

**REPORT TO EXECUTIVE MAYOR: 14 SEPTEMBER 2016**

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**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF  
THE 2016/17 BUDGET FOR THE PERIOD ENDED 31 AUGUST 2016**

**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 2016/17 budget of the Buffalo City Metropolitan Municipality for the period ended 31 August 2016.

**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).

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# **PART 1: IN-YEAR REPORT**

## **5. RESOLUTIONS**

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2016/17 budget for the period ended 31 August 2016 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 August 2016 of 88.55%.

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**ACTING 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 AUGUST 2016**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,096,032,019	Bank Balance	R 47,134,747
Expenditure	R 923,625,349	Call investments (excl. int.)	R 2,439,742,792
Operating Surplus	R 172,406,670	<b>Cash and cash equivalents</b>	<b>R 2,486,877,539</b>
Transfers Recognised - Capital	R 30,615,322	<i>Account Payables</i>	<i>(R 662,919,507)</i>
Surplus After Capital Transfers	R 203,021,992	<i>Unspent conditional grants</i>	<i>(R 172,061,061)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget-own funds</i>	<i>(R 750,998,033)</i>
Total debtors book	R 1,846,677,096	<b>Therefore Cash and Cash equivalents ring fenced for assets renewal in outer years</b>	<b>R 900,898,938</b>
Total debtors - Government	R 101,497,002	Total Long term loans	R 496,476,706
Total debtors - Business	R 409,630,917	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
Total debtors - Households	R 1,094,223,786	Water	<i>(R 6,766,797)</i>
Total debtors - Other	R 241,325,390	Electricity	<i>(R 150,795,734)</i>
Total debt written off	R 679,650	Refuse	R 39,703,056
<b>REPAIRS AND MAINTENANCE</b>		Sewerage	R 44,573,302
<b>2015/2016:</b> Exp. = R25.9m, which is 7% of approved budget of R372.01m	<b>2016/2017:</b> Exp.= R29.2m, which is 7% of approved budget of R414.79m		
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2015/2016: Exp. as a % of Approved Budget of R1.27b:</b> Exp. (excl. vat) = R42.22 mil % exp (Excl. vat) : 3%  Exp. (incl. vat) = R44.90 mil % exp (incl. vat): 4%	<b>2016/2017: Exp. as a % of Approved Budget of R1.56b:</b> Exp. (excl. vat) = R40.82 mil % exp (Excl. vat) :3%  Exp. (incl. vat) = R44.94 mil % exp (incl. vat): 3%	<b>2015/2016: Exp. as a % of Approved Budget of R671.32m:</b> Exp.(excl. vat)=R15.44 mil % exp.(excl. vat): 2%  Exp.(incl. vat) = R15.5 mil % exp.(incl. vat): 2%	<b>2016/2017: Exp. as a % of Approved Budget of R329.02m:</b> Exp.(excl. vat)=R17.64 mil % exp.(excl. vat): 5%  Exp.(incl. vat) = R17.81 mil % exp.(incl. vat): 5%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating Surplus for the period	R 203,021,992	Total staff complement	5 142
Debtors collection ratio	88.55%	Staff Appointments	236
YTD Grants and subsidies	R 420,113,622	Staff Terminations	39
% of Creditors paid within terms	100%	Number of funded vacant posts	610
Current ratio	3.37:1	Total overtime paid (YTD)	R 19,234,504
Total Debt to Revenue	10.82%	Allowances and benefits - Councillors	R 8,663,148
Capital Charges to Operating Expenditure	0.88%	Salary bill - Officials	R 237,265,023
Cost coverage ratio	6.36 months	Workforce costs as a % of expenditure	26.63%

## **6.2 Liquidity position**

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 3.37:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 28% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 66% of the current assets.

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

The year to date collection rate for the month ended 31 August 2016 is 88.55% (2015/16: 91%). The annual charges related to rates and sewerage are raised in July and are due and payable on 30 September 2016, this is the primary reason for the decrease in collection ratio. The ratio will improve going forward as this is the trend every financial year.

Total debtors book as at 31 August 2016 amounts to R1.85 billion (2015: R1.41 billion). Households: R1.09 billion, Business: R409.63 million, Government: R101.50 million, Other: R241.33 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 R44.94 million (2015/16: R44.90 million) which is 3% (2015/16: 4%) of its 2016/17 approved capital budget of R1.56 billion (2015/16: R1.27 billion) as at 31 August 2016. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year. (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 5% (R17.81 million, inclusive of reclaimed vat) of its 2016/17 approved budget of R329 million as at 31 August 2016. This reflects an improvement when compared to the same period in the previous financial year where 2% (R15.5 million, inclusive of reclaimed vat) of the approved operating projects budget of

R671.32 million was spent. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (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 R40.86 million (2015/16: R35.06 million) which is 5% (2015/16: 4%) of its 2016/2017 conditional grants budget of R828.70 million (2015/16: R801.94 million) as at 31 August 2016. This reflects a slight improvement when compared to the same period in the previous financial year. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (Refer to Section 11 for further details)

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

BCMM has spent R39.45 million (2015/16: R34.47 million) which is 5% (2015/16: 5%) of its 2016/17 USDG budget of R731.50 million (2015/16: R713.13 million) as at 31 August 2016. This reflects a slight improvement in rand value terms when compared to the same period in the previous financial year. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (Refer to Section 11 for further details).

#### **6.7 Cash and Cash Equivalents**

The cash and cash equivalents of the City as at 31 August 2016 are R2.49 billion made up of cash and bank amounting to R47.13 million and call investment deposits of R2.44 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 6.36 months. This indicates a strong financial health as it 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. Refer to Section 9 for details.

### **6.9 Long-Term Debt Profile**

The total long term borrowings of the municipality as at 31 August 2016 amounts to R496.48 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 August 2016 is 0.88%, the acceptable norm in accordance with the MFMA circular 71 is 6-8%.

The total debt to revenue ratio is 10.82% as at 31 August 2016, this indicates that the municipality is highly solvent to meet its debt obligation. The acceptable norm in accordance with the MFMA circular 71 is a ceiling of 45%.

## 7. IN-YEAR BUDGET STATEMENT MAIN TABLES

### 7.1 Monthly Budget Statement Summary

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

**Table 2:C1: Monthly Budget Statement Summary**

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

Description	2015/16	Budget Year 2016/17							
	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	-	1 122 920	1 122 920	72 615	231 115	157 660	73 455	47%	1 122 920
Service charges	-	2 928 610	2 928 610	135 456	369 112	448 180	(79 068)	-18%	2 928 610
Investment revenue	-	143 844	143 775	15 763	27 379	28 621	(1 242)	-4%	143 775
Transfers recognised - operational	-	1 319 728	1 318 097	137 532	420 114	173 285	246 829	142%	1 318 097
Other own revenue	-	391 937	391 737	25 150	48 313	62 021	(13 708)	-22%	391 737
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>5 907 039</b>	<b>5 905 139</b>	<b>386 515</b>	<b>1 096 032</b>	<b>869 766</b>	<b>226 266</b>	<b>26%</b>	<b>5 905 139</b>
Employee costs	-	1 531 068	1 531 068	134 233	237 265	258 980	(21 715)	-8%	1 531 068
Remuneration of Councillors	-	58 099	58 099	4 154	8 663	9 829	(1 166)	-12%	58 099
Depreciation & asset impairment	-	748 339	748 339	62 362	124 723	124 723	0	0%	748 339
Finance charges	-	57 105	57 105	4 072	8 143	10 718	(2 574)	-24%	57 105
Materials and bulk purchases	-	1 521 587	1 521 587	168 468	348 850	341 096	7 755	2%	1 521 587
Transfers and grants	-	288 468	288 468	4 442	8 329	48 077	(39 749)	-83%	288 468
Other expenditure	-	1 701 295	1 699 395	135 644	187 652	220 986	(33 334)	-15%	1 699 395
<b>Total Expenditure</b>	-	<b>5 905 961</b>	<b>5 904 061</b>	<b>513 374</b>	<b>923 625</b>	<b>1 014 409</b>	<b>(90 783)</b>	<b>-9%</b>	<b>5 904 061</b>
<b>Surplus/(Deficit)</b>	-	<b>1 078</b>	<b>1 078</b>	<b>(126 859)</b>	<b>172 407</b>	<b>(144 643)</b>	<b>317 049</b>	<b>-219%</b>	<b>1 078</b>
Transfers recognised - capital	-	848 269	848 269	30 611	30 615	49 928	(19 312)	-39%	848 269
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	<b>849 347</b>	<b>849 347</b>	<b>(96 247)</b>	<b>203 022</b>	<b>(94 715)</b>	<b>297 737</b>	<b>-314%</b>	<b>849 347</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	-	<b>849 347</b>	<b>849 347</b>	<b>(96 247)</b>	<b>203 022</b>	<b>(94 715)</b>	<b>297 737</b>	<b>-314%</b>	<b>849 347</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>39 205</b>	<b>40 817</b>	<b>48 916</b>	<b>(8 099)</b>	<b>-17%</b>	<b>1 693 155</b>
Capital transfers recognised	-	848 269	862 374	30 611	30 615	26 630	3 985	15%	862 374
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69 582	69 582	-	-	2 184	(2 184)	-100%	69 582
Internally generated funds	-	640 283	761 199	8 594	10 201	20 101	(9 900)	-49%	761 199
<b>Total sources of capital funds</b>	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>39 205</b>	<b>40 817</b>	<b>48 916</b>	<b>(8 099)</b>	<b>-17%</b>	<b>1 693 155</b>
<b>Financial position</b>									
Total current assets	-	3 526 080	3 526 080		3 751 965				3 526 080
Total non current assets	-	14 131 021	14 239 037		13 423 050				14 239 037
Total current liabilities	-	1 131 155	1 131 155		1 114 260				1 131 155
Total non current liabilities	-	1 177 274	1 177 274		961 106				1 177 274
<b>Community wealth/Equity</b>	-	<b>15 348 672</b>	<b>15 456 688</b>		<b>15 099 648</b>				<b>15 456 688</b>
<b>Cash flows</b>									
Net cash from (used) operating	-	1 648 938	1 648 938	871	153 794	274 823	121 029	44%	1 648 938
Net cash from (used) investing	-	(1 558 134)	(1 693 155)	(39 205)	(40 817)	(259 689)	(218 872)	84%	(1 693 155)
Net cash from (used) financing	-	17 757	17 757	-	-	2 959	2 959	100%	17 757
<b>Cash/cash equivalents at the month/year end</b>	-	<b>2 490 747</b>	<b>2 355 726</b>	-	<b>2 486 878</b>	<b>2 400 280</b>	<b>(86 598)</b>	<b>-4%</b>	<b>2 347 440</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	258 437	181 589	79 644	50 685	41 481	44 390	249 691	940 760	1 846 677
<b>Creditors Age Analysis</b>									
Total Creditors	636 174	26 745	-	-	-	-	-	-	662 919

## 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 (standard classification) - M02 August

Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		–	2 268 639	2 266 738	234 918	571 447	435 784	135 663	31%	2 266 738
Executive and council		–	30 796	30 796	266	266	3 417	(3 151)	-92%	30 796
Budget and treasury office		–	2 222 421	2 220 521	233 965	570 391	431 439	138 952	32%	2 220 521
Corporate services		–	15 421	15 421	687	789	928	(139)	-15%	15 421
<i>Community and public safety</i>		–	127 228	127 228	29 845	48 631	18 202	30 429	167%	127 228
Community and social services		–	19 511	19 511	1 325	2 082	4 886	(2 804)	-57%	19 511
Sport and recreation		–	6 161	6 161	161	214	209	5	2%	6 161
Public safety		–	98 758	98 758	9 574	27 551	12 922	14 629	113%	98 758
Housing		–	–	–	18 785	18 785	–	18 785	#DIV/0!	–
Health		–	2 797	2 797	–	–	186	(186)	-100%	2 797
<i>Economic and environmental services</i>		–	100 222	100 222	4 844	5 971	18 296	(12 325)	-67%	100 222
Planning and development		–	26 543	26 543	2 054	3 167	3 265	(98)	-3%	26 543
Road transport		–	73 255	73 255	2 781	2 788	15 014	(12 226)	-81%	73 255
Environmental protection		–	423	423	9	15	17	(2)	-11%	423
<i>Trading services</i>		–	3 384 579	3 384 579	147 433	498 781	401 853	96 928	24%	3 384 579
Electricity		–	1 931 170	1 931 170	79 530	230 361	240 659	(10 298)	-4%	1 931 170
Water		–	541 296	541 296	13 664	87 551	54 749	32 802	60%	541 296
Waste water management		–	446 227	446 227	28 220	97 539	45 831	51 707	113%	446 227
Waste management		–	465 885	465 885	26 019	83 331	60 614	22 717	37%	465 885
<i>Other</i>	4	–	874 641	874 641	87	1 818	45 559	(43 740)	-96%	874 641
<b>Total Revenue - Standard</b>	2	–	6 755 308	6 753 408	417 126	1 126 647	919 693	206 954	23%	6 753 408
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		–	1 189 292	1 189 644	103 775	160 780	161 656	(876)	-1%	1 189 644
Executive and council		–	209 046	209 397	25 520	34 294	38 695	(4 400)	-11%	209 397
Budget and treasury office		–	553 044	553 044	33 330	53 125	71 457	(18 332)	-26%	553 044
Corporate services		–	427 203	427 203	44 926	73 361	51 505	21 856	42%	427 203
<i>Community and public safety</i>		–	738 246	739 264	68 330	87 957	92 802	(4 845)	-5%	739 264
Community and social services		–	94 309	94 309	4 906	12 125	17 304	(5 179)	-30%	94 309
Sport and recreation		–	77 113	77 113	8 948	14 249	12 541	1 708	14%	77 113
Public safety		–	224 016	224 016	40 160	43 126	36 355	6 771	19%	224 016
Housing		–	280 019	281 036	12 034	13 930	21 480	(7 550)	-35%	281 036
Health		–	62 789	62 789	2 283	4 526	5 122	(595)	-12%	62 789
<i>Economic and environmental services</i>		–	919 523	916 523	46 460	103 035	69 573	33 462	48%	916 523
Planning and development		–	270 451	267 451	1 904	19 330	33 363	(14 033)	-42%	267 451
Road transport		–	543 263	543 263	35 461	66 685	20 066	46 618	232%	543 263
Environmental protection		–	105 809	105 809	9 095	17 020	16 144	876	5%	105 809
<i>Trading services</i>		–	3 041 214	3 041 214	293 424	569 111	688 386	(119 274)	-17%	3 041 214
Electricity		–	1 725 555	1 725 555	190 555	381 136	479 556	(98 420)	-21%	1 725 555
Water		–	531 791	531 791	50 133	94 607	95 598	(991)	-1%	531 791
Waste water management		–	467 437	467 437	26 483	50 004	62 699	(12 694)	-20%	467 437
Waste management		–	316 432	316 432	26 253	43 364	50 532	(7 169)	-14%	316 432
<i>Other</i>		–	17 685	17 685	1 384	2 742	1 991	751	38%	17 685
<b>Total Expenditure - Standard</b>	3	–	5 905 961	5 904 330	513 374	923 625	1 014 409	(90 783)	-9%	5 904 330
<b>Surplus/ (Deficit) for the year</b>		–	849 347	849 078	(96 247)	203 022	(94 715)	297 737	-314%	849 078

