

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2018/19 BUDGET FOR THE PERIOD ENDED 31 AUGUST 2018**

1. PURPOSE

The purpose of the report is for Executive Mayor to consider and note the statement of financial performance and the implementation of the 2018/19 budget of the Buffalo City Metropolitan Municipality for the period ended 31 August 2018.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

3.1. The Constitution of the Republic of South Africa, 1996

3.2. Municipal Finance Management Act No 56, 2003 Chapter 7, Section 71

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 71 of the Municipal Finance Management Act No 56, 2003, *“the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality’s budget”*.

According to the Municipal Budget Reporting and Regulations (MBRR), 2009, *“the monthly budget statement of a municipality must be in a format specified in Schedule C and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of S168(1) of the Act”* (MFMA).

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2018/19 budget for the period ended 31 August 2018 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 August 2018 of 67.30%.

A. SIHLAHLA

CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

SIYABULELA PETER/ NS

DATE

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND
THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE
PERIOD ENDED 31 AUGUST 2018**

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

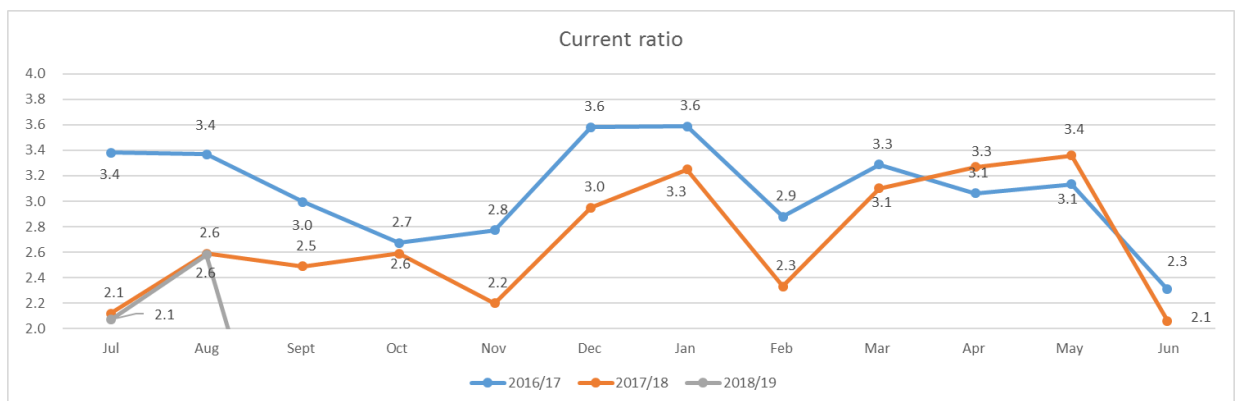
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,866,422,290	Bank Balance	R259,015,337
Expenditure	(R 1,219,962,393)	Call investments (excl. int.)	R 1,537 874 749
Operating Surplus	R 646,459,897	Cash and cash equivalents	R 1,796,890,086
Transfers Recognised - Capital	R 0	<i>Account Payables</i>	<i>(R 561,812,078)</i>
Surplus After Capital Transfers	R 646,459,897	<i>Unspent conditional grants</i>	<i>(R 477,953,724)</i>
DEBTORS		<i>Committed to Capital budget- own funds</i>	<i>(R919,676,872)</i>
Total debtors book (incl. impairment)	R 2,445,487,053	Possible cash deficit should there be no revenue collection made	(R 162,552,588)
Total debtors - Government	R 515,321,210		
Total debtors - Business	R 642,466,488	Total Long term loans	R 398,126,111
Total debtors - Households	R 1,287,699,355	SURPLUS / (DEFICIT) PER SERVICE	
Total debt written off	R 0	Water	R 156,137,462
REPAIRS AND MAINTENANCE		Electricity	(R 82,053,825)
2017/2018: Exp.= R27.33 m, which is 6% of approved budget of R462.49 m	2018/2019: Exp.= R57.05 m, which is 12% of approved budget of R493.62 m	Refuse	R 42,545,143
		Sewerage	R 60,669,260
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2017/2018: Exp. as a % of Approved Budget of R1.65b: Exp. (excl. vat) = R42.53 mil % exp. (Excl. vat) :3% Exp. (incl. vat) = R46.22 mil % exp. (incl. vat): 3%	2018/2019: Exp. as a % of Approved Budget of R1.75b: Exp. (excl. vat) = R65.74 mil % exp. (Excl. vat) :4% Exp. (incl. vat) = R71.11 mil % exp. (incl. vat): 4%	2017/2018: Exp. as a % of Approved Budget of R299.97m: Exp. (excl. vat) = R12.27 mil % exp. (excl. vat): 4% Exp. (incl. vat) = R12.34 mil % exp. (incl. vat): 4%	2018/2019: Exp. as a % of Approved Budget of R313.09m: Exp. (excl. vat) = R12.23 mil % exp. (excl. vat): 4% Exp. (incl. vat) = R12.26 mil % exp. (incl. vat): 4%
FINANCIAL		HUMAN RESOURCES	
Operating Surplus for the period	R 646,459,897	Total staff complement	5 128
Debtors collection ratio	67.30%	Staff Appointments	13
YTD Grants and subsidies: recognized	R 495,468,000	Staff Terminations	17
% of Creditors paid within terms	100%	Number of funded vacant posts	761
Current ratio	2.58:1	Total overtime paid (YTD)	R 18,370,461
Total Debt to Revenue	9.39%	Allowances and benefits – Councillors (YTD)	R 10,198,369
Capital Charges to Operating Expenditure	0.56%	Salary bill – Officials (YTD)	R 295,874,471
Cost coverage ratio	3 months	Workforce costs as a % of expenditure	25.09%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.58:1 which indicates the ability of municipality's current assets to cover its current liabilities. The National Treasury norm is between 1.5:1 and 2:1 as per the MFMA circular 71. Net debtors constitute 54% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 45% of the current assets. The City has a strong cash and cash equivalent and can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position.

The graph below shows comparison of the current ratio for the current financial year and the two previous financial years.

Figure 1: Current Ratio



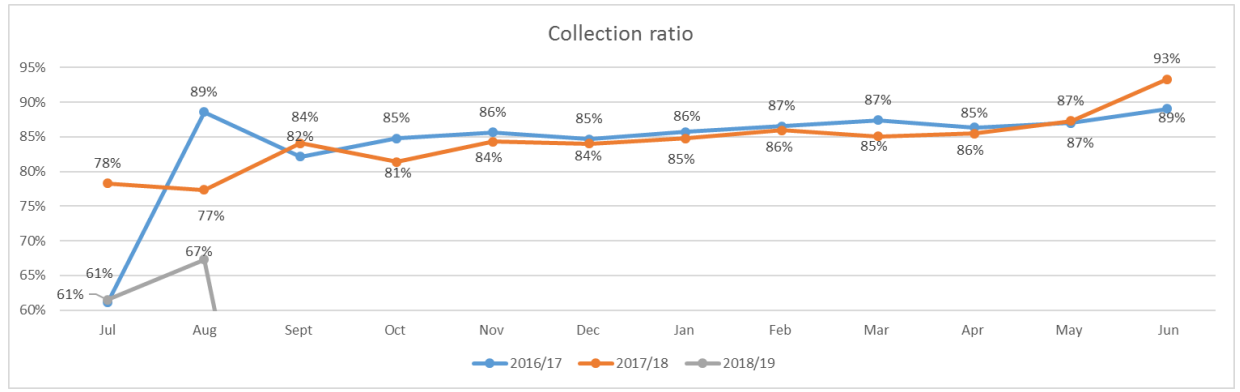
6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 August 2018 is 67.30% (2017/18: 77.36%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection ratio for August 2018 has reduced due to the fact that the municipality raises annual charges in respects of rates, sewerage and where applicable refuse in the month of July 2018 which is only due at the end of September 2018.

The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors' management.

The graph below shows comparison of the monthly collection ratio for the current financial year and the two previous financial years.

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 31 August 2018 amounts to R2.45 billion (2017/18: R1.99 billion). Households: R1.29 billion, Business: 642.47 million and Government: R515.32 million.

Refer to section 8.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

6.4 Capital Expenditure

BCMM has spent 4% (R71.11 million, inclusive of reclaimed vat) of its 2018/19 approved capital budget of R1.75 billion as at 31 August 2018. This reflects an improvement when compared to the same period in the previous financial year where 3% (R44.94 million, inclusive of reclaimed vat) of the approved budget of R1.65 billion was spent. (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 4% (R12.26 million, inclusive of reclaimed vat) of its 2018/19 approved operating projects budget of R313.09 million as at 31 August 2018. This reflects a slight regression in rand value terms when compared to the same period in the previous financial year where 4% (R12.34 million, inclusive of reclaimed vat) of the approved operating projects budget of R299.97 million was spent. (Refer to Section 15 for further details).

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

6.6 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 6% (R50.16 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 August 2018. This reflects a slight improvement when compared to the same period in the previous financial year where 4% (R33.75 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 6% (R45.51 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R762.99 million as at 31 August 2018. This reflects an improvement when compared to the same period in the previous financial year where 3% (R25.14 million, inclusive of reclaimed of vat) of USDG budget of R768.13 million was spent. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

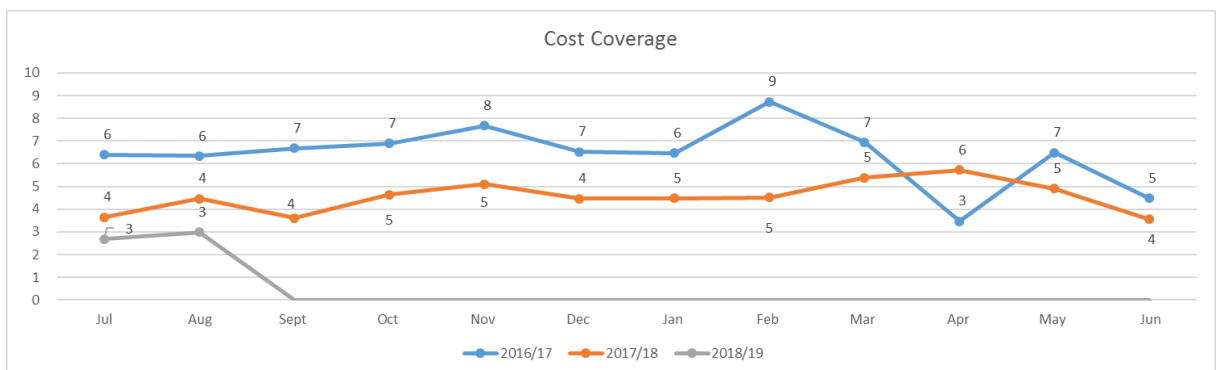
The cash and cash equivalents of the City as at 31 August 2018 are R 1.80 billion made up of cash and bank amounting to R259.02 million and call investment deposits of R1.54 billion. This funding is invested with various financial institutions in compliance with the MFMA.

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 3 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 3 times, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There have also been high capital investment that is funded by internally generated funds.

The graph below shows comparison of the monthly cost coverage for the current financial year and the two previous financial years.

Figure 3: Cost Coverage



6.8 Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by the MFMA except when there are disputes on received invoices. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 August 2018 amounts to R398.13 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 August 2018 is 0.56%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 9.39% as at 31 August 2018, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

The table below provides a high-level summation of the Metro's financial performance, capital expenditure, financial position, cash flow, debtors and creditors analysis.

