

BUFFALO CITY MUNICIPALITY

CONTENTS

	PAGE
1 STATEMENT OF FINANCIAL POSITION	1
2 STATEMENT OF FINANCIAL PERFORMANCE	2
3 STATEMENT OF CHANGES IN NET ASSETS	3
4 CASH FLOW STATEMENT	4
5 ACCOUNTING POLICIES	5-26
6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS	27-50
7 APPENDICES :	
A. SCHEDULE OF EXTERNAL LOANS	51-52
B. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	53-55
C. SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	56
D. SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	57
E. ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE)	58
F. ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)	59
G. CONDITIONAL GRANTS AND RECEIPTS	60-62
H. DISCLOSURES OF CONDITIONAL GRANTS AND RECEIPTS	63-64
ANNEXURES :	
A. APPLICATION FOR DEVIATION FROM EXEMPTIONS: GOVERNMENT GAZETTE NO. 30013 DATED 29 JUNE 2007	
B. RESPONSE RECEIVED FROM NATIONAL TREASURY: APPLICATION FOR DEVIATION FROM EXEMPTIONS: GOVERNMENT GAZETTE NO. 30013 DATED 29 JUNE 2007	

BUFFALO CITY MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net Assets		1 457 181 939	1 061 575 695
COID Fund	1	7 360 372	6 850 830
Capital Replacement Reserve	2	38 029 758	15 710 413
Self-Insurance Reserve	2	21 667 079	21 269 882
Revaluation Reserve	2	189 258 468	206 747 434
Accumulated Surplus		1 200 866 262	810 997 136
Non-Current Liabilities		599 331 975	402 403 255
Long-Term Liabilities	3	479 914 507	402 403 255
Non-Current Provisions	4	119 417 468	-
Current Liabilities		501 808 852	408 568 173
Consumer Deposits	5	23 218 144	22 254 393
Current Provisions	6	1 489 480	566 057
Creditors	7	196 459 966	175 688 311
Unspent Conditional Grants and Receipts	8	242 868 365	193 130 040
Current Portion of Long-Term Liabilities	3	37 772 897	16 929 372
Total Net Assets and Liabilities		<u>2 558 322 766</u>	<u>1 872 547 123</u>
ASSETS			
Non-Current Assets		1 566 058 252	1 029 833 919
Property, Plant and Equipment	10	1 520 126 859	1 009 073 333
Intangible Assets	10	6 302 574	3 805 257
Agricultural Assets	10	974 150	-
Investments	11	31 737 148	10 693 315
Investment in Associate	11	6 488 079	5 172 373
Long-Term Receivables	12	429 442	1 089 641
Current Assets		992 264 514	842 713 204
Inventory	13	24 799 327	17 163 895
Consumer Debtors	14	304 001 888	296 411 073
Other Debtors	15	14 430 279	17 164 949
VAT	9	17 412 465	21 976 213
Current Portion of Long-Term Receivables	12	584 004	945 103
Call Investment Deposits	11	397 131 677	436 361 055
Cash		1 342 399	2 485 665
Bank	16	232 562 475	50 205 251
Total Assets		<u>2 558 322 766</u>	<u>1 872 547 123</u>

BUFFALO CITY MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
REVENUE			
Property Rates	17	293 684 994	271 161 157
Property Rates/Penalties Imposed		217 391	204 917
Service Charges	18	796 765 226	756 404 853
Rental of Facilities and Equipment		9 172 605	9 649 462
Interest Earned - External Investments		38 397 035	43 232 051
Interest Earned - Outstanding Debtors		28 336 714	21 170 524
Dividends Received		-	163 327
Fines		7 614 002	9 183 556
Licences and Permits		9 190 730	8 679 557
Government Grants and Subsidies	19	236 071 361	206 491 677
Other Income	20	76 929 451	72 598 647
Operating Project Grants	19	114 015 429	57 243 243
Government Grants - Property, Plant & Equipment	19	113 392 146	133 505 855
Donations and Pubic Contributions - Property, Plant & Equipment	19	13 837 653	8 092 821
Gains on Disposal of Property, Plant and Equipment		5 204 437	7 280 644
Total Revenue		1 742 829 174	1 605 062 291
EXPENDITURE			
Employee Related Costs	22	513 010 130	462 044 162
Remuneration of Councillors	23	16 946 659	13 390 148
Bad Debts	14	63 183 457	52 405 457
Collection Costs		7 600 279	6 279 592
Depreciation	10	100 396 246	70 833 674
Repairs and Maintenance		84 025 171	71 473 689
Interest Paid	24	46 288 916	56 227 230
Bulk Purchases	25	319 878 510	289 517 973
Contracted Services		11 063 294	4 327 936
Grants and Subsidies Paid	26	3 499 079	4 494 997
General Expenses - Other	21	457 549 110	370 265 451
Loss on disposal of Property, Plant and Equipment		246 943	-
Total Expenditure		1 623 687 794	1 401 260 309
SURPLUS		119 141 380	203 801 982
Share of surplus of associate accounted for under the equity method	37	1 315 706	1 418 115
SURPLUS FOR THE YEAR		120 457 086	205 220 097

Refer to Appendix E for the comparison with the approved budget

BUFFALO CITY MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	<u>COID Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
2006									
Balance at 01 July 2005	5 979 312	9 288	69 070 999	235 728 500	74 994 102	17 783 069	192 063 916	190 749 695	786 378 881
Correction of Error (Note 36)	-	-	-	(1 784 322)	4 461 414	-	-	(1 652 308)	1 024 784
Reserves correction of error	-	-	(69 070 999)	(233 944 178)	(79 455 516)	-	-	382 470 693	-
Restated Balance	5 979 312	9 288	-	-	-	17 783 069	192 063 916	571 568 080	787 403 665
Surplus for the year	-	-	-	-	-	-	-	205 220 097	205 220 097
Transfer to CRR	-	62 031 475	-	-	-	-	-	(62 031 475)	-
Transfer to Revaluation Reserve	-	-	-	-	-	-	54 292 374	-	54 292 374
Property, Plant and Equipment Purchased	-	(46 330 350)	-	-	-	-	-	46 330 350	-
VAT Corrections	-	-	-	-	-	-	-	11 633 905	11 633 905
Donated/Contributed PPE	-	-	-	-	-	-	-	13 902 813	13 902 813
Depreciation on Donated PPE	-	-	-	-	-	-	-	(13 902 813)	(13 902 813)
Transfer to / from Provisions	-	-	-	-	-	-	-	1 524 378	1 524 378
Insurance Claims Processed	871 518	-	-	-	-	3 486 813	-	-	4 358 331
Offsetting of Depreciation	-	-	-	-	-	-	(7 589 099)	7 589 099	-
Balance at 30 June 2006	6 850 830	15 710 413	-	-	-	21 269 882	238 767 191	781 834 433	1 064 432 749
2007									
Balance at 01 July 2006	6 850 830	15 710 413	-	-	-	21 269 882	238 767 191	781 834 433	1 064 432 749
Correction of Error (Note 36)	-	-	-	-	-	-	(32 019 757)	29 162 703	(2 857 054)
Restated Balance	6 850 830	15 710 413	-	-	-	21 269 882	206 747 434	810 997 136	1 061 575 695
Surplus for the year	-	-	-	-	-	-	-	120 457 086	120 457 086
Transfer to CRR	-	58 701 865	-	-	-	-	-	(58 701 865)	-
Sanitation Assets ex Don & Pub Contrib w/outs	-	-	-	-	-	-	-	(22 662 474)	(22 662 474)
Sanitation Assets ex Cap Reserve w/outs	-	-	-	-	-	-	-	(17 704 636)	(17 704 636)
Sanitation Assets ex Government Grant Reserve	-	-	-	-	-	-	-	(36 435 067)	(36 435 067)
Property, Plant and Equipment Purchased	-	(36 382 520)	-	-	-	-	-	36 382 520	-
VAT Recovered	-	-	-	-	-	-	-	192 323	192 323
Sanitation Assets w/outs	-	-	-	-	-	-	-	(26 613 790)	(26 613 790)
Sanitation Assets taken-on	-	-	-	-	-	-	-	370 778 629	370 778 629
Transfers to / from Insurance Reserve	-	-	-	-	-	-	-	3 276 843	3 276 843
Transfers to / from Provisions	-	-	-	-	-	-	-	2 436 441	2 436 441
Asset Disposals	-	-	-	-	-	-	(599 210)	599 210	-
Revaluation of Agricultural Assets	-	-	-	-	-	-	-	974 150	974 150
Insurance Claims Processed	509 542	-	-	-	-	397 197	-	-	906 739
Offsetting of Depreciation	-	-	-	-	-	-	(16 889 756)	16 889 756	-
Balance at 30 June 2007	7 360 372	38 029 758	-	-	-	21 667 079	189 258 468	1 200 866 262	1 457 181 939

BUFFALO CITY MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1 978 004 226	1 778 105 444
Cash paid to suppliers and employees		(1 677 885 769)	(1 428 357 301)
Cash generated from operations	28	300 118 457	349 748 143
Portion of surplus from associate		1 315 706	1 418 115
VAT adjustment		192 323	-
Interest received		38 397 035	65 747 296
Interest paid		(52 571 709)	(56 227 230)
NET CASH FROM OPERATING ACTIVITIES		287 451 812	360 686 324
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(227 989 183)	(203 215 304)
Proceeds on disposal of property, plant and equipment		4 957 494	7 612 952
Decrease in non-current receivables		1 021 298	2 067 074
(Increase)/Decrease in non-current investments		(22 359 538)	97 772 563
NET CASH FROM INVESTING ACTIVITIES		(244 369 929)	(95 762 715)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		98 354 778	(5 584 639)
Increase/(Decrease) in consumer deposits		963 750	1 995 816
Non-operating income receipted in provisions/reserves		-	12 864 026
Non-operating expenditure charged against provisions/reserves		(415 827)	(10 133 388)
NET CASH FROM FINANCING ACTIVITIES		98 902 701	(858 185)
NET INCREASE IN CASH AND CASH EQUIVALENTS		141 984 584	264 065 424
Cash and cash equivalents at the beginning of the year		489 051 971	224 986 547
Cash and cash equivalents at the end of the year	29	631 036 555	489 051 971

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
1 COID FUND		
Balance at beginning of year	6 850 830	5 979 312
Contributions	1 385 262	1 390 031
Interest on Investment	535 046	398 811
Other Income	210 749	547 513
Expenditure Incurred	(1 621 515)	(1 464 837)
Balance at end of year	<u>7 360 372</u>	<u>6 850 830</u>

The COID Fund is fully invested in financial investment instruments.

2 RESERVES

Capital Replacement Reserve	38 029 758	15 710 413
Self-Insurance Reserve	21 344 325	21 055 455
Self-Insurance Reserve - Cell Phone	322 754	214 427
Revaluation Reserve	189 258 468	206 747 434
Total Reserves	<u>248 955 305</u>	<u>243 727 729</u>

The Capital Replacement Reserve and Self-Insurance Reserves are fully invested in financial investment instruments.

Note : In terms of GRAP 1 - The Capitalisation Reserve, Donations and Public Contributions Reserve and the Government Grant Reserve have been transferred retrospectively from 30 June 2005 to the Accumulated Surplus. (Refer to Statement of Changes in Net Assets)

Note: 2006 - A Correction of Error adjustment was made to the Revaluation Reserve in the amount of R 32 232 682 - refer to Note 36.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
3 LONG-TERM LIABILITIES		
Local Registered Stock Loans	18 160 000	18 160 000
Annuity Loans	499 527 404	401 113 054
Capitalised Lease Liability	-	59 573
Sub-Total	517 687 404	419 332 627
Less: Current Portion Transferred to Current Liabilities	(37 772 897)	(16 929 372)
Annuity Loans	37 772 897	16 869 799
Capitalised Lease Liability	-	59 573
Total External Loans	479 914 507	402 403 255

Refer Appendix A for more detail on Long-Term Liabilities.

The capitalised lease liability is secured over the item of plant leased.

R 9 918 843 (2006: R 8 922 380) has been invested specifically in ring-fenced accounts for the repayment of long-term liabilities. These are ceded investments (collateral to service a bullet payment at the end of specific loans) Refer Note 30 for more detail. The reason for the increase from the prior year (R 8 922 380), is that interest earned and accrued to the investment has been capitalised to the investment account during the financial year under review.

Note: 2006 - A Correction of Error adjustment was made to Annuity Loans in the amount of R 27 928 - refer to Note 36.

4 NON-CURRENT PROVISIONS

Provision for the Rehabilitation of Landfill Sites	119 417 468	-
Total Non-Current Provisions	119 417 468	-

The amount of R119 417 468 represents the present value of the expenditure expected to be required to settle the obligation.

The provision for the Rehabilitation of Landfill sites was created to provide for the cost of restoring the different legal and illegal sites at the end of their useful lives. It is expected that rehabilitation will take between 1 to 50 years. This obligation will be determined each year and the estimated present value should increase as the obligation nears its execution date.

The level of rehabilitation of the landfill sites is unknown and the additional costs of such development are not taken into consideration.

In terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 no provision for Post Retirement Benefits in respect of Medical Aid Contributions was made.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
5 CONSUMER DEPOSITS		
Electricity	9 039 767	8 413 515
Water	14 178 377	13 840 878
Total Consumer Deposits	<u>23 218 144</u>	<u>22 254 393</u>

No interest is paid when deposits are refunded.

Guarantees held in lieu of Electricity and Water Deposits	<u>7 672 588</u>	<u>7 364 148</u>
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6 CURRENT PROVISIONS

Performance Bonuses	1 489 480	566 057
Total Current Provisions	<u>1 489 480</u>	<u>566 057</u>

Performance bonuses are paid to employees subject to certain conditions. The provision is a calculation of the amount due to employees at the reporting date.

