

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

1. PURPOSE

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

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

TABLE OF CONTENTS

REPORT TO EXECUTIVE MAYOR: 14 NOVEMBER 2018	1
1. PURPOSE.....	1
2. AUTHORITY	1
3. LEGAL / STATUTORY REQUIREMENTS	1
4. BACKGROUND	1
LIST OF TABLES	3
PART 1: IN-YEAR REPORT	4
5. RESOLUTIONS	5
6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 OCTOBER 2018.....	6
7. IN-YEAR BUDGET STATEMENT MAIN TABLES	12
PART 2: SUPPORTING DOCUMENTATION.....	23
8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION.....	24
9. CREDITORS' ANALYSIS.....	28
10. INVESTMENT PORTFOLIO ANALYSIS.....	30
11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	33
12. COUNCILLOR AND EMPLOYEE BENEFITS.....	39
13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE	49
14. CAPITAL PROGRAMME PERFORMANCE.....	49
15. OTHER SUPPORTING DOCUMENTS.....	53
15.2. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES AND MUNICIPAL SERVICES	56
16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION.....	58
ANNEXURES:	59

LIST OF FIGURES

Figure 1: Current Ratio	7
Figure 2: Collection Ratio	8
Figure 3: Cost Coverage	10
Figure 4: Workforce (Employee) Costs	41
Figure 5: Overtime Expenditure Monthly Trend	45
Figure 6: Capital Expenditure Trend	53
Figure 7: Operating Projects Expenditure Trend	55

LIST OF TABLES

Table 1: Performance Summary	6
Table 2:C1: Monthly Budget Statement Summary	12
Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification)	13
Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)	14
Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)	15
Table 6: Repairs and Maintenance per Directorate	19
Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)	20
Table 8: C6: Monthly Budget Statement – Financial Position	21
Table 9: C7: Monthly Budget Statement – Cash Flow	22
Table 10: SC3 Monthly Budget Statement Aged Debtors	24
Table 11: Debtor’s Age Analysis by Income Source Comparison	25
Table 12: Age Analysis per Category Type	26
Table 13: Analysis of Government Debtors	27
Table 14: SC4 Monthly Budget Statement Aged Creditors	28
Table 15: Payments made to the 20 highest paid creditors – October 2018	29
Table 16: SC5 Monthly Budget Statement – investment portfolio	30
Table 17: SC6 Monthly Budget Statement – transfers and grants receipts	33
Table 18: Spending per Conditional Grant Funding Allocation	34
Table 19: SC8 Monthly Budget Statement – Councilor, Board Members and Staff Benefits	40
Table 20: Overtime per Directorate	41
Table 21: Overtime Per Cost Centre: August 2018 – October 2018	42
Table 22: Standby & Shift Allowance per Directorate	47
Table 23: Temporary Staff per Directorate	48
Table 24: Councillors Costs	48
Table 25: Monthly Budget Statement – summary of municipal entity	49
Table 26: Capital Expenditure per Funding Source against Budget	50
Table 27: Actual Expenditure per Service against Budget	51
Table 28: Actual Expenditure per Directorate against Budget	52
Table 29: SC12 Monthly Budget Statement – capital expenditure trend	52
Table 30: Operating Projects per Directorate	54
Table 31: Operating Projects Per Funding Source	54
Table 32: Health / Public Safety & Emergency Services – Cost Analysis	56
Table 33: Municipal Services – Cost Analysis	57

PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2018/19 budget for the period ended 31 October 2018 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 October 2018 of 78.09%.

A. NAIDOO

ACTING CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

NTSIKELELO SIGCAU/ YM

DATE

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

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

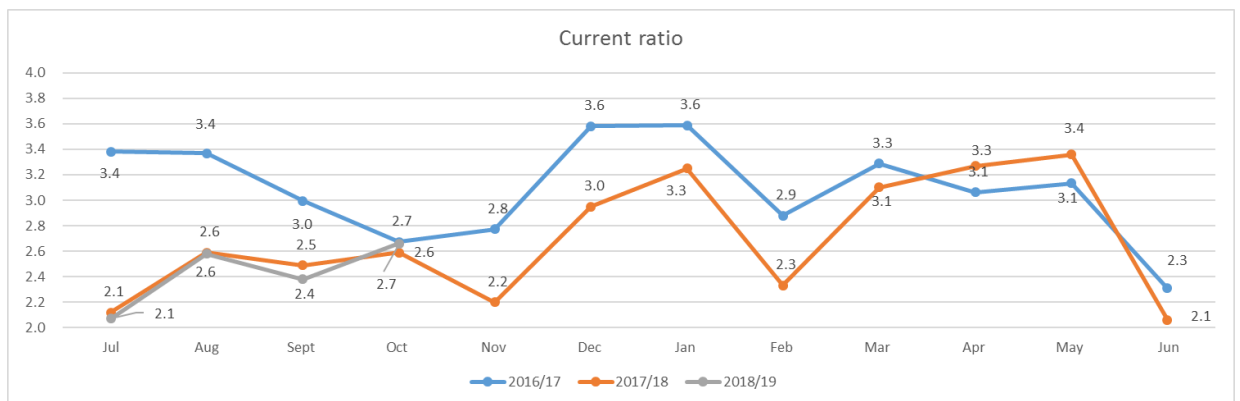
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 2,161,810,244	Bank Balance	R 165,433,653
Expenditure	(R 2,196,625,431)	Call investments (excl. int.)	R 1,202,923,887
Operating Deficit	(R 34,815,187)	Cash and cash equivalents	R 1,368,357,540
Transfers Recognised - Capital	R 69,198,896	<i>Account Payables</i>	<i>(R 491,788,664)</i>
Surplus After Capital Transfers	R 34,383,709	<i>Unspent conditional grants</i>	<i>(R274,769,914)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 1,065,566,428)</i>
Total debtors book (incl. impairment)	R 2,053,100,160	Possible cash deficit should there be no revenue collection made	(R 463,767,466)
Total debtors - Government	R 126,333,653	Total Long term loans	R 389,219,250
Total debtors - Business	R 632,766,229		
Total debtors - Households	R 1,294,000,278		
Total debt written off	R 0	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 84,028,231
REPAIRS AND MAINTENANCE		Electricity	(R113,732,170)
2017/2018: Exp.= R91.89m, which is 20% of adjusted budget of R462.45 m	2018/2019: Exp.= R127.93m, which is 26% of adjusted budget of R493.62 m	Refuse	R 28,972,943
		Sewerage	R 76,117,031
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2017/2018: Exp. as a % of Adjusted Budget of R1.71b:</u> Exp. (excl. vat) = R213.19mil % exp (Excl. vat) :12% Exp. (incl. vat) = R231.79 mil % exp (incl. vat): 14%	<u>2018/2019: Exp. as a % of Adjusted Budget of R1.99b:</u> Exp. (excl. vat) = R274.44mil % exp. (Excl. vat) :14% Exp. (incl. vat) = R297.01mil % exp. (incl. vat): 15%	<u>2017/2018: Exp. as a % of Adjusted Budget of R300.9m:</u> Exp. (excl. vat) = R54.26mil % exp.(excl. vat): 18% Exp. (incl. vat) = R56.83mil % exp.(incl. vat): 19%	<u>2018/2019: Exp. as a % of Adjusted Budget of R333.73m:</u> Exp. (excl. vat) = R38.61 mil % exp. (excl. vat): 12% Exp. (incl. vat) = R38.89mil % exp. (incl. vat): 12%
FINANCIAL		HUMAN RESOURCES	
Operating deficit for the period	(R 34,815,187)	Total staff complement	5 091
Debtors collection ratio	78.09%	Staff Appointments	13
YTD Grants and subsidies: recognized	R 510,406,798	Staff Terminations	19
% of Creditors paid within terms	100%	Number of funded vacant posts	799
Current ratio	2.66:1	Total overtime paid (YTD)	R40,935,257
Total Debt to Revenue	9.24%	Allowances and benefits – Councillors (YTD)	R 20,245,144
Capital Charges to Operating Expenditure	1.02%	Salary bill - Officials	R 629,732,769
Cost coverage ratio	2.49 months	Workforce costs as a % of expenditure	29.6%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.66:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is above the norm of 1.5-2:1. Net debtors constitute 54% of the current assets, inventory constitutes 2% and cash & cash equivalents comprise 44% of the current assets. The City has a strong cash and cash equivalent and can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City can meet its monthly operating commitments 2.5 times, which is within the norm of 1-3 months as per the MFMA circular 71.

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

Figure 1: Current Ratio



6.3 Collection Rate and Outstanding Debtors

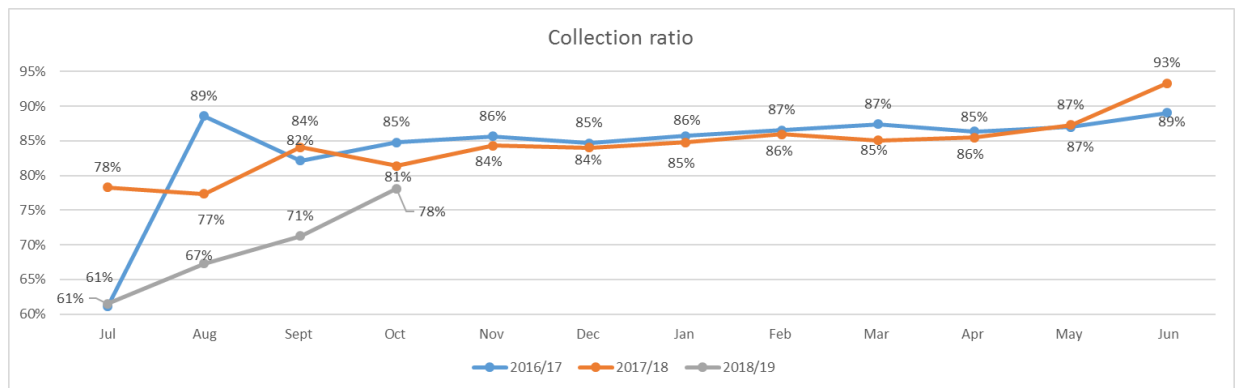
The year to date collection rate for the month ended 31 October 2018 is 78.09% (2017/18: 81.37%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection ratio for October 2018 has reduced due to the fact that the municipality has implemented a new general valuation this year which has increased the actual billing, of which some of the properties are still under the objections that are yet to be finalized. Factors that contribute

to collection rate are tampered meters and non-payment after disconnection.

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

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

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 31 October 2018 amounts to R2.05 billion (2017/18: R2.07 billion). Households: R1.29 billion, Business: R632.77 million and Government: R126.33 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 15% (R297.01 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion as at 31 October 2018. This reflects an improvement when compared to the same period in the previous financial year where 14% (R231.79 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 billion was spent. (Refer to Section 14 for further details).

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

6.5 Operating Projects

The Metro has spent 12% (R38.89 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R333.73 million as at 31 October 2018. This reflects a slight decline when compared to the same period in the previous financial year where 19% (R56.83 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R300.91 million was spent. (Refer to Section 15 for further details).

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

6.6 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 22% (R200 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 October 2018. This reflects a slight improvement in rand value terms when compared to the same period in the previous financial year where 22% (R195.91 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 22% (R164.54 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R762.99 million as at 31 October 2018. This reflects a slight decline when compared to the same period in the previous financial year where 23% (R178.32 million, inclusive of reclaimed of vat) of USDG budget of R768.13 million was spent. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 October 2018 are R1.37 billion made up of cash and bank amounting to R165.43 million and call

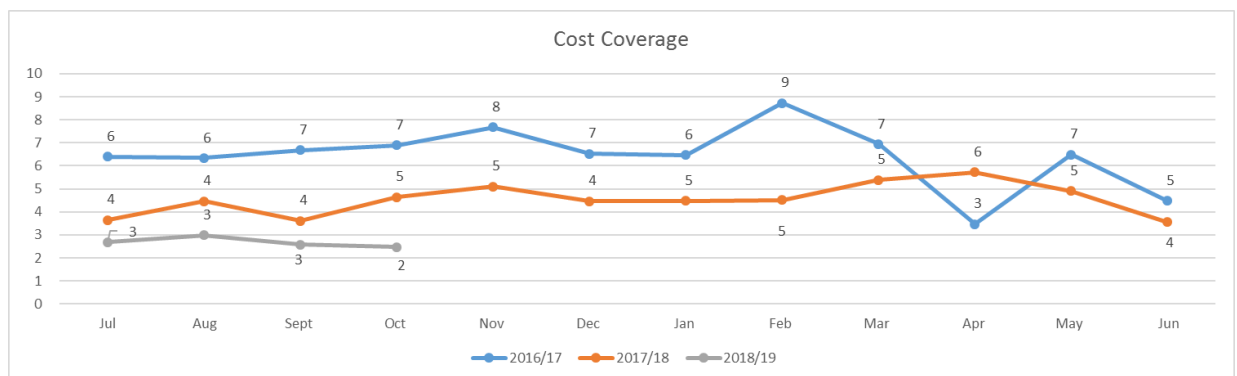
investment deposits of R1.20 billion. This funding is invested with various financial institutions in compliance with the MFMA.

