

**REPORT INCORPORATING RECOMMENDATIONS
OF THE STRATEGIC MANAGEMENT COMMITTEE**

FOR THE

FINANCIAL SERVICES PORTFOLIO COMMITTEE



File Reference: 3.7.P
Report Number:

Author: Mrs D Reddy
Designation: Budget Manager (Acting)

OUT COMMITTEE

1st Level: SMC: 19/8/2014
2nd Level: PORTFOLIO:
3rd Level: AUDIT COMMITTEE:
4th Level: EXCO:

FOR NOTING/CONSIDERATION

**SECTION 71 AND SECTION 52(d) OF MUNICIPAL FINANCE MANAGEMENT
ACT NO 56 OF 2003: JUNE 2014**

21 August 2014

1. PURPOSE OF REPORT

To submit for consideration the recommendations of the Strategic Management Committee in respect of the SECTION 71 AND SECTION 52(d) OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003: JUNE 2014.

2. BACKGROUND

At the Strategic Management Committee meeting held on 19 August 2014, the attached report dated 19 August 2014 by the Deputy Municipal Manager: Financial Services was considered.

3. ISSUES RAISED AND ADDRESSED DURING DISCUSSION

The report NOTED.

4. RECOMMENDATIONS

It was

**RESOLVED TO RECOMMEND TO THE
FINANCIAL SERVICES PORTFOLIO COMMITTEE**

That the Section 71 and Section 52(d) for June 2014 report dated 19 August 2014 by the Deputy Municipal Manager: Financial Services be NOTED.


For DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES

Enquiries: Committee Officer: Anne Geary
Tel: 033-3922770 / Email: anne.geary@msunduzi.gov.za

Attachments: Report dated 19 August 2014 by the Deputy Municipal Manager: Financial Services

SMC 2014\REPORTS\FINANCIAL SERVICES\0819sec71juneFS

REPORT TO THE MSUNDUZI MUNICIPAL COUNCIL

File Reference:
Report Number: 1

Author: D. Reddy
Designation: Budget Manager (Acting)

NOT CONFIDENTIAL

FOR NOTING

1st Level: SMC/ OMC: 19/08/14
2nd Level: PORTFOLIO COMMITTEE (date)
3rd Level: AUDIT COMMITTEE (date)
4th Level: EXCO (date)
5th Level: COUNCIL

**SUBJECT: SECTION 71 AND SECTION 52(d) OF MUNICIPAL FINANCE MANAGEMENT ACT
NO.56 OF 2003 –JUNE 2014**

DATE: 19 AUGUST 2014

1. PURPOSE

To report to the Strategic Management Committee in terms of Section 71 and Section 52 (d) of the Municipal Finance Management Act No. 56 of 2003 as at 30 June 2014.

2. ANNEXURES

2.1 Section 71 and section 52 (d) report

3. LEGISLATIVE PROVISIONS (if applicable)

3.1 Municipal Finance Management Act No. 56

4. BACKGROUND

4.1 In terms of Section 71 of the MFMA, the Accounting Officer of the Municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

- ✓ Actual revenue, per revenue source;
- ✓ Actual expenditure, per vote;
- ✓ Actual capital expenditure, per vote;
- ✓ The amount of any allocations received and actual expenditure on grant allocations excluding expenditure on the equitable share.
- ✓ when necessary, an explanation of—

- any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - any material variances from the service delivery and budget implementation plan; and
- ✓ Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

4.2 In addition to the MFMA Section 71 stated above, Section 52(d) further requires the Mayor to, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

5. COMMENTS FROM THE RELEVANT DEPARTMENT OR COMPONENT OF THE MUNICIPALITY

5.1 The Section 71 and Section 52 (d) report is attached as per the annexure.

5.2 During preparation of the Section 71 report, it has been established that there are discrepancies between the approved adjusted budget figures and the budget figures on the system.

5.3 These discrepancies have impacted on the variances contained in the report.

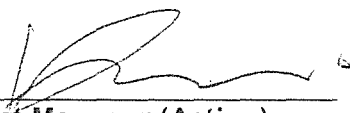
5.4 It must be noted that Finance is taking steps to ensure corrective measures are in place.

5.5 The structure of the current systems chart of accounts needs to be reviewed in order to promote greater accountability and to facilitate effective management reporting.

6. RECOMMENDATION

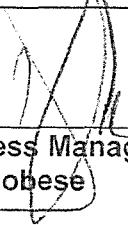
IT IS RECOMMENDED THAT:

7.1 The Strategic Management Committee note the Section 71 and Section 52 (d) report for June 2014.



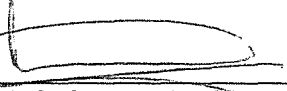
Budget Manager (Acting)
D. Reddy

Contact No. ext 2003
E-mail




Process Manager:
B. Ngobese

Contact No. ext 2593
E-mail



Chief Financial Officer
N. Ngeobo

Contact No.
E-mail



Municipal Manager:
MA. Nkosi
19/08/2014

Contact No.
E-mail

Msunduzi Local Municipality

MFMA s71 Monthly Report incorporating s52(d) on Implementation of the Budget & Financial State of the Municipality.

JUNE 2014 REPORT (FINAL REPORT 13 AUG 2014 TB)

Budget & Treasury Office

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1. PART 1 – IN YEAR REPORT

1.1 Mayors Report

To be available after the tabling of the report.

1.2 Executive Summary

Legislative Requirements

In terms of Section 71 of the MFMA, the Accounting Officer of the Municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

- ✓ Actual revenue, per revenue source;
- ✓ Actual expenditure, per vote;
- ✓ Actual capital expenditure, per vote;
- ✓ The amount of any allocations received and actual expenditure on grant allocations excluding expenditure on the equitable share.
- ✓ when necessary, an explanation of—
 - any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - any material variances from the service delivery and budget implementation plan; and
- ✓ Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

In addition to the MFMA Section 71 stated above, Section 52(d) further requires the Mayor to, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

Revenue & Expenditure Summary

Revenue: The Year To Date (YTD) total revenue generated of R3, 7billion for the period ending in June 2014 was 102% of the YTD Budget of R3, 67billion. The 2% over performance in revenue of R65, 7 million was mainly attributable to the higher than budgeted revenue from fines.

Operating Expenditure: The total Operating expenditure for the period ending 30 June 2014 amounted to R3, 4billion. This expenditure reflected a 107% expenditure performance against a YTD budget of R3, 1billion. The over performance of 7% was due to the over expenditure on items such as depreciation & asset impairment.

Capital Expenditure: The YTD Capital expenditure amounted to R351million against a YTD budget of R523million. The YTD performance of 41% on the capital against the YTD Capital Budget, reflected a rather lower than expected performance on the overall capital budget.

Material Variances Highlights

KZN225 Msunduzi - Supporting Table SC1 Material variance explanations - M12 June				
Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands				
1	Revenue By Source			
1.1	Gains on disposal of PPE	-99%	Gains (and losses) on disposal of PPE are items that are extremely difficult to project with accuracy at the time of the preparation of the budget as a Gain or a loss can only be determined by the condition of the asset and the market conditions existing at that particular time. It should also be noted that this is just a mere accounting entry.	None
1.2	Transfers recognised - capital	-42%	The recognition of revenue arising from capital grants is directly linked to the expenditure performance of the implementation of the capital programme. An amount of R17,647,235.79 was cleared for Msunduzi accounts as well as a portion of the R 2,411,059.26.	Accelerate expenditure on conditional capital grant funding
1.3	Property rates - penalties & collection charges	-39%	This has resulted in a "reduction" in the income when in real terms, the amount of R 20 million has accrued over three years. The system does not allow for the proportioning between years and therefore the whole amount is adjusted within one month. This adjustment had a negative impact on the budgeted penalties & collection charges on property rates.	It is not an on going error but it was a once off correction for the prior years.
1.4	Interest earned - outstanding debtors	-29%	The low interest earned on outstanding debtors can be viewed in a positive manner in the sense that the stringent credit control measures implemented by Council are causing consumers to repay their debts quicker.	To consider decreasing this budget in the future.
1.5	Rental of facilities and equipment	7%	Enhanced revenue management	None
1.6	Agency services	14%	Income received depends on circumstances and when the request for Fire Department services are received. This year's revenue from agency services performed much better than budgeted.	The department must monitor the monthly requests as compared to the budgeted amount.
1.7	Transfers recognised - operational	17%	Expenditure on a Housing Accreditation Grant of R12million was received from Department of Human settlements that was not budgeted for.	Ensure all grants included in budget
1.8	Interest earned - external investments	60%	This positive variance arises from two reasons. The one is attributable to the better cash & investment strategies of surplus funds. The other reason results from the under expenditure on conditional grant funding which then earns interest on ring fenced call accounts.	Accelerate expenditure on conditional grant funding
1.9	Licences and permits	70%	There was a noticeable increase in the application for Business Licences than anticipated.	Revenue is determined by the number of Business Licences being applied for and that can never be determined with much accuracy.
1.10	Fines	2728%	The high increase in Fines is due to the clarification by the Accounting Standards Board on the recognition of the Revenue on Non-Exchange transactions in terms of Grap 23 and iGrap 1 as it pertains to revenue recognised on items such as Fines. Previously revenue from fines was only recognised once paid and now the new interpretations requires that Fines be recognised/recorded when issued.	To consider aligning this budget accordingly in the future.

KZN225 Msunduzi - Supporting Table SC1 Material variance explanations - M12 June				
Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands				
2	Expenditure By Type			
2.1	Debt impairment	-18%	The less than budgeted debt impairment expenditure is another confirmation of Improved debt management and credit control management.	None, except to decrease this budget as debt collection ratio's improve.
2.2	Depreciation & asset impairment	44%	The over expenditure resulted from the review of the Assets useful lifes	Improve budgeting for Assets
2.3	Transfers and grants	-12%	The 12% underexpenditure resulted from cost containment measures implemented by Council.	None
3	Capital Expenditure			
3.1	Vote 1 - Corporate Services	70%	The overbudget expenditure was mainly due to	Fastrack the process of appointing the service provider. Visit to City of Johannesburg and Tswane to take place in July 2014. Commence approved projects timeously to avoid major spending in last month of the financial year / Ensure budget is in line with projected cash flows to avoid excessive variances.
3.2	Vote 2 - Financial Management Area	-96%	Variance due to no expenditure on the Financial System to date, however, the implementation of the project will be ongoing until the project is fully completed.	
3.3	Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	-41%	The delays experienced at the beginning of the financial year contributed greatly to the lower than expected performance on the capital budget. The rate of expenditure peaked at year end.	
3.4	Vote 4 - Sustainable Community Service Delivery Provision Management	8%	The over expenditure was due to; 1. Parks department incurring substantial Capital expenditure during June comprising mainly: a. MIG - construction of the Msunduzi Athletic Track b. COGTA - Alex Park Athletic Track c. MIG - Mountain Rise Cremators. 2. Library Services incurred the following Capital expenditure in June: a. Provincial Grant - Plant & Equipment b. Provincial Grant - Computers c. Provincial Grant - Motor Vehicles. 3. Other Capital expenditure incurred during June included the Market and Airport which do not form part of Community Services.	
All Capital projects, whether funded by Council or externally, must be started early in the 2014/15 financial year. Some projects have already commenced.				

1.3 Resolutions

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Mayor;

1. Notes the monthly budget statement and any other supporting documentation prepared in terms of s71 of MFMA.
2. Notes the quarterly report on the implementation of the budget in terms of s52(d) MFMA

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 - M12 June									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	625 458	644 671	644 671	33 148	625 627	644 671	(19 044)	-3%	644 671
Service charges	1 968 807	2 147 016	2 104 665	209 953	2 080 094	2 104 664	(24 570)	-1%	2 104 664
Investment revenue	34 328	27 029	27 029	8 262	43 303	27 029	16 274	60%	27 029
Transfers recognised - operational	336 321	383 848	383 848	40 608	448 122	383 848	64 274	17%	383 848
Other own revenue	176 270	88 920	88 920	161 979	295 430	88 920	206 509	232%	88 920
Total Revenue (excluding capital transfers and contributions)	3 141 184	3 291 485	3 249 133	453 949	3 492 576	3 249 133	243 443	7%	3 249 133
Employee costs	684 337	779 721	764 521	55 586	741 537	764 521	(22 984)	-3%	764 521
Remuneration of Councillors	33 422	36 419	36 419	3 683	37 100	36 419	681	2%	36 419
Depreciation & asset impairment	237 153	222 212	222 212	80 234	318 910	222 212	96 698	44%	222 212
Finance charges	70 966	64 600	64 600	21 216	67 174	64 600	2 574	4%	64 600
Materials and bulk purchases	1 389 021	1 517 751	1 515 751	159 885	1 458 957	1 515 751	(56 794)	-4%	1 515 751
Transfers and grants	4 164	5 027	5 027	20	4 429	5 027	(598)	-12%	5 027
Other expenditure	858 660	599 168	574 018	241 046	780 980	574 018	206 963	36%	574 018
Total Expenditure	3 277 722	3 224 899	3 182 548	561 670	3 409 087	3 182 548	226 539	7%	3 182 548
Surplus/(Deficit)	(136 538)	66 586	66 585	(107 721)	83 488	66 585	16 904	25%	66 585
Transfers recognised - capital	230 149	383 158	423 840	125 356	246 183	423 840	(177 657)	-42%	423 840
Contributions & Contributed assets	-	-	-	-	235	-	235	-	-
Surplus/(Deficit) after capital transfers & contributions	93 611	449 744	490 425	17 635	329 906	490 425	(160 518)	-33%	490 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	93 611	449 744	490 425	17 635	329 906	490 425	(160 518)	-33%	490 425
Capital expenditure & funds sources									
Capital expenditure	261 627	443 158	523 134	153 410	351 043	523 134	(172 091)	-33%	523 134
Capital transfers recognised	196 394	383 158	419 647	98 961	245 745	419 647	(173 902)	-41%	419 647
Public contributions & donations	160	-	-	-	279	-	279	#DIV/0!	-
Borrowing	22 288	-	4 193	2 274	4 134	4 193	(58)	-1%	4 193
Internally generated funds	42 785	60 000	99 294	52 174	100 884	99 294	1 591	2%	99 294
Total sources of capital funds	261 627	443 158	523 134	153 410	351 043	523 134	(172 091)	-33%	523 134
Financial position									
Total current assets	2 327 147	1 403 494	2 410 395		2 724 154				2 715 223
Total non current assets	6 894 135	6 987 704	7 037 514		7 056 843				6 998 982
Total current liabilities	852 654	730 078	904 310		1 003 838				998 196
Total non current liabilities	1 077 060	573 000	1 099 770		1 118 248				1 118 248
Community wealth/Equity	7 291 568	7 088 120	7 443 829		7 658 910				7 597 761
Cash flows									
Net cash from (used) operating	499 367	395 062	852 546	58 648	571 058	852 546	281 488	33%	852 546
Net cash from (used) investing	(375 050)	(285 819)	(381 882)	23 238	(606 357)	(381 882)	224 475	-59%	(381 882)
Net cash from (used) financing	(27 854)	(41 453)	(41 453)	(6 389)	(51 119)	(41 453)	9 666	-23%	(41 453)
Cash/cash equivalents at the month/year end	718 068	898 552	1 147 279		631 650	1 147 279	515 629	45%	1 147 279
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By income Source	319 062	46 269	43 235	41 274	26 354	56 376	79 370	942 353	1 554 293
Creditors Age Analysis									
Total Creditors	240 860	22 136	446	154	256	3 354	-	-	267 205

