

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF
THE 2014/15 BUDGET FOR THE PERIOD ENDING 30 JUNE 2015**

1. PURPOSE

The purpose of the report is for the Council to consider and note the preliminary statement of financial performance and the implementation of the 2014/15 budget of the Buffalo City Metropolitan Municipality for the period ending 30 June 2015.

2. AUTHORITY

Buffalo City Metropolitan Council

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003 Chapter 7, Section 52

Municipal Budget and Reporting Regulations

4. BACKGROUND

In terms of Section 52 (d) of the Municipal Finance Management Act No 56, 2003 Chapter 7, *“the Mayor must within 30 (thirty) days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of affairs of the Municipality”*.

This report follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule C format).

This report contains preliminary information of transactions processed by end of business on 02 July 2015 as the financial year end closure is still in progress.

The institution will continue processing journals and closing entries up to the close of business 10 July 2015 to adequately account for all the financial transactions which affect the year end 30 June 2015. This will allow for the institution to produce a set of Annual Financial Statements for presentation to the Auditor General by 31 August

2015. As such, the results in this report are as at a point in time (02 July 2015) and will be subject to potential certain adjustments as issues arise to fairly present the financial affairs of the institution as at 30 June 2015. This report has been compiled in order to comply with Section 52 of the MFMA which requires submission within 30 working days of the end of each quarter.

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) Council considers and notes the report on the preliminary statement of financial performance and the implementation of the 2014/15 budget for the period ending 30 June 2015 including supporting documentation attached as Annexure A to E for all year end financial transactions recorded up to close of business on 02 July 2015.
- (ii) Council notes the spending rate on capital and operating projects as well as reasons for such as indicated in section 14 and 15 respectively of this report for all year end financial transactions recorded up to close of business on 02 July 2015.
- (iii) Council notes the year to date collection rate for the period ending 30 June 2015 of 94% and the twelve (12) months average of 93.58%.

A. MTSI

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

DATE

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDING 30 JUNE 2015

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 4,874,000,730	Bank Balance	R 310,144,456
Expenditure	R 4,699,923,945	Call investment deposits (excl. int.)	R 2,125,537,504
Operating Surplus	R 174,076,785	Cash and cash equivalents	R 2,435,681,960
		<i>Account Payables</i>	<i>(R 519,299,787)</i>
		<i>Unspent conditional grants</i>	<i>(R 183,519,077)</i>
		<i>Committed to Capital budget-own funds</i>	<i>(R 178,077,468)</i>
		Therefore uncommitted cash and cash equivalents	R 1,554,785,628
		Total Long term loans	R 548,782,390
DEBTORS		SURPLUS PER SERVICE	
Total debtors book	R 1,271,170,066	Water	R 34,337,653
Total debtors - Government	R 15,647,609	Electricity	R 156,239,212
Total debtors - Business	R 270,966,493	Refuse	R 32,088,466
Total debtors - Households	R 815,454,153	Sewerage	<i>(R 5,281,048)</i>
Total debtors - Other	R 169,101,811		
Total debt written off	R 151,514,666		
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2013/2014: Capital Expenditure as a % of Adjusted Budget of R1 billion:</u>	<u>2014/2015: Capital Expenditure as a % of Mid-Year Adjusted Budget of R1,17 billion:</u>	<u>2013/2014: Operating Expenditure as a % of Adjusted Budget of R317.06 million:</u>	<u>2014/2015: Operating Expenditure as a % of Mid-Year Adjusted Budget of R341.92 million:</u>
Exp.(excl. vat) = R838.2 mil % expenditure (excl. vat): 83%	Exp. (excl. vat) = R874.02 mil % exp (Excl. vat) :75%	Exp.(excl. vat) = R227.46 mil % expenditure (excl. vat): 72%	Exp.(excl. vat)=R259.67 mil % exp.(excl. vat): 76%
Exp.(incl. vat) = R913.16 mil % expenditure (incl. vat): 91%	Exp. (incl. vat) = R935.22 mil % exp (incl. vat): 80%	Exp.(incl. vat) = R227.83 mil % exp. (incl. vat): 72%	Exp.(incl. vat) = R260.35 mil % exp.(incl. vat): 76%
FINANCIAL		HUMAN RESOURCES	
Operating Surplus for the period	R 174,076,785	Total staff complement	4 538
12 months average collection ratio	93.58%	Staff Appointments	657
YTD Grants and subsidies	R 848,895,974	Staff Terminations	291
Debtors to Revenue	16.72%	Number of funded vacant posts	791
Percentage of Creditors paid within terms	100%	Total overtime paid (YTD)	R 107,535,537
Current ratio	3.99:1	Allowances and benefits - Councillors	R 47,682,187
Total debt to Total assets	3.86%	Salary bill - Officials	R 1,193,263,022
Capital Charges to Operating Expenditure (incl. depreciation)	16.37%	Workforce costs as a % of income	24.5%
Cost coverage ratio	6.91 months		

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 3.99:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 24% of the current assets, inventory constitutes 2% and cash & cash equivalents comprise 73% of the current assets.

6.3. Collection Rate and Outstanding Debtors

The debtor's collection rate for the average twelve months ending 30 June 2015 is 93.58% (2013/14: 91.61%) and the year to date collection rate for the twelve (12) months is 94% (2013/14: 91.58%).

Total debtors book as at 30 June 2015 amounts to R1,27 billion (2014: R1.11 billion). Households: R815.45 million, Business: R270.97 million, Government: R15.65 million, Other: R169.1 million. The ratio of debtors to revenue is 16.72%. The debtors' age analysis report is reflected on Annexure B – SC3.

6.4. Capital Expenditure

BCMM has spent R935.22 million inclusive of reclaimed vat (2013/14: R913.16 million) which is 80% (2013/14: 91%) of its 2014/15 mid-year adjusted capital budget of R1.17 billion (2013/14: R1 billion) as at 30 June 2015. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress. (Refer to Section 14 for further details)

A detailed schedule of the capital projects expenditure is outlined in Annexure E.

6.5. Operating projects

The Metro has spent 76% (R260.35 million, inclusive of reclaimed vat) of its 2014/15 mid-year adjusted budget of R341.92 million as at 30 June 2015. This reflects an improvement when compared to the same period in the previous financial year where 72% (R227.83 million) of the adjusted operating projects budget of R317.06 million was spent. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress. (Refer to Section 15 for further details)

A detailed schedule of the operating projects expenditure is outlined in Annexure D.

6.6. Expenditure on DoRA Current Allocation

The Metro has spent R653.14 million inclusive of reclaimed vat (2013/14: R827.79 million) which is 92% (2013/14: 100%) of its 2014/2015 DoRA allocation of R707.77 million (2013/14: 831.40 million) as at 30 June 2015. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress. (Refer to Section 11 for further details)

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent R615.58 million inclusive of reclaimed vat (2013/14: R789 million) which is 91% (2013/14: 99.92%) of its 2014/15 USDG budget of R673.29 million (2013/14: R790.18 million) as at 30 June 2015. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress. (Refer to Section 11 for further details)

6.7. Cash and Cash Equivalents

The cash and cash equivalents of the City as at 30 June 2015 are R2.44 billion made up of cash and bank amounting to R310.14 million and call investment deposits of R2.13 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 6.91 months.

6.8. Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by the MFMA. Refer to Section 9 for details.

6.9. Long-Term Debt Profile

The total long term borrowings of the municipality as at 30 June 2015 amounts to R548.78 million (Refer to Annexure C for the schedule of borrowings).

The ratio of total debt to total assets is 3.86% and the total debt to revenue ratio is 13.63% as at 30 June 2015.

7.2. Monthly Budget Statement – Financial Performance (standard classification)

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification)

Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		1 779 343	1 769 219	1 789 680	88 345	1 863 351	1 789 680	73 671	4%	1 789 680
Executive and council		21 140	34 833	35 333	2 029	24 954	35 333	(10 379)	-29%	35 333
Budget and treasury office		1 748 881	1 719 752	1 735 875	85 892	1 827 279	1 735 875	91 404	5%	1 735 875
Corporate services		9 322	14 635	18 472	424	11 118	18 472	(7 354)	-40%	18 472
<i>Community and public safety</i>		328 680	215 350	312 523	24 368	245 160	312 523	(67 363)	-22%	312 523
Community and social services		64 143	19 285	19 593	1 163	13 106	19 593	(6 487)	-33%	19 593
Sport and recreation		4 976	5 179	5 179	206	3 263	5 179	(1 916)	-37%	5 179
Public safety		84 165	82 659	83 882	5 209	78 906	83 882	(4 975)	-6%	83 882
Housing		173 837	105 580	201 328	17 789	148 856	201 328	(52 473)	-26%	201 328
Health		1 559	2 648	2 541	0	1 029	2 541	(1 512)	-60%	2 541
<i>Economic and environmental services</i>		381 872	94 341	95 507	7 619	71 496	95 507	(24 011)	-25%	95 507
Planning and development		47 958	24 323	25 382	2 497	21 793	25 382	(3 589)	-14%	25 382
Road transport		332 638	69 658	69 658	5 050	49 424	69 658	(20 234)	-29%	69 658
Environmental protection		1 275	361	468	73	280	468	(188)	-40%	468
<i>Trading services</i>		2 752 896	2 660 510	2 652 127	139 756	2 677 647	2 652 127	25 520	1%	2 652 127
Electricity		1 509 239	1 574 260	1 541 060	94 019	1 537 974	1 541 060	(3 086)	0%	1 541 060
Water		454 907	442 171	442 171	(2 449)	462 200	442 171	20 029	5%	442 171
Waste water management		469 987	316 424	331 702	26 165	341 756	331 702	10 054	3%	331 702
Waste management		318 764	327 654	337 194	22 020	335 717	337 194	(1 477)	0%	337 194
<i>Other</i>	4	18 805	722 702	742 779	100 745	620 561	742 779	(122 218)	-16%	742 779
Total Revenue - Standard	2	5 261 597	5 462 122	5 592 616	360 833	5 478 217	5 592 616	(114 400)	-2%	5 592 616
Expenditure - Standard										
<i>Governance and administration</i>		907 173	917 021	935 985	78 845	820 612	935 985	(115 373)	-12%	935 985
Executive and council		167 937	177 175	170 359	13 600	150 721	170 359	(19 639)	-12%	170 359
Budget and treasury office		465 564	381 616	388 248	36 469	357 475	388 248	(30 773)	-8%	388 248
Corporate services		273 672	358 231	377 377	28 776	312 416	377 377	(64 962)	-17%	377 377
<i>Community and public safety</i>		513 174	516 563	610 417	59 655	585 038	610 417	(25 380)	-4%	610 417
Community and social services		82 725	91 962	90 871	6 680	85 346	90 871	(5 525)	-6%	90 871
Sport and recreation		84 128	67 077	65 959	7 532	75 781	65 959	9 822	15%	65 959
Public safety		190 274	198 663	200 545	18 212	213 413	200 545	12 868	6%	200 545
Housing		128 134	128 988	223 207	24 838	182 968	223 207	(40 239)	-18%	223 207
Health		27 913	29 873	29 835	2 393	27 530	29 835	(2 306)	-8%	29 835
<i>Economic and environmental services</i>		723 547	822 108	846 889	71 590	809 333	846 889	(37 557)	-4%	846 889
Planning and development		192 670	202 735	225 129	19 852	206 112	225 129	(19 018)	-8%	225 129
Road transport		435 262	529 388	528 829	41 226	505 192	528 829	(23 637)	-4%	528 829
Environmental protection		95 615	89 985	92 931	10 511	98 029	92 931	5 098	5%	92 931
<i>Trading services</i>		2 371 377	2 478 114	2 481 189	250 816	2 471 384	2 481 189	(9 805)	0%	2 481 189
Electricity		1 314 438	1 410 105	1 407 174	154 819	1 381 735	1 407 174	(25 439)	-2%	1 407 174
Water		461 736	444 307	444 941	39 389	438 984	444 941	(5 958)	-1%	444 941
Waste water management		317 803	333 144	337 741	32 819	347 037	337 741	9 296	3%	337 741
Waste management		277 399	290 558	291 333	23 788	303 629	291 333	12 295	4%	291 333
<i>Other</i>		13 840	15 895	15 949	1 516	13 558	15 949	(2 391)	-15%	15 949
Total Expenditure - Standard	3	4 529 110	4 749 700	4 890 429	462 421	4 699 924	4 890 429	(190 505)	-4%	4 890 429
Surplus/ (Deficit) for the year		732 487	712 422	702 187	(101 588)	778 293	702 187	76 105	11%	702 187

7.3. Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)

The table below shows budgeted financial performance in relation to the revenue and expenditure by vote as well as the operating surplus or deficit for the City.

Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Directorate - Executive Support Services		251	979	1 336	(68)	693	1 336	(643)	-48.1%	1 336
Vote 2 - Directorate - Municipal Manager		21 135	34 833	35 333	2 029	24 954	35 333	(10 379)	-29.4%	35 333
Vote 3 - Directorate - Chief Operations Officer		174 742	109 776	206 619	18 047	151 504	206 619	(55 115)	-26.7%	206 619
Vote 4 - Directorate - Chief Financial Officer		1 694 658	1 719 752	1 735 875	85 892	1 827 279	1 735 875	91 404	5.3%	1 735 875
Vote 5 - Directorate - Corporate Services		7 270	8 309	8 309	(1)	7 015	8 309	(1 294)	-15.6%	8 309
Vote 6 - Directorate - Engineering Services		2 718 289	2 335 908	2 317 985	117 777	2 342 355	2 317 985	24 370	1.1%	2 317 985
Vote 7 - Directorate - Development Planning		69 005	54 774	55 719	4 143	39 495	55 719	(16 223)	-29.1%	55 719
Vote 8 - Directorate - Health & Public Safety		132 865	144 532	145 648	10 159	128 338	145 648	(17 310)	-11.9%	145 648
Vote 9 - Directorate - Community Services		389 158	352 479	364 934	23 463	352 366	364 934	(12 568)	-3.4%	364 934
Vote 10 - Directorate - Miscellaneous		54 223	700 782	720 859	99 393	604 216	720 859	(116 643)	-16.2%	720 859
Total Revenue by Vote	2	5 261 597	5 462 122	5 592 616	360 833	5 478 217	5 592 616	(114 400)	-2.0%	5 592 616
Expenditure by Vote	1									
Vote 1 - Directorate - Executive Support Services		150 857	155 549	166 677	10 859	157 289	166 677	(9 388)	-5.6%	166 677
Vote 2 - Directorate - Municipal Manager		76 810	90 018	94 264	7 592	76 574	94 264	(17 690)	-18.8%	94 264
Vote 3 - Directorate - Chief Operations Officer		135 916	141 207	236 700	25 930	193 642	236 700	(43 058)	-18.2%	236 700
Vote 4 - Directorate - Chief Financial Officer		465 564	381 616	388 248	36 469	357 475	388 248	(30 773)	-7.9%	388 248
Vote 5 - Directorate - Corporate Services		106 354	161 132	164 015	11 708	138 272	164 015	(25 743)	-15.7%	164 015
Vote 6 - Directorate - Engineering Services		2 545 434	2 737 758	2 741 415	273 590	2 698 887	2 741 415	(42 528)	-1.6%	2 741 415
Vote 7 - Directorate - Development Planning		238 320	257 831	278 824	24 441	239 430	278 824	(39 395)	-14.1%	278 824
Vote 8 - Directorate - Health & Public Safety		243 319	260 864	261 778	22 777	267 925	261 778	6 147	2.3%	261 778
Vote 9 - Directorate - Community Services		566 536	563 726	558 507	49 056	570 429	558 507	11 922	2.1%	558 507
Vote 10 - Directorate - Miscellaneous		-	0	0	-	-	0	(0)	-100.0%	0
Total Expenditure by Vote	2	4 529 110	4 749 700	4 890 429	462 421	4 699 924	4 890 429	(190 505)	-3.9%	4 890 429
Surplus/ (Deficit) for the year	2	732 487	712 422	702 187	(101 588)	778 293	702 187	76 105	10.8%	702 187

7.4. Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ending 30 June 2015.

Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Revenue By Source</u>									
Property rates	672 059	796 668	813 298	71 740	806 752	813 298	(6 546)	-1%	813 298
Property rates - penalties & collection charges	898	512	512	–	–	512	(512)	-100%	512
Service charges - electricity revenue	1 383 884	1 511 514	1 478 315	91 301	1 468 286	1 478 315	(10 029)	-1%	1 478 315
Service charges - water revenue	325 360	370 613	370 613	(2 719)	394 808	370 613	24 195	7%	370 613
Service charges - sanitation revenue	230 786	271 995	287 272	26 122	299 523	287 272	12 251	4%	287 272
Service charges - refuse revenue	228 895	251 704	261 244	21 867	261 610	261 244	365	0%	261 244
Service charges - other	32 485	14 261	14 261	1 615	24 029	14 261	9 768	68%	14 261
Rental of facilities and equipment	15 018	17 013	17 013	2 145	14 575	17 013	(2 438)	-14%	17 013
Interest earned - external investments	96 432	77 491	77 491	10 021	120 106	77 491	42 615	55%	77 491
Interest earned - outstanding debtors	27 178	29 383	29 383	2 909	34 999	29 383	5 616	19%	29 383
Dividends received	–	–	–	–	–	–	–		–
Fines	5 910	9 400	9 400	355	4 680	9 400	(4 720)	-50%	9 400
Licences and permits	14 161	20 523	20 523	1 533	14 132	20 523	(6 391)	-31%	20 523
Agency services	–	–	–	–	–	–	–		–
Transfers recognised - operational	812 167	825 736	929 301	20 220	848 896	929 301	(80 405)	-9%	929 301

Other revenue	626 920	561 732	563 131	14 332	580 612	563 131	17 481	3%	563 131
Gains on disposal of PPE	720	–	–	–	993	–	993	0%!	–
Total Revenue (excluding capital transfers and contributions)	4 472 871	4 758 546	4 871 758	261 440	4 874 001	4 871 758	2 243	0%	4 871 758
Expenditure By Type									
Employee related costs	1 159 498	1 237 215	1 241 125	98 622	1 193 263	1 241 125	(47 862)	-4%	1 241 125
Remuneration of councillors	45 088	52 254	52 254	3 789	47 682	52 254	(4 572)	-9%	52 254
Debt impairment	241 011	203 074	187 074	15 590	187 074	187 074	0	0%	187 074
Depreciation & asset impairment	661 027	710 000	710 000	59 167	710 043	710 000	43	0%	710 000
Finance charges	65 775	59 248	59 248	5 112	59 540	59 248	292	0%	59 248
Bulk purchases	1 110 464	1 201 856	1 214 784	136 250	1 214 477	1 214 784	(308)	0%	1 214 784
Other materials		–	–	–	–	–	–		–
Contracted services	9 743	19 909	14 944	704	14 565	14 944	(379)	-3%	14 944
Transfers and grants	145 865	204 013	195 638	18 682	210 411	195 638	14 773	8%	195 638
Other expenditure	1 078 878	1 059 336	1 215 362	124 505	1 062 868	1 215 362	(152 493)	-13%	1 215 362
Loss on disposal of PPE	11 761	–	–	–	–	–	–		–
Total Expenditure	4 529 110	4 746 906	4 890 429	462 421	4 699 924	4 890 429	(190 505)	-4%	4 890 429
Surplus/(Deficit)	(56 239)	11 640	(18 672)	(200 981)	174 077	(18 672)	192 748	(0)	(18 672)
Transfers recognised - capital	734 503	700 782	720 400	99 393	604 216	720 400	(116 184)	(0)	720 400
Contributions recognised - capital			459			459	(459)	(0)	459
Contributed assets						–	–		
Surplus/(Deficit) after capital transfers & contributions	678 264	712 422	702 187	(101 588)	778 293	702 187			702 187
Taxation							–		

Surplus/(Deficit) after taxation	678 264	712 422	702 187	(101 588)	778 293	702 187			702 187
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	678 264	712 422	702 187	(101 588)	778 293	702 187			702 187
Share of surplus/ (deficit) of associate	54 223								
Surplus/ (Deficit) for the year	732 487	712 422	702 187	(101 588)	778 293	702 187			702 187

7.4.1. ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

7.4.1.1. Property rates – Penalties and collection charges

This relates to the flat rate charged on certain properties leased by the municipality. This revenue varies according to the number of such properties leased during the year.

7.4.1.2. Service charges - Other

The demand for items mentioned below is not constant throughout the year. Income is earned when there is a demand by the clients. Therefore the trend in which income is earned is not constant.

The main contributors are:

- Availability charges
- Admission fees
- New connections – sewerage

The situation is monitored on a monthly basis.

7.4.1.3. Rental of facilities and equipment

Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis.

7.4.1.4. Interest earned – External investments

The variance of 55% is due to high interest earned on investments than what was projected.

7.4.1.5. Interest earned – Outstanding debtors

The variance of 19% on the interest earned on outstanding debtors signifies that during the twelveth month period July 2014 - June 2015, the amount owed by debtors has been more than what was expected. This is caused by the rise in outstanding debtors.

7.4.1.6. Fines

The under-recovery on fines is mostly due to non-payment of traffic fines, withdrawing of drunken driving cases by the Prosecutors, cases struck of the roll by the magistrates and cases withdrawn by the courts. The city has however obtained the Licence plate recognition system to facilitate the collection of outstanding fines.

7.4.1.7. Licenses and Permits

The actual income earned from licences and permits is less than the year to date budget by 31% due to a decrease in driver's and learners licence applications; and roadworthy examinations.

7.4.1.8. Other expenditure

Other expenditure includes operating projects, general expenses as well as repairs and maintenance. Expenditure on repairs and maintenance is provided in table 6 below.

7.4.1.9. Repairs and Maintenance

Table 6 below reflects that as at 30 June 2015, the repairs and maintenance expenditure is 87% of the approved budget of R327.78 million (2013/14: 93%).

Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2014/2015</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2014/2015</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2014/2015</u> <u>Variance</u> <u>R</u>	<u>2014/2015</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate of Executive Support	2 645 438	777 990	1 867 448	29%
Directorate of The Municipal Manager	72 820	4 037	68 783	6%
Directorate of Chief Operations Officer	113 651	86 295	27 356	76%
Directorate of Finance	2 699 709	1 848 934	850 775	68%
Directorate of Corporate Services	5 462 300	4 527 358	934 942	83%
Directorate of Engineering Services	258 749 491	239 474 822	19 274 669	93%
<i>Electricity</i>	109 151 194	100 901 809	8 249 385	92%
<i>Water</i>	37 061 324	33 710 917	3 350 407	91%
<i>Sanitation</i>	25 286 865	23 435 759	1 851 106	93%
<i>Other</i>	87 250 108	81 426 337	5 823 771	93%
Directorate of Development Planning	24 650 498	11 749 894	12 900 604	48%
Directorate of Health and Public Safety	5 706 795	3 088 606	2 618 189	54%
Directorate of Community Services	27 678 109	25 193 351	2 484 758	91%
TOTAL	327 778 811	286 751 288	41 027 523	87%

7.5. Capital Expenditure excluding vat (municipal vote, standard classification and funding)

The table below reflects the Metro's capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification and funding sources.

Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

Vote Description	Ref	Budget Year 2014/15								
		2013/14 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Directorate - Executive Support Services		558	500	6 729	205	1 308	6 729	(5 421)	-81%	6 729
Vote 2 - Directorate - Municipal Manager		944	7 000	6 500	33	5 443	6 500	(1 057)	-16%	6 500
Vote 3 - Directorate - Chief Operations Officer		58 744	90 136	156 185	13 993	140 002	156 185	(16 183)	-10%	156 185
Vote 4 - Directorate - Chief Financial Officer		3 544	12 350	11 282	433	3 197	11 282	(8 085)	-72%	11 282
Vote 5 - Directorate - Corporate Services		31 262	15 100	23 086	630	4 588	23 086	(18 498)	-80%	23 086
Vote 6 - Directorate - Engineering Services		636 990	665 696	768 226	139 848	619 168	768 226	(149 057)	-19%	768 226
Vote 7 - Directorate - Development Planning		28 432	54 895	51 543	7 135	33 945	51 543	(17 598)	-34%	51 543
Vote 8 - Directorate - Health & Public Safety		6 744	9 800	14 871	761	3 517	14 871	(11 353)	-76%	14 871
Vote 9 - Directorate - Community Services		67 420	86 530	130 323	8 679	62 856	130 323	(67 467)	-52%	130 323
Vote 10 - Directorate - Miscellaneous		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	834 638	942 007	1 168 745	171 717	874 025	1 168 745	(294 720)	-25%	1 168 745
Single Year expenditure appropriation	2									
Vote 1 - Directorate - Executive Support Services		-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer		-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer		-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Engineering Services		-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Development Planning		-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety		-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Community Services		-	-	-	-	-	-	-	-	-
Vote 10 - Directorate - Miscellaneous		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		834 638	942 007	1 168 745	171 717	874 025	1 168 745	(294 720)	-25%	1 168 745
Capital Expenditure - Standard Classification										
Governance and administration		33 780	34 950	47 597	1 042	14 057	47 597	(33 540)	-70%	47 597
Executive and council		1 731	7 500	13 229	239	6 751	13 229	(6 478)	-49%	13 229
Budget and treasury office		1 369	12 350	11 282	173	2 718	11 282	(8 564)	-76%	11 282
Corporate services		30 680	15 100	23 086	630	4 588	23 086	(18 498)	-80%	23 086
Community and public safety		134 713	140 467	208 795	19 799	162 210	208 795	(46 586)	-22%	208 795
Community and social services		67 627	12 500	16 223	4 950	16 760	16 223	537	3%	16 223
Sport and recreation		-	28 030	21 516	95	1 930	21 516	(19 586)	-91%	21 516
Public safety		8 386	9 800	14 871	761	3 517	14 871	(11 353)	-76%	14 871
Housing		58 700	90 136	156 185	13 993	140 002	156 185	(16 183)	-10%	156 185
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		312 120	262 895	390 442	58 740	302 395	390 442	(88 048)	-23%	390 442
Planning and development		28 419	54 895	51 543	7 135	33 945	51 543	(17 598)	-34%	51 543
Road transport		283 701	198 000	327 199	48 335	259 181	327 199	(68 018)	-21%	327 199
Environmental protection		-	10 000	11 700	3 269	9 268	11 700	(2 432)	-21%	11 700
Trading services		348 551	503 196	521 410	92 052	395 001	521 410	(126 409)	-24%	521 410
Electricity		104 373	152 999	144 756	29 888	143 761	144 756	(995)	-1%	144 756
Water		71 663	97 689	96 898	18 802	78 140	96 898	(18 758)	-19%	96 898
Waste water management		172 515	216 508	198 873	42 738	137 725	198 873	(61 148)	-31%	198 873
Waste management		-	36 000	80 884	624	35 376	80 884	(45 508)	-56%	80 884
Other		5 475	500	500	85	362	500	(138)	-28%	500
Total Capital Expenditure - Standard Classification	3	834 638	942 007	1 168 745	171 717	874 025	1 168 745	(294 720)	-25%	1 168 745
Funded by:										
National Government		722 854	671 925	667 655	98 630	554 565	667 655	(113 090)	-17%	667 655
Provincial Government		11 649	28 857	52 745	763	49 651	52 745	(3 094)	-6%	52 745
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		734 503	700 782	720 400	99 393	604 216	720 400	(116 184)	-16%	720 400
Public contributions & donations	5	-	-	459	-	-	459	(459)	-100%	459
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		100 136	241 226	447 886	72 324	269 809	447 886	(178 077)	-40%	447 886
Total Capital Funding		834 638	942 007	1 168 745	171 717	874 025	1 168 745	(294 720)	-25%	1 168 745

