      |     | 10 999          | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Infrastructure - Other                                     |     | -               | 1 500               | -               | -              | -             | 750           | 750          | 100.0%         | 1 500              |
| Waste Management                                           |     | -               | 1 500               | -               | -              | -             | 750           | 750          | 100.0%         | 1 500              |
| Transportation                                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Gas                                                        |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other                                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Community                                                  |     | 33 810          | 20 591              | -               | -              | -             | 10 296        | 10 296       | 100.0%         | 20 591             |
| Parks & gardens                                            |     | 169             | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Sportsfields & stadia                                      |     | 30 452          | 6 650               | -               | -              | -             | 3 325         | 3 325        | 100.0%         | 6 650              |
| Swimming pools                                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Community halls                                            |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Libraries                                                  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Recreational facilities                                    |     | 3 189           | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Fire, safety & emergency                                   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Security and policing                                      |     | -               | 3 640               | -               | -              | -             | 1 820         | 1 820        | 100.0%         | 3 640              |
| Buses                                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Clinics                                                    |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Museums & Art Galleries                                    |     | -               | 2 230               | -               | -              | -             | 1 115         | 1 115        | 100.0%         | 2 230              |
| Cemeteries                                                 |     | -               | 2 000               | -               | -              | -             | 1 000         | 1 000        | 100.0%         | 2 000              |
| Social rental housing                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other                                                      |     | -               | 6 071               | -               | -              | -             | 3 036         | 3 036        | 100.0%         | 6 071              |
| Heritage assets                                            |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Buildings                                                  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other                                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Investment properties                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Housing development                                        |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other                                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other assets                                               |     | 40 021          | 23 329              | -               | 4 372          | 13 929        | 11 665        | (2 265)      | -19.4%         | 23 329             |
| General vehicles                                           |     | 6 716           | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Specialised vehicles                                       |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Plant & equipment                                          |     | 10 682          | 1 410               | -               | 2 369          | 5 229         | 705           | (4 524)      | -641.8%        | 1 410              |
| Computers - hardware/equipment                             |     | 3 486           | 470                 | -               | -              | -             | 235           | 235          | 100.0%         | 470                |
| Furniture and other office equipment                       |     | 5 981           | 50                  | -               | 2 003          | 3 176         | 25            | (3 151)      | #####          | 50                 |
| Abattoirs                                                  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Markets                                                    |     | 9 901           | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Civic Land and Buildings                                   |     | 868             | 10 389              | -               | -              | -             | 5 195         | 5 195        | 100.0%         | 10 389             |
| Other Buildings                                            |     | -               | -                   | -               | -              | 5 523         | -             | (5 523)      | #DIV/0!        | -                  |
| Other Land                                                 |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Surplus Assets - (Investment or Inventory)                 |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other                                                      |     | 2 386           | 11 010              | -               | -              | -             | 5 505         | 5 505        | 100.0%         | 11 010             |
| Agricultural assets                                        |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| List sub-class                                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
|                                                            |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Biological assets                                          |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| List sub-class                                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
|                                                            |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Intangibles                                                |     | -               | 24 468              | -               | 13 323         | 13 438        | 12 234        | (1 205)      | -9.8%          | 24 468             |
| Computers - software & programming                         |     | -               | 24 468              | -               | 13 323         | 13 438        | 12 234        | (1 205)      | -9.8%          | 24 468             |
| Other                                                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Total Capital Expenditure on new assets                    | 1   | 111 925         | 242 409             | -               | 18 716         | 28 551        | 121 204       | 92 653       | 76.4%          | 242 409            |