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Ref	2015/16	Budget Year 2016/17							
		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 Vote</b>	1									
Vote 1 - Directorate - Executive Support Services		-	145	145	-	-	26	(26)	-100.0%	145
Vote 2 - Directorate - City Manager		-	52 588	52 588	266	266	3 298	(3 032)	-91.9%	52 588
Vote 3 - Directorate - Human Settlements		-	362 572	362 572	18 785	18 785	23 196	(4 411)	-19.0%	362 572
Vote 4 - Directorate - Finance		-	2 947 365	2 945 733	233 965	570 391	499 409	70 982	14.2%	2 945 733
Vote 5 - Directorate - Corporate Services		-	13 036	13 036	594	594	672	(79)	-11.7%	13 036
Vote 6 - Directorate - Infrastructure Services		-	2 744 633	2 744 633	124 145	418 195	295 595	122 600	41.5%	2 744 633
Vote 7 - Directorate - Development Planning		-	64 067	34 695	470	3 406	6 029	(2 623)	-43.5%	34 695
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	162 440	162 440	9 574	27 551	27 121	430	1.6%	162 440
Vote 9 - Directorate - Municipal Services		-	408 195	408 195	27 514	85 641	64 348	21 293	33.1%	408 195
Vote 10 - Directorate - Economic Development		-	-	29 372	1 814	1 818	-	1 818	#DIV/0!	29 372
<b>Total Revenue by Vote</b>	2	-	<b>6 755 039</b>	<b>6 753 408</b>	<b>417 126</b>	<b>1 126 647</b>	<b>919 693</b>	<b>206 954</b>	<b>22.5%</b>	<b>6 753 408</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Directorate - Executive Support Services		-	206 009	206 098	17 098	33 147	23 601	9 546	40.4%	206 098
Vote 2 - Directorate - City Manager		-	115 928	116 189	19 778	21 883	25 219	(3 336)	-13.2%	116 189
Vote 3 - Directorate - Human Settlements		-	346 542	347 560	12 769	15 346	23 528	(8 182)	-34.8%	347 560
Vote 4 - Directorate - Finance		-	551 753	551 753	33 447	53 242	71 457	(18 215)	-25.5%	551 753
Vote 5 - Directorate - Corporate Services		-	192 959	192 959	11 638	24 405	26 497	(2 092)	-7.9%	192 959
Vote 6 - Directorate - Infrastructure Services		-	3 234 571	3 234 571	306 029	599 213	661 485	(62 273)	-9.4%	3 234 571
Vote 7 - Directorate - Development Planning		-	333 338	246 099	12 845	33 117	37 817	(4 700)	-12.4%	246 099
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	321 998	321 998	42 638	48 045	46 224	1 820	3.9%	321 998
Vote 9 - Directorate - Municipal Services		-	602 596	602 596	50 313	88 407	98 579	(10 173)	-10.3%	602 596
Vote 10 - Directorate - Economic Development		-	-	84 239	6 820	6 820	-	6 820	#DIV/0!	84 239
<b>Total Expenditure by Vote</b>	2	-	<b>5 905 692</b>	<b>5 904 061</b>	<b>513 374</b>	<b>923 625</b>	<b>1 014 409</b>	<b>(90 783)</b>	<b>-8.9%</b>	<b>5 904 061</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>849 347</b>	<b>849 347</b>	<b>(96 247)</b>	<b>203 022</b>	<b>(94 715)</b>	<b>297 737</b>	<b>-314.3%</b>	<b>849 347</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 August 2016.

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

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

Description	Ref	2015/16	Budget Year 2016/17								
		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			1 122 920	1 122 920	72 615	231 115	157 660	73 455	47%	1 122 920	
Property rates - penalties & collection charges				-	-	-	-	-		-	
Service charges - electricity revenue			1 815 256	1 815 256	77 793	206 555	273 455	(66 900)	-24%	1 815 256	
Service charges - water revenue			444 291	444 291	7 878	47 958	61 250	(13 291)	-22%	444 291	
Service charges - sanitation revenue			339 107	339 107	25 186	60 950	58 365	2 584	4%	339 107	
Service charges - refuse revenue			308 375	308 375	25 748	51 599	51 396	203	0%	308 375	
Service charges - other			21 580	21 580	(1 148)	2 051	3 714	(1 663)	-45%	21 580	
Rental of facilities and equipment			20 045	20 045	1 360	2 307	2 301	6	0%	20 045	
Interest earned - external investments			143 844	143 775	15 763	27 379	28 621	(1 242)	-4%	143 775	
Interest earned - outstanding debtors			34 651	34 651	3 998	7 295	5 047	2 248	45%	34 651	
Dividends received			-	-	-	-	-	-		-	
Fines			8 385	8 385	603	713	774	(61)	-8%	8 385	
Licences and permits			13 958	13 958	1 427	1 858	2 308	(450)	-19%	13 958	
Agency services			-	-	-	-	-	-		-	
Transfers recognised - operational			1 319 728	1 318 097	137 532	420 114	173 285	246 829	142%	1 318 097	
Other revenue			314 898	314 698	17 761	36 139	51 591	(15 452)	-30%	314 698	
Gains on disposal of PPE			-	-	-	-	-	-		-	
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>-</b>	<b>5 907 039</b>	<b>5 905 139</b>	<b>386 515</b>	<b>1 096 032</b>	<b>869 766</b>	<b>226 266</b>	<b>26%</b>	<b>5 905 139</b>

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

Description	Ref	2015/16	Budget Year 2016/17								
		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			1 531 068	1 531 068	134 233	237 265	258 980	(21 715)	-8%	1 531 068	
Remuneration of councillors			58 099	58 099	4 154	8 663	9 829	(1 166)	-12%	58 099	
Debt impairment			303 865	303 865	25 322	50 644	50 841	(197)	0%	303 865	
Depreciation & asset impairment			748 339	748 339	62 362	124 723	124 723	0	0%	748 339	
Finance charges			57 105	57 105	4 072	8 143	10 718	(2 574)	-24%	57 105	
Bulk purchases			1 521 587	1 521 587	168 468	348 850	341 096	7 755	2%	1 521 587	
Other materials			-	-	-	-	-	-		-	
Contracted services			22 486	22 486	1 876	1 966	2 138	(172)	-8%	22 486	
Transfers and grants			288 468	288 468	4 442	8 329	48 077	(39 749)	-83%	288 468	
Other expenditure			1 374 944	1 373 043	108 446	135 041	168 007	(32 966)	-20%	1 373 043	
Loss on disposal of PPE			-	-	-	-	-	-		-	
<b>Total Expenditure</b>			-	5 905 961	5 904 061	513 374	923 625	1 014 409	(90 783)	-9%	5 904 061
<b>Surplus/(Deficit)</b>			-	1 078	1 078	(126 859)	172 407	(144 643)	317 049	(0)	1 078
Transfers recognised - capital			848 269	848 269	30 611	30 615	49 928	(19 312)	(0)	848 269	
Contributions recognised - capital			-	-	-	-	-	-		-	
Contributed assets			-	-	-	-	-	-		-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			-	849 347	849 347	(96 247)	203 022	(94 715)		849 347	
Taxation								-			
<b>Surplus/(Deficit) after taxation</b>			-	849 347	849 347	(96 247)	203 022	(94 715)		849 347	
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>			-	849 347	849 347	(96 247)	203 022	(94 715)		849 347	
Share of surplus/ (deficit) of associate											
<b>Surplus/ (Deficit) for the year</b>			-	849 347	849 347	(96 247)	203 022	(94 715)		849 347	

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

### **7.4.1.1 Property rates**

The Municipal Property Rates Act (MPRA) allows property owners to choose frequency of payment and levying of rates e.g. monthly or annually. All Government Departments are billed on a yearly basis in July of each year and some other property owners within other property categories choose to be billed on an annual basis and the annual charge is levied once in July of every financial year. Furthermore, supplementary valuations are implemented on a monthly basis thus increasing the rates base and the assessment rates raised.

### **7.4.1.2 Service Charges – electricity revenue**

The actual revenue depends on the usage of customers and also purchase patterns of customers related to prepayment metering. The ytd actual reflects the billing pattern and purchase patterns of the customers. The Revenue Department is analysing the billing and purchasing trends to ensure that all customers are billed appropriately.

### **7.4.1.3 Service Charges – water revenue**

The actual revenue depends on the usage of customers. The ytd actual reflects the billing patterns. The Revenue Department is analysing the billing trends per customer to ensure that all customers are billed appropriately.

### **7.4.1.4 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.

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

Despite credit control action and debt collection action that was implemented, a primary contributing factor to the increase in interest earned from outstanding debtors can be attributed to the non-payment by customers.

#### **7.4.1.6 Licences 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).

#### **7.4.1.7 Transfers recognised - operational**

The variance is as a result of General Fuel Levy that has been received in the month of August 2016.

#### **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 Remuneration of councillors**

The under expenditure in the councillors remuneration is due to the top 14 (Executive Mayor, Deputy Mayor, Speaker, Chief Whip and Executive Members) having been paid as ward councillors for a period of 10 days when the institution did not have a Council in place due to change of term.

#### **7.4.1.10 Finance charges**

The year to date budget was calculated on the assumption that the institution would



have obtained additional long term loan funding. This has currently not materialised and therefore there is a favourable variance.

#### **7.4.1.11 Transfers and grants**

These transfers and grants are paid at predetermined intervals according to the existing contractual agreements. These payments are therefore not made at a constant rate throughout the year.

#### **7.4.1.12 Other expenditure**

Other expenditure includes operating projects, operational costs as well as repairs and maintenance and these expenditure categories are under spent by 20% 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. Expenditure on repairs and maintenance is provided in table 6 below. Details on operating projects are provided on section 15 of the report.