7.6. Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having high assets over liabilities resulting into the net worth of R12.75 billion.

Table 8: C6: Monthly Budget Statement – Financial Position

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		197 584	80 000	80 000	310 144	80 000
Call investment deposits		1 965 156	1 233 269	979 567	2 125 538	979 567
Consumer debtors		504 740	1 160 451	1 160 451	656 329	1 160 451
Other debtors		191 519	90 203	90 203	188 074	90 203
Current portion of long-term receivables		–	14	14	–	14
Inventory		50 598	88 000	88 000	59 904	88 000
Total current assets		2 909 597	2 651 937	2 398 235	3 339 989	2 398 235
Non current assets						
Long-term receivables		–	60	60	–	60
Investments		–	–	–	–	–
Investment property		333 278	374 000	374 000	333 278	374 000
Investments in Associate		59 549	0	0	59 549	0
Property, plant and equipment		10 287 665	11 966 257	11 966 257	10 453 054	11 966 257
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		30 497	20 730	20 730	28 922	20 730
Other non-current assets		–	68 330	68 330	–	68 330
Total non current assets		10 710 989	12 429 377	12 429 377	10 874 803	12 429 377
TOTAL ASSETS		13 620 586	15 081 314	14 827 612	14 214 792	14 827 612
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		57 416	54 633	54 633	57 416	54 633
Consumer deposits		44 838	49 140	49 140	48 505	49 140
Trade and other payables		844 937	737 100	737 100	702 819	737 100
Provisions		126 386	144 560	144 560	126 386	144 560
Total current liabilities		1 073 577	985 433	985 433	935 126	985 433
Non current liabilities						
Borrowing		545 999	546 515	546 515	491 366	546 515
Provisions		456 805	544 620	544 620	456 805	544 620
Total non current liabilities		1 002 804	1 091 135	1 091 135	948 171	1 091 135
TOTAL LIABILITIES		2 076 381	2 076 568	2 076 568	1 883 297	2 076 568
NET ASSETS	2	11 544 205	13 004 746	12 751 045	12 331 495	12 751 045
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		9 140 702	10 327 810	10 074 109	9 927 992	10 074 109
Reserves		2 403 503	2 676 936	2 676 936	2 403 503	2 676 936
TOTAL COMMUNITY WEALTH/EQUITY	2	11 544 205	13 004 746	12 751 045	12 331 495	12 751 045

7.7. Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R271.25 million resulting in cash and cash equivalents closing balance of R2.44 billion as at 30 June 2015.

Table 9: C7: Monthly Budget Statement – Cash Flow

Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		3 305 609	3 577 250	3 586 270	228 290	3 870 000	3 586 270	283 730	8%	3 586 270
Government - operating		812 167	825 736	929 301	20 220	848 896	929 301	(80 405)	-9%	929 301
Government - capital		734 503	700 782	720 859	-	664 712	720 859	(56 147)	-8%	720 859
Interest		123 654	106 874	106 874	12 930	155 105	106 874	48 231	45%	106 874
Dividends		-	-	-	(0)	-	-	-		-
Payments										
Suppliers and employees		(3 308 223)	(3 507 515)	(3 675 516)	(207 643)	(4 068 888)	(3 675 516)	393 372	-11%	(3 675 516)
Finance charges		(65 777)	(59 248)	(59 248)	(5 112)	(59 506)	(59 248)	258	0%	(59 248)
Transfers and Grants		(144 964)	(204 013)	(195 638)	(18 682)	(210 411)	(195 638)	14 773	-8%	(195 638)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 456 969	1 439 866	1 412 901	30 003	1 199 907	1 412 901	(212 995)	-15%	1 412 901
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		767	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		14	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		892	-	-	-	-	-	-		-
Payments										
Capital assets		(843 732)	(942 007)	(1 168 745)	(171 717)	(874 025)	(1 168 745)	(294 720)	25%	(1 168 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(842 058)	(942 007)	(1 168 745)	(171 717)	(874 025)	(1 168 745)	(294 720)	25%	(1 168 745)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		(244 040)	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		(681)	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(49 072)	(54 633)	(54 633)	(11 691)	(54 633)	(54 633)	(0)	0%	(54 633)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(293 793)	(54 633)	(54 633)	(11 691)	(54 633)	(54 633)	(0)	0%	(54 633)
NET INCREASE/ (DECREASE) IN CASH HELD		321 118	443 225	189 523	(153 405)	271 249	189 523			189 523
Cash/cash equivalents at beginning:		1 843 315	870 044	870 044		2 164 433	870 044			2 164 433
Cash/cash equivalents at month/year end:		2 164 433	1 313 269	1 059 567		2 435 682	1 059 567			2 353 956

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1. Debtors

The debtor analysis table below (table 10) provides an age analysis summary by revenue source and customer category for the total debtors.

Table 10: SC3 Monthly budget statement Aged Debtors

Description	NT Code	Budget Year 2014/15									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	37 543	28 685	20 031	14 119	11 306	9 089	56 569	170 910	348 252	261 993		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	73 274	7 561	3 230	2 085	2 048	2 004	7 953	25 326	123 480	39 416		
Receivables from Non-exchange Transactions - Property Rates	1400	62 520	18 109	12 221	11 655	10 615	10 312	65 935	137 008	328 375	235 525		
Receivables from Exchange Transactions - Waste Water Management	1500	19 405	6 182	3 834	3 280	3 110	2 954	18 308	91 691	148 764	119 343		
Receivables from Exchange Transactions - Waste Management	1600	14 208	6 437	4 611	4 144	3 865	3 578	23 397	130 135	190 376	165 120		
Receivables from Exchange Transactions - Property Rental Debtors	1700	73	65	62	63	60	59	367	2 383	3 131	2 932		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	6 728	2 899	2 193	2 008	2 100	1 955	16 344	94 566	128 792	116 972		
Total By Income Source	2000	213 751	69 937	46 182	37 353	33 104	29 952	188 873	652 018	1 271 170	941 300	-	-
2013/14 - totals only		188 707	51 323	36 295	32 134	37 322	42 005	146 747	566 722	1 101 256	824 930		
Debtors Age Analysis By Customer Group													
Organs of State	2200	8 779	1 567	412	1 546	58	41	1 263	1 981	15 648	4 890		
Commercial	2300	108 925	16 827	11 649	9 214	8 364	8 384	44 548	63 055	270 966	133 565		
Households	2400	87 192	46 602	30 076	22 842	21 077	18 134	117 782	471 751	815 454	651 585		
Other	2500	8 856	4 941	4 045	3 751	3 605	3 392	25 281	115 231	169 102	151 260		
Total By Customer Group	2600	213 751	69 937	46 182	37 353	33 104	29 952	188 873	652 018	1 271 170	941 300	-	-

8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1,057,418,594 at 30 June 2015 (Refer to 8.2.1 and 8.2.2 below) which is a decrease of R123,484,735 over the amount of R1,180,903,329 at 31 May 2015.

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 30 June 2015. It also provides comparison with the prior year (30 June 2014) which indicates a decrease from R1.07 billion to R1.06 billion.

Table 11: Debtor's Age Analysis by Income Source Comparison

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JUNE 2015	TOTAL FOR JUNE 2014
30 DAYS	18,109,157	6,181,539	7,560,772	28,685,375	6,436,764	2,963,075	69,936,683	51,322,895
60 DAYS	12,221,058	3,834,382	3,229,795	20,030,545	4,610,541	2,255,315	46,181,634	36,295,421
90 DAYS	11,654,734	3,279,806	2,084,981	14,118,926	4,144,391	2,070,236	37,353,073	32,134,385
120 DAYS TO 360 DAYS	86,861,530	24,372,324	12,005,122	76,964,095	30,840,815	20,884,913	251,928,799	226,073,777
YEAR 2	36,214,643	25,837,515	8,100,046	52,103,906	33,153,970	25,771,378	181,181,458	172,615,658
YEAR 3	26,318,701	17,519,678	5,317,855	30,897,906	23,319,042	18,827,133	122,200,316	110,924,599
YEAR 4	21,374,678	12,064,564	5,629,385	22,128,059	16,091,976	12,742,153	90,030,815	65,840,195
YEAR 5	13,842,974	7,858,740	1,842,863	15,027,310	11,007,669	8,649,786	58,229,342	217,341,606
YEAR 5+	39,257,422	28,410,187	4,435,451	50,752,455	46,562,502	30,958,457	200,376,474	154,254,955
TOTAL	265,854,896	129,358,735	50,206,270	310,708,578	176,167,670	125,122,445	1,057,418,594	1,066,803,492

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 30 June 2015. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	30,325,940	17,463,394	14,158,622	439,692,694	501,640,650	47.44
Indigent	15,926,676	12,455,402	8,584,377	188,449,473	225,415,929	21.32
Business	16,827,326	11,649,165	9,214,042	124,351,199	162,041,732	15.32
Government	1,567,083	411,706	1,545,703	3,343,836	6,868,328	0.65
Municipal Staff	335,162	147,155	93,824	574,631	1,150,772	0.11
Councillors	13,885	9,685	5,143	26,502	55,216	0.01
Other	4,940,610	4,045,128	3,751,361	147,508,868	160,245,967	15.15
Total	69,936,683	46,181,634	37,353,073	903,947,203	1,057,418,594	100.00

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category, giving the impression that current is not being paid, which is not the case as an amount is being deducted for current accounts.

8.2.3. Billing, Receipts and Debtors Collection Rate

Table 13 below reflect the twelve monthly amounts billed, collected/received and collection rate for the current financial year and previous financial year.

Table 13: Cumulative Nett Billing, Receipts and Debtors Collection Ratio per month from 2013/14 to 2014/15 financial year

Month	2012/2013			2013/2014			2014/2015		
	Billing	Receipts	Collection Rate	Billing	Receipts	Collection Rate	Billing	Receipts	Collection Rate
July	238,333,589	-155,444,098	90.42	2,325,509,002	-2,153,249,916	92.59	2,602,264,135	-2,371,903,619	91
August	456,862,028	-318,827,484	68.55	2,360,722,274	-2,184,105,932	92.52	2,568,699,884	-2,383,877,074	93
September	637,913,507	-509,870,368	77.58	2,362,100,818	-2,201,573,537	93.20	2,589,585,746	-2,403,569,317	93
October	814,187,990	-711,819,642	87.22	2,390,760,330	-2,214,093,193	92.61	2,625,227,643	-2,450,270,791	93
November	1,003,917,047	-884,987,889	89.60	2,413,236,105	-2,237,227,839	92.71	2,652,206,738	-2,440,158,405	92
December	1,187,612,559	-1,046,276,767	89.74	2,451,423,493	-2,277,540,737	92.91	2,662,628,366	-2,446,012,486	92
January	1,376,713,577	-1,219,332,883	89.58	2,473,521,774	-2,288,389,311	92.52	2,712,272,987	-2,461,342,745	91
February	1,571,214,609	-1,399,676,516	90.38	2,489,423,294	-2,286,023,845	91.83	2,712,530,485	-2,497,487,079	92
March	1,756,245,816	-1,575,792,522	90.40	2,508,588,241	-2,317,244,720	92.37	2,733,798,105	-2,521,003,323	92
April	1,928,740,621	-1,770,276,496	91.95	2,533,810,040	-2,313,671,267	91.31	2,760,426,654	-2,550,439,243	92.39
May	2,136,072,369	-1,952,779,796	93.19	2,563,282,383	-2,324,079,609	90.67	2,821,295,806	-2,563,487,111	90.86
June	2,325,509,002	-2,134,450,531	92.65	2,565,798,810	-2,350,536,518	91.61	2,738,540,795	-2,562,718,785	93.58

8.2.4. Debt Incentive Scheme

The City is currently undertaking a debt incentive scheme to encourage consumers to pay its long outstanding debts. Any debt that was 120 days or older as at November 2014 will qualify for a write off of 50% provided that the remaining 50% plus the debt in the current to 90 days ageing categories is paid. This debt can be paid once-off, or in monthly instalment arrangements; or as a rand-for-rand option, whereby the consumer has an opportunity to pay 50% of the debt older than 120 days off as and when they can, until the end of June 2016 and for every payment made towards this debt, an amount of equal value will be written off.