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M02 August

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	1 421 961	1 421 961	123 871	739 127	344 147	394 980	115%	1 421 961
Service charges	-	3 172 285	3 172 285	304 057	556 073	512 996	43 077	8%	3 172 285
Investment revenue	-	140 961	140 961	8 801	17 932	25 100	(7 168)	-29%	140 961
Transfers and subsidies	-	1 471 673	1 471 673	171 281	495 468	677 454	(181 986)	-27%	1 471 673
Other own revenue	-	310 342	310 342	37 400	57 822	50 195	7 627	15%	310 342
Total Revenue (excluding capital transfers and contributions)	-	6 517 222	6 517 222	645 410	1 866 422	1 609 893	256 529	16%	6 517 222
Employee costs	-	1 961 118	1 961 118	149 039	295 874	327 448	(31 573)	-10%	1 961 118
Remuneration of Councillors	-	65 035	65 035	5 188	10 198	10 058	140	1%	65 035
Depreciation & asset impairment	-	896 426	896 426	167 838	250 237	65 651	184 586	281%	896 426
Finance charges	-	59 818	59 818	3 405	6 820	9 825	(3 005)	-31%	59 818
Materials and bulk purchases	-	1 784 885	1 784 885	222 603	415 301	411 664	3 637	1%	1 784 885
Transfers and subsidies	-	60 526	60 526	5 615	23 027	10 088	12 939	128%	60 526
Other expenditure	-	1 685 490	1 685 490	110 901	218 505	177 764	40 741	23%	1 685 490
Total Expenditure	-	6 513 298	6 513 298	664 589	1 219 962	1 012 498	207 465	20%	6 513 298
Surplus/(Deficit)	-	3 924	3 924	(19 179)	646 460	597 396	49 064	8%	3 924
Transfers and subsidies - capital (monetary alloc	-	803 900	803 900	-	-	40 373	(40 373)	-100%	803 900
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	807 825	807 825	(19 179)	646 460	637 769	8 691	1%	807 825
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	807 825	807 825	(19 179)	646 460	637 769	8 691	1%	807 825
Capital expenditure & funds sources									
Capital expenditure	-	1 753 142	1 753 142	54 757	65 736	131 677	(65 941)	-50%	1 753 142
Capital transfers recognised	-	803 900	803 900	36 623	37 850	60 380	(22 530)	-37%	803 900
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69 000	69 000	-	-	5 183	(5 183)	-100%	69 000
Internally generated funds	-	880 242	880 242	18 134	27 885	66 114	(38 229)	-58%	880 242
Total sources of capital funds	-	1 753 142	1 753 142	54 757	65 736	131 677	(65 941)	-50%	1 753 142
Financial position									
Total current assets	-	3 590 140	3 590 140		4 063 250				3 590 140
Total non current assets	-	20 089 293	20 089 293		16 827 950				20 089 293
Total current liabilities	-	1 394 977	1 394 977		1 965 101				1 394 977
Total non current liabilities	-	1 153 005	1 153 005		862 620				1 153 005
Community wealth/Equity	-	21 131 451	21 131 451		18 063 479				21 131 451
Cash flows									
Net cash from (used) operating	-	1 683 238	6 956 414	398 254	398 254	140 270	(257 984)	-184%	1 683 238
Net cash from (used) investing	-	(1 753 142)	(1 753 142)	(10 979)	(10 979)	(146 095)	(135 116)	92%	(1 753 142)
Net cash from (used) financing	-	9 333	9 333	-	-	(4 972)	(4 972)	100%	9 333
Cash/cash equivalents at the month/year end	-	1 643 284	6 916 460	-	2 001 264	1 693 057	(308 207)	-18%	1 553 418
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	380 693	617 002	69 525	71 174	54 898	44 711	233 227	974 257	2 445 487
Creditors Age Analysis									
Total Creditors	801 855	11 660	355	9 269	-	-	-	-	823 139

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)

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		–	2 538 086	2 538 086	314 050	1 083 818	838 529	245 289	29%	2 538 086
Executive and council		–	26 940	26 940	–	–	249	(249)	-100%	26 940
Finance and administration		–	2 511 147	2 511 147	314 050	1 083 818	838 280	245 538	29%	2 511 147
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	293 677	293 677	5 813	26 869	21 332	5 537	26%	293 677
Community and social services		–	29 896	29 896	846	1 500	2 548	(1 048)	-41%	29 896
Sport and recreation		–	5 190	5 190	106	187	287	(100)	-35%	5 190
Public safety		–	98 778	98 778	4 861	25 182	18 308	6 874	38%	98 778
Housing		–	159 786	159 786	–	–	188	(188)	-100%	159 786
Health		–	27	27	–	–	1	(1)	-100%	27
<i>Economic and environmental services</i>		–	447 405	447 405	22 360	27 967	40 231	(12 265)	-30%	447 405
Planning and development		–	200 005	200 005	16 848	17 987	10 927	7 060	65%	200 005
Road transport		–	244 101	244 101	5 430	9 843	29 284	(19 444)	-66%	244 101
Environmental protection		–	3 299	3 299	82	136	21	116	556%	3 299
<i>Trading services</i>		–	4 014 827	4 014 827	301 291	723 902	745 267	(21 365)	-3%	4 014 827
Energy sources		–	2 069 822	2 069 822	161 891	343 449	414 475	(71 027)	-17%	2 069 822
Water management		–	799 770	799 770	90 257	193 879	115 345	78 535	68%	799 770
Waste water management		–	680 364	680 364	27 582	89 774	119 940	(30 167)	-25%	680 364
Waste management		–	464 872	464 872	21 561	96 800	95 507	1 293	1%	464 872
<i>Other</i>	4	–	27 126	27 126	1 895	3 866	4 907	(1 041)	-21%	27 126
Total Revenue - Functional	2	–	7 321 123	7 321 123	645 410	1 866 422	1 650 267	216 155	13%	7 321 123
Expenditure - Functional										
<i>Governance and administration</i>		–	1 354 222	1 354 222	69 639	201 472	194 628	6 844	4%	1 354 222
Executive and council		–	394 381	394 381	26 480	76 528	73 077	3 450	5%	394 381
Finance and administration		–	944 722	944 722	42 952	123 784	119 375	4 409	4%	944 722
Internal audit		–	15 119	15 119	207	1 160	2 175	(1 015)	-47%	15 119
<i>Community and public safety</i>		–	586 469	586 469	34 456	71 946	59 417	12 528	21%	586 469
Community and social services		–	98 652	98 652	7 064	13 947	19 580	(5 633)	-29%	98 652
Sport and recreation		–	230 543	230 543	16 407	33 048	10 312	22 736	220%	230 543
Public safety		–	108 256	108 256	6 684	14 515	14 897	(383)	-3%	108 256
Housing		–	107 401	107 401	1 759	5 199	7 800	(2 601)	-33%	107 401
Health		–	41 617	41 617	2 543	5 237	6 828	(1 591)	-23%	41 617
<i>Economic and environmental services</i>		–	1 071 729	1 071 729	275 000	351 755	102 386	249 369	244%	1 071 729
Planning and development		–	186 929	186 929	259 311	266 433	7 587	258 845	3411%	186 929
Road transport		–	863 159	863 159	14 265	82 134	82 816	(682)	-1%	863 159
Environmental protection		–	21 641	21 641	1 424	3 188	11 982	(8 794)	-73%	21 641
<i>Trading services</i>		–	3 394 903	3 394 903	281 214	587 283	651 774	(64 491)	-10%	3 394 903
Energy sources		–	1 989 513	1 989 513	216 171	428 642	464 507	(35 864)	-8%	1 989 513
Water management		–	641 479	641 479	31 663	73 998	88 353	(14 355)	-16%	641 479
Waste water management		–	455 370	455 370	579	29 104	59 457	(30 353)	-51%	455 370
Waste management		–	308 541	308 541	32 802	55 538	39 457	16 081	41%	308 541
<i>Other</i>		–	105 975	105 975	4 281	7 507	4 293	3 214	75%	105 975
Total Expenditure - Functional	3	–	6 513 298	6 513 298	664 589	1 219 962	1 012 498	207 465	20%	6 513 298
Surplus/ (Deficit) for the year		–	807 825	807 825	(19 179)	646 460	637 769	8 691	1%	807 825

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)

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		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 01 - Directorate - Executive Support Services		-	-	-	-	-	-	-	-	-
Vote 02 - Directorate - Municipal Manager		-	26 940	26 940	-	-	251	(251)	-100.0%	26 940
Vote 03 - Directorate - Human Settlement		-	159 786	159 786	-	-	188	(188)	-100.0%	159 786
Vote 04 - Directorate - Chief Financial Officer		-	2 492 463	2 492 463	313 161	1 081 983	836 672	245 311	29.3%	2 492 463
Vote 05 - Directorate - Corporate Services		-	10 801	10 801	-	-	589	(589)	-100.0%	10 801
Vote 06 - Directorate - Infrastructure Services		-	3 732 612	3 732 612	279 738	627 109	651 270	(24 161)	-3.7%	3 732 612
Vote 07 - Directorate - Spatial Planning And Development		-	195 565	195 565	2 699	4 783	32 240	(27 458)	-85.2%	195 565
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	160 250	160 250	10 284	35 018	26 900	8 118	30.2%	160 250
Vote 09 - Directorate - Municipal Services		-	503 257	503 257	22 594	98 624	99 084	(461)	-0.5%	503 257
Vote 10 - Directorate - Economic Development & Agencies		-	39 449	39 449	16 934	18 905	3 072	15 833	515.3%	39 449
Total Revenue by Vote	2	-	7 321 123	7 321 123	645 410	1 866 422	1 650 267	216 155	13.1%	7 321 123
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	275 413	275 413	18 346	48 562	48 174	388	0.8%	275 413
Vote 02 - Directorate - Municipal Manager		-	191 028	191 028	11 400	37 417	31 580	5 836	18.5%	191 028
Vote 03 - Directorate - Human Settlement		-	107 401	107 401	1 759	5 199	7 800	(2 601)	-33.3%	107 401
Vote 04 - Directorate - Chief Financial Officer		-	503 480	503 480	34 105	85 065	62 159	22 906	36.9%	503 480
Vote 05 - Directorate - Corporate Services		-	157 617	157 617	9 968	20 134	25 722	(5 587)	-21.7%	157 617
Vote 06 - Directorate - Infrastructure Services		-	3 748 890	3 748 890	246 895	583 365	665 164	(81 800)	-12.3%	3 748 890
Vote 07 - Directorate - Spatial Planning And Development		-	305 497	305 497	248 226	266 349	15 431	250 918	1626.1%	305 497
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	420 235	420 235	28 846	57 845	62 616	(4 771)	-7.6%	420 235
Vote 09 - Directorate - Municipal Services		-	653 407	653 407	57 419	105 176	84 053	21 123	25.1%	653 407
Vote 10 - Directorate - Economic Development & Agencies		-	150 330	150 330	7 625	10 851	9 798	1 053	10.7%	150 330
Total Expenditure by Vote	2	-	6 513 298	6 513 298	664 589	1 219 962	1 012 498	207 465	20.5%	6 513 298
Surplus/ (Deficit) for the year	2	-	807 825	807 825	(19 179)	646 460	637 769	8 691	1.4%	807 825

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 ended 31 August 2018.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August											
Description	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Revenue By Source											
Property rates			1 421 961	1 421 961	123 871	739 127	344 147	394 980	115%	1 421 961	
Service charges - electricity revenue			1 992 712	1 992 712	164 906	325 004	320 024	4 980	2%	1 992 712	
Service charges - water revenue			563 043	563 043	90 257	127 952	82 068	45 884	56%	563 043	
Service charges - sanitation revenue			322 143	322 143	27 582	60 547	60 479	68	0%	322 143	
Service charges - refuse revenue			294 388	294 388	21 312	42 570	50 425	(7 855)	-16%	294 388	
Service charges - other			–	–	–	–	–	–		–	
Rental of facilities and equipment			17 563	17 563	1 250	3 113	2 927	186	6%	17 563	
Interest earned - external investments			140 961	140 961	8 801	17 932	25 100	(7 168)	-29%	140 961	
Interest earned - outstanding debtors			41 807	41 807	3 514	6 579	9 482	(2 903)	-31%	41 807	
Dividends received			–	–	–	–	–	–		–	
Fines, penalties and forfeits			16 591	16 591	1 155	2 134	2 765	(632)	-23%	16 591	
Licences and permits			14 597	14 597	1 589	2 037	2 433	(395)	-16%	14 597	
Agency services			31 270	31 270	2 623	5 587	5 212	376	7%	31 270	
Transfers and subsidies			1 471 673	1 471 673	171 281	495 468	677 454	(181 986)	-27%	1 471 673	
Other revenue			188 513	188 513	26 979	38 082	27 376	10 705	39%	188 513	
Gains on disposal of PPE			–	–	290	290	–	290	#DIV/0!	–	
Total Revenue (excluding capital transfers and contributions)			–	6 517 222	6 517 222	645 410	1 866 422	1 609 893	256 529	16%	6 517 222