#### **7.4.1.13 Repairs and Maintenance**

Table 6 below reflects that as at 31 August 2016, the repairs and maintenance expenditure is 7% of the approved budget of R414.79 million (2015/16: 7%). This is the same when compared with the prior year in percentage terms. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

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

<b>Directorate</b>	<b><u>2016/2017</u> <u>Annual</u> <u>Budget</u> <u>R</u></b>	<b><u>2016/2017</u> <u>Annual</u> <u>Expenditure</u> <u>R</u></b>	<b><u>2016/2017</u> <u>-</u> <u>Variance</u> <u>R</u></b>	<b><u>2016/2017</u> <u>% of</u> <u>Budget</u> <u>%</u></b>
Directorate Of Executive Support Services	3 235 637	35 454	3 200 183	1%
Directorate Of The City Manager	134 478	727	133 751	1%
Directorate Of Corporate Services	6 540 381	75 301	6 465 080	1%
Directorate Of Development & Spatial Planning	28 357 088	839 615	27 517 473	3%
Directorate Of Economic Development & Agencies	1 180 627	34 302	1 146 325	3%
Directorate Of Finance	3 273 630	111 138	3 162 492	3%
Directorate Of Health / Public Safety & Emergency Services	6 195 492	235 453	5 960 039	4%
Directorate Of Human Settlement	108 421	21 686	86 735	20%
Directorate Of Infrastructure Services	328 157 794	24 561 337	303 596 457	7%
<i>Electricity</i>	123 968 926	12 717 115	111 251 811	10%
<i>Water</i>	47 248 367	5 799 474	41 448 893	12%
<i>Sanitation</i>	33 026 802	2 466 059	30 560 743	7%
<i>Other</i>	123 913 699	3 578 690	120 335 009	3%
Directorate Of Municipal Services	37 607 278	3 236 205	34 371 073	9%
<b>TOTAL</b>	<b>414 790 826</b>	<b>29 151 218</b>	<b>385 639 608</b>	<b>7%</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, standard classification and funding - M02 August)										
Vote Description	Ref	2015/16	Budget Year 2016/17							
		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		-	5 500	8 007	85	85	31	54	172%	8 007
Vote 2 - Directorate - City Manager		-	17 522	52 522	21	21	25	(4)	-16%	52 522
Vote 3 - Directorate - Human Settlements		-	202 441	211 477	18 785	18 785	6 364	12 420	195%	211 477
Vote 4 - Directorate - Finance		-	10 600	10 748	96	96	353	(257)	-73%	10 748
Vote 5 - Directorate - Corporate Services		-	7 100	9 034	175	175	612	(437)	-71%	9 034
Vote 6 - Directorate - Infrastructure Services		-	887 671	902 030	15 837	17 448	28 579	(11 131)	-39%	902 030
Vote 7 - Directorate - Development Planning		-	230 290	230 417	1 526	1 526	1 602	(77)	-5%	230 417
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	30 032	46 484	199	199	687	(488)	-71%	46 484
Vote 9 - Directorate - Municipal Services		-	122 478	167 702	2 346	2 346	3 245	(899)	-28%	167 702
Vote 10 - Directorate - Economic Development		-	44 500	54 734	136	136	7 417	(7 281)	-98%	54 734
<b>Total Capital Multi-year expenditure</b>	4,7	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>39 205</b>	<b>40 817</b>	<b>48 916</b>	<b>(8 099)</b>	<b>-17%</b>	<b>1 693 155</b>
<b>Total Capital Expenditure</b>		-	<b>1 558 134</b>	<b>1 693 155</b>	<b>39 205</b>	<b>40 817</b>	<b>48 916</b>	<b>(8 099)</b>	<b>-17%</b>	<b>1 693 155</b>
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		-	<b>40 722</b>	<b>80 310</b>	<b>378</b>	<b>378</b>	<b>1 278</b>	<b>(901)</b>	<b>-70%</b>	<b>80 310</b>
Executive and council			23 022	60 529	106	106	723	(616)	-85%	60 529
Budget and treasury office			10 600	10 748	96	96	333	(237)	-71%	10 748
Corporate services			7 100	9 034	175	175	223	(48)	-21%	9 034
<b>Community and public safety</b>		-	<b>276 498</b>	<b>309 838</b>	<b>21 065</b>	<b>21 065</b>	<b>8 680</b>	<b>12 385</b>	<b>143%</b>	<b>309 838</b>
Community and social services			23 300	30 226	2 082	2 082	731	1 350	185%	30 226
Sport and recreation			20 725	21 651	-	-	651	(651)	-100%	21 651
Public safety			30 032	46 484	199	199	943	(744)	-79%	46 484
Housing			202 441	211 477	18 785	18 785	6 355	12 429	196%	211 477
Health			-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	<b>541 969</b>	<b>552 330</b>	<b>4 392</b>	<b>4 392</b>	<b>17 014</b>	<b>(12 623)</b>	<b>-74%</b>	<b>552 330</b>
Planning and development			274 790	285 151	1 662	1 662	8 627	(6 965)	-81%	285 151
Road transport			267 179	267 179	2 730	2 730	8 388	(5 658)	-67%	267 179
Environmental protection			-	-	-	-	-	-	-	-
<b>Trading services</b>		-	<b>680 946</b>	<b>732 365</b>	<b>13 253</b>	<b>14 650</b>	<b>21 377</b>	<b>(6 728)</b>	<b>-31%</b>	<b>732 365</b>
Electricity			143 000	143 000	2 152	3 549	4 489	(940)	-21%	143 000
Water			87 500	87 500	7 805	7 805	2 747	5 058	184%	87 500
Waste water management			371 992	386 040	3 032	3 032	11 678	(8 646)	-74%	386 040
Waste management			78 454	115 825	264	264	2 463	(2 199)	-89%	115 825
<b>Other</b>			<b>18 000</b>	<b>18 312</b>	<b>118</b>	<b>332</b>	<b>565</b>	<b>(233)</b>	<b>-41%</b>	<b>18 312</b>
<b>Total Capital Expenditure - Standard Classification</b>	3	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>39 205</b>	<b>40 817</b>	<b>48 916</b>	<b>(8 099)</b>	<b>-17%</b>	<b>1 693 155</b>
<b>Funded by:</b>										
National Government			741 969	741 969	30 611	30 615	23 293	7 322	31%	741 969
Provincial Government			106 300	120 405	-	-	3 337	(3 337)	-100%	120 405
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	<b>848 269</b>	<b>862 374</b>	<b>30 611</b>	<b>30 615</b>	<b>26 630</b>	<b>3 985</b>	<b>15%</b>	<b>862 374</b>
<b>Public contributions &amp; donations</b>	5		-	-	-	-	-	-	-	-
<b>Borrowing</b>	6		69 582	69 582	-	-	2 184	(2 184)	-100%	69 582
<b>Internally generated funds</b>			640 283	761 199	8 594	10 201	20 101	(9 900)	-49%	761 199
<b>Total Capital Funding</b>		-	<b>1 558 134</b>	<b>1 693 155</b>	<b>39 205</b>	<b>40 817</b>	<b>48 916</b>	<b>(8 099)</b>	<b>-17%</b>	<b>1 693 155</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 R15.1 billion.

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

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

Description	Ref	2015/16	Budget Year 2016/17				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
<b>R thousands</b>	1						
<b>ASSETS</b>							
<b>Current assets</b>							
Cash			80 644	80 644	47 135	80 644	
Call investment deposits			2 410 242	2 410 242	2 439 743	2 410 242	
Consumer debtors			820 635	820 635	606 307	820 635	
Other debtors			108 064	108 064	620 821	108 064	
Current portion of long-term receivables			15	15	–	15	
Inventory			106 480	106 480	37 960	106 480	
<b>Total current assets</b>			<b>–</b>	<b>3 526 080</b>	<b>3 526 080</b>	<b>3 751 965</b>	<b>3 526 080</b>
<b>Non current assets</b>							
Long-term receivables			66	66	–	66	
Investments			–	–	–	–	
Investment property			485 540	485 540	342 030	485 540	
Investments in Associate			90 099	90 099	112 292	90 099	
Property, plant and equipment			13 447 560	13 555 576	12 813 763	13 555 576	
Agricultural			–	–	–	–	
Biological assets			–	–	–	–	
Intangible assets			25 080	25 080	85 948	25 080	
Other non-current assets			82 676	82 676	69 018	82 676	
<b>Total non current assets</b>			<b>–</b>	<b>14 131 021</b>	<b>14 239 037</b>	<b>13 423 050</b>	<b>14 239 037</b>
<b>TOTAL ASSETS</b>			<b>–</b>	<b>17 657 101</b>	<b>17 765 117</b>	<b>17 175 015</b>	<b>17 765 117</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Bank overdraft			–	–	–	–	
Borrowing			51 825	51 825	50 709	51 825	
Consumer deposits			59 455	59 455	53 708	59 455	
Trade and other payables			852 917	852 917	834 981	852 917	
Provisions			166 958	166 958	174 863	166 958	
<b>Total current liabilities</b>			<b>–</b>	<b>1 131 155</b>	<b>1 131 155</b>	<b>1 114 260</b>	<b>1 131 155</b>
<b>Non current liabilities</b>							
Borrowing			518 175	518 175	445 768	518 175	
Provisions			659 099	659 099	515 339	659 099	
<b>Total non current liabilities</b>			<b>–</b>	<b>1 177 274</b>	<b>1 177 274</b>	<b>961 106</b>	<b>1 177 274</b>
<b>TOTAL LIABILITIES</b>			<b>–</b>	<b>2 308 429</b>	<b>2 308 429</b>	<b>2 075 367</b>	<b>2 308 429</b>
<b>NET ASSETS</b>	2		<b>–</b>	<b>15 348 672</b>	<b>15 456 688</b>	<b>15 099 648</b>	<b>15 456 688</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)			12 256 811	12 364 827	10 479 245	12 364 827	
Reserves			3 091 861	3 091 861	4 620 403	3 091 861	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2		<b>–</b>	<b>15 348 672</b>	<b>15 456 688</b>	<b>15 099 648</b>	<b>15 456 688</b>

## 7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R113 million resulting in cash and cash equivalents closing balance of R2.49 billion as at 31 August 2016.

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

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

Description	Ref	2015/16	Budget Year 2016/17								
		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, penalties & collection charges			1 038 701	1 038 701	72 615	231 115	173 117	57 998	34%	1 038 701	
Service charges			2 708 964	2 708 964	136 604	367 061	451 494	(84 433)	-19%	2 708 964	
Other revenue			330 374	330 374	20 004	43 069	55 062	(11 994)	-22%	330 374	
Government - operating			1 319 728	1 319 728	137 532	420 114	219 955	200 159	91%	1 319 728	
Government - capital			848 269	848 269	-	257 450	141 378	116 072	82%	848 269	
Interest			178 495	178 495	19 761	34 674	29 749	4 924	17%	178 495	
Dividends			-	-	-	-	-	-		-	
<b>Payments</b>											
Suppliers and employees			(4 430 013)	(4 430 013)	(377 130)	(1 183 216)	(738 336)	444 880	-60%	(4 430 013)	
Finance charges			(57 113)	(57 113)	(4 072)	(8 143)	(9 519)	(1 376)	14%	(57 113)	
Transfers and Grants			(288 468)	(288 468)	(4 442)	(8 329)	(48 078)	(39 749)	83%	(288 468)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			-	1 648 938	1 648 938	871	153 794	274 823	121 029	44%	1 648 938
<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			(1 558 134)	(1 693 155)	(39 205)	(40 817)	(259 689)	(218 872)	84%	(1 693 155)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			-	(1 558 134)	(1 693 155)	(39 205)	(40 817)	(259 689)	(218 872)	84%	(1 693 155)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			69 582	69 582	-	-	11 597	(11 597)	-100%	69 582	
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-	
<b>Payments</b>											
Repayment of borrowing			(51 825)	(51 825)	-	-	(8 637)	(8 637)	100%	(51 825)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			-	17 757	17 757	-	-	2 959	2 959	100%	17 757
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			-	108 561	(26 460)	(38 334)	112 977	18 093		(26 460)	
Cash/cash equivalents at beginning:			2 382 186	2 382 186		2 373 900	2 382 186			2 373 900	
Cash/cash equivalents at month/year end:			-	2 490 747	2 355 726		2 486 878	2 400 280		2 347 440	

## **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 - M02 August

Description	NT Code	Budget Year 2016/17									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 Days	151-180 Days	181 Days 1 Yr	Over 1Yr	Total			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	45 811	34 846	40 177	18 448	13 362	17 039	82 039	256 413	508 136	387 301		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	98 070	15 276	7 073	4 265	2 630	2 644	9 473	32 169	171 600	51 181		
Receivables from Non-exchange Transactions - Property Rates	1400	67 976	94 939	16 466	14 895	13 748	13 322	85 128	250 526	557 001	377 620		
Receivables from Exchange Transactions - Waste Water Management	1500	22 190	16 225	5 530	4 674	4 064	3 855	25 113	117 241	198 891	154 946		
Receivables from Exchange Transactions - Waste Management	1600	17 612	14 445	6 313	5 556	5 165	5 002	31 486	165 308	250 887	212 517		
Receivables from Exchange Transactions - Property Rental Debtors	1700	77	113	64	61	61	61	427	3 102	3 967	3 712		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	6 702	5 744	4 020	2 785	2 451	2 468	16 025	116 001	156 195	139 729		
<b>Total By Income Source</b>	<b>2000</b>	<b>258 437</b>	<b>181 589</b>	<b>79 644</b>	<b>50 685</b>	<b>41 481</b>	<b>44 390</b>	<b>249 691</b>	<b>940 760</b>	<b>1 846 677</b>	<b>1 327 007</b>	<b>-</b>	<b>-</b>
<b>2015/16 - totals only</b>		<b>278 029</b>	<b>78 531</b>	<b>48 485</b>	<b>49 354</b>	<b>43 083</b>	<b>43 381</b>	<b>246 634</b>	<b>889 392</b>	<b>1 676 889</b>	<b>1 271 844</b>		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	13 400	62 217	19 123	241	238	371	1 652	4 255	101 497	6 757		
Commercial	2300	130 754	32 819	15 976	12 770	9 736	9 225	56 593	141 759	409 631	230 082		
Households	2400	104 021	78 838	39 275	32 630	26 935	29 927	162 040	620 558	1 094 224	872 090		
Other	2500	10 263	7 715	5 270	5 044	4 572	4 866	29 407	174 188	241 325	218 078		
<b>Total By Customer Group</b>	<b>2600</b>	<b>258 437</b>	<b>181 589</b>	<b>79 644</b>	<b>50 685</b>	<b>41 481</b>	<b>44 390</b>	<b>249 691</b>	<b>940 760</b>	<b>1 846 677</b>	<b>1 327 007</b>	<b>-</b>	<b>-</b>

#### 8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1,588,239,600 as at 31 August 2016 which is an increase of R127,746,587 over the amount of R1,460,493,013 as at 31 July 2016.

