



PRESENTS

SECTION 52 REPORT FOR THE FIRST QUARTER 2014/2015 FINANCIAL YEAR

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1. PURPOSE OF THE REPORT

The purpose of the report is to give report on the Budget Implementation and financial state of the affairs of Kwa Sani Municipality in terms of section 52 of the MFMA for the period between July 2014 to September 2014.

2. BACKGROUND

Section 52 of the Municipal Finance Management Act states the following states that the Mayor of a municipality must:-

- (a) Must Provide general political guidance over the fiscal and financial affairs of the municipality;
- (b) In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
- (c) Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;
- (d) Must exercise the other power and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

3. Executive Summary

The application of sound financial management principles in order to ensure that the Municipality gets the Clean Audit is essential and critical and to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following was taken into account to prepare the Section 52 report in accordance with the MFMA:

- i) Revenue Reports on all revenue streams of Kwa Sani Municipality / allocation and grant receipts and expenditure
- ii) The Budget Versus Actual Expenditure report on all budgeted votes / budget statement
- iii) Service delivery implementation plan as it sets the service targets and performance indicators for Kwa Sani Municipality
- iv) Section 71 reports as submitted to National Treasury which are used by the National Treasury and other stake holders for budget monitoring purposes

4. Allocation and grants receipts and expenditure

4.1 Grant Revenue Analysis

i. Grants Transfers from National Government

Grants comprises of 69% of the total revenue of Kwa Sani Local municipality. Therefore Kwa Sani Municipality is grant dependent.

MIG -As at 30 June 2014 the municipality had spent the total amount received of R 9 083 000.00 and an unspent portion of R 255 885 that was unspent in 2012 2013 financial year. Therefore the municipality managed to spend 100% of the MIG received for the 2013/2014 financial year

Unspent 2013/2014	Budget 2014/15	Actual Received	Actual Spending	% Spending to date
R 0.00	R 7 478 000	R 4 590 000	R 886 644	11.86%

However important to note that even though the percentage spending is low, the municipality has committed the funds and various initiatives and plans are in place to ensure that the percentage spending is 100% by year end.

Finance Management Grant – In 2013/2014 financial year the municipality received R 1 650 000 and the whole amount was spent.

Finance Management Grant

Unspent 2013/2014	Budget 2014/2015	Actual Received	Actual Spending	% Spending to date
NIL	R 1 800 000	R 1 800 000	R 833 008	46.28%

Municipal Systems Improvement Grant – In 2013/2014 financial year the municipality received R 890 000, 100% of which was spent.

Municipal Systems Improvement Grant

Unspent 2013/2014	Budget 2014/2015	Actual Received	Actual Spending	% Spending to date
NIL	R 934 000	R 934 000	R 351 125	37.59%

EPWP-As at 30 June 2014 the municipality had an unspent portion amounting to R 74 397 of the total received of R 1 000 000. Therefore the municipality managed to spend 93% of the total EPWP received for the 2013/2014 financial year and the unspent portion of R 74 397 for the 2013/14 has been by approved by Treasury would be included in the adjustments budget.

Expanded Public Works Programme Grant

Unspent 2013/2014	Budget 2014/2015	Actual Received	Actual Spending	% Spending to date
R 74 397	R 1 081 000	R 432 000	R 74 440	6.89%

Arts and Culture— In 2013/2014 financial year the municipality received R 454 000, 100% of which was spent.

Arts and Culture Grant

Unspent 2013/2014	Budget 2014/2015	Actual Received	Actual Spending	% Spending to date
R0.00	R 661 000	R 535 000	R 154 144	23.32%

Other grants

Other grants includes Municipal pound of R 44 485.03, Spatial Development Fund grant of R 105 416.86, and other grants. All of these grants are rollovers from previous years.