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

KZN225 Msunduzi - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M12 June									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Standard									
<i>Governance and administration</i>	1 275 443	1 246 734	1 287 416	108 475	959 378	1 287 416	(328 037)	-25%	1 287 416
Executive and council	5 680	302	302	2 268	3 265	302	2 963	980%	302
Budget and treasury office	1 261 317	1 229 772	1 270 453	81 048	912 031	1 270 453	(358 422)	-28%	1 270 453
Corporate services	8 446	16 660	16 660	25 159	44 082	16 660	27 422	165%	16 660
<i>Community and public safety</i>	44 759	32 854	32 854	128 586	169 743	32 854	136 889	417%	32 854
Community and social services	27 135	1 631	1 631	11 855	23 243	1 631	21 612	1325%	1 631
Sport and recreation	6 342	892	892	13 032	15 622	892	14 730	1652%	892
Public safety	10 435	26 998	26 998	90 785	107 643	26 998	80 645	299%	26 998
Housing	3 233	3 233	3 233	12 915	18 135	3 233	14 903	461%	3 233
Health	(2 385)	101	101	-	5 100	101	4 999	4955%	101
<i>Economic and environmental services</i>	148 898	5 350	5 350	39 287	121 011	5 350	115 661	2162%	5 350
Planning and development	39 131	4 342	4 342	2 798	6 801	4 342	2 458	57%	4 342
Road transport	109 767	1 008	1 008	36 489	114 210	1 008	113 202	11235%	1 008
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	1 872 103	2 263 174	2 220 823	282 835	2 428 653	2 220 822	207 831	9%	2 220 822
Electricity	1 039 538	1 640 105	1 597 755	180 800	1 558 289	1 597 754	(39 465)	-2%	1 597 754
Water	567 894	392 974	392 974	50 387	573 332	392 974	180 358	46%	392 974
Waste water management	168 207	144 974	144 974	41 780	196 176	144 974	51 202	35%	144 974
Waste management	96 463	85 120	85 120	9 869	100 855	85 120	15 735	18%	85 120
Other	30 130	126 531	126 531	20 121	60 208	126 531	(66 323)	-52%	126 531
Total Revenue - Standard	3 371 333	3 674 643	3 672 973	579 305	3 738 994	3 672 973	66 021	2%	3 672 973
Expenditure - Standard									
<i>Governance and administration</i>	785 176	478 471	462 562	(39 005)	377 524	462 562	(85 037)	-18%	462 562
Executive and council	(15 170)	63 134	61 146	(71 267)	4 875	61 146	(56 271)	-92%	61 146
Budget and treasury office	799 974	210 837	217 856	123 605	248 536	217 856	30 680	14%	217 856
Corporate services	372	204 500	183 560	(91 342)	124 114	183 560	(59 446)	-32%	183 560
<i>Community and public safety</i>	448 320	389 983	385 165	175 033	524 914	385 165	139 749	36%	385 165
Community and social services	89 733	62 957	62 134	10 511	59 819	62 134	(2 315)	-4%	62 134
Sport and recreation	104 649	75 535	73 933	73 933	115 479	73 933	41 547	56%	73 933
Public safety	188 045	205 998	203 977	203 977	267 361	203 977	63 384	31%	203 977
Housing	31 422	19 696	19 491	19 491	46 944	19 491	27 453	141%	19 491
Health	34 470	25 797	25 631	25 631	35 312	25 631	9 680	38%	25 631
<i>Economic and environmental services</i>	351 985	112 985	101 991	101 991	325 688	101 991	223 698	219%	101 991
Planning and development	56 981	72 382	71 199	71 199	51 679	71 199	(19 520)	-27%	71 199
Road transport	295 004	40 603	30 792	30 792	274 010	30 792	243 218	790%	30 792
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	1 636 968	2 180 747	2 170 726	357 117	2 120 111	2 170 727	(50 616)	-2%	2 170 727
Electricity	951 789	1 482 681	1 477 493	209 519	1 350 493	1 477 494	(127 001)	-9%	1 477 494
Water	447 367	573 488	572 648	60 052	504 990	572 648	(67 658)	-12%	572 648
Waste water management	130 627	23 555	20 941	45 329	152 456	20 941	131 515	628%	20 941
Waste management	107 185	101 024	99 646	42 218	112 172	99 646	12 527	13%	99 646
Other	55 274	62 713	62 104	23 145	60 849	62 104	(1 255)	-2%	62 104
Total Expenditure - Standard	3 277 722	3 224 899	3 182 548	561 670	3 409 087	3 182 549	226 538	7%	3 182 549
Surplus/ (Deficit) for the year	93 611	449 744	490 425	17 635	329 906	490 424	(160 518)	-33%	490 424

Financial performance by standard classification presents the revenue & expenditure classified in terms of the Government Finance Statistics (GFS). Trading services account for 65% of the Year to date (YTD) Revenue and 62% of the YTD Expenditure. This resulted on a YTD surplus on trading services at financial year end is R308million, 67% of that surplus being from the electricity department.

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) - M12 June

Vote Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - Corporate Services	26 624	24 112	24 112	25 616	32 160	24 112	8 048	33.4%	24 112
Vote 2 - Financial Management Area	1 281 395	1 331 296	1 371 978	81 408	912 879	1 371 977	(469 098)	-33.5%	1 371 977
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	2 004 195	2 260 701	2 218 350	334 955	2 577 233	2 218 350	358 883	16.2%	2 218 350
Vote 4 - Sustainable Community Service Delivery Provision Management	79 118	58 533	58 533	137 325	216 722	58 533	158 189	270.3%	58 533
Total Revenue by Vote	3 371 333	3 674 643	3 672 973	579 305	3 738 994	3 672 973	66 021	1.8%	3 672 973
Expenditure by Vote									
Vote 1 - Corporate Services	3 605	285 544	263 300	(178 586)	29 214	263 300	(234 086)	-88.9%	263 300
Vote 2 - Financial Management Area	822 290	244 421	251 488	115 645	283 461	251 488	31 973	12.7%	251 488
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	1 942 306	2 284 628	2 261 772	441 253	2 520 176	2 261 772	258 404	11.4%	2 261 772
Vote 4 - Sustainable Community Service Delivery Provision Management	509 518	410 307	405 989	183 358	576 236	405 989	170 248	41.9%	405 989
Total Expenditure by Vote	3 277 722	3 224 899	3 182 548	561 670	3 409 087	3 182 548	226 539	7.1%	3 182 549
Surplus/ (Deficit) for the year	93 611	449 744	490 425	17 635	329 906	490 425	(160 518)	-32.7%	490 424

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 June 2014.

KZN225 Msunduzi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June									
Description	2012/13	Budget Year 2013/14							
	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	585 663	607 308	607 308	36 245	602 954	607 308	(4 355)	-1%	607 308
Property rates - penalties & collection charges	39 596	37 363	37 363	(3 098)	22 674	37 363	(14 689)	-39%	37 363
Service charges - electricity revenue	1 425 579	1 558 827	1 516 475	157 211	1 488 825	1 516 475	(27 650)	-2%	1 516 475
Service charges - water revenue	349 140	378 445	378 445	35 416	384 771	378 445	6 326	2%	378 445
Service charges - sanitation revenue	120 089	132 153	132 153	10 573	126 734	132 153	(5 419)	-4%	132 153
Service charges - refuse revenue	73 999	77 592	77 592	6 754	79 765	77 592	2 173	3%	77 592
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	20 896	20 255	20 255	2 157	21 655	20 255	1 400	7%	20 255
Interest earned - external investments	34 328	27 029	27 029	8 262	43 303	27 029	16 274	60%	27 029
Interest earned - outstanding debtors	82 051	1 255	1 255	11	893	1 255	(362)	-29%	1 255
Dividends received	-	-	-	-	-	-	-	-	-
Fines	8 371	3 634	3 634	90 347	102 759	3 634	99 124	2728%	3 634
Licences and permits	59	48	48	6	81	48	33	70%	48
Agency services	733	586	586	157	669	586	83	14%	586
Transfers recognised - operational	336 321	383 848	383 848	40 608	448 122	383 848	64 274	17%	383 848
Other revenue	60 558	48 011	48 011	74 327	169 263	48 011	121 252	253%	48 011
Gains on disposal of PPE	3 602	15 131	15 131	(5 025)	109	15 131	(15 022)	-99%	15 131
Total Revenue (excluding capital transfers and contributions)	3 141 184	3 291 485	3 249 133	453 949	3 492 576	3 249 133	243 443	7%	3 249 133
Expenditure By Type									
Employee related costs	684 337	779 721	764 521	55 586	741 537	764 521	(22 984)	-3%	764 521
Remuneration of councillors	33 422	36 419	36 419	3 683	37 100	36 419	681	2%	36 419
Debt impairment	217 794	137 510	137 510	(13 425)	112 626	137 510	(24 884)	-18%	137 510
Depreciation & asset impairment	237 153	222 212	222 212	80 234	318 910	222 212	96 698	44%	222 212
Finance charges	70 966	64 600	64 600	21 216	67 174	64 600	2 574	4%	64 600
Bulk purchases	1 373 241	1 493 890	1 491 890	159 288	1 453 402	1 491 890	(38 488)	-3%	1 491 890
Other materials	15 780	23 861	23 861	597	5 555	23 861	(18 306)	-77%	23 861
Contracted services	17 769	57 176	57 176	1 684	21 066	57 176	(36 110)	-63%	57 176
Transfers and grants	4 164	5 027	5 027	20	4 429	5 027	(598)	-12%	5 027
Other expenditure	621 142	404 483	379 332	246 655	641 107	379 332	261 775	69%	379 332
Loss on disposal of PPE	1 955	-	-	6 133	6 181	-	6 181	-	-
Total Expenditure	3 277 722	3 224 899	3 182 548	561 670	3 409 087	3 182 548	226 539	7%	3 182 548
Surplus/(Deficit)	(136 538)	66 586	66 585	(107 721)	83 488	66 585	16 904	0	66 585
Transfers recognised - capital	230 149	383 158	423 840	125 356	246 183	423 840	(177 657)	-42%	423 840
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	235	-	235	-	-
Surplus/(Deficit) after capital transfers & contributions	93 611	449 744	490 425	17 635	329 906	490 425			490 425
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	93 611	449 744	490 425	17 635	329 906	490 425			490 425
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	93 611	449 744	490 425	17 635	329 906	490 425			490 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	93 611	449 744	490 425	17 635	329 906	490 425			490 425

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) - M12 June									
Vote Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 1 - Corporate Services	121 516	2 500	24 025	136	1 040	24 025	(22 985)	-96%	24 025
Vote 2 - Financial Management Area	11 723	-	-	-	-	-	-	-	-
Vote 3 - Infrastructure Development, Service Delivery and Maintenance	-	379 546	379 246	37 137	96 049	379 246	(283 196)	-75%	379 246
Vote 4 - Sustainable Community Service Delivery Provision	-	-	126	6 602	11 595	126	11 469	9084%	126
Total Capital Multi-year expenditure	133 239	382 046	403 397	43 875	108 685	403 397	(294 712)	-73%	403 397
Single Year expenditure appropriation									
Vote 1 - Corporate Services	13 438	3 100	3 100	35 916	44 973	3 100	41 873	1351%	3 100
Vote 2 - Financial Management Area	335	7 000	7 012	55	250	7 012	(6 762)	-96%	7 012
Vote 3 - Infrastructure Development, Service Delivery and Maintenance	94 017	42 702	73 804	65 345	169 828	73 804	96 024	130%	73 804
Vote 4 - Sustainable Community Service Delivery Provision	20 598	8 310	35 820	8 219	27 307	35 820	(8 513)	-24%	35 820
Total Capital single-year expenditure	128 388	61 112	119 736	109 534	242 358	119 736	122 622	102%	119 736
Total Capital Expenditure	261 627	443 158	523 134	153 410	351 043	523 134	(172 091)	-33%	523 134
Capital Expenditure - Standard Classification									
Governance and administration	7 718	30 760	49 425	46 624	64 667	49 425	15 242	31%	49 425
Executive and council	389	-	353	12 111	12 623	353	12 270	3472%	353
Budget and treasury office	7 349	30 760	49 072	58	147	49 072	(48 925)	-100%	49 072
Corporate services	-	-	-	34 456	51 897	-	51 897	-	-
Community and public safety	23 007	4 500	9 437	13 671	20 957	9 437	11 520	122%	9 437
Community and social services	16 225	2 600	3 837	3 978	5 138	3 837	1 301	34%	3 837
Sport and recreation	5 475	1 700	5 000	9 613	15 297	5 000	10 297	206%	5 000
Public safety	1 307	-	600	55	497	600	(103)	-17%	600
Housing	-	-	-	25	25	-	25	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	81 067	163 976	184 348	31 167	96 580	184 348	(87 768)	-48%	184 348
Planning and development	12 603	2 700	22 572	2 103	11 786	22 572	(10 786)	-48%	22 572
Road transport	68 464	161 276	84 794	29 064	84 794	161 776	(76 982)	-48%	161 776
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	143 730	241 112	151 077	60 920	151 077	253 414	(102 337)	-40%	253 415
Electricity	89 469	151 499	67 823	35 933	67 823	153 492	(85 669)	-56%	153 493
Water	35 317	34 425	34 956	5 274	34 956	41 835	(6 878)	-16%	41 835
Waste water management	16 892	47 097	43 597	18 468	43 597	47 097	(3 499)	-7%	47 097
Waste management	2 052	8 091	4 701	1 244	4 701	10 991	(6 290)	-57%	10 991
Other	6 105	2 810	26 510	1 028	17 763	26 510	(8 747)	-33%	26 510
Total Capital Expenditure - Standard Classification	261 627	443 158	523 134	153 410	351 043	523 134	(172 091)	-33%	523 134
Funded by:									
National Government	162 880	383 158	391 761	59 519	175 522	391 761	(216 239)	-55%	391 761
Provincial Government	33 514	-	25 459	39 165	69 578	25 459	44 118	173%	25 459
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	2 427	277	646	2 427	(1 781)	-73%	2 427
Transfers recognised - capital	196 394	383 158	419 647	98 961	245 745	419 647	(173 902)	-41%	419 647
Public contributions & donations	160	-	-	-	279	-	279	-	-
Borrowing	22 288	-	4 193	2 274	4 134	4 193	(58)	-1%	4 193
Internally generated funds	42 785	60 000	99 294	52 174	100 884	99 294	1 591	2%	99 294
Total Capital Funding	261 627	443 158	523 134	153 410	351 043	523 134	(172 091)	-33%	523 134

The capital expenditure programme has started on a rather slower footing and thus the low expenditures reflected on National as well as Provincial grant funding. 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 30 June 2014.

KZN225 Msunduzi - Table C6 Monthly Budget Statement - Financial Position - M12 June					
Description	2012/13	Budget Year 2013/14			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	718 068	64 672	3 421	124 348	117 071
Call investment deposits	5 901	539 022	863 459	784 203	784 203
Consumer debtors	749 700	690 704	682 710	815 714	815 714
Other debtors	98 433	7 354	124 512	255 682	254 606
Current portion of long-term receivables	-	45 175	-	-	-
Inventory	755 045	56 567	736 294	744 207	743 629
Total current assets	2 327 147	1 403 494	2 410 395	2 724 154	2 715 223
Non current assets					
Long-term receivables	-	8 385	8 587	8 620	8 620
Investments	-	69	46	46	46
Investment property	320 520	405 306	-	-	-
Investments in Associate	-	-	-	-	-
Property, plant and equipment	6 385 976	6 568 313	7 028 880	7 048 177	6 990 317
Agricultural	-	-	-	-	-
Biological assets	-	543	-	-	-
Intangible assets	1 899	5 088	-	-	-
Other non-current assets	185 740	-	-	-	-
Total non current assets	6 894 135	6 987 704	7 037 514	7 056 843	6 998 982
TOTAL ASSETS	9 221 282	8 391 198	9 447 909	9 780 997	9 714 205
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	45 575	38 030	38 030	43 029	43 029
Consumer deposits	79 589	73 941	83 502	85 112	85 112
Trade and other payables	481 005	618 107	779 064	868 821	863 179
Provisions	246 484	-	3 714	6 877	6 877
Total current liabilities	852 654	730 078	904 310	1 003 838	998 196
Non current liabilities					
Borrowing	541 325	573 000	564 035	497 398	497 398
Provisions	535 734	-	535 734	620 850	620 850
Total non current liabilities	1 077 060	573 000	1 099 770	1 118 248	1 118 248
TOTAL LIABILITIES	1 929 713	1 303 078	2 004 079	2 122 087	2 116 444
NET ASSETS	7 291 568	7 088 120	7 443 829	7 658 910	7 597 761
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	7 241 666	7 032 039	7 406 620	7 607 367	7 563 348
Reserves	49 903	56 081	37 209	51 543	34 413
TOTAL COMMUNITY WEALTH/EQUITY	7 291 568	7 088 120	7 443 829	7 658 910	7 597 761

The YTD current ratio, which is a measure of liquidity, improved from the adjusted budget of 2.6:1 to 2,7:1 at year end. The norm for this ratio is 1.5:1, meaning for every R1 of debt obligations you ought to have at least R1.50 of current assets to meet those short term debt commitments.