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 2.49 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 2.49 times, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There have also been high capital investment that is funded by internally generated funds.

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

Figure 3: Cost Coverage



6.8 Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by the MFMA except when there are disputes on received invoices. Small Micro Medium

Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 October 2018 amounts to R389.22 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 October 2018 is 1.02%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 9.24% as at 31 October 2018, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities.

The above two ratios indicate that the City has additional capacity to take up additional loan.

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 - M04 October									
Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	–	1 421 961	1 421 961	104 488	519 927	558 980	(39 053)	-7%	1 421 961
Service charges	–	3 172 285	3 151 081	222 011	992 535	1 056 578	(64 043)	-6%	3 151 081
Investment revenue	–	140 961	140 961	7 982	35 784	49 848	(14 064)	-28%	140 961
Transfers and subsidies	–	1 471 673	1 492 316	6 465	510 407	694 071	(183 664)	-26%	1 492 316
Other own revenue	–	310 342	310 342	25 585	103 158	96 359	6 799	7%	310 342
and contributions)	–	6 517 222	6 516 662	366 532	2 161 810	2 455 836	(294 026)	-12%	6 516 662
Employee costs	–	1 961 118	1 939 914	156 841	629 733	656 958	(27 225)	-4%	1 939 914
Remuneration of Councillors	–	65 035	65 035	5 015	20 245	20 092	154	1%	65 035
Depreciation & asset impairment	–	896 426	896 426	(73 961)	372 026	135 727	236 298	174%	896 426
Finance charges	–	59 818	59 818	3 349	13 478	13 788	(310)	-2%	59 818
Materials and bulk purchases	–	1 784 885	1 784 885	116 326	671 149	686 583	(15 434)	-2%	1 784 885
Transfers and subsidies	–	60 526	60 526	5 162	28 825	20 256	8 569	42%	60 526
Other expenditure	–	1 685 490	1 706 127	121 918	461 170	478 023	(16 854)	-4%	1 706 127
Total Expenditure	–	6 513 298	6 512 731	334 650	2 196 625	2 011 428	185 197	9%	6 512 731
Surplus/(Deficit)	–	3 924	3 931	31 882	(34 815)	444 408	(479 223)	-108%	3 931
Transfers and subsidies - capital (monetary alloc	–	803 900	812 936	41 813	69 199	217 674	(148 475)	-68%	812 936
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
contributions	–	807 825	816 867	73 695	34 384	662 083	(627 699)	-95%	816 867
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	–	807 825	816 867	73 695	34 384	662 083	(627 699)	-95%	816 867
Capital expenditure & funds sources									
Capital expenditure	–	1 753 142	1 990 904	151 564	274 437	499 859	(225 422)	-45%	1 990 974
Capital transfers recognised	–	803 900	812 936	74 760	146 113	204 105	(57 992)	-28%	812 936
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	69 000	69 000	–	–	17 324	(17 324)	-100%	69 000
Internally generated funds	–	880 242	1 108 968	76 803	128 324	278 430	(150 106)	-54%	1 108 968
Total sources of capital funds	–	1 753 142	1 990 904	151 564	274 437	499 859	(225 422)	-45%	1 990 904
Financial position									
Total current assets	–	3 590 140	–	–	3 080 208	–	–	–	3 590 140
Total non current assets	–	20 089 293	–	–	19 095 430	–	–	–	20 089 293
Total current liabilities	–	1 394 977	–	–	1 159 903	–	–	–	1 394 977
Total non current liabilities	–	1 147 602	1 153 005	–	867 904	–	–	–	1 153 005
Community wealth/Equity	–	16 457 375	21 369 213	–	20 253 459	–	–	–	21 369 213
Cash flows									
Net cash from (used) operating	–	1 683 238	–	(30 839)	36 408	561 079	524 672	94%	1 683 238
Net cash from (used) investing	–	(1 753 142)	–	(150 259)	(273 133)	(584 381)	(311 248)	53%	(1 753 142)
Net cash from (used) financing	–	9 333	–	–	(8 907)	(19 889)	(10 982)	55%	9 333
Cash/cash equivalents at the month/year end	–	1 643 284	–	–	1 368 358	1 660 664	292 307	18%	1 553 418
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	305 949	127 785	102 343	146 777	57 592	61 041	230 605	1 021 007	2 053 100
Creditors Age Analysis									
Total Creditors	474 180	17 608	–	–	–	–	–	–	491 789

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M04 October

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		–	2 538 086	2 538 932	125 704	916 124	1 130 867	(214 743)	-19%	2 538 932
Executive and council		–	26 940	26 940	469	7 503	4 469	3 034	68%	26 940
Finance and administration		–	2 511 147	2 511 993	125 236	908 621	1 126 398	(217 777)	-19%	2 511 993
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	293 677	313 474	9 554	42 109	62 837	(20 729)	-33%	313 474
Community and social services		–	29 896	29 896	702	3 037	4 799	(1 762)	-37%	29 896
Sport and recreation		–	5 190	5 190	307	604	938	(335)	-36%	5 190
Public safety		–	98 778	98 778	4 838	34 760	29 772	4 988	17%	98 778
Housing		–	159 786	179 583	3 708	3 708	27 326	(23 618)	-86%	179 583
Health		–	27	27	–	–	2	(2)	-100%	27
<i>Economic and environmental services</i>		–	447 405	456 441	38 969	81 430	102 620	(21 190)	-21%	456 441
Planning and development		–	200 005	209 042	6 860	35 070	30 711	4 359	14%	209 042
Road transport		–	244 101	244 101	31 807	45 881	70 938	(25 057)	-35%	244 101
Environmental protection		–	3 299	3 299	301	478	971	(492)	-51%	3 299
<i>Trading services</i>		–	4 014 827	3 993 624	231 851	1 183 340	1 367 369	(184 029)	-13%	3 993 624
Energy sources		–	2 069 822	2 048 618	139 309	635 684	728 203	(92 519)	-13%	2 048 618
Water management		–	799 770	799 770	38 935	248 303	245 670	2 633	1%	799 770
Waste water management		–	680 364	680 364	31 656	159 105	238 874	(79 769)	-33%	680 364
Waste management		–	464 872	464 872	21 952	140 249	154 622	(14 374)	-9%	464 872
<i>Other</i>	4	–	27 126	27 126	2 267	8 007	9 817	(1 810)	-18%	27 126
Total Revenue - Functional	2	–	7 321 123	7 329 598	408 345	2 231 009	2 673 511	(442 501)	-17%	7 329 598
Expenditure - Functional										
<i>Governance and administration</i>		–	1 354 222	1 352 058	117 976	415 350	432 244	(16 895)	-4%	1 352 058
Executive and council		–	394 381	396 691	30 438	134 818	138 116	(3 297)	-2%	396 691
Finance and administration		–	944 722	940 343	86 788	277 894	289 277	(11 383)	-4%	940 343
Internal audit		–	15 119	15 024	751	2 638	4 852	(2 214)	-46%	15 024
<i>Community and public safety</i>		–	586 469	601 427	64 278	186 294	149 479	36 815	25%	601 427
Community and social services		–	98 652	97 945	10 454	34 413	34 643	(230)	-1%	97 945
Sport and recreation		–	230 543	227 910	38 795	92 570	42 814	49 756	116%	227 910
Public safety		–	108 256	107 233	8 148	31 579	35 122	(3 543)	-10%	107 233
Housing		–	107 401	126 838	3 521	15 742	22 945	(7 203)	-31%	126 838
Health		–	41 617	41 501	3 359	11 990	13 955	(1 965)	-14%	41 501
<i>Economic and environmental services</i>		–	1 071 729	1 066 347	(89 828)	479 453	199 383	280 070	140%	1 066 347
Planning and development		–	186 929	185 984	(195 832)	132 256	12 640	119 616	946%	185 984
Road transport		–	863 159	858 930	104 030	340 180	172 764	167 416	97%	858 930
Environmental protection		–	21 641	21 433	1 975	7 017	13 979	(6 962)	-50%	21 433
<i>Trading services</i>		–	3 394 903	3 387 324	235 892	1 095 605	1 208 978	(113 373)	-9%	3 387 324
Energy sources		–	1 989 513	1 986 483	143 120	756 225	743 949	12 276	2%	1 986 483
Water management		–	641 479	640 000	41 398	157 536	220 503	(62 967)	-29%	640 000
Waste water management		–	455 370	454 074	19 972	67 427	143 648	(76 221)	-53%	454 074
Waste management		–	308 541	306 766	31 402	114 417	100 878	13 540	13%	306 766
<i>Other</i>		–	105 975	105 582	6 331	19 924	21 344	(1 421)	-7%	105 582
Total Expenditure - Functional	3	–	6 513 298	6 512 737	334 650	2 196 625	2 011 428	185 197	9%	6 512 737
Surplus/ (Deficit) for the year		–	807 825	816 861	73 695	34 384	662 083	(627 699)	-95%	816 861

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) - M04 October										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	-	846	-	-	-	-		846
Vote 02 - Directorate - Municipal Manager		-	26 940	26 940	524	7 559	4 472	3 086	69.0%	26 940
Vote 03 - Directorate - Human Settlement		-	159 786	179 583	3 708	3 708	27 326	(23 618)	-86.4%	179 583
Vote 04 - Directorate - Chief Financial Officer		-	2 492 463	2 492 463	121 991	900 884	1 116 316	(215 433)	-19.3%	2 492 463
Vote 05 - Directorate - Corporate Services		-	10 801	10 801	2 268	3 597	2 847	750	26.4%	10 801
Vote 06 - Directorate - Infrastructure Services		-	3 732 612	3 711 408	234 041	1 070 025	1 254 673	(184 648)	-14.7%	3 711 408
Vote 07 - Directorate - Spatial Planning And Development		-	195 565	204 601	7 742	24 024	50 413	(26 388)	-52.3%	204 601
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	160 250	160 250	12 503	53 708	46 683	7 025	15.0%	160 250
Vote 09 - Directorate - Municipal Services		-	503 257	503 257	23 262	144 367	162 085	(17 718)	-10.9%	503 257
Vote 10 - Directorate - Economic Development & Agencies		-	39 449	39 449	2 306	23 137	8 695	14 442	166.1%	39 449
Total Revenue by Vote	2	-	7 321 123	7 329 598	408 345	2 231 009	2 673 511	(442 501)	-16.6%	7 329 598
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	275 413	277 971	21 413	85 783	89 079	(3 296)	-3.7%	277 971
Vote 02 - Directorate - Municipal Manager		-	191 028	191 451	14 623	69 523	68 728	795	1.2%	191 451
Vote 03 - Directorate - Human Settlement		-	107 401	126 838	3 521	15 742	22 945	(7 203)	-31.4%	126 838
Vote 04 - Directorate - Chief Financial Officer		-	503 480	500 112	39 477	167 144	155 826	11 318	7.3%	500 112
Vote 05 - Directorate - Corporate Services		-	157 617	156 535	13 612	47 519	51 520	(4 001)	-7.8%	156 535
Vote 06 - Directorate - Infrastructure Services		-	3 748 890	3 742 735	293 564	1 254 198	1 230 855	23 344	1.9%	3 742 735
Vote 07 - Directorate - Spatial Planning And Development		-	305 497	304 208	(176 333)	152 189	33 444	118 745	355.1%	304 208
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	420 235	414 825	33 619	129 945	138 566	(8 622)	-6.2%	414 825
Vote 09 - Directorate - Municipal Services		-	653 407	648 125	82 323	247 219	194 549	52 670	27.1%	648 125
Vote 10 - Directorate - Economic Development & Agencies		-	150 330	149 937	8 831	27 363	25 916	1 447	5.6%	149 937
Total Expenditure by Vote	2	-	6 513 298	6 512 737	334 650	2 196 625	2 011 428	185 197	9.2%	6 512 737
Surplus/ (Deficit) for the year	2	-	807 825	816 861	73 695	34 384	662 083	(627 699)	-94.8%	816 861