KZN432 Kwa Sani – Age Analysis of Debtors

Year	Month	Mun	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts l.t.o Council Policy
2015	M03	KZN432	1100	Debtors Age Analysis By Income Source											
			1200	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0
			1300	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0
			1400	Receivables from Non-exchange Transactions - Property Rates	-14 420	672 152	95 387	15 743	3 291	377 913	0	0	1 150 046	0	8 900 384
			1500	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0
			1600	Receivables from Exchange Transactions - Waste Management	0	223 147	124 436	0	0	95 031	0	0	442 614	0	1 159 336
			1700	Receivables from Exchange Transactions - Property Rental Debtors	0	16 960	19 206	8 013	0	0	0	0	44 179	0	35 106
			1810	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0
			1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
			1900	Other	0	0	0	0	0	903	0	0	903	0	718
			2000	Total By Income Source	-14 420	912 259	239 009	23 756	3 291	473 847	0	0	1 637 742	0	10 095 524
			2100	Debtors Age Analysis By Customer Group											
			2200	Organs of State	-13 292	23 995	23 999	8 013	0	49 568	0	0	92 293	0	63 672
			2300	Commercial	1 088	248 632	62 553	0	0	191 893	0	0	504 166	0	4 008 685
			2400	Households	-2 296	507 167	148 567	0	2 599	216 676	0	0	872 754	0	4 561 259
			2500	Other	0	132 465	3 920	15 743	692	15 720	0	0	168 540	0	1 461 908
			2600	Total By Customer Group	-14 419	912 259	239 009	23 756	3 291	473 847	0	0	1 637 742	0	10 095 524

KWA SANI MUNICIPALITY
Statement of Financial Performance

01 JULY 2014-30 SEPTEMBER 2014

	BUDGET R	ACTUALS	DIFFERENCE
REVENUE	-8 148 013	-1 070 286	-7 077 727
Revenue from exchange transactions			
Service charges	-2 164 188	-390 983	-1 773 205
Rental of facilities and equipment	-352 902	-153 642	-199 260
Interest earned - outstanding receivables	-1 069 870	-133 708	-936 162
Interest earned - external investments	-1 541 229	-286 232	-1 254 997
Licences and permits	-	-	-
Other income from exchange transactions	-3 019 824	-105 721	-2 914 103
Revenue from non-exchange transactions	-39 348 036	-9 728 476	-29 620 154
Property rates	-13 484 674	-1 774 892	-11 709 782
Fines	-106 874	-10 694	-96 774
Government grants and subsidies	-25 756 488	-7 942 891	-17 813 597
Total revenue	-47 496 049	-10 798 762	-36 697 881
EXPENSES			
Employee related costs	18 171 333	3 932 291	14 239 042
Remuneration of councillors	1 540 683	390 252	1 150 431
Bad debts	-	-	-
Collection costs	-	-	-
Depreciation and amortisation expense	2 078 481	-	2 078 481
Repairs and maintenance	1 399 383	98 441	1 217 299
Finance costs	74 955	29 908	45 047
Contracted services	7 088 231	1 533 791	5 528 433
General expenses	8 210 304	2 530 825	4 924 923
Provisions	536 025	-	536 025
Total expenses	39 099 395	8 515 508	29 719 681
Gain / (loss) on sale of assets	906 446	-	906 446
Surplus / (deficit) for the period	-7 490 208	-2 283 255	-6 071 753

Investments - Summary				Balance per bank statement 01.07.2014				30.5.2014 Closing Balance Per Bank Statement			
Bank	Purpose	Acc No	GL Value	Invested	Withdrawn	Interest received 2015/2014	Bank Fees				
Other Investments											
FNB	Business Money Market	62236519197	5 920 9200 0	4 000 000,00	0,00	70 972,22	-7,24	9 605 539,08			
FNB	Free Electricity	62098089175	5 920 9201 0	0,00	-42 260,33	986,66	-14,86	76 805,22			
Standard Bank	JWS Bank	5109602	5 910 9108 0	0,00	0,00	0,00	0,00	84 042,35			
Investec	Not specific	126677	5 920 9204 0	0,00	0,00	2 582,41	0,00	219 536,35			
Netbank	Not specific	9010975386	5 920 9202 0	0,00	0,00	0,00	0,00	480 740,78			
FNB	C R Reserve	62090279029	5 920 9209 0	0,00	0,00	8 080,80	-10,86	792 478,76			
FNB	DBSA	62116488987	5 920 9213 0	0,00	0,00	9 585,91	-6,01	939 212,99			
Total other Investments				8 158 456,83	4 000 000,00	-42 260,33	92 198,00	-38,97	12 208 355,53		

