

**CITY OF TSHWANE METROPOLITAN
MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 48 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K.D. KEKANA
MUNICIPAL MANAGER

31 August 2007

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless otherwise stated.

These financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with certain of the abovementioned standards and aspects or parts of these standards. Details of the exemptions applicable to the Municipality have been provided in Annexure I to the annual financial statements.

The principle accounting policies adopted in the preparation of these annual financial statements and which have been consistently applied, except where an exemption has been granted are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. BASIS OF CONSOLIDATION

Investments in associates, subsidiaries and joint ventures are carried at cost in the financial statements of the Municipality. Separate consolidated financial statements will be prepared to account for the Municipality's share of the net assets and post – acquisition results of these investments.

3. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest rand.

4. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

5. PROPERTY, PLANT AND EQUIPMENT (PPE)

5.1 Fixed assets are stated:

- ◆ At cost less accumulated depreciation, or
- ◆ At fair value (market value) at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified. Due to the exemptions granted on 29 June 2007 no impairment exercise was undertaken.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold will be determined annually during the budget process.

5.2 Depreciation

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives (unless a technical assessment of an individual asset concludes that a material variation is necessary):

	Years		Years
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialized plant and equipment	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		

5.2.1 Heritage assets

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

5.2.2 Land

Land is not depreciated as it is regarded as having an infinite life

5.2.3 Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.

5.3 Disposal of property, plant and equipment

- ◆ The book values of assets are written off on disposal.
- ◆ The difference between the carrying amount of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

6. INVESTMENT PROPERTY

Investment property, which is property held to earn rental revenue or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is 30 years.

7. INVENTORY

Consumable stores, raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs.

Cost of inventory comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition.

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

8. CREDITORS

8.1 Trade creditors

Trade creditors are stated at their nominal value.

8.2 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the potential liability (value of leave credits as at 30 June) of the Municipality.

9. RESERVES

The municipality creates and maintains Reserves in terms of specific requirements.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are transferred from the Statement of Financial Performance to the Capital replacement reserve in terms of the implementation guidelines on GAMAP/GRAP. These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation reserve (CR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- If a gain is made on the sale of assets previously purchased out of the CRR the gain on these assets sold is reflected in the Statement of Financial Performance.

9.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

9.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grant Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

9.4 Self Insurance Reserve

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.
- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the Statement of Financial Performance.

The Self Insurance Reserve is based on recognized insurance industry principles. In determining the level of capacity required an agreed methodology has been adopted. The calculation of the required capacity of the Self Insurance Reserve is consistently applied annually based on the following methodology:

- Determination of the forecast surplus (free) capacity within the Self Insurance Reserve.
The following liabilities are taken into account in determining this surplus capacity:
 - Reported known outstanding claims;
 - Statistically forecast losses for the remainder of the underwriting period (IBNR = claims incurred but not yet reported)
 - Probability and quantification of a catastrophe loss.
- Comparison of the surplus (free) capacity to the declared value of the highest service delivery asset to determine the shortfall that exist based on the assumption that sufficient capacity will be built up to cover that asset through the Self Insurance reserve over an agreed period of time.
- Spread the shortfall over a 5-year period (in terms of the Long Term Insurance Strategy).
- Adjust for inflation with the agreed relevant indices.
- Determine the annual premium contribution to reach the target capacity over a 5-year period.
- Apply a probability and affordability factor to the ideal premium contribution to determine the budgeted premium contribution over a 5-year period.

9.4.1 Self Insurance Future Depreciation Reserve

An amount equal to the carrying value of items of property, plant and equipment that had historically been utilised for the acquisition of property, plant and equipment from the Self Insurance Reserve have been transferred to a Self Insurance Future Depreciation Reserve instead of the accumulated surplus/(deficit). The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

The balance on the Self Insurance Future Depreciation Reserve equals the carrying value of the items of property, plant and equipment financed from the former Self Insurance Reserve. When items of property, plant and equipment are depreciated, a transfer is made from the Self Insurance Future Depreciation Reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment is disposed, the balance in the Self Insurance Future Depreciation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

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9.5 COID Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of this exemption the Municipality has established a COID reserve to offset claims from employees.

Amounts are transferred to the COID reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Contributions to the COID reserve is based on 1 % of the annual remuneration of employees that qualify for COID benefits. All employees earning more than R189 840 are reinsured by what is called a "COID Wrap Around" policy.

Claims are paid as determined by the Compensation Commissioner and are reflected in the Statement of Financial Performance. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus in the Statement of Changes in Net Assets.

9.6 Donations and Public Contributions

Revenue received from donations and public contributions may be transferred to the Capital Replacement Reserve (CRR) and utilised via the CRR to finance items of property, plant and equipment.

10. HOUSING DEVELOPMENT FUND

Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(iii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The Housing Fund has its own separate bank account/allocated investments and is backed by cash.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments backing up this fund is recorded as part of interest earned in the Statement of Financial Performance and can be transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- Any cash backed surplus/deficit on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

11. PROVISIONS

Provisions are recognised when the Municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the provision can be made.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

11.1 Clearing of alien vegetation

Currently a backlog exists with regard to the clearing of alien vegetation and a provision was established with effect from the 2005/06 financial year. This provision will be phased in over a period of time.

11.2 Cleaning up of illegal dumping

Currently the Municipality is cleaning up illegal dumping on an ongoing basis as part of maintenance; therefore there is no backlog cleaning that needs to take place. No provision is currently made for the cleaning up of illegal dumping.

11.3 Landfill sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. However, a provision only needs to be created if and when backlogs exist. Currently the Municipality is rehabilitating its landfill sites on an ongoing basis as part of maintenance and therefore there is no backlog rehabilitation that needs to take place. No provision is currently made for the rehabilitation of landfill sites.

12. RETIREMENT BENEFITS

12.1 Pension, Provident and Retirement Funds

The Municipality and its employees contribute to various Pension, Provident and Retirement Funds and its councillors contribute to the Pension Fund for Municipal Councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds on a regular basis. The City of Tshwane accounted for pension funds in terms of the exemptions granted in Government Gazette No 30013 of 29 June 2007 where in no provision was created but only the contributions disclosed.

Current contributions are charged against the operating account of the Municipality at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred.

A provision is raised as the best estimate of the current cost of paying future pensions to employees who have become disabled as a result of injuries sustained whilst on duty.

12.2 Medical Aid: Continued Members

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the Municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee. The City of Tshwane accounted for medical aid in terms of the exemptions granted in Government Gazette No 30013 of 29 June 2007 where in no provision was created but only the contributions disclosed.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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13. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts with regard to arrangement of consumer debtors are classified as long-term receivables.

13.1 Provision for Bad Debt

Provision for bad debt is made by means of an annual contribution of electricity and water levies, debtor's revenue from Fire Brigade Services and Rentals excluding housing schemes and the Tshwane Market.

The annual contribution is determined by calculating the estimated non payment by debtors for the financial year. The percentage contribution is calculated during the budget process each year and reviewed at year end.

14. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the finance lease cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases which do not fall within the scope of the above definition. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

The Municipality will not incur a foreign currency lease liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15. FINANCIAL INSTRUMENTS

15.1 INVESTMENTS

The municipality may have the following types of investments.

- Held to maturity (HTM) investments are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity.
- Held-for-sale investments are those financial assets that are designated as available for sale or not classified as held-to-maturity investments or financial assets at fair value through profit or loss

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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INITIAL MEASUREMENT of financial investments is at cost, which is the fair value of the consideration given. The fair value is usually the transaction price or market price.

Transaction costs are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

SUBSEQUENT MEASUREMENT of financial assets.

HTM investments originated by the entity and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial performance.

The Municipality limits its counterparty exposure arising from money market by only dealing with well established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The credit ratings of these institutions are reviewed quarterly and investments are spread across different types of approved investments and institutions.

Investments are reviewed and approved by the Loans and Investment Advisory Committee,

15.2 INTEREST BEARING BORROWINGS

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Financial Performance over the period of the borrowings on an effective interest basis.

The interest risk is managed by maintaining an appropriate mix between fixed and variable rate borrowings. The Municipality borrows more than 50 % of funds at a fixed rate to reduce the risk of interest fluctuations. Refer to Appendix A for details.

16. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade Creditors denominated in foreign currency are reported at the Statement of Financial Position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise.

Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used. The Municipality will not incur a foreign currency liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

17. REVENUE RECOGNITION

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably.

17.1 Revenue from exchange transactions

17.1.1 Service charges relating to Electricity, Water and Sanitation

Service charges relating to electricity, water and sanitation are based on consumption. Meters are read and billed on a monthly basis and revenue is recognized when invoiced.

Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognized as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

17.1.2 Services provided on a prepayment basis

Various services are provided on a prepayment basis in which case no formal billing takes place and income is accrued when received. Revenue is recognized at point of sale.

17.1.3 Interest earned on outstanding debtors

Interest on outstanding debtors is recognized on a time proportionate basis.

17.1.4 Dividends

Dividends are recognised when the right to receive payment is established.

17.1.5 Income from agency services

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

17.1.6 Housing rental and instalments

Income in respect of housing rental and instalments are accrued monthly in advance.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportionate basis.

17.1.7 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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17.1.8 Interest earned on investments

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investment.

17.1.9 Collection charges

Collection charges are recognized when such amounts are incurred.

17.2 Revenue from non-exchange transactions

17.2.1 Revenue from rates

Revenue from rates is recognized when the legal entitlement to this revenue arises. A site rating system is applied. In terms of this system assessment rates are levied on the land value of property and rebates are granted subject to certain conditions. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers.

17.2.2 Regional Establishment Levy and Regional Services Levy

Regional establishment levies and regional services levies are recognised at the time of receipt of the RSC4 return submitted by all registered levy payers. The income received from 1 July to 20 July of the following financial year will be accrued as income of the previous financial year. Although these levies were abolished with effect from 1 July 2006, revenue still received are recognised upon receipt.

17.2.3 Fines

Income in respect of traffic fines, spot fines and certain licenses is accrued when received.

Revenue from the issuing of summonses is only recognised when notified by the public prosecutor of the amount actually collected.

17.2.4 Donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

17.2.5 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, 2003 (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

18. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

19. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

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20. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

21. SEGMENTAL INFORMATION

The principle segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditure.

The primary basis is representative of the internal structure for both budgeting and management purposes.

The secondary basis classifies all operations based on the classification of income and expenditure.

22. GRANTS-IN-AID

The Municipality annually awards grants to individuals and organisations based on merit. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

23. AGRICULTURAL ASSETS

Agricultural assets, which are defined as living animals or plants are recognised on the Statement of Financial Position of the Municipality, if the Municipality:

- Controls the asset as a result of a past event
- Regards the inflow of future economic benefits from the use of the asset to be probable.
- Is able to measure the fair value of the asset reliably. This implies that an active market has to exist for the agricultural asset

Agricultural assets are measured at fair value at each year end reporting date, less estimated point-of-sale costs.

24. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

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25. UNAUTHORISED EXPENDITURE

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

26. IRREGULAR EXPENDITURE

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

28. COMPARATIVE INFORMATION

28.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

28.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

29. TAXATION

The City of Tshwane Metropolitan Municipality is exempt from tax in terms of section 10(1)cB(i)(ff) of the Income Tax Act.

