

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2019/20 BUDGET FOR THE PERIOD ENDED 31 AUGUST 2019**

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 2019/20 budget of the Buffalo City Metropolitan Municipality for the period ended 31 August 2019.

2. AUTHORITY

Executive Mayor.

3. LEGAL / STATUTORY REQUIREMENTS

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2019/20 budget for the period ended 31 August 2019 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 August 2019 of 73.56%.

A. SIHLAHLA

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 AUGUST 2019

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

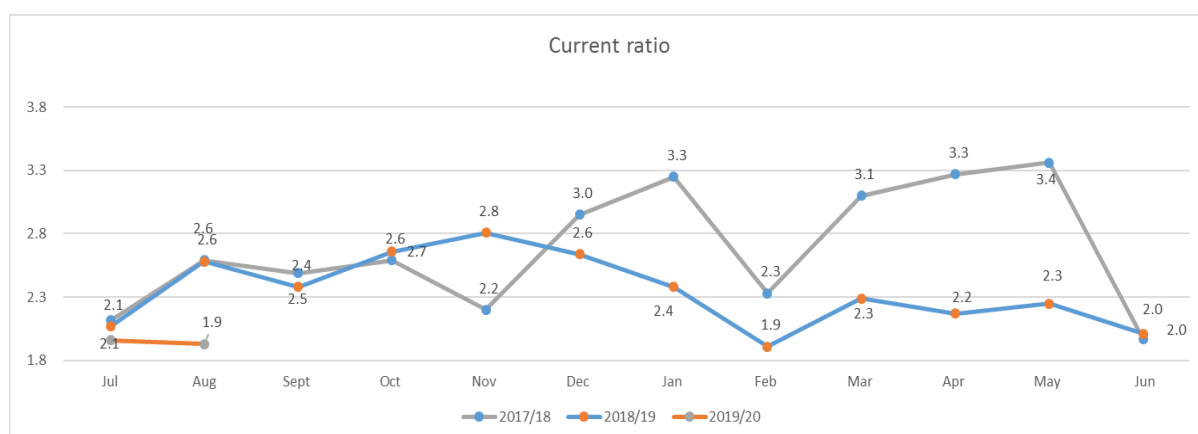
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,477,625,638	Bank Balance	R 204,869,422
Expenditure	(R 1,306,908,203)	Call investments (excl. int.)	R 1,209,777,425
Operating Surplus	R 170,717,435	Cash and cash equivalents	R 1,414,646,847
Transfers and Subsidies Recognised – Capital	R 3,463,218	Account Payables	(R 697,208,497)
Surplus After Capital Transfers	R 174,180,652	Unspent conditional grants	(R 415,547,450)
DEBTORS		Committed to Capital budget-own funds	(R 875,597,959)
Total debtors book (incl. impairment)	R 2,215,911,555	Possible cash deficit should there be no revenue collection made	(R 573,707,409)
Total debtors - Government	R 92,588,409		
Total debtors - Business	R 584,441,532	Total Long term loans	R 345,554,088
Total debtors - Households	R 1,538,881,614		
Total debt written off	R 60,833,754	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 57,362,234
REPAIRS AND MAINTENANCE		Electricity	(R 171,363,885)
2018/2019: Exp.= R57.05 m, which is 12% of budget of R493.62 m	2019/2020: Exp.= R37.94 m, which is 10% of budget of R392,58 m	Refuse	R 49,448,185
		Sewerage	R 68,237,374
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2018/2019: Exp. as a % of Approved Budget of R1.75b: Exp. (excl. vat) = R65.74 mil % exp. (Excl. vat) :4% Exp. (incl. vat) = R71.11 mil % exp. (incl. vat): 4%	2019/2020: Exp. as a % of Adjusted Budget of R1.95b: Exp. (excl. vat) = R66.72 mil % exp. (Excl. vat) :3% Exp. (incl. vat) = R71.04 mil % exp. (incl. vat): 4%	2018/2019: Exp. as a % of Approved Budget of R313.09m: Exp. (excl. vat) = R12.22 mil % exp. (excl. vat): 4% Exp. (incl. vat) = R12.26 mil % exp. (incl. vat): 4%	2019/2020: Exp. as a % of Adjusted Budget of R466.26m: Exp. (excl. vat) = R12.66 mil % exp. (excl. vat): 3% Exp. (incl. vat) = R12.68 mil % exp. (incl. vat): 3%
FINANCIAL		HUMAN RESOURCES	
Operating surplus before Capital Transfers	R 170,717,435	Total staff complement	5 657
Debtors collection ratio	73.56%	Staff Appointments	51
YTD Grants and subsidies: recognized – Capital	R 3,463,218	Staff Terminations	16
Creditors payment days	27 days	Number of funded vacant posts	782
Current ratio	1.93:1	Total overtime paid (YTD)	R 22,158,145
Total Debt to Revenue	6.09%	Allowances and benefits – Councillors (YTD)	R 10,220,122
Capital Charges to Operating Expenditure	0.45%	Salary bill – Officials	R 342,329,074
Cost coverage ratio	2.03 months	Workforce costs as a % of expenditure	26.98%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.93:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is above the norm of 1.5-2:1. The City 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 short term liabilities and is within the norm.

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

Figure 1: Current Ratio

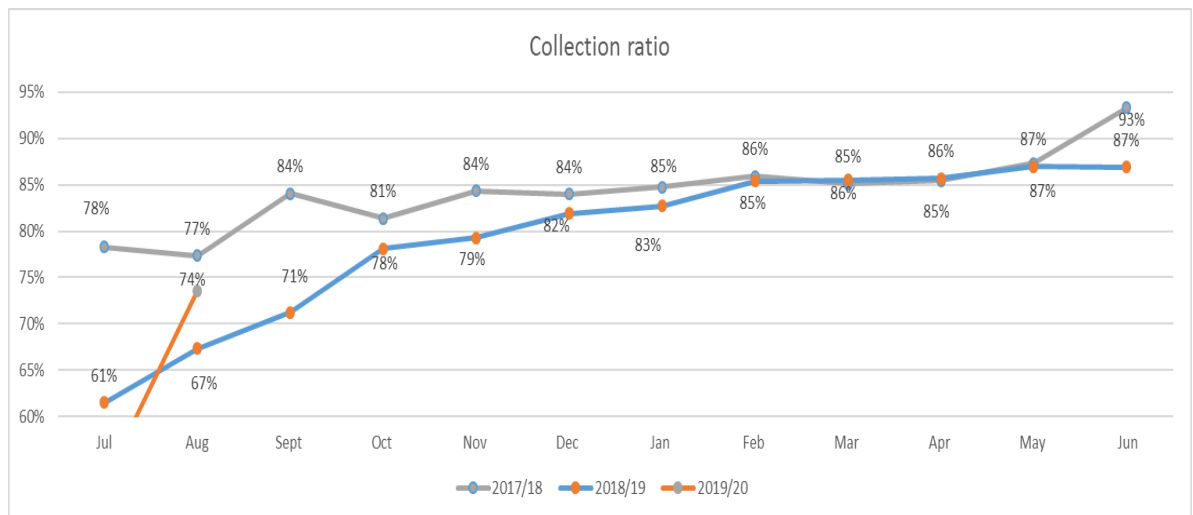


6.3. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 August 2019 is 73.56% (2018/19: 67.30%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 20.64% from last month where 52.92% was achieved for the period ended 31 July 2019.

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

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 31 August 2019 amounts to R2.22 billion (2018/19: R2.45 billion). Households: R1.54 billion, Business: R584.44 million and Government: R92.59 million.

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

6.4. Capital Expenditure

BCMM has spent 4% (R71.04 million, inclusive of reclaimed vat) of its 2019/20 capital budget of R1.95 billion as at 31 August 2019. This reflects the same trend when compared to the same period in the previous financial year where 4% (R71.11 million, inclusive of reclaimed vat) of the budget of R1.75 billion was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (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 3% (R12.68 million, inclusive of reclaimed vat) of its 2019/20 operating projects budget of R466.26 million as at 31 August 2019. This reflects the same trend when compared to the same period in the previous financial year where 4% (R12.26 million, inclusive of reclaimed vat) of the operating projects budget of R313.09 million was spent year. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (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 5% (R51.5 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants budget of R1.09 billion as at 31 August 2019. This indicates a slight decrease in percentage terms when compared to the same period in the previous financial year where 6% (R50.1 million, inclusive of reclaimed of vat) of conditional grants budget of R911.61 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. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 3% (R27.62 million, inclusive of reclaimed vat) of its 2019/2020 USDG budget of R817.42 million as at 31 August 2019. This indicates a decrease when compared to the same period in the previous financial year where 6% (R45.51 million, inclusive of reclaimed of vat) of USDG budget of R762.99 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. (Refer to Section 11 for further details).

6.7. Cash and Cash Equivalents

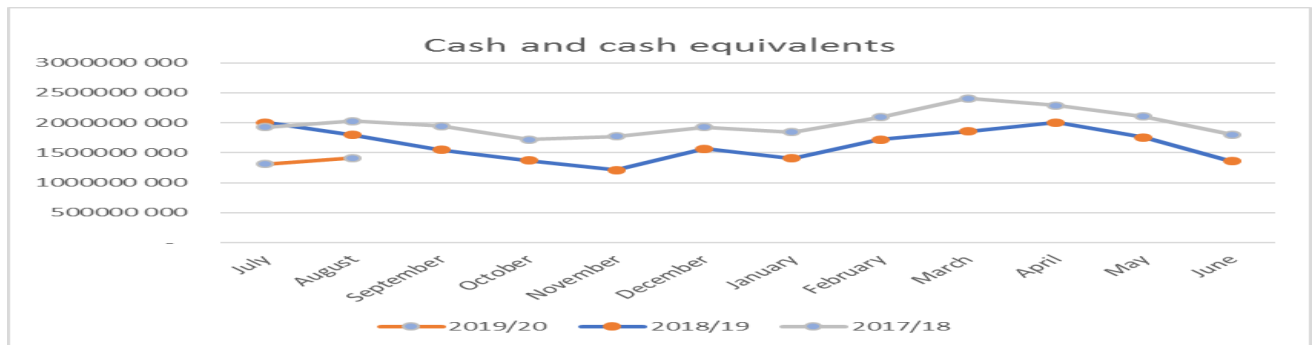
The cash and cash equivalents of the City as at 31 August 2019 are R1.41 billion made up of cash and bank amounting to R204.87 million and call investment deposits of R1.21 billion. This funding is invested with various financial institutions in compliance with the MFMA.

The City's cash reserves has decreased due to the City vigorously investing in its asset renewal and upgrading program that is funded by its own funding. This is an indication of the City's commitment in addressing the aging infrastructure and ensuring that cash reserves are re-invested into infrastructure assets. The decrease in cash reserves is also caused by the low collection rate of 73.56%. Refer to Section 7.4.5 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 2.03 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 2.03 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 has also been high capital investment that is funded by internally generated funds.

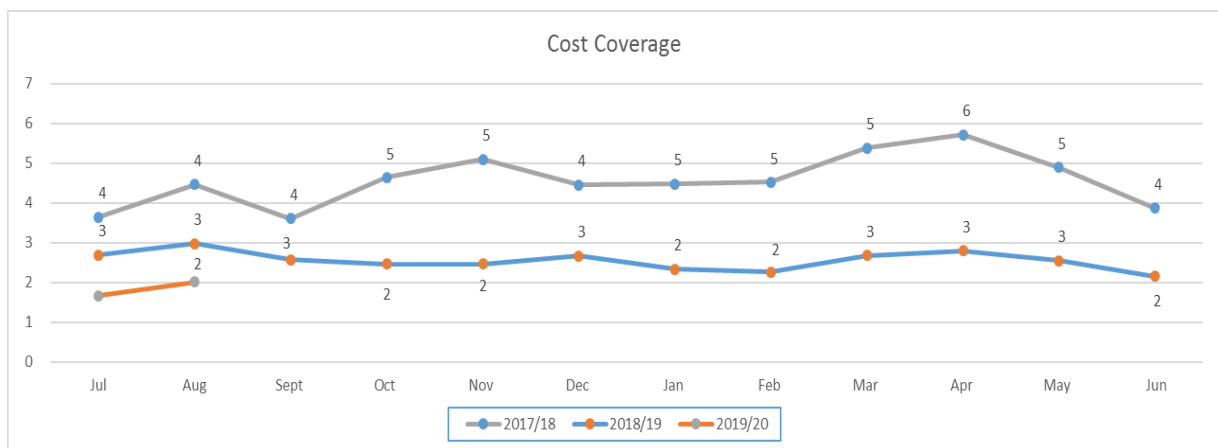
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

Figure 3: Cash and Cash Equivalents



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

Figure 4: Cost Coverage



6.8. Outstanding Creditors

The creditors payment period has decreased to 27 days, this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