Despite credit control action and debt collection action that was implemented, the primary contributing factor to the increase in debtors and reduction in collection rate can be attributed to the non-payment by customers.

## **8.2. Additional debtor's information.**

### **8.2.1. Age Analysis per Category**

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 August 2016. It also provides comparison with the previous month (31 July 2016) which indicates an increase from R1.46 billion to R1.59 billion.

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

<b>AGEING</b>	<b>RATES</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>REFUSE</b>	<b>SUNDRY DEBTORS</b>	<b>TOTAL FOR AUGUST 2016</b>	<b>TOTAL FOR JULY 2016</b>
<b>30 DAYS</b>	94 941 303	16 224 801	15 276 224	34 845 776	14 415 196	5 857 753	181 561 052	104 371 006
<b>60 DAYS</b>	16 465 965	5 529 872	7 072 911	40 177 223	6 312 951	4 084 915	79 643 837	59 626 354
<b>90 DAYS</b>	14 893 345	4 674 007	4 265 372	18 448 184	5 555 680	2 846 468	50 683 055	44 060 658
<b>120 DAYS TO 360 DAYS</b>	112 198 541	33 031 684	14 746 939	112 440 076	41 652 998	21 491 844	335 562 082	339 003 463
<b>YEAR 2</b>	114 068 622	27 377 178	9 559 459	93 409 244	35 763 595	22 064 640	302 242 738	293 665 892
<b>YEAR 3</b>	38 199 596	24 112 488	6 123 969	47 577 557	31 723 948	25 249 318	172 986 876	164 342 428
<b>YEAR 4</b>	24 233 172	16 886 741	4 909 960	29 266 578	22 728 552	18 980 206	117 005 210	114 705 155
<b>YEAR 5</b>	20 073 479	12 192 378	5 485 109	21 063 824	16 569 714	13 363 825	88 748 328	86 409 506
<b>YEAR 5+</b>	53 951 312	36 671 945	6 090 428	65 095 937	58 552 388	39 444 413	259 806 422	254 308 550
<b>TOTAL</b>	<b>489 025 335</b>	<b>176 701 092</b>	<b>73 530 371</b>	<b>462 324 398</b>	<b>233 275 023</b>	<b>153 383 382</b>	<b>1 588 239 600</b>	<b>1 460 493 013</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 August 2016. 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>	65 311 383	26 140 132	20 478 859	585 704 241	697 634 615	43.93
<b>Indigent</b>	13 126 321	12 981 311	12 004 772	253 027 977	291 140 380	18.33
<b>Business</b>	32 818 930	15 975 857	12 769 874	217 312 428	278 877 089	17.56
<b>Government</b>	62 217 260	19 122 547	240 863	6 516 388	88 097 058	5.55
<b>Municipal Staff</b>	400 431	153 551	146 427	727 332	1 427 741	0.09
<b>Other</b>	7 714 727	5 270 440	5 044 261	213 033 290	231 062 718	14.55
<b>Total</b>	<b>181 589 052</b>	<b>79 643 837</b>	<b>50 685 055</b>	<b>1 276 321 656</b>	<b>1 588 239 600</b>	<b>100.00</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.

### **8.2.3. Debt Incentive Scheme**

The City is currently undertaking a debt incentive scheme to encourage consumers to pay its long outstanding debts. Any debt that was 120 days or older as at November 2014 qualifies for a write off of 50% provided that the remaining 50% plus the debt in the current to 90 days ageing categories is paid.

This debt can be paid once-off, or in monthly instalment arrangements; or as a rand-for-rand option, whereby the consumer has an opportunity to pay 50% of the debt older than 120 days off as and when they can, until the end of September 2016 and for every payment made towards this debt, an amount of equal value is written off.

As at 31 August 2016 a total of three thousand nine hundred and fifty four (3954) consumers have registered for the scheme. To date, the total registered debt value is R76.14 million and R24 million has been written off.

### **8.2.4. Government Accounts**

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 August 2016 amounted to R88.1 million. This indicates an increase of R56.7 million when compared to prior month amount of R31.4 million. The reason for the increase relates to annual rates raised to Department of Public Works which are due on 30 September 2016. Payments to decrease the arrears have been effected and will reflect on the reporting month of September 2016. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 31 August 2016.

Table 13 below provides an analysis of government debtors as at 31 August 2016 and comparison with the previous month.

**Table 13: Analysis of Government Debtors**

<b>DEPARTMENT</b>	<b>PROPERTY RATES</b>	<b>SERVICES</b>	<b>ARREARS AS AT 31 AUGUST 2016</b>	<b>ARREARS AS AT 31 JULY 2016</b>	<b>DIFFERENCE</b>
National Department Of Public Works	22 135 112	453 341	22 588 452	1 727 827	20 860 625
Provincial Department Of Public Works	34 097 306	3 726 095	37 823 401	3 504 656	34 318 745
Department Of Education	-	2 419 005	2 419 005	1 758 933	660 071
Department Of Health	-	19 562 504	19 562 504	19 935 247	(372 743)
Department Of Social Development	-	18	18	3 418	(3 399)
Department Of Transport	-	956	956	34 243	(33 288)
Department Of Agriculture	-	-	-	13 524	(13 524)
Department Of Nature Conservation	-	-	-	14 773	(14 773)
Department of Human Settlements	-	41 669	41 669	2 979	38 690
Sport, Recreation, Arts and Culture	-	3 531	3 531	-	3 531
Department of Labour - UIF Services	-	360 293	360 293	3 364	356 929
Members Of Provincial Legislature	-	50 754	50 754	28 950	21 805
Department of Rural Development and Land Reform	-	470 759	470 759	465 247	5 512
Provincial RDP Houses	-	4 775 715	4 775 715	3 913 755	861 960
<b>TOTAL</b>	<b>56 232 417</b>	<b>31 864 640</b>	<b>88 097 058</b>	<b>31 406 917</b>	<b>56 690 141</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 - M02 August**

Description	NT Code	Budget Year 2016/17									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	Total		
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	119 712								119 712		
Bulk Water	0200	19 742								19 742		
PAYE deductions	0300	18 232								18 232		
VAT (output less input)	0400	-								-		
Pensions / Retirement deductions	0500	22 150								22 150		
Loan repayments	0600	-								-		
Trade Creditors	0700	252 217	26 745							278 962		
Auditor General	0800	118								118		
Other	0900	204 004								204 004		
<b>Total By Customer Type</b>	<b>1000</b>	<b>636 174</b>	<b>26 745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>662 919</b>	<b>-</b>	<b>-</b>

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in August 2016.

**Table 15: Payments made to the 20 highest paid creditors – August 2016**

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM			-	119 711 578	119 711 578	<b>119 711 578</b>
AMATOLA WATER				19 742 324	19 742 324	<b>19 742 324</b>
AGRISA COMMODITIES (PTY) LTD			15 345 354		15 345 354	<b>15 345 354</b>
MOTHEO / MPUMALANGA JOINT VENTURE				14 066 745	14 066 745	<b>14 066 745</b>
DOWN TOUCH INVESTMENT (PTY) LTD			11 400 000		11 400 000	<b>11 400 000</b>
GOROGANG PLANT HIRE				11 400 000	11 400 000	<b>11 400 000</b>
NYONI PROJECTS (PTY) LTD				11 400 000	11 400 000	<b>11 400 000</b>
RUWACON (PTY) LTD				10 265 247	10 265 247	<b>10 265 247</b>
MANTELLA TRADING 522 CC				8 407 026	8 407 026	<b>8 407 026</b>
MORETENG INVESTMENTS				4 571 586	4 571 586	<b>4 571 586</b>
MAZIYA GENERAL SERVICES				4 103 058	4 103 058	<b>4 103 058</b>
MAMLAMBO CONSTRUCTION				3 331 849	3 331 849	<b>3 331 849</b>
CHIPPA TRAINING ACADEMY (PTY) LTD				2 968 560	2 968 560	<b>2 968 560</b>
MAKINWA MEDIA MANAGEMENT				2 821 384	2 821 384	<b>2 821 384</b>
IMVUSA TRADING 595 CC				2 778 300	2 778 300	<b>2 778 300</b>
MASIQHAME TRADING 520 CC				2 455 490	2 455 490	<b>2 455 490</b>
GINTI CC				2 364 083	2 364 083	<b>2 364 083</b>
LATHIZA CONSTRUCTION CC				2 310 880	2 310 880	<b>2 310 880</b>
EYA BANTU PROFFESIONAL SERVICES CC				2 140 844	2 140 844	<b>2 140 844</b>
SIMUNYE DEVELOPERS CC				2 019 053	2 019 053	<b>2 019 053</b>
					-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>26 745 354</b>	<b>226 858 006</b>	<b>253 603 360</b>	<b>253 603 360</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 - M02 August**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	264	2.0%	47 855	264	48 119
Absa 91 2884 4539		Call Account	Call Account	Call Account	4	0.0%	842	(170)	673
Standard 422 742		Call Account	Call Account	Call Account	2	0.0%	285	2	287
Absa 91 4102 2241		Call Account	Call Account	Call Account	53	0.4%	9 670	53	9 723
Absa 91 4163 6965		Call Account	Call Account	Call Account	1	0.0%	219	1	220
Absa 91 5484 1280		Call Account	Call Account	Call Account	4	0.0%	794	4	798
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	51	0.4%	9 166	51	9 216
Standard 76586/442740		Call Account	Call Account	Call Account	13	0.1%	2 270	13	2 283
Absa 92 0562 2137		Call Account	Call Account	Call Account	5	0.0%	817	5	821
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	83	0.6%	15 053	83	15 136
Stanlib 551 660 303		Call Account	Call Account	Call Account	284	2.1%	43 267	169	43 436
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	38	0.3%	6 877	38	6 915
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	6	0.0%	1 085	6	1 091
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	33	0.2%	5 955	(33)	5 922
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	6	0.0%	1 219	(48)	1 172
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	47	0.3%	8 453	47	8 499
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	42	0	42
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	25	0.2%	6 496	(2 463)	4 033
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	173	1	174
Absa 92 2975 5568		Call Account	Call Account	Call Account	0	0.0%	16	0	16
Absa 91 9360 7257		Call Account	Call Account	Call Account	6	0.0%	999	6	1 005
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	250	1	252

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	412	3.1%	74 576	412	74 987
Stanlib 551 989 180		Call Account	Call Account	Call Account	248	1.8%	37 664	248	37 912
Absa 92 2590 9850		Call Account	Call Account	Call Account	5	0.0%	985	5	990
Stanlib 551 539 764		Call Account	Call Account	Call Account	12	0.1%	1 804	12	1 816
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	0	0.0%	41	0	41
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	1	0	1
Stanlib 551 576 733		Call Account	Call Account	Call Account	1	0.0%	87	1	88
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	9	0.1%	1 720	9	1 729
Standard 76586/442743		Call Account	Call Account	Call Account	0	0.0%	90	0	90
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	2	0.0%	296	2	298
Stanlib 551 742 405		Call Account	Call Account	Call Account	2	0.0%	335	2	337
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	2	0.0%	320	2	321
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	186	1.4%	63 167	(37 814)	25 353
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	232	1.7%	68 310	(33 768)	34 542
Standard 76586/442745		Call Account	Call Account	Call Account	316	2.3%	83 369	(33 354)	50 014
Absa 92 6406 3148		Call Account	Call Account	Call Account	659	4.9%	144 978	(32 341)	112 638
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	23	0.2%	4 407	(223)	4 183
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	137	1	138
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	520	3	523
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	1	0.0%	126	1	127
Standard 76586/494573		Call Account	Call Account	Call Account	26	0.2%	5 698	(1 166)	4 532
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	510	3	513

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b><u>Municipality</u></b>									
Nedbank 03/7881532939/000134		Call Account	Call Account	Call Account	72	0.5%	13 009	72	13 081
Stanlib 753 72 270		Call Account	Call Account	Call Account	338	2.5%	51 289	338	51 627
Stanlib 551 353 708		Call Account	Call Account	Call Account	7	0.1%	1 041	7	1 048
Standard 76586/442736		Call Account	Call Account	Call Account	308	2.3%	52 923	11 308	64 231
Stanlib 753 72 271		Call Account	Call Account	Call Account	568	4.2%	81 950	10 568	92 518
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	321	2.4%	41 780	39 321	81 101
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	267	2.0%	41 167	25 267	66 435
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 577	11.7%	272 170	33 577	305 746
Absa 92 2110 3430		Call Account	Call Account	Call Account	957	7.1%	173 346	957	174 303
Standard 76586/442741		Call Account	Call Account	Call Account	176	1.3%	31 837	176	32 013
Standard 76586/442744		Call Account	Call Account	Call Account	157	1.2%	28 469	157	28 626
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	284	2.1%	51 463	284	51 747
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	253	1.9%	45 897	253	46 151
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	2 360	17.5%	427 470	2 360	429 830
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	1 604	11.9%	290 513	1 604	292 117
Standard 76586/470801		Call Account	Call Account	Call Account	1 149	8.5%	208 063	1 149	209 211
Standard 76586/442738		Call Account	Call Account	Call Account	13	0.1%	2 418	13	2 431
<b>Municipality sub-total</b>					<b>13 481</b>		<b>2 465 749</b>	<b>(12 526)</b>	<b>2 453 223</b>
<b><u>Entities</u></b>									
<b>Entities sub-total</b>					<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>13 481</b>		<b>2 465 749</b>	<b>(12 526)</b>	<b>2 453 223</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 Monthly Budget Statement – transfers and grants expenditure**

