

## **REPORT TO EXECUTIVE MAYOR: 15 AUGUST 2017**

File No.:5/1/1/1[17/18]

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### **STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2017/18 BUDGET FOR THE PERIOD ENDED 31 JULY 2017**

#### **1. PURPOSE**

The purpose of the report is for the Executive Mayor to consider and note the statement of financial performance and the implementation of the 2017/18 budget of the Buffalo City Metropolitan Municipality for the period 31 July 2017.

#### **2. AUTHORITY**

Executive Mayor

#### **3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

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).

# **TABLE OF CONTENTS**

REPORT TO EXECUTIVE MAYOR: 14 AUGUST 2017 .....	1
1. PURPOSE.....	1
2. AUTHORITY .....	1
3. LEGAL / STATUTORY REQUIREMENTS .....	1
4. BACKGROUND .....	1
LIST OF TABLES .....	3
PART 1: IN-YEAR REPORT .....	4
5. RESOLUTIONS .....	5
6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 JULY 2017.....	6
7. IN-YEAR BUDGET STATEMENT MAIN TABLES .....	10
PART 2: SUPPORTING DOCUMENTATION.....	22
8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION.....	23
9. CREDITORS' ANALYSIS.....	28
10. INVESTMENT PORTFOLIO ANALYSIS.....	30
11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	33
12. COUNCILLOR AND EMPLOYEE BENEFITS.....	38
13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE .....	46
14. CAPITAL PROGRAMME PERFORMANCE.....	47
15. OTHER SUPPORTING DOCUMENTS.....	49
16. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES AND MUNICIPAL SERVICES .....	51
17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION.....	53
ANNEXURES: .....	54

## **LIST OF TABLES**

<b>Table 1: Performance Summary</b> .....	6
Table 2:C1: Monthly Budget Statement Summary .....	10
Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification) .....	11
Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote) .....	12
Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type) .....	13
Table 6: Repairs and Maintenance per Directorate .....	18
Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) .....	19
Table 8: C6: Monthly Budget Statement – Financial Position .....	20
Table 9: C7: Monthly Budget Statement – Cash Flow .....	21
Table 10: SC3 Monthly Budget Statement Aged Debtors .....	23
Table 11: Debtor’s Age Analysis by Income Source Comparison .....	25
Table 12: Age Analysis per Category Type .....	26
Table 13: Analysis of Government Debtors .....	27
Table 14: SC4 Monthly Budget Statement Aged Creditors .....	28
Table 15: Payments made to the 20 highest paid creditors – July 2017 .....	29
Table 16: SC5 Monthly Budget Statement – investment portfolio .....	30
Table 17: SC7(1) Monthly Budget Statement – transfers and grants expenditure ..	33
Table 18: Spending per Conditional Grant Funding Allocation .....	34
Table 19: SC8 Monthly Budget Statement – Councilor and Staff Benefits .....	38
Table 20: Overtime per Directorate .....	39
Table 21: Overtime Per Cost Centre: May 2017 – July 2017 .....	40
Table 22: Standby & Shift Allowance per Directorate .....	44
Table 23: Temporary Staff per Directorate .....	45
Table 24: Councillors Costs .....	45
Table 25: Monthly Budget Statement – summary of municipal entity .....	46
Table 26: Capital Expenditure per Funding Source against Budget .....	47
Table 27: Actual Expenditure per Service against Budget .....	48
Table 28: Actual Expenditure per Directorate against Budget .....	48
Table 29: SC12 Monthly budget Statement – capital expenditure trend .....	49
Table 30: Operating Projects per Directorate .....	50
Table 31: Operating Projects per Funding Source .....	50
Table 32: Health / Public Safety & Emergency Services – Cost Analysis .....	51
Table 33: Municipal Services – Cost Analysis .....	52

# **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 2017/18 budget for the period ended 31 July 2017 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 July 2017 of 78.30%.

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**CITY MANAGER**

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**DATE**

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND  
THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE  
PERIOD ENDED 31 JULY 2017**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 866,773,497	Bank Balance	R 270, 622,442
Expenditure	(R 445,197,617)	Call investments (excl. int.)	R 1,655,141,677
Operating Surplus	R 421,575,879	<b>Cash and cash equivalents</b>	<b>R 1,925,764,119</b>
Transfers Recognised - Capital	R 672,846	<i>Account Payables</i>	<i>(R 245,415,488)</i>
Surplus After Capital Transfers	R 422,248,725	<i>Unspent conditional grants</i>	<i>(R 1,057,500,649)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget- own funds</i>	<i>(R 848,261,701)</i>
Total debtors book	R 2,111,399,616	<b>Possible cash deficit should there be no collection revenue collection made</b>	<b>(R 225,413,719)</b>
Total debtors - Government	R 102,421,472		
Total debtors - Business	R 609,329,529	Total Long term loans	R 445,767,675
Total debtors - Households	R 1,163,815,352		
Total debtors - Other	R 235,833,263	<b>SURPLUS PER SERVICE</b>	
Total debt written off	R 0	Water	R 53,268,985
<b>REPAIRS AND MAINTENANCE</b>		Electricity	R 72,497,099
<b>2016/2017:</b> Exp. = R5.54 m, which is 1% of approved budget of R414.79 m	<b>2017/2018:</b> Exp. = R6.92 m, which is 1.5% of approved budget of R462.49 m	Refuse	R 42,846,084
		Sewerage	R 50,665,833
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2016/2017: Exp. as a % of Approved Budget of R1.56b:</b>  Exp. (excl. vat) = R1.61 mil % exp (Excl. vat) : 0.1%  Exp. (incl. vat) = R1.61 mil % exp (incl. vat): 0.1%	<b>2017/2018: Exp. as a % of Approved Budget of R1.65b:</b>  Exp. (excl. vat) = R2.31 mil % exp (Excl. vat) :0.14%  Exp. (incl. vat) = R2.40 mil % exp (incl. vat): 0.15%	<b>2016/2017: Exp. as a % of Approved Budget of R329.02m:</b>  Exp.(excl. vat)= R360 366 % exp.(excl. vat): 0.11%  Exp.(incl. vat) = R367 915 % exp.(incl. vat): 0.11%	<b>2017/2018: Exp. as a % of Approved Budget of R299.97m:</b>  Exp. (excl. vat) = R2.12 mil % exp.(excl. vat): 1%  Exp. (incl. vat) = R2.19 mil % exp.(incl. vat): 1%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating Surplus for the period	R 421,575,879	Total staff complement	5 192
Debtors collection ratio	78.30%	Staff Appointments	52
YTD Grants and subsidies	R 293,866,000	Staff Terminations	15
% of Creditors paid within terms	100%	Number of funded vacant posts	650
Current ratio	2.12:1	Total overtime paid (YTD)	R 9,586,958
Total Debt to Revenue	9.25%	Allowances and benefits - Councillors	R 4,692,999
Capital Charges to Operating Expenditure	0.45%	Salary bill - Officials	R147,093,474
Cost coverage ratio	3.66 months	Workforce costs as a % of expenditure	34.09%

## **6.2 Liquidity position**

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.12:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 41% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 57% of the current assets. The City has a stronger cash and cash equivalent and can easily meet its immediate obligations.

## **6.3 Collection Rate and Outstanding Debtors**

The year to date collection rate for the month ended 31 July 2017 is 78.30% (2016/17: 61.17%). The collection rate reflects an improvement when compared to the previous financial year. This ratio denotes the City's ability to collect the billed revenue from its consumers. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors management.

Total debtors book (including current accounts) as at 31 July 2017 amounts to R2.11 billion (2016/17: R1.82 billion). Households: R1.2 billion, Business: R609.3 million, Government: R102.4 million, Other: R235.8 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 0.15% (R2.4 million, inclusive of reclaimed vat) of its 2017/18 approved capital budget of R1.65 billion as at 31 July 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 0.1% (R1.61 million, inclusive of reclaimed vat) of the approved budget of R1.56 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 1% (R2.19 million, inclusive of reclaimed vat) of its 2017/18 approved operating budget of R299.97 million as at 31 July 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 0.11% (R367 915, inclusive of reclaimed vat) of the approved operating projects budget of R329 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 0.23% (R2.06 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 July 2017. This reflects an improvement when compared to the same period in the previous financial year where 0.03% (R272 429, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. (Refer to Section 11 for further details).

### **6.6.1. Urban Settlement Development Grant (USDG) funded projects**

BCMM has spent 0.13% (R1 million, inclusive of reclaimed vat) of its 2017/2018 USDG budget of R768.13 million as at 31 July 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 0.03% (R229 181, inclusive of reclaimed of vat) of USDG budget of R731.5 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 July 2017 are R1.93 billion made up of cash and bank amounting to R270.62 million and call investment deposits of R1.66 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 0.78 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 3.66 times, which is above the norm of 1-3 months as per the MFMA circular 71.

### **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. However, 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 July 2017 amounts to R445.77 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 July 2017 is 0.45%. 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%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual ratio moving closer to the norm.

The total debt to revenue ratio is 9.25% as at 31 July 2017, 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. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

## 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 - M01 July**

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	1 225 285	-	178 132	178 132	195 275	(17 144)	-9%	1 225 285
Service charges	-	3 011 895	-	364 913	364 913	247 116	117 798	48%	3 011 895
Investment revenue	-	157 241	-	11 977	11 977	12 059	(82)	-1%	157 241
Transfers and subsidies	-	1 368 106	-	293 866	293 866	306 956	(13 090)	-4%	1 368 106
Other own revenue	-	437 502	-	17 885	17 885	27 821	(9 935)	-36%	437 502
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>6 200 028</b>	-	<b>866 773</b>	<b>866 773</b>	<b>789 226</b>	<b>77 547</b>	<b>10%</b>	<b>6 200 028</b>
Employee costs	-	1 748 500	-	147 724	147 724	119 021	28 703	24%	1 748 500
Remuneration of Councillors	-	63 248	-	4 553	4 553	5 131	(578)	-11%	63 248
Depreciation & asset impairment	-	778 744	-	56 660	56 660	64 774	(8 114)	-13%	778 744
Finance charges	-	54 320	-	1 888	1 888	3 683	(1 795)	-49%	54 320
Materials and bulk purchases	-	1 578 167	-	181 869	181 869	187 588	(5 718)	-3%	1 578 167
Transfers and subsidies	-	305 537	-	5 494	5 494	3 930	1 563	40%	305 537
Other expenditure	-	1 669 625	-	47 009	47 009	57 511	(10 502)	-18%	1 669 625
<b>Total Expenditure</b>	-	<b>6 198 140</b>	-	<b>445 198</b>	<b>445 198</b>	<b>441 638</b>	<b>3 559</b>	<b>1%</b>	<b>6 198 140</b>
<b>Surplus/(Deficit)</b>	-	<b>1 889</b>	-	<b>421 576</b>	<b>421 576</b>	<b>347 588</b>	<b>73 988</b>	<b>21%</b>	<b>1 889</b>
Transfers and subsidies - capital (monetary alloc	-	795 307	-	-	-	6	(6)	-100%	795 307
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	<b>797 196</b>	-	<b>421 576</b>	<b>421 576</b>	<b>347 594</b>	<b>73 982</b>	<b>21%</b>	<b>797 196</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	-	<b>797 196</b>	-	<b>421 576</b>	<b>421 576</b>	<b>347 594</b>	<b>73 982</b>	<b>21%</b>	<b>797 196</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	<b>1 646 166</b>	-	<b>2 308</b>	<b>2 308</b>	<b>3 274</b>	<b>(966)</b>	<b>-29%</b>	<b>1 646 166</b>
Capital transfers recognised	-	795 307	-	673	673	1 637	(964)	-59%	795 307
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69 000	-	-	-	-	-	-	69 000
Internally generated funds	-	781 859	-	1 635	1 635	1 637	(2)	-0%	781 859
<b>Total sources of capital funds</b>	-	<b>1 646 166</b>	-	<b>2 308</b>	<b>2 308</b>	<b>3 274</b>	<b>(966)</b>	<b>-29%</b>	<b>1 646 166</b>
<b>Financial position</b>									
Total current assets	-	3 693 847	-	-	3 389 435	-	-	-	3 693 847
Total non current assets	-	15 249 660	-	-	13 968 042	-	-	-	15 249 660
Total current liabilities	-	1 338 530	-	-	1 600 538	-	-	-	1 338 530
Total non current liabilities	-	1 147 602	-	-	896 498	-	-	-	1 147 602
<b>Community wealth/Equity</b>	-	<b>16 457 375</b>	-	-	<b>14 860 441</b>	-	-	-	<b>16 457 375</b>
<b>Cash flows</b>									
Net cash from (used) operating	-	1 788 180	-	260 482	260 482	149 015	(111 467)	-75%	1 452 884
Net cash from (used) investing	-	(1 583 446)	-	(673)	(673)	(131 954)	(131 281)	99%	(1 491 448)
Net cash from (used) financing	-	19 726	-	-	-	1 644	1 644	100%	(51 825)
<b>Cash/cash equivalents at the month/year end</b>	-	<b>2 516 257</b>	-	-	<b>1 925 764</b>	<b>2 310 503</b>	<b>384 739</b>	<b>17%</b>	<b>1 575 566</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	517 201	88 024	63 365	52 323	58 448	50 473	300 130	981 436	2 111 400
<b>Creditors Age Analysis</b>									
Total Creditors	245 415	-	-	-	-	-	-	-	245 415