6.9. Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 August 2019 amounts to R345.55 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 31 August 2019 is 0.45%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 6.09% as at 31 August 2019, 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 outcome is below the norm. This indicates that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. BCMM is in the process of considering new loan funding which will move this ratio closer to the National Treasury norm of 45%.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M02 August									
Description	2018/19	Budget Year 2019/20							
	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	1 294 948	1 552 051	1 552 051	115 323	346 980	258 675	88 305	34%	1 552 051
Service charges	2 864 290	3 419 056	3 367 842	252 564	511 438	565 187	(53 749)	-10%	3 367 842
Investment revenue	98 690	110 025	110 025	8 725	10 244	18 337	(8 094)	-44%	110 025
Transfers and subsidies	921 187	1 136 152	1 180 582	4 329	357 425	264 017	93 408	35%	1 180 582
Other own revenue	857 863	925 725	925 725	212 315	251 539	154 287	97 251	63%	925 725
Total Revenue (excluding capital transfers and contributions)	6 036 979	7 143 008	7 136 225	593 256	1 477 626	1 260 504	217 122	17%	7 136 225
Employee costs	2 039 428	2 259 759	2 259 759	164 152	342 329	376 628	(34 299)	-9%	2 259 759
Remuneration of Councillors	62 316	68 485	68 485	5 110	10 220	11 414	(1 194)	-10%	68 485
Depreciation & asset impairment	1 302 322	918 128	870 756	124 628	249 191	148 715	100 476	68%	870 756
Finance charges	38 467	41 004	41 004	2 921	5 846	6 834	(988)	-14%	41 004
Materials and bulk purchases	1 715 924	2 010 702	1 996 823	209 403	462 455	333 856	128 600	39%	1 996 823
Transfers and subsidies	63 263	48 175	48 175	1 992	3 376	8 029	(4 653)	-58%	48 175
Other expenditure	1 647 753	1 795 845	1 850 312	151 493	233 490	304 261	(70 770)	-23%	1 850 312
Total Expenditure	6 869 473	7 142 098	7 135 314	659 699	1 306 908	1 189 737	117 172	10%	7 135 314
Surplus/(Deficit)	(832 494)	911	911	(66 444)	170 717	70 767	99 950	141%	911
Transfers and subsidies - capital (monetary allocations) (National /	997 754	974 549	976 130	2 966	2 966	162 569	(159 602)	-98%	976 130
Contributions & Contributed assets	279 973	—	—	497	497	—	497	—	—
Surplus/(Deficit) after capital transfers & contributions	445 233	975 460	977 040	(62 980)	174 181	233 336	(59 155)	-25%	977 040
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	445 233	975 460	977 040	(62 980)	174 181	233 336	(59 155)	-25%	977 040
Capital expenditure & funds sources									
Capital expenditure	256 551	1 737 413	1 955 267	63 892	66 721	309 374	(242 653)	-78%	1 955 267
Capital transfers recognised	85 371	1 039 831	1 041 412	37 183	39 800	173 449	(133 649)	-77%	1 041 412
Borrowing	—	69 582	69 582	—	—	11 597	(11 597)	-100%	69 582
Internally generated funds	171 179	628 000	844 274	26 709	26 921	124 328	(97 407)	-78%	844 274
Total sources of capital funds	256 551	1 737 413	1 955 267	63 892	66 721	309 374	(242 653)	-78%	1 955 267
Financial position									
Total current assets	7 313 459	3 463 641	3 463 641		2 983 350				3 463 641
Total non current assets	20 864 904	20 818 954	20 818 954		20 925 007				20 818 954
Total current liabilities	6 196 681	1 716 206	1 716 206		1 549 737				1 716 206
Total non current liabilities	1 021 515	825 708	825 708		957 925				825 708
Community wealth/Equity	21 002 213	22 716 140	22 716 140		21 400 695				22 716 140
Cash flows									
Net cash from (used) operating	1 151 135	1 823 466	1 778 367	168 212	124 654	303 911	179 257	59%	1 778 367
Net cash from (used) investing	(1 756 047)	(1 737 413)	(1 955 267)	(63 892)	(66 721)	(289 569)	(222 848)	77%	(1 955 267)
Net cash from (used) financing	(52 572)	12 733	12 733	—	—	(9 475)	(9 475)	100%	(56 849)
Cash/cash equivalents at the month/year end	1 167 646	1 650 302	1 192 546	—	1 414 647	1 361 580	(53 066)	-4%	1 122 964
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	414 520	146 870	71 835	55 971	49 394	47 424	232 253	1 197 644	2 215 912
Creditors Age Analysis									
Total Creditors	697 208	—	—	—	—	—	—	—	697 208

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

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

Description	Ref	2018/19	Budget Year 2019/20							
		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>		2 699 131	2 729 981	2 730 417	325 795	722 105	485 428	236 677	49%	2 730 417
Executive and council		22 482	35 159	35 159	2 993	2 993	5 860	(2 867)	-49%	35 159
Finance and administration		2 676 649	2 694 822	2 695 258	322 802	719 113	479 568	239 544	50%	2 695 258
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		380 548	608 124	652 117	14 759	38 925	108 562	(69 637)	-64%	652 117
Community and social services		24 784	31 203	31 203	608	996	5 200	(4 204)	-81%	31 203
Sport and recreation		3 525	5 676	5 676	256	325	946	(621)	-66%	5 676
Public safety		166 056	175 724	175 724	14 372	37 573	32 496	5 077	16%	175 724
Housing		185 279	395 491	439 485	–	–	69 915	(69 915)	-100%	439 485
Health		903	29	29	(478)	31	5	26	528%	29
<i>Economic and environmental services</i>		534 714	575 202	576 782	5 420	25 480	96 011	(70 531)	-73%	576 782
Planning and development		250 961	367 180	368 760	2 504	22 560	61 340	(38 780)	-63%	368 760
Road transport		282 681	204 417	204 417	2 859	2 862	34 069	(31 207)	-92%	204 417
Environmental protection		1 071	3 605	3 605	57	57	601	(544)	-91%	3 605
<i>Trading services</i>		3 674 895	4 174 601	4 123 387	248 738	690 531	728 130	(37 599)	-5%	4 123 387
Energy sources		1 854 611	2 259 485	2 208 272	159 138	346 923	377 328	(30 406)	-8%	2 208 272
Water management		793 927	806 126	806 126	1 359	138 899	148 010	(9 112)	-6%	806 126
Waste water management		602 407	587 569	587 569	65 550	102 100	104 525	(2 425)	-2%	587 569
Waste management		423 950	521 421	521 421	22 690	102 609	98 266	4 343	4%	521 421
<i>Other</i>	4	25 418	29 650	29 650	2 007	4 048	4 942	(894)	-18%	29 650
Total Revenue - Functional	2	7 314 706	8 117 558	8 112 354	596 719	1 481 089	1 423 072	58 017	4%	8 112 354
Expenditure - Functional										
<i>Governance and administration</i>		1 183 806	1 500 467	1 502 191	112 340	216 420	249 573	(33 153)	-13%	1 502 191
Executive and council		420 679	429 182	444 786	26 623	61 482	73 041	(11 559)	-16%	444 786
Finance and administration		754 084	1 056 121	1 042 241	84 822	153 223	174 005	(20 782)	-12%	1 042 241
Internal audit		9 043	15 164	15 164	896	1 715	2 527	(812)	-32%	15 164
<i>Community and public safety</i>		1 012 305	990 791	1 034 784	76 474	148 043	169 132	(21 089)	-12%	1 034 784
Community and social services		116 150	104 032	104 032	8 948	18 365	17 339	1 026	6%	104 032
Sport and recreation		316 607	239 476	239 476	29 233	55 101	39 913	15 188	38%	239 476
Public safety		480 889	401 328	401 328	31 071	61 364	66 888	(5 525)	-8%	401 328
Housing		57 397	201 210	245 204	4 321	7 318	37 535	(30 217)	-81%	245 204
Health		41 263	44 744	44 744	2 901	5 895	7 457	(1 562)	-21%	44 744
<i>Economic and environmental services</i>		1 276 072	831 640	793 218	110 793	218 995	135 792	83 203	61%	793 218
Planning and development		448 339	212 101	220 851	42 549	84 565	36 809	47 756	130%	220 851
Road transport		803 240	596 715	549 343	66 012	129 974	95 146	34 827	37%	549 343
Environmental protection		24 493	22 824	23 024	2 233	4 457	3 837	619	16%	23 024
<i>Trading services</i>		3 310 423	3 676 200	3 662 121	355 260	695 190	611 406	83 784	14%	3 662 121
Energy sources		2 027 056	2 262 563	2 248 685	247 833	521 891	375 832	146 059	39%	2 248 685
Water management		591 867	615 516	615 516	51 009	84 482	102 586	(18 104)	-18%	615 516
Waste water management		301 479	436 078	436 078	21 841	33 848	72 680	(38 832)	-53%	436 078
Waste management		390 021	362 043	361 843	34 577	54 969	60 307	(5 338)	-9%	361 843
<i>Other</i>		86 867	143 000	143 000	4 833	28 261	23 834	4 427	19%	143 000
Total Expenditure - Functional	3	6 869 473	7 142 098	7 135 314	659 699	1 306 908	1 189 737	117 172	10%	7 135 314
Surplus/ (Deficit) for the year		445 233	975 460	977 040	(62 980)	174 181	233 336	(59 155)	-25%	977 040

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		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		419	–	436	–	–	40	(40)	-100.0%	436
Vote 02 - Directorate - Municipal Manager		22 544	34 559	34 559	2 993	2 993	5 760	(2 767)	-48.0%	34 559
Vote 03 - Directorate - Human Settlement		185 279	395 491	439 485	–	–	69 915	(69 915)	-100.0%	439 485
Vote 04 - Directorate - Chief Financial Officer		2 631 639	2 671 898	2 671 898	321 337	716 613	475 708	240 905	50.6%	2 671 898
Vote 05 - Directorate - Corporate Services		14 021	14 901	14 901	468	468	2 483	(2 015)	-81.1%	14 901
Vote 06 - Directorate - Infrastructure Services		3 533 627	3 857 597	3 806 383	228 907	590 784	663 934	(73 149)	-11.0%	3 806 383
Vote 07 - Directorate - Spatial Planning And Development		247 553	314 111	315 691	1 988	3 372	52 496	(49 124)	-93.6%	315 691
Vote 08 - Directorate - Health / Public Safety & Emergency Services		166 959	175 754	175 754	13 895	37 604	32 501	5 103	15.7%	175 754
Vote 09 - Directorate - Municipal Services		453 331	561 905	561 905	23 611	103 987	105 013	(1 027)	-1.0%	561 905
Vote 10 - Directorate - Economic Development & Agencies		59 335	91 342	91 342	3 520	25 268	15 224	10 044	66.0%	91 342
Total Revenue by Vote	2	7 314 706	8 117 558	8 112 354	596 719	1 481 089	1 423 072	58 017	4.1%	8 112 354
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		294 524	308 243	322 557	19 302	34 949	52 676	(17 727)	-33.7%	322 557
Vote 02 - Directorate - Municipal Manager		199 632	124 676	124 676	9 567	37 102	20 779	16 323	78.6%	124 676
Vote 03 - Directorate - Human Settlement		57 397	201 210	245 204	4 321	7 318	37 535	(30 217)	-80.5%	245 204
Vote 04 - Directorate - Chief Financial Officer		382 738	587 424	583 583	49 233	87 943	97 555	(9 612)	-9.9%	583 583
Vote 05 - Directorate - Corporate Services		154 996	251 127	251 127	20 262	30 466	41 855	(11 389)	-27.2%	251 127
Vote 06 - Directorate - Infrastructure Services		3 792 311	3 972 415	3 911 164	390 910	778 651	656 501	122 149	18.6%	3 911 164
Vote 07 - Directorate - Spatial Planning And Development		502 526	318 067	318 067	49 414	96 519	53 012	43 507	82.1%	318 067
Vote 08 - Directorate - Health / Public Safety & Emergency Services		526 906	452 199	452 199	34 453	68 116	75 367	(7 251)	-9.6%	452 199
Vote 09 - Directorate - Municipal Services		842 516	722 249	722 249	74 510	132 035	120 375	11 659	9.7%	722 249
Vote 10 - Directorate - Economic Development & Agencies		115 927	204 489	204 489	7 728	33 810	34 082	(272)	-0.8%	204 489
Total Expenditure by Vote	2	6 869 473	7 142 098	7 135 314	659 699	1 306 908	1 189 737	117 172	9.8%	7 135 314
Surplus/ (Deficit) for the year	2	445 233	975 460	977 040	(62 980)	174 181	233 336	(59 155)	-25.4%	977 040

7.4 Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 August 2019.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August										
Description	Ref	2018/19	Budget Year 2019/20							
		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		1 294 948	1 552 051	1 552 051	115 323	346 980	258 675	88 305	34%	1 552 051
Service charges - electricity revenue		1 783 118	2 161 342	2 110 129	162 983	326 150	355 568	(29 418)	-8%	2 110 129
Service charges - water revenue		500 568	583 149	583 149	34 343	70 617	97 191	(26 575)	-27%	583 149
Service charges - sanitation revenue		328 773	363 587	363 587	32 549	69 099	60 598	8 501	14%	363 587
Service charges - refuse revenue		251 830	310 978	310 978	22 690	45 573	51 830	(6 257)	-12%	310 978
Rental of facilities and equipment		22 505	19 214	19 214	1 596	3 022	3 202	(181)	-6%	19 214
Interest earned - external investments		98 690	110 025	110 025	8 725	10 244	18 337	(8 094)	-44%	110 025
Interest earned - outstanding debtors		67 093	59 465	59 465	6 793	13 648	9 911	3 737	38%	59 465
Dividends received								—		
Fines, penalties and forfeits		24 938	18 134	18 134	2 698	2 885	3 022	(138)	-5%	18 134
Licences and permits		15 156	15 955	15 955	1 734	2 072	2 659	(587)	-22%	15 955
Agency services		26 413	34 334	34 334	4 734	5 295	5 722	(427)	-7%	34 334
Transfers and subsidies		921 187	1 136 152	1 180 582	4 329	357 425	264 017	93 408	35%	1 180 582
Other revenue		701 757	778 623	778 623	191 662	221 519	129 770	91 748	71%	778 623
Gains on disposal of PPE		—	—	—	3 099	3 099	—	3 099	#DIV/0!	—
Total Revenue (excluding capital transfers and contributions)		6 036 979	7 143 008	7 136 225	593 256	1 477 626	1 260 504	217 122	17%	7 136 225