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

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**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007**

	Note	June 2007	June 2006
		R	R
NET ASSETS AND LIABILITIES			
Net Assets		6 837 186 687	6 501 629 770
Housing Development Fund	1	141 152 353	150 463 875
Capital replacement reserve		501 152 806	357 857 950
Capitalisation reserve		2 008 028 104	2 177 575 289
Government grant reserve		3 506 835 333	3 348 292 166
Self insurance reserve		65 637 380	128 555 010
COID reserve		62 694 963	70 050 967
Future depreciation reserve: Self insurance		332 487	376 331
Unappropriated surplus		551 353 261	268 458 182
Non-current liabilities		2 607 289 615	2 141 601 649
Long-term liabilities	2	2 602 026 465	2 138 732 424
Clearing of Alien vegetation	3	5 263 150	2 869 225
Current liabilities		2 629 776 076	2 326 216 535
Consumer deposits	4	257 579 090	236 092 389
Creditors	5	1 830 232 854	1 657 716 136
Unspent conditional grants and receipts	6	210 990 931	176 499 862
VAT	7	52 402 061	166 782 350
Bank overdraft	15	46 002 138	29 715 301
Current portion of long-term liabilities	2	232 569 002	59 410 497
Total Net Assets and Liabilities		12 074 252 378	10 969 447 954
ASSETS			
Non-current assets			
Property, plant and equipment	8	8 235 386 657	7 458 749 026
Investments	9	551 219 194	482 542 837
Long-term receivables	10	359 743 736	294 668 524
Current assets		2 927 902 791	2 733 487 567
Inventory	11	170 201 569	116 024 562
Consumer debtors	12	1 988 622 130	1 985 934 178
Other debtors	13	253 150 245	220 826 751
Current portion of long-term receivables	10	27 840 367	16 320 964
Call investment deposits	14	418 739 211	375 568 880
Bank balances and cash	15	69 349 269	18 812 232
Total Assets		12 074 252 378	10 969 447 954

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007		2006	
		Actual	Adjustment budget	Actual	Adjustment budget
		R	R	R	R
REVENUE					
Property rates	16	1 719 224 465	1 735 113 478	1 624 061 411	1 553 500 000
Service charges	17	4 201 485 187	4 246 657 264	3 874 557 374	3 927 000 000
Regional Services Levies - turnover		12 160 238	16 000 000	444 787 270	400 000 000
Regional Services Levies - remuneration		4 755 889	0	199 824 239	180 000 000
Rental of facilities and equipment		70 027 787	56 193 546	57 845 796	47 656 617
Interest earned - external investments		134 186 955	47 942 050	103 544 892	40 421 000
Interest earned - outstanding debtors		142 516 022	137 007 800	50 335 097	120 000 000
Fines (traffic fines)		38 389 834	42 742 689	22 896 150	45 060 000
Licences and permits		21 816 684	34 297 845	19 712 738	24 182 580
Government grants and subsidies	18	1 566 093 641	1 749 343 822	785 258 061	1 610 343 679
Other income	19	526 292 290	457 747 540	599 961 664	370 394 742
Public contributions		165 566 509	50 012 825	146 433 866	69 000 000
Gains on disposal of property, plant and equipment		20 915 400	14 500 000	12 992 300	0
Gains on disposal of investment		0	0	9 239 965	0
TOTAL REVENUE		8 623 430 901	8 587 558 859	7 951 450 823	8 387 558 618
EXPENDITURE					
Employee related costs	20	2 412 004 372	2 551 422 155	2 160 602 277	2 340 229 068
Remuneration of Councillors	21	45 946 048	46 762 692	34 795 326	36 219 283
Bad debts: contribution		106 752 294	106 649 267	163 427 961	128 160 811
Bad debts: written off		82 531 115	0	169 512 894	0
Collection costs		49 538 121	50 669 138	47 409 666	47 037 274
Depreciation		558 584 032	592 729 286	509 425 753	515 238 852
Interest paid	22	314 136 306	345 899 657	266 630 167	297 000 000
Bulk purchases	23	2 133 433 951	1 989 821 178	1 853 026 444	1 854 880 000
Repairs and maintenance :		1 325 085 430	1 076 289 560	1 095 350 905	902 383 268
External		727 352 320	674 906 579	674 270 199	425 437 435
Internal		597 733 110	401 382 981	421 080 706	476 945 833
Grants and subsidies paid	24	8 392 257	11 634 800	10 225 682	10 560 000
Loss on disposal of property, plant and equipment		9 915 217	5 525 863	0	0
General expenses :		2 685 921 730	2 965 401 954	2 610 882 555	2 795 325 282
External		1 895 548 835	2 010 014 816	1 746 772 341	1 829 805 777
Internal: Departmental charges		699 308 555	864 322 798	757 357 759	844 603 660
Internal : Activity types		91 064 340	91 064 340	106 752 455	120 915 845
Internal cost to projects		(56 260 882)	0		
GROSS EXPENDITURE		9 675 979 991	9 742 805 550	8 921 289 630	8 927 033 838
Less: Internal cost charged out		(1 388 106 007)	(1 356 770 119)	(1 285 190 920)	(1 442 465 338)
NET EXPENDITURE		8 287 873 984	8 386 035 431	7 636 098 710	7 484 568 500
Net Surplus for the year		335 556 917	201 523 428	315 352 113	902 990 118
Refer to Appendix E(1) for the comparison with the approved budget					

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

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

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	COID Reserve	Self Insurance Reserve	Self Insurance: FDR	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R
2006									
Balance at 1 July 2005	115 769 796	294 729 858	2 096 886 592	3 135 576 175	64 980 064	184 096 536	420 175	293 818 461	6 186 277 657
Net surplus for the year								315 352 113	315 352 113
Asset purification/retirements			(3 714 660)	(11 682 409)				15 397 069	0
Property, plant & equipment purchased		(302 183 695)	302 183 695	360 156 571				(360 156 571)	360 156 571
Capital grants used to purchase PPE (revenue recognised)								(5 070 903)	(360 156 571)
Contribution: Workmens Compensation (from employees)					5 070 903			(5 070 903)	0
Transfer from Housing Development Fund	(195 092)							195 092	0
Transfer to Housing Development Fund	34 889 171							(34 889 171)	0
Transfer from Insurance Reserve						(50 446 212)		50 446 212	0
Transfer to Capital replacement reserve (Tshwane Market)		19 946 098						(19 946 098)	0
Transfer to Capital replacement reserve : General		181 084 046						(181 084 046)	0
Transfer to Capital replacement reserve (public contributions)		159 186 329						(159 186 329)	0
Transfer to Capital replacement reserve: Insurance replacement		5 095 314				(5 095 314)		0	0
Offsetting of depreciation			(217 780 338)	(135 758 171)			(43 844)	353 582 353	0
Balance at 30 June 2006	150 463 875	357 857 950	2 177 575 289	3 348 292 166	70 050 967	128 555 010	376 331	268 458 182	6 501 629 770
2007									
Net surplus for the year								335 556 917	335 556 917
Asset purification/retirements			(6 162 391)	(20 056 037)				26 218 428	0
Property, plant & equipment purchased: Capitalised		(94 508 184)	94 508 184					(317 833 940)	0
Capital grants used to purchase PPE (revenue recognised)				317 833 940				(317 833 940)	0
Contribution: Workmens Compensation (from employees)					(7 356 004)			7 356 004	0
Transfer from Housing Development Fund	(9 311 522)							9 311 522	0
Transfer to Housing Development Fund								0	0
Transfer from Insurance Reserve						0	(62 917 630)	62 917 630	0
Transfer to Capital replacement reserve (Tshwane Market)		28 367 158						(28 367 158)	0
Transfer to Capital replacement reserve : General		209 435 882						(209 435 882)	0
Transfer to Capital replacement reserve (public contributions)		0	0					0	0
Transfer to Capital replacement reserve: Insurance replacement								0	0
Offsetting of depreciation			(257 892 978)	(139 234 736)		0	(43 844)	397 171 558	0
Balance at 30 June 2007	141 152 353	501 152 806	2 008 028 104	3 506 835 333	62 694 963	65 637 380	332 487	551 353 261	6 837 186 687

The accumulated surplus of R551 353 261 is earmarked to be used in 2007/08 for the Provision for Employee benefits to comply with the accounting standard as prescribed

Note: Capitalisation Reserve

The handling of the Capitalisation Reserve differs from the guidelines of National Treasury as indicated in the specimen financial statements in the sense that:

- * The amount used to finance property, plant and equipment from the Capital Replacement Reserve since the implementation of GAMAP is not transferred to the Accumulated surplus, but to the Capitalisation Reserve

The reasons for this deviation are the following:

- * To offset future depreciation charges via a transfer from the reserve to prevent double taxation of ratepayers
- * To prevent distortion of the accumulated surplus which could possibly lead to utilisation other than the offsetting of depreciation
- * An accumulated surplus are not used to finance deficits on future budgets as a result of depreciation charges
- * The financing and offsetting of depreciation of property, plant and equipment financed from the Capital Replacement Reserve should be treated the same as property, plant and equipment financed from the Government Grant Reserve

The effect on the financial statements would be the following if the guidelines of National Treasury were followed:

- * Accumulated surplus will increase with R94 508 184 (2005/06 =R302 183 695 and 2004/05 = R 909 806 168)
- * Capitalisation Reserve will decrease with R94 508 184 (2005/06 = R302 183 695 and 2004/05 = R909 806 168)

CITY OF TSHWANE METROPOLITAN 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		8 246 675 587	7 880 427 088
Cash paid to suppliers and employees		(7 187 667 717)	(6 738 412 828)
Cash generated from/(utilised by) operations	26	1 059 007 870	1 142 014 260
Interest received		134 186 955	103 544 892
Interest paid		(314 136 306)	(266 630 167)
NET CASH FROM OPERATING ACTIVITIES		879 058 519	978 928 985
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1 335 221 663)	(1 549 585 552)
Proceeds on disposal of fixed assets		20 915 400	12 992 300
Proceeds on disposal of investments		-	9 239 965
Decrease/(Increase)in non-current loans		(76 594 615)	47 597 720
Decrease/(Increase) in non-current investments		(68 676 357)	(30 997 759)
NET CASH FROM INVESTING ACTIVITIES		(1 459 577 235)	(1 510 753 326)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		636 452 546	277 201 058
Increase/(Decrease) in consumer deposits		21 486 701	(4 392 536)
NET CASH FROM FINANCING ACTIVITIES		657 939 247	272 808 522
NET CASH FLOW		77 420 531	(259 015 819)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		77 420 531	(259 015 819)
Cash and cash equivalents at the beginning of the year	27	364 665 811	623 681 630
Cash and cash equivalents at the end of the year	27	442 086 342	364 665 811