The movement in current provisions are reconciled as follows:-

Performance Bonuses

Balance at beginning of year	566 057	1 524 378
Contributions	1 489 480	566 057
Transfer to accumulated surplus	(150 230)	-
Payments made	(415 827)	(1 524 378)
Balance at end of year	<u>1 489 480</u>	<u>566 057</u>

7 CREDITORS

Trade Creditors	105 210 570	77 761 159
Payments Received in Advance	34 376 932	30 263 557
Other Deposits	2 892 115	2 423 519
Staff Leave	30 846 407	35 059 919
IDZ	900	8 019 900
Other Creditors	23 133 042	22 160 257
Total Creditors	<u>196 459 966</u>	<u>175 688 311</u>

Note: 2006 - A Correction of Error adjustment was made to Other Creditors in the amount of R 1 498 340 - refer to Note 36.

In terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 Creditors were accounted for at nominal value and no discounting was done.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from Government	232 230 523	177 185 623
National Grants	170 210 124	132 016 086
Provincial Grants and Subsidies	62 020 399	45 169 537
Other Conditional Receipts	10 637 842	15 944 417
Total Conditional Grants and Subsidies	242 868 365	193 130 040
Amount received and invested until utilised (Note 11)	242 868 365	193 130 040

Refer to Appendix G and Appendix H for a reconciliation of Conditional Grants and Receipts from National and Provincial Government and Other Donations and Public Contributions.

9 VAT

Vat Receivable	17 412 465	21 976 213
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VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Heritage	Community	Other	Total
	R	R	R	R	R	R
Carrying Values at 01 July 2006	216 332 182	610 979 438	-	68 298 050	113 463 663	1 009 073 333
Cost	21 455 732	1 411 510 933	-	105 973 729	151 262 804	1 690 203 198
Capital Under Construction	(104 764)	88 042 383	-	-	3 188 340	91 125 959
Revaluation	334 682 168	1 654 919	-	8 759 960	-	345 097 047
Accumulated Depreciation	(139 700 954)	(890 228 797)	-	(46 435 639)	(40 987 481)	(1 117 352 871)
- Cost	(3 164 927)	(890 099 941)	-	(44 650 176)	(40 987 481)	(978 902 525)
- Revaluation	(136 536 027)	(128 856)	-	(1 785 463)	-	(138 450 346)
Acquisitions / Write-Ons	3 595 510	477 765 389	559 356	9 294 800	165 729 572	656 944 627
Capital Under Construction	1 703 442	32 021 992	-	11 111 806	11 458 600	56 295 840
- Current Year	1 703 442	73 736 618	-	11 218 168	11 482 671	98 140 899
- Capitalised	-	(41 714 626)	-	(106 362)	(24 071)	(41 845 059)
Increases / Decreases in Revaluation	-	-	-	-	-	-
Depreciation	(17 250 615)	(58 201 407)	-	(3 085 586)	(19 411 143)	(97 948 751)
- Based on Cost	(496 337)	(58 154 383)	-	(2 997 132)	(19 411 143)	(81 058 995)
- Based on Revaluation	(16 754 278)	(47 024)	-	(88 454)	-	(16 889 756)
Carrying Value of Disposals / Write-Offs	(599 211)	(103 415 966)	-	-	(223 013)	(104 238 190)
- Cost	(607 854)	(235 360 407)	-	-	(321 623)	(236 289 884)
- Accumulated Depreciation	8 643	131 944 441	-	-	98 610	132 051 694
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2007	203 781 308	959 149 446	559 356	85 619 070	271 017 679	1 520 126 859
Cost	24 443 388	1 653 915 915	559 356	115 268 529	316 670 753	2 110 857 941
Capital Under Construction	1 598 678	120 064 375	-	11 111 806	14 646 940	147 421 799
Revaluation	334 682 168	1 654 919	-	8 759 960	-	345 097 047
Accumulated Depreciation	(156 942 926)	(816 485 763)	-	(49 521 225)	(60 300 014)	(1 083 249 928)
- Cost	(3 652 621)	(816 309 883)	-	(47 647 308)	(60 300 014)	(927 909 826)
- Revaluation	(153 290 305)	(175 880)	-	(1 873 917)	-	(155 340 102)

INTANGIBLE ASSETS

30 June 2007

Reconciliation of Carrying Value	Computer Software					Total
	R	R	R	R	R	R
Carrying Values at 01 July 2006	3 805 257	-	-	-	-	3 805 257
Cost	17 858 504	-	-	-	-	17 858 504
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(14 053 247)	-	-	-	-	(14 053 247)
Acquisitions	4 669 811	-	-	-	-	4 669 811
Capital Under Construction	275 001	-	-	-	-	275 001
- Current Year	275 001	-	-	-	-	275 001
- Capitalised	-	-	-	-	-	-
Amortisation	(2 447 495)	-	-	-	-	(2 447 495)
Carrying Value of Disposals	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Amortisation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2007	6 302 574	-	-	-	-	6 302 574
Cost	22 528 315	-	-	-	-	22 528 315
Capital Under Construction	275 001	-	-	-	-	275 001
Accumulated Amortisation	(16 500 742)	-	-	-	-	(16 500 742)

Buffalo City Municipality did not recognise any Intangible Assets in the previous financial year and in terms of the exemption granted in Gazette No. 30013 Buffalo City Municipality has only recognised computer software as Intangible Assets in the 2006/07 financial year.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

AGRICULTURAL ASSETS

30 June 2007

Reconciliation of Carrying Value	Agricultural Assets	R	R	R	R	R	Total
	R						R
Values at 01 July 2006	-	-	-	-	-	-	-
Valuation	-	-	-	-	-	-	-
Valuation Increase / Decrease	974 150	-	-	-	-	-	974 150
Values at 30 June 2007	974 150	-	-	-	-	-	974 150
Valuation	974 150	-	-	-	-	-	974 150

Property, Plant and Equipment Acquisitions / Write-Ons

PPE purchased	124 903 471
Sewerage assets take-on	370 778 629
Work in Progress 2006 capitalised	41 845 059
Landfill sites rehab capitalised	119 417 468
Total assets added on	<u>656 944 627</u>

Purchased assets

Property, Plant and Equipment	124 903 471
Work in Progress	98 415 900
Intangible Assets	4 669 811
Total assets capitalised - BCM	<u>227 989 182</u>

Buffalo City Municipality did not recognise any Agricultural Assets in the previous 2005/06 financial year. For the 2006/07 financial year only biological assets were identified and recorded as Buffalo City Municipality does not own any other Agricultural Assets. Valuations will be done at each financial year end and any differences will be adjusted to Accumulated Surplus.

Buffalo City Municipality is adhering to National Treasury's Guidelines as per MFMA Circular No. 18 dated 23 June 2005, which states that it is paramount to prepare a process map to obtain infrastructure asset information over a number of years. Buffalo City Municipality appointed a service provider to develop a detailed roadmap that is currently being implemented to enable the successful implementation of processes to identify, record, value and manage infrastructure assets during the next 2 years.

During 2006/07 the Sewerage infrastructural assets were identified and accounted for as follows:

Cost of Infrastructure Sewerage Assets at 30 June 2006 written out	235 369 048
Accumulated Depreciation of Infrastructure Sewerage Assets at 30 June 2006 written out	(131 953 081)
Carrying Value of Infrastructure Sewerage Assets at 30 June 2006 written out	<u>103 415 967</u>
Cost of Infrastructure Sewerage Assets identified and taken on at Depreciated Replacement Value at 01 July 2006	370 778 629
Depreciation of take-on Infrastructure Sewerage Assets for the 2006/07 financial year	(15 068 821)
Carrying Value of Infrastructure Sewerage Assets at 30 June 2007	<u>355 709 808</u>

At present, depreciation on these assets (except Sewerage Infrastructure Assets) is calculated on an averaging basis whereby average useful lives have been estimated for each category of Infrastructure and Community Assets using global historical costs recorded in the accounting records. Depreciation on Sewerage Infrastructure Assets is calculated using the sector standards. In terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 Buffalo City Municipality has not assessed whether items of Property, Plant and Equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

In terms of the exemptions the useful lives and depreciation methods of assets were not reviewed and recognised in the Annual Financial Statements. It is expected that an assessment in this regard will be done by 30 June 2009.

In terms of the exemptions investment properties have not been identified and are included as Land and Buildings within Property, Plant and Equipment. Investment Properties will only be able to be accounted for once all properties and the usage thereof have been identified and determined.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

30 June 2006

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Heritage R	Community R	Other R	Total R
Carrying Values at 01 July 2005	239 864 770	526 717 945	-	53 485 501	90 781 977	910 850 193
Cost	16 870 156	1 264 725 875	-	81 185 504	113 319 405	1 476 100 940
Capital Under Construction	-	93 662 441	-	7 556 923	5 074 142	106 293 506
Revaluation	354 799 193	1 654 919	-	8 759 960	-	365 214 072
Accumulated Depreciation	(131 804 579)	(833 325 290)	-	(44 016 886)	(27 611 570)	(1 036 758 325)
- Cost	(2 576 606)	(833 232 185)	-	(42 476 717)	(27 611 570)	(905 897 078)
- Revaluation	(129 227 973)	(93 105)	-	(1 540 169)	-	(130 861 247)
Acquisitions / Write-Ons	4 585 576	146 785 058	-	24 788 225	38 319 593	214 478 452
Capital Under Construction	(104 764)	(5 620 058)	-	(7 556 923)	(1 885 802)	(15 167 547)
- Current Year	-	79 494 601	-	-	772 659	80 267 260
- Capitalised	(104 764)	(85 114 659)	-	(7 556 923)	(2 658 461)	(95 434 807)
Increases / Decreases in Revaluation	(20 117 025)	-	-	-	-	(20 117 025)
Depreciation	(7 896 375)	(56 903 507)	-	(2 418 753)	(13 419 800)	(80 638 435)
- Based on Cost	(588 321)	(56 867 756)	-	(2 173 459)	(13 419 800)	(73 049 336)
- Based on Revaluation	(7 308 054)	(35 751)	-	(245 294)	-	(7 589 099)
Carrying Value of Disposals / Write-Offs	-	-	-	-	(332 305)	(332 305)
- Cost	-	-	-	-	(376 194)	(376 194)
- Accumulated Depreciation	-	-	-	-	43 889	43 889
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2006	216 332 182	610 979 438	-	68 298 050	113 463 663	1 009 073 333
Cost	21 455 732	1 411 510 933	-	105 973 729	151 262 804	1 690 203 198
Capital Under Construction	(104 764)	88 042 383	-	-	3 188 340	91 125 959
Revaluation	334 682 168	1 654 919	-	8 759 960	-	345 097 047
Accumulated Depreciation	(139 700 954)	(890 228 797)	-	(46 435 639)	(40 987 481)	(1 117 352 871)
- Cost	(3 164 927)	(890 099 941)	-	(44 650 176)	(40 987 481)	(978 902 525)
- Revaluation	(136 536 027)	(128 856)	-	(1 785 463)	-	(138 450 346)

Buffalo City Municipality appointed a service provider to develop a detailed roadmap to enable the successful implementation of processes to identify, record, value and manage Infrastructure Assets during the next 3 years. At present, depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, Buffalo City Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

Depreciation charged to the Statement of Financial Performance	70 833 674
Depreciation charged directly to the Statement of Changes in Net Assets	13 902 814
Total Depreciation Charged	<u>84 736 488</u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

INTANGIBLE ASSETS

30 June 2006

Reconciliation of Carrying Value	Computer Software R	R	R	R	R	Total R
Carrying Values at 01 July 2005	3 998 913	-	-	-	-	3 998 913
Cost	13 954 105	-	-	-	-	13 954 105
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(9 955 192)	-	-	-	-	(9 955 192)
Acquisitions	3 904 399	-	-	-	-	3 904 399
Capital Under Construction	-	-	-	-	-	-
- Current Year	-	-	-	-	-	-
- Capitalised	-	-	-	-	-	-
Amortisation	(4 098 055)	-	-	-	-	(4 098 055)
Carrying Value of Disposals	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Amortisation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2006	3 805 257	-	-	-	-	3 805 257
Cost	17 858 504	-	-	-	-	17 858 504
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(14 053 247)	-	-	-	-	(14 053 247)

AGRICULTURAL ASSETS

30 June 2006

Reconciliation of Carrying Value	Agricultural Assets R	R	R	R	R	Total R
Values at 01 July 2005	-	-	-	-	-	-
Valuation	-	-	-	-	-	-
Valuation Increase / Decrease	-	-	-	-	-	-
Valuation	-	-	-	-	-	-
Values at 30 June 2006	-	-	-	-	-	-
Valuation	-	-	-	-	-	-

Note: The 2006 Opening Balances were adjusted due to a re-classification of assets. There was no change to the overall Carrying Value as the Infrastructure Assets Carrying Value increased by R 118 514 and the Other Assets Carrying Value decreased by the same amount. The net effect of the movement of Community Assets was nil. Computer Software has also been separately categorised under Intangible Assets.

Refer to Appendix B for more detail on Property, Plant and Equipment, including those under construction.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
11 INVESTMENTS		
<u>Listed</u>		
BCM had no listed investments at the reporting date.		
<u>Unlisted</u>		
Shares in ELIDZ (PTY) LTD	6 488 079	5 172 373
<u>Financial Instruments</u>		
Fixed Deposits - Long-Term	31 737 148	10 693 315
Total Financial Instruments	38 225 227	15 865 688
<u>Call Investment Deposits</u>		
Other Deposits - Short-Term	397 122 083	436 351 650
Call Account Deposits	9 594	9 405
Total Call Investment Deposits	397 131 677	436 361 055
Total Investments	435 356 904	452 226 743
Average rate of return on investments	9%	7%
Allocation of External Investments		
Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
COID Fund (Note 1)	7 360 372	6 850 830
Insurance Reserve (Note 2)	21 667 079	21 269 882
Conditional Grants and Receipts (Note 8)	242 868 365	193 130 040
Capital Replacement Reserve (Note 2)	38 029 758	15 710 413
Performance Bonuses Provision (Note 6)	1 489 480	566 057
Surplus Cash	112 668 750	204 527 945
	424 083 804	442 055 167
External Financing Fund	11 273 100	10 171 576
Total	435 356 904	452 226 743

The market value of Sanlam shares acquired upon demutualisation was R1 852 029 as at 30 June 2007 and R1 165 238 as at 30 June 2006.