## 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) - M01 July

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		–	2 458 754	–	365 167	365 167	384 622	(19 455)	-5%	2 458 754
Executive and council		–	40 611	–	–	–	–	–		40 611
Finance and administration		–	2 418 143	–	365 167	365 167	384 622	(19 455)	-5%	2 418 143
Internal audit		–	–	–	–	–	–	–		–
<i><b>Community and public safety</b></i>		–	402 630	–	14 653	14 653	18 181	(3 527)	-19%	402 630
Community and social services		–	31 607	–	1 035	1 035	880	155	18%	31 607
Sport and recreation		–	5 909	–	17	17	20	(3)	-16%	5 909
Public safety		–	88 321	–	13 601	13 601	11 924	1 677	14%	88 321
Housing		–	276 769	–	–	–	5 357	(5 357)	-100%	276 769
Health		–	24	–	–	–	–	–		24
<i><b>Economic and environmental services</b></i>		–	432 207	–	2 350	2 350	2 195	155	7%	432 207
Planning and development		–	45 006	–	283	283	2 118	(1 835)	-87%	45 006
Road transport		–	386 748	–	2 063	2 063	12	2 051	17191%	386 748
Environmental protection		–	452	–	4	4	66	(61)	-93%	452
<i><b>Trading services</b></i>		–	3 673 575	–	482 762	482 762	381 839	100 923	26%	3 673 575
Energy sources		–	1 926 400	–	257 351	257 351	161 608	95 742	59%	1 926 400
Water management		–	655 778	–	91 927	91 927	81 272	10 655	13%	655 778
Waste water management		–	639 215	–	73 060	73 060	73 813	(752)	-1%	639 215
Waste management		–	452 182	–	60 423	60 423	65 146	(4 722)	-7%	452 182
<i><b>Other</b></i>	4	–	28 170	–	1 841	1 841	2 396	(554)	-23%	28 170
<b>Total Revenue - Functional</b>	2	–	6 995 336	–	866 773	866 773	789 233	77 541	10%	6 995 336
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		–	1 204 315	–	101 811	101 811	86 711	15 100	17%	1 204 315
Executive and council		–	306 129	–	20 311	20 311	18 139	2 172	12%	306 129
Finance and administration		–	884 293	–	81 016	81 016	67 511	13 505	20%	884 293
Internal audit		–	13 892	–	483	483	1 061	(577)	-54%	13 892
<i><b>Community and public safety</b></i>		–	493 005	–	35 660	35 660	21 035	14 625	70%	493 005
Community and social services		–	124 688	–	6 313	6 313	6 983	(670)	-10%	124 688
Sport and recreation		–	68 342	–	16 392	16 392	7 155	9 237	129%	68 342
Public safety		–	125 282	–	7 435	7 435	1 388	6 048	436%	125 282
Housing		–	136 025	–	2 897	2 897	2 734	163	6%	136 025
Health		–	38 668	–	2 623	2 623	2 776	(153)	-5%	38 668
<i><b>Economic and environmental services</b></i>		–	1 222 744	–	59 494	59 494	74 125	(14 630)	-20%	1 222 744
Planning and development		–	294 914	–	7 231	7 231	17 933	(10 701)	-60%	294 914
Road transport		–	805 423	–	50 566	50 566	53 834	(3 268)	-6%	805 423
Environmental protection		–	122 407	–	1 697	1 697	2 358	(661)	-28%	122 407
<i><b>Trading services</b></i>		–	3 247 030	–	244 904	244 904	258 150	(13 246)	-5%	3 247 030
Energy sources		–	1 829 086	–	186 530	186 530	178 167	8 363	5%	1 829 086
Water management		–	575 132	–	39 812	39 812	39 636	176	0%	575 132
Waste water management		–	483 287	–	–	–	24 820	(24 820)	-100%	483 287
Waste management		–	359 525	–	18 562	18 562	15 527	3 035	20%	359 525
<i><b>Other</b></i>		–	31 046	–	3 328	3 328	1 617	1 711	106%	31 046
<b>Total Expenditure - Functional</b>	3	–	6 198 140	–	445 198	445 198	441 638	3 559	1%	6 198 140
<b>Surplus/ (Deficit) for the year</b>		–	797 196	–	421 576	421 576	347 594	73 982	21%	797 196

### **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) - M01 July										
Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue by Vote</b>	1									
Vote 1 - Directorate - Executive Support Services		-	12 615	-	-	-	-	-		12 615
Vote 2 - Directorate - Municipal Manager		-	27 996	-	-	-	-	-		27 996
Vote 3 - Directorate - Human Settlement		-	276 769	-	-	-	0	(0)	-100.0%	276 769
Vote 4 - Directorate - Chief Financial Officer		-	2 407 345	-	364 929	364 929	329 590	35 339	10.7%	2 407 345
Vote 5 - Directorate - Corporate Services		-	10 561	-	-	-	-	-		10 561
Vote 6 - Directorate - Infrastructure Services		-	3 407 846	-	422 353	422 353	354 065	68 288	19.3%	3 407 846
Vote 7 - Directorate - Spatial Planning and Development		-	148 279	-	1 167	1 167	15 961	(14 794)	-92.7%	148 279
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	175 605	-	14 967	14 967	23 667	(8 701)	-36.8%	175 605
Vote 9 - Directorate - Municipal Services		-	490 150	-	61 517	61 517	65 945	(4 428)	-6.7%	490 150
Vote 10 - Directorate - Economic Development & Agencies		-	38 170	-	1 841	1 841	4	1 837	43621.0%	38 170
<b>Total Revenue by Vote</b>	2	-	<b>6 995 336</b>	-	<b>866 773</b>	<b>866 773</b>	<b>789 233</b>	<b>77 541</b>	<b>9.8%</b>	<b>6 995 336</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Directorate - Executive Support Services		-	242 356	-	17 265	17 265	19 647	(2 382)	-12.1%	242 356
Vote 2 - Directorate - Municipal Manager		-	154 644	-	5 763	5 763	4 106	1 656	40.3%	154 644
Vote 3 - Directorate - Human Settlement		-	136 025	-	2 897	2 897	2 922	(26)	-0.9%	136 025
Vote 4 - Directorate - Chief Financial Officer		-	558 213	-	31 266	31 266	27 038	4 227	15.6%	558 213
Vote 5 - Directorate - Corporate Services		-	171 518	-	11 056	11 056	11 853	(797)	-6.7%	171 518
Vote 6 - Directorate - Infrastructure Services		-	3 497 257	-	283 861	283 861	309 427	(25 566)	-8.3%	3 497 257
Vote 7 - Directorate - Spatial Planning and Development		-	274 152	-	18 485	18 485	24 480	(5 995)	-24.5%	274 152
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	396 961	-	28 593	28 593	6 080	22 512	370.2%	396 961
Vote 9 - Directorate - Municipal Services		-	674 962	-	42 686	42 686	36 084	6 601	18.3%	674 962
Vote 10 - Directorate - Economic Development & Agencies		-	92 052	-	3 328	3 328	-	3 328	#DIV/0!	92 052
<b>Total Expenditure by Vote</b>	2	-	<b>6 198 140</b>	-	<b>445 198</b>	<b>445 198</b>	<b>441 638</b>	<b>3 559</b>	<b>0.8%</b>	<b>6 198 140</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>797 196</b>	-	<b>421 576</b>	<b>421 576</b>	<b>347 594</b>	<b>73 982</b>	<b>21.3%</b>	<b>797 196</b>

#### 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 July 2017.

**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) - M01 July											
Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>											
<b>Revenue By Source</b>											
Property rates			1 225 285		178 132	178 132	195 275	(17 144)	-9%	1 225 285	
Service charges - electricity revenue			1 806 439		239 763	239 763	134 674	105 089	78%	1 806 439	
Service charges - water revenue			479 127		59 077	59 077	41 858	17 219	41%	479 127	
Service charges - sanitation revenue			365 998		38 169	38 169	39 770	(1 601)	-4%	365 998	
Service charges - refuse revenue			336 766		27 905	27 905	28 211	(306)	-1%	336 766	
Service charges - other			23 566				2 603	(2 603)	-100%	23 566	
Rental of facilities and equipment			23 174		1 320	1 320	1 588	(268)	-17%	23 174	
Interest earned - external investments			157 241		11 977	11 977	12 059	(82)	-1%	157 241	
Interest earned - outstanding debtors			36 844		4 561	4 561	2 446	2 115	86%	36 844	
Dividends received			–				–	–		–	
Fines, penalties and forfeits			9 157		209	209	109	100	92%	9 157	
Licences and permits			17 556		215	215	580	(365)	-63%	17 556	
Agency services			53 393				1 645	(1 645)	-100%	53 393	
Transfers and subsidies			1 368 106		293 866	293 866	306 956	(13 090)	-4%	1 368 106	
Other revenue			297 380		11 580	11 580	21 452	(9 872)	-46%	297 380	
Gains on disposal of PPE			–		–	–	–	–		–	
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>–</b>	<b>6 200 028</b>	<b>–</b>	<b>866 773</b>	<b>866 773</b>	<b>789 226</b>	<b>77 547</b>	<b>10%</b>	<b>6 200 028</b>