DESCRIPTION	2007 R	2006 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	141 152 353	150 463 875
Unappropriated surplus	210 158 816	219 470 338
Loans extinguished by Government on 1 April 1998	69 006 463	69 006 463
The Housing Development Fund is represented by the following assets and liabilities:		
Housing selling scheme loans	103 434 420	97 667 737
Other debtors	9 961 181	7 912 349
Bank and cash	27 756 752	44 883 789
Subtotal	141 152 353	150 463 875
Total Housing Development Fund Assets and Liabilities	141 152 353	150 463 875
2 LONG-TERM LIABILITIES		
Local Registered Stock	315 714 882	314 780 812
Long-term loans:	2 518 880 585	1 883 362 109
Annuity loans	1 906 549 057	1 257 690 062
Term loans	612 331 528	625 672 047
	2 834 595 467	2 198 142 921
LESS: Current portion transferred to current liabilities	232 569 002	59 410 497
Annuity loans	77 569 002	46 185 641
Term loans	155 000 000	13 224 856
Total External Loans	2 602 026 465	2 138 732 424
Refer to Appendix A for more detail on long-term liabilities		
Amount invested specifically for the repayment of long-term liabilities. (See note 28 for more detail.)	634 478 486	559 653 150
Maturity value of amount invested as security for long-term liabilities	1 201 630 598	1 244 224 512
3 NON-CURRENT PROVISIONS		
3.1 CLEARING OF ALIEN VEGATATION		
Opening balance at the beginning of the year	2 869 225	0
Contributions during the year	6 292 554	2 869 225
Expenditure during the year	(3 898 629)	0
Closing balance at the end of the year	5 263 150	2 869 225
In terms of the Conservation of Agricultural Resources Act , 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established in 2005/6 as a start to address the backlogs that exist. This provision will be phased in over a period of time.		
3.2 REHABILITATION OF LANDFILL SITES		
No provision for the rehabilitation of the landfill sites have been made as no back log currently exist. The rehabilitation is done as part of normal repair and maintenance. See paragraph 11.3 of the Accounting Policies.		
4 CONSUMER DEPOSITS		
Electricity and Water	257 579 090	236 092 389
Guarantees held in lieu of Electricity and Water deposits	156 904 848	93 626 411
5 CREDITORS		
Trade creditors	1 084 161 577	1 026 813 126
Payments received in advance	6 147 161	6 997 383
Retentions	80 391 743	68 291 428
Staff Leave	226 880 894	195 073 278
Deposits	14 845 980	10 552 337
Other creditors	417 805 499	349 988 584
Total creditors	1 830 232 854	1 657 716 136

DESCRIPTION	2007 R	2006 R
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
6.1 Conditional Grants from other spheres of Government	198 708 969	170 698 389
Municipal Infrastructure Grant (MIG)	19 794 905	0
Housing projects	25 714 685	3 873 808
Department of Water Affairs & Forestry (DWAF)	22 391 328	13 990 911
Finance Management Grant (FMG)	1 503 403	3 121 266
Municipal System Improvement Grant (MSIG)	3 000 000	5 000 000
Restructuring Grant	78 921 695	102 292 860
Department of Provincial & Local Government HIV AIDS Operational Grant	0	5 443 600
Transportation and Engineering	8 000 000	6 616 440
Department Public Works	7 322 068	8 722 068
Transport : World Cup Soccer	24 150 000	13 150 000
ESKOM	5 780 000	0
Provincial Local Economic Development Projects grant	2 130 885	8 487 436
6.2 Other conditional Receipts	12 281 962	5 801 473
National Electrification Fund	4 025 783	4 054 573
Bontle ke Botho	177 223	360 000
Gauteng: Agriculture, Conservation & Environment	8 078 956	460 000
Gauteng: Tourism	0	400 000
Gauteng: Library & Information	0	526 900
Total Conditional Grants and Receipts	210 990 931	176 499 862
See Note 18 for reconciliation of grants from other spheres of government. These amounts are invested until utilised		
7 VAT		
VAT payable	52 402 061	166 782 350
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS		
8 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of Carrying values		
8.1 INFRASTRUCTURE		
Carrying value at 1 July	4 572 768 786	3 641 750 954
Cost	6 450 648 987	5 237 396 821
Accumulated Depreciation - cost	(1 877 880 201)	(1 595 645 867)
Acquisitions	158 428 052	720 912 186
Additions	217 828 990	493 541 052
Capital under construction	250 981 817	506 954 620
Depreciation - based on cost	(310 382 755)	(279 583 486)
Carrying value of purification/transfers	601 472 669	210 105 646
Cost	474 938 643	212 756 494
Accumulated depreciation - cost	126 534 026	(2 650 848)
Carrying values at 30 June:	5 332 669 507	4 572 768 786
Cost	7 394 398 437	6 450 648 987
Accumulated depreciation - cost	(2 061 728 930)	(1 877 880 201)
8.2 COMMUNITY		
Carrying value at 1 July	212 730 759	188 785 942
Cost	389 646 613	332 868 072
Accumulated Depreciation - cost	(176 915 854)	(144 082 130)
Acquisitions	(36 296 493)	(6 768 052)
Additions	6 900 014	5 424 497
Capital under construction	(22 463 288)	5 937 251
Depreciation - based on cost	(20 733 219)	(18 129 800)
Carrying value of purification/transfers	(3 755 695)	30 712 869
Cost	(10 624 739)	45 416 793
Accumulated depreciation - cost	6 869 044	(14 703 924)
Carrying values at 30 June:	172 678 571	212 730 759
Cost	363 458 600	389 646 613
Accumulated depreciation - cost	(190 780 029)	(176 915 854)

DESCRIPTION		2007 R	2006 R
8	PROPERTY, PLANT AND EQUIPMENT (continued)		
8.3	HERITAGE		
	Carrying value at 1 July	3 221 102	1 999 308
	Cost	3 221 102	2 273 245
	Accumulated Depreciation - cost	0	(273 937)
	Acquisitions	0	947 857
	Additions	0	947 857
	Capital under construction	0	0
	Depreciation - based on cost	0	0
	Carrying value of purification/transfers	(18 628)	(273 937)
	Cost	(18 628)	0
	Accumulated depreciation - cost	0	(273 937)
	Carrying values at 30 June:	3 202 474	3 221 102
	Cost	3 202 474	3 221 102
	Accumulated depreciation - cost	0	0
8.4	HOUSING		
	Carrying value at 1 July	220 074 355	100 757 749
	Cost	227 228 983	106 597 558
	Accumulated Depreciation - cost	(7 154 628)	(5 839 809)
	Acquisitions	(61 060 788)	119 316 606
	Additions	0	(22 445)
	Capital under construction	(59 745 969)	120 653 870
	Depreciation - based on cost	(1 314 819)	(1 314 819)
	Carrying value of purification/transfers	0	0
	Cost	(32 330)	0
	Accumulated depreciation - cost	32 330	0
	Carrying values at 30 June:	159 013 567	220 074 355
	Cost	167 450 684	227 228 983
	Accumulated depreciation - cost	(8 437 117)	(7 154 628)
8.5	OTHER		
	Carrying value at 1 July	617 725 232	628 912 379
	Cost	1 037 095 552	893 322 652
	Accumulated Depreciation - cost	(419 370 320)	(264 410 273)
	Acquisitions	(107 403 781)	(145 701 687)
	Additions	23 943 344	69 350 660
	Capital under construction	39 967 354	(70 791 394)
	Depreciation - based on cost	(171 314 479)	(144 260 953)
	Carrying value of purification/transfers/disposals	425 664	134 514 543
	Cost	(106 738 496)	145 213 635
	Accumulated depreciation - cost	107 164 160	(10 699 092)
	Carrying values at 30 June:	510 747 115	617 725 235
	Cost	994 267 754	1 037 095 553
	Accumulated depreciation - cost	(483 520 639)	(419 370 318)
8.6	INVESTMENT PROPERTY		
	Carrying value at 1 July	1 678 026	371 109
	Cost	1 707 296	383 906
	Accumulated Depreciation - cost	(29 270)	(12 797)
	Acquisitions	391 840	366 780
	Additions	450 000	383 253
	Capital under construction	0	0
	Depreciation - based on cost	(58 160)	(16 473)
	Carrying value of purification/transfers/disposals	0	940 137
	Cost	0	940 137
	Accumulated depreciation - cost	0	0
	Carrying values at 30 June:	2 069 866	1 678 026
	Cost	2 157 296	1 707 296
	Accumulated depreciation - cost	(87 430)	(29 270)
	The Municipality is still busy with the purification process of the Property, plant and equipment register, and therefore the values reflected are still not the true value. Most investment properties are still included under land and buildings. Due to this reason investment properties are also not shown separately in the Statement of Financial Position.		

DESCRIPTION		2007 R	2006 R
8.7	LAND AND BUILDINGS		
	Carrying value at 1 July	1 830 550 765	1 852 756 722
	Cost	2 217 320 600	2 204 441 326
	Accumulated Depreciation - cost	(386 769 835)	(351 684 604)
	Acquisitions	66 185 420	25 859 647
	Additions	120 966 020	95 858 950
	Capital under construction	0	0
	Depreciation - based on cost	(54 780 600)	(69 999 303)
	Carrying value of purification/transfers/disposals	158 269 371	(48 065 607)
	Cost	148 819 665	(82 979 677)
	Accumulated depreciation - cost	9 449 706	34 914 070
	Carrying values at 30 June:	2 055 005 556	1 830 550 762
	Cost	2 487 106 285	2 217 320 599
	Accumulated depreciation -cost	(432 100 729)	(386 769 837)
8.8	TOTAL		
	Carrying value at 1 July	7 458 749 026	6 415 334 163
	Cost	10 326 869 134	8 777 283 580
	Accumulated Depreciation - cost	(2 868 120 108)	(2 361 949 417)
	Acquisitions	20 244 250	714 933 338
	Additions	370 088 368	665 483 824
	Capital under construction	208 739 914	562 754 347
	Depreciation - based on cost	(558 584 032)	(513 304 833)
	Carrying value of purification/transfers	756 393 381	314 213 239
	Cost	506 344 115	321 347 382
	Accumulated depreciation - cost	250 049 266	(7 134 143)
	Carrying values at 30 June:	8 235 386 657	7 458 749 026
	Cost	11 412 041 531	10 326 869 133
	Accumulated depreciation - cost	(3 176 654 874)	(2 868 120 107)
	Refer to Appendix B (for Analysis per class) and Appendix C (for segmental analysis)		
	Upon implementation of GAMAP 17 on 1 July 2004, all assets in the Capital Ledger were transferred to the Asset Register in the format of globular assets per asset class/type. Individual assets were shown in the Asset Register, but with a nil value as the value is reflected in the globular asset.		
	A process has been approved by Council for the purification of these globular assets to the individual assets. The Municipality is now in year 3 of a 3-year cycle to purify the data of the fixed asset register. All new assets acquired since 1 July 2004 are recognized and depreciated individually as per the requirements of GAMAP 17.		
	Note must be taken that no revaluation and/or impairment of assets can be undertaken until the purification process is finalised.		
	The purification process entails the following:		
	<ul style="list-style-type: none"> ■ Compilation of policies and procedures, revision of asset class structure and modification of business processes to ensure compliance with GAMAP 17 ■ Analysis of capital ledger transactions to ensure correct recording thereof on the fixed asset register ■ Complete verification and take-up of the physical assets with the assistance of the departments ■ Purification of the fixed asset register by merging the two sets of data with the assistance of the departments 		
	A tender was awarded to a firm to assist in the purification process. This process will only be finalised by the end of October/November 2007		
9	INVESTMENTS		
9.1	HELD-FOR-MATURITY INVESTMENTS		
	Listed:		
	Stock and shares	5 000 000	5 000 000
	Unlisted:		
	Shares	1 128 029	
	Municipal stock	6 056 959	6 056 959
		7 184 988	6 056 959
	Financial instruments:		
	Fixed deposits	533 928 051	466 780 248
	Assurance companies	5 106 155	4 705 630
		539 034 206	471 485 878
	Total Held-for-maturity investments	551 219 194	482 542 837
9.2	HELD-FOR-SALE INVESTMENTS		
	Short-term deposits and Call deposits	418 739 211	375 568 880
	TOTAL INVESTMENTS	969 958 405	858 111 717
	Market value of listed investments, and management's valuation of unlisted investments:		
	Listed investments	5 000 000	5 000 000
	Unlisted investments	964 958 405	853 111 717