The primary reason for the decrease in the investment portfolio is due to the fact that more funds were realised for increased budget commitments during the 2006/07 financial year.

INVESTMENT IN MUNICIPAL ENTITIES - BUFFALO CITY DEVELOPMENT AGENCY (BCDA)

Issued Share Capital	-	-
Percentage owned by Council (%)	-	-
Indebtness of Municipal Entity	-	-
Dividend Received	-	-
Management Fees Received	-	-
Administration Fees Received	-	-

Related party transactions as per note 38:

Buffalo City Municipality issued grants of R1 000 000 to BCDA during the current financial year (2006: R1 429 825).

BCDA paid consumer accounts of R16 331 during the current financial year (2006: R6 250).

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
12 LONG-TERM RECEIVABLES		
Loans to Sporting Bodies	138 678	186 287
Other Loans	26 660	43 658
Motor Vehicle Loans	848 108	1 804 799
	<u>1 013 446</u>	<u>2 034 744</u>
Less: Current Portion Transferred to Current Assets	(584 004)	(945 103)
Total Long-Term Receivables	<u><u>429 442</u></u>	<u><u>1 089 641</u></u>

Loans to Sporting Bodies

Council granted loans to Sporting bodies within its jurisdiction. This policy has since been abolished and no new loans are issued. The remaining loans are being phased out with the last loan being redeemable in 2016.

Other Loans

Council granted loans to other organisations and bodies within its jurisdiction. The remaining loans are being phased out with the last loan redeemable in 2009. The loans attract interest between 6 and 10%.

Motor Vehicle Loans

Senior staff obtained loans at 8% interest per annum repayable over a maximum period of 6 years. Essential users obtained loans at 10% repayable over a maximum period of 5 years. All loans are being phased out with the last loan being fully redeemed in 2008.

13 INVENTORY

Consumable Store - at cost	9 984 164	8 224 926
Workshop Store - at cost	195 171	164 957
Diesel - at cost	411 984	516 383
Petrol - at cost	423 466	612 453
Water Store - at cost	5 729 830	2 791 884
Electricity Store - at cost	7 745 610	4 503 197
Unsold Water - at cost	543 808	502 970
	<u>25 034 033</u>	<u>17 316 770</u>
Less: Provision for Obsolescence	(234 706)	(152 875)
Total Inventory	<u><u>24 799 327</u></u>	<u><u>17 163 895</u></u>

In terms of Gazette No. 30013 dated 29 June 2007 and National Treasury's letter dated 15 August 2007, National Treasury have agreed to Buffalo City Municipality deviating from the exemption relating to the disclosure of stock of water on hand at 30 June 2007. Stock of water on hand has therefore been recognised and disclosed for the 2005/06 and 2006/07 financial years.

Inventory is net of specific provisions for obsolescence.

Stock to the value of R152 875 was deemed to be redundant or obsolete and was written off during the 2006/07 financial year.

14 CONSUMER DEBTORS

	<u>Gross Balances</u>	<u>Provision for Bad Debts</u>	<u>Net Balance</u>
As at 30 June 2007			
Service Debtors	437 644 953	(167 326 597)	270 318 356
Rates	99 699 410	(3 067 401)	96 632 009
Cleansing	77 802 376	(37 816 021)	39 986 355
Electricity	68 230 804	(33 809 262)	34 421 542
Sewerage	67 337 319	(32 729 456)	34 607 863
Water	124 575 044	(59 904 457)	64 670 587
Housing Rentals	1 537 590	(747 349)	790 241
Sub - Total	439 182 543	(168 073 946)	271 108 597
Sundry Debtors	64 001 237	(31 107 946)	32 893 291
Total	<u><u>503 183 780</u></u>	<u><u>(199 181 892)</u></u>	<u><u>304 001 888</u></u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
As at 30 June 2006		
Service Debtors	432 411 715	(167 196 624)
Rates	100 450 200	(3 102 189)
Cleansing	76 725 945	(37 786 687)
Electricity	66 273 384	(33 706 814)
Sewerage	64 907 636	(31 966 299)
Water	124 054 550	(60 634 635)
Housing Rentals	3 971 641	(3 971 641)
Sub - Total	436 383 356	(171 168 265)
Sundry Debtors	61 468 588	(30 272 606)
Total	497 851 944	(201 440 871)
<u>Rates: Ageing</u>		
Current (0 - 30 days)	26 264 877	22 026 356
31 - 60 Days	4 462 832	6 257 864
61 - 90 Days	3 504 314	3 585 869
91 - 120 Days	2 795 758	2 704 264
121 - 365 Days	20 127 417	23 405 718
+ 365 Days	42 544 212	42 470 129
Adjustment for Corrections	-	-
Total	99 699 410	100 450 200
<u>Cleansing, Electricity, Sewerage & Water: Ageing</u>		
Current (0 - 30 days)	99 543 561	64 518 876
31 - 60 Days	12 800 190	14 047 421
61 - 90 Days	8 038 759	11 684 081
91 - 120 Days	8 093 640	9 920 288
121 - 365 Days	51 149 215	53 178 636
+ 365 Days	158 320 178	140 924 939
Adjustment for Corrections (refer to Note 36)	-	37 687 274
Total	337 945 543	331 961 515
<u>Housing Debtors: Ageing</u>		
Current (0 - 30 days)	884 928	1 221 397
31 - 60 Days	29 947	115 485
61 - 90 Days	31 312	72 139
91 - 120 Days	29 817	79 982
121 - 365 Days	258 095	362 744
+ 365 Days	303 491	2 119 894
Total	1 537 590	3 971 641
<u>Sundries: Ageing</u>		
Current (0 - 30 days)	8 152 684	8 661 442
31 - 60 Days	4 525 609	2 429 001
61 - 90 Days	1 539 114	1 768 686
91 - 120 Days	1 542 551	2 805 955
121 - 365 Days	12 332 030	11 282 826
+ 365 Days	35 909 250	34 520 678
Total	64 001 237	61 468 588
<u>Grand Total: Ageing</u>		
Current (0 - 30 days)	134 846 050	96 428 071
31 - 60 Days	21 818 578	22 849 771
61 - 90 Days	13 113 499	17 110 775
91 - 120 Days	12 461 766	15 510 489
121 - 365 Days	83 866 757	88 229 924
+ 365 Days	237 077 131	220 035 640
Adjustment for Corrections (refer to Note 36)	-	37 687 274
Total	503 183 780	497 851 944

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

				2007	2006
				R	R
<u>Summary of Debtors by Customer Classification</u>	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Gov</u>	<u>Other</u>	<u>Total</u>
	R	R	R	R	R
30 June 2007					
Current (0 - 30 days)	76 271 779	50 807 468	3 864 288	3 902 514	134 846 049
31 - 60 Days	12 029 292	6 853 031	1 278 593	1 657 662	21 818 578
61 - 90 Days	8 955 805	2 563 035	440 370	1 154 289	13 113 499
91 - 120 Days	8 091 974	2 386 317	757 174	1 226 302	12 461 767
121 - 365 Days	62 709 114	13 836 524	1 370 549	5 950 570	83 866 757
+ 365 Days	193 526 257	33 884 564	828 346	8 837 964	237 077 131
Sub-Total	<u>361 584 221</u>	<u>110 330 939</u>	<u>8 539 320</u>	<u>22 729 301</u>	<u>503 183 781</u>
Less: Provision for Bad Debts	<u>(145 601 609)</u>	<u>(44 427 719)</u>	<u>-</u>	<u>(9 152 564)</u>	<u>(199 181 892)</u>
Total Debtors by Customer Classification	<u>215 982 612</u>	<u>65 903 220</u>	<u>8 539 320</u>	<u>13 576 737</u>	<u>304 001 888</u>
30 June 2006					
Current (0 - 30 days)	80 852 323	45 484 282	4 177 438	3 520 198	134 034 241
31 - 60 Days	16 801 807	3 302 924	1 686 282	1 058 759	22 849 772
61 - 90 Days	14 033 635	1 452 315	769 985	854 839	17 110 774
91 - 120 Days	11 804 786	1 253 762	506 499	1 945 443	15 510 490
121 - 365 Days	66 519 249	12 422 334	3 031 826	6 256 515	88 229 924
+ 365 Days	171 671 578	31 916 559	2 309 942	14 218 662	220 116 741
Sub-Total	<u>361 683 378</u>	<u>95 832 176</u>	<u>12 481 972</u>	<u>27 854 416</u>	<u>497 851 944</u>
Less: Provision for Bad Debts	<u>(150 237 819)</u>	<u>(39 672 043)</u>	<u>-</u>	<u>(11 531 009)</u>	<u>(201 440 871)</u>
Total Debtors by Customer Classification	<u>211 445 559</u>	<u>56 160 133</u>	<u>12 481 972</u>	<u>16 323 407</u>	<u>296 411 073</u>
Bad Debt Provision					
Balance at beginning of year				201 440 870	185 212 838
Contributions				<u>(2 258 978)</u>	<u>16 228 032</u>
Balance at the end of the year				<u>199 181 892</u>	<u>201 440 870</u>
Bad Debts					
Contribution to the bad debt provision from the operating account				-	16 228 032
Bad debt written off against the operating account-consumers				60 315 878	36 177 425
Bad debt written off against the operating account-other				<u>2 867 579</u>	<u>-</u>
Total Bad Debts				<u>63 183 457</u>	<u>52 405 457</u>

Amounts totalling R63 183 457 (2005/06 : R36 177 425) were written off as bad debts against the operating account. This represents 3,6% (2005/06 : 2,25%) of the total operating income for the year.

Debtors were disclosed at nominal value net of provision for bad debts and no discounting in terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 was done.

15 OTHER DEBTORS

Sundry Debtors	4 368 565	4 551 834
Accrued Income	9 109 093	11 679 461
IDZ	-	-
Land Sale Debtors	952 621	933 654
Total Other Debtors	<u>14 430 279</u>	<u>17 164 949</u>

Note: 2006 - A Correction of Error adjustment was made to IDZ in the amount of R10 050 839 - refer to Note 36.

Debtors were disclosed at nominal value net of provision for bad debts and no discounting in terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 was done.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
16 BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
Account Number: 521 201 117 44		
Account Number: 081 221 495		
First National Bank / Standard Bank		
Oxford Street		
East London		
Cashbook balance at the beginning of the year	49 224 704	44 455 780
Cashbook balance at the end of the year	<u>231 338 901</u>	<u>49 224 704</u>
Bank statement balance at the beginning of the year	109 141 105	145 342 831
Bank statement balance at the end of the year	<u>300 128 298</u>	<u>109 141 105</u>
<u>Current Account (Inter Authority Account)</u>		
Account Number: 521 201 778 89		
Account Number: 081 246 072		
First National Bank / Standard Bank		
Oxford Street		
East London		
Cashbook balance at the beginning of the year	1 210	6 585
Cashbook balance at the end of the year	<u>838 642</u>	<u>1 210</u>
Bank statement balance at the beginning of the year	19 674	6 585
Bank statement balance at the end of the year	<u>840 344</u>	<u>19 674</u>
Note: The balance of the Inter Authority account was previously disclosed under the Primary Bank account.		
<u>Current Account (Collection Account)</u>		
Account Number: 521 201 781 84		
Account Number: 081 245 882		
First National Bank / Standard Bank		
Oxford Street		
East London		
Cashbook balance at the beginning of the year	792 217	641 991
Cashbook balance at the end of the year	<u>132 876</u>	<u>792 217</u>
Bank statement balance at the beginning of the year	792 217	641 991
Bank statement balance at the end of the year	<u>132 876</u>	<u>792 217</u>
<u>Current Account (Prism Account)</u>		
Account Number: 620 179 770 52		
Account Number: 081 246 048		
First National Bank / Standard Bank		
Oxford Street		
East London		
Cashbook balance at the beginning of the year	1 343 249	417 071
Cashbook balance at the end of the year	<u>1 375 514</u>	<u>1 343 249</u>
Bank statement balance at the beginning of the year	539 380	455 404
Bank statement balance at the end of the year	<u>-</u>	<u>539 380</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<u>Current Account (Market)</u>		
Account Number: 521 201 778 89		
Account Number: 081 246 072		
First National Bank / Standard Bank		
Oxford Street		
East London		
Cashbook balance at the beginning of the year	(1 156 129)	(1 780 014)
Cashbook balance at the end of the year - overdrawn	<u>(1 123 458)</u>	<u>(1 156 129)</u>
Bank statement balance at the beginning of the year	878 174	(756 251)
Bank statement balance at the end of the year	<u>331 227</u>	<u>878 174</u>
Disclosure in the Statement of Financial Position :-		
Cashbook balance at the beginning of the year	50 205 251	43 734 828
Cashbook balance at the end of the year	<u>232 562 475</u>	<u>50 205 251</u>
17 PROPERTY RATES		
<u>Actual</u>		
Residential	155 272 077	143 361 443
Commercial	111 529 555	103 035 888
State	25 587 693	23 409 951
Municipal	1 295 669	1 353 875
Total Assessment Rates	<u>293 684 994</u>	<u>271 161 157</u>
<u>Property Valuations</u>		
Residential	6 322 710 062	6 159 312 388
Commercial	3 977 040 876	3 938 844 017
State	1 183 526 646	1 175 038 455
Municipal	252 913 775	253 496 847
Total Property Valuations	<u>11 736 191 359</u>	<u>11 526 691 707</u>
<p>General valuations on land and buildings should be conducted every 10 years. The last valuations came into effect as follows: East London 1994, King William's Town 1990, Bhisho 1995, R293 Townships 1998, Amatole 1991. Interim valuations are processed once a year to take into account changes in individual property values due to alterations and subdivisions. Rebates of 20% and 40% are granted to state properties and pensioners respectively. Rates are levied on an annual basis on property owners with the final date of payment being 30 September 2006. Ratepayers are also given an option of paying their rates monthly on application. Interest at a standard rate as amended from time to time, is paid on any rate which remains unpaid after 30 September 2006, except in cases where the owner has applied to pay by instalment.</p>		
18 SERVICE CHARGES		
Sewerage Charges	118 266 107	111 808 764
Cleansing Charges	94 773 097	88 079 654
Sale of Electricity	429 228 488	409 763 036
Sale of Water	152 326 004	144 345 924
Other	2 171 530	2 407 475
Total Service Charges	<u>796 765 226</u>	<u>756 404 853</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
19 GOVERNMENT GRANTS AND SUBSIDIES		
<u>Government Grants</u>		
Equitable Share	197 474 279	169 684 848
Equitable Share Urban Renewal	-	3 771 294
BCMETS Subsidy	1 470 266	
DWAF	1 408 016	-
State Health Subsidy	33 774 461	26 146 320
MIG	1 944 339	1 650 201
Total Government Grants	<u>236 071 361</u>	<u>201 252 663</u>
<u>Provincial Subsidies</u>		
Health Subsidy	-	367 257
Needs Camp	-	120 525
Subsidy	-	4 750 832
DHLGTA grants	-	400
Total Provincial Subsidies	<u>-</u>	<u>5 239 014</u>
Total Government Grants & Subsidies Received and Allocated as Income	<u>236 071 361</u>	<u>206 491 677</u>
Transferred from Conditional Grant Creditors (Appendix G)	241 245 228	198 841 919
Total Conditional Grants and Subsidies reflected on the Statement of Financial Performance	<u>477 316 589</u>	<u>405 333 596</u>
Equitable Share		