As at 30 June 2015 a total of 2,056 consumers have registered for the scheme. The total registered debt value is R41,155,201 to date, debt payments received amount to R23,938,268 and debt write-offs total R9 977 544.

8.2.5. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 June 2015 amounted to R6,868,328. This indicates a decrease of R604,267 when compared to prior month amount of R7,472,595.

A total payment of R12,289,290 was received from Government Departments in June 2015. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 30 June 2015.

Table 14 below provides an analysis of government debtors as at 30 June 2015 and comparison with the previous month.

Table 14: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 30 JUNE 2015	ARREARS AS AT 31 MAY 2015	DIFFERENCE
National Department Of Public Works	148,715	113,228	261,943	753,125	(491,182)
Provincial Department Of Public Works	565,329	245,545	810,874	1,144,889	(334,015)
Department Of Education		1,035,621	1,035,621	1,802,471	(766,850)
Department Of Health		993,744	993,744	133,422	860,322
Department Of Social Development		360,674	360,674	167,113	193,561
Department Of Transport		48,511	48,511	22,743	-
Department Of Agriculture		1,169,285	1,169,285	1,290,494	(121,209)
Members Of Provincial Legislature		44,609	44,609	23,514	21,095
COGTA		6,410	6,410	-	-
Provincial RDP Houses		2,136,657	2,136,657	2,134,824	-
TOTAL	714,045	6,154,283	6,868,328	7,472,595	(604,267)

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 15 below contains an aged analysis by customer type. It reflects that creditors are paid within 30 days, except when there are disputes on invoices received.

Table 15: SC4 Monthly Budget Statement Aged Creditors

Description	NT Code	Budget Year 2014/15								Total	Prior year totals for chart (same period)
		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		
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	139 290								139 290	69 956
Bulk Water	0200	16 742								16 742	12 113
PAYE deductions	0300	12 501								12 501	10 439
VAT (output less input)	0400	-								-	-
Pensions / Retirement deductions	0500	15 554								15 554	14 046
Loan repayments	0600	26 937								26 937	26 966
Trade Creditors	0700	215 708	8 312							224 021	242 161
Auditor General	0800	601								601	245
Other	0900	83 654								83 654	103 517
Total By Customer Type	1000	510 987	8 312	-	-	-	-	-	-	519 300	479 443

The table below (table 16) depicts actual payments made by BCMM to its top twenty (20) creditors in June 2015.

Table 16: Payments made to the 20 highest paid creditors – June 2015

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL	PAYMENT
ESKOM				139 289 922.33	139 289 922.33	139 289 922.33
AMATOLA WATER				16 741 512.19	16 741 512.19	16 741 512.19
AMANZ ABANTU SERVICES (PTY) LTD				31 967 957.54	31 967 957.54	31 967 957.54
SHONE'S ELECTRICAL				14 920 134.80	14 920 134.80	14 920 134.80
LUQAQAMBO CIVILS CONSTRUCTION CC				13 939 232.06	13 939 232.06	13 939 232.06
MANTELLA TRADING 522 CC				13 493 683.43	13 493 683.43	13 493 683.43
EYA BANTUU PROFESSIONAL SERVICES CC				13 217 423.82	13 217 423.82	13 217 423.82
MAZIYA GENERAL SERVICES				12 666 259.57	12 666 259.57	12 666 259.57
GINTI CC				8 440 046.52	8 440 046.52	8 440 046.52
T V R CONSTRUCTION			8 312 382.56	0.00	8 312 382.56	8 312 382.56
TSHUVANE SERVICES				5 471 541.77	5 471 541.77	5 471 541.77
LIFETIME CONNECTION MANUFACTURING SUPPLY CC				5 202 098.87	5 202 098.87	5 202 098.87
MTIMA PLUMBING SERVICE				4 901 190.60	4 901 190.60	4 901 190.60
MAKINWA MEDIA MANAGEMENT				4 690 398.85	4 690 398.85	4 690 398.85
C & M FASTENERS CC				4 304 648.47	4 304 648.47	4 304 648.47
PLATINUM AFRICA				3 738 185.00	3 738 185.00	3 738 185.00
MVEZO PLANT & CIVILS CC				3 658 869.12	3 658 869.12	3 658 869.12
SIYASEBENZA TARRING & CONSTRUCTION CC				3 054 654.74	3 054 654.74	3 054 654.74
IMVUSA TRADING 415 CC				2 973 849.60	2 973 849.60	2 973 849.60
RENNIES TRAVEL (PTY) LTD				2 814 252.61	2 814 252.61	2 814 252.61
TOTAL	-	-	8 312 382.56	305 485 861.89	313 798 244.45	313 798 244.45

10. INVESTMENT PORTFOLIO ANALYSIS

The investment portfolio analysis detailed in table 17 below includes information of the institution where funds are invested, period of investment, type of investment and accrued interest for the month.

Table 17: SC5 Monthly budget Statement – investment portfolio

Investments by maturity Name of institution & investment ID R thousands	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Municipality								
Rand Merchant Bank X021901943	Call Account	Call Account	Call Account	193	1.9%	44 664	193	44 856
Absa 91 2884 4539	Call Account	Call Account	Call Account	2	0.0%	641	(291)	349
Standard 422 742	Call Account	Call Account	Call Account	6	0.1%	1 375	6	1 381
Absa 91 4102 2241	Call Account	Call Account	Call Account	37	0.4%	9 036	37	9 073
Absa 91 4163 6965	Call Account	Call Account	Call Account	1	0.0%	205	1	206
Absa 91 5484 1280	Call Account	Call Account	Call Account	0	0.0%	7	0	7
Rand Merchant Bank X021904910	Call Account	Call Account	Call Account	38	0.4%	8 789	(39)	8 750
Standard 76586/442740	Call Account	Call Account	Call Account	9	0.1%	2 175	9	2 184
Absa 92 0562 2137	Call Account	Call Account	Call Account	3	0.0%	763	3	766
Rand Merchant Bank X021904913	Call Account	Call Account	Call Account	61	0.6%	14 049	61	14 110
Rand Merchant Bank X021903300	Call Account	Call Account	Call Account	10	0.1%	2 407	10	2 417
Stanlib 551 557 338	Call Account	Call Account	Call Account	20	0.2%	3 907	(60)	3 846
Absa 92 4434 8061	Call Account	Call Account	Call Account	0	0.0%	30	0	31
Nedbank 03/7881532939/000126	Call Account	Call Account	Call Account	9	0.1%	2 021	9	2 030
Standard 76586/442739	Call Account	Call Account	Call Account	24	0.2%	5 639	24	5 663
Stanlib 551 660 303	Call Account	Call Account	Call Account	1	0.0%	441	(434)	6
Nedbank 03/7881532939/000041	Call Account	Call Account	Call Account	29	0.3%	6 689	(22)	6 666
Nedbank 03/7881532939/000056	Call Account	Call Account	Call Account	5	0.0%	1 063	5	1 067
Nedbank 03/7881532939/000058	Call Account	Call Account	Call Account	25	0.2%	5 925	(27)	5 898
Nedbank 03/7881532939/000103	Call Account	Call Account	Call Account	5	0.0%	1 189	5	1 195
Nedbank 03/7881532939/000064	Call Account	Call Account	Call Account	34	0.3%	7 976	(53)	7 923
Absa 92 0559 0710	Call Account	Call Account	Call Account	0	0.0%	39	0	39
Nedbank 03/7881532939/000117	Call Account	Call Account	Call Account	35	0.3%	8 113	(67)	8 046
Nedbank 03/7881532939/000108	Call Account	Call Account	Call Account	1	0.0%	161	1	162
Absa 92 2975 5568	Call Account	Call Account	Call Account	0	0.0%	15	0	15
Absa 91 9360 7257	Call Account	Call Account	Call Account	4	0.0%	985	4	989
Nedbank 03/7881532939/000112	Call Account	Call Account	Call Account	0	0.0%	1	0	1

Investments by maturity Name of institution & investment ID R thousands	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Municipality								
Standard 76586/442737	Call Account	Call Account	Call Account	6	0.1%	3 430	(3 251)	179
Nedbank 03/7881532939/000110	Call Account	Call Account	Call Account	1	0.0%	195	1	196
Nedbank 03/7881532939/000123	Call Account	Call Account	Call Account	1	0.0%	140	1	141
Rand Merchant Bank RRB1629010	Call Account	Call Account	Call Account	300	2.9%	69 602	300	69 902
Stanlib 551 989 180	Call Account	Call Account	Call Account	180	1.7%	34 743	180	34 922
Absa 92 2590 9850	Call Account	Call Account	Call Account	4	0.0%	920	4	924
Stanlib 551 539 764	Call Account	Call Account	Call Account	8	0.1%	1 453	8	1 460
Rand Merchant Bank RRB0324003	Call Account	Call Account	Call Account	1	0.0%	556	(517)	38
Stanlib 551 567 496	Call Account	Call Account	Call Account	0	0.0%	2	0	2
Stanlib 551 576 733	Call Account	Call Account	Call Account	0	0.0%	80	0	81
Rand Merchant Bank RRB0B25020	Call Account	Call Account	Call Account	9	0.1%	1 997	9	2 006
Standard 76586/442743	Call Account	Call Account	Call Account	0	0.0%	84	0	84
Rand Merchant Bank RRB1609012	Call Account	Call Account	Call Account	1	0.0%	276	1	277
Stanlib 551 742 405	Call Account	Call Account	Call Account	2	0.0%	357	2	359
Rand Merchant Bank KLN2308011	Call Account	Call Account	Call Account	2	0.0%	351	2	352
Nedbank 03/7881532939/000128	Call Account	Call Account	Call Account	135	1.3%	47 782	(25 865)	21 917
Rand Merchant Bank RRB1722008	Call Account	Call Account	Call Account	238	2.3%	72 680	(27 273)	45 407
Standard 76586/442745	Call Account	Call Account	Call Account	182	1.8%	51 042	(37 818)	13 224
Absa 92 6406 3148	Call Account	Call Account	Call Account	435	4.2%	116 431	(40 533)	75 898
Rand Merchant Bank KLN2720020	Call Account	Call Account	Call Account	3	0.0%	1 195	(653)	542
Stanlib 551 868 235	Call Account	Call Account	Call Account	1	0.0%	126	1	127
Absa 92 0559 0891	Call Account	Call Account	Call Account	3	0.0%	741	(155)	586
Rand Merchant Bank VVW2B13011	Call Account	Call Account	Call Account	1	0.0%	287	1	288
Nedbank Refer to Confirmation	Refer to Confirmation	Refer to Confirmation	Refer to Confirmation	–		–	–	–
Stanlib 753 72 270	Call Account	Call Account	Call Account	125	1.2%	24 114	125	24 238
Stanlib 551 353 708	Call Account	Call Account	Call Account	5	0.0%	961	5	966
Standard 76586/442736	Call Account	Call Account	Call Account	375	3.6%	104 255	(46 625)	57 630
Stanlib 753 72 271	Call Account	Call Account	Call Account	548	5.3%	105 939	548	106 487

Investments by maturity Name of institution & investment ID R thousands	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Municipality								
Rand Merchant Bank X021904579	Call Account	Call Account	Call Account	217	2.1%	72 617	(47 783)	24 834
Nedbank 03/7881532939/000101	Call Account	Call Account	Call Account	309	3.0%	90 941	(54 691)	36 250
Absa 92 1120 9757	Call Account	Call Account	Call Account	1 265	12.2%	314 523	(103 735)	210 789
Absa 92 2110 3430	Call Account	Call Account	Call Account	551	5.3%	136 707	551	137 258
Standard 76586/442741	Call Account	Call Account	Call Account	40	0.4%	9 310	40	9 350
Standard 76586/442744	Call Account	Call Account	Call Account	115	1.1%	26 570	115	26 685
Rand Merchant Bank RRB0C07002	Call Account	Call Account	Call Account	40	0.4%	9 166	40	9 206
Nedbank 03/7881532939/000129	Call Account	Call Account	Call Account	88	0.9%	20 489	88	20 578
Nedbank 03/7881532939/000125	Call Account	Call Account	Call Account	2	0.0%	469	2	471
Stanlib 551 748 914	Call Account	Call Account	Call Account	136	1.3%	26 293	136	26 429
Absa 92 6406 3407	Call Account	Call Account	Call Account	7	0.1%	1 724	7	1 731
Nedbank 03/7881532939/000132	Call Account	Call Account	Call Account	1 932	18.6%	447 805	1 932	449 737
Rand Merchant Bank KLN3815041	Call Account	Call Account	Call Account	1 487	14.3%	344 642	1 487	346 129
Standard 76586/470801	Call Account	Call Account	Call Account	1 067	10.3%	247 229	1 067	248 296
Standard 76586/442738	Call Account	Call Account	Call Account	10	0.1%	2 257	10	2 267
Municipality sub-total				10 382		2 518 785	(382 865)	2 135 919
Entities								
Entities sub-total				-		-	-	-
TOTAL INVESTMENTS AND INTEREST				10 382		2 518 785	(382 865)	2 135 919

11.ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grants expenditure (excluding vat) per allocation or grant is provided in the table below. Further details on grants expenditure performance is detailed in section 11.1 below.