BUF Buffalo City - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

Description	Ref	2015/16	Budget Year 2016/17							
		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>		–	1 177 431	1 177 431	142 371	425 214	433 714	(8 500)	-2.0%	1 177 431
Local Government Equitable Share			678 197	678 197	–	282 582	282 582	–		678 197
Urban Settlement Development Grant			75 445	75 445	4 376	4 594	12 574	(7 980)	-63.5%	75 445
Finance Management			1 200	1 200	43	86	200	(114)	-56.8%	1 200
EPWP Incentive			1 188	1 188	845	845	198	647	326.8%	1 188
Infrastructure Skills Development Grant			8 900	8 900	430	430	1 483	(1 054)	-71.0%	8 900
Water Services Operating Subsidy			–	–	–	–	–	–		–
Department of Public Works			2 470	2 470	–	–	–	–		2 470
Integrated City Development Grant			–	–	–	–	–	–		–
Municipal Human Settlement Capacity Grant			–	–	–	–	–	–		–
General Fuel Levy			410 031	410 031	136 677	136 677	136 677	–		410 031
<b>Provincial Government:</b>		–	138 802	140 081	10 144	10 144	23 347	(13 203)	-56.6%	140 081
Roads Subsidy - Provincial Roads			–	–	–	–	–	–		–
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT) - Greening Award			–	–	–	–	–	–		–
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)			–	–	–	–	–	–		–
Department of Water Affairs			–	–	–	–	–	–		–
Local Government & Traditional Affairs			–	–	–	–	–	–		–
Health Subsidy - ATIC			–	–	–	–	–	–		–
DSRAC - Library Subsidy			15 000	15 000	–	–	2 500	(2 500)	-100.0%	15 000
Reclaim Land Claims Commission(RLCC			–	–	–	–	–	–		–
Dept Sport, Recreation, Arts and Culture (DSRAC)			–	–	–	–	–	–		–
Independent Electoral Commission			–	262	–	–	44	(44)	-100.0%	262
Human Settlement Development Grant			123 802	124 819	10 144	10 144	20 803	(10 659)	-51.2%	124 819
Human Settlement Development Grant - MPCC			–	–	–	–	–	–		–
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
Health Subsidy - Environmental Health			–	–	–	–	–	–		–
<b>Other grant providers:</b>		–	3 496	586	594	594	98	496	508.1%	586
SETA - Skills Development			–	–	594	594	–	594	#DIV/0!	–
Donor Funding - Leiden & Galve			–	–	–	–	–	–		–
Salauda			–	–	–	–	–	–		–
Transnet			3 000	–	–	–	–	–		–
Trust Funds			–	–	–	–	–	–		–
Umsobomvu Youth Fund			–	–	–	–	–	–		–
BCMET Funding			–	–	–	–	–	–		–
Donor Funding - European Commission			–	–	–	–	–	–		–
City of Oldenburg			496	496	–	–	83	(83)	-100.0%	496
Glasgow			–	90	–	–	15	(15)	-100.0%	90
<b>Total operating expenditure of Transfers and Grants:</b>		–	1 319 728	1 318 097	153 109	435 952	457 159	(21 207)	-4.6%	1 318 097
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		–	741 969	741 969	30 611	30 615	123 662	(93 046)	-75.2%	741 969
Urban Settlement Development Grant			656 054	656 054	30 562	30 566	109 342	(78 776)	-72.0%	656 054
Infrastructure Skills Development Grant			100	100	–	–	17	(17)	-100.0%	100
Energy Efficiency and Demand Management			–	–	–	–	–	–		–
Public Transport Network Grant			35 289	35 289	–	–	5 882	(5 882)	-100.0%	35 289
Neighbourhood Development Partnership			19 346	19 346	–	–	3 224	(3 224)	-100.0%	19 346
Integrated National Electrification Programme			25 000	25 000	–	–	4 167	(4 167)	-100.0%	25 000
Finance Management			100	100	49	49	17	32	194.2%	100
Integrated City Development Grant			6 080	6 080	–	–	1 013	(1 013)	-100.0%	6 080
Other capital transfers/grants [insert desc]			–	–	–	–	–	–		–
<b>Provincial Government:</b>		–	106 300	119 947	–	–	19 991	(19 991)	-100.0%	119 947
Human Settlement Development Grant			106 300	106 300	–	–	17 717	(17 717)	-100.0%	106 300
Human Settlement Development Grant - MPCC			–	–	–	–	–	–		–
Dept Sport, Recreation, Arts and Culture (DSRAC)			–	4 411	–	–	735	(735)	-100.0%	4 411
Dept of Local Government and Traditional Affairs			–	9 036	–	–	1 506	(1 506)	-100.0%	9 036
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)			–	199	–	–	33	(33)	-100.0%	199
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
Health Subsidy - Environmental Health			–	–	–	–	–	–		–
<b>Other grant providers:</b>		–	–	458	–	–	76	(76)	-100.0%	458
Public Funding			–	–	–	–	–	–		–
European Commission			–	–	–	–	–	–		–
BCMET Funding			–	–	–	–	–	–		–
Gavle			–	458	–	–	76	(76)	-100.0%	458
<b>Total capital expenditure of Transfers and Grants</b>		–	848 269	862 374	30 611	30 615	143 729	(113 114)	-78.7%	862 374
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		–	2 167 997	2 180 471	183 720	466 567	600 888	(134 321)	-22.4%	2 180 471

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

The total expenditure inclusive of reclaimed vat on conditional grants budget as at 31 August 2016 amounts to R40.86 million which is 5% of the approved budget of R828.70 million. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken.

Table 18 below reflects the year to date expenditure on 2016/17 total conditional grants.

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

<b>Funding</b>	<b>2016/2017 Rollover Adjustment Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT)</b>
DoE(Integrated National Electrification Programme)	25 000 000	0	25 000 000	0%
Finance Management Grant	1 300 000	142 399	1 157 601	11%
Infrastructure Skills Development Grant	9 000 000	429 933	8 570 067	5%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	731 499 000	39 447 378	692 051 623	5%
Public Transport Infrastructure and Systems Grant	35 289 000	0	35 289 000	0%
Expanded Public Works Programme Incentives Grant	1 188 000	844 966	343 034	71%
<b>Total Grants</b>	<b>828 702 000</b>	<b>40 864 676</b>	<b>787 837 324</b>	<b>5%</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 grant funding is going to be used to service connections to RDP houses. The following contracts are currently within the Specification Process to be advertised in September 2016:

<b>AREA</b>	<b>CONNECTIONS</b>
Buffer Strip Mdantsane Households	550
Chicken Farm Households	600
Fynbos/Scenery Park Households:	550
Infills Households	50

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

Spending is progressive as current interns have been remunerated accordingly. Three more interns are to be appointed upon completion of the recruitment process which is presumably 01 October 2016.

The budget will also be utilised for the payment of the Municipal Finance Management Programme (MFMP) and also for the planned IMFO training for the newly appointed and the current interns. Furthermore, the procurement process has started in order to obtain laptops for the interns that will be starting as soon as the recruitment process is completed.

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

National Treasury has approved the in-take of 15 additional interns in order for BCMM to be able to utilise more effectively the amount of R9 million allocated for 2016/2017 financial year. Recruitment processes are already underway to have the interns in the system by 01 October 2016.

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

#### **HUMAN SETTLEMENTS**

The following projects are progressing well with the installation of internal engineering services (Reeston Phase 3 Stage 3, Cluster 1, Cluster 2 and Cluster 3). Internal Engineering services include roads, water and sanitation. Other projects are still at design stage. Delays in closing out appointments for annual consultants on projects where annual contractors have been appointed have attributed to the low expenditure. There has also been delays in relocation of beneficiaries to make space for installation of services.

The legal dispute at Reeston 3 phase 2 continues to reflect a negative image on the overall expenditure. Annual consultants appointments have been concluded therefore contractors will now be able to proceed with work. The change of season will be an advantage for the Directorate as beneficiaries in informal settlements will be at ease to move due to the warmer summer season.

## **INFRASTRUCTURE SERVICES**

### **Sanitation**

Eastern Beach Sewers is in the process of litigation. The Mechanical / Electrical contract for the Reeston Waste Water Treatment Works (WWTW) is still within the Supply Chain Management process. The Multi-year project for the upgrading of the Zwelithsa Waste Water Treatment Works (WWTW) contract is ongoing and there will be efforts to expedite the legal and Supply Chain Management processes.

## **DEVELOPMENT & SPATIAL PLANNING**

### **KwaTshathsu Pedestrian Bridge**

Consultants were appointed in July 2014 and the feasibility study, preliminary/ concept designs and Detailed Design Report has been approved. An Environmental Authorisation was issued in July 2015 and the Water Use Licence Application (WULA) has been approved by the Department of Water & Sanitation and confirmation has been received. The construction tender document has been submitted to the specifications committee on 01 October 2015. Construction tender was advertised on the 26<sup>th</sup> January 2016 and closed on the 9<sup>th</sup> February 2016. Tender was approved by Bid Evaluation Committee (BEC) on 2<sup>nd</sup> June 2016 and is currently at Bid Adjudication Committee (BAC).

The land requirements are currently being dealt with by the Land Administration Division, who are in the process of addressing the land issues which are required for construction purposes. Valuations have been obtained and the Land Administration Department is in the process of dealing with the land owner.

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

Consultants were appointed in December 2013. The preliminary design, Detailed Design and construction tender document has been completed. The Environmental application process has been completed and EIA ROD was awarded on the 3<sup>rd</sup> of February 2016 and the Water Use Authorisation was completed on the 13<sup>th</sup> November 2015. The Land Administration Department is currently dealing with the land issues regarding ownership and transfer to Council for the roadway. The mining permit has been applied for in 2015 and approval is still outstanding from the Department of

Mineral Resources. The construction tender was advertised on 26 January 2016 and closed on the 26<sup>th</sup> February 2016. The tender is currently at the Bid Evaluation Committee.

### **Sidewalks**

Annual Contract 26 deviation lapsed therefore there was no contract to implement works. The contract is now being evaluated at Bid Evaluation Committee (BEC).

### **ECONOMIC DEVELOPMENT AND AGENCIES**

The Directorate of Economic Development and Agencies has an approved allocation of R10 million from the USDG in the 2016/17 financial year. The tender for the Upgrading of Cashier Cubicles at the Market has been submitted to the Bid Evaluation Committee (BEC) and is awaiting resolution thereof.

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

A report for KWT Traffic Centre has been approved by Bid Evaluation Committee and is to be submitted to the next Bid Adjudication Committee meeting to be held in September 2016.

### **MUNICIPAL SERVICES**

Procurement process is underway. Specification for Construction of Cell 3, 4 and ancillary works was presented to the specifications committee on 29 July 2016 and will be advertised on 13 September 2016. The department is also finalizing the specification and designs of Transfer Stations and expenditure is subjected to the award of the contract that is currently at advert stage.

## **11.1.5. PUBLIC TRANSPORT INFRASTRUCTURE AND SYSTEMS GRANT**

### **Transport register**

A tender specification for the transport register was submitted to Bid Specification Committee (BSC) via Supply Chain Management (SCM) on the 24<sup>th</sup> August 2015. Specification was approved by BSC Chair on the 19<sup>th</sup> February 2016 and submitted to SCM for advertising early March 2016. Tender was advertised on the 1<sup>st</sup> March 2016 and closed on the 31<sup>st</sup> March 2016. Tender was approved by Bid Evaluation

Committee (BEC) on 20<sup>th</sup> May 2016 and is currently at Bid Adjudication Committee (BAC).

**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. It is currently at Bid Evaluation Committee (BEC).

**Qumza Highway**

The Tender for the Construction of Qumza was being finalized and being made ready for Bid Specification Committee (BSC) due to designs changes that delayed the work. It is currently with Supply Chain Management for advertisement.

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

The Tender Assessment took long due to the complexity of the tender at hand. Bid Evaluation Committee (BEC) has completed the assessment and report is at Bid Adjudication Committee (BAC).