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

Description	Ref	2018/19	Budget Year 2019/20							
		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		2 039 428	2 259 759	2 259 759	164 152	342 329	376 628	(34 299)	-9%	2 259 759
Remuneration of councillors		62 316	68 485	68 485	5 110	10 220	11 414	(1 194)	-10%	68 485
Debt impairment		363 973	372 833	368 992	61 931	60 834	61 790	(956)	-2%	368 992
Depreciation & asset impairment		1 302 322	918 128	870 756	124 628	249 191	148 715	100 476	68%	870 756
Finance charges		38 467	41 004	41 004	2 921	5 846	6 834	(988)	-14%	41 004
Bulk purchases		1 628 957	1 938 461	1 924 582	199 831	452 153	321 815	130 338	41%	1 924 582
Other materials		86 967	72 241	72 241	9 572	10 302	12 040	(1 738)	-14%	72 241
Contracted services		676 063	888 061	932 107	45 902	69 165	152 015	(82 850)	-55%	932 107
Transfers and subsidies		63 263	48 175	48 175	1 992	3 376	8 029	(4 653)	-58%	48 175
Other expenditure		562 069	534 951	549 213	43 660	103 492	90 456	13 036	14%	549 213
Loss on disposal of PPE		45 648	—	—	—	—	—	—		—
Total Expenditure		6 869 473	7 142 098	7 135 314	659 699	1 306 908	1 189 737	117 172	10%	7 135 314
Surplus/(Deficit)		(832 494)	911	911	(66 444)	170 717	70 767	99 950	0	911
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		997 754	974 549	976 130	2 966	2 966	162 569	(159 602)	(0)	976 130
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		907	—	—	497	497	—	497	#DIV/0!	—
Transfers and subsidies - capital (in-kind - all)		279 067	—	—	—	—	—	—		—
Surplus/(Deficit) after capital transfers & contributions		445 233	975 460	977 040	(62 980)	174 181	233 336			977 040
Taxation		—	—	—	—	—	—	—		—
Surplus/(Deficit) after taxation		445 233	975 460	977 040	(62 980)	174 181	233 336			977 040
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		445 233	975 460	977 040	(62 980)	174 181	233 336			977 040
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		445 233	975 460	977 040	(62 980)	174 181	233 336			977 040

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Property Rates

The variance is due to the billing of rates for the full year for some properties (mostly government properties) as requested by property owners but payment is due on 30 September 2019.

7.4.1.2 Service charges - water revenue

The variance is due to the following:

- i. challenges relating to delays in communicating the information on completed RDP houses to water and billing departments as the process is not automated.

7.4.1.3 Service Charges - Sanitation Revenue

The variance that has been indicated for Property Rates above also affects Sanitation Revenue which is due to the billing of Sanitation for the full year for some properties (mostly government properties) as requested by property owners but payment is due on 30 September 2019.

7.4.1.4 Service Charges – Refuse

The Revenue Department is currently reviewing the entire billing vs property population in an attempt to identify gaps in the billing and resolution thereof.

7.4.1.5 Interest earned - external investments

The decrease in cash reserves that is mainly caused by the low collection rate when compared to the set targets, is having a negative impact on interest earned on external investments.

7.4.1.6 Interest earned – outstanding debtors

The variance is as a result of the debtors book that is increasing due to non-

payment of debtors despite the daily credit control action that is implemented. Due to the monthly increase in debtors, the interest charges increase automatically.

7.4.1.7 Licences and permits

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Department of Transport directly. Members of the public generally go to the closest convenient point in order to pay which may not always be BCMM. Three private companies other than BCMM also offer roadworthy testing of vehicles. These private companies are not as strict and as legislated as BCMM. Learners Licences and Professional Drivers Licence testing can also be undertaken at the Department of Transport. If members of the public cannot secure an appointment for these tests which are suitable for them through BCMM they will then arrange an appointment with the Department of Transport which contributes to the lesser income derived by BCMM.

7.4.1.8 Transfers and Subsidies

The over recovery of 35% is a combination of the non-alignment of the period budget which is based on past trends with the actual trend.

7.4.1.9 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 realized is above the projected income for the period under review due to intercompany subsidiary transactions between Buffalo City Metropolitan Development Agency (BCMDA) and BCMM, mSCOA only eliminates inter-company transactions at a surplus / deficit level.

7.4.1.10 Gains on disposal of PPE

The variance is as a result of proceeds from the sale of redundant assets which was not budgeted as past trend reflect that we incur net loss disposal of assets.

7.4.1.11 Depreciation & asset impairment

The variance is due to the fact that the City is using revaluation model to value its infrastructure assets. The change of valuation model is still under consideration.

7.4.1.12 Finance charges

Finance charges have not been incurred on the new projected loan due to no drawdown on this new facility to date. Once capital expenditure is incurred together with associated finance charges this variance will correct itself to be in-line with the budget for finance charges.

7.4.1.13 Bulk purchases

The variance on bulk purchases is due to the fact that expenditure on water and electricity is not incurred proportionally throughout the year due to cyclic demands.

7.4.1.14 Other materials

The variance is due to inventory materials and supplies that have fluctuating demand. The situation is being monitored.

7.4.1.15 Contracted Services

The variance is mainly due to the under expenditure on operating projects and repairs and maintenance. It is expected that the expenditure will improve in the following months as procurement processes would be concluded.

7.4.1.16 Transfers and Subsidies

The actual expenditure is below the projected expenditure for the period under review due to delays in the implementation of Trade, Industry & Rural Agrarian programme.

7.4.1.17 Other expenditure

The variance is due to the following:

- i. Intercompany subsidiary transactions between Buffalo City Metropolitan Development Agency (BCMDA) and BCMM; mSCOA only eliminates inter-company transactions at a surplus / deficit level.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 August 2019, the repairs and maintenance expenditure is 10% of the budget of R392.58 million (2018/19: 12%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2019/2020</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2019/2020</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2019/2020</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2019/2020</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 252 819	323 828	2 928 991	10%
Directorate Of The City Manager	146 999	25 808	121 191	18%
Directorate Of Corporate Services	8 242 027	207 494	8 034 533	3%
Directorate Of Development & Spatial Planning	18 164 274	1 710 705	16 453 569	9%
Directorate Of Economic Development & Agencies	1 302 684	98 181	1 204 503	8%
Directorate Of Finance	2 735 663	29 215	2 706 448	1%
Directorate Of Health / Public Safety & Emergency Services	5 985 637	775 687	5 209 950	13%
Directorate Of Human Settlement	575 174	39 046	536 128	7%
Directorate Of Infrastructure Services	322 028 356	29 553 135	292 475 222	9%
<i>Electricity</i>	123 572 532	17 112 483	106 460 049	14%
<i>Water</i>	40 022 503	5 073 151	34 949 352	13%
<i>Sanitation</i>	35 738 327	3 717 178	32 021 149	10%
<i>Other</i>	122 694 994	3 650 322	119 044 672	3%
Directorate Of Municipal Services	30 149 802	5 178 889	24 970 913	17%
TOTAL	392 583 435	37 941 986	354 641 449	10%

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 - M02 August)										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		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		1 967	500	3 500	—	—	356	(356)	-100%	3 500
Vote 02 - Directorate - Municipal Manager		3 358	6 664	6 664	16	16	1 111	(1 095)	-99%	6 664
Vote 03 - Directorate - Human Settlement		415	252 782	252 782	942	942	42 130	(41 188)	-98%	252 782
Vote 04 - Directorate - Chief Financial Officer		2 339	141 858	159 982	5	5	25 291	(25 285)	-100%	159 982
Vote 05 - Directorate - Corporate Services		562	45 910	46 024	4 666	4 666	7 662	(2 996)	-39%	46 024
Vote 06 - Directorate - Infrastructure Services		221 488	700 606	785 857	21 469	24 217	124 518	(100 301)	-81%	785 857
Vote 07 - Directorate - Spatial Planning And Development		3 330	307 351	328 975	21 887	21 966	53 191	(31 225)	-59%	328 975
Vote 08 - Directorate - Health / Public Safety & Emergency Services		13 916	24 650	28 307	—	—	4 441	(4 441)	-100%	28 307
Vote 09 - Directorate - Municipal Services		3 239	158 121	203 237	12 073	12 073	30 455	(18 382)	-60%	203 237
Vote 10 - Directorate - Economic Development & Agencies		5 936	98 970	139 939	2 835	2 835	20 219	(17 384)	-86%	139 939
Total Capital Multi-year expenditure	4,7	256 551	1 737 413	1 955 267	63 892	66 721	309 374	(242 653)	-78%	1 955 267
Capital Expenditure - Functional Classification										
Governance and administration		79 818	225 114	257 452	4 857	4 857	40 459	(35 602)	-88%	257 452
Executive and council		5 325	47 424	50 424	4 681	4 681	8 177	(3 495)	-43%	50 424
Finance and administration		74 493	177 690	207 028	176	176	32 282	(32 106)	-99%	207 028
Internal audit								—		
Community and public safety		16 577	324 264	355 727	5 004	5 004	56 904	(51 900)	-91%	355 727
Community and social services		898	12 123	20 505	30	30	3 104	(3 074)	-99%	20 505
Sport and recreation		1 348	34 910	58 584	4 032	4 032	7 971	(3 938)	-49%	58 584
Public safety		13 674	23 250	22 657	—	—	3 499	(3 499)	-100%	22 657
Housing		415	252 782	252 782	942	942	42 130	(41 188)	-98%	252 782
Health		242	1 200	1 200	—	—	200	(200)	-100%	1 200
Economic and environmental services		13 309	649 295	698 432	26 285	29 101	112 683	(83 582)	-74%	698 432
Planning and development		4 922	354 451	376 410	21 716	21 796	61 071	(39 276)	-64%	376 410
Road transport		7 983	294 844	318 580	4 569	7 305	51 299	(43 993)	-86%	318 580
Environmental protection		404	—	3 442	—	—	313	(313)	-100%	3 442
Trading services		142 652	505 051	580 434	24 911	24 923	91 028	(66 105)	-73%	580 434
Energy sources		70 936	102 500	105 122	14 209	14 209	17 322	(3 112)	-18%	105 122
Water management		—	83 500	101 444	2 408	2 408	15 548	(13 140)	-85%	101 444
Waste water management		71 127	207 762	248 711	282	295	38 350	(38 055)	-99%	248 711
Waste management		589	111 289	125 157	8 011	8 011	19 809	(11 797)	-60%	125 157
Other		4 195	33 688	63 222	2 835	2 835	8 300	(5 465)	-66%	63 222
Total Capital Expenditure - Functional Classification	3	256 551	1 737 413	1 955 267	63 892	66 721	309 374	(242 653)	-78%	1 955 267
Funded by:										
National Government		83 630	974 549	974 549	37 183	39 800	162 425	(122 625)	-75%	974 549
Provincial Government		—	—	1 580	—	—	144	(144)	-100%	1 580
District Municipality								—		
Other transfers and grants		1 742	65 282	65 282	—	—	10 880	(10 880)	-100%	65 282
Transfers recognised - capital		85 371	1 039 831	1 041 412	37 183	39 800	173 449	(133 649)	-77%	1 041 412
Borrowing	6	—	69 582	69 582	—	—	11 597	(11 597)	-100%	69 582
Internally generated funds		171 179	628 000	844 274	26 709	26 921	124 328	(97 407)	-78%	844 274
Total Capital Funding		256 551	1 737 413	1 955 267	63 892	66 721	309 374	(242 653)	-78%	1 955 267

7.4.4 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 21.40 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

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

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		247 281	80 155	80 155	204 869	80 155
Call investment deposits		921 186	1 570 148	1 570 148	1 209 777	1 570 148
Consumer debtors		1 084 584	798 270	798 270	1 035 352	798 270
Other debtors		5 023 096	968 000	968 000	497 965	968 000
Current portion of long-term receivables		–	–	–	–	–
Inventory		37 312	47 069	47 069	35 385	47 069
Total current assets		7 313 459	3 463 641	3 463 641	2 983 350	3 463 641
Non current assets						
Long-term receivables		491	–	–	–	–
Investments		–	–	–	–	–
Investment property		401 546	534 856	534 856	402 066	534 856
Investments in Associate		652 039	133 109	133 109	652 039	133 109
Property, plant and equipment		19 740 883	20 074 795	20 074 795	19 850 413	20 074 795
Biological		–	–	–	–	–
Intangible		20 165	20 773	20 773	20 490	20 773
Other non-current assets		49 780	55 420	55 420	–	55 420
Total non current assets		20 864 904	20 818 954	20 818 954	20 925 007	20 818 954
TOTAL ASSETS		28 178 363	24 282 595	24 282 595	23 908 357	24 282 595
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		57 974	56 849	56 849	57 974	56 849
Consumer deposits		71 485	79 135	79 135	64 407	79 135
Trade and other payables		5 816 212	1 335 430	1 335 430	1 112 756	1 335 430
Provisions		251 010	244 792	244 792	314 601	244 792
Total current liabilities		6 196 681	1 716 206	1 716 206	1 549 737	1 716 206
Non current liabilities						
Borrowing		287 581	246 225	246 225	287 581	246 225
Provisions		733 935	579 483	579 483	670 345	579 483
Total non current liabilities		1 021 515	825 708	825 708	957 925	825 708
TOTAL LIABILITIES		7 218 197	2 541 914	2 541 914	2 507 662	2 541 914
NET ASSETS	2	20 960 166	21 740 680	21 740 680	21 400 695	21 740 680
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		11 135 213	12 760 637	12 760 637	11 533 695	12 760 637
Reserves		9 866 999	9 955 503	9 955 503	9 866 999	9 955 503
TOTAL COMMUNITY WEALTH/EQUITY	2	21 002 213	22 716 140	22 716 140	21 400 695	22 716 140

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R57.93 million, resulting in cash and cash equivalents closing balance of R1.41 billion as at 31 August 2019.