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July**

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs			1 748 500		147 724	147 724	119 021	28 703	24%	1 748 500
Remuneration of councillors			63 248		4 553	4 553	5 131	(578)	-11%	63 248
Debt impairment			317 788		23 138	23 138	26 482	(3 345)	-13%	317 788
Depreciation & asset impairment			778 744		56 660	56 660	64 774	(8 114)	-13%	778 744
Finance charges			54 320		1 888	1 888	3 683	(1 795)	-49%	54 320
Bulk purchases			1 578 167		181 517	181 517	187 588	(6 070)	-3%	1 578 167
Other materials			–		352	352	–	352	#DIV/0!	–
Contracted services			38 960		10 709	10 709	3 247	7 462	230%	38 960
Transfers and subsidies			305 537		5 494	5 494	3 930	1 563	40%	305 537
Other expenditure			1 312 876		13 162	13 162	30 948	(17 785)	-57%	1 312 876
Loss on disposal of PPE			–		–	–	–	–		–
<b>Total Expenditure</b>			<b>–</b>		<b>445 198</b>	<b>445 198</b>	<b>444 804</b>	<b>394</b>	<b>0%</b>	<b>6 198 140</b>
<b>Surplus/(Deficit)</b>			<b>–</b>		<b>421 576</b>	<b>421 576</b>	<b>344 423</b>	<b>77 153</b>	<b>0</b>	<b>1 889</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			795 307				6	(6)	(0)	795 307
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)								–		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>–</b>		<b>421 576</b>	<b>421 576</b>	<b>344 429</b>			<b>797 196</b>
Taxation								–		
<b>Surplus/(Deficit) after taxation</b>			<b>–</b>		<b>421 576</b>	<b>421 576</b>	<b>344 429</b>			<b>797 196</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>			<b>–</b>		<b>421 576</b>	<b>421 576</b>	<b>344 429</b>			<b>797 196</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>			<b>–</b>		<b>421 576</b>	<b>421 576</b>	<b>344 429</b>			<b>797 196</b>

## **7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE**

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

### **7.4.1.1 Service Charges – electricity revenue**

The variance is due to billing oversight in the inland region which will be adjusted in August 2017 reporting.

### **7.4.1.2 Service Charges – water revenue**

The variance is due to billing oversight in the inland region which will be adjusted in August 2017 reporting.

### **7.4.1.3 Service Charges – other**

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

The main contributors are:

- Availability charges
- Connection / Reconnection charges

The situation is monitored on a monthly basis.

### **7.4.1.4 Rental of facilities equipment**

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

### **7.4.1.5 Interest earned – outstanding debtors**

Despite credit control and debt collection actions that are implemented, the primary contributing factor to the increase in interest earned from outstanding debtors is attributed to the non-payment by customers as a result of poor economic outlook and high unemployment rates.

#### **7.4.1.6 Fines**

The increase in revenue in terms of Traffic Fines can be attributed to the appointment of Total Client Services (service provider appointed by BCMM to assist with collection of fines), the use of the Automatic Number Plate Recognition system whereby offenders/vehicles are stopped if their vehicle is spotted with outstanding fines, the use of the sms system alerting offenders of their obligation to pay for outstanding fines, as well as an increase in operational activities such as road blocks and speed enforcements.

#### **7.4.1.7 Licenses and permits**

Motor Vehicle Licence & Registration renewals are dependent on when the public requires renewals. It must be also be noted that the public can now renew vehicle licences at the Post Office. Applications for drivers or learners tests can also be done at Provincial Traffic Dept in Zwelitsha & Wilsonia which can result in loss of revenue. Roadworthy tests can also be done through privately approved companies and the Automobile Association (AA).

#### **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 Employee related costs**

This is a result of the salary standardisation back pay paid to employees in the month of July 2017. The workforce costs as a percentage of expenditure amounted to 34.09% and this is expected to decrease to the budgeted rate of 29.02% as the year progresses.

#### **7.4.1.10 Debt impairment**

The figure is in accordance with the impairment for the period under revenue.



#### **7.4.1.11 Depreciation and asset impairment**

Depreciation is realised on a monthly basis as and when assets are procured. In July 2017 less assets were procured.

#### **7.4.1.12 Finance charges**

The variance of 49 percent is in part the result of the two DBSA loans that are paid bi-annually at the end of September and March of every year which is different from the rest of the other loans that are paid end of December and June of every year. An interest accrual of R5.3 million for the two DBSA loans will be raised at year end which will in part correct the timing difference between the payment and the budget. Seven million rand (R7 million) was budgeted for the Tunnel Project loan which is currently being finalised, no interest has been incurred for this loan.

#### **7.4.1.13 Contracted services**

Contracted services are utilised as and when required. As the year progresses the use of contracted services will stabilise. One-Man-Contract workers have been appointed to assist towards the cleanliness of the City.

#### **7.4.1.14 Transfers and grants**

The variance is due to a transfer of R5.1 million made to BCMDA.

#### **7.4.1.15 Other expenditure**

Other expenditure includes operating projects, operational costs as well as repairs and maintenance and these expenditure categories are under spent by 57% when compared to the year to date budget. This under- expenditure is mainly due to under expenditure on operating projects and repairs & maintenance which is expected to improve as the year progresses once procurement processes have been undertaken.

#### **7.4.1.16 Repairs and Maintenance**

Table 6 below reflects that as at 31 July 2017, the repairs and maintenance

expenditure is 1.5% of the approved budget of R462.49 million (2016/17: 1%).

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

**Table 6: Repairs and Maintenance per Directorate**

<b>Directorate</b>	<b><u>2017/2018</u> <u>Approved</u> <u>Budget</u> <u>R</u></b>	<b><u>2017/2018</u> <u>Annual</u> <u>Expenditure</u> <u>R</u></b>	<b><u>2017/2018</u> <u>-</u> <u>Variance</u> <u>R</u></b>	<b><u>2017/2018</u> <u>% of</u> <u>Budget</u> <u>%</u></b>
Directorate Of Executive Support Services	3 559 202	-	3 559 202	0.0%
Directorate Of The City Manager	6 716 831	-	6 716 831	0.0%
Directorate Of Corporate Services	2 640 513	-	2 640 513	0.0%
Directorate Of Spatial Planning and Development	31 192 800	450	31 192 350	0.0%
Directorate Of Economic Development & Agencies	1 298 690	-	1 298 690	0.0%
Directorate Of Finance	3 600 994	-	3 600 994	0.0%
Directorate Of Health / Public Safety & Emergency Services	6 815 045	298	6 814 747	0.0%
Directorate Of Human Settlement	119 263	-	119 263	0.0%
Directorate Of Infrastructure Services	365 173 717	6 915 068	358 258 649	1.9%
<i>Electricity</i>	139 115 819	5 806 648	133 309 171	4.2%
<i>Water</i>	51 973 204	152 902	51 820 302	0.3%
<i>Sanitation</i>	40 529 624	105 703	40 423 921	0.3%
<i>Other</i>	133 555 070	849 814	132 705 256	0.6%
Directorate Of Municipal Services	41 368 008	-	41 368 008	0.0%
<b>TOTAL</b>	<b>462 485 063</b>	<b>6 915 815</b>	<b>455 569 248</b>	<b>1.5%</b>

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M01 July)										
Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Directorate - Executive Support Services		-	3 962	-	-	-	-	-	-	3 962
Vote 2 - Directorate - Municipal Manager		-	22 500	-	-	-	-	-	-	22 500
Vote 3 - Directorate - Human Settlement		-	186 355	-	-	-	-	-	-	186 355
Vote 4 - Directorate - Chief Financial Officer		-	97 820	-	-	-	6	(6)	-100%	97 820
Vote 5 - Directorate - Corporate Services		-	6 000	-	-	-	-	-	-	6 000
Vote 6 - Directorate - Infrastructure Services		-	856 154	-	1 582	1 582	2 942	(1 360)	-46%	856 154
Vote 7 - Directorate - Spatial Planning and Development		-	234 721	-	53	53	129	(76)	-59%	234 721
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	30 205	-	673	673	121	552	458%	30 205
Vote 9 - Directorate - Municipal Services		-	165 349	-	-	-	76	(76)	-100%	165 349
Vote 10 - Directorate - Economic Development & Agencies		-	43 100	-	-	-	0	(0)	-100%	43 100
<b>Total Capital Multi-year expenditure</b>	4,7	-	<b>1 646 166</b>	-	<b>2 308</b>	<b>2 308</b>	<b>3 274</b>	<b>(966)</b>	<b>-29%</b>	<b>1 646 166</b>
<b>Total Capital Expenditure</b>		-	<b>1 646 166</b>	-	<b>2 308</b>	<b>2 308</b>	<b>3 274</b>	<b>(966)</b>	<b>-29%</b>	<b>1 646 166</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	<b>130 282</b>	-	-	-	<b>6</b>	<b>(6)</b>	<b>-100%</b>	<b>129 320</b>
Executive and council		-	26 462	-	-	-	-	-	-	25 500
Finance and administration		-	97 820	-	-	-	6	(6)	-100%	97 820
Internal audit		-	6 000	-	-	-	-	-	-	6 000
<b>Community and public safety</b>		-	<b>316 087</b>	-	-	-	<b>127</b>	<b>(127)</b>	<b>-100%</b>	<b>316 087</b>
Community and social services		-	42 250	-	-	-	-	-	-	42 250
Sport and recreation		-	57 277	-	-	-	119	(119)	-100%	57 277
Public safety		-	30 205	-	-	-	-	-	-	30 205
Housing		-	186 355	-	-	-	8	(8)	-100%	186 355
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	<b>548 777</b>	-	<b>726</b>	<b>726</b>	<b>660</b>	<b>66</b>	<b>10%</b>	<b>548 777</b>
Planning and development		-	277 821	-	53	53	198	(145)	-73%	277 821
Road transport		-	270 956	-	673	673	462	210	46%	270 956
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	<b>628 020</b>	-	<b>1 582</b>	<b>1 582</b>	<b>2 480</b>	<b>(898)</b>	<b>-36%</b>	<b>628 020</b>
Energy sources		-	148 000	-	-	-	37	(37)	-100%	148 000
Water management		-	130 000	-	1 582	1 582	1 752	(170)	-10%	130 000
Waste water management		-	284 198	-	-	-	691	(691)	-100%	284 198
Waste management		-	65 822	-	-	-	-	-	-	65 822
<b>Other</b>		-	<b>23 000</b>	-	-	-	-	-	-	<b>23 000</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	-	<b>1 646 166</b>	-	<b>2 308</b>	<b>2 308</b>	<b>3 274</b>	<b>(966)</b>	<b>-29%</b>	<b>1 645 204</b>
<b>Funded by:</b>										
National Government		-	795 307	-	673	673	1 637	(964)	-59%	795 307
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	<b>795 307</b>	-	<b>673</b>	<b>673</b>	<b>1 637</b>	<b>(964)</b>	<b>-59%</b>	<b>795 307</b>
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	69 000	-	-	-	-	-	-	69 000
<b>Internally generated funds</b>		-	781 859	-	1 635	1 635	1 637	(2)	0%	781 859
<b>Total Capital Funding</b>		-	<b>1 646 166</b>	-	<b>2 308</b>	<b>2 308</b>	<b>3 274</b>	<b>(966)</b>	<b>-29%</b>	<b>1 646 166</b>