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 October 2018.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October											
Description	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Revenue By Source											
Property rates			1 421 961	1 421 961	104 488	519 927	558 980	(39 053)	-7%	1 421 961	
Service charges - electricity revenue			1 992 712	1 971 508	141 662	622 224	658 938	(36 714)	-6%	1 971 508	
Service charges - water revenue			563 043	563 043	32 089	170 459	187 727	(17 267)	-9%	563 043	
Service charges - sanitation revenue			322 143	322 143	26 573	114 318	111 528	2 790	3%	322 143	
Service charges - refuse revenue			294 388	294 388	21 688	85 533	98 386	(12 853)	-13%	294 388	
Service charges - other			–	–	–	–	–	–	–	–	
Rental of facilities and equipment			17 563	17 563	1 519	6 353	5 676	677	12%	17 563	
Interest earned - external investments			140 961	140 961	7 982	35 784	49 848	(14 064)	-28%	140 961	
Interest earned - outstanding debtors			41 807	41 807	3 543	13 482	18 107	(4 625)	-26%	41 807	
Dividends received			–	–	–	–	–	–	–	–	
Fines, penalties and forfeits			16 591	16 591	1 261	4 434	5 052	(619)	-12%	16 591	
Licences and permits			14 597	14 597	1 291	4 227	4 050	177	4%	14 597	
Agency services			31 270	31 270	5 072	10 156	9 400	755	8%	31 270	
Transfers and subsidies			1 471 673	1 492 316	6 465	510 407	694 071	(183 664)	-26%	1 492 316	
Other revenue			188 513	188 513	12 530	63 847	54 074	9 772	18%	188 513	
Gains on disposal of PPE			–	–	370	660	–	660	0%	–	
Total Revenue (excluding capital transfers and contributions)			–	6 517 222	6 516 662	366 532	2 161 810	2 455 836	(294 026)	-12%	6 516 662

Description	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Expenditure By Type											
Employee related costs			1 961 118	1 939 914	156 841	629 733	656 958	(27 225)	-4%	1 939 914	
Remuneration of councillors			65 035	65 035	5 015	20 245	20 092	154	1%	65 035	
Debt impairment			343 696	343 696	28 641	114 565	114 565	(0)	0%	343 696	
Depreciation & asset impairment			896 426	896 426	(73 961)	372 026	135 727	236 298	174%	896 426	
Finance charges			59 818	59 818	3 349	13 478	13 788	(310)	-2%	59 818	
Bulk purchases			1 698 510	1 698 510	103 906	646 982	665 009	(18 027)	-3%	1 698 510	
Other materials			86 376	86 376	12 420	24 167	21 574	2 594	12%	86 376	
Contracted services			857 589	876 473	54 991	187 737	235 168	(47 431)	-20%	876 473	
Transfers and subsidies			60 526	60 526	5 162	28 825	20 256	8 569	42%	60 526	
Other expenditure			484 205	485 957	38 286	158 867	128 290	30 578	24%	485 957	
Loss on disposal of PPE			-	-	-	-	-	-		-	
Total Expenditure			-	6 513 298	6 512 731	334 650	2 196 625	2 011 428	185 197	9%	6 512 731
Surplus/(Deficit)			-	3 924	3 931	31 882	(34 815)	444 408	(479 223)	(0)	3 931
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			803 900	812 936	41 813	69 199	217 674	(148 475)	(0)	812 936	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-		-	
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-		-	
Surplus/(Deficit) after capital transfers & contributions			-	807 825	816 867	73 695	34 384	662 083			816 867
Taxation								-			
Surplus/(Deficit) after taxation			-	807 825	816 867	73 695	34 384	662 083			816 867
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			-	807 825	816 867	73 695	34 384	662 083			816 867
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year			-	807 825	816 867	73 695	34 384	662 083			816 867

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Refuse Removal

The variance noted is as a result of alignment between budgeted cash flows from historical actuals. This alignment will be corrected in the mid-year adjustment budget.

7.4.1.2 Rental of facilities and equipment

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

7.4.1.3 Interest earned on external investment

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

7.4.1.4 Fines, Penalties and Forfeits

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

- Delays in court processes resulting in delays on payments
- Cases are struck off the Court Roll

7.4.1.5 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 above the projected income for the period under review due to interdepartment transaction between the Buffalo City Metropolitan Development Agency and BCMM not being cancelled. An amount of R14.9 million transfer from BCMM to BCMDA was effected, hence the entity recognized it as revenue and the

metro as transfers paid. During the integration of the entity and the parent, these transactions have not been cancelled and will be corrected in the month of October 2018 because this is the first consolidated reporting for the metro.

7.4.1.6 Gains on Disposal of PPE

The gain is as a result of land disposal during the quarter under review.

7.4.1.7 Depreciation

Depreciation forecast for the year is R1.1 billion. A request for additional funding will be prepared during the adjustment budget period.

7.4.1.8 Contracted Services

Material increase in litigation and financial management cost of R2.3 million and R1.2 million. Financial management is a result of audit fees and BCX helping the municipality prepare the Annual Financial statements.

7.4.1.9 Transfers and subsidies(expenditure)

The variance is due to a transfer of R14.9 million made to BCMDA. The actual payment was greater than the anticipated budgeted cash flow projection. The budget was based on quarterly tranches that are paid in advance, however the actual payment was on half-yearly payments that are paid in advance.

7.4.1.10 Other Expenditure

The variance noted is as a result of alignment between budgeted cash flows from historical actuals. This alignment will be corrected in the mid-year adjustment budget.

7.4.2 REPAIRS AND MAINTENANCE

Table 6 below reflects that as at 31 October 2018, the repairs and maintenance expenditure is 26% of the approved budget of R493.62 million (2017/18: 20%). Refer to Annexure B: SC13c (repairs and maintenance by

asset class).

Table 6: Repairs and Maintenance per Directorate

Repairs and Maintenance

Directorate	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2018/2019</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2018/2019</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2018/2019</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 997 658	361 198	3 636 461	9%
Directorate Of The City Manager	7 345 360	4 972 887	2 372 473	68%
Directorate Of Corporate Services	2 475 095	408 781	2 066 314	17%
Directorate Of Development & Spatial Planning	31 831 477	2 230 604	29 600 873	7%
Directorate Of Economic Development & Agencies	1 415 075	423 847	991 228	30%
Directorate Of Finance	3 141 574	707 558	2 434 016	23%
Directorate Of Health / Public Safety & Emergency Services	6 436 172	1 061 030	5 375 142	16%
Directorate Of Human Settlement	118 466	100 632	17 834	85%
Directorate Of Infrastructure Services	394 877 800	107 684 105	287 193 695	27%
<i>Electricity</i>	152 873 689	38 257 205	114 616 484	25%
<i>Water</i>	55 108 722	3 945 279	51 163 443	7%
<i>Sanitation</i>	44 346 543	5 701 643	38 644 900	13%
<i>Other</i>	142 548 846	59 779 978	82 768 868	42%
Directorate Of Municipal Services	41 977 627	9 977 914	31 999 713	24%
TOTAL	493 616 304	127 928 555	365 687 749	26%

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M04 October)										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		-	3 500	5 887	192	872	1 472	(600)	-41%	5 887
Vote 02 - Directorate - Municipal Manager		-	51 840	55 040	27 339	56 120	13 760	42 360	308%	55 040
Vote 03 - Directorate - Human Settlement		-	104 755	105 220	14 458	14 489	26 305	(11 816)	-45%	105 220
Vote 04 - Directorate - Chief Financial Officer		-	152 538	215 866	(432)	582	53 966	(53 384)	-99%	215 866
Vote 05 - Directorate - Corporate Services		-	3 600	3 781	-	10	945	(936)	-99%	3 781
Vote 06 - Directorate - Infrastructure Services		-	916 280	1 001 135	62 465	127 708	252 711	(125 003)	-49%	1 001 135
Vote 07 - Directorate - Spatial Planning And Development		-	263 838	294 910	21 240	41 560	73 728	(32 167)	-44%	294 910
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	14 270	35 312	1 830	4 015	8 853	(4 839)	-55%	35 312
Vote 09 - Directorate - Municipal Services		-	160 829	178 495	22 461	26 733	44 624	(17 891)	-40%	178 495
Vote 10 - Directorate - Economic Development & Agencies		-	81 692	95 257	2 011	2 349	23 495	(21 146)	-90%	95 257
Total Capital Multi-year expenditure	4,7	-	1 753 142	1 990 904	151 564	274 437	499 859	(225 422)	-45%	1 990 974
Total Capital Expenditure		-	1 753 142	1 990 904	151 564	274 437	499 859	(225 422)	-45%	1 990 974
Capital Expenditure - Functional Classification										
Government and administration		-	292 651	368 340	33 905	65 595	92 480	(26 885)	-29%	368 340
Executive and council			55 340	57 727	27 362	56 823	14 494	42 329	292%	57 727
Finance and administration			237 311	310 614	6 543	8 772	77 986	(69 214)	-89%	310 614
Internal audit			-	-	-	-	-	-	-	-
Community and public safety		-	193 125	221 457	19 845	24 736	55 602	(30 865)	-56%	221 457
Community and social services			21 820	29 560	1 962	4 177	7 422	(3 245)	-44%	29 560
Sport and recreation			57 950	68 897	2 537	4 252	17 298	(13 046)	-75%	68 897
Public safety			7 700	15 965	888	957	4 008	(3 051)	-76%	15 965
Housing			104 755	105 220	14 458	14 489	26 418	(11 929)	-45%	105 220
Health			900	1 815	-	862	456	406	89%	1 815
Economic and environmental services		-	498 719	605 622	52 830	103 204	152 054	(48 850)	-32%	605 622
Planning and development			202 957	227 436	21 201	40 596	57 103	(16 506)	-29%	227 436
Road transport			291 335	372 540	31 629	62 165	93 534	(31 369)	-34%	372 540
Environmental protection			4 427	5 646	-	442	1 417	(975)	-69%	5 646
Trading services		-	689 248	706 515	44 276	79 856	177 386	(97 530)	-55%	706 515
Energy sources			129 450	142 345	16 505	20 377	35 739	(15 362)	-43%	142 345
Water management			198 451	202 823	8 939	22 773	50 923	(28 150)	-55%	202 823
Waste water management			283 394	283 394	586	17 919	71 152	(53 234)	-75%	283 394
Waste management			77 952	77 952	18 276	18 788	19 572	(783)	-4%	77 952
Other			79 400	88 970	707	1 045	22 338	(21 293)	-95%	88 970
Total Capital Expenditure - Functional Classification	3	-	1 753 142	1 990 904	151 564	274 437	499 859	(225 422)	-45%	1 990 904
Funded by:										
National Government			803 900	803 900	73 456	144 808	201 836	(57 028)	-28%	803 900
Provincial Government			-	9 036	-	-	2 269	(2 269)	-100%	9 036
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	1 304	1 304	-	1 304	0%	-
Transfers recognised - capital		-	803 900	812 936	74 760	146 113	204 105	(57 992)	-28%	812 936
Public contributions & donations	5		-	-	-	-	-	-	-	-
Borrowing	6		69 000	69 000	-	-	17 324	(17 324)	-100%	69 000
Internally generated funds			880 242	1 108 968	76 803	128 324	278 430	(150 106)	-54%	1 108 968
Total Capital Funding		-	1 753 142	1 990 904	151 564	274 437	499 859	(225 422)	-45%	1 990 904

7.5 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R20 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M04 October