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		1 961 118	1 961 118	149 039	295 874	327 448	(31 573)	-10%	1 961 118	
Remuneration of councillors		65 035	65 035	5 188	10 198	10 058	140	1%	65 035	
Debt impairment		343 696	343 696	28 641	57 283	57 283	(0)	0%	343 696	
Depreciation & asset impairment		896 426	896 426	167 838	250 237	65 651	184 586	281%	896 426	
Finance charges		59 818	59 818	3 405	6 820	9 825	(3 005)	-31%	59 818	
Bulk purchases		1 698 510	1 698 510	219 577	411 819	405 048	6 771	2%	1 698 510	
Other materials		86 376	86 376	3 026	3 482	6 616	(3 134)	-47%	86 376	
Contracted services		857 589	857 589	43 649	78 039	68 407	9 632	14%	857 589	
Transfers and subsidies		60 526	60 526	5 615	23 027	10 088	12 939	128%	60 526	
Other expenditure		484 205	484 205	38 611	83 183	52 074	31 109	60%	484 205	
Loss on disposal of PPE		-	-	-	-	-	-		-	
Total Expenditure		-	6 513 298	6 513 298	664 589	1 219 962	1 012 498	207 465	20%	6 513 298
Surplus/(Deficit)		-	3 924	3 924	(19 179)	646 460	597 396	49 064	0	3 924
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		803 900	803 900	-	-	40 373	(40 373)	(0)	803 900	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-		-	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-		-	
Surplus/(Deficit) after capital transfers & contributions		-	807 825	807 825	(19 179)	646 460	637 769			807 825
Taxation		-	-	-	-	-	-		-	
Surplus/(Deficit) after taxation		-	807 825	807 825	(19 179)	646 460	637 769			807 825
Attributable to minorities		-	-	-	-	-	-		-	
Surplus/(Deficit) attributable to municipality		-	807 825	807 825	(19 179)	646 460	637 769			807 825
Share of surplus/ (deficit) of associate		-	-	-	-	-	-		16	
Surplus/ (Deficit) for the year		-	807 825	807 825	(19 179)	646 460	637 769			807 825

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

The explanation below pertains to all variances in excess of 10%.

7.4.1.1 Property rates

This is due to rates being raised for the full year for consumers who are paying on annual basis.

7.4.1.2 Water revenue

Over billing occurred and the corrections had been done in September 2018 on the debtor's accounts.

7.4.1.3 Refuse revenue

Refuse charges had been imposed according to the approved tariff structure and are in line with the previous month's billing. The year to date budget will be correctly aligned in the mid-year adjustment budget.

7.4.1.4 Interest earned on external investment

Call and short-term levels of investments have decreased which directly impacts the amount of invested funds available to earn interest. This is due to year-end accruals paid in July 2018 resulting in a decrease in interest being realised.

7.4.1.5 Interest earned – outstanding debtors

Interest are in relation to the outstanding debt. The rates adjustment that was done in June 2018 decreased the outstanding debt significantly and the interest decreased accordingly. The budget will be aligned accordingly in the mid-year adjustment budget.

7.4.1.6 Fines, Penalties and Forfeits

The decrease in revenue in terms of Traffic Fines can be attributed to:

- a) Court delays in payments.
- b) Cases are struck of the Court Roll.

- c) No service providers to serve summonses.
- d) Tracing offenders is a challenge due to people not updating their particulars ie address etc when relocating.
- e) Buyers of vehicles not registering their vehicles in their name thus details are not updated to new owners details.

Corrective Measure: Department to increase its operations & roadblocks to get offenders to pay for their traffic fines.

7.4.1.7 Licences and Permits

Under collection in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Department of Transport directly. Members of the public generally go to the closet convenient point in order to pay which may not always be BCMM.

7.4.1.8 Other revenue

Other revenue is made up of numerous miscellaneous items (e.g. town planning fees, fire levy charges, market income, road & transport registration fees, cemetery & burial fees, etc.). The actual income realised is below the projected income for the period under review due to varying seasonal trends.

7.4.1.9 Depreciation and asset impairment

Assets were revalued at end of 17/18 financial year. With revaluation, additional depreciation is being realised. Additional funding will be requested through the adjustment budget.

7.4.1.10 Finance charges

Buffalo City Metropolitan Municipality is in the process of assessing additional loan funding options. Budgeted loans have not been accessed which results in budgeted finance expenditure being greater than realized.

7.4.1.12 Contracted services

The variance is as a result of low spending on operational projects and slow procurement processes for internally generated operating projects.

7.4.1.13 Transfers and subsidies

The variance is due to a transfer of R17.16 million made to BCMDA. The actual payment was greater than the anticipated budgeted cash flow projection. This will however be corrected from September 2018.

7.4.1.14 Other expenditure

The variance is due to the following:

- a) An annual payment of R14.1 million made to South African Local Government Association (SALGA).
- b) An annual insurance premium and broker fee which has to be paid upfront for cover to be in place for BCMM to the value of R10.9 million.

7.4.1.15 Repairs and Maintenance

Table 6 below reflects that as at 31 August 2018, the repairs and maintenance expenditure is 12% of the approved budget of R493.62 million (2017/18: repairs maintenance was at 6%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2018/2019</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2018/2019</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2018/2019</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 997 658	129 697	3 867 961	3%
Directorate Of The City Manager	7 345 360	2 701 113	4 644 247	37%
Directorate Of Corporate Services	2 475 095	146 610	2 328 485	6%
Directorate Of Development & Spatial Planning	31 831 477	855 897	30 975 580	3%
Directorate Of Economic Development & Agencies	1 400 734	81 179	1 319 555	6%
Directorate Of Finance	3 141 574	81 543	3 060 031	3%
Directorate Of Health / Public Safety & Emergency Services	6 436 172	410 993	6 025 179	6%
Directorate Of Human Settlement	118 466	65 644	52 823	55%
Directorate Of Infrastructure Services	394 877 800	48 442 993	346 434 807	12%
<i>Electricity</i>	<i>152 873 689</i>	<i>15 468 188</i>	<i>137 405 501</i>	<i>10%</i>
<i>Water</i>	<i>55 107 016</i>	<i>1 320 513</i>	<i>53 786 503</i>	<i>2%</i>
<i>Sanitation</i>	<i>44 428 310</i>	<i>703 738</i>	<i>43 724 572</i>	<i>2%</i>
<i>Other</i>	<i>142 468 785</i>	<i>30 950 555</i>	<i>111 518 230</i>	<i>22%</i>
Directorate Of Municipal Services	41 977 627	4 134 112	37 843 515	10%
TOTAL	493 601 963	57 049 781	436 552 182	12%

7.4 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)

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M02 August)										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		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 01 - Directorate - Executive Support Services		-	3 500	3 500	53	53	42	11	27%	3 500
Vote 02 - Directorate - Municipal Manager		-	51 840	51 840	11 592	19 288	3 313	15 975	482%	51 840
Vote 03 - Directorate - Human Settlement		-	104 755	104 755	(16)	-	8 625	(8 625)	-100%	104 755
Vote 04 - Directorate - Chief Financial Officer		-	152 538	152 538	49	96	9 622	(9 527)	-99%	152 538
Vote 05 - Directorate - Corporate Services		-	3 600	3 600	-	-	292	(292)	-100%	3 600
Vote 06 - Directorate - Infrastructure Services		-	916 280	916 280	30 902	32 154	72 619	(40 465)	-56%	916 280
Vote 07 - Directorate - Spatial Planning And Development		-	263 838	263 838	11 701	11 748	21 320	(9 571)	-45%	263 838
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	14 270	14 270	128	484	960	(476)	-50%	14 270
Vote 09 - Directorate - Municipal Services		-	160 829	160 829	398	1 869	11 009	(9 140)	-83%	160 829
Vote 10 - Directorate - Economic Development & Agencies		-	81 692	81 692	(51)	43	3 875	(3 832)	-99%	81 692
Total Capital Multi-year expenditure	4,7	-	1 753 142	1 753 142	54 757	65 736	131 677	(65 941)	-50%	1 753 142
Total Capital Expenditure		-	1 753 142	1 753 142	54 757	65 736	131 677	(65 941)	-50%	1 753 142
Capital Expenditure - Functional Classification										
Governance and administration		-	292 651	292 651	12 347	20 090	21 981	(1 891)	-9%	292 651
Executive and council			55 340	55 340	11 645	19 341	4 157	15 185	365%	55 340
Finance and administration			237 311	237 311	702	749	17 824	(17 076)	-96%	237 311
Internal audit			-	-	-	-	-	-	-	-
Community and public safety		-	193 125	193 125	747	1 799	14 505	(12 706)	-88%	193 125
Community and social services			21 820	21 820	317	855	1 639	(783)	-48%	21 820
Sport and recreation			57 950	57 950	802	944	4 353	(3 409)	-78%	57 950
Public safety			7 700	7 700	(95)	-	578	(578)	-100%	7 700
Housing			104 755	104 755	(16)	-	7 868	(7 868)	-100%	104 755
Health			900	900	(261)	-	68	(68)	-100%	900
Economic and environmental services		-	498 719	498 719	22 526	24 517	37 458	(12 941)	-35%	498 719
Planning and development			202 957	202 957	11 048	11 095	15 244	(4 149)	-27%	202 957
Road transport			291 335	291 335	12 124	13 352	21 882	(8 530)	-39%	291 335
Environmental protection			4 427	4 427	(647)	70	333	(263)	-79%	4 427
Trading services		-	689 248	689 248	19 188	19 286	51 769	(32 483)	-63%	689 248
Energy sources			129 450	129 450	1 033	1 058	9 723	(8 665)	-89%	129 450
Water management			198 451	198 451	6 998	6 998	14 906	(7 908)	-53%	198 451
Waste water management			283 394	283 394	11 231	11 231	21 286	(10 055)	-47%	283 394
Waste management			77 952	77 952	(74)	-	5 855	(5 855)	-100%	77 952
Other			79 400	79 400	(51)	43	5 964	(5 920)	-99%	79 400
Total Capital Expenditure - Functional Classification	3	-	1 753 142	1 753 142	54 757	65 736	131 677	(65 941)	-50%	1 753 142
Funded by:										
National Government			803 900	803 900	36 623	37 850	60 380	(22 530)	-37%	803 900
Provincial Government			-	-	-	-	-	-	-	-
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-	-	-
Transfers recognised - capital		-	803 900	803 900	36 623	37 850	60 380	(22 530)	-37%	803 900
Public contributions & donations	5		-	-	-	-	-	-	-	-
Borrowing	6		69 000	69 000	-	-	5 183	(5 183)	-100%	69 000
Internally generated funds			880 242	880 242	18 134	27 885	66 114	(38 229)	-58%	880 242
Total Capital Funding		-	1 753 142	1 753 142	54 757	65 736	131 677	(65 941)	-50%	1 753 142

7.5 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 excess assets over liabilities resulting into the net worth of R20.70 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		24 591	80 713		259 015	
Call investment deposits		1 665 511	2 461 881		1 537 875	
Consumer debtors		558 848	915 237		1 021 906	
Other debtors		886 552	118 870		1 102 224	
Current portion of long-term receivables			17		-	
Inventory		38 570	117 128		41 643	
Total current assets		3 174 072	3 693 847	-	3 962 663	-
Non current assets						
Long-term receivables			73	-	-	
Investments			-	-	-	
Investment property		408 315	442 030		444 388	
Investments in Associate		127 539	99 109		555 550	
Property, plant and equipment		15 875 782	14 556 876		18 053 337	
Agricultural					-	
Biological					-	
Intangible		7 073	60 628		17 646	
Other non-current assets		72 145	90 944		74 720	
Total non current assets		16 490 855	15 249 660	-	19 145 641	-
TOTAL ASSETS		19 664 927	18 943 507	-	23 108 303	-
LIABILITIES						
Current liabilities						
Bank overdraft					-	
Borrowing		47 642	49 274		52 572	
Consumer deposits		57 321	65 401		60 705	
Trade and other payables		1 079 482	1 039 209		1 099 550	
Provisions		186 724	184 646		322 640	
Total current liabilities		1 371 169	1 338 530	-	1 535 466	-
Non current liabilities						
Borrowing		398 126	422 603		345 554	
Provisions		517 066	724 999		526 803	
Total non current liabilities		915 192	1 147 602	-	872 357	-
TOTAL LIABILITIES		2 286 361	2 486 132	-	2 407 823	-
NET ASSETS	2	17 378 567	16 457 375	-	20 700 480	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		10 405 662	13 056 327		11 650 118	
Reserves		6 972 905	3 401 047		9 050 361	
TOTAL COMMUNITY WEALTH/EQUITY	2	17 378 567	16 457 375	-	20 700 480	-