## 7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R14.86 billion.

**Table 8: C6: Monthly Budget Statement – Financial Position**

**BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M01 July**

Description	Ref	2016/17	Budget Year 2017/18				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
<b>R thousands</b>	1						
<b>ASSETS</b>							
<b>Current assets</b>							
Cash			80 713		10 813	80 713	
Call investment deposits			2 461 881		1 914 951	2 461 881	
Consumer debtors			915 237		574 713	915 237	
Other debtors			118 870		853 526	118 870	
Current portion of long-term receivables			17		-	17	
Inventory			117 128		35 431	117 128	
<b>Total current assets</b>			-	3 693 847	-	3 389 435	3 693 847
<b>Non current assets</b>							
Long-term receivables			73		-	73	
Investments			-		-	-	
Investment property			442 030		342 030	442 030	
Investments in Associate			99 109		131 771	99 109	
Property, plant and equipment			14 556 876		13 336 212	14 556 876	
Agricultural							
Biological assets							
Intangible assets			60 628		85 948	60 628	
Other non-current assets			90 944		72 082	90 944	
<b>Total non current assets</b>			-	15 249 660	-	13 968 042	15 249 660
<b>TOTAL ASSETS</b>			-	18 943 507	-	17 357 477	18 943 507
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Bank overdraft							
Borrowing			49 274		47 642	49 274	
Consumer deposits			65 401		58 151	65 401	
Trade and other payables			1 039 209		1 302 916	1 039 209	
Provisions			184 646		191 830	184 646	
<b>Total current liabilities</b>			-	1 338 530	-	1 600 538	1 338 530
<b>Non current liabilities</b>							
Borrowing			422 603		398 126	422 603	
Provisions			724 999		498 372	724 999	
<b>Total non current liabilities</b>			-	1 147 602	-	896 498	1 147 602
<b>TOTAL LIABILITIES</b>			-	2 486 132	-	2 497 036	2 486 132
<b>NET ASSETS</b>	2		-	16 457 375	-	14 860 441	16 457 375
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)			13 056 327		10 246 500	13 056 327	
Reserves			3 401 047		4 613 941	3 401 047	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2		-	16 457 375	-	14 860 441	16 457 375

## 7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R259.81 million resulting in cash and cash equivalents closing balance of R1.67 billion as at June 2017. The net decrease in cash and cash equivalents can be attributed to the back pay on salaries' standardisation.

**Table 9: C7: Monthly Budget Statement – Cash Flow**

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>	1										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates			1 133 389		139 477	139 477	94 449	45 028	48%	1 038 701	
Service charges			2 786 003		279 605	279 605	232 167	47 439	20%	2 708 964	
Other revenue			371 418		20 522	20 522	30 952	(10 429)	-34%	330 305	
Government - operating			1 368 106		293 866	293 866	114 009	179 857	158%	1 356 414	
Government - capital			795 307		235 538	235 538	66 276	169 262	255%	730 249	
Interest			194 084		16 538	16 538	16 174	365	2%	178 426	
Dividends			0		-	-	0	(0)	-100%	-	
<b>Payments</b>											
Suppliers and employees			(4 741 751)		(718 051)	(718 051)	(395 146)	322 906	-82%	(4 534 446)	
Finance charges			(54 320)		(1 888)	(1 888)	(4 527)	(2 639)	58%	(52 105)	
Transfers and Grants			(64 056)		(5 126)	(5 126)	(5 338)	(212)	4%	(303 624)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			-	1 788 180	-	260 482	260 482	149 015	(111 467)	-75%	1 452 884
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE								-			
Decrease (Increase) in non-current debtors								-			
Decrease (increase) other non-current receivables								-			
Decrease (increase) in non-current investments								-			
<b>Payments</b>											
Capital assets			(1 583 446)		(673)	(673)	(131 954)	(131 281)	99%	(1 491 448)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			-	(1 583 446)	-	(673)	(673)	(131 954)	(131 281)	99%	(1 491 448)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans								-			
Borrowing long term/refinancing			69 000		-	-	5 750	(5 750)	-100%		
Increase (decrease) in consumer deposits								-			
<b>Payments</b>											
Repayment of borrowing			(49 274)		-	-	(4 106)	(4 106)	100%	(51 825)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			-	19 726	-	-	-	1 644	1 644	100%	(51 825)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			-	224 460	-	259 809	259 809	18 705		(90 389)	
Cash/cash equivalents at beginning:			2 291 798			1 665 955	2 291 798			1 665 955	
Cash/cash equivalents at monthly year end:			-	2 516 257	-		1 925 764	2 310 503		1 575 566	

## **PART 2: SUPPORTING** **DOCUMENTATION**

## 8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

### 8.1 Debtors

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

**Table 10: SC3 Monthly Budget Statement Aged Debtors**

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2017/18								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			
R thousands												
<b>Debtors Age Analysis By Income Source</b>												
Trade and Other Receivables from Exchange Transactions - Water	1200	76 170	24 757	24 119	18 823	22 579	19 733	100 621	245 090	531 892	406 846	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	204 258	13 665	6 195	4 466	7 828	3 633	16 396	27 196	283 636	59 519	
Receivables from Non-exchange Transactions - Property Rates	1400	174 016	25 494	17 904	15 603	15 172	14 634	96 081	325 156	684 060	466 646	
Receivables from Exchange Transactions - Waste Water Management	1500	32 871	8 143	5 470	4 704	4 470	4 216	28 883	111 888	200 645	154 161	
Receivables from Exchange Transactions - Waste Management	1600	20 474	7 963	6 176	5 690	5 510	5 365	38 491	162 595	252 266	217 651	
Receivables from Exchange Transactions - Property Rental Debtors	1700	126	70	68	66	73	67	505	3 611	4 584	4 321	
Interest on Arrear Debtor Accounts	1810									-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	
Other	1900	9 286	7 932	3 432	2 971	2 817	2 826	19 153	105 899	154 316	133 666	
<b>Total By Income Source</b>	<b>2000</b>	<b>517 201</b>	<b>88 024</b>	<b>63 365</b>	<b>52 323</b>	<b>58 448</b>	<b>50 473</b>	<b>300 130</b>	<b>981 436</b>	<b>2 111 400</b>	<b>1 442 810</b>	<b>-</b>
<b>2016/17 - totals only</b>										-	-	
<b>Debtors Age Analysis By Customer Group</b>												
Organs of State	2200	86 612	4 864	451	557	529	153	2 206	7 049	102 421	10 494	
Commercial	2300	263 132	23 651	17 140	12 636	17 692	13 174	69 954	191 951	609 330	305 407	
Households	2400	154 942	53 736	40 487	34 072	35 383	32 087	193 941	619 167	1 163 815	914 650	
Other	2500	12 515	5 772	5 287	5 058	4 844	5 060	34 029	163 269	235 833	212 259	
<b>Total By Customer Group</b>	<b>2600</b>	<b>517 201</b>	<b>88 024</b>	<b>63 365</b>	<b>52 323</b>	<b>58 448</b>	<b>50 473</b>	<b>300 130</b>	<b>981 436</b>	<b>2 111 400</b>	<b>1 442 810</b>	<b>-</b>

#### 8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1.594 billion as at 31 July 2017 which is an increase of R805,743 over the amount of R1.593 billion as at 30 June 2017.

Despite credit control and debt collection actions that are implemented, the primary contributing factor to the increase in debtors and reduction in collection rate can be attributed to the non-payment by customers as a result of the poor economic outlook and high unemployment rates.

Furthermore, the municipality is experiencing the following challenges, which have a negative impact in the collection ratio:

- Consumers, who are unable to pay, deliberately raise queries, so that their accounts can be held in abeyance. When a query is logged, the account is flagged and protected against credit control action while the query is being investigated.
- Instability of the network, especially in the Mdantsane and King Williams Town areas, this continuously hampers the staff from attending to consumer accounts on time.
- Illegal connections and meter tampering is contributing to non-payment of services.

Revenue management has however embarked on implementing the following strategies in order to improve the collection rate:

- Effective implementation of disconnection of the electricity is being monitored and reviewed continuously;
- A Task Team within Revenue Management has been constituted to identify and to ensure that the consumer accounts in arrears are scrutinized with the intention of fast tracking collection of the debt, which will result in the reduction of the book debt;
- The Credit Control and Indigent Support Policy has been reviewed with the intention to implement strict controls over collection;
- Standard operating procedures have been reviewed and adopted which are currently being implemented;
- The Rates and Valuation Department is constantly checking whether properties are zoned correctly and subsequently raising the correct rates tariff.



## 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 July 2017. It also provides comparison with the previous month (30 June 2017) which indicates a slight increase from R1.593 billion to R1.594 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JULY 2017	TOTAL FOR JUNE 2017
<b>30 DAYS</b>	25 493 812	8 143 051	13 664 539	24 757 481	7 962 952	8 002 048	88 023 884	102 701 825
<b>60 DAYS</b>	17 904 016	5 469 508	6 194 839	24 118 628	6 178 456	3 499 549	63 364 996	58 137 144
<b>90 DAYS</b>	15 603 081	4 704 119	4 466 025	18 823 218	5 689 687	3 036 735	52 322 865	61 878 209
<b>120 DAYS TO 360 DAYS</b>	125 886 489	37 568 874	27 856 552	142 933 217	49 365 667	25 440 388	409 051 187	394 621 925
<b>YEAR 2</b>	122 453 205	29 052 469	10 368 482	82 440 222	40 003 812	21 532 090	305 850 280	301 456 932
<b>YEAR 3</b>	99 554 084	18 152 661	5 908 677	48 356 377	24 549 034	16 814 111	213 334 943	211 726 186
<b>YEAR 4</b>	24 844 007	16 685 139	3 057 661	33 937 938	23 544 175	19 120 707	121 189 627	122 915 987
<b>YEAR 5</b>	19 407 977	12 463 987	2 081 790	20 249 787	17 749 760	14 354 344	86 307 646	86 751 966
<b>YEAR 5+</b>	58 896 758	35 533 797	5 779 353	60 105 417	56 748 701	37 689 017	254 753 043	253 202 556
<b>TOTAL</b>	<b>510 043 430</b>	<b>167 773 606</b>	<b>79 377 918</b>	<b>455 722 285</b>	<b>231 792 244</b>	<b>149 488 989</b>	<b>1 594 198 472</b>	<b>1 593 392 729</b>

### 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 July 2017. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. 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**

<b>CATEGORY TYPE</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	41 325 700	26 920 461	22 284 531	650 987 604	741 518 296	46.52
<b>Indigent</b>	12 180 911	13 390 069	11 670 424	228 856 358	266 097 762	16.69
<b>Business</b>	23 651 074	17 139 972	12 635 967	292 770 535	346 197 548	21.72
<b>Government</b>	4 864 304	450 842	557 230	9 937 260	15 809 636	0.99
<b>Municipal Staff</b>	229 725	176 335	116 714	734 092	1 256 866	0.08
<b>Other</b>	5 772 169	5 287 317	5 057 999	207 200 879	223 318 364	14.01
<b>Total</b>	<b>88 023 883</b>	<b>63 364 996</b>	<b>52 322 865</b>	<b>1 390 486 728</b>	<b>1 594 198 472</b>	<b>100</b>

Note\*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category, giving the impression that current is not being paid, which is not the case as an amount is being deducted for current accounts. Stop orders are only receipted on the billing system after the salary run and this now creates an impression that the accounts are in arrears as payment was receipted after the due date. Business Connexion (BCX) as the system vendor has been tasked to look into ways that can resolve the timing issue.

