

REPORT TO THE EXECUTIVE MAYOR: 15 AUGUST 2011
OFFICE OF THE ACTING CITY MANAGER

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE
2011/2012 BUDGET FOR THE PERIOD ENDING 31 JULY 2011

File No.: 5/1/11[10/11]
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Acting Chief Financial Officer

1. PURPOSE

The purpose of the report is for Executive Mayor to note the statement of financial performance and the implementation of the 2011/12 budget of the Municipality for the period ending 31 July 2011, and take cognisance of the collection rate and the expenditure rate on the projects.

2. AUTHORITY

In terms of Section 71(1), (2) and (3) of the MFMA No 56, 2003 Chapter 8, the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement on the financial performance of that municipality.

3. LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56, 2003 Chapter 8, Section 71 (1), (2) and (3).

4. EXPOSITION OF FACTS

The exposition of facts is in the following order:

- 4.1 Statement of Financial Performance
- 4.2 Operating Projects Expenditure
- 4.3 Capital Expenditure
- 4.4 Expenditure on Conditional Grants - DoRA Allocation
- 4.5 Restructuring Grant Milestones



municipality's cash flow situation and its ability to fund new capital infrastructure developments as well as maintenance and the enhancement of the existing infrastructure.

If non or low spending on conditional grants does not improve it will be a challenge taking into account circular 51, 54 and 55 of the MFMA which states that the unspent conditional grants at financial year end should be transferred back to the National Transferring Office unless the Municipality can motivate to the satisfaction of National Treasury that the unspent conditional grants are committed to identifiable projects.

Each municipality must repay all unspent conditional allocation, in respect of which National Treasury has not given the municipality written permission to retain. If the municipality fails to repay such unspent grants the National Treasury will offset such amount against the Municipality's Equitable Share Allocation.

BCMM will therefore not be able to roll-over unspent conditional grants to the 2012/13 financial year if there are any until a written approval from the National Treasury has been received. BCMM will not be able to spend unspent conditional grants that have been rolled over until they are re-appropriated in a National Adjustment Budget passed by Parliament and thereafter by a Municipal Adjustment Budget in terms of Section 28(2) (b) of the MFMA and Regulation 23(3) of the Municipal Budget and Reporting Regulations.

6. FINANCIAL IMPLICATIONS

The under collection in some services as well as the low collection rate will have a direct effect on the cash flow of the Municipality and its ability to fully meet its financial obligations.

7. RECOMMENDATION

It is recommended that:

- a) The Executive Mayor notes the report on the statement of financial performance and the implementation of the 2011/12 budget for the period ending 31 July 2011.
- b) The Executive Mayor considers the financial state of affairs of the Municipality as reflected in this report and takes note of the collection rate of 82.89%.
- c) The Executive Mayor notes the low spending rate of 1% on the operating projects as reflected in section 4.2 of this report.
- d) The Executive Mayor notes the low spending rate of 0% on capital budget as reflected in section 4.3 of this report.
- e) The Executive Mayor notes the low spending rate of 0% on the conditional grants as reflected in section 4.4 of this report.


MR. A. FANI
ACTING CITY MANAGER

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QUALITY CERTIFICATE

I ANDILE FANI, The Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The Section 71 Report for the month of July 2011 has been prepared in accordance to the Municipal Finance Management Act 2003 and Regulations made there under.

Print name: ANDILE FANI

Acting City Manager of Buffalo City Metropolitan Municipality

Signature: [Signature]

Date: 15/08/11