**KZN225 Msunduzi - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset**

| Description                                                                |  | Ref | 2015/16<br>Audited<br>Outcome | Original<br>Budget | Adjusted<br>Budget | Monthly<br>actual | Budget Year 2016/17 |                  |                 |                      |                       |
|----------------------------------------------------------------------------|--|-----|-------------------------------|--------------------|--------------------|-------------------|---------------------|------------------|-----------------|----------------------|-----------------------|
|                                                                            |  |     |                               |                    |                    |                   | YearTD<br>actual    | YearTD<br>budget | YTD<br>variance | YTD<br>variance<br>% | Full Year<br>Forecast |
| R thousands                                                                |  | 1   |                               |                    |                    |                   |                     |                  |                 |                      |                       |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class |  |     |                               |                    |                    |                   |                     |                  |                 |                      |                       |
| Infrastructure                                                             |  |     | 284 545                       | 367 404            | -                  | 25 796            | 94 384              | 183 702          | 89 318          | 48.6%                | 367 404               |
| Infrastructure - Road transport                                            |  |     | 125 812                       | 239 143            | -                  | 21 391            | 47 744              | 119 572          | 71 827          | 60.1%                | 239 143               |
| Roads, Pavements & Bridges                                                 |  |     | 125 552                       | 239 143            | -                  | 21 391            | 47 744              | 119 572          | 71 827          | 60.1%                | 239 143               |
| Storm water                                                                |  |     | 260                           | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Infrastructure - Electricity                                               |  |     | 66 802                        | 25 520             | -                  | 1 697             | 11 648              | 12 760           | 1 112           | 8.7%                 | 25 520                |
| Generation                                                                 |  |     | 66 802                        | 25 520             | -                  | 1 697             | 11 648              | 12 760           | 1 112           | 8.7%                 | 25 520                |
| Transmission & Reticulation                                                |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | 0.0%                 | -                     |
| Street Lighting                                                            |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Infrastructure - Water                                                     |  |     | 65 030                        | 55 602             | -                  | 270               | 19 311              | 27 801           | 8 490           | 30.5%                | 55 602                |
| Dams & Reservoirs                                                          |  |     | 65 030                        | 55 602             | -                  | 270               | 19 311              | 27 801           | 8 490           | 30.5%                | 55 602                |
| Water purification                                                         |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Reticulation                                                               |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Infrastructure - Sanitation                                                |  |     | 26 146                        | 47 139             | -                  | 2 438             | 15 681              | 23 570           | 7 889           | 33.5%                | 47 139                |
| Reticulation                                                               |  |     | -                             | 47 139             | -                  | 2 438             | 15 681              | 23 570           | 7 889           | 33.5%                | 47 139                |
| Sewerage purification                                                      |  |     | 26 146                        | -                  | -                  | -                 | -                   | -                | -               | 0.0%                 | -                     |
| Infrastructure - Other                                                     |  |     | 755                           | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Waste Management                                                           |  |     | 755                           | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Transportation                                                             |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Gas                                                                        |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other                                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | 0.0%                 | -                     |
| Community                                                                  |  |     | 4 551                         | 62 950             | -                  | 6 082             | 39 741              | 31 475           | (8 266)         | -26.3%               | 62 950                |
| Parks & gardens                                                            |  |     | -                             | 500                | -                  | -                 | -                   | 250              | 250             | 100.0%               | 500                   |
| Sportsfields & stadia                                                      |  |     | 121                           | 28 750             | -                  | 2 238             | 8 532               | 14 375           | 5 843           | 40.6%                | 28 750                |
| Swimming pools                                                             |  |     | -                             | 2 000              | -                  | 501               | 1 112               | 1 000            | (112)           | -11.2%               | 2 000                 |
| Community halls                                                            |  |     | -                             | 30 700             | -                  | 2 970             | 4 942               | 15 350           | 10 408          | 67.8%                | 30 700                |
| Libraries                                                                  |  |     | -                             | -                  | -                  | -                 | 3 256               | -                | (3 256)         | #DIV/0!              | -                     |
| Recreational facilities                                                    |  |     | 2 823                         | -                  | -                  | -                 | -                   | -                | -               | 0.0%                 | -                     |
| Fire, safety & emergency                                                   |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Security and policing                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Buses                                                                      |  |     | -                             | -                  | -                  | 374               | 21 898              | -                | (21 898)        | #DIV/0!              | -                     |
| Clinics                                                                    |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Museums & Art Galleries                                                    |  |     | -                             | 1 000              | -                  | -                 | -                   | 500              | 500             | 100.0%               | 1 000                 |
| Cemeteries                                                                 |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Social rental housing                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other                                                                      |  |     | 1 607                         | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Heritage assets                                                            |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Buildings                                                                  |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other                                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Investment properties                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Housing development                                                        |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other                                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other assets                                                               |  |     | 31 275                        | 53 478             | -                  | 1 491             | 11 365              | 26 739           | 15 375          | 57.5%                | 53 478                |
| General vehicles                                                           |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Specialised vehicles                                                       |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Plant & equipment                                                          |  |     | -                             | -                  | -                  | 1 201             | 1 201               | -                | (1 201)         | 0.0%                 | -                     |
| Computers - hardware/equipment                                             |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Furniture and other office equipment                                       |  |     | 2 019                         | -                  | -                  | -                 | -                   | -                | -               | 0.0%                 | -                     |
| Abattoirs                                                                  |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Markets                                                                    |  |     | 251                           | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Civic Land and Buildings                                                   |  |     | 14 359                        | 33 569             | -                  | 290               | 3 903               | 16 784           | 12 882          | 76.7%                | 33 569                |
| Other Buildings                                                            |  |     | -                             | -                  | -                  | -                 | 5 629               | -                | (5 629)         | #DIV/0!              | -                     |
| Other Land                                                                 |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Surplus Assets - (Investment or Inventory)                                 |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other                                                                      |  |     | 14 646                        | 19 910             | -                  | -                 | 632                 | 9 955            | 9 323           | 93.7%                | 19 910                |
| Agricultural assets                                                        |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| List sub-class                                                             |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
|                                                                            |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Biological assets                                                          |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| List sub-class                                                             |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
|                                                                            |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Intangibles                                                                |  |     | 29 415                        | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Computers - software & programming                                         |  |     | 29 415                        | -                  | -                  | -                 | -                   | -                | -               | -                    | -                     |
| Other                                                                      |  |     | -                             | -                  | -                  | -                 | -                   | -                | -               | 0.0%                 | -                     |
| Total Capital Expenditure on renewal of existing assets                    |  | 1   | 349 785                       | 483 832            | -                  | 33 369            | 145 490             | 241 916          | 96 427          | 39.9%                | 483 832               |