### 8.2.3. Government Accounts

The total arrears (30 days and above) owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 July 2017 amounted to R15.81 million. This indicates an increase of R241 944 when compared to the prior month amount of R15.57 million. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 31 July 2017. The primary reason of the increase relates to payments received after 31 July 2017, which will reflect in the August 2017 reporting.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 31 July 2017 and comparison with the previous month.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 JULY 2017	ARREARS AS AT 31 JUNE 2017	DIFFERENCE
National Department Of Public Works	33 335	3 247 812	3 281 147	3 370 220	(89 073)
Provincial Department Of Public Works	443 515	1 055 151	1 498 665	1 825 817	(327 151)
Department Of Education	0	1 010 910	1 010 910	1 078 710	(67 800)
Department Of Health	0	3 615 062	3 615 062	2 799 462	815 600
Department Of Social Development	0	228 465	228 465	212 349	16 117
Department of Human Settlements	0	21 661	21 661	12 881	8 780
Department Sport, Recreation, Arts and Culture	0	63 473	63 473	6 777	56 697
Department of Labour - UIF Services	0	23 587	23 587	190 590	(167 003)
Members Of Provincial Legislature	0	168 297	168 297	214 493	(46 196)
Department of Rural Development and Land Reform	0	631 278	631 278	625 480	5 797
Department of Public Works and Department of Human Settlements in respect of RDP Houses	0	5 266 675	5 266 675	5 230 914	35 761
South African Social Security Agency	0	415	415	0	415
<b>TOTAL</b>	<b>476 850</b>	<b>15 332 371</b>	<b>15 809 221</b>	<b>15 567 692</b>	<b>241 528</b>

## 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, except when there are disputes on invoices received.

**Table 14: SC4 Monthly Budget Statement Aged Creditors**

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	NT Code	Budget Year 2017/18								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		
<b>R thousands</b>											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	183 840								183 840	185 412
Bulk Water	0200	13 258								13 258	13 440
PAYE deductions	0300	33 369								33 369	25 491
VAT (output less input)	0400	-								-	-
Pensions / Retirement deductions	0500	24 747								24 747	21 275
Loan repayments	0600	-								-	-
Trade Creditors	0700	167 101								167 101	206 404
Auditor General	0800	384								384	96
Other	0900	(177 284)								(177 284)	135 601
<b>Total By Customer Type</b>	<b>1000</b>	<b>245 415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245 415</b>	<b>587 719</b>

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in July 2017.

**Table 15: Payments made to the 20 highest paid creditors – July 2017**

<b>CREDITOR</b>	<b>90 DAYS</b>	<b>60 DAYS</b>	<b>30 DAYS</b>	<b>CURRENT</b>	<b>TOTAL</b>	<b>PAYMENT</b>
ESKOM				183 839 569	183 839 569	<b>183 839 569</b>
T V R CONSTRUCTION				15 747 822	15 747 822	<b>15 747 822</b>
CZAR CONSTRUCTION				15 178 154	15 178 154	<b>15 178 154</b>
AMATOLA WATER				13 258 147	13 258 147	<b>13 258 147</b>
EAST COAST ASPHALT (PTY) LTD				12 285 967	12 285 967	<b>12 285 967</b>
DOWN TOUCH INVESTMENTS (PTY) LTD				8 121 141	8 121 141	<b>8 121 141</b>
MAZIYA GENERAL SERVICES				7 553 513	7 553 513	<b>7 553 513</b>
MANTELLA TRADING 522 CC				4 925 834	4 925 834	<b>4 925 834</b>
BANGE TRADING ENTREPRENEURS CC				4 565 900	4 565 900	<b>4 565 900</b>
MAMLAMBO CONSTRUCTION				4 319 629	4 319 629	<b>4 319 629</b>
MVEZO PLANT & CIVILS CC				3 940 395	3 940 395	<b>3 940 395</b>
SINCLAIR GERSAHN TROSKIE CONSTRUCTION CC				2 384 740	2 384 740	<b>2 384 740</b>
BUSINESS CONNEXION				2 352 645	2 352 645	<b>2 352 645</b>
INTERWASTE				1 669 332	1 669 332	<b>1 669 332</b>
MAILTRONIC DIRECT MARKETING CC				1 573 327	1 573 327	<b>1 573 327</b>
NYONI PROJECTS (PTY) LTD				1 382 463	1 382 463	<b>1 382 463</b>
GEAT SERVICES (PTY) LTD				1 364 683	1 364 683	<b>1 364 683</b>
MASIQHAME TRADING 520 CC				1 328 803	1 328 803	<b>1 328 803</b>
SAFIKA CONSTRUCTION CC				1 160 520	1 160 520	<b>1 160 520</b>
MAKINWA MEDIA SOLUTIONS (PTY) LTD				1 112 642	1 112 642	<b>1 112 642</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288 065 228</b>	<b>288 065 228</b>	<b>288 065 228</b>

## 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 - M01 July									
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
R thousands		Yrs/Months							
<b>Municipality</b>									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	284	3.0%	50 780	284	51 064
Absa 91 2884 4539		Call Account	Call Account	Call Account	1	0.0%	201	1	202
Absa 91 4102 2241		Call Account	Call Account	Call Account	51	0.5%	9 085	51	9 135
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	52	0.5%	9 322	52	9 374
Absa 92 0562 2137		Call Account	Call Account	Call Account	5	0.1%	867	5	871
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	89	0.9%	15 973	89	16 062
Stanlib 551 660 303		Call Account	Call Account	Call Account	181	1.9%	27 126	181	27 307
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	7	0.1%	1 335	7	1 343
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	6	0.1%	1 046	6	1 052
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	50	0.5%	8 969	50	9 020
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	45	0	45
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	2	0.0%	351	2	353

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July**

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the
<b><u>Municipality</u></b>									
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	184	1	185
Absa 91 9360 7257		Call Account	Call Account	Call Account	6	0.1%	1 060	6	1 066
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	266	1	267
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	443	4.7%	79 133	443	79 576
Stanlib 551 989 180		Call Account	Call Account	Call Account	270	2.8%	40 425	270	40 695
Absa 92 2590 9850		Call Account	Call Account	Call Account	6	0.1%	1 045	6	1 051
Stanlib 551 539 764		Call Account	Call Account	Call Account	13	0.1%	1 980	13	1 993
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	2	0	2
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	10	0.1%	1 710	10	1 720
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	38	0.4%	6 833	38	6 871
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	148	1.6%	26 365	148	26 513
Standard 76586/442745		Call Account	Call Account	Call Account	225	2.4%	39 908	225	40 133
Absa 92 6406 3148		Call Account	Call Account	Call Account	483	5.1%	86 794	483	87 277
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	18	0.2%	3 161	18	3 178
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	147	1	148
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	499	3	501
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	2	0.0%	367	2	369
Standard 76586/494573		Call Account	Call Account	Call Account	35	0.4%	6 146	35	6 180
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	541	3	544
Nedbank 03/7881532939/000134		Call Account	Call Account	Call Account	189	2.0%	33 703	189	33 892

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July**

Investments by maturity Name of institution & investment ID R thousands	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
		Yrs/Months							
<b><u>Municipality</u></b>									
Stanlib 753 72 270		Call Account	Call Account	Call Account	368	3.9%	55 049	368	55 416
Stanlib 551 353 708		Call Account	Call Account	Call Account	7	0.1%	1 118	7	1 125
Standard 76586/442736		Call Account	Call Account	Call Account	144	1.5%	25 587	144	25 731
Stanlib 753 72 271		Call Account	Call Account	Call Account	228	2.4%	34 177	228	34 405
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	159	1.7%	28 338	159	28 497
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	174	1.8%	31 096	174	31 270
Absa 92 1120 9757		Call Account	Call Account	Call Account	732	7.7%	131 431	732	132 163
Absa 92 2110 3430		Call Account	Call Account	Call Account	1 024	10.8%	183 940	1 024	184 964
Standard 76586/442741		Call Account	Call Account	Call Account	190	2.0%	33 783	190	33 973
Standard 76586/442744		Call Account	Call Account	Call Account	170	1.8%	30 208	170	30 378
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	306	3.2%	54 608	306	54 914
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	273	2.9%	48 702	273	48 975
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	1 606	16.9%	286 645	1 606	288 250
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	822	8.7%	146 719	822	147 541
Standard 76586/470801		Call Account	Call Account	Call Account	654	6.9%	116 179	654	116 832
Standard 76586/442738		Call Account	Call Account	Call Account	14	0.2%	2 566	14	2 580
<b>Municipality sub-total</b>					<b>9 494</b>		<b>1 665 511</b>	<b>9 494</b>	<b>1 675 005</b>
<b><u>Entities</u></b>									
<b>Entities sub-total</b>					-		-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>9 494</b>		<b>1 665 511</b>	<b>9 494</b>	<b>1 675 005</b>



## 11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

**Table 17: SC7(1) Monthly Budget Statement – transfers and grants expenditure**

BUF Buffalo City - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	1 260 713	-	295 088	295 088	105 059	190 665	181.5%	1 260 713
Local Government Equitable Share			705 277		293 866	293 866	58 773	235 093	400.0%	705 277
Urban Settlement Development Grant			63 044		211	211	5 254	(5 043)	-96.0%	63 044
Finance Management			1 200		69	69	100	(31)	-31.3%	1 200
EPWP Incentive			4 952		-	-	413			4 952
Infrastructure Skills Development Grant			10 560		656	656	880			10 560
Public Transport Network Grant			7 702		286	286	642	(355)	-55.4%	7 702
General Fuel Levy			467 978		-	-	38 998	(38 998)	-100.0%	467 978
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	105 800	-	9	9	8 817	(1 250)	-14.2%	105 800
DSRAC - Library Subsidy			15 000		-	-	1 250	(1 250)	-100.0%	15 000
Human Settlement Development Grant			90 800		9	9	7 567			90 800
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
Health Subsidy - Environmental Health										
<b>Other grant providers:</b>		-	1 593	-	-	-	133	(133)	-100.0%	1 593
Donor Funding - Leiden			138		-	-	12			138
Salaida / Gavle			1 455		-	-	121			1 455
<b>Total operating expenditure of Transfers and Grants:</b>		-	1 368 106	-	295 097	295 097	114 009	189 283	166.0%	1 368 106
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	795 307	-	673	673	66 276	(62 098)	-93.7%	795 307
Urban Settlement Development Grant			705 084		673	673	58 757	(58 084)	-98.9%	705 084
Public Transport Network Grant			48 167		-	-	4 014	(4 014)	-100.0%	48 167
Neighbourhood Development Partnership			10 000		-	-	833			10 000
Integrated National Electrification Programme			25 000		-	-	2 083			25 000
Finance Management			100		-	-	8			100
Integrated City Development Grant			6 956		-	-	580			6 956
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-		-
Human Settlement Development Grant										
Dept Sport, Recreation, Arts and Culture (DSRAC)										
Dept of Local Government and Traditional Affairs										
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)										
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
Health Subsidy - Environmental Health										
<b>Other grant providers:</b>		-	-	-	-	-	-	-		-
European Commission										
BCMET Funding										
Salaida / Gavle										
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		-	795 307	-	673	673	66 276	(62 098)	-93.7%	795 307
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	2 163 413	-	295 770	295 770	180 284	127 185	70.5%	2 163 413

### 11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 0.23% (R2.06 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 July 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 0.03% (R272 429, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent.