Table C7 below display the Cash Flow Statement as at year end.

KZN225 Msunduzi - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	3 033 602	2 466 204	2 839 400	310 225	2 955 772	2 839 400	116 372	4%	2 839 400
Government - operating	-	383 848	383 848	-	442 598	383 848	58 750	15%	383 848
Government - capital	-	383 158	423 840	-	354 644	423 840	(69 196)	-16%	423 840
Interest	116 335	27 029	28 284	5 978	52 597	28 284	24 313	86%	28 284
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(2 579 604)	(2 795 550)	(2 752 952)	(236 319)	(3 173 687)	(2 752 952)	420 735	-15%	(2 752 952)
Finance charges	(70 966)	(64 600)	(64 600)	(21 216)	(56 438)	(64 600)	(8 162)	13%	(64 600)
Transfers and Grants	-	(5 027)	(5 274)	(20)	(4 429)	(5 274)	(845)	16%	(5 274)
NET CASH FROM/(USED) OPERATING ACTIVITIES	499 367	395 062	852 546	58 648	571 058	852 546	281 488	33%	852 546
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	17 824	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	(570)	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	(422)	(422)	-	-	(422)	422	-100%	(422)
Decrease (increase) in non-current investments	(645)	(3)	(3)	152 706	(279 256)	(3)	(279 253)	9308445%	(3)
Payments									
Capital assets	(391 659)	(285 394)	(381 457)	(129 468)	(327 101)	(381 457)	(54 356)	14%	(381 457)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(375 050)	(285 819)	(381 882)	23 238	(606 357)	(381 882)	224 475	-59%	(381 882)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	7 942	3 722	3 722	480	5 393	3 722	1 671	45%	3 722
Payments									
Repayment of borrowing	(35 806)	(45 175)	(45 175)	(6 869)	(56 512)	(45 175)	11 337	-25%	(45 175)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 864)	(41 453)	(41 453)	(6 389)	(51 119)	(41 453)	9 666	-23%	(41 453)
NET INCREASE/ (DECREASE) IN CASH HELD	96 453	67 790	429 211	75 498	(86 418)	429 211			429 211
Cash/cash equivalents at beginning:	621 615	830 762	718 068		718 068	718 068			718 068
Cash/cash equivalents at month/year end:	718 068	898 552	1 147 279		631 650	1 147 279			1 147 279

1.4.1 Consolidated Budget Tables

KZN225 Msunduzi - Table C1 Consolidated Monthly Budget Statement Summary - M12 June

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	625 458	644 671	644 671	33 148	625 627	644 671	(19 044)	-3%	644 671
Service charges	1 968 807	2 147 016	2 104 665	209 953	2 080 094	2 104 664	(24 570)	-1%	2 104 664
Investment revenue	34 373	27 029	27 029	8 262	43 303	27 029	16 274	60%	27 029
Transfers recognised - operational	336 321	383 848	383 848	40 608	448 122	383 848	64 274	17%	383 848
Other own revenue	176 275	88 920	88 920	161 979	295 502	88 920	206 582	232%	88 920
Total Revenue (excluding capital transfers and contributions)	3 141 233	3 291 485	3 249 133	453 949	3 492 648	3 249 133	243 515	7%	3 249 133
Employee costs	686 988	779 721	764 521	55 586	745 049	764 521	(19 472)	-3%	764 521
Remuneration of Councillors	33 422	36 419	36 419	3 683	37 100	36 419	681	2%	36 419
Depreciation & asset impairment	237 206	222 212	222 212	80 234	318 933	222 212	96 721	44%	222 212
Finance charges	70 966	64 600	64 600	21 216	67 196	64 600	2 596	4%	64 600
Materials and bulk purchases	1 373 241	1 517 751	1 515 751	159 885	1 458 957	1 515 751	(56 794)	-4%	1 515 751
Transfers and grants	55 845	5 027	5 027	20	218	5 027	(4 809)	-96%	5 027
Other expenditure	820 125	599 168	574 018	241 046	782 115	574 018	208 097	36%	574 018
Total Expenditure	3 277 792	3 224 899	3 182 548	561 670	3 409 569	3 182 548	227 020	7%	3 182 548
Surplus/(Deficit)	(136 559)	66 586	66 585	(107 721)	83 080	66 585	16 495	25%	66 585
Transfers recognised - capital	230 149	383 158	423 840	125 356	246 183	423 840	(177 657)	-42%	423 840
Contributions & Contributed assets	-	-	-	-	235	-	235	-	-
Surplus/(Deficit) after capital transfers & contributions	93 590	449 744	490 425	17 635	329 497	490 425	(160 927)	-33%	490 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	93 590	449 744	490 425	17 635	329 497	490 425	(160 927)	-33%	490 425
Capital expenditure & funds sources									
Capital expenditure	261 627	443 158	523 134	153 410	351 050	523 134	(172 083)	-33%	523 134
Capital transfers recognised	196 394	383 158	419 647	98 961	245 745	419 647	(173 902)	-41%	419 647
Public contributions & donations	160	-	-	-	279	-	279	-	-
Borrowing	22 288	-	4 193	2 274	4 134	4 193	(58)	-1%	4 193
Internally generated funds	42 785	60 000	99 294	52 174	100 892	99 294	1 598	2%	99 294
Total sources of capital funds	261 627	443 158	523 134	153 410	351 050	523 134	(172 083)	-33%	523 134
Financial position									
Total current assets	2 328 287	1 403 494	2 410 395		2 724 901				2 715 223
Total non current assets	6 894 188	6 987 704	7 037 514		7 056 879				6 996 982
Total current liabilities	852 682	730 078	904 310		1 003 866				998 196
Total non current liabilities	1 077 060	573 000	1 099 770		1 118 248				1 118 248
Community wealth/Equity	7 292 733	7 088 120	7 443 829		7 659 666				7 597 761
Cash flows									
Net cash from (used) operating	499 295	395 062	852 546	58 648	571 486	852 546	281 060	33%	852 546
Net cash from (used) investing	(375 050)	(285 819)	(381 882)	23 238	(428 686)	(381 882)	46 804	-12%	(381 882)
Net cash from (used) financing	(27 864)	(41 453)	(41 453)	(6 389)	(51 119)	(41 453)	9 666	-23%	(41 453)
Cash/cash equivalents at the month/year end	719 174	898 552	1 147 279	-	809 750	1 147 279	337 530	29%	1 147 279
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	319 062	46 269	43 235	41 274	26 354	56 376	79 370	942 353	1 554 293
Creditors Age Analysis									
Total Creditors	240 860	22 136	446	154	256	3 354	-	-	267 205

Msunduzi Local Municipality

KZN225 Msunduzi - Table C2 Monthly Budget Statement - Consolidated Financial Performance (standard classification) - M12 June

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Standard									
<i>Governance and administration</i>	1 275 493	1 246 734	1 287 416	108 475	959 378	1 287 416	(328 037)	-25%	1 287 416
Executive and council	5 680	302	302	2 268	3 265	302	2 963	980%	302
Budget and treasury office	1 261 366	1 229 772	1 270 453	81 048	912 031	1 270 453	(358 422)	-28%	1 270 453
Corporate services	8 446	16 660	16 660	25 159	44 082	16 660	27 422	165%	16 660
<i>Community and public safety</i>	44 759	32 854	32 854	128 586	169 816	32 854	136 962	417%	32 854
Community and social services	27 135	1 631	1 631	11 855	23 243	1 631	21 612	1325%	1 631
Sport and recreation	6 342	892	892	13 032	15 622	892	14 730	1652%	892
Public safety	10 435	26 998	26 998	90 785	107 715	26 998	80 717	299%	26 998
Housing	3 233	3 233	3 233	12 915	18 135	3 233	14 903	461%	3 233
Health	(2 385)	101	101	-	5 100	101	4 999	4955%	101
<i>Economic and environmental services</i>	148 898	5 350	5 350	39 287	121 011	5 350	115 661	2162%	5 350
Planning and development	39 131	4 342	4 342	2 798	6 801	4 342	2 458	57%	4 342
Road transport	109 767	1 008	1 008	36 489	114 210	1 008	113 202	11235%	1 008
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	1 872 103	2 263 174	2 220 823	282 835	2 428 653	2 220 822	207 831	9%	2 220 822
Electricity	1 039 538	1 640 105	1 597 755	180 800	1 558 289	1 597 754	(39 465)	-2%	1 597 754
Water	567 894	392 974	392 974	50 387	573 332	392 974	180 358	46%	392 974
Waste water management	168 207	144 974	144 974	41 780	196 176	144 974	51 202	35%	144 974
Waste management	96 463	85 120	85 120	9 869	100 855	85 120	15 735	18%	85 120
<i>Other</i>	30 130	126 531	126 531	20 121	60 208	126 531	(66 323)	-52%	126 531
Total Revenue - Standard	3 371 382	3 674 643	3 672 973	579 305	3 739 066	3 672 973	66 093	2%	3 672 973
Expenditure - Standard									
<i>Governance and administration</i>	785 176	478 471	462 562	(39 005)	377 524	462 562	(85 037)	-18%	462 562
Executive and council	(15 170)	63 134	61 146	(71 267)	4 875	61 146	(56 271)	-92%	61 146
Budget and treasury office	799 974	210 837	217 856	123 605	248 536	217 856	30 680	14%	217 856
Corporate services	372	204 500	183 560	(91 342)	124 114	183 560	(59 446)	-32%	183 560
<i>Community and public safety</i>	448 390	389 983	385 165	175 033	525 396	385 165	140 230	36%	385 165
Community and social services	89 733	62 957	62 134	10 511	59 819	62 134	(2 315)	-4%	62 134
Sport and recreation	104 649	75 535	73 933	37 817	115 479	73 933	41 547	56%	73 933
Public safety	188 116	205 998	203 977	84 614	267 842	203 977	63 865	31%	203 977
Housing	31 422	19 696	19 491	22 036	46 944	19 491	27 453	141%	19 491
Health	34 470	25 797	25 631	20 054	35 312	25 631	9 680	38%	25 631
<i>Economic and environmental services</i>	351 985	112 985	101 991	45 380	325 688	101 991	223 698	219%	101 991
Planning and development	56 981	72 382	71 199	(21 281)	51 679	71 199	(19 520)	-27%	71 199
Road transport	295 004	40 603	30 792	66 661	274 010	30 792	243 218	790%	30 792
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	1 636 968	2 180 747	2 170 726	357 117	2 120 111	2 170 727	(50 616)	-2%	2 170 727
Electricity	951 789	1 482 681	1 477 493	209 519	1 350 493	1 477 494	(127 001)	-9%	1 477 494
Water	447 367	573 488	572 648	60 052	504 990	572 648	(67 658)	-12%	572 648
Waste water management	130 627	23 555	20 941	45 329	152 456	20 941	131 515	628%	20 941
Waste management	107 185	101 024	99 646	42 218	112 172	99 646	12 527	13%	99 646
<i>Other</i>	55 274	62 713	62 104	23 145	60 849	62 104	(1 255)	-2%	62 104
Total Expenditure - Standard	3 277 792	3 224 899	3 182 548	561 670	3 409 569	3 182 549	227 020	7%	3 182 549
Surplus/ (Deficit) for the year	93 590	449 744	490 425	17 635	329 497	490 424	(160 927)	-33%	490 424

KZN225 Msunduzi - Table C3 Monthly Budget Statement - Consolidated Financial Performance (revenue and expenditure by municipal vote) - M12

Vote Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - Corporate Services	26 624	24 112	24 112	25 616	32 160	24 112	8 048	33.4%	24 112
Vote 2 - Financial Management Area	1 261 445	1 331 296	1 371 978	81 408	912 879	1 371 977	(459 098)	-33.5%	1 371 977
Vote 3 - Infrastructure Development, Service Delivery and Maintenance	2 004 195	2 260 701	2 218 350	334 955	2 577 233	2 218 350	358 883	16.2%	2 218 350
Vote 4 - Sustainable Community Service Delivery Provision	79 118	58 533	58 533	137 325	216 794	58 533	158 261	270.4%	58 533
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	3 371 382	3 674 643	3 672 973	579 305	3 739 066	3 672 973	66 093	1.8%	3 672 973
Expenditure by Vote									
Vote 1 - Corporate Services	3 605	285 544	263 300	(178 586)	29 214	263 300	(234 086)	-88.9%	263 300
Vote 2 - Financial Management Area	822 290	244 421	251 488	115 645	283 461	251 488	31 973	12.7%	251 488
Vote 3 - Infrastructure Development, Service Delivery and Maintenance	1 942 308	2 284 628	2 261 772	441 253	2 520 176	2 261 772	258 404	11.4%	2 261 772
Vote 4 - Sustainable Community Service Delivery Provision	509 589	410 307	405 989	183 358	576 718	405 989	170 729	42.1%	405 989
Total Expenditure by Vote	3 277 792	3 224 899	3 182 548	561 670	3 409 569	3 182 548	227 020	7.1%	3 182 549
Surplus/ (Deficit) for the year	93 590	449 744	490 425	17 635	329 497	490 425	(160 927)	-32.8%	490 424

Msunduzi Local Municipality

KZN225 Msunduzi - Table C4 Monthly Budget Statement - Consolidated Financial Performance (revenue and expenditure) - M12 June

Description	2012/13	Budget Year 2013/14							
	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	585 863	607 308	607 308	36 245	602 954	607 308	(4 355)	-1%	607 308
Property rates - penalties & collection charges	39 596	37 363	37 363	(3 098)	22 674	37 363	(14 689)	-39%	37 363
Service charges - electricity revenue	1 425 579	1 558 827	1 516 475	157 211	1 488 825	1 516 475	(27 650)	-2%	1 516 475
Service charges - water revenue	349 140	378 445	378 445	35 416	384 771	378 445	6 326	2%	378 445
Service charges - sanitation revenue	120 089	132 153	132 153	10 573	126 734	132 153	(5 419)	-4%	132 153
Service charges - refuse revenue	73 999	77 592	77 592	6 754	79 765	77 592	2 173	3%	77 592
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	20 896	20 255	20 255	2 157	21 655	20 255	1 400	7%	20 255
Interest earned - external investments	34 373	27 029	27 029	8 262	43 303	27 029	16 274	60%	27 029
Interest earned - outstanding debtors	82 051	1 255	1 255	11	893	1 255	(362)	-29%	1 255
Dividends received	-	-	-	-	-	-	-	-	-
Fines	8 371	3 634	3 634	90 347	102 758	3 634	99 124	2728%	3 634
Licences and permits	59	48	48	6	81	48	33	70%	48
Agency services	733	586	586	157	669	586	83	14%	586
Transfers recognised - operational	336 321	383 848	383 848	40 608	448 122	383 848	64 274	17%	383 848
Other revenue	60 563	48 011	48 011	74 327	169 336	48 011	121 325	253%	48 011
Gains on disposal of PPE	3 602	15 131	15 131	(5 025)	109	15 131	(15 022)	-99%	15 131
Total Revenue (excluding capital transfers and contributions)	3 141 233	3 291 485	3 249 133	453 949	3 492 648	3 249 133	243 515	7%	3 249 133
Expenditure By Type									
Employee related costs	686 988	779 721	764 521	55 586	745 049	764 521	(19 472)	-3%	764 521
Remuneration of councillors	33 422	36 419	36 419	3 683	37 100	36 419	681	2%	36 419
Debt impairment	217 794	137 510	137 510	(13 425)	112 626	137 510	(24 884)	-18%	137 510
Depreciation & asset impairment	237 206	222 212	222 212	80 234	318 933	222 212	96 721	44%	222 212
Finance charges	70 966	64 600	64 600	21 216	67 196	64 600	2 596	4%	64 600
Bulk purchases	1 373 241	1 493 890	1 491 890	159 288	1 453 402	1 491 890	(38 488)	-3%	1 491 890
Other materials	-	23 861	23 861	597	5 555	23 861	(18 306)	-77%	23 861
Contracted services	17 769	57 176	57 176	1 684	21 066	57 176	(36 110)	-63%	57 176
Transfers and grants	55 845	5 027	5 027	20	218	5 027	(4 809)	-96%	5 027
Other expenditure	582 608	404 483	379 332	246 655	642 242	379 332	262 910	69%	379 332
Loss on disposal of PPE	1 955	-	-	6 133	6 181	-	6 181	-	-
Total Expenditure	3 277 792	3 224 899	3 182 548	561 670	3 409 569	3 182 548	227 020	7%	3 182 548
Surplus/(Deficit)	(136 559)	66 586	66 585	(107 721)	83 080	66 585	16 495	0	66 585
Transfers recognised - capital	230 149	383 158	423 840	125 356	246 183	423 840	(177 657)	-42%	423 840
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	235	-	235	-	-
Surplus/(Deficit) after capital transfers & contributions	93 590	449 744	490 425	17 635	329 497	490 425			490 425
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	93 590	449 744	490 425	17 635	329 497	490 425			490 425
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	93 590	449 744	490 425	17 635	329 497	490 425			490 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	93 590	449 744	490 425	17 635	329 497	490 425			490 425