KZNP Grants Investments

FNB	SDF	62192429928	5 920 9311 0	191 427.60	0.00	0.00	1 948.43	-150.90	193 226.13
FNB	Anti Corruption	62088816677	5 920 9312 0	190 438.74	0.00	0.00	1 973.47	-1 219.63	191 193.58
FNB	Sport	62248989930	5 920 9314 0	31 780.48	150 000.00	-21 780.48	714.40	-16.02	160 696.38
FNB	Arts and Culture	62301101424	5 920 9315 0	83 417.36	635 000.00	-12 819.64	2 778.34	-16.47	500 399.59
FNB	Municipal Pound	62304523782	5 920 9317 0	270 041.51	0.00	-28 041.51	2 655.27	-16.09	246 649.18
FNB	GIS (Sobal Inform. Syst)	62134476672	5 920 9319 0	326 380.53	0.00	0.00	3 342.70	-8.40	329 724.83
FNB	IDP	62272463937	5 920 9320 0	3 047.47	0.00	0.00	0.00	-12.09	3 035.38
FNB	EP/PP	62374192161	5 920 9337 0	395 566.16	0.00	-301 169.12	2 978.49	-23.87	97 351.66
FNB	Long Service Award	62416044739	5 920 9341 0	415 750.44	0.00	0.00	4 252.17	-7.24	419 995.37
Total KZNP Grants Investments				1 907 861.29	685 000.00	-461 810.75	20 654.27	-1 470.71	2 151 234.10

Sisonke Grants

FNB	Waste Disposal Site	62106119997	5 920 9324 0	33 147.43	-	-	288.53	(9.56)	33 426.40
Total Sisonke Grants Investments				33 147.43	-	-	288.53	(9.56)	33 426.40

National Treasury Grants

FNB	MFA/IA	62090273956	5 920 9327 0	227 322.95	1 800 000.00	(258 031.75)	7 078.35	(30.54)	1 776 339.01
FNB	M.S.I.G	62106118624	5 920 9328 0	115 960.45	934 000.00	(105 960.45)	3 367.90	(12.40)	947 365.50
FNB	M/G	62195706208	5 920 9329 0	3 317 408.68	4 590 000.00	(2 060 593.85)	30 421.47	(170.99)	5 677 055.31
Total National Treasury Grants Investments				3 660 692.08	7 324 000.00	(2 424 586.05)	40 867.72	(213.92)	8 500 799.82

Rural Electricity Grants

FNB	Rural Electricity	62278574241	5 920 9335 0	15 975.55	-	-	44.36	(8.40)	16 011.51
Total Rural Electricity Grants				15 975.55	-	-	44.36	(8.40)	16 011.51

Reichenau Mission Grant

FNB	Reichenau Mission Grant	62333916453	5 920 9338 0	1 625 886.36	192 146.13	(604 595.84)	12 619.87	(27.80)	1 225 988.72
Total Reichenau Mission Grant				1 625 886.36	192 146.13	(604 595.84)	12 619.87	(27.80)	1 225 988.72

Small Town Rehabilitation

FNB	Small Town Rehabilitation	62331463191	5 920 9339 0	2 478 016.74	-	(1 998 048.14)	15 519.93	(31.76)	495 456.77
Total Small Town Rehabilitation				2 478 016.74	-	(1 998 048.14)	15 519.93	(31.76)	495 456.77

Total Grants Invested

Total Grants Invested				47 880 006.28	12 201 146.13	(5 531 301.12)	182 192.68	(1 801.12)	24 730 242.85
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Housing Accounts

FNB	Housing Investment	621392428045	5 910 9111 0	2 588 427.70	-	-	26 315.32	(156.98)	2 609 586.04
FNB	Housing Interest(MOHA)	62282061169	5 910 9113 0	1 122 767.26	-	-	11 432.24	(14.34)	1 134 185.16
FNB	Housing	62026225046	5 910 9107 0	775 871.94	-	-	7 114.04	(1 338.72)	781 647.26
Total Housing Grants Invested				4 482 066.90	-	-	44 861.60	(1 510.04)	4 525 418.46

