

10165

## FINANCIAL REPORTING AS AT 30 APRIL 2015

*This report served before the Financial Services Committee on 28 May 2015. The report was noted.*

### PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 30 April 2015, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

### IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT	
Goal	Objective
1. Compliance with financial legislation and policies	<ul style="list-style-type: none"> <li>• Ensure GRAP compliance</li> <li>• Ongoing review of SCM policies and procedures</li> <li>• Ongoing internal and external capacity building in Supply Chain Management and Budgeting Models</li> </ul>
2. Sustainable Financial Management	<ul style="list-style-type: none"> <li>• Improve internal communication on budget matters</li> <li>• Maintenance of fixed asset register</li> <li>• Credit control and debt collection</li> <li>• Compliant internal controls</li> <li>• Compliant grant reporting</li> <li>• Obtain targeted cash-backed statutory reserves</li> <li>• Development and appropriate training and assistance to employees</li> <li>• Identify and redress water and electricity tampering</li> </ul>

### BACKGROUND

**Section 71** of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with in terms of the mentioned Act.

The Accounting Officer of the Municipality must report, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

**Section 66** of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis, to coincide with the reporting requirements of section 71(1) of the Act.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format has been set out.

Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

**Section 1** of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

*"A detailed plan approved by the Mayor of a municipality in terms of Section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:*

- (a) *Projections for each month of-*
  - (i) *Revenue to be collected, by source; and*
  - (ii) *Operational and capital expenditure, by vote."*

Component 1, comprised of actual revenue collected by source and Component 2, comprised of actual operational and capital expenditure by vote for the month April 2015 is included under **Annexures Z and AA (DMS 1055486)**.

## **DISCUSSION**

This report and the supporting schedules will be forwarded to National and Provincial Treasury as required in terms of Section 71 and Section 74 of the MFMA in electronic format.

## TABLE OF CONTENTS

<b>PART 1 - IN-YEAR REPORT</b>	
1.	Mayor's Report
2.	Resolutions
3.	Executive Summary
4.	Exception Reporting – General
5.	Exception Reporting – Departmental
6.	In-year budget statement tables
<b>PART 2 - SUPPORTING DOCUMENTATION</b>	
7.	Debtors' Analysis
8.	Creditors' Analysis
9.	Investment portfolio analysis
10.	Allocation and grant receipts and expenditure
11.	Councillor allowances and employee benefits
13.	Capital programme performance
14.	Municipal Manager's quality certification

### **1. MAYOR'S REPORT**

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

- “(a) *a summary of whether the Municipality's budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;*
- (b) *a summary of any financial problems or risks facing the municipality or any such entity; and*
- (c) *any other information considered relevant by the Mayor.”*

## **Monthly Report - April 2015**

The monthly budget statement summary (Table C1) for the month of April 2015 (year to date actual), shows a surplus of R94,8 million. This implies that the municipality has been able to raise its budgeted income and has successfully collected such billed income as well.

In terms of Council Resolution 9903 dated 24 February 2015, Council approved the Adjusted Budget. All the figures contained in this report refer to the 2014/15 Adjusted Budget.

### **Capital Expenditure**

Council is in the third quarter of the financial year and capital expenditure is at R281,3 million (56,46%). This is based on the Adjusted Capital Budget of R498 million. At the end of April 2015 an amount of R120 million is shown for orders that have been placed, but payment will only take place in the subsequent months.

## **2. RESOLUTIONS**

Refer to the recommendations contained in this report.

## **3. EXECUTIVE SUMMARY**

### **3.1 Operating Budget**

The following table represents an executive summary for the financial period ended 30 April 2015:

DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	TARGET ACHIEVED
		R'000	R'000	%
Revenue (excluding capital grants)	2 288 540 300	1 907 116 917	2 016 069 276	106%
Expenditure	2 327 939 500	1 939 949 583	1 921 224 879	99%
	(39 399 200)	(32 832 667)	94 844 397	

As can be seen from the table above, Actual Surplus for the month ended 30 April 2015 is higher than the Budgeted Deficit.

Actual revenue to Budgeted revenue has exceeded the budget. Actual expenditure to Budgeted expenditure at the budget limit.

### 3.2 Cash Flow Situation

#### Details of Bank Balances

DESCRIPTION	CASH ON HAND AT 30 APRIL 2015	CASH OBLIGATIONS	POLICY TARGET	(SHORTFALL)/ SURPLUS AT 30 APRIL 2015
	R'000	R'000	R'000	%
Conditional Grants	122 036 000	122 036 000	122 036 000	-
Workings Capital	488 422 000	191 729 000	383 458 000	104 964 000
Total (incl. investments)	610 458 000	313 765 000	505 494 000	104 964 000

#### **Council's Working Capital Policy:**

In terms of Council's Adopted Working Capital Policy the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2,54:1 (488 422/191 729).

#### **MFMA Circular 71:**

The Cash/Cost Coverage ratio in terms of MFMA circular 71 is [(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)] **and the norm is one (1) to three (3) times the average monthly creditors.**

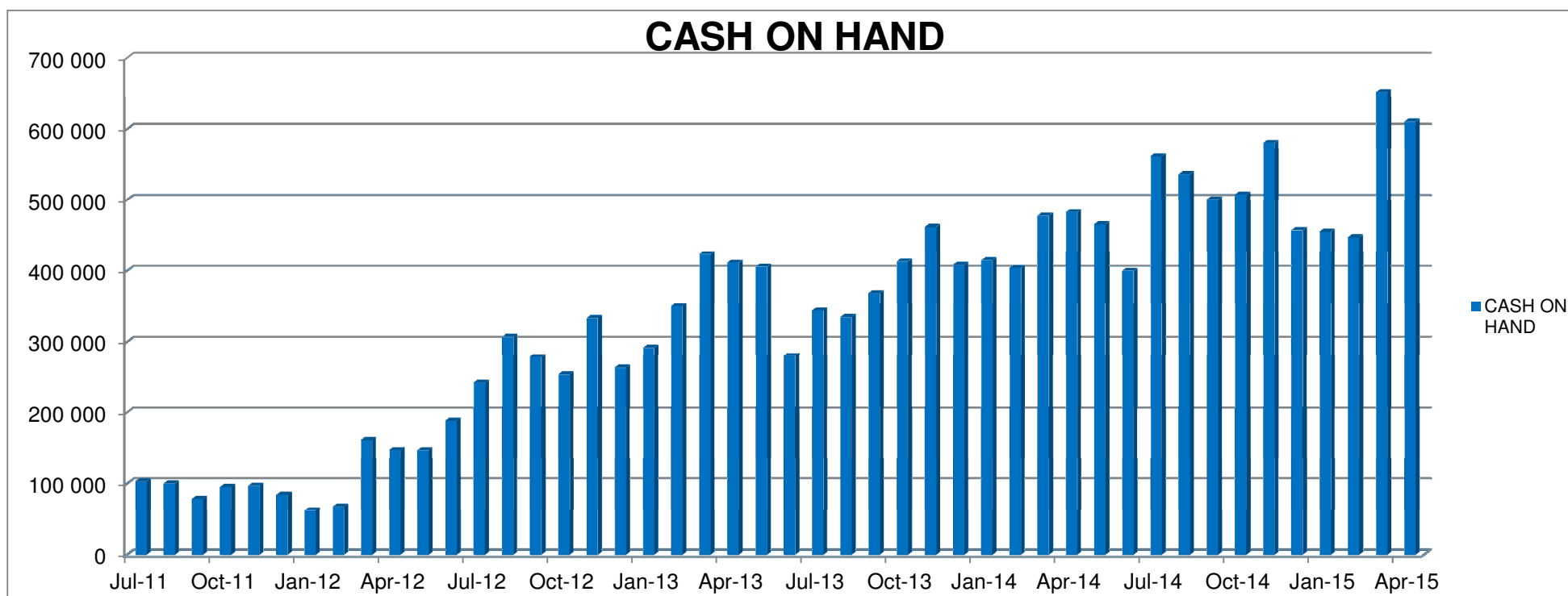
The calculation for the above ratio is as follows: [(150 422 – 122 036) + 460 000) / (2 363 247 - 182 390 – 3 050)/12] which currently sits at 2,69:1.

It therefore needs to be noted that both in terms of Council's Policy and the National Treasury MFMA Circular 71, the City of uMhlathuze has suitable cash coverage.

## Bank Balance Trend since June 2011

Table:

	Jun-11	Jan-14	Feb-14	Mar-14	Apr-14	May-14	June-14	July-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	April-15
	R' 000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash on Hand	37 142	414 642	404 080	478 000	482 637	465 696	399 897	561 308	536 244	501 032	508 007	580 872	457 572	455 589	447 501	652 334	610 458



The cash flow situation is still a critical aspect for the Municipality and is being constantly monitored. As mentioned previously the situation is gradually improving. However, the liquidity ratios have almost reached the acceptable standard norms but still need to be monitored on a continuous basis.