Table 18 below reflects the year to date expenditure on 2017/18 total conditional grants.

**Table 18: Spending per Conditional Grant Funding Allocation**

<u>Funding</u>	<u>2017/2018 Approved Budget</u>	<u>YTD Expenditure (incl. VAT)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditure (incl. VAT)</u>
Integrated National Electrification Programme Grant	25 000 000	0	25 000 000	0.00%
Finance Management Grant	1 300 000	68 748	1 231 252	5.29%
Infrastructure Skills Development Grant	10 560 000	655 799	9 904 201	6.21%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0.00%
Urban Settlement Development Grant	768 128 000	1 004 566	767 123 434	0.13%
Integrated City Development Grant	6 956 000	0	6 956 000	0.00%
Expanded Public Works Programme Grant	4 952 000	0	4 952 000	0.00%
Public Transport Network Grant	55 869 000	326 547	55 542 453	0.58%
<b>TOTAL CONDITIONAL GRANTS</b>	<b>882 765 000</b>	<b>2 055 660</b>	<b>880 709 340</b>	<b>0.23%</b>

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

#### 11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following projects are planned for the 2017/18 financial year:

<b>AREA</b>	<b>CONNECTIONS</b>	<b>STATUS</b>
Buffer Strip Mdantsane Households	825	Design Phase
Fynbos/Scenery Park Households	900	Design Phase

The INEP funding is utilised to fund the above mentioned electrification

programme; the projects are currently at design phase.

#### **11.1.2. FINANCE MANAGEMENT GRANT**

There are nine (9) interns serving on the internship programme. The interns are being remunerated accordingly. Furthermore, the grant will be utilized to fund the additional modules for the training in Municipal Finance Management Programme (MFMP) which is being attended by three interns and three finance officials at the Wits Business School.

#### **11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)**

The funding is being used to pay the interns stipends as well as mentor salaries. A journal for stipends and mentor salaries amounting to R657 642 was submitted late for capturing into the system and the expenditure will therefore only reflect in August 2017 reporting.

#### **11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)**

##### **INFRASTRUCTURE SERVICES**

###### **Sanitation**

Numerous projects are multi-year and on-going and expenditure is as per contractors performance.

##### **SPATIAL PLANNING & DEVELOPMENT**

###### **Needs Camp / Potsdam Bridge**

The construction tender was awarded on the 09 December 2016. One of the losing bidders contested the award and recently withdrew. Construction was meant to commence late in April 2017 but due to the Department of Labour delaying to issue a construction permit, which was only issued on 9 June 2017, the Contractor only commenced on the 21<sup>st</sup> June 2017.

###### **Traffic signals**

Service Providers have been appointed to assess intersection controls that need improvement. Once the studies are completed, implementation will

then be undertaken by means of acquiring materials and installing traffic signals at Amalinda (SPCA & Amalinda Stadium intersection) and Dice and Mdantsane Access Road intersections.

### **Traffic calming measures**

The contract was advertised on 02 September 2016 and Closed on 04 October 2016. It was awarded on 27 June 2017 and expenditure should improve once work commences.

### **Sidewalks**

The contract for the construction of sidewalks is at procurement processes.

## **ECONOMIC DEVELOPMENT AND AGENCIES**

The contract is at procurement processes.

## **HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES**

The Construction of King William's Town Traffic Centre tender was awarded on the 27<sup>th</sup> February 2017. Sod Turning ceremony took place on the 5 April 2017 and site Construction is in progress & contractor is progressing well. Contractor is 8 weeks ahead of program and estimated completion date is February 2018.

### **11.1.6 PUBLIC TRANSPORT NETWORK GRANT**

#### **Transport Register**

Meetings were held with Taxi Associations so that preparation for Data Collections can proceed. Data Collection resumed in February 2017 and is progressing well.

#### **Operational plan review of integrated rapid public transport network**

The tender for the review of the Operational Plan was advertised on the 1<sup>st</sup> July 2016 and closed on the 2<sup>nd</sup> August 2016. The project was awarded on 9 June 2017. Service Providers have commenced with the project and will submit progress reports.

### **Qumza Highway**

The Tender for the Construction of Qumza Highway closed on 21 October 2016 and has recently been awarded in June 2017 and the Contractor has started Site Establishment. Construction is expected to start on the 14<sup>th</sup> of August 2017.

### **Development and Upgrading of Public Transport Facilities in KWT**

The contractor started construction in January 2017 and building works is progressing well. Contractor is progressing well on the allocated sections and additional resources are on site to assist in expediting expenditure.

#### **11.1.6.1 EXPANDED PUBLIC WORKS PROGRAMME**

Most incentive grant projects for this financial year are new. The municipality is still consulting with Ward Councilors of affected wards. Once the recruitment process is finalised and procurement processes undertaken, expenditure will improve.

## 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 34.09% and this is expected to decrease to the budgeted rate of 29.02% as the year progresses.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July										
Summary of Employee and Councillor remuneration	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages			36 515		2 597	2 597	3 003	(406)	-14%	36 515
Pension and UIF Contributions			3 754		312	312	309	3	1%	3 754
Medical Aid Contributions			2 134		175	175	175	(0)	0%	2 134
Motor Vehicle Allowance			14 405		1 090	1 090	1 184	(94)	-8%	14 405
Cellphone Allowance			2 447		194	194	201	(7)	-4%	2 447
Housing Allowances			3 144		184	184	259	(74)	-29%	3 144
Other benefits and allowances										
<b>Sub Total - Councillors</b>			<b>62 398</b>		<b>4 553</b>	<b>4 553</b>	<b>5 131</b>	<b>(578)</b>	<b>-11%</b>	<b>62 398</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3		13 873		792	792	953	(161)	-17%	13 873
Pension and UIF Contributions			2 701		100	100	185	(86)	-46%	2 701
Medical Aid Contributions			255		14	14	17	(4)	-21%	255
Overtime										
Performance Bonus										
Motor Vehicle Allowance			2 974		120	120	204	(84)	-41%	2 974
Cellphone Allowance										
Housing Allowances			469		102	102	32	69	216%	469
Other benefits and allowances			3 002		5	5	206	(201)	-98%	3 002
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	2									
<b>Sub Total - Senior Managers of Municipality</b>			<b>23 273</b>		<b>1 132</b>	<b>1 132</b>	<b>1 598</b>	<b>(467)</b>	<b>-29%</b>	<b>23 273</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			1 040 488		91 792	91 792	71 447	20 345	28%	1 040 488
Pension and UIF Contributions			198 248		18 761	18 761	13 613	5 148	38%	198 248
Medical Aid Contributions			93 096		6 850	6 850	6 393	457	7%	93 096
Overtime			73 819		807	807	5 069	(4 262)	-84%	73 819
Performance Bonus					6 940	6 940		6 940	#DIV/0!	
Motor Vehicle Allowance			33 980		2 179	2 179	2 333	(155)	-7%	33 980
Cellphone Allowance			4 392		329	329	302	28	9%	4 392
Housing Allowances			17 020		652	652	1 169	(517)	-44%	17 020
Other benefits and allowances			202 137		16 427	16 427	13 880	2 547	18%	202 137
Payments in lieu of leave			18 327		13	13	1 258	(1 245)	-99%	18 327
Long service awards			21 399		1 836	1 836	1 469	366	25%	21 399
Post-retirement benefit obligations	2		7 143		6	6	490	(484)	-99%	7 143
<b>Sub Total - Other Municipal Staff</b>			<b>1 710 048</b>		<b>146 593</b>	<b>146 593</b>	<b>117 423</b>	<b>29 170</b>	<b>25%</b>	<b>1 710 048</b>
<b>Total Parent Municipality</b>			<b>1 795 719</b>		<b>152 278</b>	<b>152 278</b>	<b>124 152</b>	<b>28 125</b>	<b>23%</b>	<b>1 795 719</b>

## 12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 July 2017. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 July 2017.

**Table 20: Overtime per Directorate**

Directorate Overtime	2017/2018 Approved Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 Variance R	2017/2018 % of YTD Budget %
Directorate Of Executive Support Services	1 903 985	158 665	342 705	(184 040)	216%
Directorate Of The City Manager	351 064	29 255	46 510	(17 254)	159%
Directorate Of Corporate Services	675 188	56 266	87 924	(31 659)	156%
Directorate Of Spatial Planning & Development	704 956	58 746	20 606	38 140	35%
Directorate Of Economic Development & Agencies	530 085	44 174	27 891	16 283	63%
Directorate Of Finance	1 536 378	128 032	240 425	(112 393)	188%
Directorate Of Health / Public Safety & Emergency Services	27 906 579	2 325 548	2 609 191	(283 643)	112%
Directorate Of Human Settlement	115 256	9 605	0	9 605	0%
Directorate Of Infrastructure Services	19 370 795	1 614 233	2 849 035	(1 234 802)	176%
<i>Electricity</i>	8 753 148	729 429	816 565	(87 136)	112%
<i>Water</i>	3 794 543	316 212	1 109 819	(793 607)	351%
<i>Sanitation</i>	5 602 537	466 878	884 851	(417 972)	190%
<i>Other</i>	1 220 567	101 714	37 801	63 913	37%
Directorate Of Municipal Services	22 930 342	1 910 862	3 362 671	(1 451 809)	176%
<b>Total</b>	<b>76 024 628</b>	<b>6 335 386</b>	<b>9 586 958</b>	<b>(3 251 572)</b>	<b>151%</b>

**Table 21: Overtime Per Cost Centre: May 2017 – July 2017**

**OVERTIME PER COST CENTRE**

		May 2017 Amount	June 2017 Amount	July 2017 Amount
<b>DIRECTORATE -EXECUTIVE SUPPORT SERVICES</b>				
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	275 710.40	225 438.63	260 521.27
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	25 272.24	29 370.21	24 827.69
0523	IDP & BUDGET INTEGRATION	1 143.29	7 036.37	2 320.30
0526	IEMP & SUSTAINABLE DEVELOPMENT	756.30	1 346.85	0
0531	POLITICAL OFFICE ADMINISTRATION	39 852.65	22 828.81	25 379.47
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	8 720.31	23 737.76	14 347.13
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	0	0	5 249.20
0542	SPECIAL PROGRAMMES	7 497.44	0	11 575.94
0543	SPORTS SERVICES	0	0	7 483.96
		<b>358 952.63</b>	<b>309 758.63</b>	<b>351 704.96</b>
<b>DIRECTORATE OF THE CITY MANAGER</b>				
1005	OFFICE OF THE CITY MANAGER	34 993.44	17 929.85	18 618.13
1015	INFORMATION / TECHNOLOGY & SUPPORT	21 731.07	42 320.43	40 836.50
1041	GOVERNANCE & INTERNAL AUDITING	0	0	11 748.59
		<b>56 724.51</b>	<b>60 250.28</b>	<b>71 203.22</b>
<b>DIRECTORATE OF CORPORATE SERVICES</b>				
1512	ADMINISTRATIVE & CORPORATE SUPPORT	25 290.94	21 461.93	5 979.32
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	37 810.08	40 243.54	46 515.22
1531	HUMAN RESOURCES MANAGEMENT	0	1 757.21	1 788.30
1532	ADMINISTRATIVE SUPPORT	8 851.26	2 950.42	2 950.40
1536	ORGANISATIONAL DEVELOPMENT	0	0	3 104.61
		<b>71 952.28</b>	<b>66 413.10</b>	<b>60 337.85</b>
<b>DIRECTORATE OF DEVELOPMENT &amp; SPATIAL PLANNING</b>				
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	5 782.56	13 423.29	10 987.96
2037	TRAFFIC MANAGEMENT & SAFETY	6 271.42	5 957.40	8 517.53
		<b>12 053.98</b>	<b>19 380.69</b>	<b>19 505.49</b>
<b>DIRECTORATE OF ECONOMIC DEVELOPMENT &amp; AGENCIES</b>				
2511	FRESH PRODUCE MARKET	248.12	15 996.07	18 734.63
2531	TRADE / INDUSTRY & RURAL AGRARIAN	0	0	7 665.07
		<b>248.12</b>	<b>15 996.07</b>	<b>26 399.70</b>