7.6 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 R182.90 million resulting in cash and cash equivalents closing balance of R1.80 billion as at 31 August 2018. At a high level the reason for the decrease in cash and cash equivalents is mainly attributed to the to year-end accruals paid in August 2018.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			1 315 314		119 173	497 433	219 219	278 214	127%	1 315 314	
Service charges			2 934 363		216 816	369 667	489 061	(119 394)	-24%	2 934 363	
Other revenue			248 395		24 305	36 118	41 399	(5 281)	-13%	248 395	
Government - operating			1 471 673		177 493	506 680	245 279	261 402	107%	1 471 673	
Government - capital			803 900		32 793	226 041	133 983	92 058	69%	803 900	
Interest			182 768		12 315	24 511	30 461	(5 950)	-20%	182 768	
Dividends			-		-	-	-	-		-	
Payments											
Suppliers and employees			(5 152 832)		(723 664)	(1 382 137)	(858 805)	523 332	-61%	(5 152 832)	
Finance charges			(59 818)		(3 405)	(6 820)	(9 970)	(3 150)	32%	(59 818)	
Transfers and Grants			(60 526)		(5 444)	(22 857)	(10 088)	12 769	-127%	(60 526)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	1 683 238	-	(149 617)	248 637	280 540	31 903	11%	1 683 238
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			-	-	-	-	-	-		-	
Decrease (Increase) in non-current debtors			-	-	-	-	-	-		-	
Decrease (increase) other non-current receivables			-	-	-	-	-	-		-	
Decrease (increase) in non-current investments			-	-	-	-	-	-		-	
Payments											
Capital assets			(1 753 142)		(54 757)	(65 736)	(292 190)	(226 454)	78%	(1 753 142)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(1 753 142)	-	(54 757)	(65 736)	(292 190)	(226 454)	78%	(1 753 142)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			69 000	-	-	-	-	-		69 000	
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-	
Payments											
Repayment of borrowing			(59 667)	-	-	-	(9 945)	(9 945)	100%	(59 667)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	9 333	-	-	(9 945)	(9 945)	100%	9 333	
NET INCREASE/ (DECREASE) IN CASH HELD			-	(60 571)	-	(204 374)	182 901	(21 595)		(60 571)	
Cash/cash equivalents at beginning:			1 703 855			1 613 989	1 703 855			1 613 989	
Cash/cash equivalents at monthly/year end:			-	1 643 284	-		1 796 890	1 682 260		1 553 418	

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

The debtor analysis 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

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2018/19								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	104 106	26 918	19 962	26 351	24 447	15 991	59 891	211 131	488 797	337 811		4 370
Trade and Other Receivables from Exchange Transactions - Electricity	1300	103 234	15 241	5 944	3 904	3 764	2 816	15 521	41 136	191 560	67 141		7 689
Receivables from Non-ex change Transactions - Property Rates	1400	109 765	535 696	18 063	16 107	8 592	7 286	44 837	197 430	937 775	274 252		7 576
Receivables from Exchange Transactions - Waste Water Management	1500	24 653	14 081	6 609	5 571	4 362	3 540	20 532	93 679	173 037	127 684		3 345
Receivables from Exchange Transactions - Waste Management	1600	19 327	10 039	6 975	6 350	5 505	4 732	26 689	140 833	220 451	184 109		3 041
Receivables from Exchange Transactions - Property Rental Debtors	1700							1	41	41	41		
Interest on Arrear Debtor Accounts	1810	6 100	5 615	5 536	5 615	5 072	4 575	27 129	142 946	202 588	185 337		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	13 510	9 402	6 435	7 276	3 156	5 771	38 628	147 061	231 237	201 891		462
Total By Income Source	2000	380 693	617 002	69 525	71 174	54 898	44 711	233 227	974 257	2 445 487	1 378 266	-	26 482
2017/18 - totals only		517 201	88 024	63 365	52 323	58 448	50 473	300 130	981 436	2 111 400	1 442 810		
Debtors Age Analysis By Customer Group													
Organs of State	2200	26 473	472 140	1 297	689	404	210	1 800	12 309	515 321	15 411		-
Commercial	2300	168 335	49 297	18 913	16 628	10 062	9 210	63 140	306 881	642 466	405 922		3 604
Households	2400	185 885	95 566	49 315	53 856	44 432	35 291	168 287	655 067	1 287 699	956 933		12 067
Other	2500									-	-		-
Total By Customer Group	2600	380 693	617 002	69 525	71 174	54 898	44 711	233 227	974 257	2 445 487	1 378 266	-	15 671

8.1.1. Additional debtors' information

The gross debtors that are older than 30 days, which includes all charges excluding VAT, amounted to R2.06 billion as at 31 August 2018 which is an increase of R547.74 million over the amount of R1.52 billion as at 31 July 2018. During the month, credit control action and debt collection action was implemented. Please note that the debtor balance as indicated in the tables hereunder relates to arrears only (30 days and older) and excludes the August 2018 current account due by the 15 September 2018.

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 31 August 2018. It also provides comparison with the previous month (31 July 2018) which indicates a increase from R1.52 billion to R2.06 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR AUGUST 2018	TOTAL FOR JULY 2018
30 DAYS	537,421,653	15,068,614	15,672,199	32,331,117	10,794,874	5,714,001	617,002,458	96,453,753
60 DAYS	19,791,801	7,505,734	6,356,334	24,438,568	7,739,337	3,711,523	69,543,298	80,260,680
90 DAYS	17,820,011	6,421,814	4,257,253	31,830,438	7,111,634	3,732,636	71,173,786	60,233,594
120 DAYS TO 360 DAYS	80,713,013	36,657,458	27,634,315	142,205,791	46,259,416	32,620,356	366,090,349	353,396,453
YEAR 2	66,763,519	29,612,632	19,769,761	99,282,445	38,787,839	25,545,494	279,761,688	283,230,234
YEAR 3	46,920,388	21,509,512	8,918,466	54,544,264	28,336,805	18,277,944	178,507,379	168,625,192
YEAR 4	35,540,988	13,764,060	5,080,365	32,540,779	19,158,022	14,696,457	120,780,671	118,640,380
YEAR 5	20,363,343	11,934,482	2,516,785	23,529,125	16,974,573	16,668,853	91,987,161	90,020,455
YEAR 5+	62,416,181	36,279,881	7,225,906	59,499,508	58,200,608	46,282,094	269,904,178	266,149,787
TOTAL	887,750,897	178,754,187	97,431,383	500,202,035	233,363,108	167,249,359	2,064,750,968	1,517,010,528

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 31 August 2018. It also reflects the percentage split per category with domestic consumers having the highest share followed by Government. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	72,149,581	31,275,279	28,206,359	798,454,970	930,086,189	45.05
Indigent	20,648,801	17,318,624	24,771,056	79,868,683	142,607,165	6.90
Business	42,165,765	15,078,411	12,787,254	180,893,997	250,925,426	12.15
Government	472,139,687	1,296,899	689,382	14,722,098	488,848,066	23.68
Municipal Staff	504,175	130,420	106,570	1,153,962	1,895,127	0.09
Other	9,394,449	4,443,667	4,613,165	231,937,716	250,388,997	12.13
Total	617,002,458	69,543,298	71,173,786	1,307,031,426	2,064,750,968	100.00

In compliance with the MFMA, the metro has a stop order deduction implemented for all municipal staff and councillors in arrears. When new staff join the employment 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. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 August 2018 amounted to R488.85 million. This indicates an increase of R469.07 million when compared to the previous month, in the amount of R19.78 million as at 31 July 2018. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 August 2018.

The increase relates to annual rates charges raised in August 2018 and due on 30 September 2018.

Although the municipality made every effort to collect the debt by means of regular communication with each department the debt remains unpaid and therefore the municipality will be implementing more stringent debt collection action in the form of disconnection of services.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 31 August 2018 and comparison with the previous month.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 AUGUST 2018	ARREARS AS AT 31 JULY 2018	DIFFERENCE
National Department Of Public Works	28,922,282	3,106,613	32,028,894	3,045,023	28,983,871
Provincial Department Of Public Works	418,998,614	21,069,117	440,067,731	1,349,629	438,718,102
Department Of Education	-	2,111,794	2,111,794	2,934,692	(822,898)
Department Of Health	-	4,137,847	4,137,847	3,129,578	1,008,269
Department Of Social Development	-	3,659	3,659	-	3,659
Department Of Transport	-	51,979	51,979	-	51,979
Department Of Agriculture	-	17,259	17,259	5,074	12,186
Department Of Nature Conservation	-	2,138	2,138	-	2,138
Department of Human Settlements	-	118,181	118,181	2,849	115,333
Sport, Recreation, Arts and Culture	-	638	638	315	322
Department of Labour - UIF Services	-	42,845	42,845	2,694	40,151
Members Of Provincial Legislature	-	36,888	36,888	27,608	9,280
Department of Rural Development and Land Reform	-	105,152	105,152	69,530	35,622
Provincial RDP Houses	-	10,123,060	10,123,060	9,210,796	912,263
TOTAL	447,920,896	40,927,170	488,848,066	19,777,788	469,070,278

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. It reflects that creditors are paid within 30 days.

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2018/19									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	207 840									207 840	183 840
Bulk Water	0200	21 789									21 789	13 258
PAYE deductions	0300	20 361									20 361	33 369
VAT (output less input)	0400	-									-	-
Pensions / Retirement deductions	0500	24 655									24 655	24 747
Loan repayments	0600	-									-	-
Trade Creditors	0700	19 274	24 749	9 426							53 449	167 101
Auditor General	0800	1 453									1 453	384
Other	0900	232 265									232 265	(177 284)
Total By Customer Type	1000	527 637	24 749	9 426	-	-	-	-	-	-	561 812	245 415

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in August 2018.

Table 15: Payments made to the 20 highest paid creditors – August 2018

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				207 840 100.67	207 840 100.67	207 840 100.67
HAW & INGLIS (PTY) LTD				31 211 029.34	31 211 029.34	31 211 029.34
MANTELLA TRADING 522 CC		24 748 822.63			24 748 822.63	24 748 822.63
AMATOLA WATER				21 789 123.37	21 789 123.37	21 789 123.37
MIHLEKUTHI TRADING				10 079 287.56	10 079 287.56	10 079 287.56
UMSO/IMVUSA TRADING 454 DON CIVILS JOINT VENTURE				9 676 909.95	9 676 909.95	9 676 909.95
MVEZO PLANT & CIVILS CC				9 626 748.70	9 626 748.70	9 626 748.70
HEMIPAC INVESTMENT (PTY) LTD	9 425 944.51				9 425 944.51	9 425 944.51
RANDCIVILS				6 953 694.06	6 953 694.06	6 953 694.06
LATHIZA CONSTRUCTION				4 434 176.10	4 434 176.10	4 434 176.10
DOWN TOUCH INVESTMENTS (PTY) LTD				4 371 570.51	4 371 570.51	4 371 570.51
GOROGANG PLANT HIRE				4 186 413.69	4 186 413.69	4 186 413.69
KHUMZI INVESMENT (PTY) LTD				4 112 195.56	4 112 195.56	4 112 195.56
KPMG SERVICES PTY LTD	1 073 258.67	2 940 087.95			4 013 346.62	4 013 346.62
EYA BANTU PROFESSIONAL SERVICES CC				3 847 937.48	3 847 937.48	3 847 937.48
CHIPPA TRAINING ACADEMY (PTY) LTD				3 708 875.09	3 708 875.09	3 708 875.09
TELKOM SA SOC LTD				3 466 782.24	3 466 782.24	3 466 782.24
LOLO AND LOLO DEVELOPMENT SERVICES				3 408 656.80	3 408 656.80	3 408 656.80
IRON MOUNTAIN SOUTH AFRICA (PTY) LTD				3 327 161.76	3 327 161.76	3 327 161.76
LIFETIME CONNECTION MANUFACTURING SUPPLY CC				3 179 287.76	3 179 287.76	3 179 287.76
TOTAL	10 499 203.18	27 688 910.58	-	335 219 950.64	373 408 064.40	373 408 064.40

10. INVESTMENT PORTFOLIO ANALYSIS

The investment portfolio analysis detailed in table 16 below includes information of the institution where funds are invested, period of investment, type of investment and accrued interest for the month.