Table 18: SC7 Monthly budget Statement – transfers and grants expenditure

Description	Ref	2013/14	Budget Year 2014/15							
		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:		29 373	698 929	699 729	2 570	36 709	699 729	(663 020)	-94.8%	699 729
Urban Settlement Development Grant		20 855	33 465	34 265	2 458	28 272	34 265	(5 992)	-17.5%	34 265
Financial Management Grant		1 294	1 500	1 500	458	1 465	1 500	(35)	-2.3%	1 500
Expanded Public works Programme Incentive Grant		3 278	1 890	1 890	–	1 596	1 890	(295)	-15.6%	1 890
Department of Water Affairs		–	–	–	–	–	–	–	–	–
Equitable Share		–	656 674	656 674	–	–	656 674	(656 674)	-100.0%	656 674
Infrastructure Skills Development Grant		3 946	5 400	5 400	(346)	5 376	5 400	(24)	-0.4%	5 400
Provincial Government:		117 320	122 746	221 486	24 460	178 126	221 486	(11 153)	-5.0%	221 486
Roads Subsidy - Provincial Roads		–	1 871	1 871	–	–	1 871	(1 871)	-100.0%	1 871
Dept of Environmental Affairs and Tourism		–	3 745	3 546	225	3 419	3 546	(127)	-3.6%	3 546
Dept of Environmental Affairs and Tourism (Greening Award)		–	–	2 500	–	–	2 500	–	–	2 500
Department of Water Affairs		2 313	–	–	–	–	–	–	–	–
Local Government & Transitional Affairs		1 472	9 101	8 369	495	5 549	8 369	(2 820)	-33.7%	8 369
Health Subsidy - ATIC		–	2 522	2 522	–	–	2 522	(2 522)	-100.0%	2 522
Cooperative Governance and Traditional Affairs		–	1 049	–	–	–	–	–	–	–
Library Subsidy		–	3 638	3 638	–	–	3 638	(3 638)	-100.0%	3 638
Reclaim Land Claims Commission(RLCC		228	–	72	–	63	72	(9)	-12.3%	72
Dept Sport, Recreation, Arts and Culture (DSRAC)		–	37	37	–	–	37	(37)	-100.0%	37
Dept of Land Affairs		90	777	81	–	19	81	(62)	-77.0%	81
Human Settlement Development Grant		113 216	99 938	198 783	23 740	169 076	198 783	–	–	198 783
Office of the Premier		–	67	67	–	–	67	(67)	-100.0%	67
District Municipality:		–	–	–	–	–	–	–	–	–
Health Subsidy - Environmental Health		–	–	–	–	–	–	–	–	–
Other grant providers:		209	6 856	8 006	337	2 264	8 006	(5 742)	-71.7%	8 006
SETA - Skills Development		–	2 795	2 795	–	1 243	2 795	(1 552)	-55.5%	2 795
Donor Funding - Leiden & Galve		209	136	136	26	41	136	(96)	-70.3%	136
Salaida		–	–	–	–	–	–	–	–	–
Trust Funds		–	2 715	2 782	311	522	2 782	–	–	2 782
Umsobomvu Youth Fund		–	710	745	–	458	745	–	–	745
Donor Funding - European Commission		–	500	500	–	–	500	–	–	500
Vuna Award		–	–	1 049	–	1	1 049	–	–	1 049
Total operating expenditure of Transfers and Grants:		146 901	828 531	929 221	27 367	217 099	929 221	(679 915)	-73.2%	929 221
Capital expenditure of Transfers and Grants										
National Government:		722 854	671 925	664 712	98 630	554 565	664 712	(110 147)	-16.6%	664 712
Urban Settlement Development Grant		693 162	639 825	639 025	97 478	529 103	639 025	(109 921)	-17.2%	639 025
Infrastructure Skills Development Grant		23	100	100	–	–	100	(100)	-100.0%	100
Electricity Demand Side Management		4 578	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	5 000	5 000	–	4 885	5 000	(115)	-2.3%	5 000
Integrated National Electrification Programme		24 997	27 000	20 587	1 152	20 577	20 587	(10)	0.0%	20 587
Provincial Government:		10 506	28 857	55 432	665	49 395	55 432	(6 037)	-10.9%	55 432
Human Settlement Development Grant		9 298	18 600	51 657	476	46 985	51 657	(4 673)	-9.0%	51 657
Human Settlement Development Grant - MPCC		–	10 069	700	–	665	700	–	–	700
Dept Sport, Recreation, Arts and Culture (DSRAC)		1 046	–	2 686	–	1 377	2 686	(1 309)	-48.7%	2 686
Local Government , Transitional Affairs & Housing		162	189	189	–	179	189	(10)	-5.4%	189
Dept of Environmental Affairs and Tourism		–	–	199	189	189	199	–	–	199
District Municipality:		–	–	–	–	–	–	–	–	–
Amatola District Municipality		–	–	–	–	–	–	–	–	–
Other grant providers:		1 143	–	716	98	256	716	(459)	-64.2%	716
BCMET Funding		1 143	–	257	98	256	257	(1)	-0.2%	257
Lieden		–	–	459	–	–	459	(459)	-100.0%	459
Total capital expenditure of Transfers and Grants		734 503	700 782	720 859	99 393	604 216	720 859	(116 643)	-16.2%	720 859
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		881 404	1 529 313	1 650 079	126 760	821 314	1 650 079	(796 558)	-48.3%	1 650 079

11.1. Expenditure On Conditional Grant Allocations

The Metro has spent R653.14 million inclusive of reclaimed vat (2013/14: R827.79 million) which is 92% (2013/14: 100%) of its 2014/2015 DoRA allocation of R707.77 million (2013/14: 831.40 million) as at 30 June 2015. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress.

Table 19 below reflects the year to date expenditure on 2014/15 total conditional grants.

Table 19: Spending per Conditional Grant Funding Allocation

Funding/Grant	<u>2014/2015 Adjusted Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance</u>	<u>% Exp vs. Budget</u>
DoE(Integrated National Electrification Programme)	20 587 000	23 284 897	-2 697 897	113%
Finance Management Grant	1 500 000	1 468 256	31 744	98%
Infrastructure Skills Development Grant	5 500 000	5 647 682	-147 682	103%
Urban Settlement Development Grant	673 289 000	615 576 323	57 712 677	91%
Neighbourhood Development Partnership	5 000 000	5 568 489	-568 489	111%
Expanded Public Works Programme	1 890 000	1 595 500	294 500	84%
TOTAL	707 766 000	653 141 147	54 624 853	92%

Comments on performance of programmes that are implemented by the above funding are detailed below.

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

Bulk construction Zoo 40Mva substation and Electrification of RDP houses are complete in terms of Construction Program.

11.1.2. FINANCE MANAGEMENT GRANT (FMG)

The year to date results indicate expenditure of 98% of the budgeted operating expenditure of R1.5 million. The funding has been spent on implementation of Standard Chart of Accounts (SCOA), training of municipal officials in financial management and on remuneration of interns.

11.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

HOUSING

The department had finalised the contractual documents and obligations with the newly appointed service providers, the service providers are busy with project implementation. The department has further planned to advance project monitoring in order to ensure that the service providers deliver as per required milestones. Subsequent to the efforts, the process of procurement of annual contractors and consultants has been followed seeking to overcome procurement turnaround. Overall expenditure has improved; the department has planned to advance project monitoring in order to ensure that service providers deliver as per required milestones.

ENGINEERING SERVICES

Reasons for the Low Expenditure

Water and Sanitation Capital Projects

Some of the Treatment Works projects have been delayed due to litigations. The litigation process to be fast-tracked for the waste water treatment works projects. Funds have been spent on materials to be installed and purchasing of electronic components for the Wastewater Treatment Works projects. The rural sanitation projects have reached practically completion.

DEVELOPMENT PLANNING & ECONOMIC DEVELOPMENT

Reasons for the Low Expenditure

1. KwaTshatshu Pedestrian Bridge

Consultants were appointed in July 2014. The detail design and environmental process are nearing completion. The land requirements are currently being dealt with and thereafter the project will move to tender stage .

2. Needs Camp / Potsdam Bridge

Consultants were appointed in December 2013. The detail design and environmental process are nearing completion. The land requirements are currently being dealt with and thereafter the project will move to tender stage.

3. Sidewalks

Sidewalks have been completed in Phakamisa, Potsdam, Mdantsane N.U.2, Phakamisa Phase 2, N.U. 2 Part 2 and Mdantsane N.U. 1.

Sidewalks in Scenery Park are still under construction but they are behind schedule.

4. Traffic Calming

Traffic calming measures have been completed in Beacon Bay, Cambridge, Braelyn Duncan Village, Sweetwaters, Willow Park, KWT CBD, Amalinda, Mzamomhle, Mdantsane Ward 22, Zwelitsha, Sunnyridge, Mdantsane N.U. 8 – Gcobani SP & Isibane JP Schools, Sunnyridge Phase 2&3 and Sunnyside Road.

5. Guardrails

Guardrails have been installed in Mdantsane, Cambridge, Scenery Park, Braelyn, Zwelitsha and Sweetwaters.

6. Traffic Signals

Traffic signals have been identified on NEX, Robbie de Lange, Potters Pass and Gullsway, due to the unavailability of cable only Robbie de Lange has been completed and commissioned into service on 13 May 2015, as for the other intersections, the installation will be carried out in the next financial year.

7. Guidance Signage

Guidance signs have been identified and designed for the rural areas and have been manufactured by the BCMM signage contractor. The installation of the signs will commence in the next financial year.

8. King William's Town Public Transport Facilities

The Tender documents for the upgrades are currently being reviewed so that the work can go to Tender. Work to start in the new financial year after all tender processes are complete.

9. Public Transport Facilities

Construction of Taxi Embayment's in Ginsberg is in progress while the construction of the taxi rank in Bonza Bay Road is also in progress. The project was delayed by the service provider who was required to remove the palm trees.

HEALTH AND PUBLIC SAFETY

Reasons for the Low Expenditure

Project has progressed well and architect has completed the final plans for the project. Bill of quantities and specifications for building contractor in process of being completed for tender to be advertised. A request for the funding to be rolled over to the 2015/16 financial year has been prepared as the funds are committed in terms of the appointment of the Architects.

COMMUNITY SERVICES

Enterprise Project Management Office (EPMO) is assisting the directorate with project implementation in order to speed up the processes. Annual contracts are also being used where possible.

11.1.4. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

Expenditure is at 98% and all works is completed on the project (Sandile Road upgrade). The work included overlay and resurfacing a total of 800m 4 lane Sandile Road in Mdantsane Urban Hub. Work also included: refurbishment of street calming structures, paving of road island, refurbishment of stormwater kerb inlets & new road markings.

11.1.5. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

BCMM has spent 84% of its allocation for the Expanded Public Works Programme.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 20 below provides summary of employees and Councillors remuneration.