DESCRIPTION	2007 R	2006 R
Average rate of return on long-term investments: 13,30 % (2005/06 = 13,25 %) Average rate of return on short-term investments: 8,50 %		
The Municipal Finance Management Act, 2003 (Act 56 of 2003) as amended requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.		
IMPAIRMENT GAIN/LOSS ON INVESTMENTS		
During the 2005/06 financial year Tswaing Electricity Project (Pty) Ltd and Lebone Municipal Finance Corporation were liquidated.		
Impairment Gain: Tswaing Electricity Project (Pty) Ltd	0	9 239 965
Impairment loss: Lebone Municipal Finance Corporation	0	(100)
No amount was received from Lebone Municipal Finance Corporation		
10 LONG-TERM RECEIVABLES		
Consumers: Arrangement debtors	220 595 717	143 061 938
Housing loans	103 434 420	97 667 736
Motor car loans	8 080 676	20 383 146
Loans to Sports Clubs	1 729 108	1 786 494
Computer loans	65	3 821
Study loans	15 546	23 096
Sale of land	69 882 327	64 217 013
Samrand Development (Pty) Ltd	18 152 564	18 152 564
	421 890 423	345 295 808
Less: Current portion transferred to current receivables	27 840 367	16 320 964
	394 050 056	328 974 844
Less: Provision for bad debt: Housing loans	34 306 320	34 306 320
Total Long-term receivables	359 743 736	294 668 524
CONSUMER: ARRANGEMENT DEBTORS		
Arrangement debtors exist due to the policy granting consumer debtors to make arrangements to pay off their arrear debt over a certain period.		
HOUSING LOANS		
Housing loans are granted to qualifying individuals in terms of the Provincial Administration's Housing Programme. These loans attract interest of 13,5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable.		
MOTOR CAR LOANS		
Senior staff were entitled to motor car loans which attract interest at 8,5 % per annum and which are repayable over a maximum period of 6 years. This practice has been terminated in terms of the MFMA and the last loan will be fully repaid in October 2009.		
LOANS TO SPORT CLUBS		
Sport Clubs that do qualify, sign a 99 year lease hold agreement with the Municipality at a nominal amount and are provided with financial assistance from the Municipality to build or improve a facility of which the funds are repayable over a period and the Club has no claim to the improvements after the expiration of the lease hold agreement.		
COMPUTER LOANS		
Staff were entitled to an interest free computer loan which was repayable over a period of 5 years. This practice has been terminated in terms of the MFMA and the last loan will be fully repaid in 2009.		
STUDY LOANS		
Employees were entitled to interest free study loans which were repayable over a period of one year after the completion of their studies. This practice has been terminated in terms of the MFMA. The last payment cannot be determined at present as some of the employees are still studying.		
Children of employees of the Municipality also qualified for study loans which attracted an interest rate applicable during the period of application as determined by the Municipality at the time of the application and the approval thereof. No more new study loans are issued by the Municipality.		
SALE OF LAND DEBTORS		
Vacant properties are sold through a process administered by Property Legal Services. Contracts are signed and advices for the opening of individual accounts, which indicates the amount of the deposit (10%) and VAT (14 %) are issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 11 %. Interest is calculated monthly on the outstanding balance of the property.		
SAMRAND DEVELOPMENT (PTY) LTD		
This debtor refers to long outstanding consumer debt of Samrand.		

DESCRIPTION	2007 R	2006 R
11 INVENTORY		
Stock represents consumable stock, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock.		
Quarry	139 985 413	103 038 372
Coal (Power stations)	501 539	281 373
Livestock	22 031 408	2 244 533
Plants	11 101 658	10 458 980
Bulk water	99 379	75 415
	<u>2 482 172</u>	<u>2 825 889</u>
Less: Provision for obsolete stock	176 201 569	118 924 562
	<u>6 000 000</u>	<u>2 900 000</u>
Net Inventory	170 201 569	116 024 562
12 CONSUMER DEBTORS		
The City of Tshwane has a consolidated account billing system. The division of Debtors per service category is done on a pro rata basis based on the levies. The provision for bad debt is therefore also not available per income group.		
Service debtors	3 146 540 369	2 959 669 372
Rates	937 669 030	831 081 071
Electricity	1 431 675 868	1 163 640 622
Water	516 032 621	580 090 538
Sewerage	122 715 074	144 602 857
Refuse removal	138 447 776	240 254 284
Less: Arrangement debtors	220 595 716	143 061 938
	<u>2 925 944 653</u>	<u>2 816 607 434</u>
Less: Provision for Bad debt	937 322 523	830 673 256
Consumer debtors per Statement of financial position	1 988 622 130	1 985 934 178
A total amount of R100 777 866 (2006: R168 492 129) was written off as bad debt. This represents 1,22 % (2006: 2,11%) of the total operating income for the year.		
Ageing: Total		
Current (0 - 30 days)	1 213 886 365	689 715 136
31 - 60 days	81 300 581	115 850 492
61 - 90 days	56 614 902	93 641 547
91 + days	1 794 738 521	2 060 462 197
	<u>3 146 540 369</u>	<u>2 959 669 372</u>
Rates: Ageing		
Current (0 - 30 days)	319 872 338	113 917 075
31 - 60 days	32 742 094	35 043 713
61 - 90 days	20 920 136	23 144 317
91 + days	373 164 874	658 975 966
	<u>746 699 442</u>	<u>831 081 071</u>
Electricity: Ageing		
Current (0 - 30 days)	992 684 746	363 365 851
31 - 60 days	18 942 207	42 225 333
61 - 90 days	9 282 588	41 481 404
91 + days	302 999 812	716 568 034
	<u>1 323 909 353</u>	<u>1 163 640 622</u>
Water: Ageing		
Current (0 - 30 days)	392 259 645	144 304 035
31 - 60 days	16 588 851	26 752 755
61 - 90 days	12 407 841	18 901 690
91 + days	241 768 047	390 132 058
	<u>663 024 384</u>	<u>580 090 538</u>
Sanitation: Ageing		
Current (0 - 30 days)	92 490 568	32 182 355
31 - 60 days	3 802 617	4 284 728
61 - 90 days	2 524 466	3 702 793
91 + days	67 108 886	104 432 981
	<u>165 926 537</u>	<u>144 602 857</u>
Solid Waste: Ageing		
Current (0 - 30 days)	105 289 825	35 945 820
31 - 60 days	5 148 050	7 543 965
61 - 90 days	4 008 176	6 411 342
91 + days	132 534 602	190 353 157
	<u>246 980 653</u>	<u>240 254 284</u>
Summary of consumer debtors by customer classification:		
Household	2 048 397 780	2 104 324 923
Industrial/Commercial	814 953 956	600 812 883
National and Provincial Government	72 370 428	50 314 379
Other	210 818 205	204 217 187
Total consumer debtors by customer classification	3 146 540 369	2 959 669 372
RECONCILIATION OF BAD DEBT PROVISION		
Balance at the beginning of the year	830 673 256	703 785 974
Contributions to provision	106 649 267	126 887 282
Balance at the end of the year	937 322 523	830 673 256

DESCRIPTION	2007 R	2006 R
13 OTHER DEBTORS		
Housing debtors	9 961 181	7 912 349
Government subsidies	7 075 000	2 820 000
RSC levies debtor	2 686 871	75 778 396
Amounts paid in advance	50 826 104	11 032
Other Current debtors	<u>229 699 306</u>	<u>181 300 164</u>
	300 248 462	267 821 941
Less: Provision for Bad debt	<u>47 098 217</u>	<u>46 995 190</u>
Total Other Debtors	<u>253 150 245</u>	<u>220 826 751</u>
RECONCILIATION OF BAD DEBT PROVISION		
Balance at the beginning of the year	46 995 190	86 540 713
Correction of balance of 2004/5	0	(41 779 882)
Contributions to provision	<u>103 027</u>	<u>2 234 359</u>
Balance at the end of the year	<u>47 098 217</u>	<u>46 995 190</u>
14 CALL INVESTMENT DEPOSITS		
Other deposits/call investments		
Other deposits of R.418 739 211 (2006 = R357 857 950) are ring-fenced and attributable to the Capital replacement reserve of R 501 152 806. Fixed deposits amounting to R634 478 486 (2006 =R559 653 150) have also been ring-fenced for the purposes of repaying long-term liabilities. Refer to Note 28)		
	<u>418 739 211</u>	<u>375 568 880</u>
15 BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts:-		
15.1 Current Account (Primary Bank account)		
STANDARD - Primary (Account nr 41 080 1453)		
STANDARD - Cashier deposit (Account nr 41 080 1569)		
STANDARD - Wonderboom Airport (Account nr 41 080 1674)		
STANDARD - Collection (Account nr 41 080 1658)		
ABSA - Main (Account nr 4060 738 263)		
ABSA - SAP collection (Account nr 4061 025 439)		
ABSA - Old Main (Account nr 4053 381 912)		
ABSA - Pretoria Collection (Account nr 4053 381 857)		
ABSA - Centurion Collection (Account nr 4053 486 168)		
ABSA - Akasia Collection (Account nr 4053 388 003)		
ABSA - GPMC Collection (Account nr 4048 828 191)		
ABSA - Housing Collection (Account nr 4054 433 297)		
ABSA - Wonderboom Airport (Account nr 4059 414 365)		
FNB Main - Pretoria Branch (Account nr 5142 0107 207)		
FNB - Pretoria Collection (Account nr 5142 0108 130)		
FNB - Centurion Collection (Account nr 6202 7802 869)		
FNB - Akasia Collection (Account nr 6202 7803 023)		
FNB - Housing Collection (Account nr 5142 1127 486)		
FNB - SAP Collection (Account nr 6207 4177 786)		
FNB - Traffic Collection (Account nr 6206 7460 586)		
ABSA		
Cash book balance at the beginning of the year - (overdrawn)	<u>(29 715 301)</u>	<u>(38 962 372)</u>
Cash book balance at the end of the year - (overdrawn)	<u>15 413 275</u>	<u>(29 715 301)</u>
Bank statement balance at the beginning of the year	<u>60 295 912</u>	<u>56 479 853</u>
Bank statement balance at the end of the year	<u>17 907 552</u>	<u>60 295 912</u>
FNB		
Cash book balance at the beginning of the year	<u>3 509 343</u>	<u>2 498 456</u>
Cash book balance at the end of the year - (overdrawn)	<u>(2 374)</u>	<u>3 509 343</u>
Bank statement balance at the beginning of the year	<u>3 517 003</u>	<u>2 716 551</u>
Bank statement balance at the end of the year	<u>10 499 069</u>	<u>3 517 003</u>
STANDARD		
Cash book balance at the beginning of the year	<u>0</u>	
Cash book balance at the end of the year - (overdrawn)	<u>(45 999 764)</u>	
Bank statement balance at the beginning of the year	<u>0</u>	
Bank statement balance at the end of the year	<u>38 863 430</u>	
15.2 Insurance Contingency (opened July 2005)		
ABSA (Account number 4062593950)		
Cash book balance at the beginning of the year	<u>7 972 921</u>	<u>0</u>
Cash book balance at the end of the year	<u>41 285 499</u>	<u>7 972 921</u>
Bank statement balance at the beginning of the year	<u>7 972 921</u>	<u>0</u>
Bank statement balance at the end of the year	<u>41 285 499</u>	<u>7 972 921</u>