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

Vote Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 1 - Corporate Services	121 516	2 500	24 025	136	1 040	24 025	(22 985)	-96%	24 025
Vote 2 - Financial Management Area	11 723	-	-	-	-	-	-	-	-
Vote 3 - Infrastructure Dev, Service Delivery and Maintenance	-	379 546	379 246	37 137	96 049	379 246	(283 196)	-75%	379 246
Vote 4 - Sustainable Community Service Del Provision Manag	-	-	126	6 602	11 595	126	11 469	9084%	126
Total Capital Multi-year expenditure	133 239	382 046	403 397	43 875	108 685	403 397	(294 712)	-73%	403 397
Single Year expenditure appropriation									
Vote 1 - Corporate Services	13 438	3 100	3 100	35 916	44 973	3 100	41 873	1351%	3 100
Vote 2 - Financial Management Area	335	7 000	7 012	55	250	7 012	(6 762)	-96%	7 012
Vote 3 - Infrastructure Dev, Service Delivery and Maintenance	94 017	42 702	73 804	65 345	169 828	73 804	96 024	130%	73 804
Vote 4 - Sustainable Community Service Del Provision Manag	20 598	8 310	35 820	8 219	27 315	35 820	(8 506)	-24%	35 820
Total Capital single-year expenditure	128 388	61 112	119 736	109 534	242 365	119 736	122 629	102%	119 736
Total Capital Expenditure	261 627	443 158	523 134	153 410	351 050	523 134	(172 083)	-33%	523 134
Capital Expenditure - Standard Classification									
<i>Governance and administration</i>	7 718	30 760	49 425	46 624	64 667	49 425	15 242	31%	49 425
Executive and council	369	-	353	12 111	12 623	353	12 270	3472%	353
Budget and treasury office	7 349	30 760	49 072	58	147	49 072	(48 925)	-100%	49 072
Corporate services	-	-	-	34 456	51 897	-	51 897	#DIV/0!	-
<i>Community and public safety</i>	23 007	4 500	9 437	13 671	20 964	9 437	11 527	122%	9 437
Community and social services	16 225	2 800	3 837	3 978	5 145	3 837	1 308	34%	3 837
Sport and recreation	5 475	1 700	5 000	9 613	15 297	5 000	10 297	206%	5 000
Public safety	1 307	-	600	55	497	600	(103)	-17%	600
Housing	-	-	-	25	25	-	25	#DIV/0!	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	81 067	163 976	184 348	31 167	96 580	184 348	(87 768)	-48%	184 348
Planning and development	12 603	2 700	22 572	2 103	11 786	22 572	(10 786)	-48%	22 572
Road transport	68 464	161 276	161 776	29 064	84 794	161 776	(76 982)	-48%	161 776
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	143 730	241 112	253 414	60 920	151 077	253 414	(102 337)	-40%	253 414
Electricity	89 469	151 499	153 492	35 933	67 823	153 492	(85 669)	-56%	153 493
Water	35 317	34 425	41 835	5 274	34 956	41 835	(6 878)	-16%	41 835
Waste water management	16 892	47 097	47 097	18 468	43 597	47 097	(3 499)	-7%	47 097
Waste management	2 052	8 091	10 991	1 244	4 701	10 991	(6 290)	-57%	10 991
Other	6 105	2 810	26 510	1 028	17 763	26 510	(8 747)	-33%	26 510
Total Capital Expenditure - Standard Classification	261 627	443 158	523 134	153 410	351 050	523 134	(172 083)	-33%	523 134
Funded by:									
National Government	162 880	383 158	391 761	59 519	175 522	391 761	(216 239)	-55%	391 761
Provincial Government	33 514	-	25 459	39 165	69 578	25 459	44 118	173%	25 459
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	2 427	277	646	2 427	(1 781)	-73%	2 427
Transfers recognised - capital	196 394	383 158	419 647	98 961	245 745	419 647	(173 902)	-41%	419 647
Public contributions & donations	160	-	-	-	279	-	279	#DIV/0!	-
Borrowing	22 288	-	4 193	2 274	4 134	4 193	(58)	-1%	4 193
Internally generated funds	42 785	60 000	99 294	52 174	109 892	99 294	1 598	2%	99 294
Total Capital Funding	261 627	443 158	523 134	153 410	351 050	523 134	(172 083)	-33%	523 134

KZN225 Msunduzi - Table C6 Monthly Budget Statement - Consolidated Financial Position - M12 June

Description	2012/13	Budget Year 2013/14			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	719 174	64 672	3 421	125 018	117 071
Call investment deposits	5 901	539 022	863 459	784 203	784 203
Consumer debtors	602 073	690 704	682 710	815 758	815 714
Other debtors	246 094	7 354	124 512	255 715	254 606
Current portion of long-term receivables		45 175	-		-
Inventory	755 045	56 567	736 294	744 207	743 629
Total current assets	2 328 287	1 403 494	2 410 395	2 724 901	2 715 223
Non current assets					
Long-term receivables	-	8 385	8 587	8 620	8 620
Investments	-	69	46	46	46
Investment property	320 520	405 306	-	-	-
Investments in Associate	-	-	-	-	-
Property, plant and equipment	6 386 028	6 568 313	7 028 880	7 048 214	6 990 317
Agricultural	-	-	-	-	-
Biological assets	-	543	-	-	-
Intangible assets	1 899	5 088	-	-	-
Other non-current assets	185 740	-	-	-	-
Total non current assets	6 894 188	6 987 704	7 037 514	7 056 879	6 998 982
TOTAL ASSETS	9 222 474	8 391 198	9 447 909	9 781 781	9 714 205
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	1 089	38 030	38 030	43 029	43 029
Consumer deposits	79 589	73 941	83 502	85 112	85 112
Trade and other payables	767 607	618 107	779 064	868 849	863 179
Provisions	4 397		3 714	6 877	6 877
Total current liabilities	852 682	730 078	904 310	1 003 866	998 196
Non current liabilities					
Borrowing	541 325	573 000	564 035	497 398	497 398
Provisions	535 734	-	535 734	620 850	620 850
Total non current liabilities	1 077 060	573 000	1 099 770	1 118 248	1 118 248
TOTAL LIABILITIES	1 929 742	1 303 078	2 004 079	2 122 115	2 116 444
NET ASSETS	7 292 733	7 088 120	7 443 829	7 659 666	7 597 761
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	7 242 830	7 032 039	7 406 620	7 608 123	7 563 348
Reserves	49 903	56 081	37 209	51 543	34 413
TOTAL COMMUNITY WEALTH/EQUITY	7 292 733	7 088 120	7 443 829	7 659 666	7 597 761

KZN225 Msunduzi - Table C7 Monthly Budget Statement - Consolidated Cash Flow - M12 June

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	3 033 638	2 466 204	2 839 400	310 225	2 955 917	2 839 400	116 517	4%	2 839 400
Government - operating	-	383 848	383 848	-	442 598	383 848	58 750	15%	383 848
Government - capital	-	383 158	423 840	-	354 644	423 840	(69 196)	-16%	423 840
Interest	116 335	27 029	28 284	5 978	52 597	28 284	24 313	86%	28 284
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(2 579 712)	(2 795 550)	(2 752 952)	(236 319)	(3 177 601)	(2 752 952)	424 649	-15%	(2 752 952)
Finance charges	(70 966)	(64 600)	(64 600)	(21 216)	(56 451)	(64 600)	(8 149)	13%	(64 600)
Transfers and Grants	-	(5 027)	(5 274)	(20)	(218)	(5 274)	(5 056)	96%	(5 274)
NET CASH FROM/(USED) OPERATING ACTIVITIES	499 295	395 062	852 546	58 648	571 486	852 546	281 060	33%	852 546
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	17 824	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	10 216	(422)	(422)	-	-	(422)	422	-100%	(422)
Decrease (increase) in non-current investments	-	(3)	(3)	162 706	(101 577)	(3)	(101 574)	-	(3)
Payments									
Capital assets	(403 091)	(285 394)	(381 457)	(129 468)	(327 108)	(381 457)	(54 349)	14%	(381 457)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(375 050)	(285 819)	(381 882)	23 238	(428 686)	(381 882)	46 804	-12%	(381 882)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	7 942	3 722	3 722	480	5 393	3 722	1 671	45%	3 722
Payments									
Repayment of borrowing	(35 806)	(45 175)	(45 175)	(6 869)	(56 512)	(45 175)	11 337	-25%	(45 175)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 864)	(41 453)	(41 453)	(6 389)	(51 119)	(41 453)	9 666	-23%	(41 453)
NET INCREASE/ (DECREASE) IN CASH HELD	96 381	67 790	429 211	75 498	91 681	429 211			429 211
Cash/cash equivalents at beginning:	622 793	830 762	718 068		718 068	718 068			718 068
Cash/cash equivalents at month/year end:	719 174	898 552	1 147 279		809 750	1 147 279			1 147 279

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

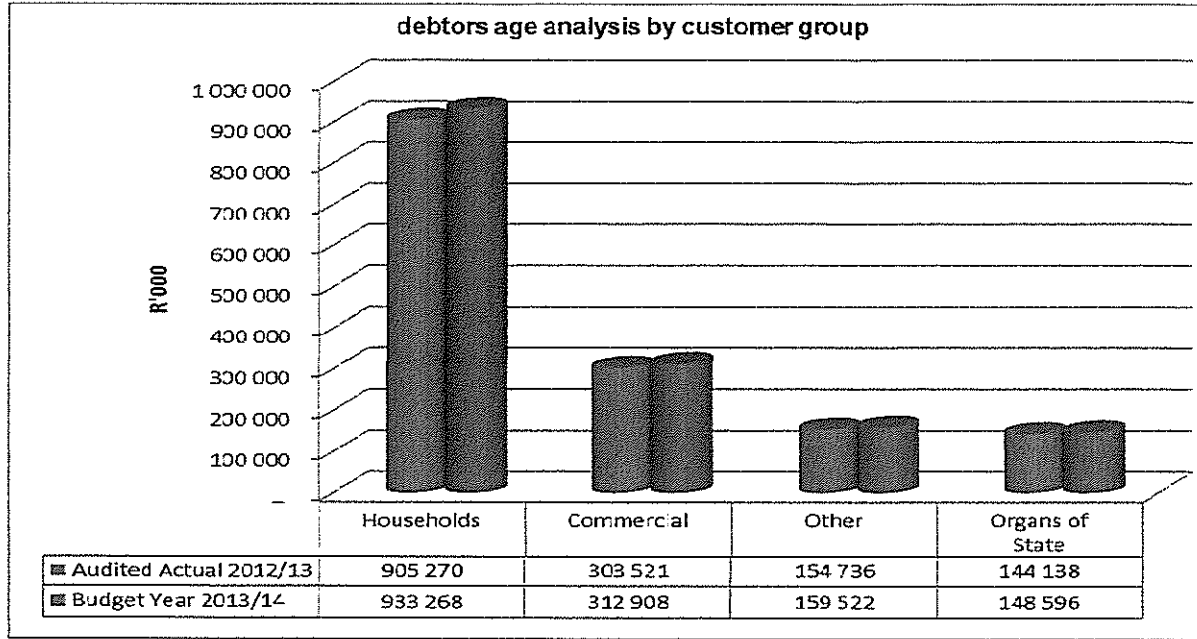
The table presented below summarises the Debtors Age Analysis as at 30 June 2014.

Table 2.1.1: Debtors Age Analysis By Income Source

KZN225 Msunduzi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June										
Description	Budget Year 2013/14									
	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
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	72 442	19 278	19 215	17 520	6 228	26 761	15 100	344 811	521 356	410 420
Trade and Other Receivables from Exchange Transactions - Electricity	187 442	7 765	6 699	5 283	3 949	5 605	4 029	82 741	303 514	101 607
Receivables from Non-exchange Transactions - Property Rates	53 025	10 790	10 034	11 744	3 578	13 631	7 949	292 906	403 656	329 808
Receivables from Exchange Transactions - Waste Water Management	17 507	3 556	3 534	3 344	1 422	5 092	2 959	81 657	119 072	94 474
Receivables from Exchange Transactions - Waste Management	8 865	1 897	1 819	1 760	521	2 795	1 591	47 611	66 859	54 278
Receivables from Exchange Transactions - Property Rental Debtors	2 198	985	638	620	490	709	588	27 640	33 868	30 047
Other	(22 417)	1 997	1 296	1 003	10 167	1 782	47 155	64 986	105 969	125 093
Total By Income Source	319 062	46 269	43 235	41 274	26 354	56 376	79 370	942 353	1 554 293	1 145 728
2012/13 - totals only	368 848	54 556	43 656	38 173	31 389	43 911	37 628	869 050	1 487 210	1 020 150
Debtors Age Analysis By Customer Group										
Organs of State	33 554	3 908	3 467	3 165	1 841	4 237	2 286	96 137	148 596	107 667
Commercial	160 349	7 214	6 374	5 374	12 426	5 956	3 709	111 506	312 908	138 971
Households	120 715	31 380	29 670	28 701	10 382	40 468	67 150	604 802	933 268	751 503
Other	4 444	3 766	3 724	4 035	1 706	5 715	6 224	129 907	159 522	147 588
Total By Customer Group	319 062	46 269	43 235	41 274	26 354	56 376	79 370	942 353	1 554 293	1 145 728

The municipal consumer debt is currently increasing citing rigorous actions that need to be undertaken to ensure that this trend is prevented from continuing as it has a direct negative impact on municipal cash flows.

Chart 1: Debtors Age Analysis By Customer Group

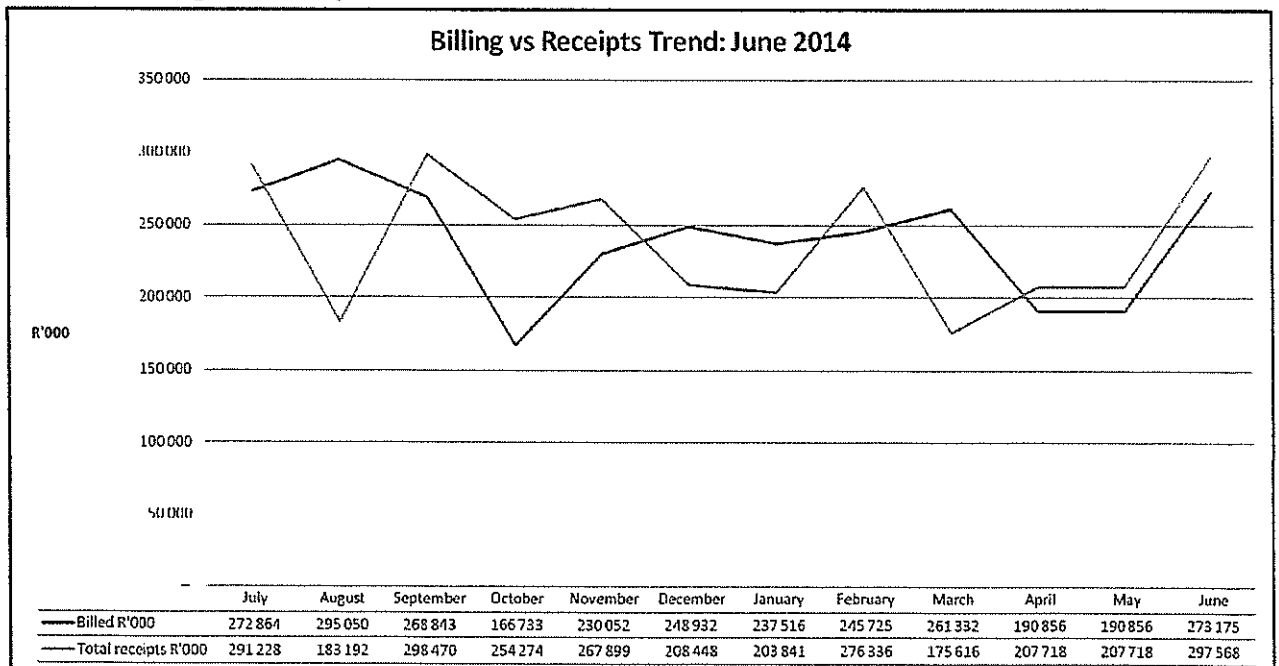


The information presented in the chart above stipulates that outstanding debtor's as at 30 June 2014 have increased by R 46million when compared to prior year end balance. All of the customer groups' debt has increased by 3%.