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR JULY 2014	AMOUNT GAZETTED FOR AUGUST 2014	AMOUNT GAZETTED FOR SEPTEMBER 2014	AMOUNT GAZETTED FOR OCTOBER 2014	AMOUNT GAZETTED FOR NOVEMBER 2014	AMOUNT GAZETTED FOR DECEMBER 2014	AMOUNT GAZETTED FOR JANUARY 2015	AMOUNT GAZETTED FOR FEBRUARY 2015	AMOUNT GAZETTED FOR MARCH 2015	AMOUNT GAZETTED FOR APRIL 2015	TOTAL TO BE RECEIVED AS AT 30/04/2015	AMOUNT RECEIVED AS AT 30/04/2015	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2015	% SPENT	COMMENTS
<b>NATIONAL TREASURY</b>																
Equitable Share	81 066 000	-	-	-	68 267 000	-	-	-	55 467 000	-	204 800 000	204 800 000	-	170 666 670	83%	
Municipal Infrastructure Grant	30 377 000	-	-	-	29 250 000	-	-	-	31 204 000	-	90 831 000	120 831 000	(30 000 000)	101 361 321	84%	This expenditure is as per claims submitted to COGTA. Received an additional R30 000 000.
Municipal Systems Improvement Grant	-	930 000	-	-	-	-	-	-	-	-	930 000	930 000	-	428 994	46%	
Financial Management Grant	1 600 000	-	-	-	-	-	-	-	-	-	1 600 000	1 600 000	-	1 248 696	78%	
Municipal Water Infrastructure Grant	-	4 712 000	-	9 426 000	-	-	4 712 000	-	-	-	18 850 000	18 850 000	-	18 057 048	96%	
Water Services Operating Subsidy	-	3 500 000	-	7 000 000	-	-	3 500 000	-	-	-	14 000 000	14 000 000	-	9 295 146	66%	
Integrated National Electrification Grant	5 775 000	2 225 000	-	-	-	-	-	-	-	-	8 000 000	8 000 000	-	15 558 848	194%	Expenditure was incurred in the 2013/2014 financial year.
Rural Households Infrastructure Grant	2 000 000	-	-	-	2 500 000	-	-	-	-	-	4 500 000	4 500 000	-	1 319 936	29%	Funds received on the 20 March 2015
Extended Public Works Programme	-	758 000	-	-	569 000	-	-	569 000	-	-	1 896 000	1 896 000	-	1 517 207	80%	
Infrastructure Skills Development Grant	4 036 000	-	-			-	3 964 000	-	-	-	8 000 000	8 000 000	-	6 301 694	79%	The 2013/2014 grant was over-spent by R989 400. This expenditure has been recovered from the 2014/2015 allocation.
<b>TOTAL NATIONAL TREASURY GRANTS</b>	<b>124 854 000</b>	<b>12 125 000</b>	<b>-</b>	<b>16 426 000</b>	<b>100 586 000</b>	<b>-</b>	<b>12 176 000</b>	<b>569 000</b>	<b>86 671 000</b>	<b>-</b>	<b>353 407 000</b>	<b>383 407 000</b>	<b>(30 000 000)</b>	<b>325 755 560</b>	<b>85%</b>	

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR JULY 2014	AMOUNT GAZETTED FOR AUGUST 2014	AMOUNT GAZETTED FOR SEPTEMBER 2014	AMOUNT GAZETTED FOR OCTOBER 2014	AMOUNT GAZETTED FOR NOVEMBER 2014	AMOUNT GAZETTED FOR DECEMBER 2014	AMOUNT GAZETTED FOR JANUARY 2015	AMOUNT GAZETTED FOR FEBRUARY 2015	AMOUNT GAZETTED FOR MARCH 2015	AMOUNT GAZETTED FOR APRIL 2015	TOTAL TO BE RECEIVED AS AT 30/04/2015	AMOUNT RECEIVED AS AT 30/04/2015	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2015	% SPENT	COMMENTS
<b>PROVINCIAL TREASURY</b>																
Provincialisation of Libraries	-	-	6 080 000	-	-	-	-	-	-	-	6 080 000	6 080 000	-	13 282 704	218%	The SLA has not been finalised. Grant funding expected in August 2014. Expenditure shown is the total operating cost of the Libraries for the period.
Community Library Services Grant (Cyber cadets)	-	-	756 000	-	-	-	-	-	-	-	756 000	756 000	-	611 026	81%	The SLA has not been finalised. Grant funding expected in August 2014. Expenditure shown is the total operating cost of the Libraries for the period.
Housing Operating Account	1 073 120	-	-	959 080	-	-	261 840	-	-	1 272 520	3 566 560	3 566 560	-	8 086 753	227%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	-	-	299 000	-	-	-	-	-	-	-	299 000	151 000	148 000	1 382 337	0%	Grant funding expected in August 2014. Expenditure shown is the total operating cost of the Museum.
Clinic Services	-	-	7 290 300	-	-	-	-	-	-	-	7 290 300	-	7 290 300	15 537 250	0%	The SLA has not been finalised. Grant funding expected in August 2014. Expenditure shown is the total operating cost of the clinics for the period.
Municipal Excellence Awards	-	-	-	-	-	-	-	-	-	-	-	1 000 000	(1 000 000)	-	0%	The municipality received the fund from COGTA in January 2015.
Informal Traders	-	-	-	-	-	-	-	-	-	-	-	3 000 000	(3 000 000)	2 646 094	88%	Funds were to be received in 2013/2014 financial year. Only received in August 2014
Tourism Development	-	-	-	-	-	-	-	-	-	-	-	3 000 000	(3 000 000)	185 966	6%	Funds were to be received in 2013/2014 financial year. Only received in August 2014
<b>TOTAL PROVINCIAL TREASURY GRANT</b>	<b>1 073 120</b>	<b>-</b>	<b>14 425 300</b>	<b>959 080</b>	<b>-</b>	<b>-</b>	<b>261 840</b>	<b>-</b>	<b>-</b>	<b>1 272 520</b>	<b>17 991 860</b>	<b>17 553 560</b>	<b>438 300</b>	<b>41 732 129</b>	<b>238%</b>	
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>125 927 120</b>	<b>12 125 000</b>	<b>14 425 300</b>	<b>17 385 080</b>	<b>100 586 000</b>	<b>-</b>	<b>12 437 840</b>	<b>569 000</b>	<b>86 671 000</b>	<b>1 272 520</b>	<b>371 398 860</b>	<b>400 960 560</b>	<b>(29 561 700)</b>	<b>367 487 689</b>	<b>92%</b>	

NOTES:

OFFICIAL FINAL VERSION

RPT 158136  
Page 8 of 40



### 3.3 Capital Budget Summary

The above table represents Capital Expenditure incurred as at 28 February 2015 (56,46%):

<b>FUNCTION</b>	<b>ADJUSTED BUDGET 2014/2015</b>	<b>ACTUAL APRIL 2015 (YTD)</b>	<b>% OF ADJUSTED BUDGET SPENT</b>
Executive and Council	167 300	19 770	11.82%
Budget and Treasury Office	4 165 600	3 458 926	83.04%
Corporate Services	94 812 400	30 058 318	31.70%
Community and Social Services	28 613 300	10 888 480	38.05%
Sport and Recreation	32 406 100	5 682 563	17.54%
Public Safety	26 144 200	9 792 208	37.45%
Housing	24 823 900	6 019 650	24.25%
Health	7 837 100	3 972 606	50.69%
Planning and Development	107 400	45 616	42.47%
Road Transport	22 398 100	15 256 812	68.12%
Electricity	64 602 000	34 057 312	52.72%
Water	117 561 900	104 397 348	88.80%
Waste Water Management (Sanitation)	69 667 800	54 923 289	78.84%
Waste Management (Solid Waste)	5 000 300	2 774 858	55.49%
<b>TOTAL</b>	<b>498 307 400</b>	<b>281 347 756</b>	<b>56.46%</b>

The total adopted capital budget funding structure is as follows:

<b>SOURCE OF FUNDING</b>	<b>ADJUSTED BUDGET 2014/2015</b>	<b>ACTUAL APRIL 2015 (YTD)</b>	<b>% OF ADJUSTED BUDGET SPENT</b>
External Loans	142 572 300	77 178 322	54.13%
Capital Replacement Reserve	121 519 500	47 602 733	39.17%
MIG	86 289 500	102 065 355	118.28%
Grant funded Roll-over - Yellow Plant	20 277 800	-	0.00%
Grant Funded Roll-over - Aerial Platform	10 373 700	-	0.00%
Grant Funded Roll-over - Fibre Link to Empangeni	15 000 000	4 379 792	29.20%
Other National Government Grants	57 647 200	35 890 268	62.26%
Provincial Government Grants	34 701 700	7 533 417	21.71%
Public Contributions	8 522 800	6 157 200	72.24%
Reserves	1 402 900	540 667	38.54%
<b>TOTAL</b>	<b>498 307 400</b>	<b>281 347 754</b>	<b>56.46%</b>