DESCRIPTION	2007 R	2006 R
15.3 Tshwane Market (Primary account)		
First National Bank - Church Square Branch (Account nr: 51421161509)		
Cash book balance at the beginning of the year	7 073 890	6 442 133
Cash book balance at the end of the year	12 408 157	7 073 890
Bank statement balance at the beginning of the year	6 665 740	6 170 004
Bank statement balance at the end of the year	12 604 882	6 665 740
15.4 Petty cash/cashiers floats	242 338	256 078
16 PROPERTY RATES		
Actual Income	1 719 224 465	1 624 061 411
Site Values as at 1 July:		
Residential	14 495 588 615	15 451 995 608
Other	6 837 110 872	9 369 325 676
Total property valuation *	21 332 699 487	24 821 321 284
* The decrease in the valuation since 2005/06 is due to the reconciliation between the VAL system and the SAP billing system which were started during 2006/07		
The last valuation came into effect on 1 July 2002. Rates are levied on the site valuations. A rebate is granted to owners of special dwellings. Persons of 65 years or older, and physically or mentally handicapped persons who can substantiate receipt of a social pension, and persons certified by the Medical Officer of Health as physically or mentally handicapped, can qualify for a rebate, subject to certain other conditions. The tariff applicable is 13,48c/Rand (2005/06 = 12,72c/Rand)		
17 SERVICE CHARGES		
Sale of electricity	2 664 517 715	2 513 150 345
Sale of water	1 036 700 846	905 434 503
Refuse removal	250 699 662	240 037 915
Sewerage and sanitation charges	249 566 964	215 934 611
Total service charges	4 201 485 187	3 874 557 374
18 GOVERNMENT GRANTS AND SUBSIDIES (RECOGNISED AS REVENUE)		
Equitable share	1 002 649 865	261 870 276
Provincial Health subsidies	21 498 600	10 911 995
Provincial Ambulance subsidy	31 199 756	30 641 169
National Safety grant	418 718	756 565
Provincial motor vehicle licences refund	58 252 483	51 325 305
Capex: grants & donations	317 833 940	360 156 572
Opex: grants & donations	3 471 779	1 530 458
Finance Management grant	2 117 862	2 955 963
Restructuring grant	48 371 166	42 549 758
Municipal Systems Infrastructure grant	2 000 000	0
DWAF Grant	14 264 950	2 150 000
Topstructure grants	39 014 522	0
IMEI grant	0	410 000
RTWST grant	25 000 000	20 000 000
Total Government grants and subsidies	1 566 093 641	785 258 061
18 GOVERNMENT GRANTS AND SUBSIDIES (RECOGNISED AS REVENUE) (continued)		
18.1 Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.		
Total amount of equitable share received	1 002 649 865	261 870 276
Monthly grant received by all registered indigents	168	166
18.2 Provincial Health Subsidies		
Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	21 498 600	10 911 995
Conditions met - transferred to revenue	(21 498 600)	(10 911 995)
Conditions still to be met - transferred to liabilities (see note 6)	0	0
The Municipality renders health services on behalf of the Provincial Government This grant has been used exclusively to fund clinic services (included in the Social Development vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.		
Percentage of expenditure incurred refunded = 16.20%		
18.3 Provincial Ambulance subsidy		
Balance unspent at beginning of year	0	0
Current year receipts - included in emergency medical services vote	31 199 756	30 641 169
Conditions met - transferred to revenue	(31 199 756)	(30 641 169)
Conditions still to be met - transferred to liabilities (see note 6)	0	0
The Municipality renders ambulance services on behalf of the provincial government and is reimbursed. This grant has been used exclusively to fund the rendering of ambulance services (included in the Emergency Management Services vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.		
Percentage of expenditure incurred refunded = 70.49 %		

DESCRIPTION		2007 R	2006 R
18.4	MIG		
	Balance unspent at beginning of year	0	38 042 268
	Current year receipts	205 944 000	155 019 913
	Conditions met - transferred to revenue	(186 149 095)	(193 062 181)
	Conditions still to be met - transferred to liabilities (see note 6)	19 794 905	0
	This grant is used to construct roads and sewerage infrastructure as part of the capital expenditure (included in the roads and sewerage votes in Appendix B). No funds have been withheld.		
18.5	FINANCE MANAGEMENT GRANT		
	Balance unspent at beginning of year	3 121 266	3 077 229
	Current year receipts	500 000	3 000 000
	Conditions met - transferred to revenue	(2 117 863)	(2 955 963)
	Conditions still to be met - transferred to liabilities (see note 6)	1 503 403	3 121 266
	This grant is funded by National Treasury to assist Local Government Pilot Municipalities with Financial Management and Budget Reforms, as part of the National Reform program. No funds have been withheld.		
18.6	MUNICIPAL SYSTEM IMPROVEMENT GRANT		
	Balance unspent at beginning of year	5 000 000	2 000 000
	Current year receipts	0	3 000 000
	Conditions met - transferred to revenue	(2 000 000)	0
	Conditions still to be met - transferred to liabilities (see note 6)	3 000 000	5 000 000
	This grant is used to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000. No funds have been withheld.		
18.7	RESTRUCTURING GRANT		
	Balance unspent at beginning of year	102 292 860	79 842 618
	Current year receipts	25 000 000	65 000 000
	Conditions met - transferred to revenue	(48 371 165)	(42 549 758)
	Conditions still to be met - transferred to liabilities (see note 6)	78 921 695	102 292 860
	This grant is funded by National Treasury to assist Local Government Pilot Municipalities with Institutional, Financial and Economic restructuring in line with the City Development Strategy, which is aligned to the National Government's Development Strategy. R50 million was withheld.		
18.8	DEPARTMENT OF WATER AFFAIRS AND FORESTRY		
	Balance unspent at beginning of year	13 990 911	29 988 284
	Current year receipts	22 399 000	0
	Conditions met - transferred to revenue	(13 998 583)	(15 997 373)
	Conditions still to be met - transferred to liabilities (see note 6)	22 391 328	13 990 911
	This grant was received for the supply of water services for community upliftment.		
18.9	Changes in levels of government grants		
	Based on the allocations set out in the Division of Revenue Act (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
19	OTHER INCOME		
	Drain cleaning fees	1 211 073	1 082 283
	Reconnections fees	62 458 097	19 336 395
	Sewerage fees: Industrial effluent	19 071 458	15 904 897
	Interest on housing sales	12 845 341	7 802 403
	Interest on property sales	3 534 827	5 054 322
	Reminder fees	12 816 235	5 264 524
	Ambulance fees	3 048 946	2 352 944
	Airside income	2 405 526	1 689 516
	Connection fees: Urban areas	7 136 538	6 600 830
	Disconnection investigation fees	0	14 795 291
	Cemetery fees	3 662 486	2 473 798
	Fees for relaxation of building line	2 249 467	1 276 604
	Building plan fees	37 801 683	34 807 691
	Library fines	1 091 704	1 148 275
	Restaurant sales	1 590 920	1 489 921
	Sundry fees	4 492 746	11 140 239
	Income from grave services	3 861 237	3 721 529
	Application fees	3 967 200	3 461 865
	Connection fees	22 789 593	22 161 026
	Approval fees: advertisements	18 071 202	11 813 765
	Discount on prompt payments	18 986 536	12 337 723
	Market fees	58 483 778	51 263 922
	Lodging fees	1 289 166	1 008 045
	Parking fees: vehicles	2 666 683	2 182 549
	Training fees recovered	10 638 396	14 554 674
	Dumping fees	13 155 331	7 205 581
	Income from bulk containers	26 939 459	24 191 144
	Sale of livestock and introduction of inventory of livestock	658 566	10 488 341
	Sale of stone	3 474 334	4 038 088
	Sale unusable stock	4 656 164	3 359 926
	Sales: Aeroplane fuel	15 565 917	21 822 197
	Transport fees	44 180 382	38 612 706
	Capital income recovered: insurance claims	475 510	20 359 957
	Claims recovered: compensation commissioner	12 606 126	11 606 567
	Bad debt recovered	22 625	11 202 755
	Housing schemes: sale of houses	0	31 250 221
	Land sales	43 869 372	10 522 993
	Miscellaneous	44 517 666	150 576 157
	Total other income	526 292 290	599 961 664

DESCRIPTION	2007 R	2006 R
20 EMPLOYEE RELATED COSTS		
Salaries and wages	1 498 980 113	1 380 012 131
Contributions to UIF, pensions and medical aids	515 389 693	422 396 813
Overtime payments	120 883 844	107 473 054
Long-service awards	7 671 604	8 114 054
Travel allowance	170 357 918	154 356 772
Housing benefits and allowance	19 697 494	20 723 638
Performance bonus	382 814	369 532
Other allowances	78 640 892	67 156 283
Total employee related cost	2 412 004 372	2 160 602 277
REMUNERATION OF THE MUNICIPAL MANAGER (During 2006/07 the Municipal Manager was only in office for 6 months)		
Annual remuneration	381 162	705 564
Performance bonuses	65 106	163 178
Car allowance	120 000	240 000
Medical and pension fund contributions	13 860	26 172
Total	580 128	1 134 914
REMUNERATION OF THE CHIEF FINANCIAL OFFICER (The CFO was only appointed on 15 November 2006 at a lower salary package)		
Annual remuneration	476 456	548 447
Performance bonuses	0	152 264
Car allowance	88 000	100 000
Medical and pension fund contributions	13 544	90 573
Total	578 000	891 284
REMUNERATION OF STRATEGIC EXECUTIVE OFFICERS		
Annual remuneration:		
Technical services	765 564	1 235 502
Corporate services	3 395 889	2 384 737
Community services	3 625 428	3 251 601
Performance bonuses:		
Technical services	0	195 861
Corporate services	69 594	254 410
Community services	570 283	542 173
Car allowance:		
Technical services	90 000	238 800
Corporate services	549 146	388 973
Community services	506 712	496 086
Medical and pension fund contributions:		
Technical services	0	135 606
Corporate services	35 160	48 717
Community services	158 664	156 162
	9 766 440	9 328 628
Total:		
Technical services	855 564	1 805 769
Corporate services	4 049 789	3 076 837
Community services	4 861 087	4 446 022
	9 766 440	9 328 628
21 REMUNERATION OF COUNCILLORS		
Mayor's allowance	294 068	280 764
Councillor's allowances	30 160 657	24 608 991
Allowance of the Speaker	0	51 241
Councillor's pension contributions	3 219 512	2 749 668
Travelling allowance	11 532 641	5 989 758
Councillor's medical contributions	739 170	625 186
Councillor's Housing allowances	0	489 718
Total remuneration of councillors	45 946 048	34 795 326
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 the Council. The Executive Mayor has 20 full-time body guards		
22 INTEREST PAID		
Long-term liabilities	313 550 043	265 790 172
Bank overdrafts	586 263	839 995
Total Interest on External Borrowings	314 136 306	266 630 167
23 BULK PURCHASES		
Electricity	1 462 687 588	1 253 088 580
Water	670 746 363	599 937 864
Total Bulk Purchases	2 133 433 951	1 853 026 444
24 GRANTS AND SUBSIDIES PAID		
Grants-in-aid	1 066 397	1 060 000
Grants-in-aid: Assessment rates	7 325 860	9 165 682
Total Grants and Subsidies Paid	8 392 257	10 225 682
The grant in aid is in respect of the funding of Non Governmental Organisations involved in empowerment programmes for the following vulnerable groups: youth, children, women, people with disabilities and the elderly.		
The Municipality has by way of majority decision awarded a grant-in-aid on the assessment rates of rateable properties on the classes referred to in Section 32A of the Local Authorities Rating Ordinance, 1977 (Ordinance 11 of 1977), after the owner of such property has applied to the Council in writing, for such grant-in-aid.		