Table 20: SC8 Monthly Budget Statement – Councilor and Staff Benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		27 566	31 286	31 286	2 288	29 335	31 286	(1 951)	-6%	31 286
Pension and UIF Contributions		2 833	3 303	3 303	249	3 047	3 303	(256)	-8%	3 303
Medical Aid Contributions		1 368	1 524	1 524	142	1 539	1 524	15	1%	1 524
Motor Vehicle Allowance		10 796	12 907	12 907	921	11 247	12 907	(1 661)	-13%	12 907
Cellphone Allowance		–	–	–	–	–	–	–	–	–
Housing Allowances		2 525	3 234	3 234	190	2 515	3 234	(719)	-22%	3 234
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		45 088	52 254	52 254	3 789	47 682	52 254	(4 572)	-9%	52 254
% increase	4		15.9%	15.9%						15.9%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	3 537	8 717	8 717	556	5 482	8 717	(3 235)	-37%	8 717
Pension and UIF Contributions		667	1 580	1 580	108	985	1 580	(595)	-38%	1 580
Medical Aid Contributions		103	205	205	13	122	205	(84)	-41%	205
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		808	2 277	2 277	108	1 071	2 277	(1 206)	-53%	2 277
Cellphone Allowance		–	–	–	–	–	–	–	–	–
Housing Allowances		–	77	77	1	6	77	(71)	-92%	77
Other benefits and allowances		959	1 621	1 621	162	2 038	1 621	417	26%	1 621
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	33	33	–	24	33	(10)	-29%	33
Post-retirement benefit obligations	2	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		6 074	14 510	14 510	948	9 728	14 510	(4 782)	-33%	14 510
% increase	4		138.9%	138.9%						138.9%
Other Municipal Staff										
Basic Salaries and Wages		654 048	775 458	778 785	58 440	705 650	778 785	(73 135)	-9%	778 785
Pension and UIF Contributions		126 960	144 765	145 867	11 188	134 613	145 867	(11 255)	-8%	145 867
Medical Aid Contributions		46 769	57 614	58 141	4 651	52 823	58 141	(5 319)	-9%	58 141
Overtime		80 707	57 128	57 148	10 348	107 536	57 148	50 387	88%	57 148
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		17 823	25 328	24 793	1 566	19 402	24 793	(5 390)	-22%	24 793
Cellphone Allowance		–	–	–	–	–	–	–	–	–
Housing Allowances		3 219	7 313	7 300	319	3 501	7 300	(3 799)	-52%	7 300
Other benefits and allowances		178 806	125 372	125 001	9 786	143 765	125 001	18 763	15%	125 001
Payments in lieu of leave		–	13 000	13 000	–	–	13 000	(13 000)	-100%	13 000
Long service awards		14 840	16 727	16 580	1 377	16 246	16 580	(334)	-2%	16 580
Post-retirement benefit obligations	2	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		1 123 172	1 222 705	1 226 615	97 674	1 183 535	1 226 615	(43 080)	-4%	1 226 615
% increase	4		8.9%	9.2%						9.2%
Total Parent Municipality		1 174 333	1 289 469	1 293 379	102 411	1 240 945	1 293 379	(52 435)	-4%	1 293 379
			9.8%	10.1%						10.1%
Unpaid salary, allowances & benefits in arrears:										
Sub Total - Board Members of Entities	2	–	–	–	–	–	–	–	–	–
% increase	4									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4									
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		1 174 333	1 289 469	1 293 379	102 411	1 240 945	1 293 379	(52 435)	-4%	1 293 379
% increase	4		9.8%	10.1%						10.1%
TOTAL MANAGERS AND STAFF		1 129 246	1 237 215	1 241 125	98 622	1 193 263	1 241 125	(47 862)	-4%	1 241 125

12.2. Overtime Analysis

Table 21 below provides comparison of overtime expenditure against budget per directorate for the period ended 30 June 2015. Table 22 below details overtime expenditure incurred per cost centre for the past three months ended 30 June 2015. The municipality has overspent its overtime budget as at 30 June 2015, reasons for over expenditure are stated in section 12.2.1 below.

Table 21: Overtime per Directorate

Directorate	2014/2015 Annual Budget R	2014/2015 YTD Budget R	2014/2015 YTD Expenditure R	2014/2015 Variance R	2014/2015 % of YTD Budget %
Directorate of Executive Support Services	1 398 035	1 398 035	4 620 947	-3 222 912	331%
Directorate of The Municipal Manager	265 184	265 184	562 617	-297 433	212%
Directorate of Chief Operations Officer	91 062	91 062	99 291	-8 229	109%
Directorate of Financial Service	1 170 142	1 170 142	1 357 969	-187 827	116%
Directorate of Corporate Services	523 517	523 517	560 544	-37 027	107%
Directorate of Engineering Services	14 355 233	14 355 233	27 781 766	-13 426 533	194%
<i>Electricity</i>	6 742 973	6 742 973	8 166 888	-1 423 915	121%
<i>Water</i>	2 617 693	2 617 693	10 448 668	-7 830 975	399%
<i>Sanitation</i>	4 031 868	4 031 868	8 310 591	-4 278 723	206%
<i>Other</i>	962 699	962 699	855 619	107 080	89%
Directorate of Development Planning	901 209	901 209	825 710	75 499	92%
Directorate of Health and Public Safety	21 784 059	21 784 059	26 127 361	-4 343 302	120%
Directorate of Community Services	16 659 651	16 659 651	45 599 332	-28 939 681	274%
Total	57 148 092	57 148 092	107 535 537	-50 387 445	188%

Table 22: Overtime Per Cost Centre: April 2015 – June 2015

		April 2015 Amount	May 2015 Amount	June 2015 Amount
Directorate -Executive Support Services				
105 005	Office of The Director of Executive Support	270 508.98	264 886.78	298 036.48
105 020	Public Participation & Ward Committees	2 887.05	43 846.35	5 582.97
105 025	Strategic Support	-	5 206.91	-
105 030	Special Programmes	-	13 829.49	5 270.05
110 005	IDP	6 186.81	58 336.30	5 924.59
120 010	Public Relations & International Events	53 430.53	81 291.46	72 284.96
		333 013.37	467 397.29	387 099.05
Directorate - Municipal Manager				
205 005	Office of The Municipal Manager & Support Services	29 164.62	58 809.63	47 279.02
225 005	Municipal Public Accounts Committee	2 238.15	-	-
225 010	Municipal Public Accounts Committee	7 401.18	-	2 096.58
		38 803.95	58 809.63	49 375.60
Directorate - Chief Operations Officer				
250 005	Office of the Chief Operations Officer	-	6 519.38	-
255 005	Housing Department	3 284.13	476.88	4 956.54
		3 284.13	6 996.26	4 956.54
Directorate - Chief Financial Officer				
305 005	Office of The Director of Finance	1 322.16	-	-
315 005	Budget Office	-	462.78	-
320 010	Supply Chain Management	4 081.67	3 837.69	52 216.16
320 015	Expenditure Office	5 483.12	3 200.31	34 342.94
330 005	Rates & Valuations Office	-3.28	1 258.08	-
330 010	Consolidated Billing & Miscellaneous Revenue Office	7 308.40	-	428 485.18
330 015	Debtors Management Office	6 853.29	11 876.23	14 236.04
330 020	Customer Care Office	712.90	-	2 000.70
		25 758.26	20 635.09	531 281.02
Directorate - Corporate Services				
415 005	Administrative & Council Support	5 333.28	-	41 886.70
415 010	Auxilliary & Telecommunication Services	31 671.30	-	66 110.28
415 025	Management Information Services	2 102.52	30 219.26	9 327.05
420 005	H.R. Administration	-	8 806.84	-
420 010	Occupational Risk Management	8 682.80	-	12 404.00
		47 789.90	39 026.10	129 728.03

		April 2015 Amount	May 2015 Amount	June 2015 Amount
Directorate - Engineering Services				
505 010	City Engineering Building	1 569.36	1 569.36	1 471.28
510 005	Scientific Services	8 129.38	20 275.12	22 356.08
515 006	Night Soil Removal - Coastal	3 855.12	137 361.64	81 509.53
515 007	Night Soil Removal - Central	-	2 883.54	2 883.54
515 026	Sewerage Treatment - Coastal	54 034.58	56 969.70	51 073.19
515 027	Sewerage Treatment - Central	29 162.10	65 356.81	34 921.70
515 028	Sewerage Treatment - Inland	99 240.86	102 194.90	79 730.23
515 031	Sewerage Reticulation - Coastal	237 995.03	235 651.18	224 170.73
515 032	Sewerage Reticulation - Central	81 608.22	111 367.46	109 689.45
515 033	Sewerage Reticulation - Inland	70 020.29	83 916.03	104 439.03
520 005	Water Administration	13 041.54	10 827.09	11 037.57
520 011	Maden Dam	18 231.48	13 849.26	15 219.56
520 012	Bridle Drift Dam	2 748.60	3 298.32	3 481.56
520 015	Bulk Pumping Stations	21 954.42	11 607.24	17 464.20
520 021	Umzonyana Water Treatment Works	77 983.11	101 344.24	92 886.00
520 023	KWT Water Treatment Works	111 987.85	116 808.76	104 030.30
520 024	Mdantsane Bulk Pumping	24 327.05	29 035.76	30 446.35
520 025	Water Ops & Maint. - Inland	149 455.51	185 259.72	171 721.79
520 026	Water Ops & Maint. - Midland	244 013.32	214 592.25	252 165.80
520 030	Water Ops & Maint. - Coastal	269 728.10	278 240.10	262 460.59
525 005	Construction Distribution	2 433.48	-	-
525 010	Roads Administration	-	8 668.01	1 998.65
525 025	Roads & Stormwater Drainage	29 608.74	10 813.79	9 629.50
525 040	Project Management Unit	-	806.93	-
530 015	Mechanical Workshop - Braelyn	30 293.36	28 185.36	28 615.18
530 020	Fleet Management - Braelyn	-	3 336.69	4 150.90
535 005	Electricity Administration	12 384.54	8 507.21	17 331.42
535 010	Electricity Distribution Supervisory Staff	614 972.24	696 051.68	770 125.39
535 025	Electricity Planning & Design	2 490.33	1 256.10	458.75
535 040	Revenue Protection	84 000.08	91 778.23	79 613.44
		2 295 268.69	2 631 812.48	2 585 081.71
Directorate - Development Planning				
620 015	Traffic Signal Maintenance	10 889.73	9 761.02	12 062.43
625 005	Buffalo City Bus Services	12 185.66	10 071.52	12 835.08
635 005	Local Economic Development	18 883.29	2 820.72	6 069.89
635 010	Market	33 400.20	29 219.34	28 360.16
		75 358.88	51 872.60	59 327.56

		April 2015 Amount	May 2015 Amount	June 2015 Amount
Directorate - Health & Public Safety				
725 010	Fire & Rescue Services	274 177.03	566 606.35	467 554.92
725 015	Law Enforcement Services	965 852.59	1 477 942.29	1 225 636.45
725 020	Traffic Administration	94 426.53	77 084.89	90 355.00
725 025	Traffic Control	324 011.47	254 633.38	288 214.93
725 035	Vehicle Test Station / Examination	18 720.55	6 167.34	5 972.30
725 045	Traffic Technical Services	12 984.64	-	1 485.02
725 050	Parking Areas / Meters	50 374.17	45 259.37	44 515.85
725 055	Disaster Management	4 067.86	2 737.38	1 320.14
		1 744 614.84	2 430 431.00	2 125 054.61
Directorate - Community Services				
750 005	Office of The Director of Community Services	4 267.53	4 949.24	3 651.08
750 010	Cleansing Administration Support	4 346.17	4 866.10	6 018.16
755 010	Environmental Services	456 041.38	311 464.58	576 333.69
755 015	Environmental Conservation	164 367.45	107 432.53	179 042.92
755 025	Interments	267 903.62	243 053.88	323 671.44
760 005	Arts & Cultural Services Admin	30 110.87	53 593.69	45 314.93
760 010	Libraries	5 151.72	4 478.28	7 276.30
760 025	Halls	146 980.77	162 445.28	186 716.54
765 005	Amenities Administration Support	38 843.36	44 947.28	43 005.04
765 010	Sportsfields	196 709.03	126 799.26	164 537.45
765 015	Swimming Pools	270 450.91	184 950.00	198 508.22
765 020	Aquarium	53 911.00	58 741.69	55 811.36
765 025	Zoo	63 767.91	67 819.94	70 886.05
765 030	Beaches	197 407.35	124 108.28	273 240.47
765 035	Resorts	79 466.65	86 960.27	99 810.24
770 005	Cleansing Administration Support	75 332.31	8 816.98	8 505.84
770 010	Refuse Removal	1 042 500.95	810 883.64	1 182 674.37
770 015	Waste Disposal Sites	36 649.16	30 144.97	35 295.01
770 020	Street Sweeping	713 688.64	624 436.45	788 794.83
770 025	Public Conveniences	153 674.24	143 782.69	157 279.54
770 030	E.L Regional Waste Disposal Site & Transfer Station	62 001.44	58 045.11	63 834.92
		4 063 572.46	3 262 720.14	4 470 208.40
	TOTAL OVERTIME	8 627 464.48	8 969 700.59	10 342 112.52

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

The planned and emergency nature of tasks within the Council and the Speakers Office contribute to excessive hours of work. Overtime incurred is also due to ward committee meetings, Inter-departmental and Inter-Governmental Relation programmes.

b) Municipal Managers Office

The over expenditure on overtime is due to unplanned and emergency overtime. Monitoring of overtime is continuously undertaken.

c) Chief Operations Officer

Overtime is spent when there is a need by the personnel working in Beneficiary Administration, Relocation and Education who have to work odd hours because of non availability of beneficiaries on normal working hours. Expenditure is incurred with relation to demand for such services and has been maintained at minimal due to implementation of cost saving strategies.

d) Directorate of Finance

The collection agents contract expired which required internal staff to perform these functions in addition to their normal daily duties.

e) Directorate of Corporate Services

The over expenditure on overtime is as a result of increase in unscheduled council meetings which necessitates the drivers to deliver council agendas and also due to payroll amendments.

f) Directorate of Engineering Services

Electricity – Overtime is incurred while carrying out emergency work in all areas of East London and King Williams Town/Bisho due to standby emergencies, vandalism, theft, revenue protection raids for illegals and load shedding, etc.