Table 16: SC5 Monthly Budget Statement – investment portfolio

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	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
		Yrs/Months							
R thousands									
Municipality									
Land Affairs - West Bank		Call Account	Call Account	Call Account	291	3.3%	54 465	291	54 756
Finance Management Grant		Call Account	Call Account	Call Account	0	0.0%	80	(70)	10
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	58	0.7%	10 914	58	10 972
Workmans Compensation (COID)		Call Account	Call Account	Call Account	56	0.6%	10 586	2	10 587
Reeston Development		Call Account	Call Account	Call Account	1	0.0%	167	1	168
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	92	1.0%	17 132	92	17 224
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	3	0.0%	1 103	(772)	331
Trust Funds		Call Account	Call Account	Call Account	6	0.1%	1 147	6	1 153
Vuna Awards		Call Account	Call Account	Call Account	6	0.1%	1 068	6	1 074
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.0%	48	0	48
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.0%	178	1	179
City of Leiden		Call Account	Call Account	Call Account	0	0.0%	79	0	79
Needscamp Planning		Call Account	Call Account	Call Account	5	0.1%	996	(48)	948
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0.0%	285	2	287

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	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
R thousands		Yrs/Months							
Municipality									
Land Affairs - East Bank		Call Account	Call Account	Call Account	454	5.1%	84 876	454	85 330
Land Affairs West Bank		Call Account	Call Account	Call Account	270	3.1%	43 858	270	44 129
European Commission		Call Account	Call Account	Call Account	6	0.1%	1 120	6	1 126
Salaida		Call Account	Call Account	Call Account	9	0.1%	1 497	(85)	1 412
Electricity Demand Management Grant		Call Account	Call Account	Call Account	7	0.1%	5 065	(5 027)	38
ADM Funding		Call Account	Call Account	Call Account	9	0.1%	1 719	9	1 728
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	554	6.3%	143 772	(51 446)	92 326
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	486	5.5%	128 059	(47 514)	80 545
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	808	9.2%	175 917	(31 433)	144 484
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	670	7.6%	177 060	(66 330)	110 730
Infrastructure Skills Dev elopment Grant		Call Account	Call Account	Call Account	40	0.5%	3 506	3 726	7 232
Infrastructure Dev elopment Lev y		Call Account	Call Account	Call Account	1	0.0%	159	1	160
Bcmet		Call Account	Call Account	Call Account	3	0.0%	535	3	537
Expanded Public Works Programme		Call Account	Call Account	Call Account	5	0.1%	954	5	959
City of Oldenburg		Call Account	Call Account	Call Account	2	0.0%	424	2	426
Public Transport Network Grant		Call Account	Call Account	Call Account	336	3.8%	62 832	336	63 168
DEAT		Call Account	Call Account	Call Account	1	0.0%	209	1	210
Neighbourhood Dev elopment Grant (NDP Grant)		Call Account	Call Account	Call Account	13	0.2%	2 506	13	2 519
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	95	1.1%	15 464	95	15 559
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.1%	1 213	7	1 220
Ow n Funds		Call Account	Call Account	Call Account	62	0.7%	11 632	62	11 694
Ow n Funds		Call Account	Call Account	Call Account	278	3.2%	13 830	30 778	44 608
Ow n Funds		Call Account	Call Account	Call Account	250	2.8%	19 288	27 750	47 038

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	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
R thousands		Yrs/Months							
Municipality									
Own Funds		Call Account	Call Account	Call Account	246	2.8%	17 443	28 746	46 189
Own Funds		Call Account	Call Account	Call Account	374	4.2%	69 915	374	70 289
Own Funds		6 Months	Fixed Deposit	21/09/2018	313	3.6%	48 355	313	48 668
Own Funds		6 Months	Fixed Deposit	21/09/2018	311	3.5%	47 343	311	47 653
Own Funds		6 Months	Fixed Deposit	27/06/2018	349	4.0%	50 370	349	50 719
Own Funds		6 Months	Fixed Deposit	26/06/2018	327	3.7%	50 380	327	50 707
Own Funds - CRR		Call Account	Call Account	Call Account	662	7.5%	123 770	662	124 432
Own Funds - CRR		Call Account	Call Account	Call Account	194	2.2%	36 258	194	36 452
Own Funds - CRR		Call Account	Call Account	Call Account	173	2.0%	32 422	173	32 596
Own Funds - CRR		Call Account	Call Account	Call Account	120	1.4%	22 384	120	22 504
Own Funds - CRR		Call Account	Call Account	Call Account	134	1.5%	25 116	134	25 250
Own Funds (Depreciation)		Call Account	Call Account	Call Account	594	6.7%	111 024	594	111 618
Own Funds (Depreciation)		Call Account	Call Account	Call Account	81	0.9%	15 230	81	15 311
Own Funds (Depreciation)		Call Account	Call Account	Call Account	35	0.4%	6 507	35	6 542
Housing Development		Call Account	Call Account	Call Account	15	0.2%	2 754	15	2 769
Municipality sub-total					8 820		1 653 011	(106 317)	1 546 694
Entities									
Entities sub-total					-		-	-	-

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

Table 17: SC6 Monthly Budget Statement – transfers and grants receipts

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	1 399 602	1 399 602	329 187	329 187	502 631	-		1 399 602
Local Government Equitable Share			778 048	778 048	324 187	324 187	324 187	-		778 048
General Fuel Levy			513 844	513 844	-	-	171 281			513 844
Finance Management			1 150	1 150	-	-	1 150			1 150
EPWP Incentive			4 050	4 050	-	-	1 013			4 050
Urban Settlement Development Grant			77 810	77 810	-	-	-			77 810
Public Transport Network Grant			14 000	14 000	-	-	-			14 000
Infrastructure Skills Development Grant			10 700	10 700	5 000	5 000	5 000			10 700
Municipal Human Settlement Capacity Grant			-	-	-	-	-			-
Other transfers and grants [insert description]			-	-	-	-	-			-
Provincial Government:		-	72 071	72 071	-	-	6 006	(4 683)	-78.0%	72 071
Human Settlement Development Grant			56 201	56 201	-	-	4 683	(4 683)	-100.0%	56 201
DSRAC - Library Subsidy			15 870	15 870	-	-	1 323			15 870
Department of Public Works			-	-	-	-	-			-
Office of the Premier			-	-	-	-	-			-
DEDEA (BCMDA)			-	-	-	-	-			-
Other transfers/grants [insert description]			-	-	-	-	-			-
District Municipality:		-	-	-	-	-	-			-
[insert description]			-	-	-	-	-			-
Other grant providers:		-	-	-	-	-	-			-
SETA - Skills Development			-	-	-	-	-			-
Donor Funding - Leiden			-	-	-	-	-			-
Salaida / Gavle			-	-	-	-	-			-
City of Oldenburg			-	-	-	-	-			-
[insert description]			-	-	-	-	-			-
Total Operating Transfers and Grants	5	-	1 471 673	1 471 673	329 187	329 187	508 637	(4 683)	-0.9%	1 471 673
Capital Transfers and Grants										
National Government:		-	803 900	803 900	193 248	193 248	226 041	(5 002)	-2.2%	803 900
Urban Settlement Development Grant			685 182	685 182	190 748	190 748	190 748	-		685 182
Public Transport and Systems			81 165	81 165	-	-	23 791			81 165
Neighbourhood Development Partnership			13 250	13 250	2 500	2 500	2 500			13 250
Integrated National Electrification Programme			6 200	6 200	-	-	-			6 200
Electricity Demand Side Management			8 000	8 000	-	-	4 000			8 000
Integrated City Development Grant			10 003	10 003	-	-	5 002	(5 002)	-100.0%	10 003
Finance Management			-	-	-	-	-			-
Infrastructure Skills Development Grant			100	100	-	-	-			100
Other capital transfers [insert description]			-	-	-	-	-			-
Provincial Government:		-	-	-	-	-	-			-
Dept of Local Government and Traditional Affairs			-	-	-	-	-			-
Dept Sport, Recreation, Arts and Culture (DSRAC)			-	-	-	-	-			-
Department of Public Works			-	-	-	-	-			-
District Municipality:		-	-	-	-	-	-			-
[insert description]			-	-	-	-	-			-
Other grant providers:		-	-	-	-	-	-			-
Salaida / Gavle			-	-	-	-	-			-
Public Funding			-	-	-	-	-			-
Total Capital Transfers and Grants	5	-	803 900	803 900	193 248	193 248	226 041	(5 002)	-2.2%	803 900
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	2 275 573	2 275 573	522 435	522 435	734 678	(9 685)	-1.3%	2 275 573

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 6% (R50.16 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 August 2018. This reflects a slight improvement when compared to the same period in the previous financial year where 4% (33.75 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent.

Table 18 below reflects the year to date expenditure on 2018/19 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

<u>Funding/Grant</u>	<u>2018/19 Approved Budget</u>	<u>YTD Exp (vat) R</u>	<u>Variance (vat incl.) R</u>	<u>% Expenditure vs. Budget (vat incl.)</u>
Integrated National Electrification Programme Grant	6 200 000	0	6 200 000	0%
Energy, Efficiency and Demand Side Management	8 000 000	0	8 000 000	0%
Finance Management Grant	1 150 000	110 500	1 039 500	10%
Infrastructure Skills Development Grant	10 800 000	1 375 140	9 424 860	13%
Urban Settlement Development Grant	762 992 000	45 510 872	717 481 128	6%
Neighbourhood Development Partnership Grant	13 250 000	0	13 250 000	0%
Integrated City Development Grant	10 003 000	0	10 003 000	0%
Expanded Public Works Programme Grant	4 050 000	2 458 188	1 591 812	61%
Public Transport Infrastructure and Systems Grant	95 165 000	704 225	94 460 775	1%
TOTAL	911 610 000	50 158 925	861 451 075	6%

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

Details of the projects that are implemented by each grant are reflected in both Annexure D and E.

11.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)

Handing over of constructed houses cannot take place due to defects. Department of Energy (DOE) policy indicates 80% occupancy prior to electrification, based on the policy BCMM cannot electrify and as a result change controls to electrify in other areas meeting the criteria have been submitted to the Department of Energy (DOE). As per Department of Energy (DOE) change control application is required to move from an agreed project to an alternative project.

11.1.2. ENERGY, EFFICIENCY AND DEMAND SIDE MANAGEMENT (EEDSM)

Materials have been ordered for energy efficient lighting projects and the first batch has arrived and delivery will continue on a weekly basis until all materials have been delivered (4 to 8 week delivery). No expenditure indicated as invoices were not submitted by the services provider in August 2018.

11.1.3. FINANCE MANAGEMENT GRANT (FMG)

There are six (6) interns serving on the internship programme. The interns are being remunerated accordingly. A recruitment process to advertise for three (3) additional intern positions has already been started as the target for the current financial year is to have at least 9 interns.

11.1.4. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

The funding is being used to pay the interns stipends as well as mentor salaries. Both the interns and mentors are be remunerated accordingly.

11.1.5. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

There is no contract in place for the implementation of Neighborhood Development Partnership Grant, however contract for rehabilitation and upgrading of roads was advertised on 01 June 2018 and closed on 06 July 2018.