DESCRIPTION	2007 R	2006 R
25 GENERAL EXPENSES		
Included in General expenses are the following amounts above R40 million		
Project Linked Housing: Top structures	134 903 365	119 322 077
Rental of property, plant and equipment	106 333 883	87 891 464
Household refuse removal	96 024 704	51 893 667
Service providers	76 976 217	64 385 764
Insurance premiums and excesses	65 634 075	151 110 905
Telcommunication	60 019 644	46 472 166
Private sector labour	58 427 175	55 160 295
Special projects	53 149 572	32 716 608
Restructuring/Transformation	48 371 166	41 745 871
Rental of property	47 980 620	50 226 202
Watchmen services	45 734 451	34 338 652
Implementation: OITPS	42 983 067	0
	836 537 939	735 263 671
26 CASH GENERATED BY OPERATIONS		
Net surplus for the year	335 556 917	315 352 113
Adjustment for:-		
Depreciation	558 584 032	510 951 723
Depreciation: corrections		2 353 110
Depreciation on disposals, transfers and adjustments		(7 134 143)
Gain on disposal of property, plant and equipment	(20 915 400)	(12 992 300)
Gain on disposal of investment (liquidation of municipal entities)		(9 239 965)
Contribution to Provision for Clearing up Alien Vegetation	6 292 554	2 869 225
Expenditure: Provision for Clearing up Alien Vegetation	(3 898 629)	
Contribution to Provision for Obsolete stock	3 100 000	0
Correction: Provision for bad debt housing		(41 779 882)
Contribution to bad debt provision	106 752 294	163 427 961
Investment income (interest earned)	(134 186 955)	(103 544 892)
Interest paid	314 136 306	266 630 167
Operating surplus before working capital changes:	1 165 421 119	1 086 893 117
Decrease/(Increase) in inventories	(57 277 007)	39 743 106
Decrease/(Increase) in consumer debtors	(109 337 219)	(259 278 799)
(Increase)/decrease in other debtors	(32 426 521)	253 825 852
Increase/(Decrease) in conditional grants and receipts	34 491 069	(11 063 068)
Increase/(decrease) in creditors	172 516 718	(39 375 385)
Increase/(Decrease) in VAT	(114 380 289)	71 269 437
Cash generated by operations	1 059 007 870	1 142 014 260
27 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	69 349 269	18 812 232
Call investment deposits	418 739 211	375 568 880
Bank overdraft	(46 002 138)	(29 715 301)
Total cash and cash equivalents	442 086 342	364 665 811
28 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 2)	2 834 595 467	2 197 367 109
Used to finance property, plant & equipment - at cost	2 717 572 357	1 931 694 790
Sub Total	117 023 110	265 672 319
Cash set aside for the repayment of long-term liabilities	634 478 486	559 653 150
Cash invested for repayment of long-term liabilities (see Note 14)	(517 455 376)	(293 980 831)
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		

DESCRIPTION	2007 R	2006 R
29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
29.1 Contributions to organized local government (SALGA)		
Opening balance	69 522	69 771
Council subscriptions	935 819	832 788
Amount paid - current year	(857 090)	(763 266)
Amount paid - previous years	(69 522)	(69 771)
Balance unpaid (included in creditors)	78 729	69 522
29.2 Audit fees		
Opening balance	0	(785 710)
Current year audit fee	8 692 761	3 192 349
Amount paid - current year	(6 881 599)	(3 192 349)
Amount paid - previous years	0	785 710
Balance unpaid (included in creditors)	1 811 162	0
The balance is with regard to the 2005/06 financial year and was paid in July 2007.		
29.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in note 7		
All VAT returns have been submitted by the due date throughout the financial year.		
29.4 PAYE AND UIF		
Opening balance	25 601 727	25 831 261
Current year payroll deductions	330 757 910	319 487 165
Amount paid - current year	(302 747 115)	(293 885 437)
Amount paid - previous years	(25 601 727)	(25 831 262)
Balance unpaid (included in creditors)	28 010 795	25 601 727
29.5 Pension and Medical aid deductions		
Opening balance	0	0
Current year payroll deductions and council contributions	646 873 547	603 264 638
Amount paid - current year	(646 873 547)	(603 264 638)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0
Amounts of 2005/06 restated due to a duplication that was only picked up in 2006/07		
29.6 Councillor's arrear consumer accounts		
Amounts outstanding for more than 90 days:		
Councillors without payoff arrangements:		
Aucamp M G W	6 872	0
Blaauw M P	8 585	0
Buthelezi M M	48 779	0
Dlamini S S	0	365
Dzumba K Y	12 741	0
Huma S E	0	3 368
Isabel Peach Family Trust	0	18 644
Joubert J H	0	1 354
Kekana K C	848	2 424
Kgashane S	27 159	0
Kwenda L H	179	0
Ledwaba D C	3 694	0
Makola M A	11 325	0
Mamabolo C S	0	8 706
Moagi C M	1 527	0
Modisakeng T B	0	340
Mogaladi M J	214	0
Mokoele D P	0	56 826
Monnamorwa D K S	0	9 224
Morudi M S	4 754	0
Motobatse M M	0	1 585
Mthetwa D	4 724	0
Naid A T	304	0
Ndoko E N	506	0
Ndoko G	0	3 496
Nkuna G & MM	0	8 547
Nkwashu M S	332	0
Ramokgopa K D	5 786	0
Segabutla L O	684	0
Seoketsa G	27 750	24 118
Total	166 763	138 998

DESCRIPTION		2007 R	2006 R
29.7	Councillor's arrear consumer accounts (continued)		
	Councillors with payoff arrangements:		
	Campbell A W	1 426	0
	Dzumba K Y	1 566	0
	Feldman J D	23 678	0
	Huma S E	5 727	0
	Khubeka K E & M M	0	24 333
	Kutumela Jan	5 293	0
	Kutumela M J	2 141	10 430
	Mamabolo C S	6 714	0
	Matjokane N Y	57 198	0
	Morudi M S	9 470	0
	Mthetwa D	3 728	0
	Rambau T V	3 605	0
	Ramokgopa G M	832	0
	Segabutla L O	520	0
	Swarts A P	1 664	0
	Theron D P	5 260	0
	Thipe S S	3 037	0
	Thobejane P T M	2 457	0
	Vilakazi N E	0	25 942
	Total	134 316	60 705
	Total amount outstanding:		
	Aucamp M G W	6 872	0
	Blaauw M P	8 585	0
	Buthelezi M M	48 779	0
	Campbell A W	1 426	0
	Dlamini S S	0	365
	Dzumba K Y	14 307	0
	Feldman J D	23 678	0
	Huma S E	5 727	3 368
	Isabel Peach Family Trust	0	18 644
	Joubert J H	0	1 354
	Kekana K C	848	2 424
	Kgashane S	27 159	0
	Khubeka K E & M M	0	24 333
	Kutumela Jan	5 293	0
	Kutumela M J	2 141	10 430
	Kwenda L H	179	0
	Ledwaba D C	3 694	0
	Makola M A	11 325	0
	Moagi C M	1 527	0
	Mogaladi M J	214	0
	Morudi M S	14 224	0
	Mamabolo C S	6 714	8 706
	Matjokana N Y	57 198	0
	Modisakeng T B	0	340
	Mokoele D P	0	56 826
	Monnamorwa D K S	0	9 224
	Motobatse M M	0	1 585
	Mthetwa D	8 452	0
	Naid T	304	0
	Ndoko E N	505	0
	Ndoko G	0	3 496
	Nkuna G & MM	0	8 547
	Nkwashu M S	332	0
	Rambau T V	3 605	0
	Ramokgopa G M	832	0
	Ramokgopa K D	5 786	0
	Segabutla L O	1 204	0
	Seoketsa G	27 750	24 118
	Swarts A P	1 664	0
	Theron D P	5 260	0
	Thipe S S	3 037	0
	Thobejane P T M	2 457	0
	Vilakazi N E	0	25 942
	Total arrear consumer accounts	301 078	199 703
	Information regarding arrear accounts for more than 90 days of Councillors during the financial year is not available.		
30	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	- Approved and contracted for	1 940 572 750	1 414 399 500
	Infrastructure	1 489 453 000	975 024 500
	Community	95 012 000	76 972 000
	Other	124 847 750	109 080 000
	Housing	231 260 000	253 323 000
	- Approved but not contracted for	375 267 250	310 367 500
	Infrastructure	321 887 250	139 375 000
	Community	30 900 000	137 665 000
	Other	7 480 000	33 327 500
	Investment property	2 000 000	0
	Housing	13 000 000	0
		2 315 840 000	1 724 767 000

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

DESCRIPTION	2007 R	2006 R
This expenditure will be financed from:		
- Council Own Funding (External loans and/or Capital replacement reserve)	1 516 940 000	1 200 000 000
- Provincial grants	223 610 000	20 100 000
- Government Housing	303 782 000	273 723 000
- MIG	234 108 000	205 944 000
- National Electrification Fund	37 400 000	25 000 000
	2 315 840 000	1 724 767 000
31 RETIREMENT BENEFIT INFORMATION		
Most employees of the Municipality are members of one of the following funds and those who are not, are paid a lump-sum gratuity at retirement age. The Municipality's contributions to these funds are reflected as a charge against income in the financial statements.		
DEFINED CONTRIBUTION PLANS (AS CLASSIFIED BY THE RELEVANT FUND):		
31.1 Tshwane Municipal Provident Fund, which is a defined contribution plan and subject to the Pension Funds Act of 1956. The fund is not required to be actuarially valued. No benefits can be unfunded and the Municipality therefore has no commitment in this regard. 2 261 (19,08 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	78 931 464	not available
31.2 The Councillors of the City of Tshwane Metropolitan Municipality are members of the Pension Fund for Municipal Councillors which is a defined contribution fund and governed by the Pension Funds Act of 1956. The fund was established in 1988. The actuarial valuation carried out on 30 June 2006 reported the fund to be in a sound financial position. 109 (0,92 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	6 114 079	not available
31.3 The National Fund for Municipal Workers is a defined contribution plan and there is no statutory requirements to do an actuarial valuation. The Municipality has no commitment to finance any deficit. The latest voluntary actuarial valuation as at 30 June 2005 reported the fund to be in a sound financial position. 3 240 (27,34 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	134 875 445	not available
31.4 SALA Provident Fund is a defined contribution plan. An actuarial valuation is carried out every 3 years. The Municipality has no commitment to finance any deficit. The actuarial valuation performed on 30 June 2004 reported the fund to be financially sound. 97 (0,82 %) of council employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	941 353	not available
31.5 SAMWU National Provident Fund is a defined contribution fund. The fund is subject to actuarial valuation. The fund is not underwritten. The actuarial valuation performed on 30 June 2006 reported the fund to be in a sound financial position. 984 (8,30 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	22 739 165	not available
31.60 The Germiston Municipal Retirement Fund is a defined contribution plan and is governed by the Pension Funds Act of 1956. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 30 June 2006 reported the fund to be in a sound financial position. 3 (0,03 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	163 310	not available
31.7 Meshawu National Local Authorities Retirement Fund is a defined contribution plan (established on 1 August 1996) and is governed by the Pension Funds Act of 1956. The actuarial valuation done on 31 January 2001 reported the fund to be in a sound financial position with a funding level of 118,8 %. 63 (0,53 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	1 187 310	not available
31.8 Municipal Gratuity Fund. This is a defined contribution plan which is governed by the Pension Funds Act of 1956. The Municipality has no commitment to meet unfunded benefits. The actuarial valuation is carried out every 2 years. The actuarial valuation done on 30 June 2004 showed the fund to be in a sound financial position. 1 463 (12,35 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	47 420 095	not available
DEFINED BENEFIT PLANS (AS CLASSIFIED BY THE RELEVANT FUNDS):		
31.9 Tshwane Municipal Pension Fund, which is a defined benefit plan and is governed by the Pension Funds Act of 1956. The Consulting Actuaries reported that the Fund was in a sound financial position with a funding level of 100 % as at 31 December 2006. 469 (3,96%) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	22 327 388	not available
31.10 SALA Pension Fund is a private fund. The actuarial valuation is carried annually since 1 July 1998. The actuarial valuation performed on 1 July 2004 showed an unfunded liability of R516,62 million (81,9 % funding level). The Municipality's employees make up approximately 5,4 % of the total membership and therefore the Municipality's possible liability with regard to the unfunded liability is calculated at R28 104 128. 994 (8,39 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	24 348 071	not available
31.11 The Government Employees Pension Fund is a defined benefit plan and is governed by the Government Employees Pension Fund Law, 1996 in terms of Proclamation 21 of 19 April 1996. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 31 March 2004 reported the fund to be in a sound financial position with a funding level of 96,5 %. 216 (1,82 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	4 831 406	not available
31.12 Joint Municipal Pension Fund is not a pure defined benefit fund, but is a hybrid fund (which has qualities of both a defined benefit and defined contribution fund) and is governed by the Pension Funds Act of 1956. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 31 December 2005 reported a funding level of 97,7 % resulting in a shortfall of R44,237 million. The Municipality's employees make up approximately 1,78 % of the total membership. The Municipality's possible liability with regard to unfunded benefits is calculated to be R4 737 363. 74 (0,63 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-	3 258 823	not available