Description	Ref	2017/18	Budget Year 2018/19				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			80 155		165 434	80 155	
Call investment deposits			1 563 129		1 202 924	1 563 129	
Consumer debtors			937 997		980 994	937 997	
Other debtors			880 000		689 890	880 000	
Current portion of long-term receivables			19		-	19	
Inventory			128 841		40 967	128 841	
Total current assets			-	3 590 140	-	3 080 208	3 590 140
Non current assets							
Long-term receivables			80		-	80	
Investments			-		-	-	
Investment property			486 233		428 219	486 233	
Investments in Associate			109 020		555 550	109 020	
Property, plant and equipment			19 381 893		18 094 181	19 381 893	
Agricultural			-		-	-	
Biological			-		-	-	
Intangible			12 029		17 480	12 029	
Other non-current assets			100 038		-	100 038	
Total non current assets			-	20 089 293	-	19 095 430	20 089 293
TOTAL ASSETS			-	23 679 433	-	22 175 638	23 679 433
LIABILITIES							
Current liabilities							
Bank overdraft					-		
Borrowing			59 667		48 119	59 667	
Consumer deposits			71 941		61 998	71 941	
Trade and other payables			1 060 015		827 247	1 060 015	
Provisions			203 354		222 538	203 354	
Total current liabilities			-	1 394 977	-	1 159 903	1 394 977
Non current liabilities							
Borrowing			355 516		341 101	355 516	
Provisions			797 489		526 803	797 489	
Total non current liabilities			-	1 153 005	-	867 904	1 153 005
TOTAL LIABILITIES			-	2 547 982	-	2 027 806	2 547 982
NET ASSETS	2		-	21 131 451	-	20 147 831	21 131 451
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			17 390 299		11 095 944	17 628 061	
Reserves			3 741 152		9 051 887	3 741 152	
TOTAL COMMUNITY WEALTH/EQUITY	2		-	21 131 451	-	20 147 831	21 369 213

7.6 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R245.63 million resulting in cash and cash equivalents closing balance of R1.37 billion as at 31 October 2018.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M04 October

Description	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			1 315 314		109 969	406 011	438 438	(32 427)	-7%	1 315 314	
Service charges			2 934 363		223 189	765 427	978 121	(212 694)	-22%	2 934 363	
Other revenue			248 395		8 979	54 300	82 798	(28 499)	-34%	248 395	
Government - operating			1 471 673		1 557	514 383	490 558	23 825	5%	1 471 673	
Government - capital			803 900		3 500	229 541	267 967	(38 426)	-14%	803 900	
Interest			182 768		13 138	54 077	60 923	(6 846)	-11%	182 768	
Dividends			-		-	-	-	-		-	
Payments											
Suppliers and employees			(5 152 832)		(383 476)	(1 946 461)	(1 717 611)	228 851	-13%	(5 152 832)	
Finance charges			(59 818)		(3 349)	(13 478)	(19 939)	(6 461)	32%	(59 818)	
Transfers and Grants			(60 526)		(4 346)	(27 392)	(20 175)	7 217	-36%	(60 526)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	1 683 238	-	(30 839)	36 408	561 079	524 672	94%	1 683 238
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			-	-	-	-	-	-		-	
Decrease (increase) in non-current debtors			-	-	-	-	-	-		-	
Decrease (increase) other non-current receivables			-	-	-	-	-	-		-	
Decrease (increase) in non-current investments			-	-	-	-	-	-		-	
Payments											
Capital assets			(1 753 142)		(150 259)	(273 133)	(584 381)	(311 248)	53%	(1 753 142)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(1 753 142)	-	(150 259)	(273 133)	(584 381)	(311 248)	53%	(1 753 142)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			69 000	-	-	-	-	-		69 000	
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-	
Payments											
Repayment of borrowing			(59 667)		-	(8 907)	(19 889)	(10 982)	55%	(59 667)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	9 333	-	-	(8 907)	(19 889)	(10 982)	55%	9 333
NET INCREASE/ (DECREASE) IN CASH HELD			-	(60 571)	-	(181 099)	(245 632)	(43 190)		(60 571)	
Cash/cash equivalents at beginning:			1 703 855			1 613 989	1 703 855			1 613 989	
Cash/cash equivalents at month/year end:			1 643 284			1 368 358	1 660 664			1 553 418	

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2018/19								Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				Total
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	57 211	31 246	40 348	19 813	17 082	21 027	71 702	219 927	478 355	349 550		2 586
Trade and Other Receivables from Exchange Transactions - Electricity	1300	88 189	16 402	10 901	7 312	3 546	2 926	14 884	44 373	188 533	73 041		4 550
Receivables from Non-exchange Transactions - Property Rates	1400	100 419	45 334	23 388	91 160	14 628	14 198	39 728	201 386	530 241	361 100		4 483
Receivables from Exchange Transactions - Waste Water Management	1500	22 947	11 005	7 369	8 803	5 338	4 981	20 015	98 018	178 476	137 154		1 979
Receivables from Exchange Transactions - Waste Management	1600	18 568	9 951	7 217	6 818	5 999	5 896	27 633	146 710	228 792	193 056		1 800
Receivables from Exchange Transactions - Property Rental Debtors	1700								41	41	41		-
Interest on Arrear Debtor Accounts	1810	5 568	5 879	5 857	5 439	5 312	5 385	27 667	149 253	210 359	193 055		-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		-
Other	1900	13 048	7 967	7 262	7 434	5 688	6 628	28 977	161 298	238 302	210 025		273
Total By Income Source	2000	305 949	127 785	102 343	146 777	57 592	61 041	230 605	1 021 007	2 053 100	1 517 024	-	15 671
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	13 079	15 507	8 195	74 097	909	665	1 336	12 547	126 334	89 553		-
Commercial	2300	154 194	32 390	21 190	16 896	15 153	14 576	50 152	328 215	632 766	424 993		3 604
Households	2400	138 677	79 889	72 957	55 784	41 530	45 801	179 117	680 246	1 294 000	1 002 478		12 067
Other	2500									-	-		-
Total By Customer Group	2600	305 949	127 785	102 343	146 777	57 592	61 041	230 605	1 021 007	2 053 100	1 517 024	-	15 671

8.1.1. Additional debtors' information

The arrears in respect of 30 days and more, which includes all charges excluding VAT, amounted to R1,747,151,009 as at 31 October 2018 which is an increase of R18,869,851 over the amount of R1,728,281,158 as at 30 September 2018.

During the month, credit control action and debt collection action were implemented.

Please note that the debtor balance as indicated in the tables hereunder relates to arrears only (30 days and older) and excludes the October 2018 current account due by 15 November 2018.

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 October 2018. It also provides comparison with the previous month (30 September 2018) which indicates an increase from R1.73 billion to R1.75 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR OCTOBER 2018	TOTAL FOR SEPTEMBER 2018
30 DAYS	47,118,861	12,427,970	17,101,233	35,253,945	10,752,524	5,130,361	127,784,895	164,098,213
60 DAYS	25,168,956	8,300,959	11,268,482	45,122,335	7,987,702	4,494,069	102,342,502	160,714,924
90 DAYS	92,824,298	9,621,425	7,710,636	24,583,161	7,560,698	4,477,275	146,777,492	62,110,583
120 DAYS TO 360 DAYS	80,694,511	35,678,345	23,615,975	141,565,842	44,789,721	22,894,567	349,238,962	385,604,700
YEAR 2	75,082,580	33,342,820	22,732,940	111,247,399	42,634,881	35,067,169	320,107,790	287,035,751
YEAR 3	48,611,066	22,306,279	11,418,741	59,223,279	30,246,667	19,715,730	191,521,762	181,474,312
YEAR 4	32,767,107	15,261,341	5,339,398	35,747,863	20,467,788	14,892,319	124,475,816	119,770,523
YEAR 5+	89,764,257	50,668,809	10,970,548	88,094,385	79,235,527	66,168,266	384,901,791	272,946,645
TOTAL	492,031,636	187,607,947	110,157,954	540,838,208	243,675,507	172,839,757	1,747,151,009	1,728,281,158

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

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	56,472,962	47,024,576	35,424,215	812,721,269	951,643,022	54.47
Indigent	21,478,176	24,428,610	18,477,501	111,629,021	175,994,043	10.07
Business	27,440,246	15,718,361	11,635,170	196,006,697	250,800,474	14.35
Government	15,506,528	8,195,179	74,097,291	15,455,910	113,254,908	6.48
Municipal Staff	585,261	273,205	134,600	1,119,255	2,112,320	0.12
Other	6,320,986	6,702,571	7,008,716	233,313,968	253,346,241	14.50
Total	127,784,895	102,342,502	146,777,492	1,370,246,120	1,747,151,009	100.00

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

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 October 2018 amounted to R113,254,908 . This indicates an increase of R848,366 when compared to the previous month, in the amount of R112,406,542 as at 30 September 2018. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 October 2018.

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

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 OCTOBER 2018	ARREARS AS AT 30 SEPTEMBER 2018	DIFFERENCE
National Department Of Public Works	18,445,932	3,313,337	21,759,270	21,319,927	439,342
Provincial Department Of Public Works	59,641,914	2,006,206	61,648,120	65,594,992	(3,946,871)
Department Of Education	0	5,984,909	5,984,909	5,677,622	307,287
Department Of Health	0	10,896,848	10,896,848	7,307,881	3,588,967
Department Of Social Development	0	1,452,820	1,452,820	1,327,345	125,475
Department Of Transport	0	0	0	52,124	(52,124)
Department Of Agriculture	0	12,524	12,524	17,259	(4,735)
Department Of Nature Conservation	0	3,452	3,452	3,011	441
Department of Human Settlements	0	104,015	104,015	83,996	20,018
Sport, Recreation, Arts and Culture	0	12,164	12,164	76,367	(64,202)
Department of Labour - UIF Services	0	314,035	314,035	67,776	246,259
Members Of Provincial Legislature	0	76,259	76,259	81,729	(5,470)
Department of Rural Development and Land Reform	0	693,535	693,535	641,123	52,412
Provincial RDP Houses	0	10,296,957	10,296,957	10,155,390	141,568
TOTAL	78,087,847	35,167,061	113,254,908	112,406,542	848,366

9. CREDITORS' ANALYSIS

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

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Description	NT Code	Budget Year 2018/19									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		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	126 980									126 980	
Bulk Water	0200	11 736									11 736	
PAYE deductions	0300	22 059									22 059	
VAT (output less input)	0400	-									-	
Pensions / Retirement deductions	0500	26 347									26 347	
Loan repayments	0600	-									-	
Trade Creditors	0700	234 086	17 608								251 695	
Auditor General	0800	2 984									2 984	
Other	0900	49 988									49 988	
Total By Customer Type	1000	474 180	17 608	-	-	-	-	-	-	-	491 789	-

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				126 979 830.55	126 979 830.55	126 979 830.55
STEFANUTTI STOCKS ROADS & EARTHWORKS			17 608 230.69	15 380 493.32	32 988 724.01	32 988 724.01
EYA BANTU PROFESSIONAL SERVICES CC				25 156 951.09	25 156 951.09	25 156 951.09
MANTELLA TRADING 522 CC				23 984 937.74	23 984 937.74	23 984 937.74
AMATOLA WATER				11 735 674.00	11 735 674.00	11 735 674.00
MAZIYA GENERAL SERVICES				9 557 699.86	9 557 699.86	9 557 699.86
RANDCIVILS				8 857 513.46	8 857 513.46	8 857 513.46
MOTHEO/MPUMALANGA JOINT VENTURE				8 580 506.66	8 580 506.66	8 580 506.66
MOHLEKUTHI TRADING				7 370 493.08	7 370 493.08	7 370 493.08
GOROGANG PLANT HIRE				7 191 984.12	7 191 984.12	7 191 984.12
NISSAN SOUTH AFRICA)				5 976 990.00	5 976 990.00	5 976 990.00
HEMIPAC INVESTMENTS (PTY) LTD				5 128 508.38	5 128 508.38	5 128 508.38
UMSO/IMVUSO TRADING 44(DON CIVILS) JOINT VENTURE				4 435 011.56	4 435 011.56	4 435 011.56
MVEZO PLANT & CIVILS				4 009 213.85	4 009 213.85	4 009 213.85
LOLO AND LOLO DEVELOPMENT SERVICES CC				3 912 788.75	3 912 788.75	3 912 788.75
DOWN TOUCH INVESTMENTS (PTY) LTD				3 717 937.48	3 717 937.48	3 717 937.48
BELL EQUIPMENT SALES (SOUTH AFRICA)				3 442 627.95	3 442 627.95	3 442 627.95
GAILFORCE TRADING CC T/A XABA PROMOTIONS AND EVENTS				3 400 000.00	3 400 000.00	3 400 000.00
INVESTOREX 28 PTY LTD T/A GS CIVILS				2 745 050.00	2 745 050.00	2 745 050.00
SAY TRAVEL (PTY) LTD T/A SURE THE TRAVEL AGENT			2 511 554.57		2 511 554.57	2 511 554.57
TOTAL			20 119 785.26	281 564 211.85	301 683 997.11	301 683 997.11