11.1.6. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Spatial Planning and Development

Traffic calming measures:

The sites have been identified for the construction of traffic calming measures and currently busy with the quotations so that orders can be generated.

Bridge Designs & Implementation:

The site has been identified through the feasibility study currently busy with the quotations so that orders can be generated.

Sidewalks:

Tender is currently at bid evaluation stage.

Traffic signals:

The intersections to be signalized have been identified and currently busy with the quotations so that orders can be generated.

Sleeper Site:

Tender is at bid evaluation stage.

Infrastructure Services

Roads & stormwater:

The contract for the rehabilitation of roads and stormwater is to be awarded by the end of September 2018. The contract for consulting engineering services has been awarded and consultants are being engaged to undertake designs and assessments on critical roads and stormwater infrastructure.

Water and Sanitation:

The annual contracts are currently at Bid Evaluation stage, it is anticipated to be awarded by the end of September 2018. Professional service providers are currently being appointed to undertake assessments and designs.

Electricity:

Electrification Sunny South Phase 1 is in an Eskom area of supply which BCMM will be electrifying and handing over, Materials have been ordered and the first delivery will take place for inspection on the 28th September.

High mast Streetlighting; Insufficient funds to do any High mast in Ward 7 or 12, funds need to be redirected to Street Lighting & High mast Within Metro's areas of supply.

Municipal Services:

Construction of leachate treatment is progressing as per the cashflow projections and invoices for 2018 will be processed in the month of September 2018.

11.1.7. INTEGRATED CITY DEVELOPMENT GRANT (ICDG)

The contract for the rehabilitation and maintenance of roads and stormwater in BCMM is to be awarded by the end of September 2018. The contract for consulting engineering services has been awarded and consultants are being engaged to undertake designs and assessments on critical roads and stormwater infrastructure.

11.1.8. PUBLIC TRANSPORT NETWORK GRANT

Qumza Highway

contractor is currently busy with site establishment and there were delays in issuing of construction work permit from the Department of Labour.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 25.09%. This is within the norm of 25% - 40%.

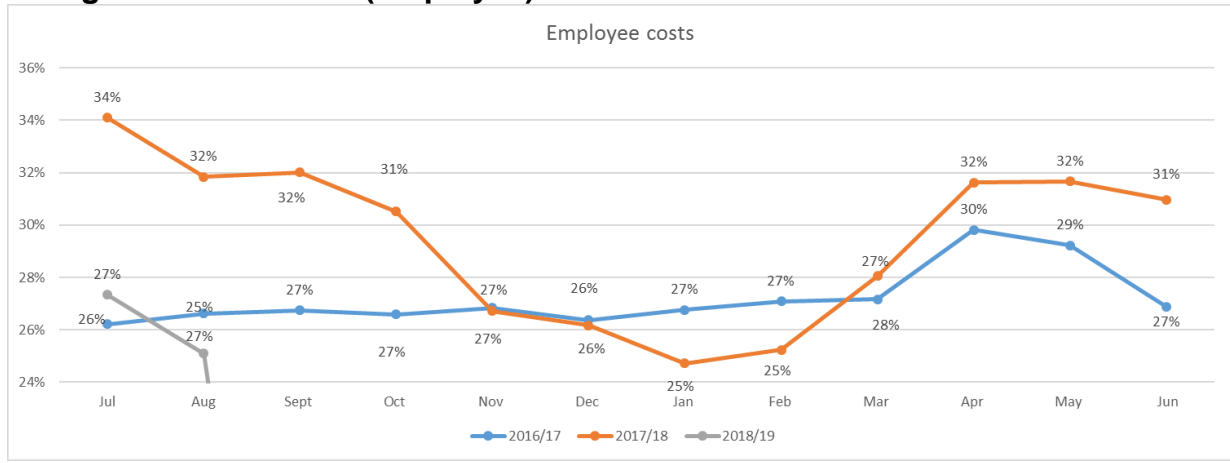
Table 19: SC8 Monthly Budget Statement – Councilor and Staff Benefits

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August										
Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		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			40 253	40 253	2 778	5 580	6 308	(728)	-12%	40 253
Pension and UIF Contributions			3 999	3 999	340	684	627	57	9%	3 999
Medical Aid Contributions			1 885	1 885	180	360	295	65	22%	1 885
Motor Vehicle Allowance										
Cellphone Allowance			2 624	2 624	558	898	411	487	118%	2 624
Housing Allowances			2 274	2 274	198	398	356	42	12%	2 274
Other benefits and allowances			13 150	13 150	1 134	2 278	2 061	217	11%	13 150
Sub Total - Councillors			64 185	64 185	5 188	10 198	10 058	140	1%	64 185
% increase	4		0.0%	0.0%						0.0%
Senior Managers of the Municipality										
Basic Salaries and Wages			15 446	15 446	786	1 572	2 579	(1 007)	-39%	15 446
Pension and UIF Contributions			2 851	2 851	137	275	476	(201)	-42%	2 851
Medical Aid Contributions			284	284	20	39	47	(8)	-18%	284
Overtime										
Performance Bonus										
Motor Vehicle Allowance			3 311	3 311	167	334	553	(219)	-40%	3 311
Cellphone Allowance					36	54		54	0%	
Housing Allowances			520	520	194	387	87	300	346%	520
Other benefits and allowances			2 745	2 745	10	16	458	(442)	-97%	2 745
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	2									
Sub Total - Senior Managers of Municipality			25 157	25 157	1 349	2 677	4 201	(1 524)	-36%	25 157
% increase	4		0.0%	0.0%						0.0%
Other Municipal Staff										
Basic Salaries and Wages			1 167 270	1 167 270	91 395	182 378	194 905	(12 527)	-6%	1 167 270
Pension and UIF Contributions			221 985	221 985	18 599	37 266	37 066	200	1%	221 985
Medical Aid Contributions			104 778	104 778	7 235	14 454	17 495	(3 041)	-17%	104 778
Overtime			7 370	7 370	11 066	20 452	1 231	19 222	1562%	7 370
Performance Bonus			97 741	97 741	5 943	12 629	16 320	(3 691)	-23%	97 741
Motor Vehicle Allowance			37 813	37 813	2 253	4 492	6 314	(1 822)	-29%	37 813
Cellphone Allowance			4 903	4 903	350	703	819	(115)	-14%	4 903
Housing Allowances			19 130	19 130	573	1 141	3 194	(2 053)	-64%	19 130
Other benefits and allowances			201 244	201 244	8 366	15 850	33 603	(17 752)	-53%	201 244
Payments in lieu of leave			20 475	20 475	14	28	3 419	(3 391)	-99%	20 475
Long service awards			23 922	23 922	1 894	3 799	3 994	(195)	-5%	23 922
Post-retirement benefit obligations	2		7 604	7 604	3	5	1 270	(1 265)	-100%	7 604
Sub Total - Other Municipal Staff			1 914 233	1 914 233	147 691	293 198	319 629	(26 431)	-8%	1 914 233
% increase	4		0.0%	0.0%						0.0%
Total Parent Municipality			2 003 576	2 003 576	154 227	306 073	333 888	(27 815)	-8%	2 003 576
			0.0%	0.0%						0.0%
TOTAL SALARY, ALLOWANCES & BENEFITS			2 026 094	2 026 094	154 227	306 073	337 506	(31 433)	-9%	2 026 094
% increase	4		0.0%	0.0%						0.0%
TOTAL MANAGERS AND STAFF			1 961 059	1 961 059	149 039	295 874	327 448	(31 573)	-10%	1 961 059

The graph below shows the workforce costs as a percentage of total expenditure for

the current financial year and the two previous financial years.

Figure 4: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 August 2018. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 August 2018.

Table 20: Overtime per Directorate

Directorate Overtime	2018/2019 Approved Budget R	2018/2019 YTD Budget R	2018/2019 YTD Expenditure R	2018/2019 Variance R	2018/2019 % of YTD Budget %
Directorate Of Executive Support Services	1 471 929	245 768	582 713	(336 945)	237%
Directorate Of The City Manager	592 949	99 005	206 367	(107 363)	208%
Directorate Of Corporate Services	523 834	87 464	108 174	(20 709)	124%
Directorate Of Development & Spatial Planning	758 322	126 617	34 713	91 904	27%
Directorate Of Economic Development & Agencies	517 768	86 452	29 907	56 545	35%
Directorate Of Finance	2 067 740	345 250	442 407	(97 157)	128%
Directorate Of Health / Public Safety & Emergency Services	27 703 586	4 625 664	4 859 778	(234 114)	105%
Directorate Of Human Settlement	128 942	21 529	7 944	13 585	37%
Directorate Of Infrastructure Services	20 326 705	3 393 947	5 371 926	(1 977 979)	158%
<i>Electricity</i>	9 547 906	1 594 212	1 987 151	(392 938)	125%
<i>Water</i>	3 706 598	618 890	1 876 379	(1 257 489)	303%
<i>Sanitation</i>	5 709 040	953 238	1 342 888	(389 650)	141%
<i>Other</i>	1 363 161	227 607	165 508	62 098	73%
Directorate Of Municipal Services	23 589 709	3 938 770	6 726 532	(2 787 762)	171%
Total	77 681 484	12 970 466	18 370 461	(5 399 995)	142%

Table 21: Overtime Per Cost Centre: June 2018 – August 2018

OVERTIME PER COST CENTRE

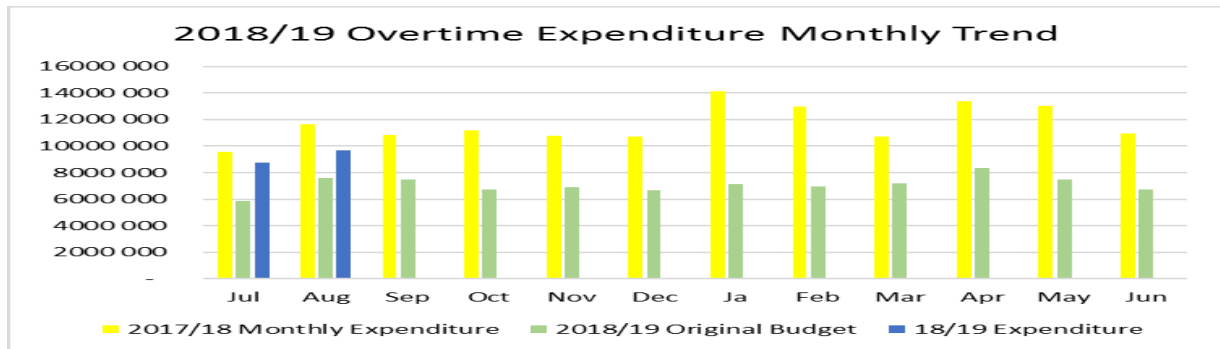
		June 2018 Amount	July 2018 Amount	August 2018 Amount
	Directorate -Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	262 710.44	249 223.38	250 979.36
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	35 411.95	24 789.60	2 065.59
0523	IDP & BUDGET INTEGRATION	17 724.75	9 953.33	-
0531	POLITICAL OFFICE ADMINISTRATION	37 337.41	1 510.96	-
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	-	-	1 522.42
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	-	8 453.28	4 322.70
0542	SPECIAL PROGRAMMES	-	20 754.42	9 137.70
		353 184.55	314 684.97	268 027.77
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	65 044.83	69 562.94	75 549.46
1015	INFORMATION / TECHNOLOGY & SUPPORT	32 324.08	29 071.40	32 183.59
1041	GOVERNANCE & INTERNAL AUDITING	-	0	-
		97 368.91	98 634.34	107 733.05
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-	-	-138.56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	34 016.02	16 570.07	3 400.82
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	44 846.62	28 644.42	55 886.32
1531	HUMAN RESOURCES MANAGEMENT	753.44	0	12 120.87
1532	ADMINISTRATIVE SUPPORT	6 326.15	7 787.64	-
1536	ORGANISATIONAL DEVELOPMENT	3 270.83	0	-500.00
		89 213.06	50 961.78	70 769.45
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	8 443.46	6 538.57	4 458.42
2037	TRAFFIC MANAGEMENT & SAFETY	9 997.26	-	23 716.11
		18 440.72	6 538.57	28 174.53
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	-	4 445.95	-