DESCRIPTION		2007 R	2006 R
31.13	<p>Municipal Employees Pension Fund is a defined benefit plan and is governed by the Pension Funds Act of 1956. The actuarial valuation performed on 28 February 2005 reported the fund to be in a sound financial position with a funding level of 106,9 %. 1 876 (15,83%) of the Municipality's employees are members of this fund. The total contributions which are in terms of the rules of the plan (included in Employee remuneration, note 20) amount to-</p> <p style="text-align: right;">40 958 555</p> <p>TOTAL CONTRIBUTIONS (Included in Employee remuneration - note 20)</p> <p style="text-align: right;">388 096 464</p>	not available	not available
32	CONTINGENT LIABILITIES		
32.1	<p>HOUSING LOANS</p> <p>Guarantees for housing loans to employees at financial institutions</p> <p style="text-align: right;">2 237 322</p> <p>With the implementation of the MFMA no new guarantees are issued, the liability will therefore decrease in future. The property is used as collateral in cases of default on payments</p>	2 237 322	2 759 796
32.2	<p>INDEMNIFICATION</p> <p>Value of investments ceded to the Workmen's Compensation Commissioner in compliance with the requirements of the Compensation for Occupational Injuries and Diseases Act, 1993.</p> <p style="text-align: right;">24 357 428</p>	24 357 428	20 801 187
32.3	<p>INSURANCE CLAIMS</p> <p>Pending claims against the Council in respect of vehicle accidents and Public Liabilities which originated before 30 June.</p> <p>The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which has a balance of R65,6 million (2005/06 =R128,6 million)</p> <p style="text-align: right;">61 382 669</p>	61 382 669	76 783 015
32.4	<p>RETIREMENT OF REDUNDANT EMPLOYEES</p> <p>The retirement of redundant employees resulted in the following estimated long term liabilities (these liabilities are budgeted for annually):</p> <p>*Pension fund contribution with regard to all employees who received packages and who qualify for a monthly pension up to the approved age of retirement.</p> <p style="text-align: right;">69 995 000</p> <p>*Sick fund contribution payable to Global Health with regard to all employees who received packages and who are deemed to be full members of the fund up to the approved age of retirement.</p> <p style="text-align: right;">44 593 000</p>	69 995 000	60 893 000
32.5	<p>PENSIONERS</p> <p>A monthly sick fund contribution payable to Medical funds with regard to pensioners (which are budgeted for annually) amounts to approximately</p> <p style="text-align: right;">28 386 813</p>	28 386 813	24 479 353
33	<p>IN-KIND DONATIONS AND ASSISTANCE</p> <p>The Municipality received the following in-kind donations and assistance</p> <p>Description: - Secondment of International Finance Advisor by National Treasury</p>		
34	<p>EVENTS AFTER THE REPORTING PERIOD</p> <p>No material events occurred with respect to the 2006/07 financial year</p>		
34.1	<p>External loans</p> <p>These amounts were received during the 2006/07 financial year and had no impact on the 2005/06 statements</p> <p>DBSA: Loan at 5 % (nacs*) Targeted Infrastructure Programme (TIP) 0</p> <p>DBSA: Loan at 121.5 basis points over the R156 (Government Bond Rate) 0</p> <p>Ivuzi Annuity loan at 13,5 % 0</p> <p>The offer for the R100 million is conditional on the R400 million being accepted. The term is 15 years from date of disbursement. The loan is amortised over the period of the loan. The repayment is six-monthly (nacs). This will be an unsecured loan.</p>	0	100 000 000
35	<p>COMPARISON WITH THE BUDGET</p> <p>The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendices E, F and G</p>		

DESCRIPTION	2007 R	2006 R
36 RELATED PARTY DISCLOSURES		
36.1 Parent		
The following municipal entities were under the control of the erstwhile/disestablished municipalities. The City of Tshwane Metropolitan Municipality became the parent municipality on 5 December 2000 as a result of the successor in law principle.		
36.1.1 Transactions between related parties		
Tshwane Centre for Business Information and Support (Cenbis) parent is the CTMM. Details and amounts of the transactions are as follows:	Under liquidation	
Received RSC Levies		6 870
Paid General Expenses		0
Enterprise South Africa's parent is the CoT. Details and amounts of the transactions are as follows:	Under liquidation	
Paid General Expenses		0
Civirelo Water's parent is the CoT. Details and amounts of the transactions are as follows:		
Received RSC Levies	0	119 286
Housing Company Tshwane's parent is the CoT. Details and amounts of the transactions are as follows:		
Received RSC Levies	0	6 769
Received Electricity and Water sales and rates and taxes	562 558	270 888
Paid General Expenses	156 444	0
Roodeplaat Temba Water Services Trust's parent is the CoT. Details and amounts of the transactions are as follows:		
Received RSC Levies	0	122 638
Paid Water	104 212 872	89 604 011
Received Grant	25 000 000	20 000 000
Paid General Expenses	0	1 720 000
Sandspruit Works Association Division: ODI Water Sales' parent is the CoT. Details and amounts of the transactions are as follows:		
Received RSC Levies	0	289 729
Paid Water	50 983 935	38 296 000
Sundry creditor (water)	0	4 398 120
Received Water	20 382 060	0
Sandspruit Works Association Division: Waste Water Treatment's parent is the CTMM. Details and amounts of the transactions are as follows:		
Received RSC Levies	No information submitted by closure of statements	48 264
Paid Water		25 505 855
Sundry creditor (water)		5 424 524
Trade Point Pretoria's parent is the CoT. Details and amounts of the transactions are as follows:	Under liquidation	
Paid General Expenses		191 102
36.1.2 No transactions between related parties		
No transactions took place between the City of Tshwane Metropolitan Municipality and the entities listed below as the entities are dormant for a number of years and therefore did not engage in any financial transactions. Further these entities did not compile financial statements. The legal status of the entities currently is as follows:		
Application for deregistration was submitted to the Registrar of Companies by the following:		
The Centurion Community Protection Company		
Tswaing Crater Museum		
Greater Pretoria Safety & Security Association		
Lebone Municipal Finance Corporation		
Greater Pretoria Metro Festival Company		
Prelight (Pty) Ltd		
Tswaing Water & Sanitation Services		
Tswaing Environmental Health Services (Pty) Ltd		
Greater Pretoria Metro Festival		
Moreletakloof Conservation Company		
Pretoria Inner City Association		
Tswaing Civil Projects (Pty) Ltd		
Tswaing Waste Removal Services		
Rep-Ba Agi		
Biz Africa 372		
The following companies were deregistered on 10 March 2006:		
Jacaranda Carnival - Duplicated - is the same company as National Youth Festival		
National Youth Festival - Final deregistration 10 March 2006		

DESCRIPTION	2007 R	2006 R
<p>36 RELATED PARTY DISCLOSURES (continued)</p> <p>The following company was liquidated: Tswaing Electricity Project Management (Pty) Ltd (final liquidation completed during 2005/06)</p> <p>Other companies not consolidated: Museum Park :</p> <p>Currently has an agreement with the City of Tshwane Metropolitan Municipality for the rental of the parking lot at City Hall to generate income for the entity. The entity submitted financial statements for the year ended 28 February 2006. These financial statements were, however not consolidated due to the following:</p> <ul style="list-style-type: none"> • The directors are not councillors or employees of the Municipality • According to the financial statements no income was received from the Municipality from 1 March 2005 to 28 February 2006 • The entity does not consist only of City of Tshwane Metropolitan Municipality museums but national museums and other projects • The Municipality does not have any shareholding/relationship in the entity • The difference between the reporting dates is more than 3 months as stipulated in the Specimen Consolidated Municipal Annual Financial Statements dated September 2006. 		

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

				Received	Redeemed			Carrying value of	Other Costs in
				Opening balance	during the year	during the year	Closing balance	Property, Plant & Equipment	accordance with the MFMA
				R	R	R	R	R	R
EXTERNAL LOANS:									
LOCAL REGISTERED STOCK:									
Issued	Loan number	Interest rate (%)	Redeemable						
1997	105	16.65	2014.06.30	94 729 851	367 789		95 097 640	91 171 640	
1993	104	14.15	2008.09.30	40 000 000			40 000 000	38 348 644	Not
1984	43	16.25	2004.04.30	5 000			5 000	4 794	Applicable
1990	55	16.40	2011.06.30	14 768 034	-44 884		14 723 150	14 115 321	
1992	62	13.50	2011.06.30	21 258 263	-271 307		20 986 956	20 120 533	
1993	63	14.00	2011.06.30	35 019 664	882 472		35 902 136	34 419 956	
1997	65	15.75	2011.06.30	50 000 000			50 000 000	47 935 806	
2000	66	16.50	2011.06.30	59 000 000			59 000 000	56 564 250	
TOTAL LOCAL REGISTERED STOCK				314 780 812	934 070	0	315 714 882	302 680 944	
TERM LOANS:									
DBSA: Bullet portion		13.50	2018.04.30	50 000 000			50 000 000	47 935 806	
DBSA: Floating rate		Variable	2019.10.31	78 331 528			78 331 528	75 097 698	
Nedbank loan B1		Variable	2008.05.28	30 000 000			30 000 000	28 761 483	Not
ABSA Bank loan B3		Variable	2011.06.30	84 000 000			84 000 000	80 532 153	applicable
INCA loan		17.15	2011.06.30	45 000 000			45 000 000	43 142 225	
ABSA Bank BA rate		Variable	2007.01.31	500 000		500 000	0	0	
Future Syndications		Variable	2008.06.30	125 000 000			125 000 000	119 839 514	
Rand Merchant Bank		Variable	2014.04.30	12 840 519		12 840 519	0	0	
ABSA Bank Arbitrage		19.13	2011.10.31	200 000 000			200 000 000	191 743 222	
TOTAL TERM LOANS				625 672 047	0	13 340 519	612 331 528	587 052 101	
ANNUITY LOANS:									
DBSA		13.5	2018.04.30	249 331 006		8 460 660	240 870 346	230 926 281	
DBSA Local Authorities		13.5	2012.12.31	18 826 189		941 278	17 884 911	17 146 552	
DBSA (Restructuring)		10.87	2018.12.31	257 830 455		4 949 594	252 880 861	242 440 955	
INCA		11.66	2019.06.30	18 925 076		707 161	18 217 915	17 465 809	Not
INCA		9.52	2020.03.31	215 109 025		7 842 941	207 266 084	198 709 334	Applicable
INCA		11.01	2020.06.30	48 580 168		1 580 458	46 999 710	45 059 379	
DBSA		9.36	2020.12.31	270 524 362		4 484 846	266 039 516	255 056 370	
INCA		10.92	2020.12.31	98 563 782		3 016 711	95 547 071	91 602 516	
INCA		10.81	2021.06.30	80 000 000		2 311 059	77 688 941	74 481 639	
DBSA		5.0	2021.12.31		100 000 000	2 703 217	97 296 783	93 279 993	
DBSA		9.835	2021.12.31		400 000 000	10 718 270	389 281 730	373 210 666	
Ivuzi		13.5	2021.12.31		200 000 000	3 424 811	196 575 189	188 459 801	
TOTAL ANNUITY LOANS				1 257 690 063	700 000 000	51 141 006	1 906 549 057	1 827 839 296	
TOTAL EXTERNAL LOANS				2 198 142 922	700 934 070	64 481 525	2 834 595 467	2 717 572 340	