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

Other Grants and Subsidies

All other funds received in the income account were reimbursements for expenditure incurred and no balances were carried forward. All conditions for the funding were complied with and no funds were withheld.

National/Provincial Government Grant & Other Funding (Expenditure Reimbursement)

Conditional Grants and subsidies are receipted to the Conditional Grant Creditor accounts and all non-capital expenditure is expensed through the income and expenditure account. Once all conditions are met operating and capital expenditure financed from Conditional Grants and Subsidies is re-imbursed by a transfer from the Conditional Grant Creditor account to the operating account as revenue.

Refer Note 8, Appendix G and Appendix H for more detail on the Conditional Grant and Subsidy balances and transaction movements for 2006/07.

All conditions for the funding were complied with and no funds were withheld.

20 OTHER INCOME

Commission	9 765 018	8 993 690
Coupons & Clip Tickets	3 109 079	2 808 979
Fire Levy Charges	17 730 533	15 094 095
Insurance Recoveries	2 335 731	-
Plan Approval Fees	4 394 184	4 958 630
Reconnection Fees	-	7 494 771
Scrap Sales	2 915 445	2 287 571
Service Connections - Electricity Supplies	2 304 985	-
Service Connections - Business	4 947 527	-
Vehicle Registration Commission	14 630 416	14 204 651
Other	14 796 533	16 756 260
Total Other Income	<u>76 929 451</u>	<u>72 598 647</u>

All individual income categories exceeding R 2 000 000 are stated separately.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
21 GENERAL EXPENSES - OTHER		
Consultants Fees	17 627 960	17 491 472
Chemicals and Disinfectant	6 738 442	-
DWAF	6 430 588	5 701 135
Electricity Lighting Department Charges	23 509 750	24 346 054
Transfer to Leave Creditors	-	13 564 803
Essential Users Cost	7 514 910	5 780 307
Fuel Oil	9 496 206	8 016 806
Hired Plant	5 247 484	-
Insurance	11 789 303	6 702 052
Licence Fee Department Charges	5 383 707	-
Machine Rental	7 143 761	5 305 039
Pensions Payable	8 900 512	8 550 857
Petrol	7 051 593	5 422 432
Poor Relief	64 299 618	54 125 709
Refuse Removal Department Charges	8 778 285	7 824 213
Security Guards	12 267 400	12 014 191
Spares - Automotive	8 600 432	8 763 209
Telephones	11 699 158	11 911 473
Conditional Grant Expenditure	114 015 428	56 296 402
Housing & Local Government projects	50 917 661	21 435 506
Restructuring Grant Projects	31 016 088	10 425 176
Other projects	32 081 679	24 435 720
Other	121 054 572	118 449 296
Total General Expenses - Other	457 549 110	370 265 451

All categories exceeding R 5 000 000 are stated separately.

22 EMPLOYEE RELATED COSTS

Salaries and Wages	429 426 984	384 874 388
Social Contributions	83 583 146	77 169 774
	513 010 130	462 044 162
Remuneration of the Municipal Manager		
Basic Salary	420 000	407 098
Deferred Compensation	-	148 137
Other	280 000	339 239
Total	700 000	894 474

(Note: The above amounts are for the period 01 November 2006 to 30 June 2007. No bonus was paid but a provision of R 122 500 was made for the 2006/07 financial year.)

Remuneration of the Chief Financial Officer

Annual Remuneration	521 869	495 302
Other	348 888	330 202
Performance Bonus	-	82 550
Total	870 757	908 054

(Note: No bonus was paid but a provision of R 174 818 was made for the 2006/07 financial year.)

Remuneration of the Director of Corporate Services

Annual Remuneration	521 869	495 302
Other	352 220	330 202
Performance Bonus	-	82 550
Total	874 089	908 054

(Note: No bonus was paid but a provision of R 174 818 was made for the 2006/07 financial year.)

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Remuneration of the Director of Engineering Services		
Annual Remuneration	523 729	495 302
Other	353 459	330 202
Performance Bonus	-	82 550
Total	877 188	908 054
(Note: No bonus was paid but a provision of R 175 438 was made for the 2006/07 financial year.)		
Remuneration of the Director of Development		
Planning		
Annual Remuneration	521 869	495 302
Other	352 220	330 202
Performance Bonus	-	82 550
Total	874 089	908 054
(Note: No bonus was paid but a provision of R 174 818 was made for the 2006/07 financial year.)		
Remuneration of the Director of Social Services		
Annual Remuneration	162 000	495 302
Other	127 297	330 202
Performance Bonus	-	82 550
Total	289 297	908 054
(Note: The above amounts are for the period 01 November 2006 to 30 June 2007. No bonus was paid but a provision of R 57 859 was made for the 2006/07 financial year.)		
Remuneration of the Director of Community Services		
Annual Remuneration	162 000	-
Other	127 297	-
Total	289 297	-
(Note: The above amounts are for the period 01 March 2007 to 30 June 2007. No bonus was paid but a provision of R 57 859 was made for the 2006/07 financial year.)		
Remuneration of the Director of Mayoral Office		
For the period 01 July 2006 to 25 August 2006		
Annual Remuneration	79 230	381 060
Other	52 820	254 040
Total	132 050	635 100
For the period 03 May 2007 to 30 June 2007		
Annual Remuneration	83 030	495 302
Other	55 353	330 202
Total	138 383	825 504
(Note: No bonus was paid but a provision of R 27 677 was made for the 2006/07 financial year.)		
Remuneration of the Special Advisor to Executive Mayor		
Annual Remuneration	521 869	-
Other	352 220	-
Performance Bonus (Paid i.r.o. 2006/07 financial year)	86 242	-
Total	960 331	-

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
23 REMUNERATION OF COUNCILLORS		
Executive Mayor	317 210	287 088
Speaker	253 767	229 671
Mayoral Committee Members	2 141 165	1 879 393
Councillors	7 416 587	5 647 923
Councillors' Pension and Medical Contribution	1 697 936	1 300 870
Other	5 119 994	4 045 203
Total Councillors' Remuneration	16 946 659	13 390 148

(Note: The large variance in other is a result of the new upper limits of salaries, allowances and benefits of Councillor's as per SALGA's circular 14/2006.)

In-Kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of Council.

24 INTEREST PAID

Stock Loans	3 053 640	5 380 250
Annuity Loans	41 573 409	43 795 684
Finance Loans	839	450 250
Other	1 661 028	6 601 046
Total Interest on External Borrowings	46 288 916	56 227 230

During the 2006/07 financial year, the total interest paid has decreased due to the reduction of stock loans which were consolidated into an INCA loan in February 2006. However, this interest is expected to increase in future on acquisition of budgeted new loans.

25 BULK PURCHASES

Electricity	247 773 872	226 951 707
Water	72 104 638	62 566 266
Total Bulk Purchases	319 878 510	289 517 973

26 GRANTS AND SUBSIDIES PAID

Grant in Lieu of Rates	3 033 418	2 866 369
Sundry Grants-in-Aid	465 661	1 628 628
Total Grants and Subsidies Paid	3 499 079	4 494 997

The Grant paid to BCM Tourism is paid quarterly.

Various institutions apply for Grants-in-aid. Mostly charity organizations and child care centres qualify for these grants.

27 TRAFFIC FINES

Traffic fines issued but not yet recovered at year end.	9 696 555	14 754 530
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Due to the uncertainty of the recoverability of outstanding traffic fines Buffalo City Municipality did not include the unpaid fines as Revenue and will only do so when the revenue is received.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
28 CASH GENERATED BY OPERATIONS		
Net Surplus for the year	120 457 086	205 220 096
Adjustment for:		
Equity accounted share of associate's surplus	(1 315 706)	(1 418 115)
Depreciation	100 396 246	84 736 488
Gain on disposal of property, plant and equipment	(4 135 271)	(7 280 645)
Contributions to Provisions - Current	1 489 480	566 057
Contributions to Bad Debt Provision	-	16 228 032
Contributions to Reserves	4 183 582	1 602 403
Investment Income	(38 397 035)	(65 747 296)
Interest Paid	52 571 709	56 227 230
Vat Recovered	-	11 633 905
Operating Surplus Before Working Capital Changes:	235 250 091	301 768 155
Increase in Inventories	(7 717 263)	(1 809 294)
Increase in Provision for Obsolete Stock	81 831	-
Increase in Service Debtors	(5 331 836)	(35 913 466)
Decrease in Bad Debt Provision	27 234	-
Increase/(Decrease) in Other Debtors	2 734 670	37 079 160
Increase in Conditional Grants & Receipts	49 738 325	41 462 748
Increase in Creditors	20 771 655	11 065 832
Increase/(Decrease) in VAT	4 563 751	(3 904 993)
Working Capital Changes	64 868 367	47 979 987
Cash Generated By Operations	300 118 457	349 748 143
29 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	233 904 878	52 690 916
Call investment deposits	397 131 677	436 361 055
Total Cash and Cash Equivalents	631 036 555	489 051 971
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-Term Liabilities (Refer Appendix A)	98 011 654	21 109 471
Used to Finance Property, Plant and Equipment previous years	(98 011 654)	(21 109 471)
Cash Invested for Repayment of External Loans	9 918 843	8 922 380

During the 2006/07 financial year, a new loan for the Capital Development Programme (CAP) was raised to the total value of R250 000 000, but only R98 011 654 has been claimed from the Development Bank of Southern Africa (DBSA). The CAP-loan of R98 011 654, includes different projects at different rates ranging from 5% to 9.8% p.a.

All loans that are raised are only used for the financing of assets. No operating expenditure is financed from loan funding. All purchases against the capital budget are analysed and reconciled to individual asset values in order to eliminate any contravention of the MFMA, which stipulates that loan funding cannot be used to finance operating activities.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
31 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
<u>Contributions to SALGA</u>		
Opening Balance	-	-
Council Subscriptions	2 403 838	2 160 687
Amount Paid - Current Year	(2 403 838)	(2 160 687)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>Contributions to SA Cities Network</u>		
Opening Balance	-	-
Council Subscriptions	199 650	181 500
Amount Paid - Current Year	(199 650)	(181 500)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>Audit Fees</u>		
Opening Balance	-	-
Over Provision Written Back	-	-
Current Year Audit Fee	2 101 956	2 078 281
Amount Paid - Current Year	(2 101 956)	(2 078 281)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>PAYE and UIF</u>		
Opening Balance	-	-
Current Year Payroll Deductions	60 524 928	55 737 546
Amount Paid - Current Year	(60 524 928)	(55 737 546)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>Pension and Medical Aid Deductions</u>		
Opening Balance	-	-
Current Year Payroll Deductions and Council Contributions	120 401 203	109 226 663
Amount Paid - Current Year	(120 401 203)	(109 226 663)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>Councillor's Arrear Consumer Accounts</u>		

Arrear accounts totalling R800 were outstanding at 30 June 2007 for more than 90 days for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
32 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and Contracted for		
Infrastructure	81 764 552	112 323 367
Community	3 268 311	7 515 816
Other	3 609 378	10 860 119
	<u>88 642 241</u>	<u>130 699 302</u>
- Approved but not yet Contracted for		
Infrastructure	156 137 358	232 133 831
Community	24 701 168	31 110 068
Other	102 847 728	79 962 306
	<u>283 686 254</u>	<u>343 206 205</u>
Total Commitments	<u>372 328 495</u>	<u>473 905 507</u>
This expenditure will be financed from:		
- External Loans	102 157 536	115 923 288
- Government Grants	201 189 474	285 941 195
- Other	68 981 485	72 041 024
	<u>372 328 495</u>	<u>473 905 507</u>

All commitments are in respect of Property, Plant and Equipment.

No commitments exist for Intangible and Agriculture Assets in terms of IAS 38 and IAS 41 respectively.