Water – Overtime is incurred while carrying out emergency work due to the high number of pipe bursts.

Sanitation – Overtime is incurred while carrying out emergency work (burst rising mains etc.) and attending to alarms received via the telemetry system or faults at pump stations i.e. tripped pumps etc.

g) Directorate of Health and Public Safety

Over-expenditure on the overtime can be attributed to a number of events on public roads, summer carnival, christmas festival & New Years day festivities. The over expenditure is also due to extra hours worked by security guards in safeguarding municipal assets, law enforcement & traffic services in dealing with protest marches, service delivery protests and protection of Executive Mayor, Deputy Mayor & City Manager.

h) Directorate of Community Services

Overtime is mostly due to halls usage, high volume of burials especially over weekends and the emergency overtime for grass cutting and vegetation control.

The Amenities functions are of such a nature that certain staff must be available seven days a week including public holidays. Services provided include emergency work over the holiday seasons, swimming pools (inland/ coastal), sportsfields (inland/ coastal), resorts, aquarium, beaches, coastal conservation, nature reserves and the zoo.

The Department of Solid Waste Management is trying its level best to manage overtime but challenges amongst others like refuse removal truck shortages and high rate of absenteeism force overtime to be worked.

12.3. Standby and Shift Allowance Analysis

Table 23 below reflects standby and shift allowance expenditure incurred per directorate for the past three months ended 30 June 2015. There was an increase in the total payment between April 2015 and May 2015 of R62 212 and a decrease in the total payment between May 2015 and June 2015 of R15 569.

Table 23: Standby & Shift Allowance per Directorate

	APRIL 2015	MAY 2015	JUNE 2015
Directorate – Executive Support Services	13 228	12 712	13 164
Directorate – Municipal Manager	690	881	978
Directorate – Chief Financial Officer	5763	7 466	6 363
Directorate – Corporate Services	10 463	13 113	13 604
Directorate – Engineering Services	438 139	520 041	487 946
Directorate – Development Planning	10 211	12 674	10 800
Directorate – Health & Public Safety	201 655	201 584	210 173
Directorate – Community Services	266 813	240 705	250 577
TOTAL	946 962	1 009 174	993 605

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of April 2015, May 2015 and June 2015 is reflected below. There was a decrease in the total payment between April 2015 and May 2015 of R915 350 and a decrease in the total payment between May 2015 and June 2015 of R13 297.

Table 24: Temporary Staff Per Directorate

	APRIL 2015	MAY 2015	JUNE 2015
Directorate – Executive Support Services	1 049 194	978 819	960 776
Directorate – Municipal Manager	264 074	271 811	373 402
Directorate – Chief Operations Officer	251 208	213 976	257 360
Directorate – Chief Financial Officer	557 450	499 042	671 170
Directorate – Corporate Services	1 457 296	917 413	851 662
Directorate – Engineering Services	132 366	144 572	134 929
Directorate – Development Planning	68 314	43 589	46 842
Directorate – Health & Public Safety	4 545 220	4 810 759	4 799 721
Directorate – Community Services	1 838 451	1 368 243	1 139 065
TOTAL	10 163 574	9 248 224	9 234 927

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors costs.

Table 25: Councillors Costs

	JUNE 2015	YTD EXPEN	YTD BUDGET	VARIANCE	ANNUAL BUDGET
Mayoral Allowance	56 343	678 810	744 398	65 588	744 398
Deputy Mayoral Allowance	45 921	544 791	595 518	50 727	595 518
Mayoral Committee Allowance	217 164	4 359 333	5 582 983	1 223 650	5 582 983
Speakers Allowance	47 554	546 425	593 067	46 643	593 067
Councillors Allowance	1 920 854	23 205 267	23 769 946	564 679	23 769 946
Cllr Housing Subsidy	189 549	2 514 804	3 233 928	719 124	3 233 928
Cllr Medical Aid	141 752	1 539 291	1 523 877	-15 414	1 523 877
Cllr Pension Scheme	248 909	3 046 769	3 124 793	78 024	3 124 793
Cllr Travel Allowance	921 126	11 246 697	12 907 321	1 660 624	12 907 321
Cllr U.I.F	-	-	178 464	178 464	178 464
TOTAL	3 789 172	47 682 187	52 254 295	4 572 108	52 254 295

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The parent municipality Buffalo City Metropolitan Municipality has constituted the board members for Buffalo City Development Agency (BCDA). The board is currently in the process of recruiting staff for the running of the agency. Interviews for the CEO position will be held in the second week of July 2015; shortlisting for the position of Project Manager and Administrator will also be done in the second week of July 2015.

As at 30 June 2015, the Buffalo City Development Agency has a budget of R5,39 million within the Executive Support Services Directorate of BCMM, and has spent R1.42 million. The expenditure incurred relates mainly to audit fees, accounting fees and board members fees and expenses.

14.SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realization of Municipality's strategic objectives as contained in the Integrated Development Plan. It also seeks to ensure monitoring and execution of the budget, performance of senior management and the achievement of the service delivery objectives set by Council. SDBIP enhances the principle of democratic and accountable local government as enshrined in section 152 of the Constitution. The SDBIP should therefore contain information that pertains to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2014/2015 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM. In doing so, Council is renewing its pledge to create "a City that grows with you".

The BCMM 2014/15 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure F.

14.1 Service Delivery Targets And Performance Indicators Fourth Quarter 2014/15 Per Directorate

Executive Support Services

The Executive Support Services Directorate has set 10 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 8, not achieved is 2. Therefore, the overall 4th Quarter Performance for Executive Support Services is standing at 80%.

Chief Operations Officer

The Chief Operations Officer Directorate has set 8 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 5, not achieved is 3. Therefore, the overall 4th Quarter performance for COO is standing at 63%.

Chief Financial Officer

The Chief Financial Officer Directorate has set 11 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 10, not achieved is 1. Therefore, the overall 4th Quarter performance for CFO is standing at 91%.

Corporate Services

The Corporate Services Directorate has set 11 KPI's on their SDBIP. The total of KPI's achieved is 3 not achieved is 7, not for reporting this quarter is 1 Therefore, the overall 4th Quarter Performance for Corporate Services is 30%.

Engineering Services

The Directorate of Engineering has set 34 KPI's on their SDBIP. The total of KPI's achieved is 25 and not achieved is 3, not for reporting this quarter is 6 as targets have been achieved in the previous quarters. Therefore, the overall 4th Quarter Performance for Engineering Services is 89%.

Planning and Economic Development

The Directorate of Development Planning has set 20 KPI's on their SDBIP. The total of KPI's achieved is 10, not achieved is 6, not for reporting this quarter is 4. Therefore, the overall 4th Quarter Performance for Development Planning is 63%.

Public Safety and Health

The Directorate of Public Safety and Health has set 12 KPI's on their SDBIP. The total of KPI's achieved is 5 and not achieved is 7. Therefore, the overall 4th Quarter Performance for Health and Public Safety is standing at 42%.

Community Services

The Directorate of Community Services has set 19 KPI's on their SDBIP. The total of KPI's achieved is 11 and not achieved is 8. Therefore, the overall 4th Quarter Performance for Community Services is 58%.

The overall performance for the organization is 68%. Fourth quarter performance has gone up by 2% compared to last quarter.

The above information is summarized in table 26 below:

Table 26: Summary of BCMM 4th Quarter Performance Per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting this quarter	% of KPI's achieved
Executive Support Services	10	8	2	0	80%
Chief Operating Officer	8	5	3	0	63%
Chief Financial Officer	11	10	1	0	91%
Corporate Services	11	3	7	1	30%
Engineering Services	34	25	3	6	89%
Planning and Economic Development	20	10	6	4	63%
Public Safety and Health	12	5	7	0	42%
Community Services	19	11	8	0	58%

15. CAPITAL PROGRAMME AND OPERATING PROJECTS PERFORMANCE

15.1. Capital Expenditure Programme Performance

BCMM has spent R935.22 million inclusive of reclaimed vat (2013/14: R913.16 million) which is 80% (2013/14: 91%) of its 2014/15 mid-year adjusted capital budget of R1.17 billion (2013/14: R1 billion) as at 30 June 2015. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress.

Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset). A detailed schedule of the capital projects expenditure is outlined in Annexure E.

Table 27 below reflects capital expenditure performance per source of funding.

Table 27: Capital Expenditure per Funding Source against Budget

Funding	<u>2014/2015</u> <u>Mid-year</u> <u>Adjustment</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(VAT incl)</u>	<u>Variance</u> <u>(VAT incl)</u>	<u>%</u> <u>Expe</u>
Total Own Funding	447 886 290	269 808 822	178 077 468	60%
DoE(Intergrated National Electrification Programme)	20 587 000	23 284 897	-2 697 897	113%
Department of Sports, Recreation, Arts and Culture	2 686 285	1 376 872	1 309 413	51%
Department of Economic Affairs and Tourism	199 168	189 050	10 118	95%
Local Government, Traditional Affairs and Housing	188 726	178 585	10 141	95%
Infrastructure Skills Development Grant	100 000	0	100 000	0%
BCMET	256 818	256 283	535	100%
Leiden	458 860	0	458 860	0%
Neighbourhood Development Partnership Grant	5 000 000	5 568 489	-568 489	111%
Urban Settlement Development Grant	639 024 500	586 906 031	52 118 468	92%
Human Settlement Development Grant	52 357 357	47 650 031	4 707 326	91%
Total Grants	720 858 714	665 410 238	55 448 475	92%
TOTAL PER FUNDING	1 168 745 004	935 219 061	233 525 943	80%

Table 28 below reflects capital expenditure performance per service.

Table 28: Actual Expenditure per Service against Budget

Services	2014/2015 Mid-year Adjustment Budget	YTD Expenditure (VAT incl)	Variance (VAT incl)	% Expenditure (VAT incl)
Water	94 114 970	83 057 261	11 057 710	88%
Waste Water	201 677 160	150 807 293	50 869 867	75%
Electricity	122 629 851	126 072 929	-3 443 078	103%
Roads and Stormwater	317 244 000	282 388 341	34 855 659	89%
Housing	156 156 090	149 800 048	6 356 042	96%
Transport Planning	51 572 429	36 885 705	14 686 724	72%
Waste Management / Refuse	81 183 621	35 460 334	45 723 287	44%
Amenities	41 489 256	21 242 621	20 246 635	51%
Environmental Services	10 000 000	10 099 846	-99 846	101%
Public Safety	16 318 285	3 694 308	12 623 977	23%
Support Services	44 061 673	13 485 616	30 576 057	31%
Other - BCM Fleet	32 297 668	22 224 760	10 072 908	69%
	1 168 745 003	935 219 061	233 525 943	80%

Table 29 below reflects capital expenditure performance per directorate.

Table 29: Actual Expenditure per Directorate against Budget

Directorate	2014/2015 Mid-year Adjustment Budget	YTD Expenditure (VAT incl)	Variance (VAT incl)	% Exp.
Executive Support Services	6 729 257	1 308 091	5 421 166	19%
Municipal Manager's Office	6 500 000	6 155 821	344 179	95%
Human Settlements	156 185 230	149 939 535	6 245 695	96%
Directorate of Financial Services	1 281 902	544 644	737 258	42%
Directorate of Corporate Services	23 086 133	4 588 076	18 498 057	20%
Directorate of Engineering Services	768 225 798	664 755 376	103 470 422	87%
Directorate of Development Planning	51 543 127	36 864 903	14 678 224	72%
Directorate of Health & Public Safety	14 870 715	3 602 535	11 268 180	24%
Directorate of Community Services	130 322 841	64 807 666	65 515 175	50%
TOTAL DIRECTORATES	1 158 745 003	932 566 648	226 178 355	80%
Asset Replacement	10 000 000	2 652 413	7 347 587	27%
GRAND - TOTAL	1 168 745 003	935 219 061	233 525 943	80%

The capital programme performance by month is tabulated in table 30 below (Exclusive of Vat).