		May 2017 Amount	June 2017 Amount	July 2017 Amount
	<b>DIRECTORATE OF FINANCE</b>			
3031	EXPENDITURE & PAYMENTS MANAGEMENT	0	3 552.11	3 995.73
3033	PAYROLL & BENEFITS	0	0	3 445.68
3034	VAT / LEASES & PAYMENTS	0	9 110.47	10 131.52
3051	REVENUE MANAGEMENT	6 524.08	1 934.17	6 266.36
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	141 315.66	103 589.97	105 550.57
3053	COASTAL REVENUE MANAGEMENT	34 562.43	12 468.72	21 777.17
3057	RATES & VALUATIONS	0	3 207.17	9 101.87
3061	STRATEGY & OPERATIONS	2 520.70	0	2 310.84
3071	SUPPLY CHAIN MANAGEMENT	16 759.28	45 688.49	74 457.41
		<b>201 682.15</b>	<b>179 551.10</b>	<b>237 037.15</b>
	<b>DIRECTORATE OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>			
3512	DISASTER MANAGEMENT	1 500.82	7 293.73	4 316.75
3513	FIRE & RESCUE	1 165 185.40	334 894.87	377 291.25
3521	MUNICIPAL HEALTH SERVICES	16 371.61	520.34	13 051.44
3531	PUBLIC SAFETY & PROTECTION SERVICES	43 775.94	65 300.60	41 893.60
3532	LAW ENFORCEMENT SERVICES	2 368 026.53	1 256 842.22	1 307 008.98
3533	TRAFFIC SERVICES	422 271.94	425 460.38	473 599.43
		<b>4 017 132.24</b>	<b>2 090 312.14</b>	<b>2 217 161.45</b>
	<b>DIRECTORATE OF INFRASTRUCTURE SERVICES</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	1 166.49	2 332.98	3 661.91
4511	ELECTRICAL & ENERGY SERVICES	1 536.78	2 268.01	2 071.19
4512	CUSTOMER SERVICES & REVENUE PROTECTION	95 728.13	87 362.09	85 786.59
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	3 043.02	3 010.91	4 043.28
4514	ELECTRICAL DISTRIBUTION	958 635.42	897 291.58	707 939.72
4524	ROADS	19 119.31	41 114.87	24 311.75
4532	SANITATION	933 839.18	770 086.60	815 965.13
4533	SCIENTIFIC SERVICES	12 751.61	0	9 187.78
4535	WATER SERVICES	1 127 331.96	1 141 932.15	1 043 857.43
4542	FLEET SERVICES & PLANT	5 250.82	0	5 236.71
4543	WORKSHOPS	56 186.50	53 884.75	8 155.32
		<b>3 214 589.22</b>	<b>2 999 283.94</b>	<b>2 710 216.81</b>

		May 2017 Amount	June 2017 Amount	July 2017 Amount
	<b>DIRECTORATE OF MUNICIPAL SERVICES</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	24 815.19	24 061.81	8 894.88
5011	COMMUNITY AMENITIES	24 388.15	20 755.79	20 379.63
5013	LIBRARIES	37 334.16	50 862.87	72 438.11
5014	HALLS	195 459.70	165 016.18	177 745.71
5015	RECREATION	577 080.89	407 678.62	321 066.03
5016	SPORTS FACILITIES	207 959.25	190 372.61	193 422.54
5022	CEMETRIES & CREMATORIA	293 882.71	293 234.84	288 575.84
5023	CONSERVATION	155 668.17	112 335.39	102 746.82
5024	PARKS: COASTAL	420 000.87	79 700.28	597 939.23
5031	SOLID WASTE MANAGEMENT	15 082.49	15 131.11	13 430.96
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 660 917.53	1 206 049.40	1 245 758.15
5035	LANDFILLS & TRANSFER STATIONS	134 000.60	109 973.71	117 097.96
		<b>3 746 589.71</b>	<b>2 675 172.61</b>	<b>3 159 495.86</b>
	<b>TOTAL OVERTIME</b>	<b>11 679 924.84</b>	<b>8 416 118.56</b>	<b>8 853 062.49</b>

### 12.2.1. Comments On Overtime

#### a) Directorate of Executive Support Services

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

#### b) City Managers Office

Internal Audit is expected to conduct Stock Count reviews twice a year which is the Interim Stock Count and Annual Stock Count. These reviews are performed over week-ends which leads to staff having to claim overtime.

#### c) Directorate of Corporate Services

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

**d) 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 2016/17 financial year end as well as Supply Chain Management officials having to work overtime to perform year end stock counts. Furthermore, the Revenue Management staff worked towards the Revenue Enhancement Strategy project.

**e) Directorate of Infrastructure Services**

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

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

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

**f) Directorate of Health / Public Safety & Emergency Services**

The traffic services as an emergency service will always have to work overtime due to the nature of services rendered in that it has to respond to all emergencies either road accidents, unrest situations, protest marches, shortage of staff and disasters. Health officials attended events to ensure health compliance regarding catering, vendors and toilet facilities and measuring of noise levels at places of entertainment following complaints. Big events were held where presence of Health and Law Enforcement officials was most vital, e.g. the mayor's cup.

**g) 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.

The Department of Solid Waste Management is experiencing a 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.

### **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 July 2017. There was a decrease in the total payment between May 2017 and June 2017 of R27 333 and a decrease in the total payment between June 2017 and July 2017 of R74 759.

**Table 22: Standby & Shift Allowance per Directorate**

	<b>MAY 2017</b>	<b>JUNE 2017</b>	<b>JULY 2017</b>
Directorate of Executive Support Services	7 778	6 390	6 641
Directorate of the City Manager	45 274	40 488	42 355
Directorate of Corporate Services	1 267	827	7 206
Directorate of Spatial Planning and Development	10 721	14 224	10 407
Directorate Economic Development & Agencies	0	1 468	1 492
Directorate of Finance	17 815	18 480	9 545
Directorate of Health / Public Safety & Emergency Services	636 116	615 589	608 270
Directorate of Infrastructure Services	662 998	675 901	594 750
Directorate of Municipal Services	297 744	279 011	296 954
<b>TOTAL</b>	<b>1 679 712</b>	<b>1 652 378</b>	<b>1 577 619</b>

### **12.4. Cost of Temporary Staff**

The total payment of Temporary Staff for the past three months ended 31 July 2017 is reflected below. There was a decrease in the total payment between May 2017 and June 2017 of R252 696. There was an increase in the total payment between June 2017 and July 2017 of R2 232 812.

**Table 23: Temporary Staff per Directorate**

	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>
Directorate of Executive Support Services	437 804	339 643	569 713
Directorate of the City Manager	233 149	193 473	276 981
Directorate of Corporate Services	1 246 128	1 238 532	1 565 523
Directorate of Spatial Planning and Development	153 693	108 625	206 682
Directorate Economic Development & Agencies	58 221	35 274	48 703
Directorate of Finance	423 909	397 551	546 880
Directorate of Health / Public Safety & Emergency Services	182 884	173 716	213 894
Directorate of Human Settlements	112 290	150 664	172 226
Directorate of Infrastructure Services	190 683	177 887	252 750
Directorate of Municipal Services	1 947 225	1 917 925	3 112 748
<b>TOTAL</b>	<b>4 985 986</b>	<b>4 733 290</b>	<b>6 966 102</b>

**12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R5.2 million less the year to date expenditure of R4.69 million leaves a variance of R506 844.

**Table 24: Councillors Costs**

<b>Councillors Costs</b>	<b>2017/2018 Annual Budget R</b>	<b>2017/2018 YTD Budget R</b>	<b>2017/2018 YTD Expenditure R</b>	<b>2017/2018 Variance R</b>	<b>2017/2018 Variance %</b>
	-	-	-	-	-
Councillors Allowances	44 492 267	3 707 689	2 930 731	776 958	20.96
Housing Allowance	0	0	184 468	(184 468)	0.00
Medical Aid Allowance	1 773 192	147 766	175 205	(27 439)	-18.57
Pension Allowance	3 761 772	313 481	312 138	1 343	0.43
Travel Allowance	12 370 884	1 030 907	1 090 457	(59 550)	-5.78
<b>Total</b>	<b>62 398 115</b>	<b>5 199 843</b>	<b>4 692 999</b>	<b>506 844</b>	<b>9.75</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R1.4 million (4%) of its 2017/2018 operating budget of R33.16 million. The expenditure at this point of the financial year is below target.

**Table 25: Monthly Budget Statement – summary of municipal entity**

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M01 July

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>											
<b>Revenue By Municipal Entity</b>											
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>											
Interest earned - external investments			238		12	12	20	(8)	-41%	238	
Transfers recognised - operational			22 138		5 066	5 066	5 534	(469)	-8%	22 138	
Agency services			3 630		-	-	302	(302)	-100%	3 630	
Other revenue			7 154		153	153	596	(443)	-74%	7 154	
<b>Total Operating Revenue</b>	1		<b>33 160</b>	<b>-</b>	<b>5 231</b>	<b>5 231</b>	<b>6 453</b>	<b>(1 222)</b>	<b>-19%</b>	<b>33 160</b>	
<b>Expenditure By Municipal Entity</b>											
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>											
Employee related costs			15 178		1 326	1 326	1 265	61	5%	15 178	
Remuneration of Directors			850		10	10	71	(61)	-87%	850	
Depreciation & asset impairment			471		69	69	39	29	75%	471	
Finance charges			2		-	-	0	(0)	-100%	2	
Other expenditure			16 659		-	-	1 388	(1 388)	-100%	16 659	
<b>Total Operating Expenditure</b>	2		<b>33 160</b>	<b>-</b>	<b>1 404</b>	<b>1 404</b>	<b>2 763</b>	<b>(1 360)</b>	<b>-49%</b>	<b>33 160</b>	
<b>Surplus/ (Deficit) for the yr/period</b>			<b>-</b>	<b>0</b>	<b>-</b>	<b>3 827</b>	<b>3 827</b>	<b>3 690</b>	<b>(2 582)</b>	<b>-70%</b>	<b>0</b>
<b>Capital Expenditure By Municipal Entity</b>											
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>											
Transfers recognised - capital			962		-	-	80	(80)	-100%	962	
Contributions recognised - capital											
Contributed assets											
<b>Total Capital Expenditure</b>	3		<b>962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>(80)</b>	<b>-100%</b>	<b>962</b>	

A detailed analysis of the entity's financial performance for month ended 31 July 2017 is outlined in the attached Annexure F.