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 - M04 October									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Land Affairs - West Bank		Call Account	Call Account	Call Account	295	4.42%	55 040	295	55 334
Finance Management Grant		Call Account	Call Account	Call Account	0	0.00%	10	0	10
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	59	0.88%	11 029	59	11 088
Workmans Compensation (COID)		Call Account	Call Account	Call Account	57	0.85%	10 642	57	10 699
Reeston Development		Call Account	Call Account	Call Account	1	0.01%	169	1	170
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	93	1.39%	17 313	93	17 406
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	1	0.01%	333	(319)	14
Trust Funds		Call Account	Call Account	Call Account	6	0.09%	1 159	6	1 166
Vuna Awards		Call Account	Call Account	Call Account	6	0.09%	1 080	6	1 086
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.00%	48	0	49
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.01%	180	1	181
City of Leiden		Call Account	Call Account	Call Account	0	0.01%	80	0	80
Needscamp Planning		Call Account	Call Account	Call Account	5	0.08%	953	5	958
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0.02%	288	2	290
Land Affairs - East Bank		Call Account	Call Account	Call Account	459	6.88%	85 772	459	86 231
Land Affairs West Bank		Call Account	Call Account	Call Account	280	4.20%	44 394	280	44 674
European Commission		Call Account	Call Account	Call Account	6	0.09%	1 132	6	1 138

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Salaida		Call Account	Call Account	Call Account	7	0.11%	1 420	(335)	1 085
Electricity Demand Management Grant		Call Account	Call Account	Call Account	0	0.00%	38	0	38
ADM Funding		Call Account	Call Account	Call Account	9	0.14%	1 737	9	1 746
Urban Settleme nt Development Grant		Call Account	Call Account	Call Account	165	2.48%	30 920	165	31 085
Urban Settleme nt Development Grant		Call Account	Call Account	Call Account	117	1.75%	21 850	117	21 967
Urban Settleme nt Development Grant		Call Account	Call Account	Call Account	450	6.75%	84 116	450	84 566
Urban Settleme nt Development Grant		Call Account	Call Account	Call Account	328	4.91%	61 208	328	61 536
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	38	0.56%	7 269	(290)	6 979
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.02%	161	1	162
Bcmet		Call Account	Call Account	Call Account	3	0.04%	540	3	543
Expanded Public Works Programme		Call Account	Call Account	Call Account	1	0.02%	964	(946)	18
City of Oldenburg		Call Account	Call Account	Call Account	2	0.03%	428	(95)	333
Public Transport Network Grant		Call Account	Call Account	Call Account	257	3.85%	63 496	(20 649)	42 847
DEAT		Call Account	Call Account	Call Account	1	0.02%	212	1	213
Neighbourhood Development Grant (NDP Grant)		Call Account	Call Account	Call Account	14	0.20%	2 532	14	2 546
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	99	1.48%	15 652	99	15 751
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	8	0.12%	1 227	8	1 235
Own Funds		Call Account	Call Account	Call Account	63	0.94%	11 755	63	11 818
Own Funds		Call Account	Call Account	Call Account	283	4.25%	44 876	283	45 159
Own Funds		Call Account	Call Account	Call Account	253	3.79%	47 282	253	47 535
Own Funds		Call Account	Call Account	Call Account	248	3.72%	46 428	248	46 677
Own Funds		Call Account	Call Account	Call Account	378	5.67%	70 653	378	71 031
Own Funds		6 Months	Fixed Deposit	21/09/2018	-	0.00%	-	-	-

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
<u>Municipality</u>									
Own Funds		6 Months	Fixed Deposit	21/09/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposit	27/06/2018	317	4.76%	51 026	317	51 343
Own Funds		6 Months	Fixed Deposit	26/06/2018	327	4.90%	51 023	327	51 350
Own Funds - CRR		Call Account	Call Account	Call Account	669	10.03%	125 076	669	125 746
Own Funds - CRR		Call Account	Call Account	Call Account	196	2.94%	36 641	196	36 837
Own Funds - CRR		Call Account	Call Account	Call Account	175	2.63%	32 764	175	32 940
Own Funds - CRR		Call Account	Call Account	Call Account	121	1.81%	22 621	121	22 742
Own Funds - CRR		Call Account	Call Account	Call Account	136	2.04%	25 381	136	25 516
Own Funds (Depreciation)		Call Account	Call Account	Call Account	600	9.00%	112 196	600	112 796
Own Funds (Depreciation)		Call Account	Call Account	Call Account	82	1.23%	15 390	82	15 473
Own Funds (Depreciation)		Call Account	Call Account	Call Account	35	0.53%	6 576	35	6 611
Housing Development		Call Account	Call Account	Call Account	15	0.22%	2 783	15	2 798
Municipality sub-total					6 670	100.00%	1 225 864	(16 270)	1 209 594
<u>Entities</u>									
					-		-	-	-
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				6 670		1 225 864	(16 270)	1 209 594

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	1 399 602	1 399 602	1 150	502 631	502 631	-		1 399 602
Local Government Equitable Share			778 048	778 048	-	324 187	324 187	-		778 048
General Fuel Levy			513 844	513 844	-	171 281	171 281	-		513 844
Finance Management			1 150	1 150	1 150	1 150	1 150	-		1 150
EPWP Incentive			4 050	4 050	-	1 013	1 013	-		4 050
Urban Settlement Development Grant			77 810	77 810	-	-	-	-		77 810
Public Transport Network Grant			14 000	14 000	-	-	-	-		14 000
Infrastructure Skills Development Grant			10 700	10 700	-	5 000	5 000	-		10 700
Municipal Human Settlement Capacity Grant			-	-	-	-	-	-		-
Other transfers and grants [insert description]			-	-	-	-	-	-		-
Provincial Government:		-	72 071	92 720	4 996	10 195	18 018	(3 855)	-21.4%	72 071
Human Settlement Development Grant			56 201	76 850	4 996	10 195	14 050	(3 855)	-27.4%	56 201
DSRAC - Library Subsidy			15 870	15 870	-	-	3 968	-		15 870
Department of Public Works			-	-	-	-	-	-		-
Office of the Premier			-	-	-	-	-	-		-
DEDEA (BCMDA)			-	-	-	-	-	-		-
Other transfers/grants [insert description]			-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]			-	-	-	-	-	-		-
Other grant providers:		-	-	846	-	-	-	-		-
SETA - Skills Development			-	-	-	-	-	-		-
Donor Funding - Leiden			-	-	-	-	-	-		-
Salaida / Gavle			-	846	-	-	-	-		-
City of Oldenburg			-	-	-	-	-	-		-
[insert description]			-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	-	1 471 673	1 493 168	6 146	512 826	520 649	(3 855)	-0.7%	1 471 673
Capital Transfers and Grants										
National Government:		-	803 900	803 900	-	226 041	226 041	-		803 900
Urban Settlement Development Grant			685 182	685 182	-	190 748	190 748	-		685 182
Public Transport and Systems			81 165	81 165	-	23 791	23 791	-		81 165
Neighbourhood Development Partnership			13 250	13 250	-	2 500	2 500	-		13 250
Integrated National Electrification Programme			6 200	6 200	-	-	-	-		6 200
Electricity Demand Side Management			8 000	8 000	-	4 000	4 000	-		8 000
Integrated City Development Grant			10 003	10 003	-	5 002	5 002	-		10 003
Finance Management			-	-	-	-	-	-		-
Infrastructure Skills Development Grant			100	100	-	-	-	-		100
Other capital transfers [insert description]			-	-	-	-	-	-		-
Provincial Government:		-	-	-	-	-	-	-		-
Dept of Local Government and Traditional Affairs			-	-	-	-	-	-		-
Dept Sport, Recreation, Arts and Culture (DSRAC)			-	-	-	-	-	-		-
Department of Public Works			-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]			-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Salaida / Gavle			-	-	-	-	-	-		-
Public Funding			-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	-	803 900	803 900	-	226 041	226 041	-		803 900
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	2 275 573	2 297 068	6 146	738 867	746 690	(3 855)	-0.5%	2 275 573

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 22% (R200 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 October 2018. This reflects a slight improvement in rand value when compared to the same period in the previous financial year where 22% (R195.91 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent. (Refer to Section 11 for further details).

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	<u>2018/19</u> <u>Approved</u> <u>Budget</u>	<u>YTD Exp</u> <u>(vat)</u> <u>R</u>	<u>Variance</u> <u>(vat incl.)</u> <u>R</u>	<u>%</u> <u>Expenditure</u> <u>vs. Budget</u> <u>(vat incl.)</u>
Integrated National Electrification Programme Grant	6 200 000	0	6 200 000	0%
Energy, Efficiency and Demand Side Management	8 000 000	4 660 286	3 339 714	58%
Finance Management Grant	1 150 000	204 028	945 972	18%
Infrastructure Skills Development Grant	10 800 000	3 097 210	7 702 790	29%
Urban Settlement Development Grant	762 992 000	164 544 497	598 447 503	22%
Neighbourhood Development Partnership Grant	13 250 000	0	13 250 000	0%
Integrated City Development Grant	10 003 000	5 919 200	4 083 800	59%
Expanded Public Works Programme Grant	4 050 000	4 556 375	(506 375)	113%
Public Transport Infrastructure and Systems Grant	95 165 000	17 023 138	78 141 862	18%
TOTAL	911 610 000	200 004 733	711 605 267	22%

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

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

11.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)

Projects in line with change control request to Department of Energy

AREA	CONNECTIONS	FUNDS	STAUTS
Fynbos	350	R 5 425 000	Commenced 1st week October, Extended Public Works Programme medicals complete, Survey complete, physical construction to commence Mid-November
Mdantsane NU 5	50	R 775 000	45%; Construction at standstill due to community members at loggerheads with ward councillor over appointed Chief Liaison Officer
TOTAL	400	R 6 200 000	

11.1.2. FINANCE MANAGEMENT GRANT (FMG)

There are five (5) interns currently serving on the internship programme. The interns are being remunerated accordingly. Three (3) additional interns have been appointed and will start the internship programme on 01 November 2018. A recruitment process for one (1) intern position has already been started as the target for the current financial year is to have at least 9 interns.

11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Recruitment delays were experienced for 2 additional interns and one mentor at Property Valuation. Human Resource to accelerate recruitment in October 2018. However, the spending of the grant is progressing well.

11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

SPATIAL PLANNING AND DEVELOPMENT

Bridge Designs & Implementation

Nine sites have been identified. Works orders have been issued to Service Providers and work will commence shortly and expenditure will improve.

Guardrails

The tender for the project is at the Bid Evaluation Committee and is being packaged for bid adjudication committee.

Sleeper Site Roads

The tender for the project is at the Bid Adjudication Committee.

Needs Camp / Potsdam Bridge

Project is progressing well and as per the programme and the expenditure is as per cash flow.

Bridge Designs & Implementation – Ward 8

The site has been identified through the Feasibility Study. Works order has been issued and Service Provider has commenced with work and expenditure will improve.

Bridge Designs & Implementation – Ward 14

The site has been identified through the Feasibility Study. Works order has been issued and Service Provider has commenced.

Guidance Signage

Request for informal tender advertisement has been submitted to Supply Chain Management.

Traffic Calming

The contractor has commenced at Scenery Park, Ndancama, Mdantsane NU 14, Zwelitsha Zone 4 & 10, Elephant Road and will commence with the construction in Mdantsane NU1 and Ward 16 in the second week of November 2018.

Traffic Signals

The way-leaves have been handed to the SANRAL and waiting for their approval to proceed with the installation of signals in Inland and Coastal regions.

Traffic Calming - Ward 16

The sites have been identified and currently busy with the quotations so that orders can be generated and will commence with the construction in the second week of November 2018..

Traffic Calming - Ward 10

The contractor has completed the construction of speed humps and has commenced at Scenery Park, Ndancama, and Elephant Road.

Taxi Rank Infrastructure (Roads & Ablution Facilities)

Service Providers currently busy with Preliminary & Detailed Design Reports.

Taxi /Bus Embayments

Annual Contract has been awarded and order is being generated.

INFRASTRUCTURE SERVICES

Roads & stormwater

The annual contract has been awarded, it is anticipated that the contractors will be on site by Mid-November 2018 and the contract for re-gravelling of gravel roads is at assessment stage, however the department is currently utilizing the contract for plant hire. Professional service providers have been appointed to undertake assessments and designs of roads, stormwater, culverts and bridges. The expenditure will increase rapidly as all the projects have already been identified, and the scope of work has been defined.