		June 2018 Amount	July 2018 Amount	August 2018 Amount
2511	FRESH PRODUCE MARKET	24 281.85	8 719.14	3 868.82
2521	TOURISM / ARTS / CULTURE & HERITAGE	-	-	12 872.86
2531	TRADE / INDUSTRY & RURAL AGRARIAN	3 190.54	-	-
		27 472.39	13 165.09	16 741.68
	DIRECTORATE OF FINANCE			
3005	OFFICE OF THE DIRECTOR FINANCE	-	-	1 410.00
3033	PAYROLL & BENEFITS	-	1 849.68	2 660.99
3034	VAT / LEASES & PAYMENTS	6 852.04	38 210.27	44 122.20
3051	REVENUE MANAGEMENT	2 766.40	-	-
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	3 378.38	2 895.75	3 363.75
3053	COASTAL REVENUE MANAGEMENT	5 922.77	1 972.92	6 077.37
3054	CUSTOMER RELATIONS (CALL CENTRE)	106 629.32	118 853.69	120 379.36
3055	INLAND REVENUE MANAGEMENT	-	-	-176.43
3056	MIDLAND REVENUE MANAGEMENT	-	2 709.84	2 923.45
3061	STRATEGY & OPERATIONS	2 471.63	1 287.00	-
3071	SUPPLY CHAIN MANAGEMENT	20 143.53	98 459.85	-4 416.34
		148 164.07	266 239.00	176 344.35
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	2 389.05	9 135.42	1 609.86
3513	FIRE & RESCUE	393 933.89	464 592.99	316 797.90
3521	MUNICIPAL HEALTH SERVICES	-	-	18 751.68
3532	LAW ENFORCEMENT SERVICES	1 547 236.94	1 166 852.75	1 705 292.75
3533	TRAFFIC SERVICES	508 355.57	528 282.15	678 116.08
		2 451 915.45	2 168 863.31	2 720 568.27
	DIRECTORATE OF HUMAN SETTLEMENT			
4011	HOUSING DELIVERY & IMPLEMENTATION	-	3 727.50	-
		-	3 727.50	-
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	1 923.53	4 025.75	2 888.82
4511	ELECTRICAL & ENERGY SERVICES	2 224.70	2 202.51	2 209.70
4512	CUSTOMER SERVICES & REVENUE PROTECTION	86 418.17	78 637.01	88 101.45
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	3 123.60	3 992.57	638.40
4514	ELECTRICAL DISTRIBUTION	853 825.21	644 773.37	1 166 595.92

		June 2018 Amount	July 2018 Amount	August 2018 Amount
4521	ROADS / PIU & CONSTRUCTION	-	-	1 200.60
4522	CONSTRUCTION	-	712.71	-
4524	ROADS	12 284.59	19 652.03	10 360.25
4532	SANITATION	720 500.44	633 165.99	707 092.38
4535	WATER SERVICES	872 080.90	745 193.82	1 134 724.83
4542	FLEET SERVICES & PLANT	-	2 904.63	-
4543	WORKSHOPS	3 570.56	57 866.37	65 997.23
		2 555 951.70	2 193 126.76	3 179 809.58
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	29 972.03	10 101.06	4 957.26
5011	COMMUNITY AMENITIES	39 364.62	21 920.77	21 185.41
5013	LIBRARIES	28 112.05	11 796.37	14 221.07
5014	HALLS	207 045.07	204 897.46	193 749.38
5015	RECREATION	499 412.57	315 637.93	252 888.16
5016	SPORTS FACILITIES	204 550.83	218 637.31	82 366.76
5021	PARKS / CEMETRIES & CONSERVATION	6 793.36	-	-
5022	CEMETRIES & CREMATORIA	376 723.08	326 895.84	316 604.99
5023	CONSERVATION	126 569.53	132 488.63	124 445.03
5024	PARKS: COASTAL	1 089 077.68	768 338.95	311 438.12
5031	SOLID WASTE MANAGEMENT	22 661.53	24 508.42	33 227.56
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 575 935.44	1 469 881.07	1 573 290.80
5035	LANDFILLS & TRANSFER STATIONS	159 766.94	140 081.49	149 312.89
		4 365 984.73	3 645 185.30	3 077 687.43
	TOTAL OVERTIME	10 107 695.58	8 767 997.79	9 645 856.11

The graph below shows the overtime expenditure monthly trend for the current financial year.

Figure 5: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Executive Support

The over expenditure is due to the respective political office’s Bodyguards having to work extended overtime and night shifts. Furthermore, Public Participation (Political Office) unit staff had to work overtime due to loudhailing done after business hours and on weekends.

b) Directorate of the City Manager

The over expenditure is due to emergency overtime work for the support of the institutions network, applications, IT Environment and server room.

c) Directorate of Finance

A large portion of the over expenditure was due to Creditors section officials having to work overtime in order to meet the deadlines for the processing of accruals for the 2017/18 financial year end as well as Supply Chain Management officials having to work overtime to perform year end stock counts.

d) Directorate of Corporate Services

The over expenditure on overtime is as a result of nature of operations which necessitates the drivers to deliver agendas outside the normal operating hours.

e) Directorate of Infrastructure Services

Water – Overtime due to emergency callouts for burst pipes, water leaks and shiftwork for operation of water treatment plants.

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.

f) Directorate of Municipal Services

Overtime is linked to hall usage, the staff working overtime are halls staff. Most bookings occur after hours or over weekends which results in overtime. This is a service to the public and it is therefore essential that the overtime is worked.

Cleansing & Refuse Removal: Inland – the department provides services 7 days' a week and five days are normal working days. Saturday and Sunday is regarded as structured overtime. The department is exploring other measures or to introduce a 6-day shift work. Measures are being put in place to adhere to the 40hrs per month.

Cleansing & Refuse Removal: Coastal - There is a moratorium that says all the vacant funded posts created before April 2017 must not be advertised, this results in the shortage of staff. The department is forced to allow workers to work after hours in order to curb the backlogs in certain areas to meet service delivery expectations and some areas within the region require a seven days' coverage of refuse removal due to large volumes of waste generated.

Landfills & Transfer Stations - Landfills as per the permit have operating hours. The operations of the facilities warrants that there must be staff on site during the operating hours as stipulated in the permit. Landfills operate from 08:00 till 22:00 during weekdays and they operate from 08:00 till 16:00 on weekends and public holidays.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 August 2018. There was a decrease in the total payment between June 2018 and July 2018 of R510 773 and a increase in the total payment between July 2018 and August 2018 of R474 008.

Table 22: Standby & Shift Allowance per Directorate

	JUNE	JULY	AUGUST
	2018	2018	2018
Directorate of Executive Support Services	8082	6 184	4 031
Directorate of the City Manager	51 190	44 329	64 172
Directorate of Corporate Services	1 227	328	879
Directorate of Development & Spatial Planning	15 896	4 076	11 940
Directorate Economic Development & Agencies	2 215	1 076	1 230
Directorate of Finance	10 163	9 029	9 855
Directorate of Health/Public Safety & Emergency Services	607 655	437 898	586 679
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	639 614	396 704	629 733
Directorate of Municipal Services	316 834	242 480	307 591
TOTAL	1 652 876	1 142 103	1 616 111

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past three months ended 31 August 2018 is reflected below. There was a decrease in the total payment between June 2018 and July 2018 of R1 213 931 and an increase in the total payment between July 2018 and August 2018 of R584 726.

Table 23: Temporary Staff per Directorate

	JUNE	JULY	AUGUST
	2018	2018	2018
Directorate of Executive Support Services	543 009	506 021	499 962
Directorate of the City Manager	452 083	426 661	303 553
Directorate of Corporate Services	1 373 386	1 333 461	1 314 045
Directorate of Development & Spatial Planning	156 876	210 807	226 711
Directorate Economic Development & Agencies	42 140	35 889	31 732
Directorate of Finance	641 594	711 752	1 265 052
Directorate of Health/Public Safety & Emergency Services	270 274	198 029	217 640
Directorate of Human Settlement	278 058	239 595	216 405
Directorate of Infrastructure Services	292 259	296 963	277 704
Directorate of Municipal Services	2 903 806	1 780 377	1 971 477
TOTAL	6 953 486	5 739 555	6 324 281

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R10.06 million less the year to date expenditure of R10.20 million leaves a variance of R0.14.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2018/2019 Annual Budget	2018/2019 YTD Budget	2018/2019 YTD Expenditure	2018/2019 Variance	2018/2019 Variance
	R	R	R	R	%
Councillors Allowances	43 727 130	6 719 273	6 478 117	241 156	3.59
Housing Allowance	2 274 000	356 358	398 497	(42 139)	0.00
Medical Aid Allowance	1 884 903	295 383	359 897	(64 514)	-21.84
Pension Allowance	3 998 763	626 646	683 643	(56 997)	-9.10
Travel Allowance	13 150 247	2 060 775	2 278 214	(217 440)	-10.55
Total	65 035 043	10 058 435	10 198 369	(139 934)	-1.39

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R3.43 million (7.7%) of its 2018/2019 approved operating budget of R44.36 million.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M02 August

Description	Ref	Budget Year 2018/19								
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments		-	789	-	62	111	131	(21)	-16%	789
Agency services		-	990	-	-	-	165	(165)	-100%	990
Transfers and subsidies		-	32 033	-	-	14 924	16 016	(1 093)	-7%	32 033
Other revenue		-	10 544	-	5	5	1 757	(1 752)	-100%	10 544
Total Operating Revenue	1	-	44 355	-	67	15 039	18 070	(3 031)	-17%	44 355
Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs		-	21 727	-	1 201	2 404	3 621	(1 217)	-34%	21 727
Remuneration of Directors		-	850	-	84	84	142	(58)	-41%	850
Depreciation & asset impairment		-	1 412	-	74	147	235	(88)	-37%	1 412
Finance charges		-	10	-	0	0	2	(2)	-100%	10
Other expenditure		-	20 356	-	501	793	3 393	(2 600)	-77%	20 356
Total Operating Expenditure	2	-	44 355	-	1 859	3 427	7 393	(3 965)	-54%	44 355
Surplus/ (Deficit) for the yr/period		-	(0)	-	(1 793)	11 612	10 678	(6 996)	-66%	(0)
Capital Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	27 292	-	-	-	4 549	(4 549)	-100%	4 549
Total Capital Expenditure	3	-	27 292	-	-	-	4 549	(4 549)	-100%	4 549

A detailed analysis of the entity's performance for month ended 31 August 2018 is outlined in the attached Annexure F.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 4% (R71.11 million, inclusive of reclaimed vat) of its 2018/19 approved capital budget of R1.75 billion as at 31 August 2018. This reflects a slight improvement then compared to the same period in the previous financial year where 3% (R44.94 million, inclusive of reclaimed vat) of the approved budget of R1.65 billion was spent. 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 26 below reflects capital expenditure performance per source of funding.