Total Investments

22 362 073.18	12 201 146.13	(5 531 301.12)	227 054.28	(3 311.16)	29 255 661.31
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KWA SANI MUNICIPALITY
SUMMARY OF CAPEX FOR 2014/2015 - FROM JULY TO SEPTEMBER 2014

TOTAL CAPITAL BUDGET	R 10 862 564
ACTUAL EXPENDITURE	913 406
ZINKWANA/MHLANGENI PEDESTRIAN BRIDE	419 696
SONDELANI CRECHE	251 648
WOODFORD ROAD - RETENTION	40 766
KWAPITELA ACCESS ROAD	48 809
UNDERBERG AND HIMEVILLE MIG STREET LIGHTS	29 403
ENHLANHLENI CRECHE	97 321
TRACKER FOR MUNICIPAL VEHICLES	21 987
FURNITURE - HIGH BACK CHAIR AND DESK	3 777

TOTAL CAPITAL EXPENDITURE TO DATE

R 9 949 158

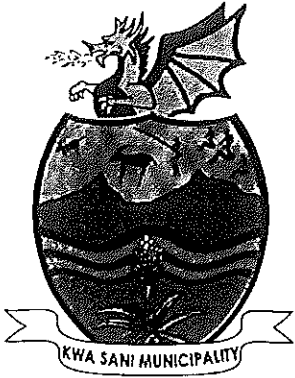
Section 66 report as per Local Government : MFMA
 Expenditure on staff benefits as at 30 JULY 2014 to SEPTEMBER
 2014

Item	Budget	Expenditure	Variance
3000 SALARY	12 949 558	2 914 445.55	10 035 112
3002 ANNUAL BONUS	1 169 572	41 68.74	1 165 403.3
3003 CELL PHONE ALLOWANCES	6 846	1 602.6	5 243.4
3004 TRANSPORT ALLOWANCES	199 665	46 742.49	152 922.51
3005 PERFORMANCE BONUS		0	0
3006 EPWP STIPEND	81 855	76 440	5 415
3007 OVERTIME	608 387	214 040.33	394 346.67
3008 HOUSING ALLOWANCE	68 121	6 490	61 631
3009 ACTING ALLOWANCE	218 086	4 281.16	213 804.84
3010 BACK PAY	78 377	0	78 377
3011 RE-IMBURSIVE TRAVEL	266 562	137 375.87	129 186.13
3012 HOUSING ALLOWANCE		9 348.51	-9 348.51
3013 LONG SERVICE BONUS		8 204.11	-8 204.11
3100 MEDICAL AID CONTRIBUTIONS	556 919	110 989.32	445 929.68
3101 PENSION FUND CONTRIBUTIONS	1 534 961	336 462.84	1 198 498.2
3102 BARGAINING COUNCIL	7 910	1 762.8	6 147.2
3103 UIF	124 423	25 924.49	98 498.51
3105 SKILLS DEVELOPMENT LEVY	174 659	34 012.04	140 646.96
553553531 ANNUAL LEAVE		11 759.22	
TOTAL	18045901	3944050.07	14113610

3400	COUNCILLOR ALLOWANCES	1 260 736	315 518.13	945217.87
3402	MEDICAL AID CO. CONTRIBUTIONS		0	0
3403	CELLPHONE ALLOWANCES	92 664	28 575.12	64088.88
3404	TRANSPORT ALLOWANCES	187 283	46 158.6	141124.4
	TOTAL	<u>1540683</u>	<u>390251.85</u>	<u>1150431.2</u>
	GRAND TOTAL	<u>19586584</u>	<u>4334301.92</u>	<u>15264041</u>

RECOMMENDATIONS

1. Council note and approve the above report



KWA SANI MUNICIPALITY

Municipal manager's quality certificate

Kwa Sani Municipality
P.O. Box 43

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3256

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3256

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I, N.C. JAMES.....municipal manager of Kwa Sani Municipality (KZN432), hereby certify that the 2014/2015 Section 52 Report for the first quarter have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Signature

Municipal Manager Kwa Sani Municipality (KZN432)

Date

28/10/2014