The table below reflects a list of all tenders awarded in April 2015:

Tender Number	RPT Number	Project Description	Date Awarded	Amount (excl VAT)	Vote Number	Budget
				R		R
8/2/1/618	157786	Planned Maintenance of Pumpstations – Electrical Contract: Month to Month	01/04/2015	Tender to be extended Month to Month for a period not exceeding 4 Months		
8/2/1/1045	157465	Supply and delivery of 4 ride-on mowers	01/04/2015	364 800	273/636/02	522 500
8/2/1/430	157490	New eSikhaleni Fire Station	01/04/2015	11 713 165,56	209/532/03 206/532/02 233/536/13	1 625 300
8/2/1/1041	157288	Appointment of a Consultant to Design, Prepare Technical Specifications and Costing for Electrification Project for 200 Households at A1275, Ngwelezane	01/04/2015	193 116	255/672/34	403 000
8/2/1/1084	157824	Customer satisfaction survey 2015	08/04/2015	297 000	011/040/03	323 000
8/2/1/1048	157549	Audits on the Remainder of Business Prepaid and Residential Conventional Meters for the City of uMhlathuze from 1 May to 31 July 2015	24/04/2015	949 374,10	255/672/21	2 785 300

### 3.4 Expenditure per Category

The table below represents operating expenditure per category incurred as at 30 April 2015:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	% OF PRO- RATA BUDGET
Employee related costs	561 455 200	467 879 333	446 544 491	95%
Remuneration of Councillors	23 176 400	19 313 667	18 798 571	97%
Debt Impairment	3 050 000	2 541 667	2 541 667	100%
Depreciation	182 389 600	151 991 333	151 991 252	100%
Finance Charges	77 614 000	64 678 333	64 678 333	100%
Bulk Purchases - Electricity	933 779 300	778 149 417	808 869 649	104%
Bulk Purchases - Water	132 139 700	110 116 417	114 322 661	104%
Other Materials	35 938 900	29 949 083	33 504 445	112%
Contracted Services	178 565 400	148 804 500	146 041 357	98%
Transfers and grants	8 539 000	7 115 833	4 068 843	57%
Other Expenditure	191 292 000	159 410 000	129 863 608	81%
<b>TOTAL</b>	<b>2 327 939 500</b>	<b>1 939 949 583</b>	<b>1 921 224 877</b>	<b>99%</b>

**Bulk Purchases – Electricity:** Electricity purchases are higher in July and August due to the increase tariff charged by Eskom in the winter months. Tata Steel did not operate during the month of July and August 2014. Included in Electricity purchases are amounts in terms of the Generation Purchase agreement with Mondi.

A corresponding increase in Revenue amounting to R 147,9 million is apparent under Service Charges – Electricity.

**Bulk Purchases – Water:** A surcharge on Water amounting to R30,8 million was charged by Mhlathuze Water for water purchased as at 30 April 2015 as Council extracted more water than normal.

In terms of Council Resolution 9904 dated 12 February 2015 it was resolved that “*Council approves the declaration of the City of uMhlathuze as a drought stricken area, the Water Conservation Plan and the Drought Management Plan (DMS 1016416) within the current financial year of 2014/2015 starting in January 2015, extending to the time when water source conditions have improved to acceptable levels as per the discussions in this report.*” The drought management plan indicates that Council will be paying for surcharge during drought conditions.

### 3.5 Revenue per Category

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	% OF PRO- RATA BUDGET
Rates	326 453 200	272 044 333	281 046 302	103%
Service Charges – Electricity revenue	1 295 000 000	1 079 166 667	1 180 965 053	109%
Service Charges – Water revenue	206 500 000	172 083 333	173 478 217	101%
Service Charges – Sanitation revenue	75 450 000	62 875 000	65 026 954	103%
Service Charges – Refuse revenue	60 200 000	50 166 667	51 012 235	102%
Service Charges – Other revenue	12 072 200	10 060 167	12 451 568	124%
Rental of facilities and equipment	11 561 800	9 634 833	11 835 417	123%
Interest earned – external investments	16 700 000	13 916 667	15 219 156	109%
Interest earned – outstanding debtors	1 544 000	1 286 667	1 423 660	111%
Fines	10 377 200	8 647 667	8 032 990	93%
Licences and permits	1 753 700	1 461 417	1 448 421	99%
Agency services	6 600 000	5 500 000	5 677 411	103%
Operating Grants and Subsidies	246 225 800	205 188 167	191 357 236	93%
Other Revenue	18 102 400	15 085 333	17 094 655	113%
<b>TOTAL</b>	<b>2 288 540 300</b>	<b>1 907 116 917</b>	<b>2 016 069 276</b>	<b>106%</b>

The above table represents operating revenue per category as at 30 April 2015.

### 3.6 Surplus and Deficit by Service Category

SERVICE CATEGORY	ADJUSTED BUDGET 2014/2015		ACTUAL AS AT 30 APRIL 2015		
	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R'000	R'000	R'000	R'000	R'000
<b>Rates and General Services</b>					
Executive and Council	4 005 300	(3 840 000)	133 400	(41 822)	175 222
Budget and Treasury Office	5 910 300	329 570 100	306 373 983	(1 653 908)	308 027 891
Corporate Services	40 812 200	(32 141 200)	8 147 506	32 658 342	(24 510 836)
Community and Social Services	50 454 900	(40 690 400)	9 222 718	40 982 019	(31 759 301)
Sport and Recreation	113 827 200	(111 516 600)	5 085 998	95 059 922	(89 973 924)
Public Safety	118 983 600	(109 256 300)	8 945 091	87 714 815	(78 769 724)
Housing	15 601 300	(7 375 200)	6 518 823	11 073 050	(4 554 227)
Health	24 947 100	(12 780 700)	6 383 266	26 765 468	(20 382 202)
Planning and Development	42 490 600	(41 078 800)	1 555 897	24 642 680	(23 086 783)
Road Transport	149 134 000	(138 250 500)	8 803 657	121 468 070	(112 664 413)
Water (Portion of PMU funded by Rates & General Services)	5 819 600	(3 314 250)	24 821	4 448 194	(4 423 373)
Waste Water Management (Sanitation) (Portion of PMU funded by Rates & General Services)	7 514 600	(5 009 250)	1 414 475	5 476 135	(4 061 660)
<b>Total Rates and General Services</b>	<b>579 500 700</b>	<b>(175 683 100)</b>	<b>362 609 635</b>	<b>448 592 966</b>	<b>(85 983 331)</b>
<b>Airport</b>	<b>902 700</b>	<b>(461 400)</b>	<b>544 830</b>	<b>521 500</b>	<b>23 330</b>
<b>Trading Services</b>					
Electricity	1 153 502 100	239 155 900	1 187 073 711	986 558 530	200 515 181
Water	355 072 300	(67 767 500)	223 310 297	301 576 410	(78 266 113)
Clarified Water	15 107 800	142 200	17 192 935	12 881 930	4 311 005
Sewerage	127 510 100	40 301 700	139 931 473	93 163 042	46 768 431
Refuse Removal	96 343 800	6 931 200	85 406 395	77 930 502	7 475 893
<b>Total Trading Services</b>	<b>1 747 536 100</b>	<b>218 763 500</b>	<b>1 652 914 811</b>	<b>1 472 110 412</b>	<b>180 804 399</b>
<b>Total Service Category</b>	<b>2 327 939 500</b>	<b>42 619 000</b>	<b>2 016 069 276</b>	<b>1 921 224 878</b>	<b>94 844 398</b>

NOTES:

OFFICIAL FINAL VERSION

RPT 158136  
Page 14 of 40

The table above sets out the surplus and deficit for each service category. It is important to note that although all the trading services namely Electricity, Water, Sewerage and Refuse Removal are supposed to be profitable, only Electricity, Sewerage and Refuse Removal Services are making surpluses.

As part of Council's revenue enhancement policy approved in July 2013, a considerable effort needs to be made to improve the surplus for the remaining trading services by reducing expenditure or increasing revenue.

The main aim of this table is to provide information to departments in order for them to manage their respective services and ensure that revenue and expenditure is in line with budget expectations.