## 12. COUNCILLOR AND EMPLOYEE BENEFITS

### 12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councilors remuneration.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August										
Summary of Employee and Councillor remuneration	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages			33 999	33 999	2 357	5 006	5 752	(746)	-13%	33 999
Pension and UIF Contributions			3 495	3 495	155	428	591	(163)	-28%	3 495
Medical Aid Contributions			1 987	1 987	151	303	336	(34)	-10%	1 987
Motor Vehicle Allowance			13 412	13 412	972	2 007	2 269	(262)	-12%	13 412
Cellphone Allowance			2 279	2 279	164	341	386	(45)	-12%	2 279
Housing Allowances			2 927	2 927	356	579	495	84	17%	2 927
Other benefits and allowances			-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>			58 099	58 099	4 154	8 663	9 829	(1 166)	-12%	58 099
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages			12 192	12 192	428	919	2 062	(1 143)	-55%	12 192
Pension and UIF Contributions			2 216	2 216	84	179	375	(195)	-52%	2 216
Medical Aid Contributions			262	262	10	22	44	(22)	-51%	262
Overtime			-	-	-	-	-	-	-	-
Performance Bonus			-	-	-	-	-	-	-	-
Motor Vehicle Allowance			2 630	2 630	93	202	445	(242)	-54%	2 630
Cellphone Allowance			414	414	16	31	70	(39)	-55%	414
Housing Allowances			-	-	-	-	-	-	-	-
Other benefits and allowances			2 202	2 202	119	252	372	(121)	-32%	2 202
Payments in lieu of leave			-	-	-	-	-	-	-	-
Long service awards			-	-	-	-	-	-	-	-
Post-retirement benefit obligations			-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	2		19 916	19 916	750	1 606	3 369	(1 762)	-52%	19 916
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			913 258	913 258	79 166	139 091	154 477	(15 386)	-10%	913 258
Pension and UIF Contributions			174 823	174 823	16 584	29 753	29 571	182	1%	174 823
Medical Aid Contributions			81 759	81 759	5 662	11 368	13 830	(2 462)	-18%	81 759
Overtime			72 218	72 218	12 524	19 235	12 216	7 019	57%	72 218
Performance Bonus			-	-	-	-	-	-	-	-
Motor Vehicle Allowance			30 051	30 051	1 764	3 842	5 083	(1 241)	-24%	30 051
Cellphone Allowance			3 884	3 884	327	661	657	4	1%	3 884
Housing Allowances			14 767	14 767	836	1 691	2 498	(807)	-32%	14 767
Other benefits and allowances			179 077	179 077	14 313	25 223	30 291	(5 068)	-17%	179 077
Payments in lieu of leave			16 209	16 209	368	1 448	2 742	(1 294)	-47%	16 209
Long service awards			18 925	18 925	1 933	3 335	3 201	134	4%	18 925
Post-retirement benefit obligations			6 181	6 181	6	12	1 046	(1 033)	-99%	6 181
<b>Sub Total - Other Municipal Staff</b>	2		1 511 153	1 511 153	133 483	235 659	255 611	(19 952)	-8%	1 511 153
<b>Total Parent Municipality</b>			1 589 167	1 589 167	138 387	245 928	268 809	(22 881)	-9%	1 589 167
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>Board Members of Entities</b>										
Basic Salaries and Wages			103	103	-	-	-	-	-	103
<b>Sub Total - Board Members of Entities</b>	2		103	103	-	-	-	-	-	103
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages			5 580	5 580	-	-	-	-	-	5 580
Pension and UIF Contributions			198	198	-	-	-	-	-	198
Medical Aid Contributions			98	98	-	-	-	-	-	98
Overtime			-	-	-	-	-	-	-	-
Performance Bonus			135	135	-	-	-	-	-	135
Motor Vehicle Allowance			333	333	-	-	-	-	-	333
Cellphone Allowance			74	74	-	-	-	-	-	74
Housing Allowances			27	27	-	-	-	-	-	27
Other benefits and allowances			111	111	-	-	-	-	-	111
Post-retirement benefit obligations			-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>	2		6 557	6 557	-	-	-	-	-	6 557
<b>Other Staff of Entities</b>										
Basic Salaries and Wages			6 322	6 322	-	-	-	-	-	6 322
Pension and UIF Contributions			37	37	-	-	-	-	-	37
Medical Aid Contributions			98	98	-	-	-	-	-	98
Overtime			-	-	-	-	-	-	-	-
Performance Bonus			22	22	-	-	-	-	-	22
Motor Vehicle Allowance			-	-	-	-	-	-	-	-
Cellphone Allowance			91	91	-	-	-	-	-	91
Housing Allowances			18	18	-	-	-	-	-	18
Other benefits and allowances			20	20	-	-	-	-	-	20
<b>Sub Total - Other Staff of Entities</b>			6 608	6 608	-	-	-	-	-	6 608
<b>Total Municipal Entities</b>			13 269	13 269	-	-	-	-	-	13 269
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>			1 602 436	1 602 436	138 387	245 928	268 809	(22 881)	-9%	1 602 436
<b>TOTAL MANAGERS AND STAFF</b>			1 544 233	1 544 233	134 233	237 265	258 980	(21 715)	-8%	1 544 233

## 12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 August 2016. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 August 2016.

**Table 20: Overtime per Directorate**

Directorate	2016/2017 Annual Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 % of YTD Budget %
Directorate Of Executive Support Services	1 638 161	273 027	575 079	(302 052)	211%
Directorate Of The City Manager	310 477	51 746	53 586	(1 840)	104%
Directorate Of Corporate Services	597 129	99 522	117 466	(17 945)	118%
Directorate Of Development & Spatial Planning	623 454	103 909	65 096	38 813	63%
Directorate Of Economic Development & Agencies	468 800	78 133	27 829	50 304	36%
Directorate Of Finance	1 358 753	226 459	445 721	(219 262)	197%
Directorate Of Health / Public Safety & Emergency Services	29 709 079	4 951 513	5 479 261	(527 748)	111%
Directorate Of Human Settlement	101 931	16 989	0	16 989	0%
Directorate Of Infrastructure Services	17 131 302	2 855 217	5 428 897	(2 573 680)	190%
Electricity	7 741 181	1 290 197	1 554 578	(264 381)	120%
Water	3 352 141	558 690	2 166 550	(1 607 860)	388%
Sanitation	4 954 818	825 803	1 580 704	(754 903)	191%
Other	1 083 162	180 527	127 063	53 464	70%
Directorate Of Municipal Services	20 279 324	3 379 887	7 041 568	(3 661 681)	208%
<b>Total</b>	<b>72 218 410</b>	<b>12 036 402</b>	<b>19 234 504</b>	<b>(7 198 102)</b>	<b>160%</b>

### Analysis of Overtime

The total overtime payment for the months of June 2016, July 2016 and August 2016 is reflected below. There was an decrease in the total payment of overtime between June 2016 and July 2016 of R676 423 and a decrease in the total payment of overtime between July 2016 and August 2016 of R1 617 364.



**Table 21: Overtime Per Cost Centre: June 2016 – August 2016**

**OVERTIME PER COST CENTRE**

		<b>June 2016 Amount</b>	<b>July 2016 Amount</b>	<b>August 2016 Amount</b>
	<b>Directorate -Executive Support Services</b>			
105 005	Office of The Director of Executive Support	289 856.78	262 626.99	101 285.76
105 020	Public Participation & Ward Committees	51 267.26	5 727.62	9 623.62
105 025	Strategic Support	1 688.25	1 252.68	-
105 030	Special Programmes	13 892.17	12 436.59	-
110 005	IDP	16 352.41	2 279.15	-
120 010	Public Relations & International Events	105 541.44	10 810.30	-
		<b>478 598.31</b>	<b>295 133.33</b>	<b>110 909.38</b>
	<b>Directorate - Municipal Manager</b>			
205 005	Office of The Municipal Manager & Support Services	27 897.73	22 905.41	10 793.36
215 005	Internal Audit	1 630.89	16 548.29	-
		<b>29 528.62</b>	<b>39 453.70</b>	<b>10 793.36</b>
	<b>Directorate - Chief Operations Officer</b>			
250 005	Office of the Chief Operations Officer	2 189.75	-	-
255 010	Mdantsane Urban Renewal Unit	2 436.78	-	-
		<b>4 626.53</b>	<b>-</b>	<b>-</b>
	<b>Directorate - Chief Financial Officer</b>			
305 010	Support Services Office	-	-	3 086.91
315 005	Budget Office	1 277.10	17 874.49	-
320 010	Supply Chain Management	38 736.51	104 340.78	824.59
320 015	Expenditure Office	9 468.52	25 185.58	47 839.53
320 020	Salary Office	-	-	19 629.07
330 005	Rates & Valuations Office	-	-	1 231.23
330 010	Consolidated Billing & Miscellaneous Revenue Office	6 900.72	75 701.69	54 106.88
330 015	Debtors Management Office	38 950.09	113 022.51	129 021.51
330 020	Customer Care Office	3 781.57	9 071.44	7 139.71
330 025	Pre-Payment Vending Office	3 507.58	4 744.35	2 052.57
		<b>102 622.09</b>	<b>349 940.84</b>	<b>264 932.00</b>
	<b>Directorate - Corporate Services</b>			
415 005	Administrative & Council Support	26 133.65	4 302.89	5 211.80

		June 2016 Amount	July 2016 Amount	August 2016 Amount
415 010	Auxilliary & Telecommunication Services	49 700.60	24 289.36	30 164.99
415 025	Management Information Services	42 641.67	7 161.86	-
420 005	H.R. Administration	-	-	20 076.31
420 010	Occupational Risk Management	2 718.16	10 031.42	8 851.26
420 015	Labour Relations	4 585.28	1 866.39	-
425 005	Research Policy & Knowledge Management Unit	-	8 931.81	3 657.47
		<b>125 779.36</b>	<b>56 583.73</b>	<b>67 961.83</b>
	<b>Directorate - Engineering Services</b>			
505 010	City Engineering Building	1 934.42	2 099.69	2 449.64
515 006	Night Soil Removal - Coastal	91 909.21	73 934.03	58 993.83
515 007	Night Soil Removal - Central	-	2 675.97	2 106.11
515 010	Sewerage Admin	-	-	7 165.59
515 026	Sewerage Treatment - Coastal	71 988.60	77 105.19	68 569.69
515 027	Sewerage Treatment - Central	35 240.01	44 126.58	37 541.50
515 028	Sewerage Treatment - Inland	107 486.25	104 838.36	94 301.56
515 031	Sewerage Reticulation - Coastal	230 225.83	214 076.26	221 765.65
515 032	Sewerage Reticulation - Central	114 385.82	113 379.00	109 299.69
515 033	Sewerage Reticulation - Inland	115 213.91	111 031.65	125 591.77
520 005	Water Administration	19 492.78	26 837.93	620.19
520 011	Maden Dam	15 463.43	15 534.71	12 557.11
520 012	Bridle Drift Dam	2 811.03	-	3 705.19
520 015	Bulk Pumping Stations	22 657.61	29 126.24	17 131.23
520 021	Umzonyana Water Treatment Works	94 342.84	76 609.86	49 498.46
520 023	KWT Water Treatment Works	118 709.02	114 924.21	62 333.33
520 024	Mdantsane Bulk Pumping	59 512.95	62 599.47	33 966.45
520 025	Water Ops & Maint. - Inland	215 444.23	196 816.98	126 076.11
520 026	Water Ops & Maint. - Midland	239 558.45	266 876.58	180 568.01
520 030	Water Ops & Maint. - Coastal	379 829.22	424 270.36	355 006.90
525 005	Construction Distribution	45 692.68	-	-
525 010	Roads Administration	855.08	535.47	2 498.67
525 025	Roads & Stormwater Drainage	64 035.12	22 816.20	4 771.32
525 035	Project Management & Implementation Branch	-	-	5 613.43
530 005	Mechanical Workshop - Westbank	11 202.59	10 224.66	12 788.72
530 015	Mechanical Workshop - Braelyn	20 851.77	29 264.10	20 791.43
535 005	Electricity Administration	1 314.25	1 975.61	2 372.35
535 010	Electricity Distribution Supervisory Staff	806 982.96	727 735.17	612 365.53
535 025	Electricity Planning & Design	736.32	594.66	669.00
535 040	Revenue Protection	86 857.78	88 693.79	76 660.56
		<b>2 974 734.16</b>	<b>2 838 702.73</b>	<b>2 307 779.02</b>