33 CONTINGENT LIABILITIES

Guarantees by the Council in respect of building society and commercial bank housing loans for officials.	796 476	1 376 604
	<u>796 476</u>	<u>1 376 604</u>

Flood damage to Vincent Park Centre has resulted in a possible claim of approximately R31 million. Although no court action has commenced Council's attorney's have been briefed and Council would defend the matter. Council's attorney's have also been instructed to investigate the possibility of recourse through it's Insurers. At present the matter is dormant as we have not heard from the claimants. If not interrupted the matter will prescribe in 2009.

The Department of Water Affairs and Forestry (DWAf) - Eastern Cape has requested payment of approximately R18 million for outstanding water accounts in respect of Noodlyn, Zwelitsha and Phakamisa townships. Council through it's attorney's, have advised DWAf that the payment of accounts prior to the take over of responsibilities by Buffalo City Municipality, vested with Provincial Government.

An arrest of a citizen by a traffic officer whereby a firearm was discharged injuring the accused has resulted in a possible civil claim of approximately R1,6 million. Council is of the opinion that the arrest was legal according to the Road Traffic Act and the Criminal Procedure Act.

The cancellation of a contract to lay a bulk sewer pipe due to non-performance by RJW Ikusasan JV resulted in Council being sued in the amount of R2,5 million. Council is defending the claim.

An ex-employee is claiming for benefits allegedly not paid and for unlawful dismissal in the amount of R1 million. Council is defending the matter.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007
R

2006
R

34 RETIREMENT BENEFIT INFORMATION

The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below:

- Cape Joint Pension Fund
- Cape Joint Retirement Fund
- Eastern Cape Local Authorities Provident Fund
- Government Employees Pension Fund
- SAMWU National Provident Fund
- SALA Pension Fund
- East London Municipal A Band Provident Fund
- Old Mutual Orion Provident Fund
- Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede

The Cape Joint Pension Fund's last actuarial valuation was at 30 June 2006 conducted by S. Neethling from Metropolitan Life Limited. The fund was in a sound financial position and the surplus could be attributed to the reduction of pension increase targets.

The Cape Joint Retirement Fund's last actuarial valuation was at 30 June 2006 conducted by S. Neethling from Metropolitan Life Limited who certified that the fund was in a sound financial position.

The Eastern Cape Local Authorities Provident Fund's last valuation was at 30 June 2005 conducted by M. Hayler from Alexander Forbes Financial Services who certified that the fund was in a sound financial position in terms of the Pension Fund Act.

The Government Employees Pension Fund's last valuation was at 31 March 2004 conducted by J. Slawski, J. Geldenhuys and R. Maxwell from Alexander Forbes Financial Services. The fund was 96,5% funded at this date. The deficit in the Fund is provided for in the national accounts of Government.

SAMWU National Provident Fund's last actuarial valuation was at 30 June 2005 conducted by E. Potgieter from Fifth Quadrant Actuaries & Consultants (Pty) Ltd. The report stated that the fund was in a sound financial position.

The SALA Pension Fund's last valuation was at 30 June 2003 conducted by S. Feldman of Old Mutual Actuaries and Consultants. The fund was 93.2% funded as at valuation date.

The East London Municipal A Band and Old Mutual Orion Provident Funds as well as the Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede are fixed/defined contribution funds. It is therefore not necessary to perform actuarial valuations for these funds.

It is Council's policy to fund 70% of Pensioner's medical aid expenses. The current costs amount to approximately R 8.9 million.

An amount of R 83.6 million (2006: R 75,7 million) was contributed by Council, Councillor's and employee's in respect of Councillor and employee's retirement funding. These contributions have been expensed.

BUFFALO CITY MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
35 IN-KIND DONATIONS AND ASSISTANCE		
The Municipality received the following in-kind donations and assistance:		
- The services of 9 Officials from the Department of Housing, Local Government and Traditional Affairs have been made available to BCM for the implementation of the Enhanced Extended State Discount Benefit Scheme in Mdantsane w.e.f. 26 March 2007.		
36 CORRECTION OF ERROR		
During the year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods:		
Transactions affecting Revaluation Reserve (Incorrect revaluation of land and buildings)		32 232 682
Transactions affecting PPE (Incorrect revaluation of land and buildings)		<u>(32 232 682)</u>
		-
Transactions affecting Revaluation Reserve (Accumulated depreciation on buildings not adjusted)		<u>(212 925)</u>
Transactions affecting PPE (Accumulated depreciation on buildings not adjusted)		<u>212 925</u>
		-
Transactions affecting Creditors (2004-2006:Stale Cheques written back)		1 498 340
Transactions affecting Consumer Debtors (2006:Elec & Water usages July '06 written back)		37 687 274
Transactions affecting Other Debtors (2006:IDZ debtor account written-off)		<u>(10 050 839)</u>
Transactions affecting Long-Term Liabilities (2006:Annuity Loans overstated previous years)		27 928
Adjusted to Accumulated Surplus		<u>29 162 703</u>
Net Effect on Accumulated Surplus		<u>29 162 703</u>
37 INVESTMENT IN ASSOCIATE		
Buffalo City Municipality holds 26% of the issued share capital in East London Industrial Development Zone (Pty) Ltd.		
Opening balance of carrying value	5 172 373	3 754 258
Share of retained profit on the equity method for the period	1 315 706	1 418 115
Closing balance of carrying value	<u>6 488 079</u>	<u>5 172 373</u>
Investment carrying value is made up as follows:		
26% of issued shares (26 000 shares at R0,01 each)	260	260
26% of retained portion of IDZ profit	<u>6 487 819</u>	<u>5 172 113</u>
	6 488 079	5 172 373
Market value and Council's valuation of this investment	<u>6 488 079</u>	<u>5 172 373</u>
Summary of IDZ Financial Information:	30/06/2007	31/03/2007
Equity	(24 953 154)	(22 050 417)
Liabilities	<u>(570 919 258)</u>	<u>(618 389 901)</u>
Total Equity and Liabilities	<u>(595 872 412)</u>	<u>(640 440 318)</u>
Total Assets	<u>595 872 412</u>	<u>640 440 318</u>
The Financial Statements of IDZ are prepared for the accounting period 01 April 2006 to 31 March 2007 and interim results for the quarter ending 30 June 2007 are also prepared.		
No loans were made to or received from the associate.		
No shares were sold during the period.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007
R

2006
R

38 RELATED PARTY TRANSACTIONS

Buffalo City Development Agency (BCDA) (a Section 21 company registration no 2004/016829/08)

The BCDA was incorporated on 18 June 2004 as a Municipal entity of BCM. BCDA is 100% controlled by BCM. BCM Council resolved to report all Agency related pre-incorporation financial transactions for the first time at 30 June 2005.

One of the envisaged corner-stones of the Agency's business model is the asset base of unutilised or underutilised public land and infrastructure that falls within the Agency's demarcated area, namely the extended waterfront and CBD area of East London.

In Buffalo City, this asset-base constitutes a resource of significant value that could be used as leverage to unlock beneficial synergies with other significant prospective investors, private and public.

Buffalo City Municipality has issued grants of R1 000 000 to the development agency during the current financial year (2006: R1 429 825).

BCDA has paid consumer accounts of R16 331 during the current financial year (2006: R6 250).

There is no outstanding balances to BCM from BCDA or visa versa at 30 June 2007.

39 EXEMPTIONS GRANTED IN GAZETTE NO. 30013 DATED 29 JUNE 2007

Buffalo City Municipality is making full use of the exemptions granted except for the exemption relating to the preparation of consolidated statements and the disclosure of water stock on hand. Deviations from the exemptions were agreed with National Treasury who approved the deviations in a letter dated 15 August 2007.

Due to taking advantage of the exemptions granted the 2005/06 comparatives may not be consistent with the accounting policies applied and the information presented and disclosed in the 2006/07 year.

Buffalo City Municipality is in the process of preparing a detailed implementation plan to facilitate full compliance with the accounting standards. In terms of Gazette No. 30013 dated 29 June 2007 the detailed implementation plan will be submitted to National Treasury by 31 October 2007.

To achieve full compliance with the accounting standards the information in the Annual Financial Statements will need to be adjusted to make provision for:

- Presenting assets and liabilities at fair value.
- Providing for all obligations.
- Recapitalising the value of Infrastructure and Property assets.
- Straight lining leases and rental income and payments.
- Identifying and accounting for Investment assets.
- Identifying and accounting for Intangible assets.
- Determination of risk (credit and interest).
- Impairment.

40 EVENTS AFTER THE REPORTING DATE

At the time of preparing and submitting the Annual Financial Statements there were no subsequent events to disclose.

41 OPERATING LEASES

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

No later than 1 year	4 881 500	3 791 287
Later than 1 year and no later than 5 years	14 855 125	19 335 911
Later than 5 years	-	-

BUFFALO CITY MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2007

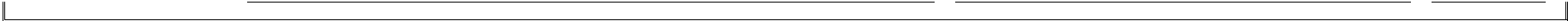
EXTERNAL LOANS							Carrying Value of Property, Plant & Equipment R	Other Costs in accordance with MFMA R
Issued	Loan No.	Redeemable	Balance at 30/06/2006 R	Received during the year R	Redeemed / written off during the year R	Balance at 30/06/2007 R		
LONG-TERM LOANS								
<u>Local Registered Stock</u>								
1990 @ 16.50%	72	30/06/2010	8 000 000	-	-	8 000 000	4 212 509	-
1990 @ 17.05%	73	31/12/2011	10 000 000	-	-	10 000 000	5 265 637	-
1990 @ 17.90%	5/90	30/06/2010	160 000	-	-	160 000	84 250	-
Total Local Registered Stock			18 160 000	-	-	18 160 000	9 562 396	-
<u>Annuity Loans</u>								
1997 @ 16.60%	SCMB	14/06/2007	9 387 171	-	9 387 171	-	-	-
2020 @ 13.95%	INCA	30/06/2020	120 427 343	9 794 249	11 027 599	119 193 993	61 947 683	-
2001 @ 10.83%	13717-DBSA	30/06/2021	63 157 895	5 707 946	4 210 526	64 655 315	31 039 542	-
2002 @ 11.40%	100124-DBSA	30/06/2023	144 239 481	9 702 191	3 034 896	150 906 776	74 353 203	-
2004 @ 10.15%	100783-DBSA	30/06/2009	6 000 000	164 421	-	6 164 421	3 159 382	-
2004 @ 12.56%	101058-DBSA	31/12/2023	55 569 023	3 962 202	972 358	58 558 867	28 748 620	-
2004 @ 10.11%	101490-DBSA	31/12/2006	1 919 472	-	1 919 472	-	-	-
1977 @ 13.00%	SAN 1	30/09/2007	29 069	-	18 763	10 306	5 427	-
Annuity Loans carried forward			400 729 454	29 331 009	30 570 785	399 489 678	199 253 857	-

BUFFALO CITY MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2007

EXTERNAL LOANS							Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
Issued	Loan No.	Redeemable	Balance at 30/06/2006	Received during the year	Redeemed / written off during the year	Balance at 30/06/2007		
			R	R	R	R	R	R
Annuity Loans brought forward			400 729 454	29 331 009	30 570 785	399 489 678	199 253 857	-
1978 @ 13.00%	CJPF 4	30/06/2009	58 110	9 113	36 340	30 883	20 448	-
1980 @ 9.50%	CJPF 5	30/06/2005	46 626	16 963	31 086	32 503	13 904	-
2003 @ 9.05%	STAFF	27/07/2006	306 790	-	306 790	-	-	-
2007 @ 9.80%	102531-DBSA	VARIOUS	-	99 974 340	-	99 974 340	51 609 375	-
Total Annuity Loans			401 140 980	129 331 425	30 945 001	499 527 404	250 897 584	-
Financial Leases :								
2001 @ 13.50%	DCFS	18/09/2006	59 572	-	59 572	-	-	-
Total Financial Leases			59 572	-	59 572	-	-	-
Total External Loans			419 360 552	129 331 425	31 004 573	517 687 404	260 459 980	-