#### **14.CAPITAL PROGRAMME PERFORMANCE**

BCMM has spent 0.15% (R2.40 million, inclusive of reclaimed vat) of its 2017/18 approved capital budget of R1.65 billion as at 31 July 2017. This reflects an improvement in both the percentage and rand value terms when compared to the same period in the previous financial year where 0.1% (R1.61 million, inclusive of reclaimed vat) of the adjusted budget of R1.39 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**

<b>Funding</b>	<b><u>2017/2018 Approved Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
<b>Total Own Funding</b>	<b>849 896 952</b>	<b>1 635 251</b>	<b>848 261 701</b>	<b>0.19%</b>
DoE(Integrated National Electrification Programme)	25 000 000	0	25 000 000	0.00%
Finance Management Grant	100 000	0	100 000	0.00%
Integrated City Development Partnership Grant	6 956 000	0	6 956 000	0.00%
Neighbourhood Development Grant	10 000 000	0	10 000 000	0.00%
Urban Settlement Development Grant	705 084 160	767 044	704 317 116	0.11%
Public Transport Infrastructure and Systems Grant	48 167 000	0	48 167 000	0.00%
<b>Total Grants</b>	<b>795 307 160</b>	<b>767 044</b>	<b>794 540 116</b>	<b>0.10%</b>
<b>TOTAL PER FUNDING</b>	<b>1 645 204 112</b>	<b>2 402 295</b>	<b>1 642 801 817</b>	<b>0.15%</b>

Table 27 below reflects capital expenditure performance per service.

**Table 27: Actual Expenditure per Service against Budget**

<b>Services</b>	<b><u>2016/2017 Approved Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
Water	130 000 000	1 582 325	128 417 675	1.22%
Waste Water	283 698 323	0	283 698 323	0.00%
Electricity	148 000 000	0	148 000 000	0.00%
Roads and Stormwater	270 956 000	0	270 956 000	0.00%
Housing	185 855 000	0	185 855 000	0.00%
Transport Planning	133 517 000	0	133 517 000	0.00%
Local Economic Development	42 600 000	0	42 600 000	0.00%
Spatial Planning	62 704 000	52 926	62 651 074	0.08%
Waste Management / Refuse	65 821 640	0	65 821 640	0.00%
Amenities	99 527 149	0	99 527 149	0.00%
Public Safety	29 705 000	767 044	28 937 956	2.58%
Support Services	169 820 000	0	169 820 000	0.00%
Other BCM Fleet	23 000 000	0	23 000 000	0.00%
<b>TOTAL PER SERVICE</b>	<b>1 645 204 112</b>	<b>2 402 295</b>	<b>1 642 801 817</b>	<b>0.15%</b>

Table 28 below reflects capital expenditure performance per directorate.

**Table 28: Actual Expenditure per Directorate against Budget**

<b>Directorate</b>	<b><u>2017/2018 Approved Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
Directorate of Executive Support Services	3 000 000	0	3 000 000	0.00%
Directorate of the City Manager	22 500 000	0	22 500 000	0.00%
Directorate of Human Settlement	186 355 000	0	186 355 000	0.00%
Directorate of Finance	87 820 000	0	87 820 000	0.00%
Directorate of Corporate Services	6 000 000	0	6 000 000	0.00%
Directorate of Infrastructure Services	856 154 323	1 582 325	854 571 998	0.18%
Directorate of Spatial Planning and Development	234 721 000	52 926	234 668 074	0.02%
Directorate of Economic Development and Agencies	43 100 000	0	43 100 000	0.00%
Directorate of Health, Public Safety and Emergency Services	30 205 000	767 044	29 437 956	2.54%
Directorate of Municipal Services	165 348 789	0	165 348 789	0.00%
<b>TOTAL DIRECTORATES</b>	<b>1 635 204 112</b>	<b>2 402 295</b>	<b>1 632 801 817</b>	<b>0.15%</b>
Asset Replacement	10 000 000		10 000 000	0.00%
<b>GRAND TOTAL</b>	<b>1 645 204 112</b>	<b>2 402 295</b>	<b>1 642 801 817</b>	<b>0.15%</b>



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 - M01 July

Month	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July		3 274		2 308	2 308	3 274	966	29.5%	0%
August		17 112				20 386	-		
September		48 450				68 836	-		
October		94 083				162 919	-		
November		99 215				262 134	-		
December		147 979				410 113	-		
January		125 470				535 583	-		
February		147 452				683 035	-		
March		180 770				863 806	-		
April		241 602				1 105 408	-		
May		259 708				1 365 116	-		
June		280 088				1 645 204	-		
<b>Total Capital expenditure</b>	-	<b>1 645 204</b>	-	<b>2 308</b>					

## **15. OTHER SUPPORTING DOCUMENTS**

### **15.1. Operating Projects Expenditure**

The Metro has spent 1% (R2.19 million) inclusive of reclaimed vat of its 2017/18 approved budget of R299.97 million as at 31 July 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 0.11% (R367 915, inclusive of reclaimed vat) of the approved operating projects budget of R329.02 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**

<u>Directorate</u>	<u>2017/2018 Approved Budget</u>	<u>YTD Expenditure (incl.vat)</u>	<u>Variance (incl.vat)</u>	<u>% Expenditure (incl.vat)</u>
Executive Support Services	5 732 781	0	5 732 781	0%
Directorate of the City Manager	46 784 665	237 522	46 547 143	1%
Directorate of Human Settlement	91 300 000	9 000	91 291 000	0%
Directorate of Finance	47 950 000	120 368	47 829 632	0%
Directorate of Corporate Services	12 566 500	655 799	11 910 701	5%
Directorate of Infrastructure Services	43 500 000	0	43 500 000	0%
Directorate of Spatial Planning and Development	9 152 000	525 199	8 626 801	6%
Directorate of Economic Development and Agencies	26 977 504	384 335	26 593 169	1%
Directorate of Health, Public Safety and Emergency Services	1 860 000	0	1 860 000	0%
Directorate of Municipal Services	14 150 000	256 420	13 893 580	2%
<b>TOTAL</b>	<b>299 973 450</b>	<b>2 188 642</b>	<b>297 784 808</b>	<b>1%</b>

**Table 31: Operating Projects per Funding Source**

<u>Funding</u>	<u>2017/2018 Approved Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance (incl. vat)</u>	<u>% Expenditure (incl. vat)</u>
<b>Total Own Funding</b>	<b>120 122 829</b>	<b>891 026</b>	<b>119 231 803</b>	<b>1%</b>
Expanded Public Works Programme Incentives Grant	4 952 000	0	4 952 000	0%
Finance Management Grant	1 200 000	68 748	1 131 252	6%
Human Settlement Development Grant	90 800 000	9 000	90 791 000	0%
Infrastructure Skills Development Grant	10 560 000	655 799	9 904 201	6%
Leiden	138 207	0	138 207	0%
Public Transport Infrastructure Grant	7 702 000	326 547	7 375 453	4%
Salaida (Galve)	1 454 574	0	1 454 574	0%
Urban Settlement Development Grant	63 043 840	237 522	62 806 318	0%
<b>Total Grants</b>	<b>179 850 621</b>	<b>1 297 616</b>	<b>178 553 005</b>	<b>1%</b>
<b>TOTAL PER FUNDING</b>	<b>299 973 450</b>	<b>2 188 642</b>	<b>297 784 808</b>	<b>1%</b>

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

**16.1. 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**

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	<b>0</b>	<b>200 698</b>	<b>13 395</b>	<b>0</b>	<b>214 093</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(13 601 456)</b>	<b>6 779 173</b>	<b>933 934</b>	<b>298</b>	<b>7 713 405</b>
EMERGENCY SERVICES	0	221 122	24 237	298	245 656
DISASTER MANAGEMENT	0	228 148	50 059	0	278 207
FIRE & RESCUE	(13 601 456)	6 329 903	859 638	0	7 189 541
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>0</b>	<b>2 502 707</b>	<b>120 381</b>	<b>0</b>	<b>2 623 089</b>
MUNICIPAL HEALTH SERVICES		2 502 707	120 381	0	2 623 089
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(1 365 318)</b>	<b>17 264 279</b>	<b>777 789</b>	<b>0</b>	<b>18 042 067</b>
PUBLIC SAFETY & PROTECTION SERVICES	(528)	1 310 528	227 643	0	1 538 171
LAW ENFORCEMENT SERVICES		9 774 234	272 153	0	10 046 387
TRAFFIC SERVICES	(1 364 790)	6 179 517	277 992		6 457 510
<b>Total</b>	<b>(14 966 774)</b>	<b>26 746 857</b>	<b>1 845 499</b>	<b>298</b>	<b>28 592 654</b>

## 16.2. Municipal Services

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

**Table 33: Municipal Services – Cost Analysis**

<b>Municipal Services</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	<b>0</b>	<b>916 188</b>	<b>68 099</b>	<b>0</b>	<b>984 287</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(288 970)</b>	<b>9 973 311</b>	<b>647 778</b>	<b>0</b>	<b>10 621 088</b>
COMMUNITY AMENITIES	0	1 154 203	17 698	0	1 171 901
LIBRARIES	(238 131)	1 993 859	40 198	0	2 034 057
HALLS	(38 179)	1 617 315	124 390	0	1 741 705
RECREATION	(7 238)	3 103 984	76 498	0	3 180 481
SPORTS FACILITIES	(5 422)	2 103 950	388 995	0	2 492 944
					0
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(804 864)</b>	<b>12 565 395</b>	<b>937 437</b>	<b>0</b>	<b>13 502 832</b>
PARKS / CEMETRIES & CONSERVATION	0	484 285	10 178	0	494 463
CEMETRIES & CREMATORIA	(758 547)	1 957 515	301 628	0	2 259 143
CONSERVATION	(42 014)	1 573 215	123 787	0	1 697 003
PARKS: COASTAL	(4 303)	8 550 380	501 843	0	9 052 224
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(60 423 486)</b>	<b>13 703 088</b>	<b>3 874 315</b>	<b>0</b>	<b>17 577 403</b>
SOLID WASTE MANAGEMENT	0	1 068 530	441 549	0	1 510 078
CLEANSING & REFUSE REMOVAL: COASTAL	(60 410 414)	11 517 776	3 217 754	0	14 735 530
CLEANSING & REFUSE REMOVAL: INLAND		0	14 091	0	14 091
LANDFILLS & TRANSFER STATIONS	(13 072)	1 116 783	200 921	0	1 317 704
<b>Total</b>	<b>(61 517 321)</b>	<b>37 157 982</b>	<b>5 527 628</b>	<b>0</b>	<b>42 685 610</b>

**17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

<b>QUALITY CERTIFICATE</b>
----------------------------

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

The monthly budget statement (Section 71 Report)

for the period ending **July 2017** 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 Financial Performance Report