Table 26: Capital Expenditure per Funding Source against Budget

Funding	201/2019 Approved Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
TOTAL OWN FUNDS	949 241 750	27 273 128	919 676 872	3%
Urban Settlements Grant	685 182 240	43 132 841	642 049 399	6%
Public Transport Network Grant	81 165 000	704 225	80 460 775	1%
Intergatred City Development Grant	10 003 000	0	10 003 000	0%
Infrastructure Skills Development Grant	100 000	0	100 000	0%
Neighbourhood Development Partneship Grant	13 250 000	0	13 250 000	0%
Energy Efficiency And Demand Side Management	8 000 000	0	8 000 000	0%
Intergatred National Electrification Grant	6 200 000	0	6 200 000	0%
TOTAL GRANTS	803 900 240	43 837 066	760 063 174	5%
TOTAL - FUNDING SOURCES	1 753 141 990	71 110 194	1 679 740 046	4%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Services	2018/2019 Approved Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	82 877 100	1 869 060	78 008 040	2%
Electricity	128 450 000	985 597	127 464 403	1%
Housing	104 254 640	0	104 254 640	0%
Local Economic Development	81 191 750	43 404	78 856 596	0%
Other	18 000 000	0	18 000 000	0%
Public Safety	13 770 000	431 884	13 338 116	3%
Roads	286 985 000	14 374 828	272 610 172	5%
Spatial Planning	68 172 900	865 370	67 307 530	1%
Support Services	215 478 000	19 560 783	195 917 217	9%
Transport Planning	195 165 000	12 242 216	182 922 784	6%
Waste Management	76 952 360	0	79 952 360	0%
Waste Water	287 394 290	12 853 751	274 540 539	4%
Water	194 450 950	7 883 301	186 567 649	4%
TOTAL - PER SERVICE	1 753 141 990	71 110 194	1 679 740 046	4%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2018/2019 Approved Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	3 500 000	53 050	3 446 950	2%
City Manager's Office	51 840 000	19 288 436	32 551 564	37%
Corporate Services	3 600 000	0	3 600 000	0%
Spatial Planning & Development	263 837 900	13 107 586	250 730 314	5%
Economic Development & Agencies	81 691 750	43 404	79 356 596	0%
Finance Services	142 538 000	94 497	142 443 503	0%
Health/Public Safety & Emergency Services	14 270 000	483 529	13 786 471	3%
Human Settlements	104 754 640	0	104 754 640	0%
Infrastructure Services	916 280 240	36 169 414	880 110 826	4%
Municipal Services	160 829 460	1 869 060	158 960 400	1%
TOTAL DIRECTORATES	1 743 141 990	71 108 977	1 669 741 263	4%
Asset Replacement	10 000 000	1 217	9 998 783	0%
TOTAL BUDGET PER DIRECTORATE	1 753 141 990	71 110 194	1 679 740 046	4%

The capital programme performance by month is tabulated in table 29 below (exclusive of Vat).

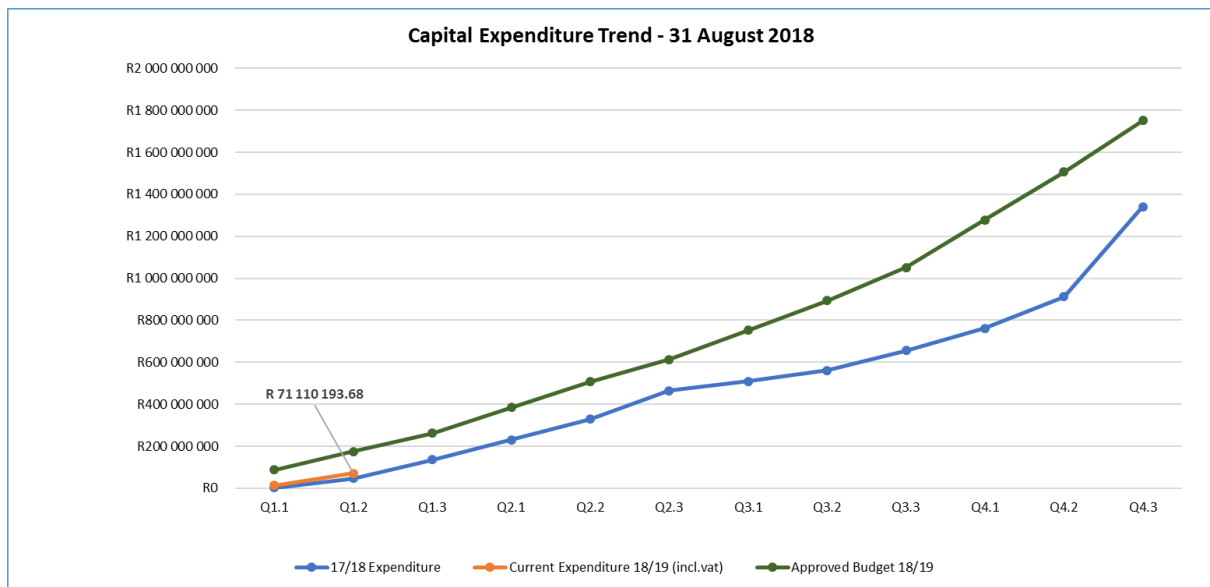
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M02 August

Month	2017/18	Budget Year 2018/19							
	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		131 677	131 677	10 979	10 979	131 677	120 698	91.7%	1%
August		131 677	131 677	54 757	65 736	263 355	197 619	75.0%	4%
September		131 677	131 677	-		395 032	-		
October		131 677	131 677	-		526 709	-		
November		131 677	131 677	-		658 386	-		
December		131 677	131 677	-		790 064	-		
January		131 677	131 677	-		921 741	-		
February		131 677	131 677	-		1 053 418	-		
March		131 677	131 677	-		1 185 095	-		
April		131 677	131 677	-		1 316 773	-		
May		131 677	131 677	-		1 448 450	-		
June		304 692	304 692	-		1 753 142	-		
Total Capital expenditure	-	1 753 142	1 753 142	65 736					

The graph below shows the capital expenditure trend inclusive of reclaimed vat for the current financial year and the previous financial year.

Figure 6: Capital Expenditure Trend



15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 4% (R12.26 million, inclusive of reclaimed vat) of its 2018/19 approved operating projects budget of R313.09 million as at 31 August 2018. This reflects a slight regression in rand value terms when compared to the same period in the previous financial year where 4% (R12.34 million, inclusive of reclaimed vat) of the approved operating projects budget of R299.97 million was spent.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

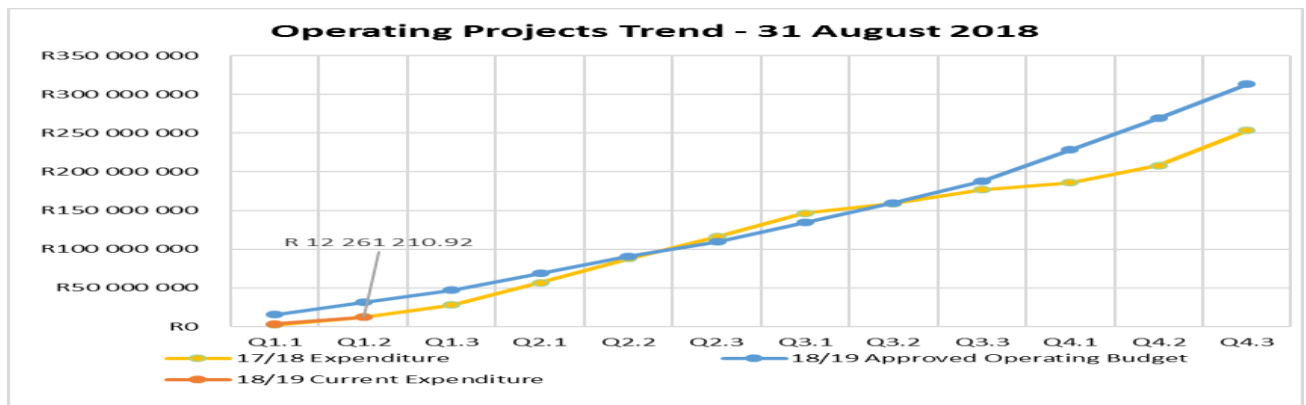
Directorate	2018/2019 Approved budget	YTD Expenditure (incl. vat)	Available Budget (incl. vat)	% Expenditure (incl. vat)
Executive Support Services	43 326 890	168 635	43 158 255	0%
Municipal Manager's Office	37 553 260	5 257 986	32 295 274	14%
Human Settlements	56 771 024	0	56 771 024	0%
Directorate of Financial Services	26 430 933	1 343 283	25 087 650	5%
Directorate of Corporate Services	21 716 875	2 312 917	19 403 958	11%
Directorate of Infrastructure Services	61 000 000	999 154	60 000 846	2%
Development and Spatial Planning	15 900 000	396 685	15 503 315	2%
Directorate of Economic Development	34 310 000	829 080	33 480 920	2%
Directorate of Health & Public Safety	1 179 300	38 119	1 141 181	3%
Directorate of Municipal Services	14 900 000	915 351	13 984 649	6%
TOTAL PER DIRECTORATE	313 088 282	12 261 211	300 827 071	4%

Table 31: Operating Projects Per Funding Source

Funding	2018/2019 Approved Budget	YTD Expenditure (incl. vat)	Available Budget (incl. vat)	% Expenditure (incl. vat)
Total Own Funding	149 177 498	5 939 352	143 238 146	4%
Expanded Public Works Programme Incentives Grant	4 050 000	2 458 188	1 591 812	61%
Finance Management Grant	1 150 000	110 500	1 039 500	10%
Human Settlement Development Grant	56 201 024	0	56 201 024	0%
Infrastructure Skills Development Grant	10 700 000	1 375 140	9 324 860	13%
Public Transport Infrastructure Grant	14 000 000	0	14 000 000	0%
Urban Settlement Development Grant	77 809 760	2 378 031	75 431 729	3%
Total Grants	163 910 784	6 321 859	157 588 925	4%
TOTAL FUNDING SOURCE	313 088 282	12 261 211	300 827 071	4%

The graph below shows the operating projects expenditure trend for the current financial year and the previous financial year.

Figure 7: Operating Projects Expenditure Trend



15.2. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES AND MUNICIPAL SERVICES

15.2.1. Health / Public Safety & Emergency Services

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

Table 32: Health / Public Safety & Emergency Services – Cost Analysis

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	633 631	15 206	0	648 838
GM - EMERGENCY SERVICES	(25 182 047)	13 411 571	1 464 117	184 777	15 060 466
EMERGENCY SERVICES	0	400 268	11 600	0	411 869
DISASTER MANAGEMENT	0	473 082	56 383	16 345	545 810
FIRE & RESCUE	(25 182 047)	12 538 221	1 396 134	168 432	14 102 787
GM - MUNICIPAL HEALTH SERVICES	0	5 146 934	81 185	8 640	5 236 759
MUNICIPAL HEALTH SERVICES: COASTAL REGION	0	5 146 934	81 185	8 640	5 236 759
GM - PUBLIC SAFETY & PROTECTION SERVICES	(9 836 081)	35 531 086	1 150 011	217 576	36 898 673
PUBLIC SAFETY & PROTECTION SERVICES	(70 265)	309 160	38 942	128 865	476 968
LAW ENFORCEMENT SERVICES	(916)	19 807 739	252 704	71 176	20 131 619
TRAFFIC SERVICES	(9 764 900)	15 414 187	858 364	17 535	16 290 086
Total	(35 018 127)	54 723 223	2 710 520	410 993	57 844 735

15.2.2. Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	1 257 079	25 972	0	1 283 051
GM - COMMUNITY AMENITIES	(433 810)	19 936 180	1 012 416	1 738 396	22 686 992
COMMUNITY AMENITIES	0	2 114 662	21 038	10 016	2 145 716
LIBRARIES	(28 709)	4 134 740	162 921	21 055	4 318 716
HALLS	(232 348)	3 432 731	187 179	107 092	3 727 002
RECREATION	(150 891)	6 260 472	421 983	303 239	6 985 695
SPORTS FACILITIES	(21 862)	3 993 575	219 294	1 296 994	5 509 863
GM - PARKS / CEMETRIES & CONSERVATION	(1 389 691)	24 151 694	1 783 445	1 015 520	26 950 658
PARKS / CEMETRIES & CONSERVATION		484 311	5 600	0	489 912
CEMETRIES & CREMATORIA	(1 238 801)	4 237 998	721 981	395 646	5 355 626
CONSERVATION	(136 426)	3 033 027	106 302	49 112	3 188 440
PARKS: COASTAL	(14 463)	16 396 358	949 562	570 761	17 916 681
GM - SOLID WASTE MANAGEMENT	(96 800 261)	27 749 853	25 125 069	1 380 196	54 255 118
SOLID WASTE MANAGEMENT	0	2 242 189	926 151	1 380 196	4 548 536
CLEANSING & REFUSE REMOVAL: COASTAL	(96 353 787)	23 127 363	18 794 707	0	41 922 070
LANDFILLS & TRANSFER STATIONS	(446 473)	2 380 301	5 404 211	0	7 784 512
Total	(98 623 761)	73 094 805	27 946 902	4 134 112	105 175 819

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

The monthly budget statement (Section 71 Report)

for the period ending **August 2018** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

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
- C7 Monthly Budget Statement - Cash Flow

Annexure B

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC12 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- 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

Buffalo City Metropolitan Development Agency Performance Report