Table 30: SC12 Monthly budget Statement – capital expenditure trend

Month	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	1 665	1 874	2 326	4 279	4 279	2 326	(1 954)	-84.0%	0%
August	11 311	23 357	28 978	36 998	41 278	31 304	(9 974)	-31.9%	4%
September	53 306	19 095	23 691	63 771	105 049	54 995	(50 054)	-91.0%	11%
October	46 876	42 074	52 201	82 385	187 434	107 196	(80 238)	-74.9%	20%
November	64 278	34 592	42 918	52 978	240 413	150 114	(90 299)	-60.2%	26%
December	84 284	47 624	59 087	123 417	363 829	209 201	(154 629)	-73.9%	39%
January	17 662	16 702	20 722	30 397	394 226	229 922	(164 304)	-71.5%	42%
February	43 138	28 314	35 129	47 087	441 314	265 051	(176 263)	-66.5%	47%
March	123 009	37 714	46 792	104 078	545 392	311 843	(233 549)	-74.9%	58%
April	33 107	53 193	65 997	59 993	605 385	377 839	(227 546)	-60.2%	0
May	106 958	65 110	80 781	96 922	702 308	458 621	(243 687)	-53.1%	0
June	249 046	572 360	710 124	171 717	874 025	1 168 745	294 720	25.2%	0
Total Capital expenditure	834 638	942 007	1 168 745	874 025					

The capital programme performance table 31 below provide summary of capital expenditure by asset class/sub-class for new assets (Exclusive of VAT).

15.2. Operating Projects Expenditure

The Metro has spent 76% (R260.35 million) inclusive of reclaimed vat of its 2014/15 mid-year adjusted budget of R341.92 million as at 30 June 2015. This reflects an improvement when compared to the same period in the previous financial year where 72% (R227.83 million) of the adjusted operating projects budget of R317.06 million was spent. The above amount spent as at 30 June 2015 is not yet final as the year end closure is still in progress.

A detailed schedule of the operating projects expenditure is outlined in Annexure D. Tables 33 and 34 below summarise Annexure D.

Table 33: Operating Projects per Directorate

OPERATING PROJECTS PER DIRECTORATE	2014/2015	YTD	Variance	% Exp
	Opex Mid-year <u>Adjusted</u> <u>Budget</u>			
Executive Support Services	5 032 564	892 238	4 140 326	18%
Municipal Manager's Office	41 005 902	31 669 598	9 336 304	77%
Chief Operations Officer	206 909 443	174 033 956	32 875 488	84%
Directorate of Financial Services	29 804 265	14 981 712	14 822 553	50%
Directorate of Corporate Services	14 673 060	6 967 183	7 705 877	47%
Directorate of Engineering Services	6 600 000	5 493 943	1 106 057	83%
Directorate of Development Planning	24 882 544	22 250 293	2 632 252	89%
Directorate of Health & Public Safety	101 522	29 930	71 592	29%
Directorate of Community Services	12 911 703	4 028 100	8 883 603	31%
TOTAL PER DIRECTORATE	341 921 003	260 346 953	81 574 050	76%

Table 34: Operating Projects per Funding Source

OPERATING PROJECTS PER FUNDING SOURCE	<u>2014/2015</u> <u>Opex Mid-</u> <u>year</u> <u>Adjusted</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(VAT incl)</u>	<u>Variance</u> <u>(VAT incl)</u>	<u>%</u> <u>Expendit</u> <u>ure</u>
Total Own Funding	80 199 727	43 818 268	36 381 459	53%
Department of Land Affairs	152 436	81 506	70 930	53%
Department of Local Government & Traditional Affairs	4 790 672	2 843 670	1 947 002	59%
Department of Sport, Recreation and Arts and Culture	37 438	0	37 438	0%
Department of Economic Development, Environmental Affairs and Tourism(DEDEAT)	3 546 243	3 419 127	127 116	96%
European Commission	500 000	0	500 000	0%
Expanded Public Works Programme Incentives Grant	1 890 000	1 595 500	294 500	84%
Finance Management Grant	1 500 000	1 468 256	31 744	98%
Human Settlement Development Grant	198 783 128	169 076 057	29 707 071	85%
Infrastructure Skills Development Grant	5 400 000	5 647 682	-247 682	105%
Leiden	136 315	40 530	95 785	30%
Local Government and Traditional Affairs	3 578 127	2 705 243	872 884	76%
Premiers Fund	67 421	0	67 421	0%
Trust Funds	2 781 653	522 287	2 259 366	19%
Umsobomvu Youth Fund	744 585	458 003	286 582	62%
Urban Settlement Development Grant	34 264 500	28 670 291	5 594 209	84%
Department of Environmental Affairs (Greening Award)	2 500 000	0	2 500 000	0%
Vuna Awards	1 048 758	532	1 048 226	0%
Total Grants	261 721 276	216 528 685	45 192 591	83%
TOTAL PER FUNDING	341 921 003	260 346 953	81 574 050	76%

16. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH AND PUBLIC SAFETY & COMMUNITY SERVICES

16.1. Health & Public Safety

Below is the table indicating the breakdown of the Cost Analysis indicating income and expenditure.

Table 35: Health & Public Safety – Cost Analysis

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
Office of the Dir P/Safety, Health, DM	0	168 917	319 752	0	488 669
Support Services Office	-27	1 639 208	98 541	0	1 737 749
Health Administration	0	3 152 105	1 049 646	1 990	4 203 741
Health Support	0	0	0	0	0
Pharmacy	0	0	0	0	0
Clinics	0	0	764 974	0	764 974
Aids Training Information Centre	0	0	9 904	0	9 904
Environmental Health	-1 004 417	15 375 174	2 868 152	65 669	18 308 994
Pest Control	-24 810	1 265 943	331 517	0	1 597 460
Pollution Control	0	835 534	640 517	197 184	1 673 235
Educare Centres	0	822 508	149 056	0	971 565
Public Safety Administration	0	2 163 818	470 950	27 266	2 662 034
Fire and Rescue Services	-73 381 952	51 485 124	20 077 193	1 060 879	72 623 196
Security Services	-17 739	75 078 020	2 276 474	380 331	77 734 824
Traffic Administration	-123 836	17 870 607	12 553 652	989 109	31 413 368
Traffic Control	0	21 303 638	931 010	44 506	22 279 155
Criminal Process	-4 679 710	3 031 756	170 980	0	3 202 736
Vehicle Test Station / Examination	-308 437	3 723 947	238 058	7 157	3 969 161
Vehicle Registration	-34 376 428	4 268 511	430 439	0	4 698 950
Drivers License Testing	-13 716 094	6 005 176	558 269	0	6 563 446
Traffic Technical Services	0	3 951 157	213 964	282 669	4 447 789
Parking Areas / Meters	-1 841	4 960 163	114 230	1 350	5 075 743
Disaster Management	0	1 871 278	863 954	21 673	2 756 905
Dog Tax Office	-703 072	675 149	56 958	8 824	740 931
Total	-128 338 363	219 647 733	45 188 191	3 088 606	267 924 530

16.2. Community Services

Below is the table indicating the breakdown of the Cost Analysis indicating income and expenditure.

Table 36: Community Services – Cost Analysis

Community Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
Office of Dir. Community Serv.	0	5 061 352	1 008 186	3 653	6 073 191
Community Services Administration	0	2 185 134	234 926	6 480	2 426 540
Environmental Administration Support	-68 366	1 781 336	156 367	0	1 937 703
Environmental Services	-211 239	61 717 124	8 804 796	1 263 193	71 785 113
Environmental Conservation	0	11 909 459	6 845 324	203 257	18 958 040
Environmental Workshop	0	2 928 168	123 094	2 296 454	5 347 716
Interments	-7 445 322	19 919 434	6 604 835	249 807	26 774 076
Gompo Admin Building	0	0	0	0	0
Integrated Environmental Management	0	1 090 067	479 478	2 059	1 571 605
Arts & Cultural Serv:Admin	0	8 987 923	645 093	48 841	9 681 856
Libraries	-274 108	16 727 321	1 789 662	127 714	18 644 697
Art Gallery	-1 239	480 185	60 015	6 320	546 520
Art Centres	0	0	13 773	4 040	17 813
Halls	-4 170 463	11 564 295	7 251 843	524 176	19 340 314
Amenities Administration Support	0	5 002 201	1 962 498	378 869	7 343 569
Sportsfields	-200 897	15 577 556	4 435 544	473 928	20 487 028
Swimming Pools	-714 645	10 124 136	2 287 782	333 566	12 745 484
Aquarium	-129 777	7 544 591	1 258 734	216 605	9 019 930
Zoo	-1 214 747	4 990 586	2 412 158	511 140	7 913 885
Beaches	-619 067	13 946 398	4 131 335	685 492	18 763 226
Resorts	-1 598 912	5 398 628	1 242 747	780 703	7 422 078
Cleansing Administration Support	0	8 595 626	15 116 108	4 787 748	28 499 481
Refuse Removal	-332 711 320	46 047 130	135 963 253	12 253 801	194 264 184
Waste Disposal Sites	-2 959 412	2 097 631	4 986 067	0	7 083 699
Street Sweeping	-45 722	43 943 921	1 264 769	0	45 208 690
Public Conveniences	-620	6 650 685	2 068 938	0	8 719 623
EL Regional Waste Disposal Site & Transfer Station	-211	6 653 153	13 164 484	35 505	19 853 142
Total	-352 366 068	320 924 041	224 311 811	25 193 351	570 429 203

17. BUDGET TRANSFERS WITHIN THE DIRECTORATE

In order to address operational efficiencies, BCMM has budget implementation and monitoring policy which allows transfer of budget between approved projects within the same directorates. The policy states that:

- *Virements will only be considered if recommended by a director responsible for the vote or functional area and supported by the Chief Financial Officer.*
- *Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.*
- *Only virements between existing projects approved by Council and within the same Directorate will be permitted subject to approval by the City Manager*
- *Motivations for virements between projects should clearly state the reason for the saving within the “giving” project, as well as the reason for the additional amount required.*

The BCMM Chief Operation Officer or Human Settlements Directorate experienced budget constraints on some projects that are performing above expectation. The Directorate also experienced challenges within some projects that are currently being implemented and these challenges have caused some projects to move slowly. Due to this the Directorate requested that funds from slow moving projects be re-allocated to projects that are performing well in the month ending 30 June 2015. The funding sources for each of the transfers were the same and the assets have the same life span. The transfers were between existing capital projects which were approved by Council. The table 37 below details the virements that were effected:

Table 37: Budget Transfers within the Directorate

Project Name	Funding Source	2014/2015 Mid-Year Adj Budget	2014/2015 Transfers	2014/2015 Final-Year Adj Budget
<u>TRANSFERRED FROM</u>				
Reeston Phase 3 Stage 3	USDG	17 500 000	(6 070 000)	11 430 000
Potsdam Ikhwezi Block 1	USDG	500 000	70 000	570 000
Potsdam Ikhwezi Block 2	USDG	500 000	(355 000)	145 000
Potsdam North Kanana	USDG	500 000	(500 000)	0
Ilitha North 177 Units	USDG	1 500 000	(1 500 000)	0
Duncan Village Proper	HSDG	700 000	(700 000)	0
C Section and Triangular Site	HSDG	700 000	(700 000)	0
D Hostel	HSDG	700 000	(700 000)	0
Mdantsane Zone 18 CC Phase 2	USDG	5 000 000	(4 000 000)	1 000 000
Second Creek (Turn Key)	USDG	3 647 208	(1 196 107)	2 451 101
Amalinda Co- Op	USDG	1 020 000	(650 000)	370 000
Cluster 2 (Chris Hani 3; Winnie Mandela; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Village, Mathemba Vuso, Gwentshe)	USDG	11 553 222	(5 154 952)	6 398 270
Braelyn ext 10	HSDG	500 000	(500 000)	0
DVRI PILOT PROJECT (Mekeni, Haven Hills, Competition Site) P1 & P3	HSDG c/o	5 687 069	(5 687 069)	0
Total		50 007 499	-27 643 128	22 364 371
<u>TRANSFERRED TO</u>				
Reeston Phase 3 Stage 3	HSDG	21 895 081	2 600 000	24 495 081
Cluster 1 (Masibambane; Masibulele; Velwano; Ilinge and Dacawa)	USDG	26 373 553	15 724 952	42 098 505
Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	USDG	23 025 000	3 346 107	26 371 107
Sunny South	USDG	3 380 000	285 000	3 665 000
Reeston Phase 3 Stage 3 - P1 & P3	HSDG c/o	12 027 190	5 687 069	17 714 259
Total		86 700 824	27 643 128	114 343 952
GRAND TOTAL		136 708 323	0	136 708 323

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, ANDILE FANI, the City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

Quarterly report on the implementation of the budget and financial state of affairs of the municipality (Section 52 Report)

for the period ending **June 2015** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name:

City Manager of Buffalo City Metropolitan Municipality, BUF

Signature:

Date:

ANNEXURES:

Annexure A

- C1 Monthly Budget Statement - Summary
- C2 Monthly Budget Statement - Financial Performance (Std Classification)
- C3 Monthly Budget Statement - Financial Performance (By Municipal Vote)
- C4 Monthly Budget Statement - Financial Performance (Revenue and Expenditure)
- C5 Monthly Budget Statement - Capital Expenditure (Municipal Vote, Std Classification and Funding)
- C6 Monthly Budget Statement - Financial Position
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Annexure B

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
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- SC12 Capital Expenditure trend
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- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Service Delivery and Budget Implementation Plans (SDBIP)