Water and Sanitation:

The annual contracts are currently at Bid Evaluation stage, it is anticipated to be awarded by the end November 2018. Professional service providers are

currently being appointed to undertake assessments and designs. Water expenditure is currently at 13% and most projects are at the bid evaluation stage.

11.1.5. PUBLIC TRANSPORT NETWORK GRANT

Qumza Highway

There were delays in the issuing of construction work permit from department of labour.

Traffic Safety Master Plan

The tender is currently in the Procurement phase as per the approved Procurement Plan.

Operational & Business Plan

The project is progressing as per the approved programme. Currently awaiting invoice from Service Provider.

Industry Transition Plan

Tender specifications are currently being prepared for the appointment of a Service Provider to implement the project. Project is on track as per approved Procurement Plan.

Universal Access Development Plan

The tender specifications are currently being prepared for the appointment of a Service Provider to implement the project. The project is on track as per approved Procurement Plan.

Public Transport Plan

The tender specifications are currently being prepared for the appointment of a Service Provider to attend to the project. The project is on track as per approved Procurement Plan.

11.1.6. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

Contract was awarded in October 2018, hence expenditure will improve in the 2nd and 3rd quarter.

11.1.7. HUMAN SETTLEMENTS

A number of major projects are still at procurement stage and at design stage. One major infrastructure project called Potsdam Ikwezi was only awarded on the fourth quarter of the previous financial period, therefore expenditure is expected to improve in the 2nd quarter.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

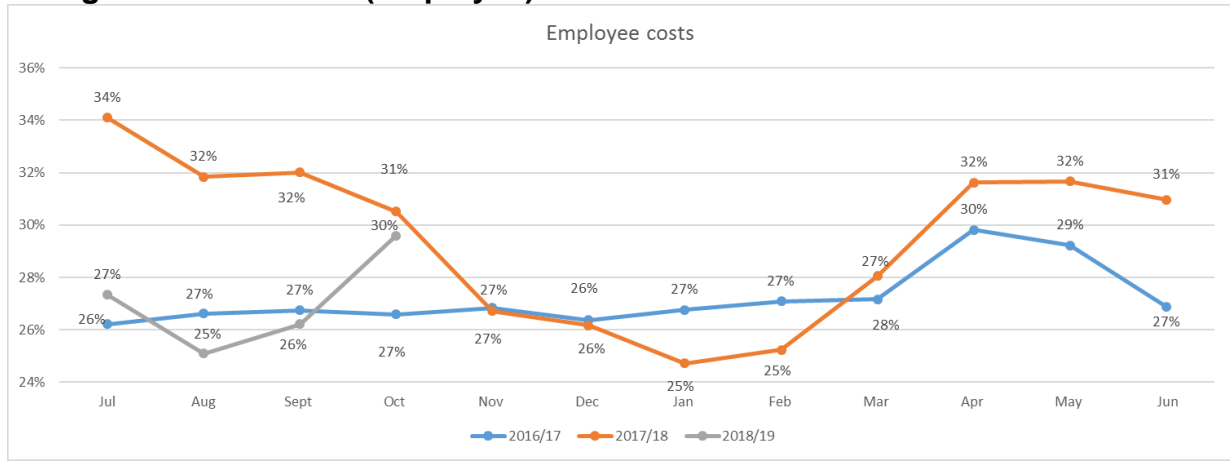
Table 19 below provides summary of employees and councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 29.6%. This is within the norm of 25% - 40%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October										
Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages			40 253	40 253	2 802	11 199	12 600	(1 401)	-11%	40 253
Pension and UIF Contributions			3 999	3 999	344	1 373	1 252	121	10%	3 999
Medical Aid Contributions			1 885	1 885	184	727	590	137	23%	1 885
Motor Vehicle Allowance										
Cellphone Allowance			2 624	2 624	344	1 587	821	765	93%	2 624
Housing Allowances			2 274	2 274	196	792	712	80	11%	2 274
Other benefits and allowances			13 150	13 150	1 144	4 567	4 116	451	11%	13 150
Sub Total - Councillors			64 185	64 185	5 015	20 245	20 092	154	1%	64 185
Senior Managers of the Municipality										
Basic Salaries and Wages	3		15 446	15 297	786	3 143	5 180	(2 037)	-39%	15 297
Pension and UIF Contributions			2 851	2 823	137	549	956	(407)	-43%	2 823
Medical Aid Contributions			284	281	21	81	95	(15)	-15%	281
Overtime										
Performance Bonus										
Motor Vehicle Allowance			3 311	3 277	167	675	1 110	(435)	-39%	3 277
Cellphone Allowance					23	100		100	#DIV/0!	
Housing Allowances			520	515	192	772	175	598	342%	515
Other benefits and allowances			2 745	2 717	30	53	920	(867)	-94%	2 717
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	2									
Sub Total - Senior Managers of Municipality			25 157	24 910	1 356	5 373	8 436	(3 063)	-36%	24 910
Other Municipal Staff										
Basic Salaries and Wages			1 167 270	1 153 950	95 893	384 842	390 801	(5 958)	-2%	1 153 950
Pension and UIF Contributions			221 985	219 719	19 762	79 094	74 411	4 683	6%	219 719
Medical Aid Contributions			104 778	103 713	7 491	29 432	35 124	(5 692)	-16%	103 713
Overtime			7 370	84 116	10 323	40 935	28 487	12 448	44%	84 116
Performance Bonus			97 741	96 741	6 897	30 490	32 763	(2 273)	-7%	96 741
Motor Vehicle Allowance			37 813	37 448	2 401	9 561	12 682	(3 121)	-25%	37 448
Cellphone Allowance			4 903	4 855	360	1 421	1 644	(223)	-14%	4 855
Housing Allowances			19 130	18 939	601	2 396	6 414	(4 018)	-63%	18 939
Other benefits and allowances			201 244	122 256	8 489	33 134	41 404	(8 270)	-20%	122 256
Payments in lieu of leave			20 475	20 267	15	58	6 864	(6 805)	-99%	20 267
Long service awards			23 922	23 672	2 050	8 180	8 017	164	2%	23 672
Post-retirement benefit obligations	2		7 604	7 601	3	10	2 574	(2 564)	-100%	7 601
Sub Total - Other Municipal Staff			1 914 233	1 893 277	154 284	619 554	641 184	(21 630)	-3%	1 893 277
Total Parent Municipality			2 003 576	1 982 372	160 655	645 172	669 711	(24 539)	-4%	1 982 372
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Board Fees			850	850						850
Sub Total - Board Members of Entities	2		850	850	-	-	-	-	-	850
Senior Managers of Entities										
Basic Salaries and Wages			5 764	5 764	481	1 923	1 952	(29)	-2%	5 764
Pension and UIF Contributions			577	577	48	191	195	(4)	-2%	577
Medical Aid Contributions										
Overtime										
Performance Bonus			378	378			128	(128)	-100%	378
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances			61	61			21	(21)	-100%	61
Payments in lieu of leave			172	172			58	(58)	-100%	172
Long service awards										
Post-retirement benefit obligations	2									
Sub Total - Senior Managers of Entities			6 951	6 951	528	2 114	2 354	(241)	-10%	6 951
Other Staff of Entities										
Basic Salaries and Wages			12 926	12 926	600	2 402	4 378	(1 975)	-45%	12 926
Pension and UIF Contributions			847	847	62	249	287	(37)	-13%	847
Medical Aid Contributions										
Overtime										
Performance Bonus			518	518			176	(176)	-100%	518
Motor Vehicle Allowance			60	60	10	40	20	20	97%	60
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances			99	99			34	(34)	-100%	99
Payments in lieu of leave			266	266			90	(90)	-100%	266
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities			14 717	14 717	672	2 692	4 984	(2 292)	-46%	14 717
Total Municipal Entities			22 518	22 518	1 201	4 805	7 338	(2 533)	-35%	22 518
TOTAL SALARY, ALLOWANCES & BENEFITS			2 026 094	2 004 890	161 856	649 976	677 050	(27 072)	-4%	2 004 890
TOTAL MANAGERS AND STAFF			1 961 059	1 939 855	156 841	629 733	656 958	(27 225)	-4%	1 939 855

The graph below shows the workforce costs as a percentage of total expenditure for the current financial year and the two previous financial years.

Figure 4: Workforce (Employee) Costs



12.2. Overtime Analysis

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

Table 20: Overtime per Directorate

Directorate Overtime	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 YTD Variance R	2018/2019 % of YTD Budget %
Directorate Of Executive Support Services	1 719 220	1 195 975	523 245	70%
Directorate Of The City Manager	603 240	395 122	208 118	65%
Directorate Of Corporate Services	531 768	239 533	292 235	45%
Directorate Of Development & Spatial Planning	779 665	63 397	716 268	8%
Directorate Of Economic Development & Agencies	586 261	90 942	495 319	16%
Directorate Of Finance	2 110 426	805 566	1 304 860	38%
Directorate Of Health / Public Safety & Emergency Services	30 863 991	11 776 845	19 087 146	38%
Directorate Of Human Settlement	127 471	7 944	119 527	6%
Directorate Of Infrastructure Services	21 433 979	12 634 721	8 799 258	59%
<i>Electricity</i>	9 680 766	4 381 599	5 299 167	45%
<i>Water</i>	4 192 032	4 273 215	(81 183)	102%
<i>Sanitation</i>	6 196 268	3 643 236	2 553 032	59%
<i>Other</i>	1 364 913	336 671	1 028 242	25%
Directorate Of Municipal Services	25 360 396	13 725 211	(5 136 832)	54%
Total	84 116 417	40 935 257	43 181 160	49%

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

OVERTIME PER COST CENTRE				
		August 2018 Amount	September 2018 Amount	October 2018 Amount
	Directorate -Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	250 979.36	297 126.25	284 879.44
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	2 065.59	1 078.39	1 660.04
0523	IDP & BUDGET INTEGRATION	0	4 671.94	693.63
0531	POLITICAL OFFICE ADMINISTRATION	0	2 755.43	0
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	1 522.42	106.57	0
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	4 322.70	0	0
0542	SPECIAL PROGRAMMES	9 137.70	0	0
		268 027.77	305 738.58	287 233.11
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	75 549.46	75 125.80	62 783.71
1015	INFORMATION / TECHNOLOGY & SUPPORT	32 183.59	26 739.73	0
		107 733.05	101 865.53	62 783.71
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	(138.56)	(138.56)	(138.56)
1512	ADMINISTRATIVE & CORPORATE SUPPORT	3 400.82	19 160.30	8 185.01
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	55 886.32	43 176.96	21 566.90
1531	HUMAN RESOURCES MANAGEMENT	12 120.87	10 198.33	13 433.55
1532	ADMINISTRATIVE SUPPORT	0	10 662.18	10 662.00
1536	ORGANISATIONAL DEVELOPMENT	(500.00)	(500.00)	(500.00)
		70 769.45	82 559.21	53 208.90
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	4 458.42	4 371.81	0
2037	TRAFFIC MANAGEMENT & SAFETY	23 716.11	6 208.83	6 667.41
		28 174.53	10 580.64	6 667.41
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2511	FRESH PRODUCE MARKET	3 868.82	9 546.68	7 038.35
2521	TOURISM / ARTS / CULTURE & HERITAGE	12 872.86	17 558.22	21 795.84
		16 741.68	27 104.90	28 834.19