The chart below displays a comparison between the previous year's capital expenditure performances to that of the current year for the month under review.

**Chart 11: Capital Expenditure Monthly Trend**



The monthly 2015/16 trend presents monthly actual expenditure figures for prior year. Original Budget stipulates the budget for the year. The monthly actual figures stipulates a monthly trend, there has been a slight increase when compared to the previous month.

The chart below, on the other hand, tracks the capital expenditure's cumulative balances budget versus actual.

**Chart 12: Capital Expenditure: YTD Actual vs. YTD Target**

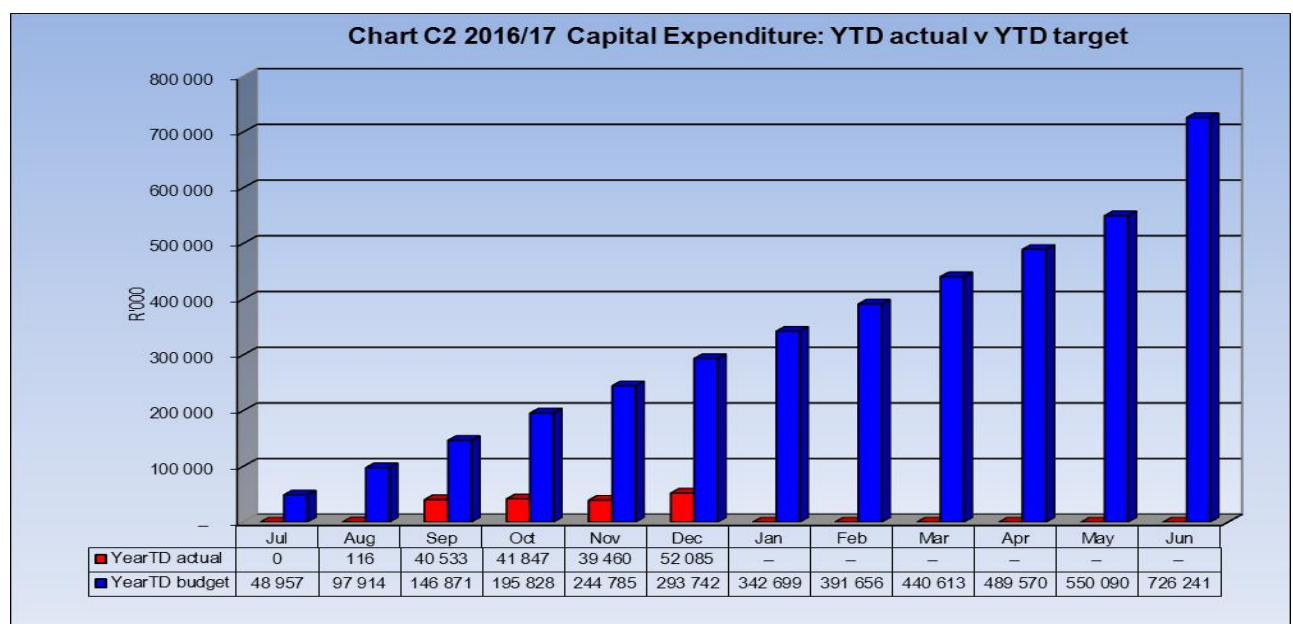
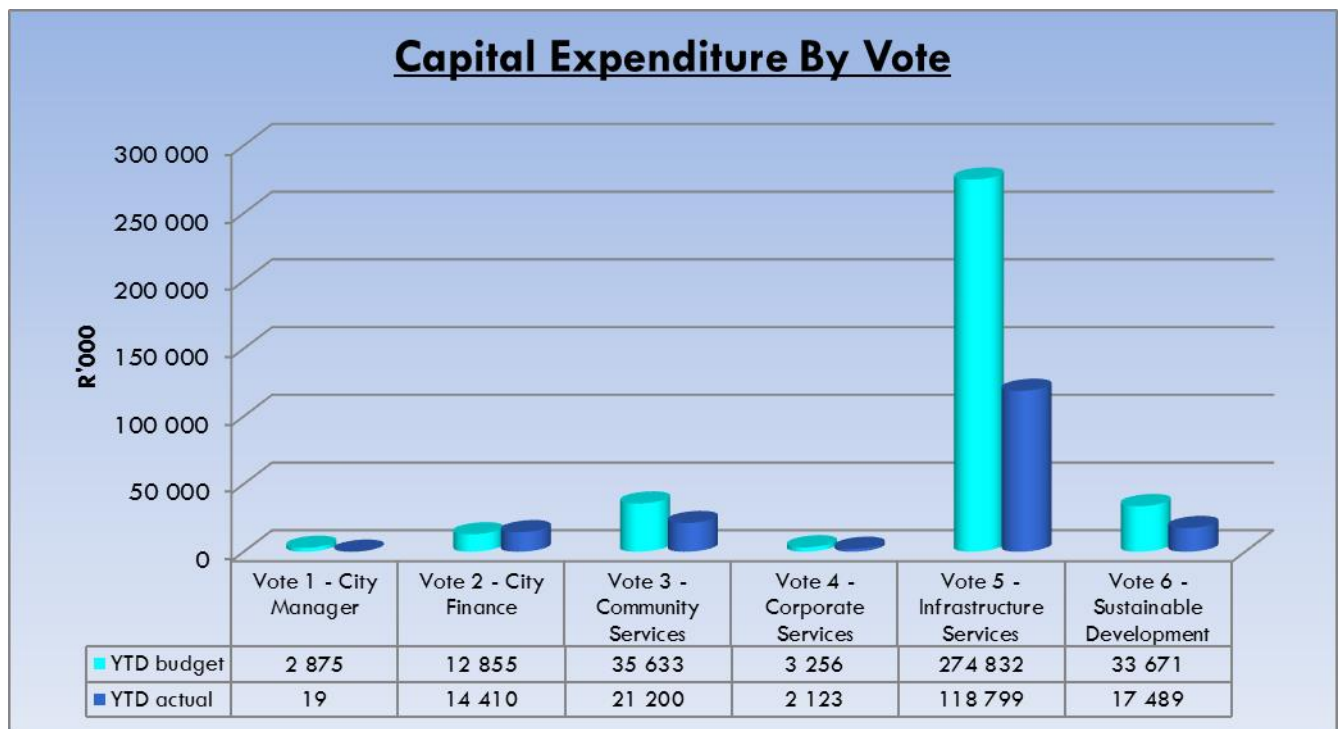


Chart 13: Capital Expenditure by Vote



## **2.8 In Year report of Municipal Entities Attached to the Municipality's in-year report**

The municipal entity's report for the month ending December 2016 has been attached.

## 2.9 Municipal Manager's Quality's Certification

### Quality Certificate

I, **Sizwe Hadebe**, the municipal manager of **MSUNDUZI LOCAL MUNICIPALITY**, hereby certify that –

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state of affairs of the municipality
- midyear budget & performance assessment.

for the month of **December** of **2016** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **Sizwe Hadebe**

Municipal manager of: **MSUNDUZI MUNICIPALITY**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_