### **3.7 Debtors Age Analysis**

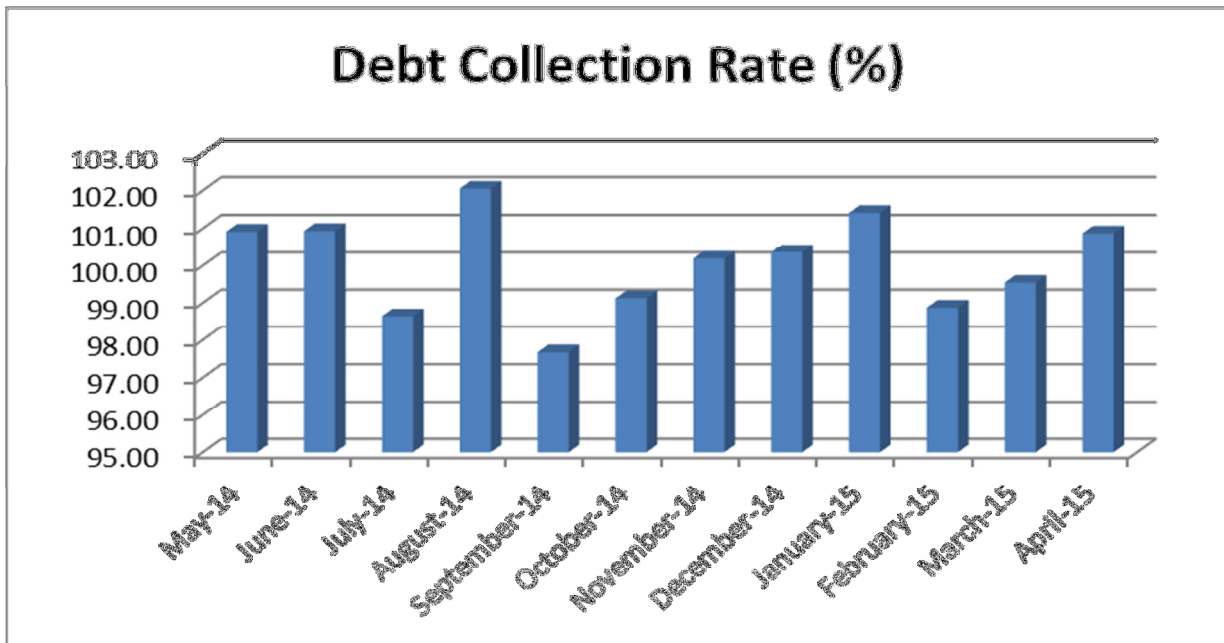
#### **➤ Debtors age analysis by category**

<b>DEBTORS AGE ANALYSIS BY CATEGORY</b>	<b>0-30 DAYS</b>	<b>31-60 DAYS</b>	<b>61-90 DAYS</b>	<b>OVER 90 DAYS</b>	<b>TOTAL</b>
Government	5 849 040	154 284	86 501	1 406 305	7 496 130
Business	168 626 087	2 579 527	962 036	31 271 614	203 439 264
Households	42 917 956	3 042 726	2 128 355	45 016 064	93 105 101
Other	5 289 840	843 650	1 240 163	12 224 541	19 598 194
<b>Total</b>	<b>222 682 923</b>	<b>6 620 187</b>	<b>4 417 055</b>	<b>89 918 524</b>	<b>323 638 689</b>
<b>%</b>	<b>68.81%</b>	<b>2.05%</b>	<b>1.36%</b>	<b>27.78%</b>	

➤ **Debt Collection Rate**

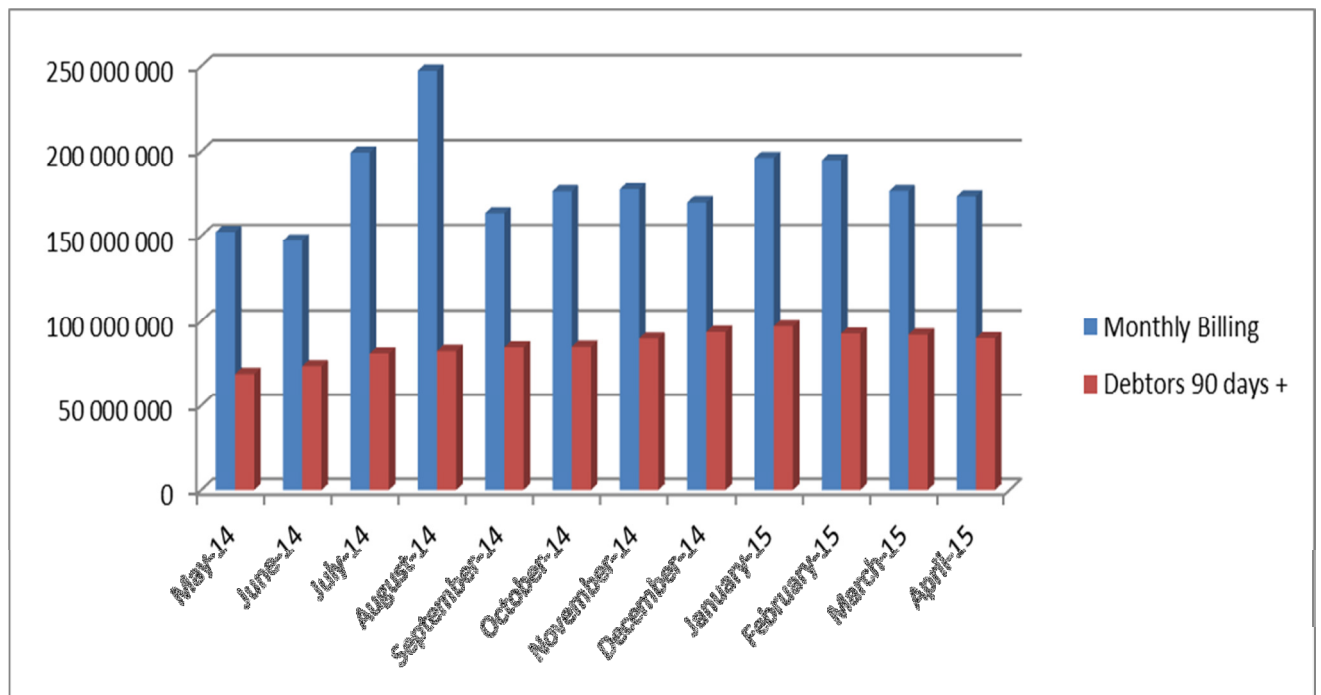
The debt collection rate for the previous 12 months is as follows:

DEBT COLLECTION RATE PER MONTH	PERCENTAGE %
April 2015	100.87
March 2015	99.54
February 2015	98.87
January 2015	101.41
December 2014	100.36
November 2014	100.19
October 2014	99.12
September 2014	97.67
August 2014	102.05
July 2014	98.64
June 2014	100.93
May 2014	100.91





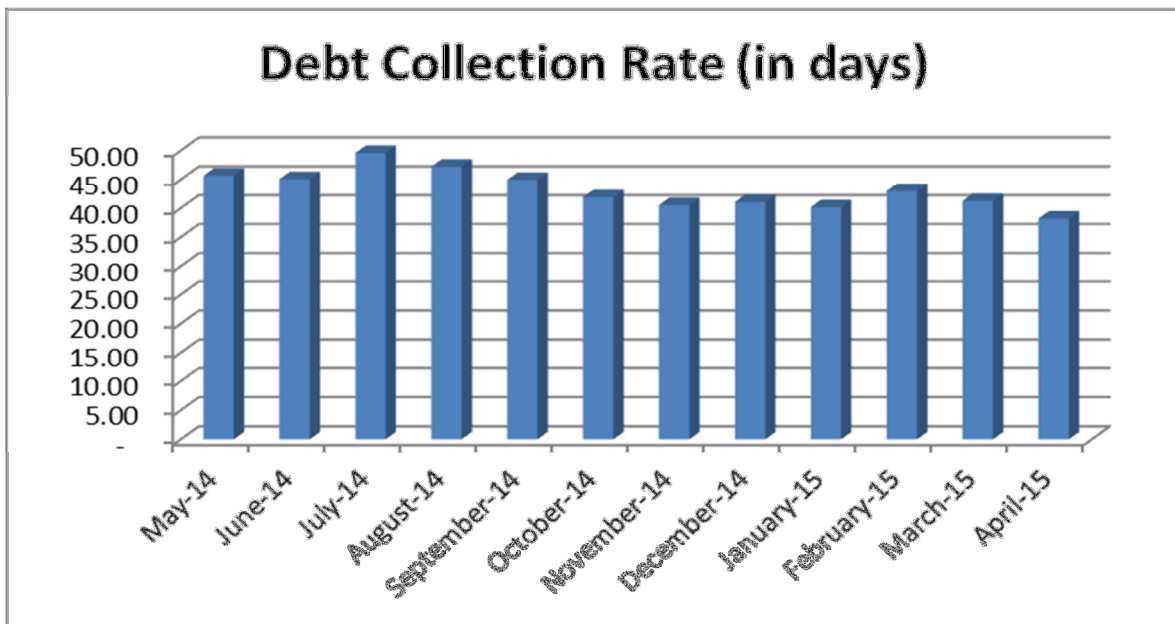
MONTH	MONTHLY BILLING	DEBTORS 90 DAYS +	PERCENTAGE %
April 2015	173 226 083	89 918 524	51.91%
March 2015	176 382 683	92 006 897	52.16%
February 2015	194 758 958	96 767 225	49.69%
January 2015	196 088 953	96 924 526	49.43%
December 2014	169 766 329	93 569 932	55.12%
November 2014	177 574 145	89 696 475	50.51%
October 2014	176 327 531	84 775 434	48.08%
September 2014	163 364 936	84 495 709	51.72%
August 2014	247 284 105	82 292 466	33.28%
July 2014	199 251 720	80 766 372	40.53%
June 2014	147 236 509	73 400 699	49.85%
May 2014	152 315 415	68 741 436	45.13%