Total debt owed to the municipality ranked from highest to lowest for 2013/14 reflects that households owe 60% of the total municipal debt as detailed below;

- ✓ Households 60%
- ✓ Commercial 20%
- ✓ Organs of State 10%
- ✓ Other 10%

Chart 2: Billing vs Receipts Trend



2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 June 2014

KZN225 Msunduzi - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description	Budget Year 2013/14								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity	146 351	-	-	-	-	-	-	-	146 351
Bulk Water	36 059	-	-	-	-	-	-	-	36 059
PAYE deductions	7 139	-	-	-	-	-	-	-	7 139
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	12 164	-	-	-	-	-	-	-	12 164
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	31 533	22 136	446	154	256	3 354	-	-	57 878
Auditor General	-	-	-	-	-	-	-	-	-
Other	7 615	-	-	-	-	-	-	-	7 615
Total By Customer Type	240 860	22 136	446	154	256	3 354	-	-	267 205

2.3 Investment Portfolio Analysis

The following information presents the short term investments balances broken down per investment type as at 30 June 2014.

KZN225 Msunduzi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning	Change in market value	Market value at end of the
R thousands	Yrs/Months							
Municipality								
ABSA-Provisions & Reserves 40-6424-3731	N/a	Call	N/a	6	0.4%	1 513	(994)	519
RMB - IDS3523006-Airport Development Fund	N/a	Call	N/a	10	0.4%	2 156	10	2 166
RMB - IDS3523008-Metro Transport Fund	N/a	Call	N/a	6	0.4%	1 249	6	1 254
RMB - IDS3523012-Municipal Infrastructure Grant	N/a	Call	N/a	317	0.4%	90 145	(50 408)	39 736
RMB - IDS3523014-Unspent Conditional Grant	N/a	Call	N/a	1 370	0.4%	358 336	(59 654)	298 682
RMB - IDS3523016-General Investments	N/a	Call	N/a	618	0.4%	142 795	(42 097)	100 699
RMB - IDS3523018-Sale of Assets	N/a	Call	N/a	17	0.4%	3 904	17	3 921
RMB - IDS3523020-Insurance Fund	N/a	Call	N/a	41	0.4%	9 084	(506)	8 578
RMB - IDS3523023-Land Sales	N/a	Call	N/a	48	0.4%	11 216	-	11 216
RMB - IDS3523025-Municipal Housing Account	N/a	Call	N/a	99	0.4%	22 527	99	22 626
RMB - IDS3523027-Housing Accreditation	N/a	Call	N/a	79	0.4%	17 825	79	17 903
FNB - 74445467000-Investment	91 Day Notice	Fixed	11 Sept 2014	731	0.5%	150 000	-	150 000
Investec - 1100-502076-450-Investment	6 Month	Fixed	10 Nov 2014	576	0.5%	120 000	-	120 000
ABSA - 20-6700-9186-WCA	WCA	Fixed	29 June 2015	35	0.6%	5 901	1 001	6 902
TOTAL INVESTMENTS AND INTEREST				3 952		936 651	(152 448)	784 203

The Municipality had 14 investment accounts with balances totalling R784million. Call accounts totalling R507million account 79% of the investment portfolio while the balance of R276million (21%) is made up of fixed term investments.

The bulk of the investment accounts is made up of the ring fenced unspent conditional grants.

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

KZN225 Msunduzi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	342 704	362 139	362 139	-	483 023	362 139	120 884	33.4%	362 139
Local Government Equitable Share	336 903	354 313	354 313	-	352 583	354 313	(1 730)	-0.5%	354 313
Finance Management	1 500	1 550	1 550	-	1 550	1 550	0	0.0%	1 550
Municipal Systems Improvement	800	890	890	-	890	890	-	-	890
EPWP Incentive	1 501	1 874	1 874	-	-	1 874	(1 874)	-100.0%	1 874
Energy Efficiency and Demand Management	-	-	-	-	128 000	-	128 000	#DIV/0!	-
Other transfers/grants [insert description]	-	3 512	3 512	-	-	3 512	(3 512)	-100.0%	3 512
Provincial Government:	22 500	21 709	12 310	12 411	49 655	21 709	27 946	128.7%	21 709
Expanded Public Works Grant	-	-	-	-	1 874	-	1 874	#DIV/0!	-
Health	2 537	-	-	-	-	-	-	-	-
Human Settlements	9 000	-	12 288	12 324	24 136	-	24 136	#DIV/0!	-
Public Works	-	-	-	-	-	-	-	-	-
Arts and Culture	10 963	21 709	-	75	21 645	21 709	(64)	-0.3%	21 709
Office of the Premier	-	-	-	-	2 000	-	2 000	#DIV/0!	-
Sanitation Bucket eradication	-	-	13	13	-	-	-	-	-
Other grant providers:	-	-	-	2	-	-	-	-	-
Carnegie	-	-	-	0	-	-	-	-	-
Spoomet	-	-	-	2	-	-	-	-	-
Total Operating Transfers and Grants	365 204	383 848	374 449	12 413	532 678	383 848	148 830	38.8%	383 848
Capital Transfers and Grants									
National Government:	208 599	386 670	389 761	-	268 520	389 761	(121 241)	-31.1%	389 761
Municipal Infrastructure Grant (MIG)	153 399	154 824	151 312	-	154 824	151 312	3 512	2.3%	151 312
Public Transport and Systems	45 000	100 846	100 846	-	100 846	100 846	-	-	100 846
Neighbourhood Development Partnership	700	-	-	-	6 600	-	6 600	#DIV/0!	-
Rural Households Infrastructure	4 500	-	-	-	-	-	-	-	-
Dept of Mineral/Electricity	-	8 000	8 000	-	-	8 000	(8 000)	-100.0%	8 000
Integrated National Electrification Programme	5 000	123 000	123 000	-	-	123 000	(123 000)	-100.0%	123 000
-	-	-	353	-	-	353	(353)	-100.0%	353
Municipal Water infrastructure Grant	-	-	6 250	-	6 250	6 250	-	-	6 250
Provincial Government:	21 415	-	25 460	279	28 944	25 460	3 484	13.7%	25 460
Airport Development Project	19 315	-	16 200	-	14 198	16 200	(2 002)	-12.4%	16 200
Sport and Recreation	2 100	-	-	9	1 875	-	1 875	#DIV/0!	-
Corridor Development	-	-	8 660	-	-	8 660	(8 660)	-100.0%	8 660
KZNPA	-	-	600	-	371	600	(229)	-38.2%	600
Treasury	-	-	-	162	-	-	-	-	-
COGTA	-	-	-	88	12 500	-	12 500	#DIV/0!	-
Other grant providers:	135	-	2 427	0	-	2 427	(2 427)	-100.0%	2 427
Carnegie	135	-	296	-	-	296	(296)	-100.0%	296
Cemetery Trust	-	-	2 131	-	-	2 131	(2 131)	-100.0%	2 131
Spoomet	-	-	-	-	-	-	-	-	-
US CONSULATE FOR MSUNDUZI LIBRARY	-	-	-	0	-	-	-	-	-
Total Capital Transfers and Grants	230 149	386 670	417 648	279	297 464	417 648	(120 184)	-28.8%	417 648
TOTAL RECEIPTS OF TRANSFERS & GRANTS	595 353	770 518	792 098	12 692	830 143	801 496	28 646	3.6%	801 496

It is clear from the chart above that the bulk of the grants received by the municipality are from the National Treasury.

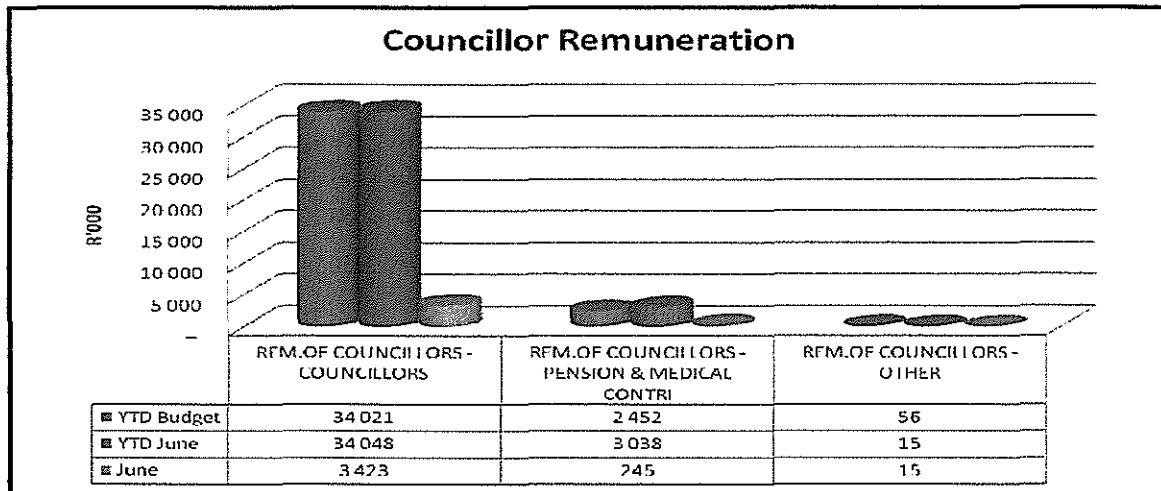
Table SC7 tracks the expenditure on Conditional grant funding.

KZN225 Msunduzi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	342 704	362 139	362 139	13 529	402 856	362 139	36 792	10.2%	362 139
Local Government Equitable Share	338 903	354 313	354 313	1 730	354 313	354 313	-		354 313
Finance Management	1 500	1 550	1 550	829	1 550	1 550	-		1 550
Municipal Systems Improvement	800	890	890	12	245	890	(645)	-72.5%	890
EPWP Incentive	1 501	1 874	1 874	0	1 874	1 874	(0)	0.0%	1 874
Public Transport and Systems	-	-	-	2 069	3 924	-	-		-
Energy Efficiency and Demand Management	-	-	-	6 277	35 774	-	35 774		-
MWIG	-	-	-	-	-	-	-		-
Water Services Operating Subsidy	-	-	-	2 612	5 176	-	5 176		-
Other transfers and grants [insert description]	-	3 512	3 512	-	-	3 512	(3 512)	-100.0%	3 512
Provincial Government:	22 500	25 551	25 551	27 054	45 219	25 551	19 668	77.0%	25 551
Health subsidy	2 537	-	-	-	-	-	-		-
Public Works	10 963	-	-	-	-	-	-		-
Arts and Culture	-	21 709	21 709	7 485	15 896	21 709	(5 813)	-26.8%	21 709
Human Settlements	9 000	3 842	3 842	12 424	17 498	3 842	13 656	355.4%	3 842
DWAF	-	-	-	238	1 477	-	1 477		-
LGSETA	-	-	-	2	371	-	371		-
Sanitation Bucket Eradication	-	-	-	5 081	5 081	-	5 081		-
Cogta	-	-	-	1 645	4 717	-	4 717		-
Sport And Recreation	-	-	-	179	179	-	179		-
Other grant providers:	-	-	-	25	47	-	47		-
Community Communication Initiative	-	-	-	-	-	-	-		-
Youth Advisory Council	-	-	-	7	7	-	-		-
Estate Late Turner	-	-	-	-	-	-	-		-
Q Dot Pharma For Ward 3,4,6	-	-	-	18	40	-	40		-
Total operating expenditure of Transfers and Grants:	365 204	387 690	387 690	40 608	448 122	387 690	56 508	14.6%	387 690
Capital expenditure of Transfers and Grants									
National Government:	208 599	386 670	389 761	94 555	196 736	389 761	(193 025)	-49.5%	389 761
Municipal Infrastructure Grant (MIG)	153 399	154 824	151 312	76 397	155 719	151 312	4 406	2.9%	151 312
Public Transport and Systems	45 000	100 846	100 846	3 630	15 676	100 846	(85 170)	-84.5%	100 846
Neighbourhood Development Partnership	700	-	-	707	707	-	707	#DIV/0!	-
Rural Households Infrastructure	4 500	-	-	-	-	-	-		-
Dept of Mineral/Electricity	-	8 000	8 000	-	-	8 000	(8 000)	-100.0%	8 000
Integrated National Electrification Programme	5 000	123 000	123 000	13 822	23 207	123 000	(99 793)	-81.1%	123 000
MSIG	-	-	353	-	353	353	0	0.1%	353
MWIG	-	-	6 250	-	1 074	6 250	(5 176)	-82.8%	6 250
Provincial Government:	21 415	-	25 460	4 148	19 102	25 460	(6 358)	-25.0%	25 460
Airport Development Project	19 315	-	16 200	-	14 198	16 200	(2 002)	-12.4%	16 200
Sport and Recreation	2 100	-	8 660	-	8 660	8 660	(8 660)	-100.0%	8 660
Corridor Development	-	-	600	-	-	600	(600)	-100.0%	600
KZNPA	-	-	-	165	165	-	165		-
Office of the Premier	-	-	-	182	182	-	182		-
Treasury	-	-	-	500	500	-	500		-
Human Settlement	-	-	-	3 301	4 057	-	4 057		-
COGTA	-	-	-	-	-	-	-		-
Other grant providers:	135	-	2 427	2 112	2 112	2 427	(315)	-13.0%	2 427
Carnegie	135	-	296	-	-	296	(296)	-100.0%	296
Youth Advisory Council	-	-	-	83	83	-	-		-
COMMUNITY COMMUNICATION INITIATIVE	-	-	-	9	9	-	-		-
Q Dot Pharma For Ward 3,4,6	-	-	2 131	2 020	2 020	2 131	(111)	-5.2%	2 131
Total capital expenditure of Transfers and Grants:	230 149	386 670	417 648	125 356	246 183	417 648	(171 466)	-41.1%	417 648
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	595 353	774 360	805 338	165 964	694 305	805 338	(114 958)	-14.3%	805 338

2.5 Councillor and Staff Benefits

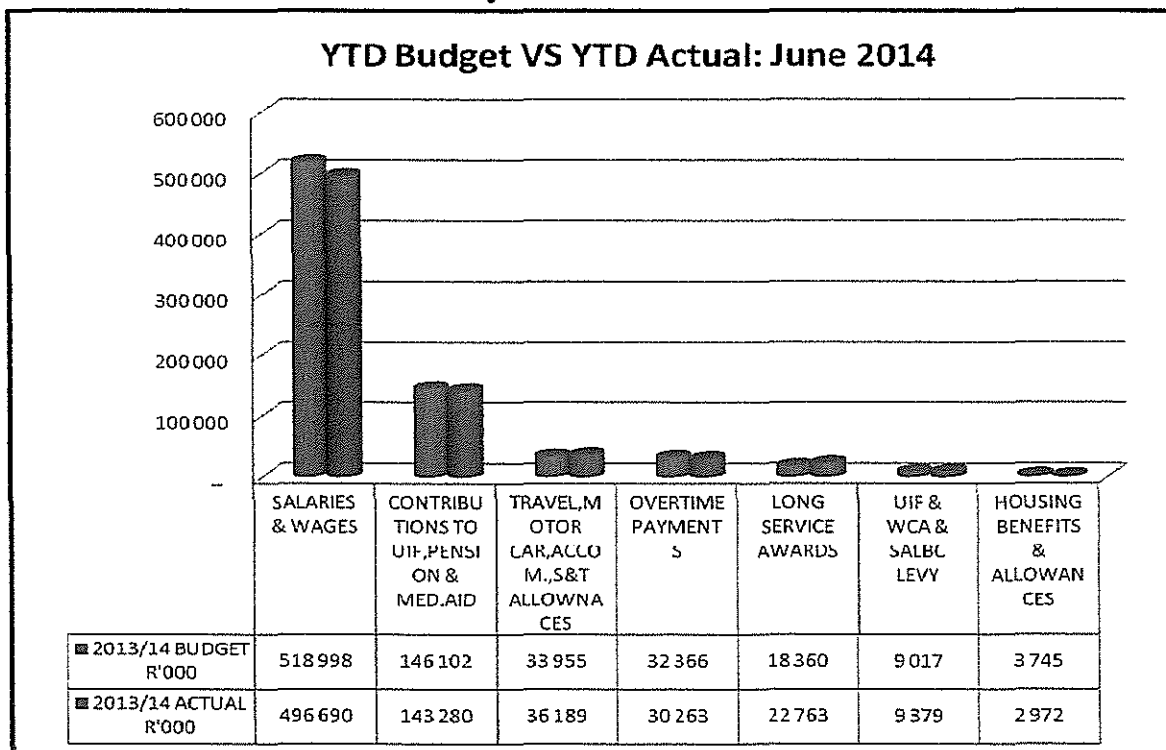
The chart below presents the expenditure on councillor allowances as at year end. The Councillor allowances reflected a 2% (R680 641) over expenditure as at year end.