Table 9: C7: Monthly Budget Statement – Cash Flow

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

Description	Ref	2018/19	Budget Year 2019/20							
		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		1 294 948	1 435 647	1 435 647	144 072	220 960	239 275	(18 314)	-8%	1 435 647
Service charges		2 820 302	3 162 626	3 115 254	221 653	400 249	527 104	(126 855)	-24%	3 115 254
Other revenue		472 055	809 829	801 291	205 522	237 891	134 972	102 919	76%	801 291
Government - operating		918 696	1 126 922	1 180 582	185 988	544 084	187 820	356 264	190%	1 180 582
Government - capital		997 754	974 549	976 130	40 362	245 718	162 425	83 293	51%	976 130
Interest		165 345	165 029	165 029	15 518	23 892	27 505	(3 613)	-13%	165 029
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(5 402 458)	(5 761 958)	(5 806 387)	(640 126)	(1 539 052)	(960 326)	578 725	-60%	(5 806 387)
Finance charges		(38 467)	(41 004)	(41 004)	(2 921)	(5 846)	(6 834)	(988)	14%	(41 004)
Transfers and Grants		(77 040)	(48 175)	(48 175)	(1 858)	(3 242)	(8 029)	(4 787)	60%	(48 175)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 151 135	1 823 466	1 778 367	168 212	124 654	303 911	179 257	59%	1 778 367
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2 226						-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(1 758 273)	(1 737 413)	(1 955 267)	(63 892)	(66 721)	(289 569)	(222 848)	77%	(1 955 267)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 756 047)	(1 737 413)	(1 955 267)	(63 892)	(66 721)	(289 569)	(222 848)	77%	(1 955 267)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing			69 582	69 582				-		69 582
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing		(52 572)	(56 849)	(56 849)	-	-	(9 475)	(9 475)	100%	(56 849)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(52 572)	12 733	12 733	-	-	(9 475)	(9 475)	100%	12 733
NET INCREASE/ (DECREASE) IN CASH HELD		(657 484)	98 786	(164 167)	104 319	57 934	4 867			(164 167)
Cash/cash equivalents at beginning:		1 825 130	1 551 516	1 356 713		1 356 713	1 356 713			1 356 713
Cash/cash equivalents at month/year end:		1 167 646	1 650 302	1 192 546		1 414 647	1 361 580			1 192 546

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August														
Description	NT Code	Budget Year 2019/2020										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	43 274	23 816	13 684	11 863	9 950	11 061	46 722	252 295	412 665	331 891	7 098	3 649	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	112 052	42 737	8 439	4 544	3 939	3 592	17 299	42 964	235 565	72 338	25 671	12 836	
Receivables from Non-exchange Transactions - Property Rates	1400	183 378	40 242	23 685	16 807	14 482	13 299	65 386	251 180	608 459	361 155	19 397	9 702	
Receivables from Ex change Transactions - Waste Water Management	1500	30 729	11 067	6 019	4 834	4 072	3 815	18 918	113 079	192 533	144 718	4 534	2 272	
Receivables from Ex change Transactions - Waste Management	1600	20 356	10 136	6 148	5 477	4 716	4 587	24 552	167 722	243 694	207 054	3 886	1 944	
Receivables from Ex change Transactions - Property Rental Debtors	1700	—	—	—	—	—	—	—	39	39	39	—	—	
Interest on Arrear Debtor Accounts	1810	7 150	7 135	6 986	6 822	6 525	6 410	31 327	181 401	253 755	232 484	—	—	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	—	—	
Other	1900	17 580	11 737	6 876	5 625	5 710	4 661	28 049	188 964	269 202	233 009	1 345	673	
Total By Income Source	2000	414 520	146 870	71 835	55 971	49 394	47 424	232 253	1 197 644	2 215 912	1 582 687	61 931	31 075	
2016/17 - totals only										—	—			
Debtors Age Analysis By Customer Group														
Organs of State	2200	68 791	10 405	3 065	780	564	490	1 728	6 766	92 588	10 327		—	
Commercial	2300	197 303	60 707	22 651	15 528	13 467	11 511	52 188	211 086	584 442	303 781		—	
Households	2400	148 426	75 759	46 118	39 663	35 363	35 423	178 337	979 792	1 538 882	1 268 578	61 931	31 075	
Other	2500									—	—		—	
Total By Customer Group	2600	414 520	146 870	71 835	55 971	49 394	47 424	232 253	1 197 644	2 215 912	1 582 687	61 931	31 075	

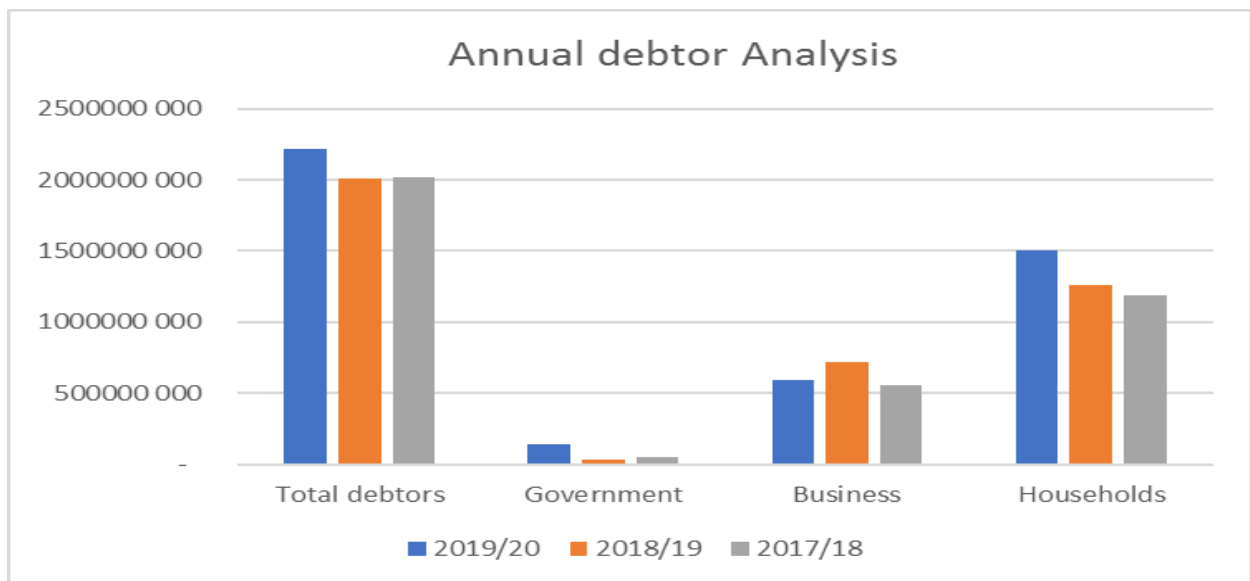
8.1.1. Additional debtors' information

The total debtors book, which includes all charges excluding VAT, amounted to R2,215,911,566 as at 31 August 2019 which is a decrease of R18,765,195 over the amount of R2,234,676,761 as at 31 July 2019.

During the month, Credit control action and debt collection action was implemented.

The graph below shows comparison of annual movements in debtors of the 3 year period.

Figure 4: Debtors age analysis over the 3 year period



8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis by income source as at 31 August 2019. It also provides comparison with the previous month (31 July 2019) which indicates a decrease from R2.23 billion to R2.22 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR AUGUST 2019	TOTAL FOR JULY 2019
CURRENT	185 932 163	37 578 094	112 641 615	49 216 258	21 253 485	7 897 929	414 519 543	474 906 336
30 DAYS	42 776 241	12 748 123	43 258 060	28 319 137	11 032 311	8 736 559	146 870 431	131 055 930
60 DAYS	26 096 740	8 088 616	8 905 169	17 726 494	7 027 559	3 990 264	71 834 843	70 960 412
90 DAYS	19 110 095	6 344 705	5 222 544	15 519 765	6 376 974	3 397 411	55 971 494	56 479 757
120 DAYS TO 360 DAYS	118 405 309	38 806 226	29 593 260	109 601 034	44 221 609	23 988 964	364 616 403	366 187 966
YEAR 2	97 639 649	40 135 088	17 475 354	105 646 081	46 446 432	31 248 228	338 590 833	328 506 543
YEAR 3	53 514 336	27 587 375	12 202 820	76 814 931	32 604 699	18 353 108	221 077 269	222 559 378
YEAR 4	40 216 233	21 523 005	6 222 000	47 621 659	25 061 252	13 581 628	154 225 776	145 931 538
YEAR 5	31 206 470	14 842 892	3 676 972	29 167 481	17 697 235	10 994 917	107 585 968	105 354 594
YEAR 5+	78 118 240	52 496 020	8 989 931	77 293 890	71 805 966	51 914 961	340 619 008	332 734 306
TOTAL	693 015 475	260 150 143	248 187 725	556 926 730	283 527 523	174 103 969	2 215 911 566	2 234 676 761

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 August 2019. 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 category, however the collection ratio is reported on total debtors.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	142 119 258	68 917 857	41 741 037	35 843 901	1 275 614 736	1 564 236 790	70.59
Indigent	12 977 167	10 309 835	6 781 579	5 961 031	16 435 981	52 465 592	2.37
Business	190 330 691	55 517 370	20 049 440	13 204 496	223 539 416	502 641 413	22.68
Government	67 476 419	11 719 095	3 065 480	780 055	9 547 371	92 588 420	4.18
Municipal Staff	1 568 130	398 059	195 250	180 563	1 553 214	3 895 217	0.18
Councillors	47 879	8 215	2 057	1 447	24 538	84 134	0.00
Total	414 519 543	146 870 431	71 834 843	55 971 494	1 526 715 256	2 215 911 566	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. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table.

During the month of August 2019 a total of R2,026,777.47 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,667,604.89
Arrears Receipts	<u>R 359,172,58</u>
Total Receipts	<u>R 2,026,777.47</u>

Billing related queries such as water leaks prevent the debt from decreasing until it is resolved.

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 August 2019 amounted to R92,588,420 and this is a decrease of R44,182,331 when compared to July 2019.

The breakdown of the arrears per department (excluding accounts in credit) are indicated in the table hereunder, as at 31 August 2019.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 AUGUST 2019	ARREARS AS AT 31 JULY 2019	DIFFERENCE
National Department Of Public Works	6 045 766	7 655 401	13 701 166	14 941 291	(1 240 125)
Provincial Department Of Public Works	49 955 994	3 683 291	53 639 285	98 126 609	(44 487 325)
Department Of Education	0	7 483 639	7 483 639	7 882 137	(398 498)
Department Of Health	0	14 051 611	14 051 611	11 826 536	2 225 075
Department Of Social Development	0	240 230	240 230	277 499	(37 270)
Department Of Transport	0	128 469	128 469	75 792	52 677
Department Of Agriculture	0	49 676	49 676	35 292	14 384
Department Of Nature Conservation	0	6 132	6 132	28 097	(21 964)
Department of Human Settlements	0	338 693	338 693	430 887	(92 194)
Sport, Recreation, Arts and Culture	0	51 329	51 329	84 121	(32 792)
Department of Labour - UIF Services	0	561 810	561 810	560 429	1 381
Members Of Provincial Legislature	0	72 544	72 544	103 545	(31 000)
Department of Rural Development and Land Reform	0	2 263 835	2 263 835	2 398 516	(134 681)
TOTAL	56 001 760	36 586 660	92 588 420	136 770 751	(44 182 331)

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The creditors payment days has decreased to 27 days, this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA.

Table 14: SC4 Monthly Budget Statement Aged Creditors

Choose name from list - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description R thousands	NT Code	Budget Year 2013/14									Prior year
		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	totals for chart (same period)
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	219 471								219 471	
Bulk Water	0200	21 193								21 193	
PAYE deductions	0300	24 520								24 520	
VAT (output less input)	0400	-								-	
Pensions / Retirement deductions	0500	29 607								29 607	
Loan repay ments	0600	-								-	
Trade Creditors	0700	70 439								70 439	
Auditor General	0800	24								24	
Other	0900	331 953								331 953	
Total By Customer Type	1000	697 208	-	-	-	-	-	-	-	697 208	-

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in August 2019.