### **Debt Collection Rate**

The debt collection ratio in days should be below 60 days. If the ratio is at 60 days it means that your debt older than 30 days is equal to your monthly billing:

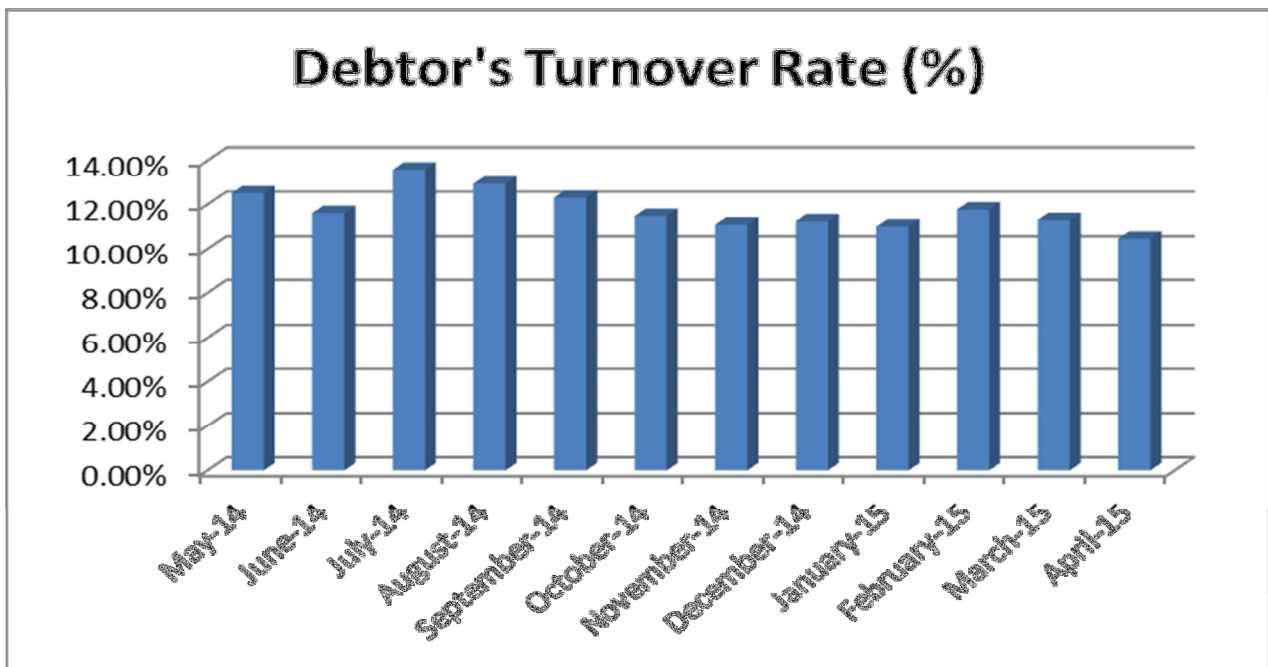
MONTH	COLLECTION IN DAYS
April 2015	51.91
March 2015	41.26
February 2015	42.98
January 2015	40.18
December 2014	41.05
November 2014	40.52
October 2014	41.91
September 2014	44.93
August 2014	47.22
July 2014	49.59
June 2014	45.06
May 2014	45.66



### **Turnover Rate of Debtors (%)**

In terms of the key performance indicators, the turnover rate should be below 20%. If everybody in town pays their debt fully, the turnover rate will be 8.33%. Council's turnover rate is listed below and it is better than the required key performance indicator:

MONTH	TURNOVER RATE
April 2015	10.47%
March 2015	11.30%
February 2015	11.77%
January 2015	11.01%
December 2014	11.25%
November 2014	11.10%
October 2014	11.48%
September 2014	12.31%
August 2014	12.94%
July 2014	13.59%
June 2014	11.61%
May 2014	12.51%



## **Summary of Credit Control Technical Actions Performed**

DESCRIPTION	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
SMS Notification	6 354	9 501	7 883	6 533	9 835	8 024	6 238	2 424	10 558	5 767
SMS Notification - IT & S	-	-	24 493	5 717	167 523	108 600	35 026	231 467	44 933	252 150
Final Request - Residential	3 399	3 387	3 832	4 477	3 083	3 265	2 123	3 918	4 236	2 522
Final Request - Business	365	252	329	480	187	268	202	354	409	177
Electricity Disconnection Level 1 (Switch Off Supply)	92	130	114	127	163	127	114	115	140	61
Electricity Disconnection Level 2. Remove Circuit Breaker	7	-	3	7	3	2	2	1	3	1
Illegal Consumption Inspection (Water or Electricity)	835	1 060	1 266	1 396	1 571	2 122	524	1 489	1 602	822
Water Restriction Level 1. (Restrict supply with a water flow restriction device)	648	741	933	1 190	825	815	708	709	495	545
Water Restriction Level 2. (Install water pressure reducing valve)	17	9	17	10	18	14	3	-	14	6
Water Disconnection (Business accounts)	68	24	24	33	26	13	23	28	24	20
Finals (New Consumers, moving in or out, readings taken, disconnected/reconnected)	243	267	188	182	146	167	156	172	252	192

### ➤ **Comments for Government Accounts**

The arrears 90 days+ for government accounts is restricted to just a few accounts on which there are either a dispute regarding ownership or the property is not verified yet by respective departments. The high amount in the current column is due to the annual rates being charged in July every year.

TOP 10 GOVERNMENT ACCOUNTS			
ACCOUNT NUMBER	NAME OF DEPARTMENT	TOTAL	COMMENTS
		R	
1552325	Department of Public Works	491 072.46	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is still awaited
970111	Province of Kwazulu Natal	377 831.64	This account is still under investigation and verification by the DPW & Human settlement. This an open space property
1991812	Province of Kwazulu Natal	136 102.40	Property at Dumisane Makhaye Village on which a municipal pump station is situated. The matter is under investigation.
1552318	Department of Public Works	160 043.50	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is still awaited
1552357	Department of Public Works	122 316.91	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited
281009	Department of Public Works	91 413.31	A meeting was held with DPW officials and duplicate invoices submitted. Payment is expected soon
196836	Department of Public Works (Health)	70 986.53	Invoices have been submitted to DPW & Health - awaiting payment.
1340659	Department of Public Works	41 996.68	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited
1009849	Department of Public Works	36 955.85	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited
325680	Department of Public Works	26 557.78	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited

➤ **The Top 10 Arrear Business Accounts**

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
1854904	Basfour 3721 (Pty) Ltd	15 258 183	15 961 290	Basfour 3721 (Pty) Ltd / Indlovu Dev Trust Trustees is the account for some of the commission in respect of the 40% on sales above the agreed threshold in respect of the Golf Estate. The developer is currently disputing the amount. The matter has been handed over to Council's attorneys. Summons has been issued and the case is defended. The setting down of the court date by the Registrar of the High Court is awaited. Council has now launched an anti-dissipation order application in an attempt to prevent the debtor from selling all his assets. This is to try and prevent a case where Council could be successful with the court case but still have no assets to attach A decision was also taken to refuse the issuing of clearance certificates and this matter is also now going to be heard in court as they have launched a counter application to force Council to issue clearance certificates. The court date for the urgent applications will be heard is set for early in June 2015
1929003	Zotec development (Pty) Ltd	4 012 360	4 012 360	Zotec Development (Pty) Ltd refers to an account for contribution charges after the development of the Old Mill Security Estate. The matter is set down for Arbitration. No further progress since previous report.
1623456	Richards Bay IDZ	3 788 017	3 788 017	Richards Bay IDZ is in respect of the rental charged to the IDZ for the vacant site that they fenced in but did not utilise. The monthly rental was stopped, the outstanding balance is included in the sale price and should accordingly be written back
483703	Zululand Chamber of Business Foundation	4 604 056	5 259 260	Zululand Chamber of Business Foundation is for rental charged. The matter is currently also in dispute in court and awaiting a court date. A separate report was submitted by Legal Section with proposals to settle the matter. RPT 157039
1610626	Tisand (Pty) Ltd	2 412 831	2 675 559	Tisand (Pty) Ltd is in respect of the water surcharge being levied against the debtor. The matter is under dispute and is with Council's attorneys. Council attorneys have now advised of a similar matter which now provides case law. The advice is currently being studied and will be reported on.