		August 2018 Amount	September 2018 Amount	October 2018 Amount
	DIRECTORATE OF FINANCE			
3005	OFFICE OF THE DIRECTOR FINANCE	1 410.00	98.70	0
3031	EXPENDITURE & PAYMENTS MANAGEMENT	0	8 861.55	654.59
3033	PAYROLL & BENEFITS	2 660.99	186.27	317.12
3034	VAT / LEASES & PAYMENTS	44 122.20	2 994.39	0
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	3 363.75	4 116.30	4 099.65
3053	COASTAL REVENUE MANAGEMENT	6 077.37	6 650.43	7 442.24
3054	CUSTOMER RELATIONS (CALL CENTRE)	120 379.36	135 319.91	134 993.84
3055	INLAND REVENUE MANAGEMENT	(176.43)	(176.43)	(176.43)
3056	MIDLAND REVENUE MANAGEMENT	2 923.45	3 770.36	3 154.69
3061	STRATEGY & OPERATIONS	0	0	2 464.20
3071	SUPPLY CHAIN MANAGEMENT	(4 416.34)	4 419.52	4 708.80
		176 344.35	166 241.00	157 658.70
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	1 609.86	3 017.40	1 589.28
3513	FIRE & RESCUE	316 797.90	466 148.02	769 017.53
3521	MUNICIPAL HEALTH SERVICES	18 751.68	5 055.09	1 124.04
3532	LAW ENFORCEMENT SERVICES	1 705 292.75	1 207 606.10	1 394 578.31
3533	TRAFFIC SERVICES	678 116.08	475 628.46	522 811.39
		2 720 568.27	2 157 455.07	2 689 120.55
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 888.82	2 871.73	2 529.09
4511	ELECTRICAL & ENERGY SERVICES	2 209.70	154.68	1 999.49
4512	CUSTOMER SERVICES & REVENUE PROTECTION	88 101.45	90 551.90	96 016.54
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	638.40	44.69	683.16
4514	ELECTRICAL DISTRIBUTION	1 166 595.92	971 466.58	1 015 232.96
4521	ROADS / PIU & CONSTRUCTION	1 200.60	0	0
4524	ROADS	10 360.25	17 957.43	11 632.07
4532	SANITATION	707 092.38	984 996.55	958 495.91
4535	WATER SERVICES	1 134 724.83	1 034 911.73	1 047 003.50
4543	WORKSHOPS	65 997.23	56 548.43	56 322.34
		3 179 809.58	3 159 503.72	3 189 915.06
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	4 957.26	2 537.80	7 972.01

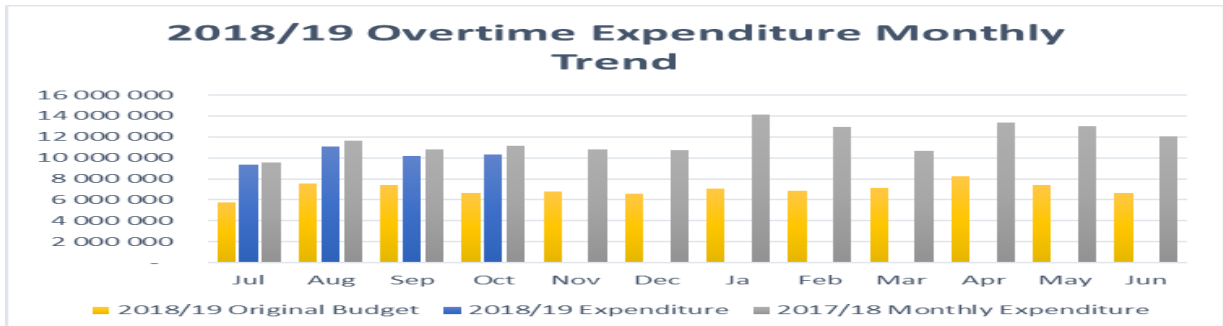
		August 2018 Amount	September 2018 Amount	October 2018 Amount
5011	COMMUNITY AMENITIES	21 185.41	21 791.22	21 763.04
5013	LIBRARIES	14 221.07	11 707.19	11 651.66
5014	HALLS	193 749.38	223 847.10	239 277.82
5015	RECREATION	252 888.16	271 053.10	446 337.66
5016	SPORTS FACILITIES	82 366.76	90 403.03	126 952.16
5022	CEMETRIES & CREMATORIA	316 604.99	498 385.82	123 877.58
5023	CONSERVATION	124 445.03	133 520.28	157 163.48
5024	PARKS: COASTAL	311 438.12	172 472.73	189 449.42
5031	SOLID WASTE MANAGEMENT	33 227.56	25 425.22	30 926.55
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 573 290.80	1 536 193.55	1 481 695.22
5035	LANDFILLS & TRANSFER STATIONS	149 312.89	143 716.06	166 112.84
		3 077 687.43	3 131 053.10	3 003 179.44
	TOTAL OVERTIME	9 645 856.11	9 142 101.75	9 478 601.07

The total overtime payment for the months of August 2018, September 2018 and October 2018 is reflected above. There was a decrease in the total payment of overtime between August 2018 and September 2018 of R503 754 and an increase in the total payment of overtime between September 2018 and October 2018 of R336 499.

It is to be noted that the difference between the votes ledger and payday is votes ledger journals that have been passed.

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

Figure 5: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Executive Support

IDP/PMS staff worked overtime during the 1st quarter consolidating 2017/18 Annual Performance Report, providing secretarial support during By-Laws workshop, consolidation of annual performances for section 56 managers/ HODs. Communications Department worked overtime for SALGA National Communicators Forum from 26th - 28th September 2018. Overtime incurred for Mayoral duties.

Overtime in the office of the City Manager is also based on emergency work for the support of the network, applications, IT Environment and server room. This cannot be avoided as these are crucial services in support of the IT environment.

b) Directorate of Finance

The creditors section and supply chain management always incur overtime during year end. The June overtime will reflect in July and the July one reflects in August. The available budget is insufficient for all three regions under this one cost centre.

c) Directorate of Corporate Services

Overtime is worked for payroll amendments such as allowances, additional responsibility allowance, backpay, preparing new appointment register for AG, and staff turnover report,.

d) Directorate of Infrastructure Services

Electricity – Overtime due to emergency raids to eradicate illegal connections and vandalism and theft contribute to a large percentage of overtime

Water and Sanitation - Expenditure is due to the standby duties/ emergency callouts for repairs on water and sanitation infrastructure

Other - Workshops' overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures , vehicles getting stuck & accidents.

e) Directorate of Municipal Services

Overtime is linked to hall usage, most bookings occur after hours or over weekends which results in overtime. Measures have been put in place to reduce overtime by the Directorate.

The Department is trying its level best to stick to the 40 hour overtime as required. Measures to reduce overtime have been put in place eg. No overtime is worked on Sundays and also where necessary the numbers of employees working overtime have been reduced on most of the sections/ areas.

f) Human Settlements

Overtime is used as contingency and emergency fund, spent when personnel are compelled to work odd hours because of demand for service delivery. Expenditure is incurred as the need for such services arises and should increase as the year progresses.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 October 2018. There was an increase in the total payment between August 2018 and September 2018 of R 172 654 and a decrease in the total payment between September 2018 and October 2018 of R204 204.

Table 22: Standby & Shift Allowance per Directorate

DIRECTORATE	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018
Directorate of Executive Support Services	4 031	6 103	3 475
Directorate of the City Manager	64 172	61 460	4 611
Directorate of Corporate Services	879	2 040	1 526
Directorate of Development & Spatial Planning	11 940	18 491	13 112
Directorate Economic Development & Agencies	1 230	1 398	1 151
Directorate of Finance	9 855	10 686	9 000
Directorate of Health/Public Safety & Emergency Services	586 679	604 859	557 505
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	629 733	755 670	695 623
Directorate of Municipal Services	307 591	328 057	298 558
TOTAL	1 616 111	1 788 765	1 584 561

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of August 2018, September 2018 and October 2018 is reflected below. There was an increase in the total payment between August 2018 and September 2018 of R59 827 and a decrease in the total payment between September 2018 and October 2018 of R600 880.

Table 23: Temporary Staff per Directorate

DIRECTORATE	AUGUST	SEPTEMBER	OCTOBER
	2018	2018	2018
Directorate of Executive Support Services	499 962	594 717	560 562
Directorate of the City Manager	303 553	354 273	293 954
Directorate of Corporate Services	1 314 045	1 290 117	1 339 450
Directorate of Development & Spatial Planning	226 711	236 562	177 929
Directorate Economic Development & Agencies	31 732	39 327	33 906
Directorate of Finance	1 265 052	795 282	704 145
Directorate of Health/Public Safety & Emergency Services	217 640	234 819	209 252
Directorate of Human Settlement	216 405	263 498	229 006
Directorate of Infrastructure Services	277 704	342 609	249 192
Directorate of Municipal Services	1 971 477	2 232 905	1 985 832
TOTAL	6 324 281	6 384 108	5 783 228

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date expenditure of R20.25 million less Annual Budget of R65.04 million leaves a variance of R 44.79 million.

Table 24: Councillors Costs

Councillors Allowances and Benefits

Councillors Allowances And Benefits	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 Variance R	2018/2019 Variance %
Councillors Allowances	43 727 130	12 786 275	30 940 855	29%
Housing Allowance	2 274 000	791 876	1 482 124	35%
Medical Aid Allowance	1 884 903	726 872	1 158 031	39%
Pension Allowance	3 998 763	1 373 089	2 625 674	34%
Travel Allowance	13 150 247	4 567 031	8 583 216	35%
Total	65 035 043	20 245 144	44 789 899	31%

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R7.44 million (16.78%) of its 2018/2019 approved operating budget of R44.35 million.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M04 October

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments		-	789	-	39	201	263	(62)	-24%	789
Agency services		-	990	-	-	-	330	(330)	-100%	990
Transfers and subsidies		-	32 033	-	-	14 924	16 016	(1 093)	-7%	32 033
Other revenue		-	10 544	-	0	6	3 515	(3 509)	-100%	10 544
Total Operating Revenue	1	-	44 355	-	39	15 131	20 124	(4 993)	-25%	44 355
Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs		-	21 727	-	1 201	4 805	7 242	(2 437)	-34%	21 727
Remuneration of Directors		-	850	-	18	102	283	(182)	-64%	850
Depreciation & asset impairment		-	1 412	-	94	-	-	-	-	-
Finance charges		-	10	-	0	313	471	(158)	-34%	1 412
Other expenditure		-	20 356	-	1 187	0	3	(3)	-100%	10
Total Operating Expenditure	2	-	44 355	-	2 500	7 440	14 785	(7 345)	-50%	44 355
Surplus/ (Deficit) for the yr/period		-	(0)	-	(2 461)	7 691	5 339	(12 339)	-231%	(0)
Capital Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	27 292	-	1 304	1 304	9 097	(7 793)	-86%	9 097
Total Capital Expenditure	3	-	27 292	-	1 304	1 304	9 097	(7 793)	-86%	9 097

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

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 15% (R297.01 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion as at 31 October 2018. This reflects an improvement when compared to the same period in the previous financial year where 14% (R231.79 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 billion was spent.

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

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

Table 26 below reflects capital expenditure performance per source of funding.

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2018/2019 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funds	1 081 676 022	110 109 594	971 566 428	10%
Loan Funding	69 000 000	0	69 000 000	0%
TOTAL OWN FUNDS	1 150 676 022	110 109 594	1 040 566 428	10%
Urban Settlements Grant	685 182 240	159 101 834	526 080 406	23%
Public Transport Network Grant	81 165 000	15 909 964	65 255 036	20%
Intergrated City Development Grant	10 003 000	5 919 200	4 083 800	59%
Infrastructure Skills Development Grant	100 000	0	100 000	0%
Neighbourhood Development Partnership Grant	13 250 000	0	13 250 000	0%
Energy Efficiency and Demand Side Management	8 000 000	4 660 286	3 339 714	58%
Integrated National Electrification Grant	6 200 000	0	6 200 000	0%
Local Government and Traditional Affairs	9 036 112	0	9 036 112	0%
TOTAL GRANTS	812 936 352	185 591 283	627 345 069	23%
Buffalo City Municipality Development Agency-Projects	27 291 750	1 304 348	25 987 402	5%
TOTAL - FUNDING SOURCES	1 990 904 124	297 005 225	1 693 898 899	15%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Per Service	2018/2019 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	97 542 927	7 944 512	89 598 415	8%
Electricity	141 345 421	20 741 503	120 603 918	15%
Housing	104 254 640	16 187 103	88 067 537	16%
LED	67 535 322	870 707	66 664 615	1%
Other	18 000 000	5 743 697	12 256 304	32%
Public Safety	33 897 065	3 706 150	30 190 915	11%
Roads	354 572 365	68 471 723	286 100 642	19%
Spatial Planning	89 183 654	4 867 827	84 315 827	5%
Support Services	286 910 118	58 565 125	228 344 993	20%
Transport Planning	204 201 112	41 150 972	163 050 140	20%
Waste Manangement	79 952 360	21 349 661	58 602 699	27%
Waste Water	288 512 859	20 311 697	268 201 162	7%
Water	197 704 531	25 790 199	171 914 332	13%
TOTAL - PER SERVICE	1 963 612 374	295 700 877	1 667 911 497	15%
Buffalo City Municipality Development Agency-Projects	27 291 750	1 304 348	25 987 402	5%
TOTAL CONSOLIDATED CAPITAL BUDGET PER SERVICE	1 990 904 124	297 005 225	1 693 898 899	15%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