Chart 3: Councillor Remuneration Summary – June 2014



The year to date actual staff costs as a percentage of the staff budget reflected a 97% performance leaving only a variance of 3% (2012/13 Variance: 8%) citing improved budgeting techniques and human resource staff costs management. The total employee related costs for the month of June totalled R55million (May: R62million) bringing the year to date costs to R741, 5million (YTD May: R685, 9million).

Chart 4: Staff Benefit Cost Summary – June 2014



The table below presents a comparison between the actual June Year to Date (YTD) salaries costs against the YTD adjusted budget. Except for the over expenditure in the Corporate and Finance business units by 4% & 1% respectively, all other business units have expended within their budget allocations

Table 1: Salaries budget by business units

	JUNE				
	YTD Budget	YTD June	Month Costs	% Variance	Month Costs
Community Services & Social Equity	R 322 671 346	R 311 327 929	R -11 343 417	-4%	R 24 138 857
Infrastructure Services & Facilities	R 211 255 380	R 206 413 871	R -4 841 509	-2%	R 15 101 337
City Finance	R 79 428 402	R 80 079 320	R 650 918	1%	R 5 268 658
Sound Governance	R 65 413 810	R 59 611 275	R -5 802 535	-9%	R 5 019 028
Development Services	R 56 079 531	R 53 149 201	R -2 930 330	-5%	R 3 810 605
Corporate Business Unit	R 29 672 834	R 30 955 620	R 1 282 786	4%	R 2 247 697
	R 764 521 303	R 741 537 216	R -22 984 087		R 55 586 181

2.6 Material Variances to the SDBIP

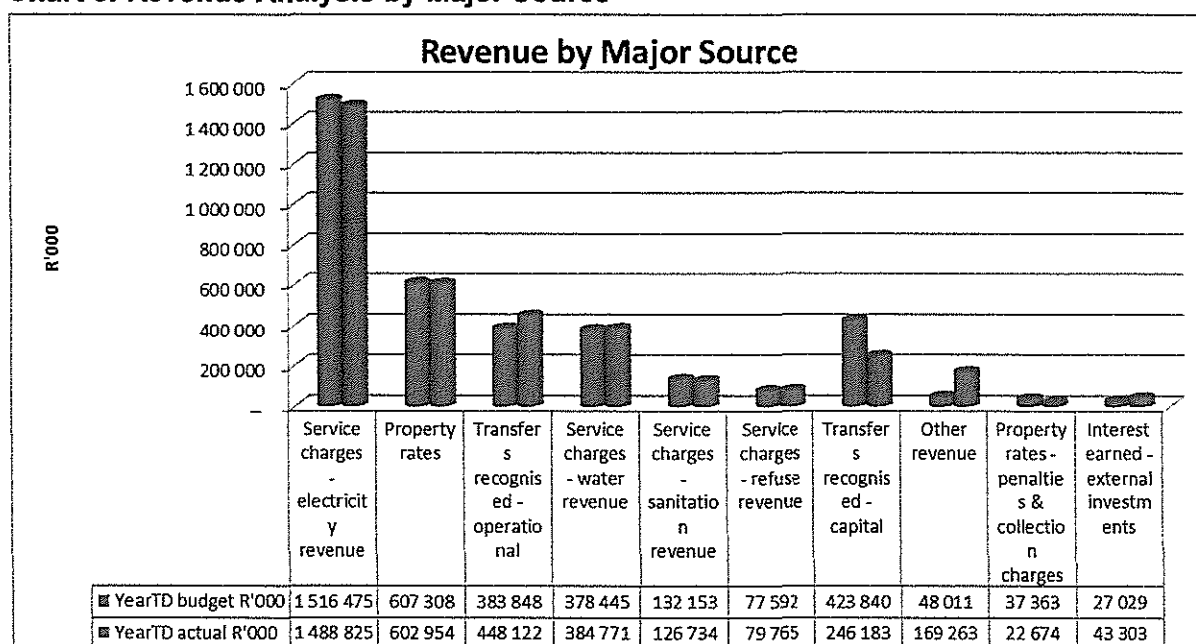
This section on material variances to the Service Delivery & Budget Implementation Plan analyses the financial as well as the non-financial performance targets for the last quarter. The financial performance section analyses material variances between the actual targets as at Midyear and the budget for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

- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and
- ✓ Capital Expenditure
- ✓ Financial Position
- ✓ Cash Flows

The last section deals with the non financial performance analysis of the actual targets against the planned targets as at 30 June 2014.

2.6.1 FINANCIAL PERFORMANCE

Chart 5: Revenue Analysis by Major Source



Service Charges – Electricity Revenue: This is the major revenue source for the Municipality contributing 40% to the actual YTD operating revenue basket and 41% of the Adjusted Operating revenue Budget. The year to date revenue earned from electricity service charges underperformed by 2% (R 27 Million) when compared to the YTD Budget. This could be attributable to less electricity usage by consumers in the last quarter.

Property Rates is the second largest contributor to the operating revenue basket making up 16% of the total YTD operating revenue and 17% of the YTD adjusted operating budget. When comparing the YTD Actual revenue earned to the YTD Budget, a negligible variance of only 1% under performance existed as at year end.

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 making up 92% of this YTD revenue category. The YTD actual Revenue recognised shares 12% of the total revenue at year end. The revenue realised by the municipality exceeds the budgeted figure by R 64 Million when comparing the YTD actuals against year YTD budget.

Service Charges - Water revenue: The revenue earned from Water charges shared 29% of the YTD actual revenue basket and yielded a negative variance of 1% when compared to the YTD Budget. This translated to additional revenue of R6, 3million in monetary terms.

Transfers recognised – capital is made up of all capital grant funding budgeted for infrastructural projects. The National Government capital grants (mainly made up of the Municipal Infrastructure Grant, Integrated National Electrification Programme, Public Transport and Systems) constitute 88% of the actual YTD capital transfers recognised. The under performance in the Capital budget programme can be said to be the main contributor to the lower than budgeted revenue recognition on conditional capital grant funding.

Service Charges - sanitation revenue reflected an underperformance of R 5, 4 Million When comparing the YTD actual revenue to the YTD budget.

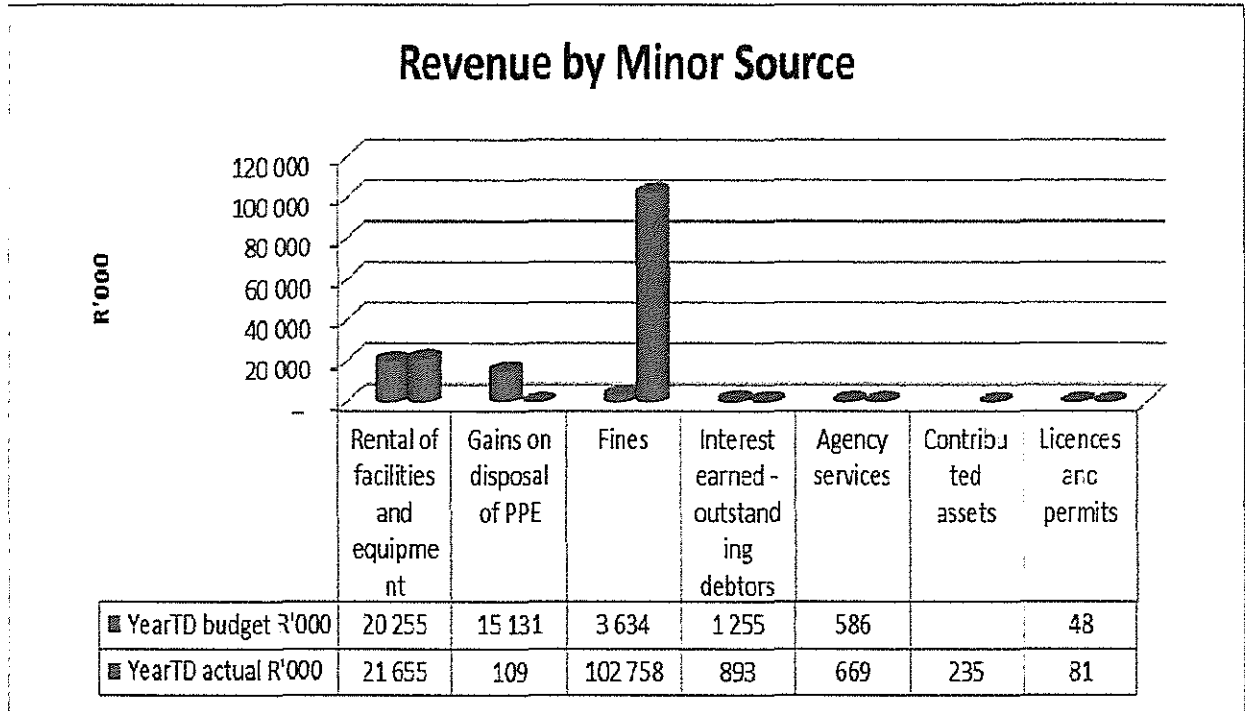
Service Charges - refuse revenue reflected an over performance of 3% or R 2, 1Million expressed in rand terms when comparing the YTD actual revenue to the YTD budget

Other revenue: The revenue that was earned from other revenue sources exceeds the budgeted amount by R 121, 2million. Other revenue includes revenue items from various sources such as Airport charges, Market, Burials & Cremations and reconnection fees to mention but a few.

Property rates - penalties & collection charges yielded a lower than budgeted actual revenue by R14, 6million.

Interest earned - external investments: The Interest that was actually earned from external investment exceeded what the municipality had budgeted by R 16, 2million due to a combination of factors such as an increasing trend in interest rates, better cash managements & investment strategies and lower than expected expenditure on conditional grant funding.

Chart 6: Revenue by Minor Source



Rental of Facilities and Equipment: Revenue earned from rental of facilities and equipment slightly the budget by R 1, 4million citing improvements in the management of municipal investment properties.

Gains on Disposal of PPE: revenue reflected an under performance of 99% or R 15 Million expressed in rand when comparing the YTD actual revenue to the YTD budget

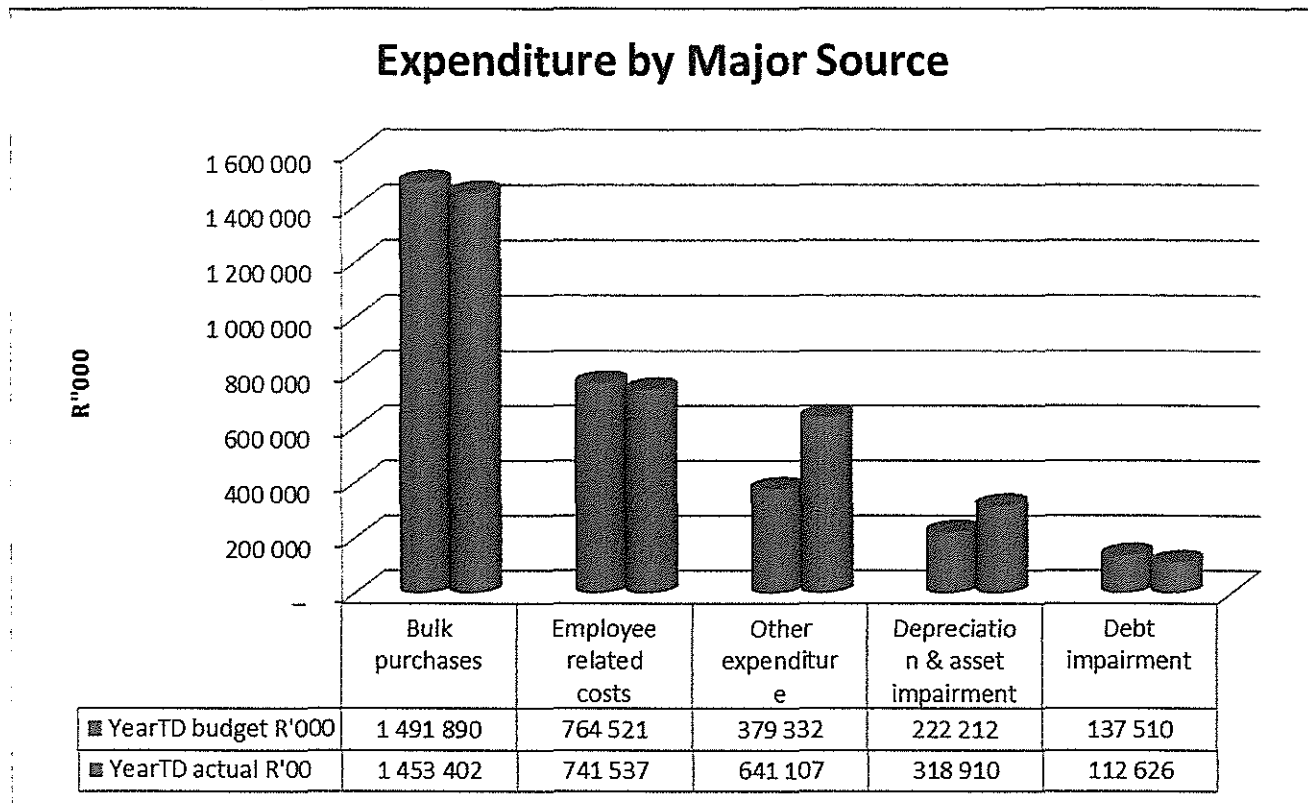
Fines: The revenue received from fines performed at 96% more than budgeted when comparing YTD actual against YTD budget yielding a rand value of R 99, 1 million in excess of the budget. These results are evidence of the continuous increased efforts by the municipality to optimise its revenue potential.

The other revenue items such as Interest earned - outstanding debtors, Agency services, contributed assets, Licences and permits constitute less than a percentage of the YTD adjusted budget figures.

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 7: Expenditure by major source



Bulk Purchases: The Ytd expenditure of R1, 45billion on Bulk Purchases has been within the budget of R 1,49billion. Bulk Purchases is constituted of the following components;

- ✓ Bulk Electricity Purchases (ESKOM) R1, 08 billion 74%
- ✓ Bulk Water Purchases (UMNGENI WATER) R372 million 26%

Bulk electricity purchases from Eskom constitute 74% of the Ytd expenditure while Umngeni Water bulk water purchases share the 26% balance. The year to date expenditure represents 97% of the Ytd budget.

Employee Related Costs: The ytd on employee related costs has been within the budget as the year to date expenditure was 97% of the Ytd budget. The total actual employee related costs for period ending June 2014 was R741million (2012/13: R684million). A detailed analysis of the employee related costs is contained in the MFMA S66 report on staff benefits.