NOTES:

OFFICIAL FINAL VERSION

RPT 158136  
Page 22 of 40

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
416383	River Rock Invest (Pty) Ltd	1 244 640	1 449 710	River Rock Investments is in respect of unpaid charges in respect of rental that are under dispute. Matter still under consideration by legal services. They are paying their monthly charges excluding the disputed charge
392020	River Rock Invest (Pty) Ltd	503 399	1 230 543	River Rock Investments is in respect of unpaid charges in respect of rates that are under dispute. Matter still under consideration by legal services. They are paying their monthly charges excluding the disputed charge
1941346	Mcclelland Prop Dev	762 929	852 600	The account is in respect of rates and basic services to an industrial property behind the Ngwelezane Hospital. The property previously belonged to Ithala. There is a dispute between the new owner and Ithala because it appears as if a large portion of the property was incorrectly deemed to be part of the traditional area and several private houses were constructed on the property, even over the property's access to the main road. The matter is currently under discussion with the debtor and his attorneys. The debtor now wants to settle the account in installments and final agreement on the terms are being negotiated. The debtor failed to respond to finalise this matter and the account is now handed over to Council's attorneys
1929028	PSE Development Initiatives (Pty) Ltd	629 149	629 149	PSE Dev Initiatives refers to an account for contribution charges after the development of certain low cost housing initiatives around Ngwelezane. The debtor paid R300 000 towards the debt and requested some leniency for the balance. A separate report will serve in this regard.
2024857	Sugarberry Trading	522 960	522 960	The account is for the contract for litterbin advertising. The details of this debt was reported continuously in the quarterly report from the department. It was resolved that the contract be cancelled and the account handed over to Council's attorneys for collection. The contract was formally cancelled and have now been handed over to Council's attorneys for collection.

### 3.8 Employee Debt / Councillor Debt

At a previous Financial Services Portfolio Committee meeting, Councillors requested that Official's and Councillor's debt be submitted to Council.

Employee debt amounts to R168 013,05 as per **Annexure AB - DMS 1055486**.

Councillor's debt amounts to R9 943,73 as per **Annexure AC - DMS 1055486**.

### 4. EXCEPTION REPORTING ON OPERATING EXPENSES – FOR ENTIRE MUNICIPALITY

The Chief Financial Officer will highlight what he deems are important observations on the operating expenditure in this Section, where after Departments will provide specific comment on their own sections.

It is very important for Council and the Administration to understand that although the liquidity situation is improving and there is a surplus on the current figures, expenditure has to take place in accordance with the approved budget. **If not, the objective of attempting to create internal reserves for future Capital Expenditure from accumulated cash reserves is not going to materialise.**

#### 4.1 Employee related costs

Although total employee related expenditure is within budgetary limits, overtime expenditure has marginally exceeded its budgetary limits. Below is a table indicating overtime expenditure at the request of Council, which allows this expenditure to be monitored and managed on a monthly basis:

EXPENDITURE PER CATEGORY	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	(OVER) EXPENDITURE	% OF PRO-RATA BUDGET SPENT
	R'000	R'000	R'000	R'000	%
Overtime	33 558 200	27 965 167	28 850 431	(885 264)	103%

The table below indicates the total number of overtime hours worked and the total number of temporary and permanent employees:

EMPLOYEES	JULY 2014		AUGUST 2014		SEPTEMBER 2014	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	25 402	731	29 857	728	24 802	710
Temporary	2 150	105	416	33	530	35
	27 552	836	30 272	761	25 332	745



EMPLOYEES	OCTOBER 2014		NOVEMBER 2014		DECEMBER 2014	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	30 387	768	31 979	768	25 529	732
Temporary	1 034	108	210	106	139	15
	<b>31 421</b>	<b>876</b>	<b>32 189</b>	<b>874</b>	<b>25 668</b>	<b>747</b>

EMPLOYEES	JANUARY 2015		FEBRUARY 2015		MARCH 2015	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	30 387	768	35 612	726	26 244	725
Temporary	1 034	108	44	7	6	1
	<b>31 421</b>	<b>876</b>	<b>35 656</b>	<b>733</b>	<b>26 250</b>	<b>726</b>

EMPLOYEES	APRIL 2015	
	Total Hours	Total Employees
Permanent	26 857	740
Temporary	1 322	75
	<b>28 179</b>	<b>815</b>

Planned Repairs and Maintenance programmes should be standard practice for both infrastructure and movable assets such as Plant and Vehicles.

The table below represents the expenditure incurred on overtime for each department for the month February 2015. The relevant departments have supplied the comments for the over-expenditures incurred on overtime.

DEPARTMENT	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	(OVER) EXPENDITURE	% OF PRO- RATA BUDGET SPENT
	R	R	R	R	%
City Development	-	-	-	-	0%
Community Services	17 308 500	14 423 750	15 030 750	(607 000)	104%
Corporate Services	403 200	336 000	393 912	(57 912)	117%
Financial Services	119 600	99 667	85 805	13 862	86%
Infrastructure and Technical Services	15 726 900	13 105 750	13 339 964	(234 214)	102%
Office of the Municipal Manager	-	-	-	-	0%
<b>Total</b>	<b>33 558 200</b>	<b>27 965 167</b>	<b>28 850 431</b>	<b>(885 264)</b>	<b>103%</b>

Detailed explanations that have been provided by the departments on the over-expenditure reflected in the table above have been included below (5. Exception Reporting - Departmental).

## 4.2 Volume of Transfers

Through the Adjustment budget process, Council condoned transfers that occurred during the period July 2015 to January 2015. Subsequent to the approval of the Adjustment Budget a further 71 transfer of funds forms have been received by the budget office from the departments. Over the previous financial years the excessive use of the Virement Policy (transfer of funds), it is anticipated that the number and value of transfers will increase as the year progresses. This practice is a risk to proper planning and service delivery. Departments are therefore urged to refrain from this practice. Unnecessary and nice-to-have items should be avoided at all costs. Managers and Deputy Municipal Managers should scrutinise the transfers that are received for approval.

Type of Transfer of Funds	February 2015	March 2015	April 2015	Total Number of Transfers
Capital	14	82	63	159
Operating	57	84	65	206
<b>Total</b>	<b>71</b>	<b>166</b>	<b>128</b>	<b>365</b>

The table below reflects the value of transfer of funds per department:

Department	February 2015	March 2015	April 2015	Total Value of Transfers
Corporate Services	1 048 000	2 223 400	193 500	3 464 900
Community Services	309 200	1 840 000	2 270 000	4 419 200
Office of The Municipal Manager	15 000	12 000	99 000	126 000
City Development	41 400	52 800	40 700	134 900
Financial Services	3 000	272 500	260 200	535 700
IT S - Electrical Supply Services	2 532 600	9 276 000	531 600	12 340 200
IT S - Engineering Support Services	4 700	23 500	511 000	539 200
IT S - Roads and Stormwater	579 000	3 157 500	1 113 500	4 850 000
IT S - Water and Sanitation Services	267 600	1 091 100	759 000	2 117 700
<b>Total</b>	<b>4 800 500</b>	<b>17 948 800</b>	<b>5 778 500</b>	<b>28 527 800</b>

### 4.3 Capital Transfers

The table below reflects all the capital transfers received to date. In terms Section 5.12 – 5.14 of the Virement policy (**RPT 147986 - DMS 635065**) the capital transfers listed below must be approved by Council:

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
City Development	213/544/01	219/532/184	6 300	Report Pending
City Development	213/544/01	282/536/99	10 400	Report Pending
City Development	228/832/04	228/836/02	2 500	Report Pending
Community Service - Environmental and Recreation Services	027/297/0	227/510/0	30 000	Report Pending
Community Service - Environmental and Recreation Services	216/632/15	216/632/140	22 000	Report Pending
Community Service - Environmental and Recreation Services	216/632/23	216/632/18	100 000	Report Pending
Community Service - Environmental and Recreation Services	216/632/24	216/632/18	255 000	Report Pending
Community Service - Environmental and Recreation Services	224/532/57	222/572/84	1 200 000	Report Pending
Community Service - Environmental and Recreation Services	224/632/27	209/632/06	1 000 000	Report Pending
Community Service - Environmental and Recreation Services	227/532/18	027/022/0	30 000	Report Pending
Community Service - Environmental and Recreation Services	242/532/44	242/532/34	520 000	Report Pending
Community Service - Environmental and Recreation Services	273/536/03	273/544/0	5 000	Report Pending
Community Service - Environmental and Recreation Services	273/636/05	273/644/02	4 000	Report Pending
Community Service - Health and Public Safety	205/536/36	271/500/356	10 400	Report Pending
Community Service - Health and Public Safety	205/536/40	271/500/356	3 700	Report Pending
Community Service - Health and Public Safety	205/536/41	271/500/356	1 900	Report Pending
Community Service - Health and Public Safety	205/536/45	271/500/356	6 100	Report Pending
Community Service - Health and Public Safety	205/536/47	271/500/356	4 300	Report Pending
Community Service - Health and Public Safety	205/536/48	271/500/356	10 800	Report Pending
Community Service - Health and Public Safety	205/544/03	271/500/356	7 600	Report Pending
Community Service - Health and Public Safety	208/536/02	282/536/87	16 000	Report Pending
Community Service - Health and Public Safety	209/532/07	271/500/352	16 100	Report Pending
Community Service - Health and Public Safety	212/532/04	271/900/02	47 300	Report Pending
Community Service - Health and Public Safety	219/532/136	233/544/01	1 600	Report Pending
Community Service - Health and Public Safety	219/532/142	219/532/147	63 600	Report Pending
Community Service - Health and Public Safety	219/532/145	219/532/147	700	Report Pending
Community Service - Health and Public Safety	219/532/150	219/532/147	26 200	Report Pending
Community Service - Health and Public Safety	233/536/12	219/532/147	5 300	Report Pending
Community Service - Health and Public Safety	233/536/13	219/532/147	65 000	Report Pending
Community Service - Health and Public Safety	233/536/16	233/536/18	10 000	Report Pending