Table 15: Payments made to the 20 highest paid creditors – August 2019

<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				219 471 230	219 471 230	219 471 230
AMATOLA WATER				21 193 459	21 193 459	21 193 459
STEFANUTTI STOCKS ROADS & EARTHWORKS				19 277 036	19 277 036	19 277 036
MANTELLA TRADING 522 CC				18 417 396	18 417 396	18 417 396
HAW & INGLIS (PTY) LTD				14 694 143	14 694 143	14 694 143
CZAR CONSTRUCTION				11 555 888	11 555 888	11 555 888
DOWN TOUCH INVESTMENTS (PTY) LTD				11 290 268	11 290 268	11 290 268
IMVUSA TRADING 415 CC				10 406 246	10 406 246	10 406 246
MVEZO PLANT & CIVILS CC				9 231 291	9 231 291	9 231 291
MIHLEKUTHI TRADING				9 130 808	9 130 808	9 130 808
EZULUWENI CONSTRUCTION (PTY) LTD				6 606 653	6 606 653	6 606 653
S A M E WATER (PTY) LTD				4 291 911	4 291 911	4 291 911
EYA BANTU PROFFESIONAL SERVICES CC				4 227 007	4 227 007	4 227 007
TSHIYA INFRASTRUCTURE DEVELOPMENT				4 161 071	4 161 071	4 161 071
BONTIFOR (PTY) LTD				3 315 597	3 315 597	3 315 597
CHIPPA TRAINING ACADEMY (PTY) LTD				2 725 942	2 725 942	2 725 942
RANDCIVILS				2 651 167	2 651 167	2 651 167
HEMIPAC INVESTMENTS (PTY) LTD				2 585 045	2 585 045	2 585 045
KHULANI WASTE MANAGEMENT				2 541 725	2 541 725	2 541 725
MAKINWA MEDIA SOLUTIONS				2 499 669	2 499 669	2 499 669
TOTAL	0	0	0	380 273 552	380 273 552	380 273 552

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Rand Merchant Bank X021901943		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	57 775	627			58 402
Absa 9128844539/4094793455		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	390	4			394
Absa 91 4102 2241/4094798489		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	11 577	126			11 703
Rand Merchant Bank X021904910		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	18 662	203			18 865
Absa 9205622137/4094793968		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	177	2			179
Rand Merchant Bank X021904913		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	18 173	197			18 370
Stanlib 551 660 303		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	2 300	29			2 329
Nedbank 03/7881532939/000041		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	1 151	12			1 164
Nedbank 03/7881532939/000056		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	1 075	12			1 087
Absa 9205590710/4094789181		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	51	1			51
Nedbank 03/7881532939/000117		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	189	2			191
Nedbank 03/7881532939/000108		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	84	1			85
Absa 9193607257/4094789157		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	948	10			958
Nedbank 03/7881532939/000110		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	302	3			306
Rand Merchant Bank RRB1629010		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	89 983	977			90 960
Stanlib 551 989 180		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	46 968	595			47 564
Absa 9225909850/4094790083		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	1 189	13			1 201
Stanlib 551 539 764		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	937	12			949
Stanlib 700 475 605		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	142	2			144
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	1 692	18			1 710
Nedbank 03/7881532939/000128		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	123 923	938	53 171	63 000	134 690
Rand Merchant Bank RRB1722008		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	22 011	322		37 000	59 333

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Standard 76586/442745		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	75 781	921		44 000	120 703
Absa 9264063148/4094790211		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	91 818	1 132		60 356	153 306
Rand Merchant Bank KLN2720020		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	3 133	45		5 000	8 178
Stanlib 551 868 235		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	170	2			173
Absa 9205590891/4094793895		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	512	6			518
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	8	6		2 489	2 503
Nedbank 03/7881532939/000133		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	348	4			351
Nedbank 03/7881532939/000134		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	9 210	179		35 170	44 559
Stanlib 700 262 053		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	224	3			227
Rand Merchant Bank KLN8UJ0005		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	4 692	53		1 000	5 745
Standard 76586/524914		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	312	3			315
Nedbank 03/7881532939/000136		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	9 144	99			9 243
Stanlib 552 200 130		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	16 560	210			16 770
Stanlib 552 200 132		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	1 299	16			1 315
Standard 76586/442736		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	311	3			314
Stanlib 552 200 131		Call Account	Call Account	Yes	Variable	7.51	–		Call Account	17 151	277		23 000	40 428
Rand Merchant Bank X021904579		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	1 003	51		18 000	19 055
Nedbank 03/7881532939/000101		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	16 272	284		48 000	64 556
Absa 4094793536		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	1 873	118		43 500	45 491
Absa 4094789872		Call Account	Call Account	Yes	Variable	6.75	–		Call Account	131 291	942	46 829		85 404
Standard 76586/442741		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	38 462	417			38 879
Standard 76586/442744		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	34 392	373			34 766
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	23 745	258			24 002
Nedbank 03/7881532939/000129		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	26 642	289			26 931
Nedbank 03/7881532939/000132		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	17 645	192			17 837
Standard 76586/442738		Call Account	Call Account	Yes	Variable	6.30	–		Call Account	2 921	32			2 953
Municipality sub-total										924 619	10 023	100 000	380 515	1 215 157
Entities														
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2									924 619		100 000	380 515	1 215 157

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

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

Description	Ref	2018/19	Budget Year 2019/20							
		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:		889 343	1 432 884	1 432 884	185 988	544 084	219 017	325 067	148.4%	885 387
RSC Levy Replacement		–	547 497	547 497	182 499	182 499	–	182 499		–
Equitable Share		778 048	847 431	847 431	–	353 096	211 858	141 238	66.7%	847 431
Expanded Public Works Programme Integrated Grant for Municipalities		–	–	–	–	–	–	–		–
Expanded Public Works Programme Integrated Grant for Municipalities		4 050	9 956	9 956	2 489	2 489	1 659	830	50.0%	9 956
Infrastructure Skills Development Grant		–	–	–	–	–	–	–		–
Infrastructure Skills Development Grant [Schedule 5B]	3	9 587	11 150	11 150		5 000	1 858	3 142	169.1%	11 150
Local Government Financial Management Grant [Schedule 5B]		1 086	1 000	1 000	1 000	1 000	1 000	–	0.0%	1 000
Public Transport Network Grant [Schedule 5B]		3 407	15 850	15 850	–	–	2 642	(2 642)	-100.0%	15 850
Public Transport Network Operations Grant		–	–	–	–	–	–	–		–
Urban Settlement Development Grant		93 164	–	–	–	–	–	–		–
Urban Settlement Development Grant [Schedule 4B]		–	–	–	–	–	–	–		–
Provincial Government:		25 371	–	–	–	–	–	–		266 638
Capacity Building		752	–	–	–	–	–	–		–
Housing		8 749	–	–	–	–	–	–		–
Human Settlement Development		–	–	–	–	–	–	–		–
Libraries; Archives and Museums	4	15 870	–	–	–	–	–	–		–
Specify (Add grant description)		–	–	–	–	–	–	–		266 638
Other transfers and grants [insert description]		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		6 473	28 121	28 556	–	–	4 726	(4 726)	-100.0%	28 556
Libraries; Archives and Museums		–	15 870	15 870	–	–	2 645	(2 645)	-100.0%	15 870
Local Government Water and Related Service SETA		3 594	12 251	12 251	–	–	2 042	(2 042)	-100.0%	12 251
Parent Municipality		2 468	–	–	–	–	–	–		–
Salauda / Gavle		410	–	436	–	–	40	(40)	-100.0%	436
Total Operating Transfers and Grants	5	921 187	1 461 005	1 461 440	185 988	544 084	223 743	320 341	143.2%	1 180 582
Capital Transfers and Grants										
National Government:		990 299	974 549	974 549	40 362	245 718	162 425	83 293	51.3%	974 549
Energy Efficiency and Demand-side		–	–	–	–	–	–	–		–
Energy Efficiency and Demand-side [Schedule 5B]		7 998	–	–	–	–	–	–		–
Infrastructure Skills Development Grant [Schedule 5B]		110	–	–	–	–	–	–		–
Integrated City Development Grant		10 002	10 383	10 383	5 192	5 192	1 731	3 462	200.0%	10 383
Integrated National Electrification Programme		5 213	–	–	–	–	–	–		–
Integrated National Electrification Programme [Schedule 5B]		–	–	–	–	–	–	–		–
Local Government Financial Management Grant		–	–	–	–	–	–	–		–
Neighbourhood Development Partnership Grant		5 993	7 500	7 500	–	1 000	1 250	(250)	-20.0%	7 500
Public Transport Infrastructure Grant		–	–	–	–	–	–	–		–
Public Transport Network Grant		–	218 616	218 616	35 170	35 170	36 436	(1 266)	-3.5%	218 616
Public Transport Network Grant [Schedule 5B]		91 092	–	–	–	–	–	–		–
Regional Bulk Infrastructure Grant		65	–	–	–	–	–	–		–
Urban Settlement Development Grant		869 826	738 050	738 050	–	204 356	123 008	81 348	66.1%	738 050
Urban Settlement Development Grant [Schedule 4B]		–	–	–	–	–	–	–		–
Provincial Government:		7 456	–	1 580	–	–	144	(144)	-100.0%	1 580
Human Settlement Development		–	–	–	–	–	–	–		–
Road Infrastructure		7 456	–	–	–	–	–	–		–
Specify (Add grant description)		–	–	1 580	–	–	144	(144)	-100.0%	1 580
District Municipality:		279 067	–	–	–	–	–	–		–
Finance and Admin		279 067	–	–	–	–	–	–		–
Other grant providers:		907	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Parent Municipality		907	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	1 277 727	974 549	976 130	40 362	245 718	162 569	83 149	51.1%	976 130
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	2 198 915	2 435 554	2 437 570	226 350	789 802	386 312	403 490	104.4%	2 156 711

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 5% (R51.50 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants budget of R1.09 billion as at 31 August 2019. This indicates a decrease when compared to the same period in the previous financial year where 6% (R50.15 million, inclusive of reclaimed of vat) of conditional grants budget of R911.61 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.

Table 18 below reflects the year to date expenditure on 2019/20 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2019/2020 Approved Budget	YTD Exp (vat) R	% Expenditure vs. Budget (vat incl.)
Finance Management Grant	1 000 000	67 155	7%
Infrastructure Skills Development Grant	11 300 000	1 353 197	12%
Urban Settlement Development Grant	817 423 000	27 624 156	3%
Neighbourhood Development Partnership Grant	7 500 000	0	0%
Integrated City Development Grant	10 383 000	0	0%
Expanded Public Works Programme Grant	9 956 000	2 480 463	25%
Public Transport Infrastructure Grant	234 466 000	19 977 237	9%
TOTAL	1 092 028 000	51 502 209	5%

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.

Also refer to section 14.1 of the report on measures to improve expenditure performance.

11.1.1. FINANCE MANAGEMENT GRANT (FMG)

There are currently four (4) interns serving on the internship programme. The interns are being remunerated accordingly. A recruitment process to advertise for three (3) additional intern positions has already been started as the target for the current financial year is to have at least 7 interns. Grant funding is being utilized in line with the set targets.

11.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Low expenditure can be attributed to the fact that recruitment process for 6 new interns is still underway. Two Informal Tenders have not yet been awarded and are being advertised. Late submission of claims by mentors amounting to approximately R200 00 have also contributed to low expenditure. Procurement of 6 laptops is also underway.

11.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Spatial Planning and Development

Bridge Designs & Implementation

Two bridges have been identified for construction in the current financial year. Designs are complete however, one has been submitted to Department of Economic Affairs, Environment and Tourism for environmental approval. Approval is required before implementation can commence. Public consultation for the environmental approval has been concluded and BCMM is currently awaiting the final approval. For the second one, a requisition has been submitted for the appointment of a Contractor from the annual contracts. Expenditure is expected to improve once approval has been granted for the first bridge and for the second bridge once the appointment of a contractor has been concluded.

Taxi Rank Infrastructure

The bid for the Upgrading of Ginsberg Rank is at the procurement stage. Expenditure will improve once the service provider is appointed.

Taxi/Bus Embayment

Process of getting a service provider is in progress and expenditure will improve once the service provider has started construction.

Traffic Signals

Waiting for the appointment of civil works contractor, expenditure will improve once the contractor is appointed.

Infrastructure Services

Roads & stormwater:

The process of project identification is complete. Project estimates have been complete and requisitions have been prepared for the work for appointment of a service provider from annual contract. Work will start as soon as the service provider has been appointed.

Water:

Expenditure is expected to improve once work is allocated to contractors.

Sanitation:

The three main reasons for low expenditure on USDG funded projects at the end of August 2019 are the following:

- i. Some of the projects will be implemented using Maintenance Contractors, namely, remedial works to Hood Point Marine Outfall Sewer, Ablution Facilities, and Mdantsane Sanitation. Requisitions for appointment of Contractors have been submitted to SCM for appointment of service provider from annual contracts for Ablution Facilities. The consulting engineers are still finalizing Bill of Quantities prior to pricing by maintenance contractors for Mdantsane Sanitation and Hood Point Marine Sewer.
- ii. There are delays in concluding capacity assessments for Belin Sewers Phase 3, resulting in delays in finalization of detailed designs. Similarly, there are some remedial work to be completed in the Phase

2 following termination of a contract with the Contractor that was not performing.

- iii. The contractor has logged a dispute with the municipality in the case of Bhisho KWT and Zwelitsha Bulk Sewer Phase 2, which has delayed expenditure and progress on site. Efforts are currently underway to resolve the matter.

Electricity:

Projects have just commenced, expenditure will improve as projects progress. Street Lighting & Highmast phase one highmast have been ordered and delivery is estimated end October 2019 and Street Lighting is at design stage. USDG Electrification Program contractor is on site at Phakamisa and for Electrification of Informal Dwellings Materials have been ordered for Mzamomhle.

Human Settlements

Expenditure is expected to improve once work orders have been finalized and contractors have begun work on site.

11.1.4. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

The work started in the 2018/2019 financial year, however the engineer and contractor have not yet received their orders for the work to continue in the 2019/2020 financial year.

11.1.5. INTEGRATED CITY DEVELOPMENT GRANT (ICDG)

The process of project identification is complete. Project estimates have been complete and requisitions have been prepared for the work. Work will start as soon as the orders have been received.