BUFFALO CITY MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs		Closing Balance
LAND AND BUILDINGS											
Land	106 675 492	424 722	-	-	(607 854)	106 492 360	-	-	-	-	106 492 360
Buildings	249 357 644	3 170 788	-	1 703 442	-	254 231 874	139 700 954	17 250 615	(8 643)	156 942 926	97 288 948
Total Land and Buildings	356 033 136	3 595 510	-	1 703 442	(607 854)	360 724 234	139 700 954	17 250 615	(8 643)	156 942 926	203 781 308
INFRASTRUCTURE ASSETS											
Electricity											
Festive Lighting	249 990	258 736	-	-	-	508 726	149 994	62 935	-	212 929	295 797
High Mast Lighting	-	785 151	-	-	-	785 151	-	39 258	-	39 258	745 893
Load Control Equipment	302 823	70 790	-	-	-	373 613	302 823	1 770	-	304 593	69 020
Mains	46 876 987	10 332 123	(10 250 641)	-	-	46 958 469	27 307 689	1 590 779	-	28 898 468	18 060 001
Meters	21 087 537	198 979	-	-	-	21 286 516	11 470 755	660 651	-	12 131 406	9 155 110
Reticulation	245 506 215	633 964	-	6 740 778	-	252 880 957	119 375 121	7 452 742	-	126 827 863	126 053 094
Substations	34 391 417	13 952 478	-	-	-	48 343 895	22 144 072	1 171 214	-	23 315 286	25 028 609
Switchgear Equipment	-	4 228 486	-	-	-	4 228 486	-	105 712	-	105 712	4 122 774
Transformer Kiosks	69 604	3 817 016	-	-	-	3 886 620	9 280	65 937	-	75 217	3 811 403
Roads	348 484 573	34 277 723	(10 250 641)	6 740 778	-	379 252 433	180 759 734	11 150 998	-	191 910 732	187 341 701
Bridges, Subways and Culverts	4 592 733	937 900	-	-	-	5 530 633	331 217	160 909	-	492 126	5 038 507
Bus Terminals	154 909	-	-	-	-	154 909	23 236	7 745	-	30 981	123 928
Car Parks	298 082	-	-	-	-	298 082	207 364	6 968	-	214 332	83 750
Motorways	17 848 469	5 960 031	-	-	-	23 808 500	3 345 408	1 147 958	-	4 493 366	19 315 134
Other Roads	448 324 130	44 443 775	(22 827 073)	6 042 048	-	475 982 880	337 696 445	19 554 479	-	357 250 924	118 731 956
Parking Areas	5 711 421	805 512	(231 540)	39 761	-	6 325 154	4 439 809	143 981	-	4 583 790	1 741 364
Parking Meters	1 787 985	-	-	-	-	1 787 985	59 600	119 199	-	178 799	1 609 186
Pedestrian Facilities	2 821 241	1 141 566	(499 000)	-	-	3 463 807	299 314	256 621	-	555 935	2 907 872
Sidewalks	7 189 998	2 073 843	-	-	-	9 263 843	856 223	653 286	-	1 509 509	7 754 334
Stormwater Drains	604 143	-	-	-	-	604 143	410 943	14 261	-	425 204	178 939
Street Lighting	18 766 818	2 376 272	-	1 638 699	-	22 781 789	11 706 458	436 011	-	12 142 469	10 639 320
Taxi Facilities	8 002 505	2 647 984	-	-	-	10 650 489	774 952	458 004	-	1 232 956	9 417 533
Traffic Calming	428 516	1 315 846	-	-	-	1 744 362	21 426	108 644	-	130 070	1 614 292
Traffic Signals	650 327	263 566	-	-	-	913 893	366 797	28 822	-	395 619	518 274
Traffic Signs	1 584 201	592 282	-	-	-	2 176 483	740 709	122 541	-	863 250	1 313 233
Sewerage	518 765 478	62 558 579	(23 557 613)	7 720 508	-	565 486 952	361 279 901	23 219 429	-	384 499 330	180 987 622
Outfall Sewers	6 373 238	-	-	-	(6 373 238)	-	1 593 310	-	(1 593 310)	-	-
Purification Works	42 048 844	-	-	-	(35 841 920)	6 206 924	14 694 714	-	(14 694 714)	-	6 206 924
Sewer Mains	27 566 185	-	(3 660 397)	-	(14 053 895)	9 851 893	504 449	-	(504 449)	-	9 851 893
Sewerage Pumps	5 482 116	-	(1 760 000)	-	(3 472 116)	250 000	578 002	-	(578 002)	-	250 000
Sewers	175 769 228	-	-	-	(175 619 238)	149 990	114 573 966	-	(114 573 966)	-	149 990
Bulk Sewers	-	76 322 697	-	3 741 093	-	80 063 790	-	2 676 685	-	2 676 685	77 387 105
Oxidation Ponds	-	2 888 000	-	-	-	2 888 000	-	78 396	-	78 396	2 809 604
Connections	-	13 889 043	-	-	-	13 889 043	-	524 743	-	524 743	13 364 300
Pump Stations	-	15 285 418	-	1 336 186	-	16 621 604	-	967 472	-	967 472	15 654 132
Purification Works	-	57 364 815	-	12 601 985	-	69 966 800	-	3 122 623	-	3 122 623	66 844 177
Sewers	-	210 449 053	-	17 960 064	-	228 409 117	-	7 985 967	-	7 985 967	220 423 150
Water	257 239 611	376 199 026	(5 420 397)	35 639 328	(235 360 407)	428 297 161	131 944 441	15 355 886	(131 944 441)	15 355 886	412 941 275
Dams	15 665 087	-	-	-	-	15 665 087	14 948 555	45 266	-	14 993 821	671 266
Mains	54 752 201	-	-	170 901	-	54 923 102	8 814 704	2 955 976	-	11 770 680	43 152 422
Meters	7 579 769	1 276 467	-	-	-	8 856 236	2 584 987	463 017	-	3 048 004	5 808 232
Reservoirs	27 704 153	-	-	12 338 802	-	40 042 955	14 579 956	368 044	-	14 948 000	25 094 955
Reticulation	244 854 476	2 532 428	(2 485 975)	11 126 301	-	256 027 230	156 738 926	3 894 027	-	160 632 953	95 394 277
Treatment Works	23 185 111	-	-	-	-	23 185 111	16 209 735	446 348	-	16 656 083	6 529 028
Infrastructure Assets carried forward	1 498 230 459	476 844 223	(41 714 626)	73 736 618	(235 360 407)	1 771 736 267	887 860 939	57 898 991	(131 944 441)	813 815 489	957 920 778



BUFFALO CITY MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs		Closing Balance
Infrastructure Assets brought forward	1 498 230 459	476 844 223	(41 714 626)	73 736 618	(235 360 407)	1 771 736 267	887 860 939	57 898 991	(131 944 441)	813 815 489	957 920 778
Security											
Access Control Systems	43 910	-	-	-	-	43 910	14 062	8 782	-	22 844	21 066
Fencing	2 454 493	588 083	-	-	-	3 042 576	2 045 823	221 840	-	2 267 663	774 913
Lighting	6 585	-	-	-	-	6 585	6 585	-	-	6 585	-
Security Systems	472 788	333 083	-	-	-	805 871	301 388	71 794	-	373 182	432 689
	2 977 776	921 166	-	-	-	3 898 942	2 367 858	302 416	-	2 670 274	1 228 668
Total Infrastructure Assets	1 501 208 235	477 765 389	(41 714 626)	73 736 618	(235 360 407)	1 775 635 209	890 228 797	58 201 407	(131 944 441)	816 485 763	959 149 446
HERITAGE ASSETS											
Historical Buildings	-	520 356	-	-	-	520 356	-	-	-	-	520 356
Artworks	-	39 000	-	-	-	39 000	-	-	-	-	39 000
Total Heritage Assets	-	559 356	-	-	-	559 356	-	-	-	-	559 356
COMMUNITY ASSETS											
Buildings											
Agriculture	91 954	-	-	-	-	91 954	13 794	4 598	-	18 392	73 562
Aquariums	431 338	-	-	265 825	-	697 163	7 189	14 378	-	21 567	675 596
Beachfront Developments	26 293 225	-	-	-	-	26 293 225	23 424 241	104 442	-	23 528 683	2 764 542
Cemeteries	12 187 715	-	-	1 590 309	-	13 778 024	3 001 796	517 749	-	3 519 545	10 258 479
Clinics & Hospitals	3 391 369	1 108 200	(106 362)	145 225	-	4 538 432	98 241	120 490	-	218 731	4 319 701
Community Centres	9 537 674	1 871 825	-	5 173 580	-	16 583 079	1 990 079	211 167	-	2 201 246	14 381 833
Fire Stations	1 027 916	-	-	2 523 731	-	3 551 647	26 169	34 264	-	60 433	3 491 214
Libraries	936 167	231 250	-	920 567	-	2 087 984	280 862	26 875	-	307 737	1 780 247
Nature Reserves	1 189 638	312 507	-	518 631	-	2 020 776	19 827	44 863	-	64 690	1 956 086
Parks	7 205 111	116 646	-	80 300	-	7 402 057	4 370 209	126 758	-	4 496 967	2 905 090
Public Conveniences	1 093 654	-	-	-	-	1 093 654	139 589	35 336	-	174 925	918 729
Sports & Related Stadiums	24 261 386	1 684 608	-	-	-	25 945 994	5 067 457	692 517	-	5 759 974	20 186 020
Zoos	761 613	-	-	761 613	-	1 523 226	343 131	14 636	-	357 767	403 846
	88 408 760	5 325 036	(106 362)	11 218 168	-	104 845 602	38 782 584	1 948 073	-	40 730 657	64 114 945
Recreational Facilities											
Floodlighting	155 253	38 012	-	-	-	193 265	43 379	8 372	-	51 751	141 514
Outdoor Sports Facilities	21 112 983	2 397 219	-	-	-	23 510 202	4 509 576	973 157	-	5 482 733	18 027 469
Swimming Pools	4 745 327	1 334 383	-	-	-	6 079 710	2 986 132	139 369	-	3 125 501	2 954 209
Tennis Courts	311 366	200 150	-	-	-	511 516	113 968	16 615	-	130 583	380 933
	26 324 929	3 969 764	-	-	-	30 294 693	7 653 055	1 137 513	-	8 790 568	21 504 125
Total Community Assets	114 733 689	9 294 800	(106 362)	11 218 168	-	135 140 295	46 435 639	3 085 586	-	49 521 225	85 619 070
OTHER ASSETS											
Other Properties											
Caravan Parks	822 015	-	-	-	-	822 015	510 750	15 563	-	526 313	295 702
Compost Plant	182 353	-	-	-	-	182 353	27 354	9 118	-	36 472	145 881
General	24 071	-	(24 071)	-	-	-	-	-	-	-	-
Hawker Facilities	308 884	-	-	-	-	308 884	48 850	15 296	-	64 146	244 738
Markets	357 623	550 328	-	-	-	907 951	25 062	21 093	-	46 155	861 796
Nurseries	478 396	-	-	-	-	478 396	53 550	15 947	-	69 497	408 899
Recycling Centres	14 347 389	-	-	932 981	-	15 280 370	416 079	479 723	-	895 802	14 384 568
Tip Sites	47 244 281	119 417 468	-	10 549 690	-	177 211 439	7 632 391	1 525 657	-	9 158 048	168 053 391
Training Centres	160 331	-	-	-	-	160 331	37 410	5 344	-	42 754	117 577
Waste Cells	2 899 842	-	-	-	-	2 899 842	144 991	96 661	-	241 652	2 658 190
	66 825 185	119 967 796	(24 071)	11 482 671	-	198 251 581	8 896 437	2 184 402	-	11 080 839	187 170 742
Other Assets carried forward	66 825 185	119 967 796	(24 071)	11 482 671	-	198 251 581	8 896 437	2 184 402	-	11 080 839	187 170 742

BUFFALO CITY MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs		Closing Balance
Other Assets brought forward	66 825 185	119 967 796	(24 071)	11 482 671	-	198 251 581	8 896 437	2 184 402	-	11 080 839	187 170 742
Plant and Equipment											
Chlorination Equipment	87 765	-	-	-	-	87 765	87 765	-	-	87 765	-
Compactors	5 384 468	-	-	-	-	5 384 468	2 470 034	362 509	-	2 832 543	2 551 925
Compressors	1 722 723	-	-	-	-	1 722 723	1 033 634	344 545	-	1 378 179	344 544
Cremators	171 065	-	-	-	-	171 065	60 281	11 404	-	71 685	99 380
Electronic Equipment	2 615 683	1 394 391	-	-	-	4 010 074	794 253	676 365	-	1 470 618	2 539 456
Fire Hoses	199 138	-	-	-	-	199 138	25 439	39 828	-	65 267	133 871
General	806 686	596 790	-	-	-	1 403 476	456 677	175 628	-	632 305	771 171
Generators	801 692	-	-	-	-	801 692	170 778	116 615	-	287 393	514 299
Graders	158 718	1 044 516	-	-	-	1 203 234	7 936	68 098	-	76 034	1 127 200
Horticultural Equipment	2 104 125	1 564 617	-	-	-	3 668 742	888 835	425 106	-	1 313 941	2 354 801
Laboratory Equipment	224 194	26 100	-	-	-	250 294	127 749	46 144	-	173 893	76 401
Other Emergency Equipment	871 107	1 793 215	-	-	-	2 664 322	51 546	184 678	-	236 224	2 428 098
Pumps	2 742 865	-	-	-	-	2 742 865	1 610 111	166 160	-	1 776 271	966 594
Radio Equipment	880 021	55 000	-	-	-	935 021	156 139	162 599	-	318 738	616 283
Telecommunication Equipment	616 205	360 288	-	-	-	976 493	184 861	159 270	-	344 131	632 362
Tractors	1 283 580	4 121 793	-	-	-	5 405 373	190 582	343 277	-	533 859	4 871 514
Trailers	141 128	-	-	-	-	141 128	37 513	28 226	-	65 739	75 389
Watercraft	117 434	42 643	-	-	-	160 077	11 743	9 250	-	20 993	139 084
Workshop Equipment	643 525	158 682	-	-	-	802 207	179 447	144 573	-	324 020	478 187
	21 572 122	11 158 035	-	-	-	32 730 157	8 545 323	3 464 275	-	12 009 598	20 720 559
Office Equipment											
Air Conditioners	773 069	836 008	-	-	-	1 609 077	187 339	338 530	-	525 869	1 083 208
Computer Hardware	16 008 416	2 918 204	-	-	-	18 926 620	6 071 500	5 048 179	-	11 119 679	7 806 941
Office Machines	3 483 888	863 740	-	-	-	4 347 628	733 108	639 875	-	1 372 983	2 974 645
	20 265 373	4 617 952	-	-	-	24 883 325	6 991 947	6 026 584	-	13 018 531	11 864 794
Furniture and Fittings											
Cabinets and Cupboards	170 921	-	-	-	-	170 921	38 171	37 791	-	75 962	94 959
General	115 156	36 570	-	-	-	151 726	17 026	6 333	-	23 359	128 367
Tables and Desks	234 375	82 910	-	-	-	317 285	34 147	40 917	-	75 064	242 221
	520 452	119 480	-	-	-	639 932	89 344	85 041	-	174 385	465 547
Motor Vehicles											
Fire Engines	5 237 265	4 210 369	-	-	-	9 447 634	490 782	390 428	-	881 210	8 566 424
Mobile Libraries	41 568	-	-	-	-	41 568	12 471	4 157	-	16 628	24 940
Motor Vehicles	8 466 172	5 629 273	-	-	(69 995)	14 025 450	3 730 099	2 189 185	(11 666)	5 907 618	8 117 832
Refuse Vehicles	532 064	11 993 518	-	-	-	12 525 582	17 735	435 255	-	452 990	12 072 592
Tankers	434 870	-	-	-	-	434 870	86 973	28 991	-	115 964	318 906
Trucks and LDV's	20 302 334	8 033 149	-	-	(251 628)	28 083 855	4 932 136	4 602 825	(86 944)	9 448 017	18 635 838
	35 014 273	29 866 309	-	-	-	64 558 959	9 270 196	7 650 841	(98 610)	16 822 427	47 736 532
Capital leases											
Motor Vehicles	7 194 234	-	-	-	-	7 194 234	7 194 234	-	-	7 194 234	-
	7 194 234	-	-	-	-	7 194 234	7 194 234	-	-	7 194 234	-
General											
Planning	3 059 505	-	-	-	-	3 059 505	-	-	-	-	3 059 505
	3 059 505	-	-	-	-	3 059 505	-	-	-	-	3 059 505
Total Other Assets	154 451 144	165 729 572	(24 071)	11 482 671	(321 623)	331 317 693	40 987 481	19 411 143	(98 610)	60 300 014	271 017 679
INTANGIBLE ASSETS											
Computer Software	17 858 504	4 669 811	-	275 001	-	22 803 316	14 053 247	2 447 495	-	16 500 742	6 302 574
Total Intangible Assets	17 858 504	4 669 811	-	275 001	-	22 803 316	14 053 247	2 447 495	-	16 500 742	6 302 574
AGRICULTURAL ASSETS											
Aquariums	-	306 000	-	-	-	306 000	-	-	-	-	306 000
Zoos	-	668 150	-	-	-	668 150	-	-	-	-	668 150
Total Agricultural Assets	-	974 150	-	-	-	974 150	-	-	-	-	974 150
TOTAL	2 144 284 708	662 588 588	(41 845 059)	98 415 900	(236 289 884)	2 627 154 253	1 131 406 118	100 396 246	(132 051 694)	1 099 750 670	1 527 403 583