		June 2016 Amount	July 2016 Amount	August 2016 Amount
	<b>Directorate - Development Planning</b>			
615 095	Building Maintenance - Coastal / Central	-	9 892.22	-
620,015	Traffic Signal Maintenance	14 935.77	12 475.94	11 844.48
625 005	Buffalo City Bus Services	9 808.55	10 175.25	17 980.66
635 005	Local Economic Development	9 523.03	-	-
635 010	Market	21 396.88	9 116.22	13 967.97
		<b>55 664.23</b>	<b>41 659.63</b>	<b>43 793.11</b>
	<b>Directorate - Health &amp; Public Safety</b>			
710 005	Health Administration	588.26	-	-
710 030	Environmental Health	12 878.32	10 393.92	1 897.78
710 040	Pollution Control	-	1 542.65	-
725 010	Fire & Rescue Services	469 024.72	392 149.08	410 554.37
725 015	Law Enforcement Services	1 464 084.92	1 797 214.07	987 886.34
725 020	Traffic Administration	69 460.64	102 872.93	93 787.44
725 025	Traffic Control	263 289.60	273 313.68	242 667.61
725 035	Vehicle Test Station / Examination	5 961.06	14 625.39	3 349.62
725 036	Vehicle Registration	1 987.18	14 472.98	9 507.01
725 040	Drivers License Testing	473.76	2 763.60	4 477.57
725 045	Traffic Technical Services	29 028.00	33 563.52	4 758.38
725 050	Parking Areas / Meters	50 630.99	49 703.60	25 623.71
725 055	Disaster Management	15 886.84	6 057.73	8 123.27
		<b>2 383 294.29</b>	<b>2 698 673.15</b>	<b>1 792 633.10</b>
	<b>Directorate - Community Services</b>			
750 005	Office of The Director of Community Services	-	-	3 051.34
750 010	Cleansing Administration Support	-	2 576.86	2 775.08
755 010	Environmental Services	-	534 035.12	552 871.74
755 015	Environmental Conservation	-	148 885.64	188 827.67
755 025	Interments	-	263 420.37	267 112.90
760 005	Arts & Cultural Services Admin	-	35 659.87	20 921.85
760 010	Libraries	-	15 142.38	11 607.29
760 025	Halls	174 831.19	170 685.11	187 456.69
765 005	Amenities Administration Support	23 267.85	23 096.12	35 122.45
765 010	Sportsfields	175 786.04	151 964.10	165 326.45
765 015	Swimming Pools	182 687.84	66 747.06	73 307.86
765 020	Aquarium	50 867.40	53 109.46	26 138.57
765 025	Zoo	66 830.25	61 754.06	69 252.02
765 030	Beaches	227 120.91	194 589.93	204 943.78

		June 2016 Amount	July 2016 Amount	August 2016 Amount
765 035	Resorts	67 250.47	69 911.71	73 409.87
770 005	Cleansing Administration Support	39 739.51	40 104.61	25 449.21
770 010	Refuse Removal	899 224.71	729 205.98	668 524.75
770 015	Waste Disposal Sites	108 587.63	35 935.14	33 493.24
770 020	Street Sweeping	581 861.22	506 894.12	557 531.99
770 025	Public Conveniences	105 261.50	81 954.45	123 052.53
770 030	E.L Regional Waste Disposal Site & Transfer Station	57 855.44	78 223.81	77 699.49
		<b>4 105 618.01</b>	<b>3 263 895.90</b>	<b>3 367 876.77</b>
	<b>TOTAL OVERTIME</b>	<b>10 260 465.60</b>	<b>9 584 043.01</b>	<b>7 966 678.57</b>

### **12.2.1. Comments On Overtime**

#### **a) Directorate of Executive Support Services**

The over expenditure is due to the Mayoral Bodyguards having to work extended overtime and night shifts. The funding is also used by Public Participation staff when they do loudhailing in particular the night time shift between 6pm - 8pm; attending ward committee meetings after hours and attending public participation events or programmes around BCMM.

#### **b) City Managers Office**

The over expenditure on overtime is due to the year end procedures that were undertaken by the Internal Audit unit.

#### **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.

#### **d) Directorate of Finance**

The over expenditure is due to the preparations of year end activities by Finance officials in order to meet the deadlines for the Annual Financial Statements submission to the Auditor General (AGSA). Emergency overtime also had to be performed by the payroll and benefits section in order to complete back pay calculations.

**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 illegals 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 year to date over expenditure on overtime is due to officials attending security cluster raids at places of entertainment to ensure compliance with Regulation 962 of the Food Staff Cosmetics and Disinfectants Act. Furthermore, 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. Operational staff duties performed over the weekends include Drunk and driving campaigns, events, roadblocks etc. in order to comply with the National rollout enforcement plan (NREP).

**g) Directorate of Municipal Services**

Overtime is linked to Hall usage. The staff working overtime are halls staff or other staff performing Caretaker duties. Most bookings occur after hours or over weekends which results in overtime.

The Department of Solid Waste Management experienced a shortage of trucks in July 2016 due to mechanical problems and a shortage of staff. The department was forced to allow workers to work after hours in order to curb the backlogs in our 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 months of June 2016, July 2016 and August 2016. There was an increase in the total payment between June 2016 and July 2016 of R93 296 and a decrease in the total payment between July 2016 and August 2016 of R86 953.

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

	<b>JUNE 2016</b>	<b>JULY 2016</b>	<b>AUGUST 2016</b>
Directorate of Executive Support Services	13 859	8 381	7 371
Directorate of the City Manager	1 620	1 620	1 718
Directorate of Finance	12 710	16 564	18 908
Directorate of Corporate Services	43 420	20 593	1 180
Directorate of Infrastructure Services	541 683	565 075	545 687
Directorate of Development and Spatial Planning	14 046	13 991	13 391
Directorate of Health / Public Safety & Emergency Services	541 491	657 880	591 505
Directorate of Municipal Services	249 888	227 908	245 299
<b>TOTAL</b>	<b>1 418 718</b>	<b>1 512 014</b>	<b>1 425 060</b>

### 12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of June 2016, July 2016 and August 2016 is reflected below. There was a decrease in the total payment between June 2016 and July 2016 of R990 970 and a decrease in the total payment between July 2016 and August 2016 of R450 660.

**Table 23: Temporary Staff per Directorate**

	<b>JUNE 2016</b>	<b>JULY 2016</b>	<b>AUGUST 2016</b>
Directorate of Executive Support Services	1 328 550	1 049 667	314 227
Directorate of the City Manager	320 063	250 791	214 524
Directorate of Human Settlements	236 342	227 897	225 000
Directorate of Finance	420 324	341 083	332 635
Directorate of Corporate Services	689 966	658 588	930 219
Directorate of Infrastructure Services	134 845	114 545	108 443
Directorate of Development and Spatial Planning	82 726	47 479	47 132
Directorate of Health / Public Safety & Emergency Services	33 106	635 678	29 396
Directorate of Municipal Services	2 226 626	1 155 851	1 829 342
<b>TOTAL</b>	<b>5 472 549</b>	<b>4 481 579</b>	<b>4 030 918</b>

### 12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors costs. The year to date budget of R9 683 134 less the year to date expenditure of R8 663 148 leaves a variance of R1 019 986.

**Table 24: Councillors Costs**

	2015/2016 Annual Budget R	2015/2016 YTD Budget R	2015/2016 YTD Expenditure R	2015/2016 Variance R	2015/2016 YTD Expenditure %
Mayoral Allowance	790 172	131 695	110 431	21 264	84%
Deputy Mayoral Allowance	638 158	106 360	93 083	13 277	88%
Mayoral Committee Allowance	6 599 489	1 099 915	841 135	258 780	76%
Speakers Allowance	638 158	106 360	96 553	9 807	91%
Out of Pocket Expenses	1 208 400	201 400	21 154	180 246	11%
Councillors Allowance	24 124 437	4 020 740	3 826 461	194 279	95%
Cllr Cell Phone Allowance	2 278 635	379 773	340 733	39 040	90%
Cllr Housing Subsidy	2 927 329	487 888	578 895	-91 007	119%
Cllr Medical Aid	1 986 812	331 135	302 510	28 625	91%
Cllr Pension Scheme	3 495 042	582 507	428 027	154 480	73%
Cllr Travel Allowance	13 412 169	2 235 362	2 024 166	211 196	91%
<b>TOTAL</b>	<b>58 098 801</b>	<b>9 683 134</b>	<b>8 663 148</b>	<b>1 019 986</b>	<b>89%</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The entity has started operating on its own with minimal need for daily support from the parent municipality. The Buffalo City Metropolitan Development Agency has a budget of R18.38 million and has spent R1.64 million (9%) as at 31 August 2016.

A detailed analysis of the entity's financial performance for month ended 31 August 2016 is outlined in Annexure F.

## **14. CAPITAL PROGRAMME PERFORMANCE**

BCMM has spent R44.94 million inclusive of reclaimed vat (2015/16: R44.90 million) which is 3% (2015/16: 4%) of its 2016/17 approved capital budget of R1.56 billion (2015/16: R1.27 billion) as at 31 August 2016. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year. 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 25 below reflects capital expenditure performance per source of funding.

**Table 25: Capital Expenditure per Funding Source against Budget**

<b>Funding</b>	<b>2016/2017 Approved Capital Budget</b>	<b>2016/2017 Rollover Adjustment Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>% Expenditure (incl. VAT) Approved Budget</b>	<b>% Expenditure (incl. VAT) Rollover budget</b>
Own Funds	640 283 103	761 199 310	10 201 277	2%	2%
LOAN	69 581 825	69 581 825	-	0%	0%
<b>Total Own Funding</b>	<b>709 864 928</b>	<b>830 781 135</b>	<b>10 201 277</b>	<b>1%</b>	<b>1%</b>
DoE(Integrated National Electrification Programme)	25 000 000	25 000 000	-	0%	0%
DEDEAT c/o	-	199 168	-	0%	0%
DSRAC c/o	-	4 411 277	-	0%	0%
Electricity Demand Side Management Grant	-	-	-	0%	0%
Finance Management Grant	100 000	100 000	55 903	56%	56%
Galve c/o	-	458 000	-	0%	0%
Infrastructure Skills Development Grant	100 000	100 000	-	0%	0%
Integrated City Development Grant	6 080 000	6 080 000	-	0%	0%
Local Government & Traditional Affairs	-	9 036 112	-	0%	0%
Neighbourhood Development Partnership Grant	19 346 000	19 346 000	-	0%	0%
Urban Settlement Development Grant	656 054 030	656 054 030	34 686 846	5%	5%
Human Settlement Development Grant	106 300 000	106 300 000	-	0%	0%
Public Transport Infrastructure and Systems Grant	35 289 000	35 289 000	-	0%	0%
<b>Total Grants</b>	<b>848 269 030</b>	<b>862 373 588</b>	<b>34 742 749</b>	<b>4%</b>	<b>4%</b>
<b>TOTAL PER FUNDING</b>	<b>1 558 133 958</b>	<b>1 693 154 722</b>	<b>44 944 026</b>	<b>3%</b>	<b>3%</b>



Table 26 below reflects capital expenditure performance per service.

**Table 26: Actual Expenditure per Service against Budget**

<b>Services</b>	<b><u>2016/2017 Approved Budget</u></b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT) Approved Budget</u></b>	<b><u>% Expenditure (incl. VAT) Rollover budget</u></b>
Water	87 500 000	87 500 000	8 572 767	10%	10%
Waste Water	371 492 022	336 492 022	3 456 358	1%	1%
Electricity	143 000 000	143 000 000	3 550 623	2%	2%
Roads and Stormwater	261 098 558	252 500 000	2 977 372	1%	1%
Housing	202 441 082	202 441 082	21 414 446	11%	11%
Transport Planning	139 789 000	139 789 000	491 744	0%	0%
Local Economic Development	44 500 000	44 500 000	148 414	0%	0%
Spatial Planning	96 581 051	96 581 051	1 034 009	1%	1%
Waste Management / Refuse	78 453 700	80 338 258	300 928	0%	0%
Amenities	44 024 644	44 024 644	2 081 597	5%	5%
Public Safety	30 032 401	36 746 401	198 845	1%	1%
Support Services	41 221 500	41 221 500	384 595	1%	1%
Other - BCM Fleet	18 000 000	18 000 000	332 329	2%	2%
<b>TOTAL</b>	<b>1 558 133 958</b>	<b>1 523 133 958</b>	<b>44 944 026</b>	<b>3%</b>	<b>3%</b>

Table 27 below reflects capital expenditure performance per directorate.

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

<b>Directorate</b>	<b><u>2016/2017 Approved Capital Budget</u></b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT) Approved Budget</u></b>	<b><u>% Expenditure (incl. VAT) Rollover budget</u></b>
Executive Support Services	5 500 000	8 007 062	85 056	2%	1%
Directorate of the City Manager	17 521 500	52 521 500	21 376	0%	0%
Directorate of Human Settlement	202 441 082	211 477 194	21 414 446	11%	10%
Directorate of Finance	600 000	747 535	102 803	17%	14%
Directorate of Corporate Services	7 100 000	9 033 820	175 360	2%	2%
Directorate of Infrastructure Services	887 670 580	902 030 379	18 889 449	2%	2%
Directorate of Development and Spatial Planning	230 290 051	230 417 219	1 525 752	1%	1%
Directorate of Economic Development and Agencies	44 500 000	54 734 025	148 414	0%	0%
Directorate of Health, Public Safety and Emergency Services	30 032 401	46 483 912	198 845	1%	0%
Directorate of Municipal Services	122 478 344	167 702 076	2 382 525	2%	1%
<b>TOTAL DIRECTORATES</b>	<b>1 548 133 958</b>	<b>1 683 154 722</b>	<b>44 944 026</b>	<b>3%</b>	<b>3%</b>
Asset Replacement	10 000 000	10 000 000	-	0%	0%
<b>GRAND - TOTAL</b>	<b>1 558 133 958</b>	<b>1 693 154 722</b>	<b>44 944 026</b>	<b>3%</b>	<b>3%</b>

The capital programme performance by month is tabulated in table 28 below (Exclusive of Vat).