11.1.6. PUBLIC TRANSPORT INFRASTRUCTURE GRANT (PTNG)

Qumza Highway

The Contractor is still busy with Base Layer on the first section of the road works that is expected to be completed by end of September 2019.

Expenditure will improve once all sections are progressed to the Asphalt Level.

Mdantsane Access Road

Specialist service providers to carry out concept designs have not been appointed as proposals were being finalized. The service provider will be appointed by the end of September 2019.

Industry Transition Plan & Universal Access Development Plan

The project commenced at the beginning of August 2019. Expenditure is expected to increase when invoices are processed.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 26.98%. This is within the norm of 25% - 40%.

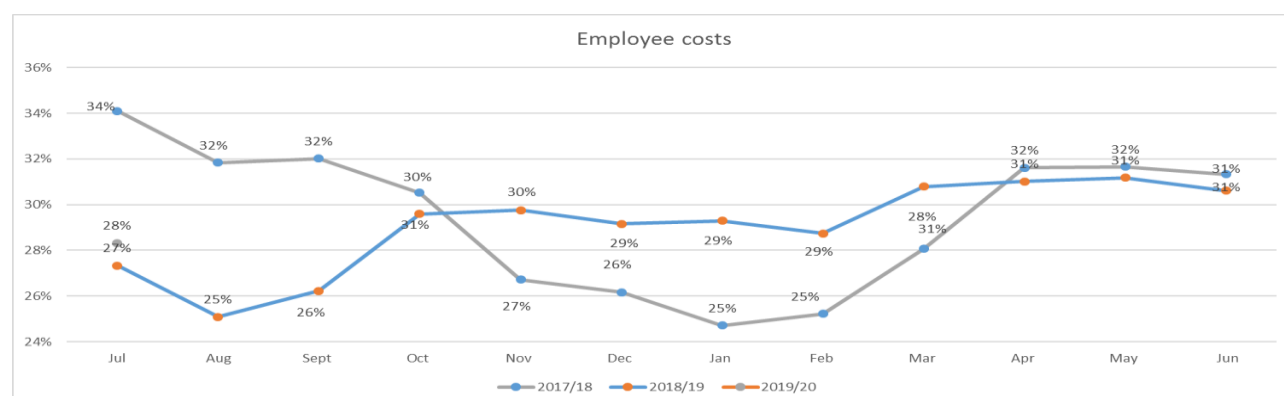
Table 19: SC8 Monthly Budget Statement – Councilor, Board Members and Staff Benefits

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

Summary of Employee and Councillor remuneration	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		35 236	42 950	42 950	2 864	5 728	7 158	(1 431)	-20%	42 950
Pension and UIF Contributions		4 265	4 267	4 267	354	707	711	(4)	-1%	4 267
Medical Aid Contributions		2 270	2 011	2 011	197	397	335	61	18%	2 011
Motor Vehicle Allowance								-		
Cellphone Allowance		4 309	2 800	2 800	337	674	467	207	44%	2 800
Housing Allowances		2 361	2 426	2 426	193	383	404	(21)	-5%	2 426
Other benefits and allowances		13 873	14 031	14 031	1 166	2 332	2 339	(7)	0%	14 031
Sub Total - Councillors		62 316	68 485	68 485	5 110	10 220	11 414	(1 194)	-10%	68 485
% increase	4		9.9%	9.9%						9.9%
<u>Senior Managers of the Municipality</u>	3									
Basic Salaries and Wages		9 511	16 223	16 223	730	1 461	2 704	(1 243)	-46%	16 223
Pension and UIF Contributions		1 601	3 012	3 012	125	251	502	(251)	-50%	3 012
Medical Aid Contributions		229	398	398	17	34	66	(32)	-49%	398
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		76	-	-	-	-	-	-		-
Motor Vehicle Allowance		1 919	3 496	3 496	145	291	583	(292)	-50%	3 496
Cellphone Allowance		259	-	-	18	39	-	39	#DIV/0!	-
Housing Allowances		2 512	550	550	194	389	92	297	324%	550
Other benefits and allowances		112	2 899	2 899	15	20	483	(463)	-96%	2 899
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2							-		
Sub Total - Senior Managers of Municipality		16 218	26 579	26 579	1 246	2 484	4 430	(1 946)	-44%	26 579
% increase	4		63.9%	63.9%						63.9%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		1 243 083	1 345 284	1 345 284	99 185	207 774	224 214	(16 440)	-7%	1 345 284
Pension and UIF Contributions		223 053	236 205	236 205	20 549	42 750	39 368	3 382	9%	236 205
Medical Aid Contributions		90 841	145 509	145 509	8 079	16 132	24 252	(8 119)	-33%	145 509
Overtime		128 012	80 813	80 813	10 688	22 158	13 469	8 689	65%	80 813
Performance Bonus		92 884	110 487	110 487	8 070	18 198	18 415	(216)	-1%	110 487
Motor Vehicle Allowance		29 203	42 790	42 790	2 622	5 280	7 132	(1 852)	-26%	42 790
Cellphone Allowance		4 304	5 181	5 181	304	667	863	(197)	-23%	5 181
Housing Allowances		6 714	29 105	29 105	637	1 259	4 851	(3 592)	-74%	29 105
Other benefits and allowances		100 766	155 695	155 695	8 408	17 029	25 950	(8 920)	-34%	155 695
Payments in lieu of leave		48 353	24 453	24 453	271	277	4 076	(3 799)	-93%	24 453
Long service awards		24 955	25 258	25 258	2 270	4 683	4 210	473	11%	25 258
Post-retirement benefit obligations	2	14 998	8 110	8 110	3	5	1 352	(1 346)	-100%	8 110
Sub Total - Other Municipal Staff		2 007 165	2 208 890	2 208 890	161 085	336 212	368 150	(31 938)	-9%	2 208 890
% increase	4		10.1%	10.1%						10.1%
Total Parent Municipality		2 085 699	2 303 954	2 303 954	167 440	348 916	383 994	(35 078)	-9%	2 303 954

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 5: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 August 2019. Table 21 below details overtime expenditure incurred per cost centre for the past two months ended 31 August 2019.

Table 20: Overtime per Directorate

Directorate Overtime	2019/2020 Annual Budget R	2019/2020 YTD Budget R	2019/2020 YTD Expenditure R	2019/2020 YTD Variance R	2019/2020 % of Budget %
Directorate Of Executive Support Services	1 834 406	152 868	500 317	1 334 089	27%
Directorate Of The City Manager	414 282	34 524	178 077	236 205	43%
Directorate Of Corporate Services	796 773	66 398	133 593	663 180	17%
Directorate Of Development & Spatial Planning	831 902	69 325	45 795	786 107	6%
Directorate Of Economic Development & Agencies	625 541	52 129	69 555	555 986	11%
Directorate Of Finance	2 251 825	187 653	788 481	1 463 344	35%
Directorate Of Health / Public Safety & Emergency Services	23 993 099	1 999 432	5 473 952	18 519 147	23%
Directorate Of Human Settlement	136 012	11 334	1 772	134 240	1%
Directorate Of Infrastructure Services	22 870 051	1 905 845	7 679 462	15 190 589	34%
<i>Electricity</i>	10 329 376	860 784	849 954	9 479 422	8%
<i>Water</i>	4 474 561	372 881	1 300 795	3 173 766	29%
<i>Sanitation</i>	6 611 418	550 954	1 187 710	5 423 708	18%
<i>Other</i>	1 454 696	121 225	4 341 003	(2 886 307)	298%
Directorate Of Municipal Services	27 059 544	2 254 970	7 287 141	19 772 403	27%
Total	80 813 435	6 618 937	22 158 145	58 655 290	27%

The total overtime payment for the months June 2019, July 2019 and August 2019 is reflected below. There was an decrease in the total payment of overtime between June 2019 and July 2019 of R144 912 and a decrease in the total payment of overtime between July 2019 and August 2019 of R908 763.

Table 21: Overtime Per Cost Centre: June 2019 – August 2019

OVERTIME PER COST CENTRE

		June 2019 Amount	July 2019 Amount	August 2019 Amount
	Directorate -Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	171 586.79	188 133.92	197 491.58
0511	COMM/MARKETING/INTERNAT & INTERGOV RELATIONS	1 442.00	3 630.75	987.22
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	3 230.56	2 386.67	4 595.53
0523	IDP & BUDGET INTEGRATION	16 000.85	4 908.36	12 140.95
0531	POLITICAL OFFICE ADMINISTRATION	-	-	22 609.83
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	238.59	11 353.99	-
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	-	5 139.38	32 213.98
0542	SPECIAL PROGRAMMES	-	8 585.81	-
		192 498.79	224 138.88	
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	88 771.91	84 456.43	55 477.51
1015	INFORMATION / TECHNOLOGY & SUPPORT	24 663.41	12 473.44	-
1041	GOVERNANCE & INTERNAL AUDITING	-	15 404.93	-
		113 435.32	112 334.80	55 477.51
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-	-138.56	-138.56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	12 930.25	18 502.39	12 731.05
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	25 639.45	21 141.79	21 336.04
1514	INFORMATION / TECHNOLOGY & SUPPORT	-	-	23 533.28
1531	HUMAN RESOURCES MANAGEMENT	-	-	26 766.58
1532	ADMINISTRATIVE SUPPORT	14 216.00	7 108.00	7 752.00
1536	ORGANISATIONAL DEVELOPMENT	827.08	-352.92	-235.25
		53 612.78	46 260.70	91 745.14

		June 2019 Amount	July 2019 Amount	August 2019 Amount
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	6 102.58	13 453.34	1 056.66
2037	TRAFFIC MANAGEMENT & SAFETY	3 313.91	20 177.38	8 726.01
		9 416.49	33 630.72	9 782.67
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2511	FRESH PRODUCE MARKET	13 299.68	14 182.10	8 996.62
2521	TOURISM / ARTS / CULTURE & HERITAGE	21 180.28	24 044.08	16 618.98
2531	TRADE / INDUSTRY & RURAL AGRARIAN	-	-	3 093.11
		34 479.96	38 226.18	28 708.71
	DIRECTORATE OF FINANCE			
3011	BUDGET & TREASURY MANAGEMENT	13 649.52	-	-
3031	EXPENDITURE & PAYMENTS MANAGEMENT	233.16	-	12 790.00
3033	PAYROLL & BENEFITS	1 979.04	2 509.14	10 259.18
3034	VAT / LEASES & PAYMENTS	-	30 287.23	59 678.91
3051	REVENUE MANAGEMENT	-	6 037.90	6 072.85
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	5 099.10	975.00	2 699.77
3053	COASTAL REVENUE MANAGEMENT	57 579.44	58 312.88	41 962.98
3054	CUSTOMER RELATIONS (CALL CENTRE)	176 142.41	139 925.92	140 802.31
3055	INLAND REVENUE MANAGEMENT	18 629.34	36 876.17	22 611.08
3056	MIDLAND REVENUE MANAGEMENT	9 934.42	14 069.52	63 651.08
3057	RATES & VALUATIONS	393.78	-	16 692.63
3061	STRATEGY & OPERATIONS	-	2 141.30	-
3071	SUPPLY CHAIN MANAGEMENT	6 602.92	25 457.88	75 138.93
		290 243.13	316 592.94	452 359.72
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	5 627.88	898.50	1 901.10
3513	FIRE & RESCUE	596 702.14	747 379.41	253 623.34
3532	LAW ENFORCEMENT SERVICES	1 404 903.67	1 592 339.00	881 968.66
3533	TRAFFIC SERVICES	545 428.34	422 156.68	460 747.07
		2 552 662.03	2 762 773.59	1 598 240.17

		June 2019 Amount	July 2019 Amount	August 2019 Amount
	DIRECTORATE OF HUMAN SETTLEMENT			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	-	634.72	259.59
4011	HOUSING DELIVERY & IMPLEMENTATION	-	877.68	-
		-	1 512.40	259.59
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	5 512.05	6 292.85	3 524.18
4511	ELECTRICAL & ENERGY SERVICES	2 323.52	1 630.74	2 543.81
4512	CUSTOMER SERVICES & REVENUE PROTECTION	103 507.26	106 765.47	103 159.96
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	811.26	1 067.45	1 182.29
4514	ELECTRICAL DISTRIBUTION	1 378 559.56	722 305.32	1 523 181.52
4521	ROADS / PIU & CONSTRUCTION	4 282.26	-	-
4522	CONSTRUCTION	2 393.38	-	-
4524	ROADS	25 460.63	39 095.09	14 363.00
4532	SANITATION	1 090 526.70	1 096 362.21	1 078 789.46
4535	WATER SERVICES	1 223 324.06	1 247 590.59	1 142 404.04
4542	FLEET SERVICES & PLANT	-	-	4 411.44
4543	WORKSHOPS	28 062.38	115 310.93	67 361.37
		3 864 763.06	3 336 420.65	3 940 921.07