Under Construction Balance
Opening Balance (incl. in Opening Balance - Cost) 91 125 958
Capitalised during the year (41 845 059)
Under Construction 2005-06 carried forward (incl. in Opening Balance - Cost) 49 280 899

Under Construction - 2006-07
Year-End Under Construction Balance

98 415 900
147 696 799

BUFFALO CITY MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

Fixed Assets Description	Historical Cost						Accumulated Depreciation				Carrying Value
	Opening Balance Cost	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	
Executive and Council	7 983 477	884 764	-	5 857 628	-	14 725 869	2 331 209	981 139	-	3 312 348	11 413 522
Finance and Administration	327 990 954	27 329 009	-	275 001	(599 214)	354 995 751	142 092 409	24 367 084	-	166 459 493	188 536 257
Planning and Development	89 085 194	1 539 587	-	349 126	-	90 973 908	16 498 661	1 222 359	-	17 721 020	73 252 888
Health	8 741 392	2 889 926	(337 902)	-	-	11 293 416	1 500 177	1 151 861	-	2 652 038	8 641 378
Community and Social Services	31 568 502	3 940 691	-	2 788 001	-	38 297 193	7 853 704	2 120 633	-	9 974 337	28 322 856
Housing	7 524 062	-	-	3 795 787	-	11 319 849	161 814	20 357	-	182 171	11 137 678
Public Safety	21 881 538	24 188 185	(523 071)	3 857 854	-	49 404 507	5 414 811	3 657 388	-	9 072 199	40 332 308
Sport and Recreation	69 403 868	6 659 237	-	39 761	-	76 102 866	37 423 128	2 147 391	-	39 570 519	36 532 348
Environmental Protection	14 857 363	1 188 253	-	69 000	-	16 114 616	6 337 640	975 096	-	7 312 736	8 801 880
Waste Management	232 985 895	504 519 534	(5 420 397)	43 441 815	(235 439 043)	540 087 803	136 467 109	20 169 172	(131 964 747)	24 671 534	515 416 269
Road Transport	501 892 365	44 717 833	(22 827 074)	6 953 381	-	530 736 505	345 794 274	20 796 347	-	366 590 621	164 145 884
Water	379 163 556	6 619 791	(2 485 975)	22 838 507	(137 074)	405 998 806	219 418 311	10 114 298	(41 122)	229 491 487	176 507 319
Electricity	380 845 123	36 951 535	(10 250 641)	8 150 039	(114 554)	415 581 502	198 377 421	12 536 785	(45 825)	210 868 381	204 713 121
Other	70 361 419	1 160 242	-	-	-	71 521 661	11 735 450	136 336	-	11 871 786	59 649 875
TOTALS	2 144 284 708	662 588 588	(41 845 059)	98 415 900	(236 289 884)	2 627 154 252	1 131 406 118	100 396 246	(132 051 694)	1 099 750 669	1 527 403 583

BUFFALO CITY MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
17 960 185	66 864 682	(48 904 497)	Executive Mayor	21 868 378	78 364 050	(56 495 672)
33 176 405	45 705 574	(12 529 169)	Municipal Manager	36 457 368	56 256 367	(19 798 999)
405 824 372	153 423 819	252 400 553	Finance	451 127 676	50 099 778	401 027 898
73 233 798	84 920 827	(11 687 029)	Corporate Services	87 177 096	82 730 755	4 446 341
822 815 890	948 927 215	(126 111 325)	Engineering Services	856 841 945	1 156 072 765	(299 230 820)
50 798 531	123 510 819	(72 712 288)	Planning and Econ. Dev	77 780 337	174 488 707	(96 708 370)
198 087 904	437 656 789	(239 568 885)	Social Services	211 576 377	507 215 162	(295 638 785)
<u>1 601 897 085</u>	<u>1 861 009 725</u>	<u>(259 112 640)</u>	Sub-Total	<u>1 742 829 177</u>	<u>2 105 227 584</u>	<u>(362 398 407)</u>
-	(462 914 622)	462 914 622	Less: Inter-Departmental charges	-	(481 539 788)	481 539 788
<u>1 601 897 085</u>	<u>1 398 095 103</u>	<u>203 801 982</u>	TOTAL	<u>1 742 829 177</u>	<u>1 623 687 796</u>	<u>119 141 381</u>
		1 418 115	Add: Share of Associate			1 315 706
		<u>205 220 097</u>				<u>120 457 086</u>

BUFFALO CITY MUNICIPALITY
APPENDIX E
ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	Actual 2007 R	Budget 2007 R	Variance R	Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	293 902 385	294 547 603	645 218	0	
Service Charges	796 765 227	795 230 535	(1 534 692)	(0)	
Rental of Facilities and Equipment	9 172 605	10 319 893	1 147 288	11	In the Directorate of Planning and Economic development the budget for Housing Rentals was not realised.
Dividends Received	-	45 750	-	-	
Fines	7 614 002	6 650 983	(963 019)	(14)	The Traffic Department campaigned to collect all outstanding fines during the current financial year which has resulted in the actual income exceeding the budget. The variance is due to Operating Projects and Operating Housing grants not yet received.
Government Grants and Subsidies	350 086 790	397 452 249	47 365 459	12	There has been an increase in the commission received and in the registration of new vehicles during the financial year.
Licences and Permits	9 190 730	7 605 377	(1 585 353)	(21)	The budgeted revenue for sundry income in the electricity department was not realised.
Other Income	76 929 451	96 489 534	19 560 083	20	
Profit on Sale of Asset	5 204 437	-	-	0	The transfer of income from Donations & Public Contributions was lower than expected.
Donations & Public Contribution- PPE	13 837 653	10 506 333	(3 331 320)	(32)	
Government Grants- PPE	113 392 146	134 617 735	21 225 589	16	The variance is due to less projects being completed than that was anticipated.
Interest Earned - External Investments	38 397 035	18 860 870	(19 536 165)	(104)	Cashflow increased dramatically over the last year. Surplus cash has not been used on capital projects as anticipated, hence the above average growth.
Interest Earned - Outstanding Debtors	28 336 715	28 336 716	1	0	
Total Revenue	1 742 829 177	1 800 663 578	57 834 401	3	
EXPENDITURE					
Executive Mayor	56 351 373	58 705 018	2 353 645	4	
Municipal Manager	38 148 579	43 821 969	5 673 390	13	The Department of Local Economic Development has underspent on their Operational Projects.
Finance	128 122 861	125 791 082	(2 331 779)	(2)	
Corporate Services	71 547 654	74 967 682	3 420 028	5	
Engineering Services	770 509 727	761 821 794	(8 687 933)	(1)	
Planning & Economic Development	141 161 550	165 510 486	24 348 936	15	The variance is due to under expenditure of the Operating Housing Projects.
Social Services	404 399 840	400 437 311	(3 962 529)	(1)	
Net Transfers to Other Reserves	13 446 213	16 391 733	2 945 520	18	No actual contribution was made for Water, Refuse and Sewerage during the current financial year.
Total Expenditure	1 623 687 797	1 647 447 075	23 759 278	1	
NET SURPLUS FOR THE YEAR	119 141 380	153 216 503	34 075 123	22	

BUFFALO CITY MUNICIPALITY
APPENDIX F
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

Description	2007 Additions / Write-Ons R	2007 Under Construction Capitalised R	2007 Under Construction R	2007 Total Additions R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances versus Budget
Executive and Council	884 764	-	5 857 628	6 742 392	10 627 879	(3 885 487)	(37)	Take-on of Sewerage & Tip Sites Assets which amounted to R 434 196 097.
Finance and Administration	27 329 009	-	275 001	27 604 010	36 017 018	(8 413 008)	(23)	
Planning and Development	1 539 587	-	349 126	1 888 714	4 751 381	(2 862 667)	(60)	
Health	2 889 926	(337 902)	-	2 552 024	3 656 260	(1 104 236)	(30)	
Community and Social Services	3 940 691	-	2 788 001	6 728 691	13 668 935	(6 940 244)	(51)	
Housing	-	-	3 795 787	3 795 787	8 429 125	(4 633 338)	(55)	
Public Safety	24 188 185	(523 071)	3 857 854	27 522 969	32 726 564	(5 203 595)	(16)	
Sport and Recreation	6 659 237	-	39 761	6 698 998	6 638 640	60 358	1	
Environmental Protection	1 188 253	-	69 000	1 257 253	2 957 669	(1 700 416)	(57)	
Waste Management	504 519 534	(5 420 397)	43 441 815	542 540 952	62 604 544	479 936 408	767	
Road Transport	44 717 833	(22 827 074)	6 953 381	28 844 140	42 405 081	(13 560 941)	(32)	
Water	6 619 791	(2 485 975)	22 838 507	26 972 323	34 445 495	(7 473 172)	(22)	
Electricity	36 951 535	(10 250 641)	8 150 039	34 850 933	37 994 449	(3 143 516)	(8)	
Other	1 160 242	-	-	1 160 242	1 352 880	(192 638)	(14)	
TOTALS	662 588 588	(41 845 059)	98 415 900	719 159 428	298 275 920	420 883 508	141	

BUFFALO CITY MUNICIPALITY
APPENDIX G
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007

	UNSPENT BALANCE 01/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
NATIONAL GOVERNMENT							
Transitional Grant	95 799	-	7 721	-	-	-	103 520
Financial Management Grant	1 470 729	500 000	153 934	(1 264 576)	(39 830)	-	820 258
Land Affairs	49 649 234	-	786 839	(548 868)	-	-	49 887 206
Restructuring Grant	50 208 174	35 000 000	1 324 625	(31 016 088)	(7 625 419)	-	47 891 291
IMEP	-	15 200 000	558 113	-	(13 903 523)	(1 854 590)	-
CMIP	441 046	99 805 225	2 243 134	(3 978 952)	(76 254 661)	(2 944 642)	19 311 149
MSIG	-	-	-	-	(256 579)	256 579	-
KWT:Grants Government	2 053	-	-	-	-	-	2 053
Project Consolidated-Billing System-MSIG	3 369 531	4 000 000	347 839	(3 414 338)	-	-	4 303 032
Equitable Share Grant	9 156 497	15 869 481	-	(7 076 231)	(9 050 342)	1	8 899 406
Energy Efficient Technology	5 812 829	-	507 003	(664 028)	-	-	5 655 804
Dwaf Funded Projects-Sewerage	4 789 618	1 430 973	1 023 755	(5 438)	(552 392)	-	6 686 516
Dwaf Funded Projects-Water	7 020 577	2 062 830	609 026	(945 280)	(387 262)	-	8 359 891
European Commission (MURP)	-	18 290 000	-	-	-	-	18 290 000
	132 016 086	192 158 509	7 561 990	(48 913 798)	(108 070 009)	(4 542 652)	170 210 124
PROVINCIAL GOVERNMENT							
Gompo Survey	123 029	-	9 097	(39 000)	-	-	93 126
Upgrade Watersupply	20 241	-	1 631	-	-	-	21 873
Mdantsane Upgrade - Water & Sewerage	98 287	-	4 410	-	-	-	102 697
Local Government Housing	27 169 194	69 417 855	3 250 873	(50 917 661)	-	(3 795 787)	45 124 474
Compost Waste Management	51 062	-	4 115	-	-	-	55 177
Disaster Relief Fund	2 635 384	500 000	224 216	(511 905)	(521 131)	-	2 326 563
Local Economic Development Fund	2 787 005	240 000	-	(386 191)	-	-	2 640 813
Map Preparation & Planning	-	-	6 398	121 941	-	(42 560)	85 778
Gompo & Mdantsane Art Centres	17 139	-	1 381	-	-	-	18 521
Environmental Project John Dube	116 646	-	9 401	-	-	-	126 047
Pilot Housing Project	150 259	-	12 110	-	-	-	162 369
Reeston Development - Land Affairs	1 153 859	-	83 260	-	(953 433)	-	283 686
Leiden Trust Account - Redevelop Duncan Village	184 054	-	14 834	-	-	-	198 888
Mdantsane Urban Renewal Project (Mnt Ruth Node)	5 137 201	-	333 811	-	-	-	5 471 012
Ikhwezi Block 1 Development	97 988	-	7 897	-	-	-	105 886
Mdantsane Upgrade - MD/PD:Area Planning	117 707	-	9 487	-	-	-	127 194
Mdantsane Upgrade - PD: Survey	5 113	-	1 326	-	-	-	6 439
Mdantsane Upgrade - MD Assessment Study	105 477	-	8 501	-	-	-	113 978
Provincial Government carried forward	39 969 645	70 157 855	3 982 750	(51 732 817)	(1 474 565)	-	57 064 521