Other Expenditure: More expenditure was incurred for the period ending June YTD actual when comparing the Budgeted figure with ytd actual. The table below provides a detailed listing of the top 20 cash drainers during the month of June.

Table 2: Top 20 cash drainers

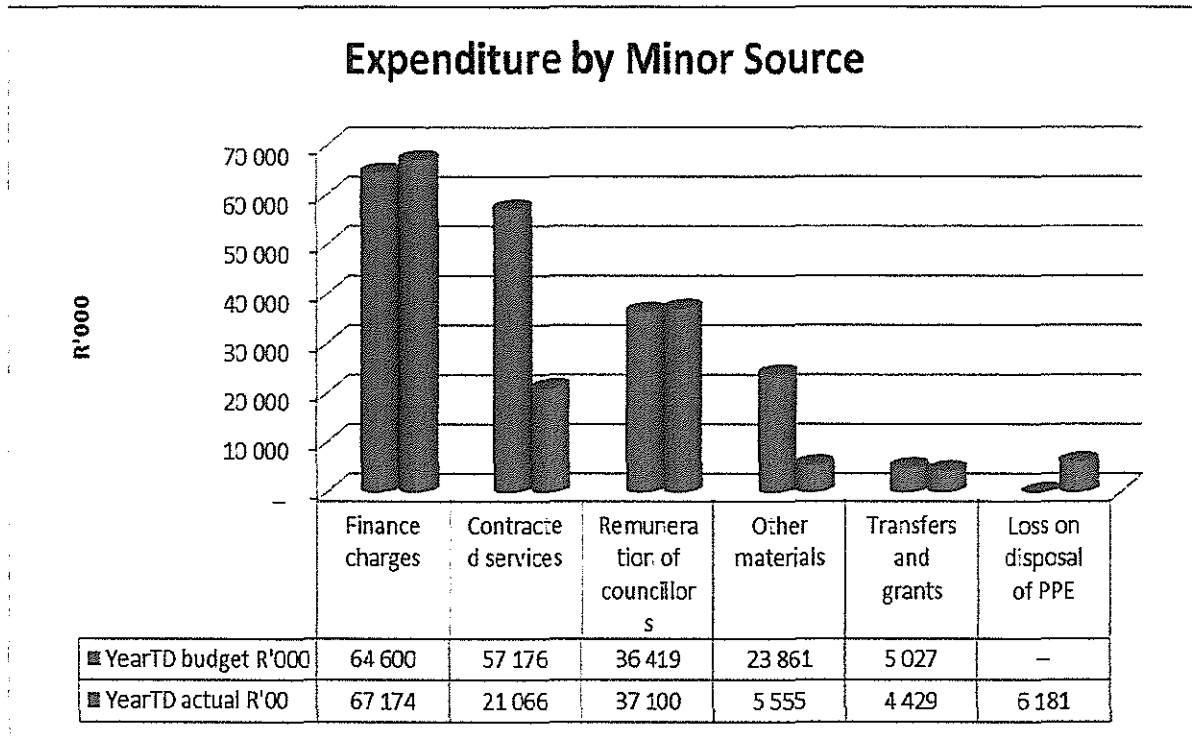
NO.	DESCRIPTION	June R'000	June R'000
1	OTHER	12 648	46 587
2	INSURANCE	10 917	10 917
3	INTER DEPARTMENTAL CHARGES	8 262	117 188
4	EXTERNAL SERVICES	7 989	30 494
5	PENSION PAYABLE	7 194	17 991
6	HIRE CHARGES	3 890	16 162
7	PETROL & LUBRICANTS	3 312	28 436
8	VALUATION ROLL	3 072	11 292
9	PROMOTIONS	2 902	8 629
10	MAYORAL PROJECTS	2 177	5 169
11	GOVT TRAINING LEVY	2 106	6 208
12	CONSULTANTS FEES	1 630	2 581
13	TELEPHONES	1 026	7 425
14	PRINTING AND STATIONERY	1 726	9 436
15	WARD COMMITTEE COSTS	806	5 530
16	PERSONNEL - TRAINING	693	4 439
17	WARD COMMITTEE EXPENSES	666	1 240
18	SUBSCRIPTIONS FOR CITIES NETWORK	646	1 000
19	PLANT HIRE	623	3 663
20	BANK CHARGES	598	3 731
		72 883	338 118

Depreciation and Asset Impairment: The YTD budgeted amount of depreciation & asset impairment was under budgeted by 44% as the budget was R222million as the actual expenditure incurred was R318 million. It should be noted that Depreciation & Asset Impairment are non-cash items and therefore the over expenditures on these items does not negatively affect the liquidity (cash flow) position of the municipality.

Debt Impairment

The Ytd budgeted figure for Debt Impairment was R137million and the actual figure was R112million, which is 82% of the budgeted figure.

Chart 8: Expenditure by minor source



Finance Charges for the reporting period was R67, 1million against the YTD budget of R64, 6million. This expenditure which is mainly comprised of the interest cost on long term borrowing making up 95% of this total cost.

Contracted Services: The municipality's anticipation with regards to contracted services was that they were going to incur R57, 1million for the month of June, however only R21million was incurred, representing 37% underperformance, was actually spent.

Remuneration of councillors For remuneration of councillors the budget was R36, 4million and the actual expenditure incurred was R37, 1million, which was 2% more than the budgeted figure.

Other Material: The actual Ytd expenditure on other materials reflected a 23% under performance rate when compared to the Ytd budget.

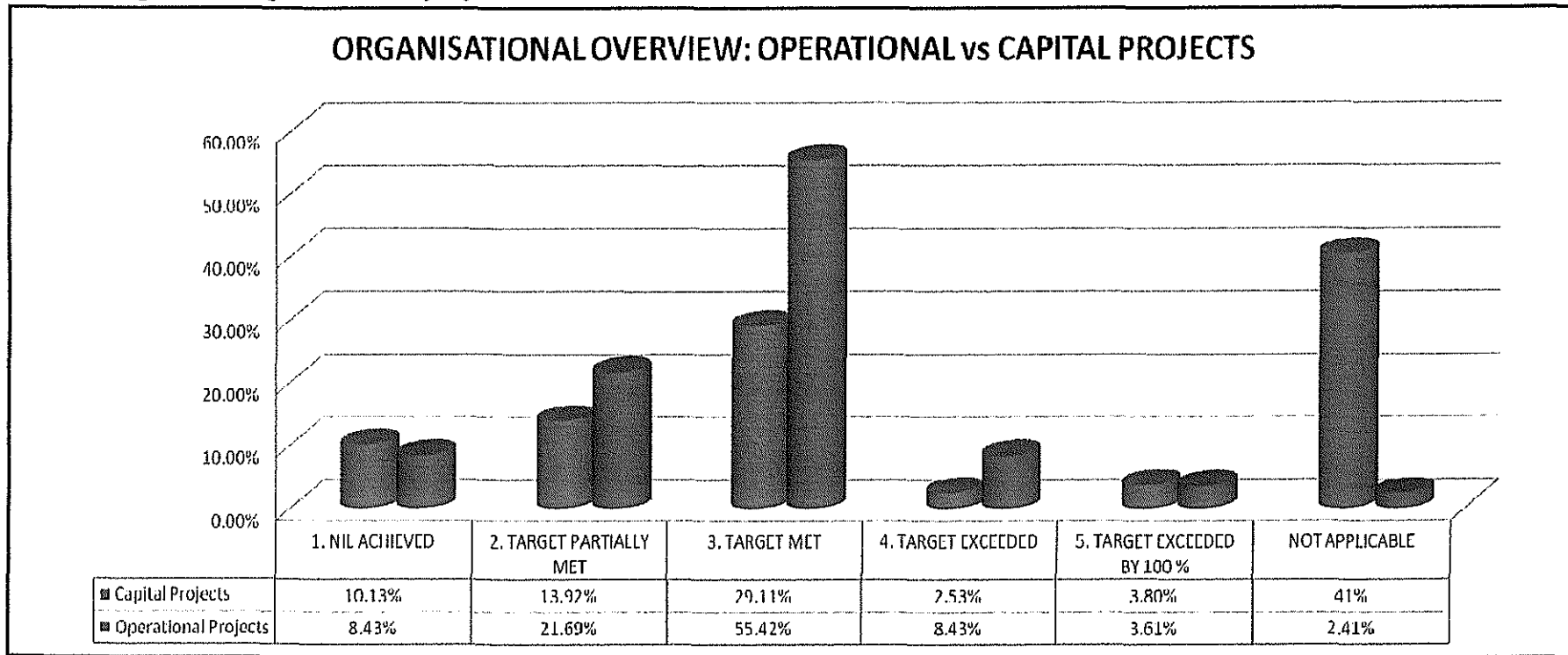
Transfers and Grants are made up of payments to the Municipal Entity (Safe City) and payments to community bodies. The Ytd budget for transfers and grants was R5 million and the actual expenditure incurred totalled R4, 4 million reflecting underperformance of 12%.

Loss on Disposal of PPE: There was no YTD budget allocated for loss on disposal of PPE which led to an incurrence of expenditure of R6.1 million that was not budgeted for.

NON-FINANCIAL PERFORMANCE ANALYSIS

This section highlights the annual non financial performance targets derived from the Service Delivery & Budget Implementation plan. A total of 159 projects consisting of 83 Operational and 76 Capital were planned for the year under review. The chart below present a comparison in percentage terms of the operational vs capital projects.

Chart 9: High level organisational projects review



The above displays that 55.4% of the operational targets were met as compared to only 29% of the Capital projects. Poor performance on the capital programmes should be viewed as a matter of priority and one that requires accelerated measures in order to improve on the municipality's asset base.

Chart 10: Core Service Delivery Functions: Operational Projects

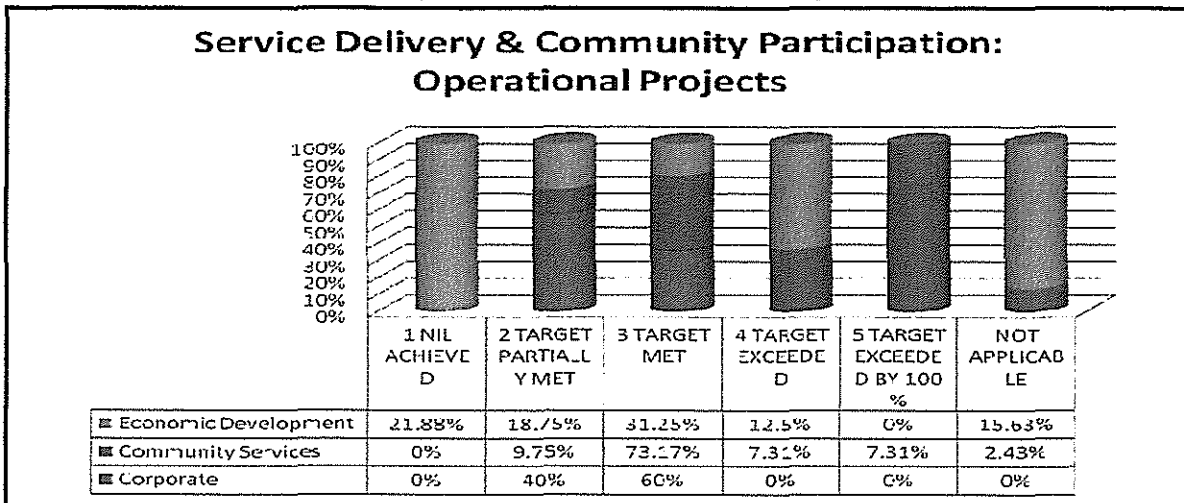


Chart 11: Core Service Delivery Functions: Capital Projects

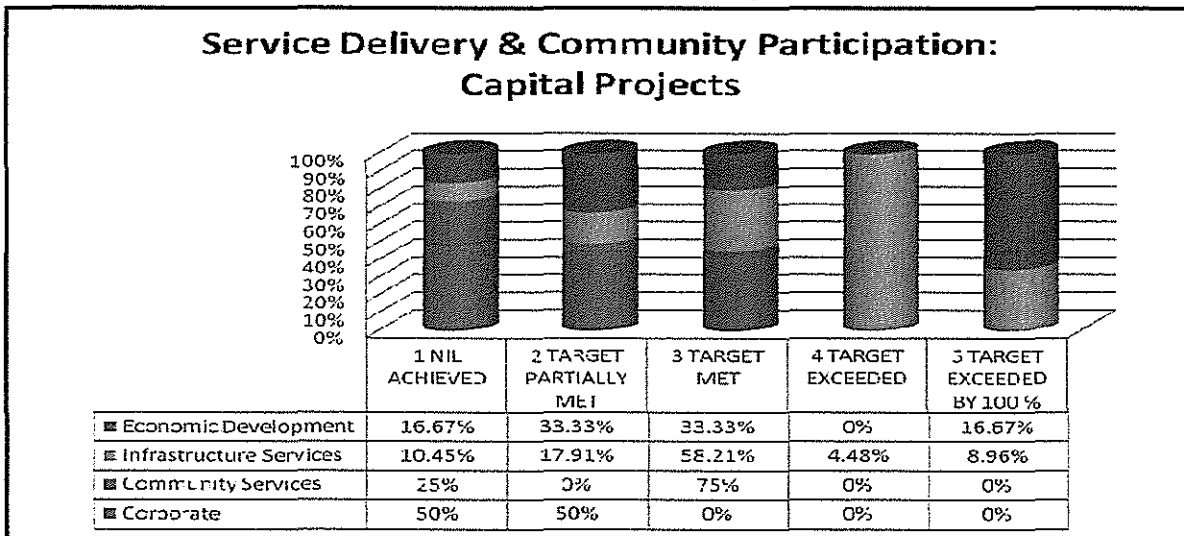
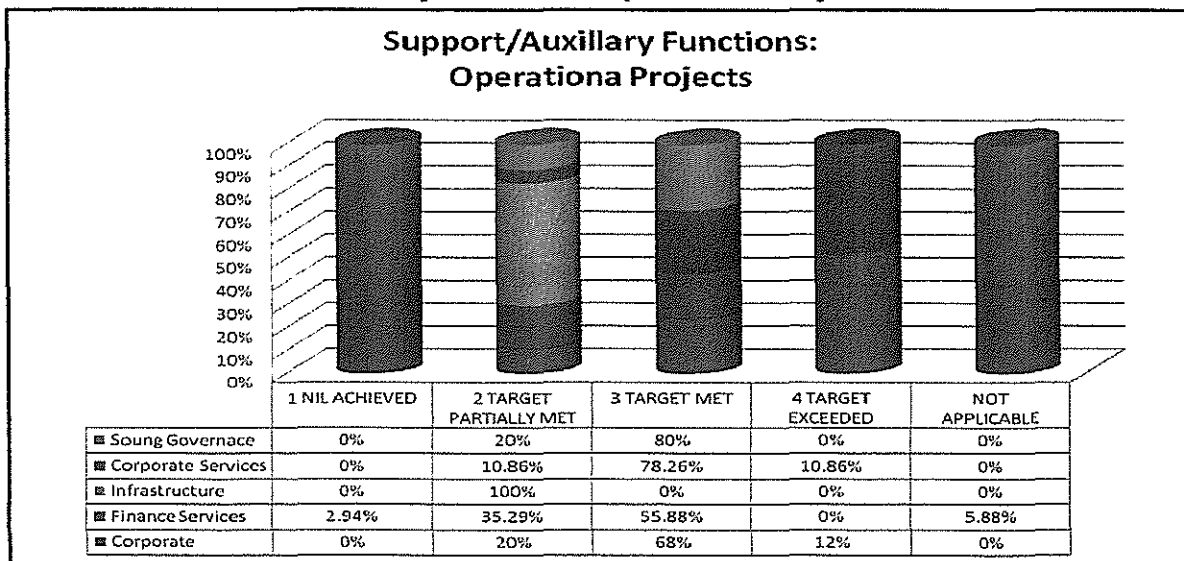