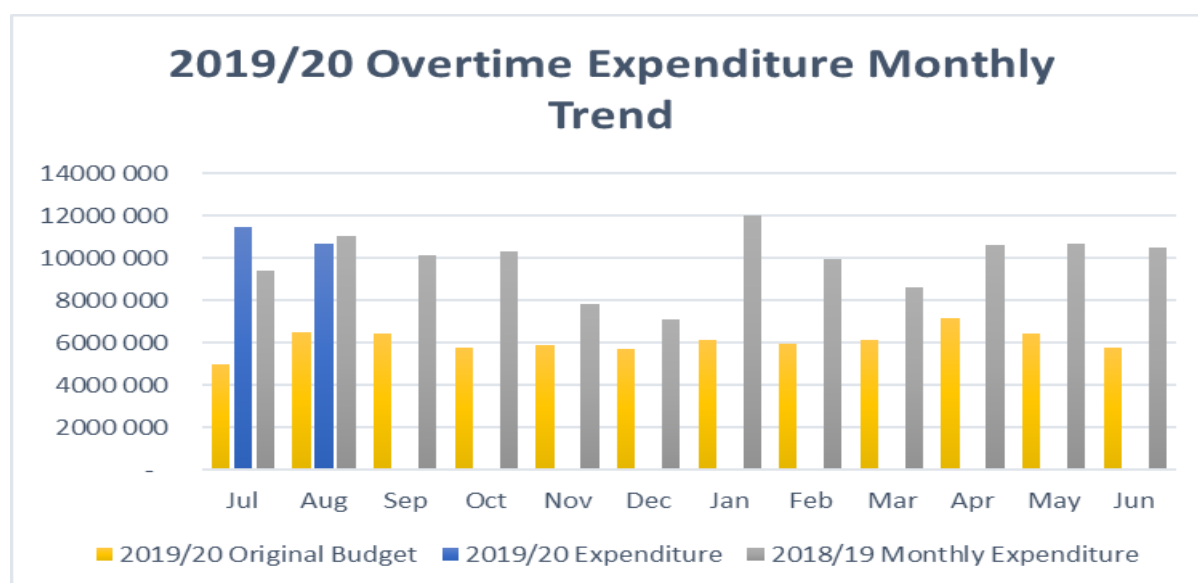
		June 2019 Amount	July 2019 Amount	August 2019 Amount
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	25 879.68	15 739.20	21 799.44
5011	COMMUNITY AMENITIES	32 730.06	25 104.58	19 221.92
5013	LIBRARIES	27 772.49	22 258.16	1 046.98
5014	HALLS	230 160.56	221 367.52	204 011.55
5015	RECREATION	514 302.80	67 437.84	54 424.52
5016	SPORTS FACILITIES	133 616.78	10 546.99	11 261.18
5022	CEMETRIES & CREMATORIA	345 354.95	358 194.54	391 793.44
5023	CONSERVATION	137 647.15	151 672.90	161 032.26
5024	PARKS: COASTAL	251 331.33	327 371.84	157 229.24
5031	SOLID WASTE MANAGEMENT	21 811.64	21 740.11	20 004.09
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 542 737.83	1 697 587.38	1 473 176.95
5035	LANDFILLS & TRANSFER STATIONS	137 703.99	134 000.97	134 396.82
5042	RECREATIONAL FACILITIES	-	343 101.24	270 532.86
5043	SPORTS FACILITIES	-	129 234.92	121 020.20
		3 401 049.26	3 525 358.19	3 040 951.45
	TOTAL OVERTIME	10 512 160.82	10 397 249.05	9 488 485.12

The measures that have been put in place to reduce overtime are the following:

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.

The graph below shows the overtime expenditure monthly trend for the current financial year compared to prior year

Figure 6: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Finance

The over expenditure of overtime on for the Directorate of Finance is as a result of staff that worked to process and finalise financial year-end processes.

b) Directorate of Executive Support

Overtime due to dry run for World Radio Communication conference, Gala dinner and also assisting at the harbour on opening day of the SA Algulhas Tour. Preparation for Ward 47 meeting, Womans Day event and public participation practitioners assisting in the winter season initiation programme also contributed to the over expendiure on overtime.

c) Directorate of Corporate Services

The over expenditure on overtime is as a result of nature of operations which necessitates the drivers to deliver council packages outside the normal operating hours. In some cases, staff are required to do special deliveries that contributes to working overtime.

d) Directorate of Infrastructure Services

- i. Electricity – This is due to emergency raids which are carried out after hours to eradicate illegal connections.
- ii. Roads – Emergency overtime was done to fix potholes that was damaging vehicles at Illitha and covering of stormwater drains in Cathcart Street, KWT.
- iii. Sanitation – This is due to requirements to attend to overflows / breakdowns after working hours.
- iv. Water - Overtime expenditure is due to emergency callouts for burst pipes and replacement of shift workers at water treatment works and pump stations.
- v. Mechanical Workshop - Overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck & accidents.

e) Directorate of Health, Public Safety & Emergency Services

Structured overtime is compulsory compensation payable as a result of the requirement to work on Sundays and Public Holidays as part of a shift system. The structured overtime cannot be reduced for Fire & Rescue as this function operates on a 24-hour basis. Any reduction would have a negative effect on service delivery by the Fire & Rescue Services.

Overtime is worked by security guards combined with law enforcement, this is an issue which needs to be resolved. Security guards are working longer hours due to the fact that there are many sites which require security guarding and there is insufficient staff to cover all sites.

f) Directorate of Municipal Services

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

Cleansing & Refuse Removal: Inland – the department provides services 7 days' a week and five days are normal working days. Saturday and Sunday is regarded as structured overtime, due to increase of events and breakdown of trucks that

lead to backlog and causes the Solid Waste department to work Saturday and Sunday.

Recreation, Sportsfield and Conservation : The sections nature of operations require it to open 7 days a week, public holidays and work emergency overtime.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 August 2019. The total standby and shift payment for the months of June 2019, July 2019 and August 2019 is reflected below. There was an increase in the total payment between June 2019 and July 2019 of R44 729 and an increase in the total payment between July 2019 and August 2019 of R85 288.

Table 22: Standby & Shift Allowance per Directorate

	JUNE 2019	JULY 2019	AUGUST 2019
Directorate of Executive Support Services	3 346	4 873	6 948
Directorate of the City Manager	54 992	38 249	5 042
Directorate of Corporate Services	3 396	3 791	32 755
Directorate of Development & Spatial Planning	16 758	19 686	17 913
Directorate Economic Development & Agencies	1 213	1 789	1 489
Directorate of Finance	10 049	9 802	12 789
Directorate of Health/Public Safety & Emergency Services	605 354	643 783	637 306
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	739 777	719 379	779 849
Directorate of Municipal Services	286 715	324 977	357 524
TOTAL	1 721 600	1 766 328	1 851 616

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of June 2019, July 2019 and August 2019, is reflected below. There was an decrease in the total payment between June 2019 and July 2019 of R3 576 079 and a decrease in the total payment between July 2019 and August 2019 of R334 189.

Table 23: Temporary Staff per Directorate

	JUNE 2019	JULY 2019	AUGUST 2019
Directorate of Executive Support Services	164 498	161 280	173 017
Directorate of the City Manager	24 521	1 041	252
Directorate of Corporate Services	1 546 678	1 405 336	1 525 103
Directorate of Development & Spatial Planning	61 154	60 641	60 641
Directorate Economic Development & Agencies	574	0	0
Directorate of Finance	2 408 575	675 961	346 460
Directorate of Health/Public Safety & Emergency Services	60 338	38 134	32 554
Directorate of Human Settlement	49 598	141	0
Directorate of Infrastructure Services	11 804	241 970	295 815
Directorate of Municipal Services	2 254 747	421 906	238 379
TOTAL	6 582 488	3 006 409	2 672 220

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R 5.70 million less the year to date expenditure of R10.22 million leaves a variance of R 4.51 million.

Table 24: Councillors Costs**Councillors Allowances and Benefits**

Councillors Allowances And Benefits	2019/2020 Annual Budget R	2019/2020 YTD Budget R	2019/2020 YTD Expenditure R	2019/2020 Variance R	2019/2020 Variance %
Councillors Allowances	45 749 898	3 812 502	6 401 628	(2 589 126)	(67.91)
	2 426				
Housing Allowance	358.00	202 197	383 057.24	(180 860)	0.00
Medical Aid Allowance	2 011 192	167 600	396 502	(228 902)	(136.58)
Pension Allowance	4 266 682	355 558	707 196	(351 639)	(98.90)
Travel Allowance	14 031 314	1 169 279	2 331 739	(1 162 460)	(99.42)
Total	68 485 444	5 707 136	10 220 122	(4 512 986)	(79.08)

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R5.55 million (9.03%) of its 2019/2020 approved operating budget of R61.49 million. A detailed analysis of the entity's performance for month ended 31 August 2019 is outlined in the attached Annexure F.

Table 25: Monthly Budget Statement – summary of municipal entity

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

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
Interest earned - external investments		439	828	828	87	118	138	(20)	-14%	828
Agency services		215	1 238	1 238	1	1	206	(205)	-99%	1 238
Transfers and subsidies		2 491	9 251	9 251	1 335	1 335	1 542	(206)	-13%	9 251
Other revenue		29 865	50 375	50 375	89	19 765	8 396	11 369	135%	50 375
Total Operating Revenue	1	33 010	61 692	61 692	1 513	21 220	10 282	10 938	106%	61 692
Expenditure By Municipal Entity										
Employee related costs		16 045	24 290	24 290	1 822	3 634	4 048	(415)	-10%	24 290
Depreciation & asset impairment		1 208	1 761	1 761	–	–	294	(294)	-100%	1 761
Finance charges		0	4	4	–	–	1	(1)	-100%	4
Other materials		570	302	302	88	101	50	51	101%	302
Contracted services		6 578	26 644	26 644	641	855	4 441	(3 585)	-81%	26 644
Transfers and subsidies		100	300	300	–	40	50	(10)	-21%	300
Other expenditure		4 560	8 187	8 187	345	919	1 365	(445)	-33%	8 187
Total Operating Expenditure	2	29 061	61 489	61 489	2 895	5 549	10 248	(4 699)	-46%	61 489
Surplus/ (Deficit) for the yr/period		3 950	203	203	(1 382)	15 671	34	6 239	18454%	203
Capital Expenditure By Municipal Entity										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 742	65 282	76 717	–	–	11 920	(11 920)	-100%	76 717
Total Capital Expenditure	3	1 742	65 282	76 717	–	–	11 920	(11 920)	-100%	76 717

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 4% (R71.04 million, inclusive of reclaimed vat) of its 2019/20 capital budget of R1.95 billion as at 31 August 2019. This reflects to some extent the same trend when compared to the same period in the previous financial year where 4% (R71.11 million, inclusive of reclaimed vat) of the budget of R1.75 billion was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

Refer to Annexure A – C5 for the breakdown per municipal vote standard classification & funding; Annexure B – SC14 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	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funding	832 838 322	26 822 188	806 016 134	3%
Loan	69 581 825	0	69 581 825	0%
TOTAL OWN FUNDING	902 420 147	26 822 188	875 597 959	3%
Urban Settlement Development Grant	737 900 040	24 243 794	713 656 246	3%
Public Transport Infrastructure Grant	218 616 000	19 977 237	198 638 763	9%
Integrated City Development Grant	10 383 000	0	10 383 000	0%
Neighbourhood Development Partnership Grant	7 500 000	0	7 500 000	0%
Infrastructure Skills Development Grant	150 000	0	150 000	0%
Local Government And Traditional Affairs	1 580 488	0	1 580 488	0%
TOTAL GRANTS	976 129 528	44 221 031	931 908 497	5%
TOTAL - FUNDING SOURCES	1 878 549 675	71 043 219	1 807 506 456	4%
BCMDA PROJECTS	65 282 001	0	65 282 001	0%
BCMDA C/O	11 435 399	0	11 435 399	0%
TOTAL CAPITAL BUDGET	1 955 267 075	71 043 219	1 884 223 856	4%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Services	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	87 948 697	4 032 070	83 916 627	5%
Electricity	104 621 502	14 499 504	90 121 998	14%
Housing	252 281 590	1 083 300	251 198 290	0%
Local Economic Development	62 721 908	2 799 566	59 922 342	4%
Other: BCMM Fleet	42 000 000	0	42 000 000	0%
Public Safety	27 310 488	0	27 310 488	0%
Roads	318 579 770	8 256 588	310 323 182	3%
Spatial Planning	35 252 870	170 590	35 082 280	0%
Support Services	219 530 864	4 780 749	214 750 115	2%
Transport Planning	293 057 880	23 466 636	269 591 244	8%
Waste Manangement	85 088 696	9 206 204	75 882 492	11%
Waste Water	253 180 340	340 110	252 840 230	0%
Water	96 975 071	2 407 903	94 567 168	2%
TOTAL - PER SERVICE	1 878 549 675	71 043 219	1 807 506 456	4%
BCMDA Projects	76 717 400	0	76 717 400	0%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	1 955 267 075	71 043 219	1 884 223 856	4%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	3 500 000	0	3 500 000	0%
City Manager's Office	6 664 045	15 873	6 648 172	0%
Corporate Services	46 023 896	4 665 590	41 358 306	10%
Spatial Planning & Development	328 975 088	23 639 372	305 335 716	7%
Economic Development & Agencies	63 221 908	2 835 002	60 386 906	4%
Finance Services	149 982 264	0	149 982 264	0%
Health/Public Safety & Emergency Services	28 306 810	0	28 306 810	0%
Human Settlements	252 781 590	1 083 300	251 698 290	0%
Infrastructure Services	785 856 682	25 528 515	760 328 167	3%
Municipal Services	203 237 393	13 270 320	189 967 073	7%
TOTAL DIRECTORATES	1 868 549 675	71 037 972	1 797 511 703	4%
Asset Replacements	10 000 000	5 247	9 994 753	0%
TOTAL BUDGET PER DIRECTORATE	1 878 549 675	71 043 219	1 807 506 456	4%
BCMDA Projects	76 717 400	0	76 717 400	0%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	1 955 267 075	71 043 219	1 884 223 856	4%