<u>Directorate</u>	2018/2019 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	5 886 795	871 505	5 015 290	15%
City Manager's Office	55 040 000	56 122 981	(1 082 981)	102%
Corporate Services	3 781 438	9 500	3 771 938	0%
Spatial Planning & Development	294 910 424	46 018 800	248 891 624	16%
Economic Development & Agencies	68 035 322	1 045 008	66 990 314	2%
Finance Services	205 865 666	194 207	205 671 459	0%
Health/Public Safety & Emergency Services	35 312 335	4 014 805	31 297 530	11%
Human Settlements	105 149 931	16 227 404	88 922 527	15%
Infrastructure Services	1 001 135 176	141 366 980	859 768 196	14%
Municipal Services	178 495 287	29 441 558	149 053 729	16%
TOTAL DIRECTORATES	1 953 612 374	295 312 749	1 658 299 625	15%
Asset Replacement	10 000 000	388 128	9 611 872	4%
TOTAL BUDGET PER DIRECTORATE	1 963 612 374	295 700 877	1 667 911 497	15%
Buffalo City Municipality Development Agency-Projects	27 291 750	1 304 348	25 987 402	5%
TOTAL CONSOLIDATED CAPITAL BUDGET PER DIRECTORATE	1 990 904 124	297 005 225	1 693 898 899	15%

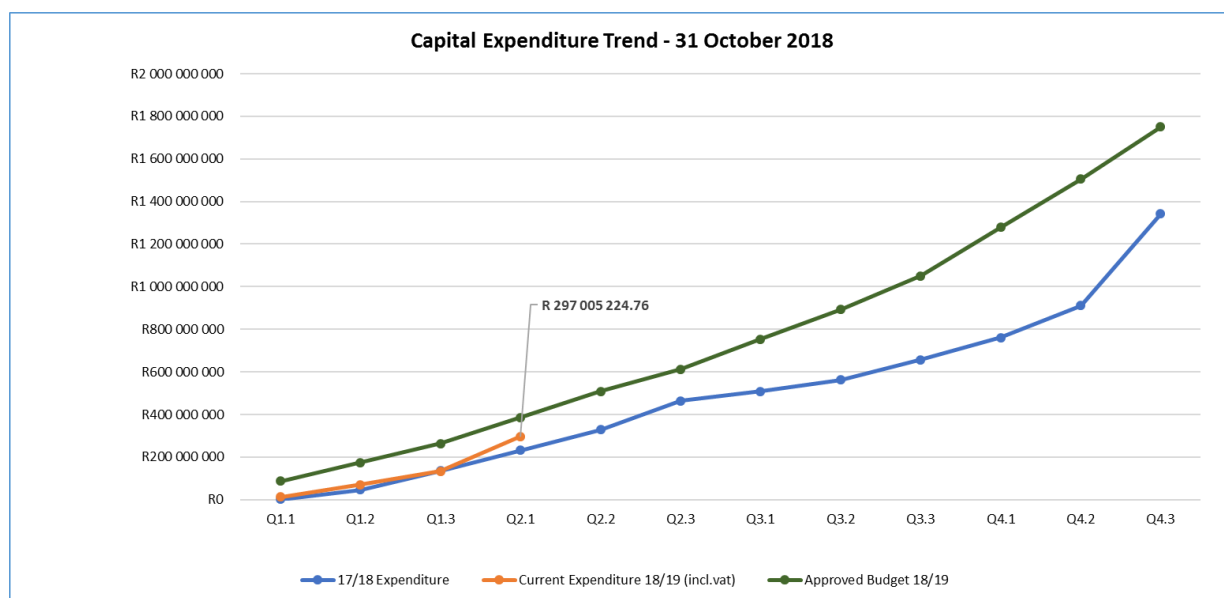
The capital programme performance by month is tabulated in table 29 below (inclusive of Vat).

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M04 October									
Month	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
Monthly expenditure performance trend									
July		131 677	923	79 865	79 865	923	(78 942)	-8553.4%	5%
August		131 677	166 312	(14 129)		167 235	-		
September		131 677	166 312	57 137	-	333 547	333 547	100.0%	0%
October		131 677	166 312	151 564	-	499 859	499 859	100.0%	0%
November		131 677	166 312	-		666 171	-		
December		131 677	166 312	-		832 483	-		
January		131 677	166 312	-		998 795	-		
February		131 677	166 312	-		1 165 107	-		
March		131 677	166 312	-		1 331 419	-		
April		131 677	166 312	-		1 497 731	-		
May		131 677	166 312	-		1 664 043	-		
June		304 692	326 931	-		1 990 974	-		
Total Capital expenditure	-	1 753 142	1 990 974	274 437					

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

Figure 6: Capital Expenditure Trend



15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 12% (R38.89 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R333.73 million as at 31 October 2018. This reflects a slight decline when compared to the same period in the previous financial year where 19% (R56.83 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R300.91 million was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

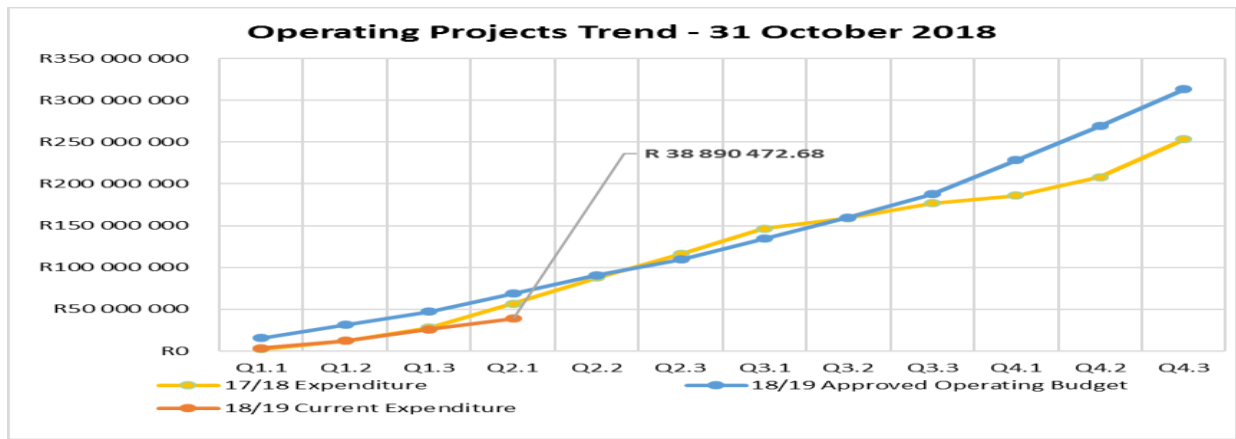
Directorate	2018/2019 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	44 173 011	1 791 682	42 381 329	4%
Municipal Manager's Office	37 559 760	11 117 957	26 441 803	30%
Human Settlements	76 568 064	4 396 324	72 171 740	6%
Directorate of Financial Services	26 430 933	5 114 152	21 316 781	19%
Directorate of Corporate Services	21 710 375	5 278 744	16 431 631	24%
Directorate of Infrastructure Services	61 000 000	1 559 412	59 440 588	3%
Development and Spatial Planning	15 900 000	1 824 813	14 075 187	11%
Directorate of Economic Development	34 310 000	4 986 460	29 323 540	15%
Directorate of Health & Public Safety	1 179 300	124 535	1 054 765	11%
Directorate of Municipal Services	14 900 000	2 696 394	12 203 606	18%
TOTAL PER DIRECTORATE	333 731 443	38 890 473	294 840 970	12%

Table 31: Operating Projects Per Funding Source

Funding	2018/2019 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funds	149 177 518	20 580 698	128 596 820	14%
Total Own Funding	149 177 518	20 580 698	128 596 820	14%
Expanded Public Works Programme Incentives Grant	4 050 000	4 556 375	(506 375)	113%
Finance Management Grant	1 150 000	204 028	945 972	18%
Human Settlement Development Grant	56 201 024	219 133	55 981 891	0%
Human Settlement Development Grant c/o	19 797 040	3 677 191	16 119 849	19%
Infrastructure Skills Development Grant	10 700 000	3 097 210	7 602 790	29%
Public Transport Infrastructure Grant	14 000 000	1 113 175	12 886 825	8%
Salaida (Galve)	846 101	0	846 101	0%
Urban Settlement Development Grant	77 809 760	5 442 663	72 367 097	7%
TOTAL GRANTS	184 553 925	18 309 775	166 244 150	10%
TOTAL PER FUNDING	333 731 443	38 890 473	294 840 970	12%

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

Figure 7: Operating Projects Expenditure Trend



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

15.2.1. Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	1 354 635	76 452	1 210	1 432 297
GM - EMERGENCY SERVICES	(34 760 170)	28 990 201	3 420 659	366 308	32 777 168
EMERGENCY SERVICES	0	850 687	30 053	0	880 739
DISASTER MANAGEMENT	0	962 776	217 441	18 080	1 198 298
FIRE & RESCUE	(34 760 170)	27 176 738	3 173 165	348 228	30 698 131
GM - MUNICIPAL HEALTH SERVICES	0	11 219 940	709 222	61 004	11 990 166
MUNICIPAL HEALTH SERVICES: COASTAL REGION	0	11 219 940	709 222	61 004	11 990 166
GM - PUBLIC SAFETY & PROTECTION SERVICES	(18 947 994)	78 393 176	4 719 197	632 507	83 744 881
PUBLIC SAFETY & PROTECTION SERVICES	(118 773)	676 438	827 843	389 811	1 894 092
LAW ENFORCEMENT SERVICES	(2 749)	44 604 994	1 823 265	215 869	46 644 128
TRAFFIC SERVICES	(18 826 472)	33 111 744	2 068 089	26 827	35 206 661
Total	(53 708 164)	119 957 951	8 925 530	1 061 030	129 944 511

15.2.2. Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	2 772 477	351 722	17 487	3 141 686
GM - COMMUNITY AMENITIES	(1 086 073)	42 319 634	24 517 404	3 998 582	70 835 620
COMMUNITY AMENITIES	0	4 518 907	19 557 702	182 119	24 258 728
LIBRARIES	(58 579)	8 936 656	1 836 106	187 062	10 959 824
HALLS	(456 735)	7 236 460	1 102 153	513 727	8 852 341
RECREATION	(518 911)	13 500 393	1 082 826	1 024 586	15 607 805
SPORTS FACILITIES	(51 848)	8 127 218	938 618	2 091 087	11 156 923
GM - PARKS / CEMETRIES & CONSERVATION	(3 032 716)	50 612 395	8 726 786	2 626 818	61 965 999
PARKS / CEMETRIES & CONSERVATION		1 004 004	61 837	0	1 065 841
CEMETRIES & CREMATORIA	(2 521 488)	8 728 969	3 529 043	1 144 805	13 402 817
CONSERVATION	(478 349)	6 010 726	767 323	238 779	7 016 829
PARKS: COASTAL	(32 879)	34 868 696	4 368 583	1 243 234	40 480 513
GM - SOLID WASTE MANAGEMENT	(40 248 601)	58 356 136	49 584 495	3 335 027	111 275 658
SOLID WASTE MANAGEMENT	0	4 789 667	5 979 092	2 912 755	13 681 515
CLEANSING & REFUSE REMOVAL: COASTAL	(139 317 883)	48 513 133	34 479 979	422 271	83 415 383
LANDFILLS & TRANSFER STATIONS	(930 718)	5 053 336	9 125 424	0	14 178 760
Total	(144 367 390)	154 060 642	83 180 407	9 977 914	247 218 963

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, APANNA NAIDOO Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

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

Print name: Apanna Naidoo

Acting City Manager of Buffalo City Metropolitan Municipality

Signature:

Date:

ANNEXURES:

Annexure A

- C1 Monthly Budget Statement - Summary
- C2 Monthly Budget Statement - Financial Performance (Std Classification)
- C3 Monthly Budget Statement - Financial Performance (By Municipal Vote)
- C4 Monthly Budget Statement - Financial Performance (Revenue and Expenditure)
- C5 Monthly Budget Statement - Capital Expenditure (Municipal Vote, Std Classification and Funding)
- C6 Monthly Budget Statement - Financial Position
- C7 Monthly Budget Statement - Cash Flow

Annexure B

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC12 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report