Chart 12: Core Service Delivery Functions: Operational Projects

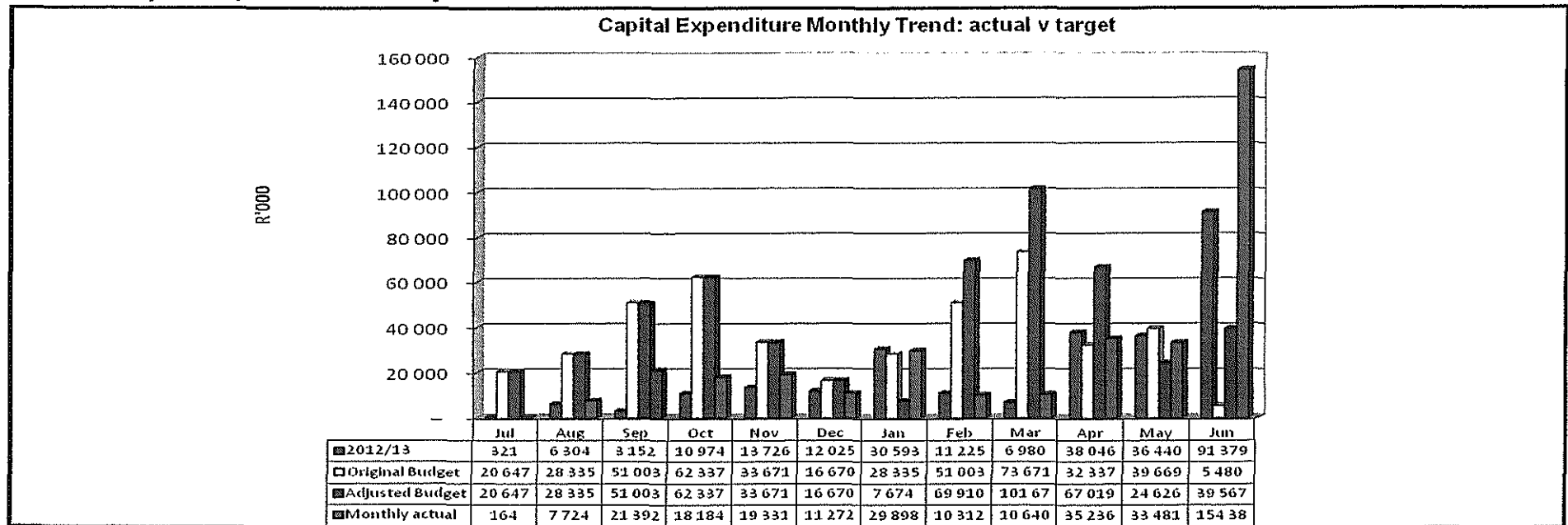


2.7 Capital Programme Performance

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

The chart below display a comparison between the previous year's capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July 2013 to June 2014 and the planned monthly targets are also displayed.

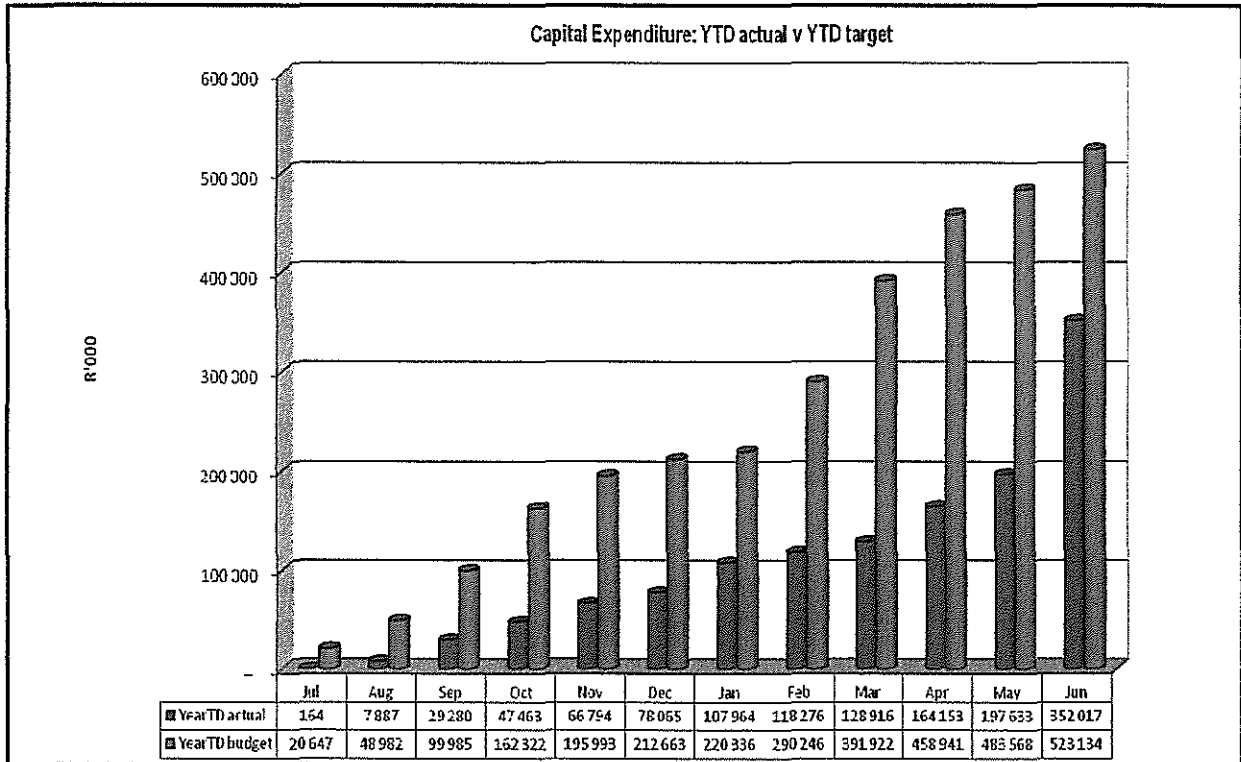
Chart 13: Capital Expenditure Monthly Trend



The monthly 2012/13 trend presents monthly actual expenditure figures for prior year. Original Budget stipulates the budget for the year. The Adjusted Budget figure from January to June changes as it is mid-year and the budget gets reviewed. For monthly actual, July to November expenditure starts at a slower trend and increases gradually over the months. In June there is a steep increase on expenditure of R154million.

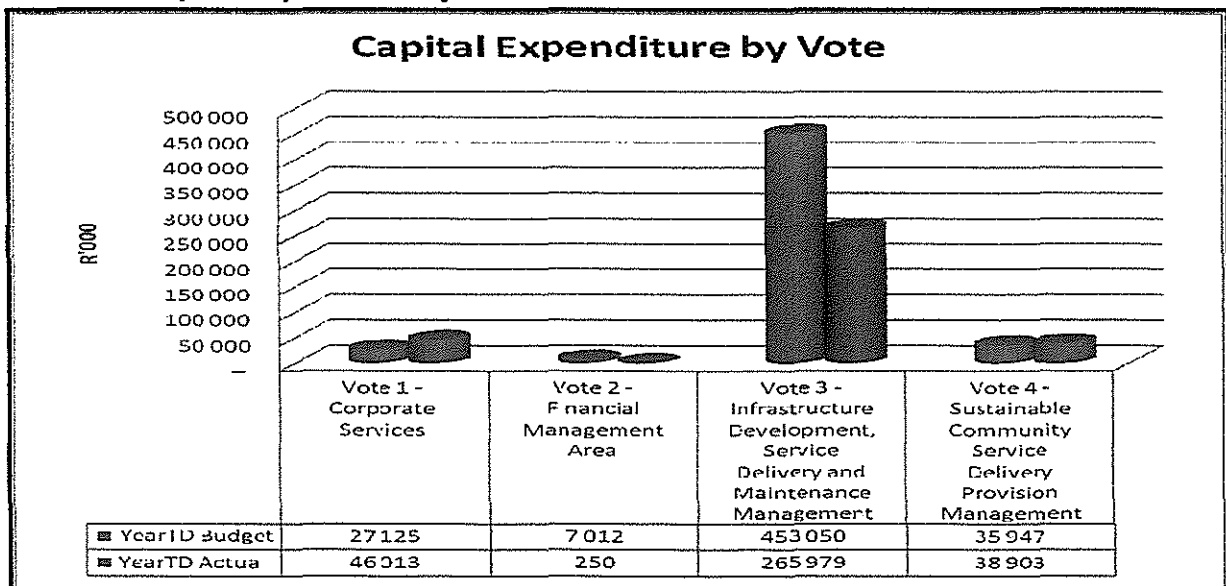
The chart below, on the other hand, tracks the capital expenditure's cumulative balances budget versus actual. It is clearly that expenditure started on a rather slower trend but showed acceleration towards the end of the year.

Chart 14: Capital Expenditure: YTD Actual vs YTD Target



The total capital budget expenditure was 67% representing an under expenditure of R171,9 million. The Infrastructure Vote which accounts for 87% of the capital budget was under spent by 41%.

Chart 15: Capital Expenditure by Vote



The chart below displays percentage capital expenditure on new assets classes versus expenditure on the replacement of existing assets.

Chart 16: Capital Expenditure: New vs Replacement Capital.

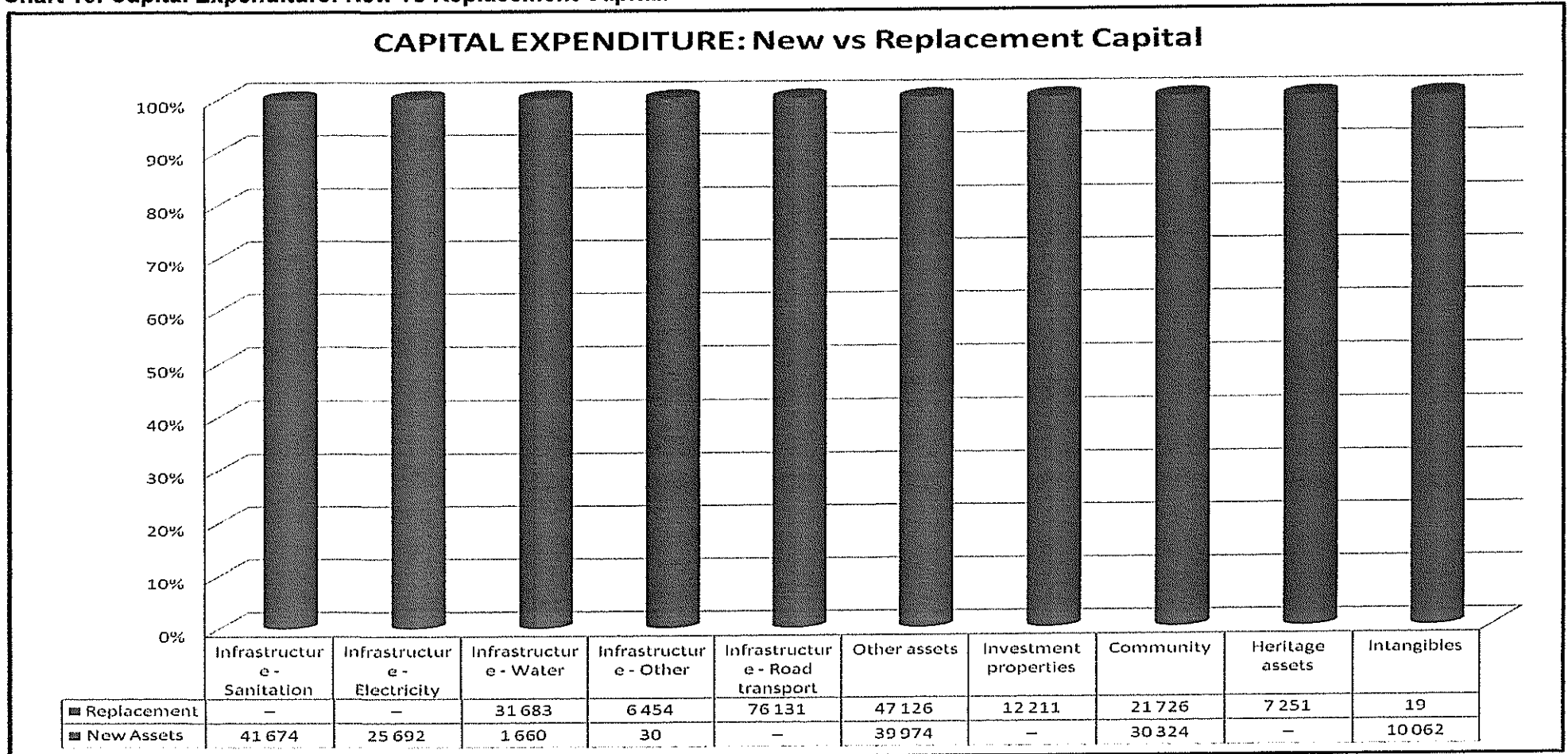


Table SC13b below presents capital expenditure on renewal of existing assets by asset class.

KZN225 Msunduzi - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M12

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	116 364	249 808	276 511	40 910	114 268	276 511	162 243	58.7%	276 511
Infrastructure - Road transport	65 361	138 495	152 796	34 350	76 131	152 796	76 665	50.2%	152 796
Roads, Pavements & Bridges	65 361	138 495	152 796	34 235	76 016	152 796	76 780	50.3%	152 796
Storm water	-	-	-	115	115	-	(115)	-	-
Infrastructure - Electricity	5 000	30 500	35 493	-	-	35 493	35 493	100.0%	35 493
Generation	5 000	30 500	35 493	-	-	35 493	35 493	100.0%	35 493
Transmission & Reticulation	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	17 750	27 925	35 335	4 540	31 683	35 335	3 652	10.3%	35 335
Dams & Reservoirs	-	10 500	10 500	-	-	10 500	10 500	100.0%	10 500
Water purification	-	-	-	4 540	31 683	-	(31 683)	-	-
Reticulation	17 750	17 425	24 835	-	-	24 835	24 835	100.0%	24 835
Infrastructure - Sanitation	26 200	44 797	44 797	-	-	44 797	44 797	100.0%	44 797
Reticulation	26 200	44 797	44 797	-	-	44 797	44 797	100.0%	44 797
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	2 053	8 091	8 091	2 020	6 454	8 091	1 637	20.2%	8 091
Waste Management	2 053	8 091	8 091	-	-	8 091	8 091	100.0%	8 091
Transportation	-	-	-	2 020	6 454	-	(6 454)	-	-
Community	10 300	4 500	7 614	13 274	22 013	7 614	(14 399)	-189.1%	7 614
Parks & gardens	700	-	-	-	-	-	-	-	-
Sportsfields & stadia	7 100	1 700	1 700	9 088	13 919	1 700	(12 219)	-718.8%	1 700
Community halls	2 500	-	3 300	2 232	4 458	3 300	(1 158)	-35.1%	3 300
Fire, safety & emergency	-	-	-	1 459	2 766	-	(2 766)	-	-
Cemeteries	-	2 800	2 614	495	870	2 614	1 744	66.7%	2 614
Heritage assets	-	-	-	175	7 251	-	(7 251)	-	-
Buildings	-	-	-	175	7 251	-	(7 251)	-	-
Investment properties	-	-	-	-	12 211	-	(12 211)	-	-
Housing development	-	-	-	-	12 046	-	(12 046)	-	-
Other	-	-	-	-	165	-	(165)	-	-
Other assets	24 861	14 538	40 131	28 979	48 690	40 131	(8 559)	-21.3%	40 131
Computers - hardware/equipment	-	2 500	2 500	-	-	2 500	2 500	100.0%	2 500
Markets	-	-	-	147	1 973	-	(1 973)	-	-
Civic Land and Buildings	1 046	8 038	31 350	26 034	43 678	31 350	(12 328)	-39.3%	31 350
Other Buildings	19 315	4 000	6 281	59	301	6 281	5 980	95.2%	6 281
Other	4 500	-	-	2 738	2 738	-	(2 738)	-	-
Intangibles	-	-	-	-	19	-	(19)	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	19	-	(19)	-	-
Total Capital Expenditure on renewal of existing assets	151 525	268 845	324 256	83 338	204 451	324 256	119 805	36.9%	324 256

2.8 Municipal Manager's Quality's Certification

Quality Certificate

I, **MXOLISI NKOSI**, 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 affairs of the municipality
- mid-year budget and performance assessment

for the month of **June** of **2014** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **MXOLISI NKOSI**

Municipal manager of: **MSUNDUZI LOCAL MUNICIPALITY**

Signature:  _____

Date: 28/08/2014