BUFFALO CITY MUNICIPALITY
APPENDIX G CONTINUED
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007

	UNSPENT BALANCE 01/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
Provincial Government brought forward	39 969 645	70 157 855	3 982 750	(51 732 817)	(1 474 565)	-	57 064 521
Mdantsane Upgrade - Art Centre	55 840	-	3 833	(59 672)	-	-	-
Planning and Map Preparation	196 573	-	6 012	(121 941)	-	-	80 644
Upgrade Kwaklifu Settlement - Phakamisa	126 600	-	9 289	-	-	-	135 889
Needscamp Planning	913 659	-	-	-	-	-	913 659
Potsdam Village - Plan Survey & Upgrade	35 460	-	2 858	(5 016)	-	-	33 302
Ilitha Informal Settlement Upgrade	89 777	-	6 143	(61 112)	-	-	34 808
Kwa Tshatshu Settlement Upgrade - Zwelitsha	36 239	-	2 921	-	-	-	39 160
Local Government Housing	-	-	-	-	(3 795 787)	3 795 787	-
Mdantsane Human Settlement Program	43 851	-	3 534	-	-	-	47 385
Planning Kanana Settlement	20 480	-	1 676	-	-	-	22 156
Kwa Tshatshu Survey	168 395	-	7 253	(157 435)	-	-	18 213
Mahlangu Village :Panning and Survey	35 847	-	2 889	-	-	-	38 736
Mdantsane Infill Areas:Planning and Survey	208 737	-	16 823	-	-	-	225 560
Phakamisa Clifton PH2:Bongweni:Plan and Survey	97 236	-	7 837	-	-	-	105 073
Health Management System	148 515	-	11 519	-	-	-	160 033
Aids Training and Info Centre-ATIC	823 045	-	123 296	-	-	-	946 340
Yellowwoods-Kei road-survey	572 008	-	46 102	-	-	-	618 110
Yellowwoods-Kei road planning	627 630	-	31 695	-	-	-	659 325
Dept of Sports , Recreation, Arts & Culture	1 000 000	-	53 788	(494 362)	(51 785)	-	507 641
Upgrade Mdantsane buffer strip-phase	-	-	-	-	-	-	-
Dept of Economic Affairs & Tourism (DEAT)	-	775 803	-	(405 961)	-	-	369 842
	45 169 537	70 933 658	4 320 216	(53 038 315)	(5 322 136)	(42 560)	62 020 399
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	177 185 623	263 092 167	11 882 206	(101 952 113)	(113 392 146)	(4 585 213)	232 230 523
DONATIONS AND PUBLIC CONTRIBUTIONS							
ADM Funding	-	2 771 790	-	(92 853)	-	(2 029 855)	649 083
BCMETS Funding	-	5 832 635	-	(235 485)	(5 017 443)	-	579 707
Public Funding	1 161 044	1 113 967	100 197	(70 628)	(686 129)	-	1 618 450
DBSA	-	924 983	-	(498 880)	(59 192)	206 727	573 637
SIDA Development Trust	7 586 768	2 043 879	724 451	(5 688 654)	(6 211 757)	1 545 312	-
SETA Fund	901 696	2 684 976	271 888	(3 335 748)	-	-	522 812
Housing & Infrastructure Development Award	223 204	-	17 989	-	-	-	241 193
LOTTO Contribution	753 244	-	23 669	(689 308)	(1 464 182)	1 464 182	87 604
VUNA Award	1 268 593	-	115 078	(96 932)	(398 950)	-	887 788
Aquarium	3 299	-	266	-	-	-	3 564
Felzoo	8 600	-	693	-	-	-	9 293
Athletic Track	25 747	-	2 075	-	-	-	27 822
F.E.L.A.	5 673	-	457	-	-	-	6 130

Donations & Public Contributions carried forward	11 937 866	15 372 230	1 256 762	(10 708 489)	(13 837 653)	1 186 367	5 207 084
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BUFFALO CITY MUNICIPALITY
APPENDIX G CONTINUED
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007

	UNSPENT BALANCE 01/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
Donations & Public Contributions brought forward	11 937 866	15 372 230	1 256 762	(10 708 489)	(13 837 653)	1 186 367	5 207 084
Community Development	1 776 102	-	149 949	-	-	-	1 926 051
Art Gallery	41 052	-	1 609	(33 840)	-	-	8 822
Municipal Revenue Enhancement Programme	1 125 400	-	90 703	-	-	-	1 216 103
Climate Protection Implementation	136 269	-	10 983	-	-	-	147 251
ADM:Township Ext 1:Kidds Beach	57 532	-	4 637	-	-	-	62 169
ADM:Water Dist. Grant-Eureka	21 875	-	1 763	-	-	-	23 638
ADM:Special Grant-Macleantown	8 761	-	706	-	-	-	9 467
ADM:Special Grant-Ext 3:Kaysers	38 266	-	3 084	-	-	-	41 351
ADM:Community Hall:TRC-KWT	695	-	56	-	-	-	751
ADM:Income Generating Project:TRC-KWT	39 508	-	3 184	-	-	-	42 692
ADM:Community Hall:TRC-EL	17 546	-	1 414	-	-	-	18 960
ADM:Income Generating Project:TRC-EL	43 949	-	3 542	-	-	-	47 491
ADM:Tribal Trust:Kwelerha	10 048	-	810	-	-	-	10 857
ADM:Tribal Trust:Nxaruni	116 960	-	9 427	-	-	-	126 387
A.T. Taylor	51 605	-	4 159	-	-	-	55 764
C.H.T. Peplar	41 287	-	3 328	-	-	-	44 614
One stop centre(BCM Leiden Platform)	111 278	-	8 969	-	-	-	120 247
Ward Committee Training-(Stitching cordaid)	316 080	-	25 475	-	-	-	341 555
Leiden	-	308 403	1 636	(695 227)	-	385 188	-
Eastern Cape Development Agency (ECDC)	-	670 879	-	-	-	-	670 879
Umsobomvu Youth Fund	-	825 000	33 110	(625 760)	-	-	232 350
PADF Contributions: EX Public	-	226 805	-	-	-	-	226 805
HIV AIDS Toolkit	52 337	-	4 218	-	-	-	56 555
TOTAL DONATIONS & PUBLIC CONTRIBUTIONS	15 944 417	17 403 318	1 619 523	(12 063 315)	(13 837 653)	1 571 554	10 637 842
TOTAL CONDITIONAL GRANTS & RECEIPTS	193 130 040	280 495 484	13 501 729	(114 015 429)	(127 229 799)	(3 013 659)	242 868 365

BUFFALO CITY MUNICIPALITY
APPENDIX H
DISCLOSURE OF GRANTS AND RECEIPTS AT 30 JUNE 2007

	EXECUTIVE MAYOR	MUNICIPAL MANAGER	FINANCE	CORPORATE SERVICES	ENGINEERING SERVICES	PLANNING AND ECON. DEV	COMMUNITY SERVICES	PUBLIC SAFETY & HEALTH	TOTAL
TRANSFER TO REVENUE - CAPITAL EXPENDITURE									
NATIONAL GOVERNMENT									
Financial Management Grant	-	-	39 830	-	-	-	-	-	39 830
Restructuring Grant	-	-	578 495	3 941 346	3 105 579	-	-	-	7 625 420
IMEP	-	-	-	-	13 903 523	-	-	-	13 903 523
MIG	-	587 585	-	-	65 687 111	394 452	7 479 610	2 105 901	76 254 659
MSIG	-	-	-	256 579	-	-	-	-	256 579
Equitable Share Grant	-	183 686	-	139 009	4 362 149	1 880 384	2 485 116	-	9 050 344
Dwaf Funded Projects-Sewerage	-	-	-	-	552 392	-	-	-	552 392
Dwaf Funded Projects-Water	-	-	-	-	387 262	-	-	-	387 262
	-	771 271	618 325	4 336 934	87 998 016	2 274 836	9 964 726	2 105 901	108 070 009
PROVINCIAL GOVERNMENT									
Department of Sports, Recreation, Arts & Culture	-	51 785	-	-	-	-	-	-	51 785
Land Affairs	-	-	-	-	953 433	-	-	-	953 433
Local Government Housing	-	-	-	-	-	3 795 787	-	-	3 795 787
Disaster Relief Fund	-	-	-	-	-	-	-	521 132	521 132
	-	51 785	-	-	953 433	3 795 787	-	521 132	5 322 137
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	-	823 056	618 325	4 336 934	88 951 449	6 070 623	9 964 726	2 627 033	113 392 146
DONATIONS AND PUBLIC CONTRIBUTIONS									
BCMET Funding	-	-	-	98 895	-	4 918 548	-	-	5 017 443
Public Funding	-	-	-	-	-	663 360	-	22 769	686 129
DBSA	-	-	59 192	-	-	-	-	-	59 192
SIDA Development Trust	-	972 602	-	4 842 680	-	353 832	42 643	-	6 211 757
LOTTO	-	-	-	-	-	-	1 464 182	-	1 464 182
VUNA Award	-	-	-	-	-	-	398 950	-	398 950
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	-	972 602	59 192	4 941 575	-	5 935 740	1 905 775	22 769	13 837 653
TOTAL CONDITIONAL GRANTS & RECEIPTS	-	1 795 658	677 517	9 278 509	88 951 449	12 006 363	11 870 501	2 649 802	127 229 799

BUFFALO CITY MUNICIPALITY
APPENDIX H CONTINUED
DISCLOSURE OF GRANTS AND RECEIPTS AT 30 JUNE 2007

	EXECUTIVE MAYOR	MUNICIPAL MANAGER	FINANCE	CORPORATE SERVICES	ENGINEERING SERVICES	PLANNING AND ECON. DEV	COMMUNITY SERVICES	PUBLIC SAFETY & HEALTH	TOTAL
TRANSFER TO REVENUE - OPERATING EXPENDITURE									
NATIONAL GOVERNMENT									
Financial Management Grant	-	-	1 264 576	-	-	-	-	-	1 264 576
Land Affairs	-	-	-	-	-	548 868	-	-	548 868
Restructuring Grant	1 232 329	4 829 881	1 971 379	7 535 150	7 668 735	1 596 859	6 071 821	109 933	31 016 088
CMIP	-	-	-	-	1 928 374	-	1 457 262	593 315	3 978 951
Project Consolidated - Billing System-MSIG	10 915	-	2 357 141	1 046 282	-	-	-	-	3 414 338
Equitable Share Grant	-	1 764 313	-	-	1 483 256	942 469	1 717 589	1 168 604	7 076 231
Energy Efficient Technology	-	664 028	-	-	-	-	-	-	664 028
DWAF Funded Projects - Sewerage	-	-	-	-	5 438	-	-	-	5 438
DWAF Funded Projects - Water	-	-	-	-	945 280	-	-	-	945 280
	1 243 244	7 258 222	5 593 096	8 581 433	12 031 082	3 088 196	9 246 672	1 871 852	48 913 797
PROVINCIAL GOVERNMENT									
Gompo Survey	-	-	-	-	-	39 000	-	-	39 000
Mdantsane upgrade Art Centre	-	-	-	-	-	-	59 672	-	59 672
Local Government Housing	-	-	-	-	-	50 917 661	-	-	50 917 661
Disaster Relief Fund	-	-	-	-	-	-	-	511 905	511 905
Local Economic Development Fund	-	386 191	-	-	-	-	-	-	386 191
Postdam Village Plan Survey - Zwelitsha	-	-	-	-	-	5 016	-	-	5 016
Dept of Sports, Recreation, Arts & Culture	-	-	-	-	-	-	494 362	-	494 362
Ilitha Informal Settlement Upgrade	-	-	-	-	-	61 112	-	-	61 112
Kwa Tshatshu Survey	-	-	-	-	-	157 435	-	-	157 435
Deept of Economic Affairs & Tourism (Deat)	-	405 961	-	-	-	-	-	-	405 961
	-	792 152	-	-	-	51 180 224	554 034	511 905	53 038 315
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	1 243 244	8 050 375	5 593 096	8 581 433	12 031 082	54 268 420	9 800 706	2 383 757	101 952 112
DONATIONS AND PUBLIC CONTRIBUTIONS									
ADM Funding	-	92 853	-	-	-	-	-	-	92 853
BCMETS Funding	-	-	-	-	-	235 485	-	-	235 485
Public Funding	-	61 888	-	-	-	-	42 580	-	104 468
DBSA	-	9 576	-	489 304	-	-	-	-	498 881
SIDA Development Trust	1 005 622	1 188 067	-	1 445 465	453 123	1 355 151	241 226	-	5 688 655
SETA Fund	-	-	-	3 335 748	-	-	-	-	3 335 748
LOTTO Contribution	-	-	-	-	650 247	-	-	39 062	689 308
VUNA Award	96 932	-	-	-	-	-	-	-	96 932
Umsobomvu Youth Fund	-	-	-	625 760	-	-	-	-	625 760
One stop centre (BCM Leiden Platform)	-	-	-	695 227	-	-	-	-	695 227
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	1 102 555	1 352 384	-	6 591 504	1 103 370	1 590 636	283 806	39 062	12 063 317
TOTAL CONDITIONAL GRANTS & RECEIPTS	2 345 799	9 402 758	5 593 096	15 172 937	13 134 452	55 859 057	10 084 512	2 422 818	114 015 429