**Table 28: SC12 Monthly budget Statement – capital expenditure trend**

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

Month	2015/16	Budget Year 2016/17							
	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		6 746	6 746	1 611	1 611	6 746	5 135	76.1%	0%
August		42 169	42 169	39 205	40 817	48 916	8 099	16.6%	3%
September		34 991	34 991			83 907	-		
October		58 305	58 305			142 212	-		
November		56 652	56 652			198 865	-		
December		69 364	69 364			268 229	-		
January		41 215	41 215			309 443	-		
February		42 842	42 842			352 285	-		
March		65 464	65 464			417 750	-		
April		89 153	89 153			506 903	-		
May		87 115	87 115			594 018	-		
June		964 116	1 099 137			1 693 155	-		
<b>Total Capital expenditure</b>	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>40 817</b>					

The capital programme performance table 29 below provide summary of capital expenditure by asset class/sub-class for new assets (Exclusive of VAT).

**Table 29: SC13a Monthly budget Statement – capital expenditure on new assets by asset class**

BUF Buffalo City - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M02 August

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	417 323	434 397	1 842	1 846	12 550	10 704	85.3%	434 397
Infrastructure - Road transport		-	106 080	106 080	979	979	3 065	2 085	68.0%	106 080
<i>Roads, Pavements &amp; Bridges</i>		-	106 080	106 080	979	979	3 065	2 085	68.0%	106 080
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	43 000	43 000	16	20	1 242	1 222	98.4%	43 000
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>		-	43 000	43 000	16	20	1 242	1 222	98.4%	43 000
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams &amp; Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	268 243	285 317	846	846	8 243	7 397	89.7%	285 317
<i>Waste Management</i>		-	78 454	85 294	264	264	2 464	2 200	89.3%	85 294
<i>Transportation</i>		-	145 789	145 789	492	492	4 212	3 720	88.3%	145 789
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	44 000	54 234	90	90	1 567	1 476	94.2%	54 234
<b>Community</b>		-	21 000	21 926	2 074	2 074	633	(1 440)	-227.4%	21 926
Parks & gardens		-	500	500	-	-	14	14	100.0%	500
Sportsfields & stadia		-	500	1 426	-	-	41	41	100.0%	1 426
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	10 000	10 000	-	-	289	289	100.0%	10 000
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	10 000	10 000	2 074	2 074	289	(1 785)	-617.8%	10 000
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	201 941	210 977	18 785	18 785	6 095	(12 689)	-208.2%	210 977
Housing development		-	201 941	210 977	18 785	18 785	6 095	(12 689)	-208.2%	210 977
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	113 570	200 053	788	1 003	5 780	4 777	82.6%	200 053
General vehicles		-	18 200	52 009	118	332	1 503	1 170	77.9%	52 009
Specialised vehicles		-	11 000	11 532	-	-	333	333	100.0%	11 532
Plant & equipment		-	14 966	21 214	207	207	613	406	66.3%	21 214
Computers - hardware/equipment		-	20 700	55 700	-	-	1 609	1 609	100.0%	55 700
Furniture and other office equipment		-	23 972	27 693	464	464	800	336	42.0%	27 693
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	5 286	12 458	-	-	360	360	100.0%	12 458
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	19 446	19 446	-	-	562	562	100.0%	19 446
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	1	-	753 834	867 354	23 488	23 707	25 058	1 351	5.4%	867 354
<b>Specialised vehicles</b>		-	11 000	11 532	-	-	333	333	0	11 532
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	11 000	11 532	-	-	333	333	0	11 532
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

The capital programme performance table 30 below provide summary of capital expenditure by asset class/sub-class for renewal of existing assets (Exclusive of VAT).

**Table 30: SC13b Monthly budget Statement – capital expenditure on renewal of existing assets by asset class**

BUF Buffalo City - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M02 August

Description	Ref	Budget Year 2016/17								
		2015/16 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>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	720 091	734 138	14 724	16 117	21 209	5 093	24.0%	734 138
Infrastructure - Road transport		-	161 099	161 099	1 751	1 751	4 654	2 903	62.4%	161 099
Roads, Pavements & Bridges			161 099	161 099	1 751	1 751	4 654	2 903	62.4%	161 099
Storm water			-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	100 000	100 000	2 136	3 529	2 889	(640)	-22.1%	100 000
Generation			-	-	-	-	-	-	-	-
Transmission & Reticulation			100 000	100 000	2 136	3 529	2 889	(640)	-22.1%	100 000
Street Lighting			-	-	-	-	-	-	-	-
Infrastructure - Water		-	87 500	87 500	7 805	7 805	2 528	(5 277)	-208.8%	87 500
Dams & Reservoirs			-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-
Reticulation			87 500	87 500	7 805	7 805	2 528	(5 277)	-208.8%	87 500
Infrastructure - Sanitation		-	371 492	385 540	3 032	3 032	11 138	8 106	72.8%	385 540
Reticulation			371 492	385 540	3 032	3 032	11 138	8 106	72.8%	385 540
Sewerage purification			-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
<b>Community</b>		-	19 855	25 805	-	-	746	746	100.0%	25 805
Parks & gardens			-	-	-	-	-	-	-	-
Sportsfields & stadia			10 000	14 411	-	-	416	416	100.0%	14 411
Swimming pools			2 500	2 500	-	-	72	72	100.0%	2 500
Community halls			-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-
Recreational facilities			7 355	8 894	-	-	257	257	100.0%	8 894
Other			-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
<b>Other assets</b>		-	64 355	65 857	993	993	1 903	909	47.8%	65 857
General vehicles			-	-	-	-	-	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-
Plant & equipment			700	1 181	-	-	34	34	100.0%	1 181
Computers - hardware/equipment			-	-	-	-	-	-	-	-
Furniture and other office equipment			-	-	-	-	-	-	-	-
Civic Land and Buildings			62 655	63 676	993	993	1 840	846	46.0%	63 676
Other Buildings			-	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-
Other			1 000	1 000	-	-	29	29	100.0%	1 000
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	804 300	825 801	15 717	17 110	23 858	6 748	28.3%	825 801
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-
Fire			-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-

## **15. OTHER SUPPORTING DOCUMENTS**

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

The The Metro has spent 5.44% (R17.81 million) inclusive of reclaimed vat of its 2016/17 approved budget of R329 million as at 31 August 2016. This reflects an improvement when compared to the same period in the previous financial year where 2% (R15.5 million) inclusive of reclaimed vat of the approved operating projects budget of R671.32 million was spent. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken.

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

Tables 31 and 32 below summarise Annexure D.

**Table 31: Operating Projects per Directorate**

<b>OPERATING PROJECTS PER DIRECTORATE</b>	<b><u>2016/2017 Approved Budget</u></b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl.vat)</u></b>	<b><u>% Expenditure (incl. VAT) Approved Budget</u></b>	<b><u>% Expenditure (incl. VAT) Rollover budget</u></b>
Directorate of Executive Support Services	6 550 000	6 639 858	-	0.00%	0.00%
Directorate of the City Manager	27 422 970	27 684 535	4 467 321	16.29%	16.14%
Directorate of Human Settlement	126 302 000	127 319 287	10 734 157	8.50%	8.43%
Directorate of Finance	53 449 700	53 449 700	352 592	0.66%	0.66%
Directorate of Corporate Services	8 900 000	8 900 000	429 933	4.83%	4.83%
Directorate of Infrastructure Services	54 495 761	54 495 761	-	0.00%	0.00%
Directorate of Development and Spatial Planning	1 250 000	1 250 000	-	0.00%	0.00%
Directorate of Economic Development and Agencies	36 500 000	33 500 000	630 811	1.73%	1.88%
Directorate of Health, Public Safety and Emergency Services	3 599 600	3 599 600	-	0.00%	0.00%
Directorate of Municipal Services	10 550 000	10 550 000	1 194 837	11.33%	11.33%
<b>TOTAL PER DIRECTORATE</b>	<b>329 020 031</b>	<b>327 388 741</b>	<b>17 809 651</b>	<b>5.41%</b>	<b>5.44%</b>

**Table 32: Operating Projects per Funding Source**

<b>OPERATING PROJECTS PER FUNDING SOURCE</b>	<b><u>2016/2017 Approved Budget</u></b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditu re (incl. vat)</u></b>	<b><u>% Expenditure (incl. VAT) Approved Budget</u></b>	<b><u>% Expenditur e (incl. VAT) Rollover budget</u></b>
<b>Total Own Funding</b>	<b>112 519 700</b>	<b>112 519 700</b>	<b>1 543 830</b>	<b>1.37%</b>	<b>1.37%</b>
City of Oldenburg	495 761	495 761	-	0.00%	0.00%
Department of Public Works	2 469 600	2 469 600	-	0.00%	0.00%
Expanded Public Works Programme Incentives Grant	1 188 000	1 188 000	844 966	71.13%	71.13%
Finance Management Grant	1 200 000	1 200 000	86 496	7.21%	7.21%
Human Settlement Development Grant	123 802 000	123 802 000	10 143 893	8.19%	8.19%
Human Settlement Development Grant c/o	-	1 017 287	-	0.00%	0.00%
Independent Electoral Commission c/o	-	261 565	-	0.00%	0.00%
Glasgow	-	89 858	-	0.00%	0.00%
Infrastructure Skills Development Grant	8 900 000	8 900 000	429 933	4.83%	4.83%
Transnet	3 000 000	-	-	0.00%	0.00%
Urban Settlement Development Grant	75 444 970	75 444 970	4 760 532	6.31%	6.31%
<b>Total Grants</b>	<b>216 500 331</b>	<b>214 869 041</b>	<b>16 265 820</b>	<b>7.51%</b>	<b>7.57%</b>
<b>TOTAL PER FUNDING</b>	<b>329 020 031</b>	<b>327 388 741</b>	<b>17 809 651</b>	<b>5.41%</b>	<b>5.44%</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 33: 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>	-	371 392	20 864	-	392 256
<b>GM - EMERGENCY SERVICES</b>	<b>(18 399 055)</b>	<b>13 844 900</b>	<b>1 328 054</b>	<b>86 446</b>	<b>15 259 400</b>
EMERGENCY SERVICES	-	367 255	60 476	3 188	430 919
DISASTER MANAGEMENT	-	371 217	121 343	17 805	510 365
FIRE & RESCUE	(18 399 055)	13 106 428	1 146 235	65 453	14 318 116
<b>GM - MUNICIPAL HEALTH SERVICES</b>	-	<b>4 045 195</b>	<b>470 070</b>	<b>11 158</b>	<b>4 526 422</b>
MUNICIPAL HEALTH SERVICES	-	4 045 195	470 070	11 158	4 526 422
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(9 151 805)</b>	<b>26 110 085</b>	<b>1 618 521</b>	<b>137 850</b>	<b>27 866 456</b>
PUBLIC SAFETY & PROTECTION SERVICES	(4 281)	3 407 785	349 082	78 350	3 835 216
LAW ENFORCEMENT SERVICES	(1 020)	17 698 568	529 786	58 832	18 287 186
TRAFFIC SERVICES	(9 146 504)	5 003 732	739 653	669	5 744 054
<b>Total</b>	<b>(27 550 859)</b>	<b>44 371 571</b>	<b>3 437 509</b>	<b>235 453</b>	<b>48 044 534</b>

## 16.2. Municipal Services

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

**Table 34: 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>	-	1 043 802	196 298	-	1 240 100
<b>GM - COMMUNITY AMENITIES</b>	<b>(519 220)</b>	<b>15 207 265</b>	<b>3 171 849</b>	<b>734 968</b>	<b>19 114 081</b>
COMMUNITY AMENITIES	-	1 750 180	51 398	1 993	1 803 572
LIBRARIES & HALLS	-	-	-	-	-
LIBRARIES	(44 076)	2 906 270	184 596	46 210	3 137 076
HALLS	(261 294)	2 292 706	427 701	35 968	2 756 375
RECREATION	(178 688)	4 904 349	994 163	389 192	6 287 704
SPORTS FACILITIES	(35 162)	3 353 759	1 513 991	261 605	5 129 354
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(1 791 478)</b>	<b>20 915 371</b>	<b>2 871 099</b>	<b>902 272</b>	<b>24 688 742</b>
PARKS / CEMETRIES & CONSERVATION	-	404 626	19 198	-	423 824
CEMETRIES & CREMATORIA	(1 629 773)	3 224 149	884 421	13 176	4 121 746
CONSERVATION	(146 468)	2 466 459	416 581	32 494	2 915 533
PARKS: COASTAL	(15 237)	14 820 138	1 550 899	856 602	17 227 639
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(83 066 731)</b>	<b>20 152 562</b>	<b>21 612 148</b>	<b>1 598 966</b>	<b>43 363 676</b>
SOLID WASTE MANAGEMENT	-	1 359 552	1 590 830	648 071	3 598 452
CLEANSING & REFUSE REMOVAL: COASTAL	(82 856 434)	17 083 593	14 884 922	950 895	32 919 410
LANDFILLS & TRANSFER STATIONS	(210 297)	1 709 417	5 136 396	-	6 845 813
<b>Total</b>	<b>(85 377 429)</b>	<b>57 319 000</b>	<b>27 851 394</b>	<b>3 236 205</b>	<b>88 406 599</b>



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

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

I, NCEBA NCUNYANA, the Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

for the period ending **August 2016** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

**Print name:** .....

**Acting 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
- 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 Development Agency Financial Performance Report