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Community Service - Health and Public Safety	233/536/16	233/536/19	7 700	Report Pending
Community Service - Health and Public Safety	271/600/116	219/632/60	9 900	Report Pending
Corporate Services - Administration	201/544/03	282/536/43	14 600	Report Pending
Corporate Services - Administration	201/544/03	282/536/98	27 000	Report Pending
Corporate Services - Administration	230/536/10	282/536/97	13 200	Report Pending
Corporate Services - Administration	230/544/01	219/532/177	12 400	Report Pending
Corporate Services - Administration	282/536/78	282/536/43	30 000	Report Pending
Corporate Services - Administration	282/536/78	282/536/43	45 000	Report Pending
Corporate Services - Administration	282/536/81	219/532/0	15 900	Report Pending
Corporate Services - Administration	282/536/84	282/536/43	96 000	Report Pending
Corporate Services - Administration	282/832/16	271/800/05	301 300	Report Pending
Corporate Services - Administration	282/832/16	282/836/16	1 050 000	Report Pending
Corporate Services - Administration	282/832/16	282/836/17	566 000	Report Pending
Financial Services	219/532/146	282/536/72	54 900	Report Pending
Financial Services	219/532/148	219/532/181	25 000	Report Pending
Financial Services	219/532/148	240/544/07	15 000	Report Pending
Financial Services	219/532/149	219/532/178	39 000	Report Pending
Financial Services	219/532/149	219/532/179	80 600	Report Pending
Financial Services	219/532/149	219/532/180	20 000	Report Pending
Financial Services	219/532/149	219/532/181	50 400	Report Pending
Financial Services	219/532/175	219/532/178	27 600	Report Pending
Financial Services	219/532/175	219/532/181	600	Report Pending
Financial Services	219/532/175	282/536/72	5 800	Report Pending
Financial Services	219/532/175	282/536/94	5 000	Report Pending
Financial Services	219/532/179	282/536/72	800	Report Pending
Financial Services	282/536/85	240/544/06	15 800	Report Pending
Financial Services	282/536/85	282/536/94	9 200	Report Pending
Financial Services	282/536/91	282/536/72	12 600	Report Pending
Financial Services	282/536/92	282/536/72	100 000	Report Pending
Financial Services	282/536/94	282/536/72	1 900	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	152 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	300 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	150 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	180 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	300 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	150 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	150 000	RPT 158024

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	40 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	180 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	077/297/0	255/510/0	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	250/644/0	239/636/0	2 900	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	250/644/0	239/636/02	6 100	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/198/b4	180 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/228/01	40 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/228/04	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A2	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A2	20 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A4	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A4	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A4	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15B2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/1A2	152 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/1A4	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/1A4	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A2	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A2	20 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A4	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A4	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A4	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3B2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A2	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A2	20 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A4	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A4	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A4	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5B2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	077/072/19	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	219/532/182	1 500 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	222/572/78	2 000 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	222/572/83	550 000	RPT 158024

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	250/572/03	400 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	250/572/04	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	260/584/30	1 400 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	272/536/18	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	272/536/19	20 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	282/536/100	6 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/27	241/676/26	300 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/42	255/632/57	15 500	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/42	276/636/02	94 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	255/632/42	200 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	281/644/01	22 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	282/636/39	11 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/58	255/632/57	65 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/58	255/632/57	35 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/636/11	255/632/57	9 500	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	222/672/83	365 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	250/672/03	1 000 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	282/636/40	40 400	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	272/644/0	282/636/37	16 000	RPT 158024
Infrastructure and Technical Services - Engineering Support Services	267/636/02	219/632/138	4 700	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	022/297/0	222/510/0	11 900	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	022/297/0	222/510/0	24 600	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	030/297/0	270/510/0	26 500	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	222/510/0	30 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	270/510/0	165 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	270/510/0	11 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	068/297/0	222/510/0	22 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/516/02	270/500/03	150 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/022/0	11 900	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/046	19 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/164/0	5 600	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	056/010/02	30 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	068/010/03B	22 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	222/544/01	41 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	282/536/100	6 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/572/74	222/572/77	21 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/572/75	222/572/77	4 800	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/500/03	056/247/b4	165 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	030/094/033	26 500	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	056/010/02	10 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	056/110/0	1 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	271/600/118	219/632/56	4 000	Report Pending
Infrastructure and Technical Services - Water and Sanitation	234/632/24	270/650/040	600 000	RPT 157903
Infrastructure and Technical Services - Water and Sanitation	237/532/06	282/536/100	6 000	RPT 157903
Infrastructure and Technical Services - Water and Sanitation	243/536/03	282/536/100	6 000	RPT 157903
Infrastructure and Technical Services - Water and Sanitation	246/636/01	219/632/59	50 000	RPT 157903
			<b>20 393 100</b>	

## 5. **EXCEPTION REPORTING - DEPARTMENTAL**

### 5.1 **Community Services, Health and Public Safety and Recreational and Environmental Services**

#### 5.1.1 **Overtime**

COMMUNITY SERVICES, HEALTH AND PUBLIC SAFETY					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
COMMUNITY SERVICES AND HEALTH					
005	Fire Brigade	2 516 800	2 097 333	1 931 477	165 856
006	Traffic	3 180 300	2 650 250	2 555 787	94 463
009	Clinic	128 200	106 833	122 317	(15 484)
029	Commuter Facilities	108 300	90 250	102 242	(11 992)
032	Street Cleaning	4 981 600	4 151 333	4 392 040	(240 707)
033	Refuse Removal	4 190 300	3 491 917	3 735 433	(243 516)
037	Public Conveniences	141 000	117 500	130 368	(12 868)
<b>Total</b>		<b>15 246 500</b>	<b>12 705 416</b>	<b>12 969 664</b>	<b>(264 248)</b>

#### □ **Vote 009 – Clinic**

Richards Bay Clinic extended its services in January 2014, which resulted in shift workers having to be paid for Public holidays as well as weekends. Due to an administrative error the shift workers did not receive their overtime in the previous financial year. Payment was made in July 2014. Furthermore, a replacement contract worker is required when the contract worker is sick or on leave. This contributes to increased expenditure.

#### □ **Vote 029 - Commuter Facilities, Vote 032 - Street Cleaning and Vote 037 - Public Conveniences**

Overtime is compulsory in the section if we are to keep the Municipality clean. March had five full weekends, which makes 10 days (Saturdays and Sundays) regarded as overtime. This alone would create over expenditure on projections, also with a holiday on 21 March 2015. Therefore, although there was over-expenditure but it was stable like other weeks without any abuse. All was planned and during weekends only. Budgeting for this basic service still needs to be revised, hence expenditure has been stable for the last two or more years, but in the meantime section is putting stringent measures to ensure there is absolutely no abuse of overtime without compromising cleaning of the City.



COMMUNITY SERVICES - ENVIRONMENTAL AND RECREATION SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
COMMUNITY SERVICES AND HEALTH					
002	Cemetery	857 100	714 250	721 855	(7 605)
016	Municipal Halls	91 800	76 500	83 969	(7 469)
024	Sport Development and Sports Field	210 000	175 000	177 324	(2 324)
027	Beach Facilities	400 600	333 833	399 869	(66 036)
042	Swimming Pools	435 500	362 917	639 267	(276 350)
073	Parks Distribution Account	67 000	55 833	38 802	17 031
<b>Total</b>		<b>2 062 000</b>	<b>1 718 333</b>	<b>2 061 086</b>	<b>(342 753)</b>

□ **Vote 002 – Cemetery**

Burials fluctuate from month to month. Due to the high volume of internments over weekends and public holidays it is necessary for the staff to perform such duties. The focus has lately changed for internments from weekdays to weekends.

□ **Vote 24 - Sport Development and Sportsfield**

Sport and Recreation over-spent on vote 024/003 due to the fact that one tractor driver is on light duty as per doctor's orders. Three tractor drivers could not do grass cutting in all sports field during working hours and had to be assisted with ride-on mowers and brush cutters on weekends. Turf marking in preparation for SAFA fixtures also had to be done on weekends after grass cutting. Thanda Royal Zulu FC had many home matches of which officials have to be on site whenever there is a National First Division match as per Premier Soccer League's requirements.

□ **Vote 027 – Beach Facilities**

The warm weather experienced during this period resulted in public flocking to the beaches. Facilities being available 7 days a week, including the recent public holidays, resulted in the increased overtime expenditure. The Blue Flag Status awarded to the City also requires that staff be present at all times to ensure that the facility is kept to the required standard at all times and thus contributing to the over-expenditure.