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

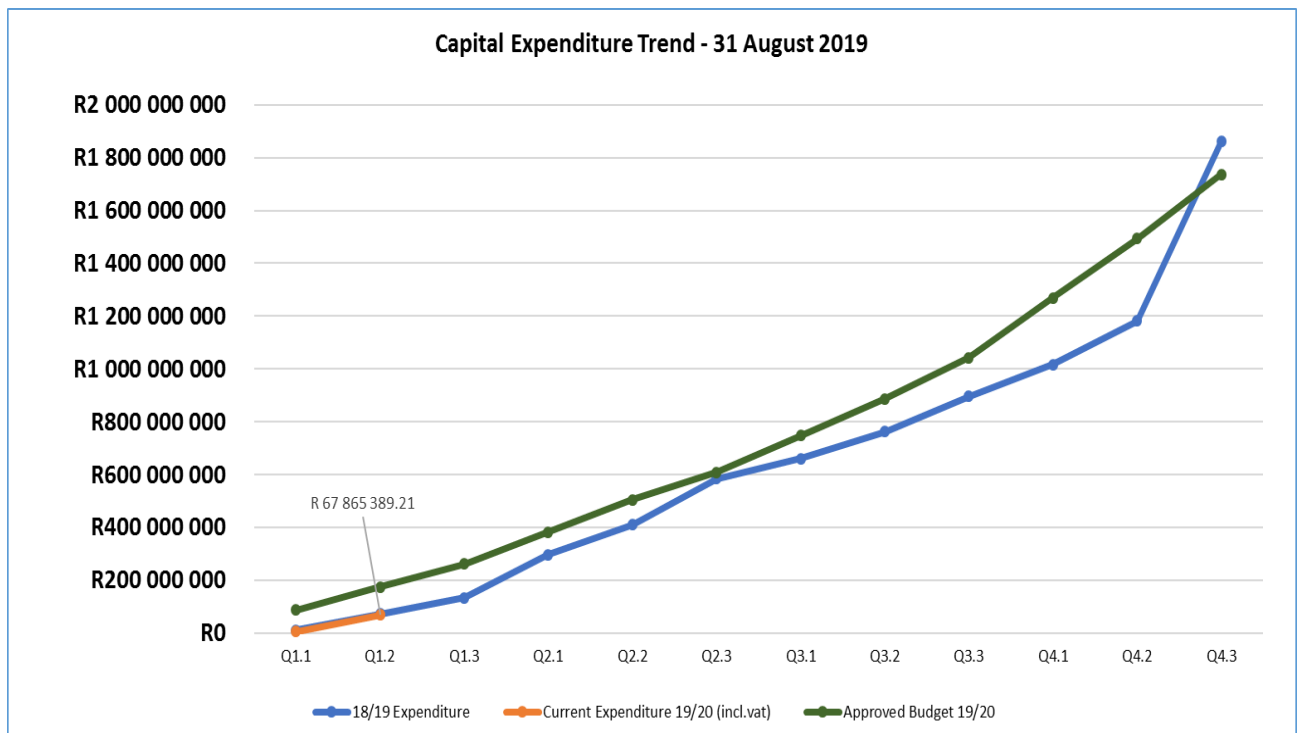
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

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

Month	2018/19	Budget Year 2019/20							
	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	79 865	144 784	144 785	2 828	2 828	144 785	141 956	98.0%	0%
August	(14 129)	144 784	164 589	63 892	66 721	309 374	242 653	78.4%	4%
September	57 137	144 784	164 589	–		473 963	–		
October	151 564	144 784	164 589	–		638 553	–		
November	104 066	144 784	164 589	–		803 142	–		
December	158 939	144 784	164 589	–		967 732	–		
January	70 648	144 784	164 589	–		1 132 321	–		
February	97 161	144 784	164 589	–		1 296 911	–		
March	124 822	144 784	164 589	–		1 461 500	–		
April	114 481	144 784	164 589	–		1 626 090	–		
May	158 523	144 784	164 589	–		1 790 679	–		
June	(846 527)	144 784	164 588	–		1 955 267	–		
Total Capital expenditure	256 551	1 737 413	1 955 267	66 721					

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

Figure 7: Capital Expenditure Trend



14.1. Strategies that have been put in place to improve expenditure

The City continues to implement intervention measures to improve the City's spending performance. The weekly reporting that is submitted to the City Manager on sitting of bid committees assists in early identification of challenges. This has led to further review of bid committees to improve its effectiveness as a result:

- a) All bid committees were restructured in December 2018 to ensure effectiveness and efficiency.
- b) With the new restructured committees it is envisaged that the target of taking an average period of three months from initiation to the award of an open bid; whereas in the past it used to take an average of about six months.
- c) A Selection Committee has been established to ensure fair distribution of work promote competition realise value for money ensure rotational system which is cost effective and transparent in the management of awarded annual contracts.
- d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities.

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 3% (R12.68 million, inclusive of reclaimed vat) of its 2019/20 operating projects budget of R466.26 million as at 31 August 2019. This reflects a slight decrease in percentage terms when compared to the same period in the previous financial year where 4% (R12.26 million, inclusive of reclaimed vat) of the operating projects budget of R313.09 million was spent year. 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**. Also refer to section 14.1 above of the report on measures that are implemented to improve expenditure.

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

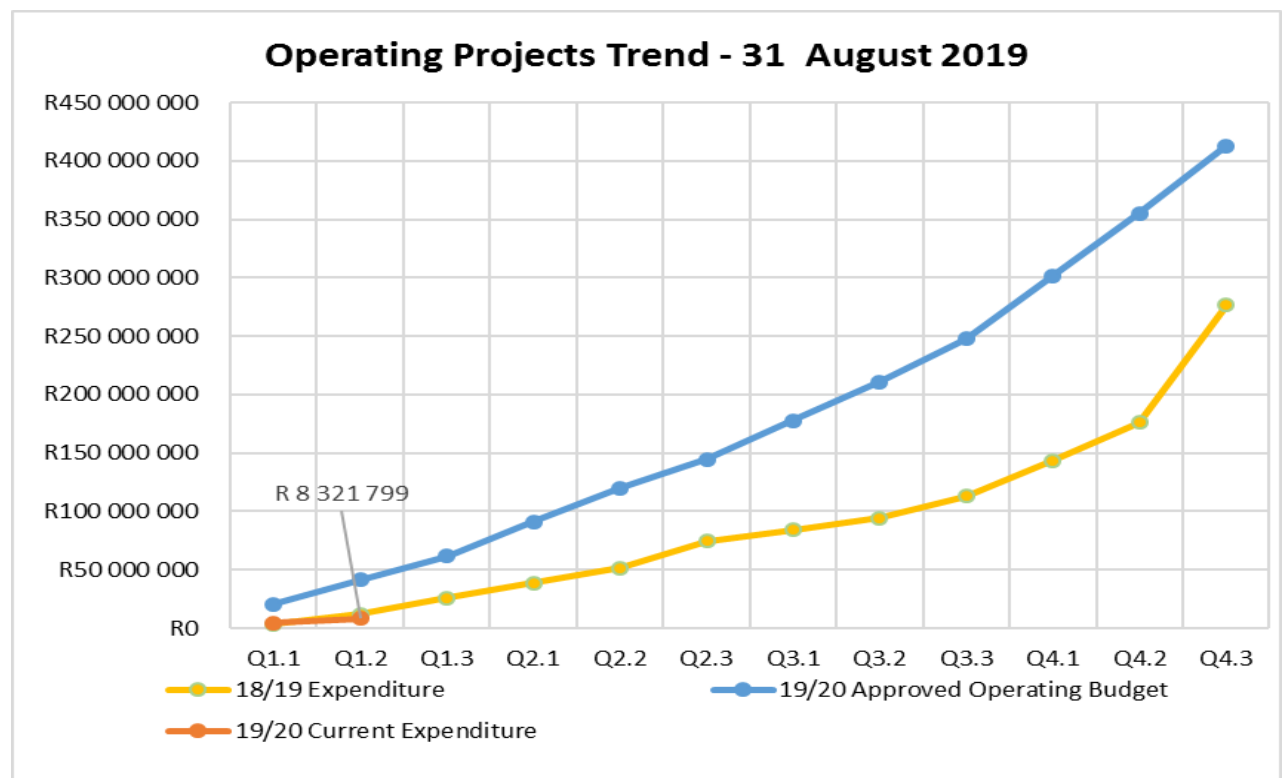
Directorate	<u>2019/2020 Adjusted Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance (incl. VAT))</u>	<u>% Expenditure (incl. vat)</u>
Executive Support Services	66 958 240	1 275 041	65 683 199	2%
City Manager's Office	37 478 960	5 894 912	31 584 048	16%
Corporate Services	30 153 578	1 888 311	28 265 267	6%
Spatial Planning & Development	31 050 000	500 328	30 549 672	2%
Economic Development & Agencies	20 000 000	1 346 453	18 653 547	7%
Finance Services	20 500 000	67 155	20 432 845	0%
Health/Public Safety & Emergency Services	1 000 000	6 415	993 585	1%
Human Settlements	189 115 522	1 145 458	187 970 064	1%
Infrastructure Services	60 000 000	0	60 000 000	0%
Municipal Services	10 000 000	558 467	9 441 533	6%
TOTAL PER DIRECTORATE	466 256 300	12 682 540	453 573 759	3%

Table 31: Operating Projects Per Funding Source

Funding	2019/2020 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	161 226 129	4 255 397	156 970 732	3%
Urban Settlement Development Grant	79 522 960	3 380 362	76 142 598	4%
Salaida (galve) c/o	435 689	508	435 181	0%
Public Transport Infrastructure Grant	15 850 000	0	15 850 000	0%
Finance Management Grant	1 000 000	67 155	932 845	7%
Infrastructure Skills Development Grant	11 150 000	1 353 197	9 796 803	12%
Expanded Public Works Programme	9 956 000	2 480 463	7 475 537	25%
Human Settlements Development Grant	143 121 991	1 145 458	141 976 533	1%
Human Settlements Development Grant c/o	43 993 531	0	43 993 531	0%
TOTAL PER FUNDING SOURCE	305 030 171	8 427 143	296 603 028	3%
TOTAL OPERATING PROJECTS	466 256 300	12 682 540	453 573 759	3%

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

Figure 8: 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	728 056	53 750	0	781 806
GM - EMERGENCY SERVICES	(27 248 310)	14 850 107	2 261 516	168 473	17 280 096
EMERGENCY SERVICES	0	466 543	17 260	0	483 803
DISASTER MANAGEMENT	0	557 145	299 604	239	856 988
FIRE & RESCUE	(27 248 310)	13 826 419	1 944 652	168 234	15 939 305
GM - MUNICIPAL HEALTH SERVICES	(30 788)	5 516 556	369 753	8 850	5 895 159
MUNICIPAL HEALTH SERVICES: COASTAL REGION	-30 788	5 516 556	369 753	8 850	5 895 159
GM - PUBLIC SAFETY & PROTECTION SERVICES	(10 324 944)	41 789 569	1 770 743	598 363	44 158 675
PUBLIC SAFETY & PROTECTION SERVICES	(85 733)	378 510	15 648	8 057	402 215
LAW ENFORCEMENT SERVICES	0	23 653 650	447 414	173 149	24 274 214
TRAFFIC SERVICES	(10 239 211)	17 757 408	1 307 682	417 157	19 482 247
Total	(37 604 042)	62 884 288	4 455 761	775 687	68 115 735

15.2.2 Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	1 582 094	220 666	5 270	1 808 030
GM - COMMUNITY AMENITIES	(482 152)	11 588 065	15 315 906	1 718 352	28 622 323
COMMUNITY AMENITIES	(236)	2 490 305	13 196 025	86 244	15 772 575
LIBRARIES	(16 033)	5 050 991	1 237 247	302 394	6 590 632
HALLS	(210 562)	2 667 096	726 936	701 850	4 095 881
RESORTS	-255 557	1 379 673	155 698	627 864	2 163 235
GM - SPORTS & RECREATION FACILITIES MANAGEMENT	(53 220)	12 352 189	1 053 762	488 742	13 894 694
SPORTS & RECREATION FACILITIES MANAGEMENT	0	280 767	12 312	0	293 079
RECREATION	(36 410)	7 369 530	288 532	49 663	7 707 724
SPORTS FACILITIES	(16 810)	4 701 892	752 918	439 080	5 893 890
GM - PARKS / CEMETRIES & CONSERVATION	(842 108)	29 264 218	3 848 273	1 436 522	34 549 013
PARKS / CEMETRIES & CONSERVATION		550 223	36 675	0	586 899
CEMETRIES & CREMATORIA	(769 651)	4 781 169	1 670 268	370 124	6 821 561
CONSERVATION	(56 744)	3 770 520	575 122	111 065	4 456 707
PARKS: COASTAL	(15 712)	20 162 305	1 566 208	955 333	22 683 846
GM - SOLID WASTE MANAGEMENT	(102 608 957)	31 992 699	19 638 071	1 530 003	53 160 772
SOLID WASTE MANAGEMENT	0	2 701 082	4 491 734	1 413 073	8 605 889
CLEANSING & REFUSE REMOVAL: COASTAL	(102 386 274)	26 678 736	10 929 847	116 930	37 725 513
LANDFILLS & TRANSFER STATIONS	(222 683)	2 612 881	4 216 490	0	6 829 370
Total	(103 986 437)	86 779 264	40 076 678	5 178 889	132 034 831

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

☐

The monthly budget statement (Section 71 Report)

for the period ending **August 2019** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality

Signature:

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
- SC14 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