□ **Vote 042 Swimming Pools**

The facilities are open 7 days a week and need staff for the general cleaning of the swimming pool as well as the area. More public are utilising the pools during the public holidays. Thus, leading into over expenditure on overtime.

## 5.2 Corporate Services

### 5.2.1 Overtime

CORPORATE SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
ADMINISTRATION					
001	Administration	225 800	188 167	296 990	(108 823)
030	Council General Expenditure	68 100	56 750	62 660	(5 910)
078	Printing and Photocopying	52 500	43 750	34 262	9 488
082	IT Services	56 800	47 333	-	47 333
<b>Total</b>		<b>403 200</b>	<b>336 000</b>	<b>393 912</b>	<b>(57 912)</b>

#### □ Vote 001 – Administration

Reasons for Overtime over expenditure at the Corporate Services - Administration in April 2015:

1. It is in respect of after-hours compiling, printing and delivering of agendas. Items from Departments in most instances do not reach the Committee Section on time causing unnecessary delays in the compiling, printing and delivering of the agenda.
2. The Call Centre operates 24 hours 7 days a week including Sundays which is a constant overtime calculated at a rate of 0,5.

#### □ Vote 030 – Council General Expenditure

The expenditure on overtime is in respect of afterhours compiling, printing and delivering of agendas. Items from Departments in most instances do not reach the Committee Section on time causing unnecessary delays in the compiling, printing and delivering of the agenda.

## 5.3 Financial Services

### 5.3.1 Overtime

FINANCIAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
040	Financial Services	34 400	28 667	3 613	25 054
066	Supply Chain Management Unit	85 200	71 000	82 192	(11 192)
<b>Total</b>		<b>119 600</b>	<b>99 667</b>	<b>85 805</b>	<b>13 862</b>

#### □ Vote 066 – Supply Chain Management Unit

The Supply Chain Management Unit (SCMU) provides support service to various user departments that must ensure that municipal services are provided 24 hours a day. The unit personnel are therefore required on rotation basis to be on standby in order to issue breakdown materials after hours to ensure the continuity of service delivery. The only planned overtime is the issuing of fuel every Saturday and some public holidays. The Unit's overtime is inherent to the needs of user departments and it is therefore difficult to ascertain and budget for the number of breakdowns during the year.

## 5.4 Infrastructure and Technical Services

### 5.5.1 Overtime

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
ELECTRICAL SUPPLY SERVICES					
057	Electricity Marketing and Customer Service	45 800	38 167	24 851	13 316
072	Electricity Distribution	4 407 300	3 672 750	3 685 864	(13 114)
079	Traffic Technical Distribution	26 700	22 250	13 314	8 936
081	Electrical Planning & Dev	-	-	-	-
083	Electrical Support Services	122 300	101 917	93 571	8 346
<b>Total</b>		<b>4 602 100</b>	<b>3 835 084</b>	<b>3 817 600</b>	<b>17 484</b>

□ **Vote 072 – Electricity Distribution**

The over-expenditure of R 13 316 is informed by the October power interruptions. There was a total of 18 major power interruptions during that month and these were long duration outages. The September month also had a significant contribution towards the over-expenditure where there were cable power failures with Ngwelezane and eSikhaleni:

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
ENGINEERING SUPPORT SERVICES					
038	Engineering Support	7 800	6 500	7 733	(1 233)
067	Mechanical Services	524 600	437 167	410 891	26 276
<b>Total</b>		<b>532 400</b>	<b>443 667</b>	<b>418 624</b>	<b>25 043</b>

□ **Vote 038 – Engineering Support Services**

The GMS Section had two vacancies since May 2014 thus the increase in workload and the need to work overtime. The time sheets backlog needed to be rectified before the financial year end for ease of complying with the finance requirements.

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
TRANSPORT, ROADS AND STORMWATER					
068	Roads and Stormwater	74 900	62 417	70 261	(7 844)
<b>Total</b>		<b>74 900</b>	<b>62 417</b>	<b>70 261</b>	<b>(7 844)</b>

□ **Vote 068 – Roads and Stormwater**

Overtime was performed during the Festive Period at the Beaches.

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL APRIL 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
WATER AND SANITATION SERVICES					
062	Scientific Services	48 800	40 667	25 932	14 735
074	Water & sewerage distribution	10 015 600	8 346 333	8 615 239	(268 906)
087	Sewerage & Pumpstations Distribution	453 100	377 583	392 308	(14 725)
<b>Total</b>		<b>10 517 500</b>	<b>8 764 583</b>	<b>9 033 479</b>	<b>(268 896)</b>

□ **Vote – 074 Water and Sewerage Distribution**

A major contributing factor to the increasing hours of overtime is the ever increasing of the City's 'ageing' water and wastewater infrastructure. The less or no budget on Capital water and sewer replacement projects is steadily resulting in an increase in pipeline failures and breakdowns due to age. Another additional factor that contributes largely to increased overtime is that of continuous breakdown/failures experienced from Municipal Fleet. Most of the Council Fleet currently being utilised are old and more likely to mechanical failure i.e. if four vehicle are in workshop, therefore 16 people are redundant and all work that is supposed to be done during the day will only be done after hours by standby teams. The lack of capital expenditure to replace these vehicles is negatively impacting on the operational overtime budget. When Fleet is unavailable or in short supply emergency water or sewer repair work can at most times be escalated to overtime. The other factor that contribute is the delivery of water to rural communities and to all areas affected by no water due to either pipe burst or water demand problems.

□ **Vote – 087 Sewerage and Pumpstation Distribution**

At the Empangeni Group pumps and Reservoirs, the Reservoir Readings, Cleaning of screens and inspections took place. This is a daily task done by Empangeni Plumbers. This section assists them alternate weekends including public holidays when their staff are weekend off. Assist Empangeni Plumbers with grass cutting at Reservoirs. At the Arboretum and Alton Macerators there is a shortage of staff at these Macerators. Staff are required to work double shifts when staff are off sick/leave. The new 12hour shifts were implemented on the 1 April 2015 (4 days on 4 days off basis). Due to Load shedding, staff were called out to monitor levels. Personnel were called out to assist plumbers switching pumps off/on as they were working on main line. (Brackenham/M/S9 Pumpstations). Blockages, overflows and electrical problems encountered after hours at the following pumpstations: Ticor, Kuleka, LCH2, LCH2, C.P1 North Road, eSikhaleni Pump F, Pearce Crescent, Arboretum 1 and Brackenham.

## 6. **IN-YEAR BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1055490**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

<b>TABLE NUMBER</b>	<b>DESCRIPTION</b>	<b>ANNEX</b>
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y

## **PART 2 - SUPPORTING DOCUMENTATION**

### **7. DEBTORS ANALYSIS**

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 30 April 2015.

### **8. CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 30 April 2015.

### **9. INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 30 April 2015.

### **10. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE**

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) for the month ended 30 April 2015.

### **11. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 30 April 2015.

### **12. CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 30 April 2015:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure G**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure H**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**).

Actual capital expenditure which represents payments made during the reporting period, constitutes only 56,46% (R281,3 million) of the Adjusted budget of R498 million. Refer to 3.3 above for capital budget summary.

#### **14. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

Refer to **DMS 1058695 (Annexure AD)**.

#### **ENVIRONMENTAL IMPLICATIONS**

None

#### **FINANCIAL IMPLICATIONS**

This has been covered in detail throughout the report.

#### **LEGAL IMPLICATIONS**

The monthly financial report is prepared in terms of Section 71 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

#### **COMMENTS OF THE CHIEF FINANCIAL OFFICER**

Refer to the Executive summary contained in this report for comments.

#### **DISCUSSION BY THE FINANCIAL SERVICES PORTFOLIO COMMITTEE ON 28 MAY 2015**

The Government accounts in arrears for over 90 days were noted with concern and it was reiterated that an engagement be entered into with the MEC with the way forward in recovering debts. The Chief Financial Officer stated that the Office of the Mayor has initiated the process as advised by the Executive Committee on 10 March 2015 that correspondence be entered into with the MEC of the relevant Government Department indebted to Council.

It was noted with concern that some Departments have the tendency to request more funding during the Adjustment Budget even when they could not even reach 50% spending.

The Chief Financial Officer responded regarding the transfer of funds between votes and indicated that towards the end of a financial year, it is inevitable that funds are transferred from votes which have not been spent on the Operating Budget. Nevertheless, the Chief Financial Officer expressed his disapproval of the huge number of transfer of funds in relation to the Capital Budget. He reported that together with the Municipal Manager they are seeking a better practice and indicated that the Virement Policy needs to be amended.

The report was noted with appreciation.

#### **RECOMMENDED THAT:**

the financial position of the uMhlathuze Municipality as at 30 April 2015, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), and as set out in the monthly budget statement tables (**DMS 1055490**), be noted.