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Asset class	Note	Cost/Revaluation					Accumulated Depreciation				Carrying Value
		Opening balance	Additions	Under Construction	Disposals, Transfers & adjustments	Closing balance	Opening balance	Additions	Disposals, Transfers & adjustments	Closing balance	
		R	R	R	R	R	R	R	R	R	
INFRASTRUCTURE	8.1										
Airport		7 703 778	2 198 806			9 902 584	2 530 656	402 580		2 933 236	6 969 348
Electricity		1 592 399 484	73 289 235		101 234 158	1 766 922 877	589 570 745	76 222 100	-40 977 781	624 815 064	1 142 107 813
Information Technology		392 279 218	10 621 298		-253 243 880	149 656 636	190 706 125	26 927 525	-162 409 583	55 224 067	94 432 569
Roads		2 026 754 093	28 791 055		215 852 561	2 271 397 709	760 550 737	104 762 643	-60 863 818	804 449 562	1 466 948 147
Security		51 743 387	11 611 860		3 409 416	66 764 663	19 796 397	11 006 803	162 092	30 965 292	35 799 371
Sewerage		602 091 766	52 741 297		90 982 710	745 815 773	192 369 579	30 224 114	-2 427 842	220 165 851	525 649 922
Water		642 145 048	38 575 439		315 506 833	996 227 320	116 211 150	59 713 672	140 511 345	316 436 167	679 791 153
General		23 241 986			1 196 845	24 438 831	6 144 812	1 123 318	-528 439	6 739 691	17 699 140
Asset under construction		1 112 290 227		250 981 817		1 363 272 044					1 363 272 044
		6 450 648 987	217 828 990	250 981 817	474 938 643	7 394 398 437	1 877 880 201	310 382 755	-126 534 026	2 061 728 930	5 332 669 507
COMMUNITY ASSETS	8.2										
Global: General		199 326 829			-19 214 589	180 112 240	118 461 265	11 290 520	-6 147 645	123 604 140	56 508 100
Recreation		131 857 843	6 900 014		8 589 850	147 347 707	58 454 589	9 442 699	-721 399	67 175 889	80 171 818
Assets under construction		58 461 941	0	-22 463 288		35 998 653					35 998 653
		389 646 613	6 900 014	-22 463 288	-10 624 739	363 458 600	176 915 854	20 733 219	-6 869 044	190 780 029	172 678 571
HERITAGE ASSETS	8.3										
Museum pieces & art works		386 428				386 428					386 428
General		2 834 674			-18 628	2 816 046					2 816 046
		3 221 102	0	0	-18 628	3 202 474	0	0	0	0	3 202 474
HOUSING	8.4										
Dwellings: Indigent		1 156 316			0	1 156 316	136 010	42 753		178 763	977 553
General		29 173 782			-32 330	29 141 452	7 018 618	1 272 066	-32 330	8 258 354	20 883 098
Assets under construction		196 898 885		-59 745 969		137 152 916					137 152 916
		227 228 983	0	-59 745 969	-32 330	167 450 684	7 154 628	1 314 819	-32 330	8 437 117	159 013 567

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX B (continued)

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007 (continued)

Asset class	Note	Cost/Revaluation					Accumulated Depreciation				Carrying Value
		Opening balance	Additions	Under Construction	Disposals, Transfers & adjustments	Closing balance	Opening balance	Additions	Disposals, Transfers & adjustments	Closing balance	
		R	R	R	R	R	R	R	R	R	
OTHER	8.5										
General		361 336 474	8 011 718		-8 801 780	360 546 412	100 030 562	62 258 978	-13 783 216	148 506 324	212 040 088
Books		13 082 405			-142 591	12 939 814	8 721 817	4 328 976	-110 979	12 939 814	0
Emergency equipment		9 840 136			-20 679	9 819 457	4 631 193	2 777 438	125 923	7 534 554	2 284 903
Furniture & fittings		17 834 627			-3 427 412	14 407 215	3 591 839	1 644 838	-1 055 436	4 181 241	10 225 974
Computer equipment		176 183 489	499 002		-32 419 719	144 262 772	110 431 259	36 473 365	-32 636 002	114 268 622	29 994 150
Office equipment		11 436 190			-1 004 183	10 432 007	3 305 741	2 199 699	-518 361	4 987 079	5 444 928
Plant and equipment		138 295 647	2 607 811		-11 299 710	129 603 748	60 184 934	25 838 159	-8 031 761	77 991 332	51 612 416
Vehicles		279 908 488	12 824 813		-49 622 422	243 110 879	128 472 975	35 793 026	-51 154 328	113 111 673	129 999 206
Assets under construction		29 178 096	0	39 967 354	0	69 145 450	0			0	69 145 450
		1 037 095 552	23 943 344	39 967 354	-106 738 496	994 267 754	419 370 320	171 314 479	-107 164 160	483 520 639	510 747 115
INVESTMENT PROPERTY	8.6										
Parking		1 323 390	450 000			1 773 390	3 676	45 363		49 039	1 724 351
Industrial Sidings		383 906				383 906	25 594	12 797		38 391	345 515
		1 707 296	450 000	0	0	2 157 296	29 270	58 160	0	87 430	2 069 866
LAND AND BUILDINGS	8.7										
Land		1 095 638 197	10 452 013		38 427 340	1 144 517 550	5 801 067		-5 795 036	6 031	1 144 511 519
Buildings		1 121 682 404	110 514 007		110 392 325	1 342 588 736	380 968 768	54 780 600	-3 654 670	432 094 698	910 494 038
		2 217 320 600	120 966 020	0	148 819 665	2 487 106 285	386 769 835	54 780 600	-9 449 706	432 100 729	2 055 005 556
TOTAL	8.8	10 326 869 133	370 088 368	208 739 914	506 344 115	11 412 041 530	2 868 120 108	558 584 032	-250 049 266	3 176 654 874	8 235 386 657

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Service	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening balance	Additions	Under Construction	Disposals, transfers & adjustments	Closing balance	Opening balance	Additions	Disposals, transfers & adjustments	Closing balance	
	R	R	R	R	R	R	R	R	R	R
Governing Services	2 067 032			-68 779	1 998 253	997 707	484 784	-58 198	1 424 293	573 960
Municipal Manager	466 362			-46 151	420 211	106 554	73 764	-37 077	143 241	276 970
Chief Operating Officer	60 389 857		11 034 546	-28 859	71 395 544	965 873	651 539	-12 757	1 604 655	69 790 889
Emergency Management Services	152 743 644	3 982 704	8 004 453	597 541	165 328 342	56 460 716	18 709 094	-1 156 779	74 013 031	91 315 311
Corporate Services	1 844 580 978	14 124 197	26 761 393	-48 512 712	1 836 953 856	351 414 006	117 112 033	-56 422 164	412 103 875	1 424 849 981
Economic Development	307 868 352	19 300 998	22 915 335	-17 501 354	332 583 331	78 914 748	16 906 559	-22 462 070	73 359 237	259 224 094
Finance	54 378 877			-9 638 455	44 740 422	29 136 883	7 693 697	-9 562 441	27 268 139	17 472 283
Housing, Planning & Environmental Services	1 843 772 720	84 328 227	-236 509 403	286 668 611	1 978 260 155	344 484 606	69 334 616	-42 361 891	371 457 331	1 606 802 824
Legal and Secretarial Services	25 522 654		549 986	-18 240	26 054 400	1 244 119	664 320	-7 945	1 900 494	24 153 906
Marketing and Tourism	709 958			-21 138	688 820	135 757	64 646	-8 406	191 997	496 823
Metro Police	91 061 868	11 174 678	14 105 701	-6 686 729	109 655 518	30 458 956	13 703 218	-3 915 477	40 246 697	69 408 821
Social Development	373 001 061	73 325 790	-37 484 555	56 688 474	465 530 770	101 462 058	23 313 151	-4 065 880	120 709 329	344 821 441
Service Delivery:	3 592 118 452	90 768 995	285 253 724	162 065 770	4 130 206 941	1 179 339 303	191 401 371	-52 217 511	1 318 523 163	2 811 683 778
Roads and Storm water	2 016 320 025	372 586	116 565 633	51 555 687	2 184 813 931	727 224 734	96 626 927	-62 831 274	761 020 387	1 423 793 544
Water and Sanitation	1 575 798 427	90 396 409	168 688 091	110 510 083	1 945 393 010	452 114 569	94 774 444	10 613 763	557 502 776	1 387 890 234
Electricity	1 978 187 318	73 082 782	114 108 730	82 846 137	2 248 224 967	692 998 818	98 471 242	-57 760 669	733 709 391	1 514 515 576
TOTAL	10 326 869 133	370 088 371	208 739 910	506 344 116	11 412 041 530	2 868 120 104	558 584 034	-250 049 265	3 176 654 873	8 235 386 657

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

SERVICE	2007				2006		
	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Adjustment Budget Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)
	R	R	R	R	R	R	R
Political Office	311 725	105 305 696	-104 993 971	-117 551 441	564 349	123 373 050	-122 808 701
Municipal Manager	735 230	98 500 356	-97 765 126	-138 496 605	5 281	26 578 403	-26 573 122
Emergency Management Services	36 332 635	232 333 288	-196 000 653	-211 735 814	35 556 025	203 691 779	-168 135 754
Corporate Services	47 789 003	790 527 860	-742 738 857	-713 453 365	48 883 154	863 860 425	-814 977 271
Economic Development	155 724 242	378 087 419	-222 363 177	-179 219 353	141 146 200	317 552 221	-176 406 021
Finance	3 316 509 238	969 620 200	2 346 889 038	1 968 422 831	3 408 249 631	1 434 004 442	1 974 245 189
Housing, Planning & Environmental Services	519 079 524	1 336 116 700	-817 037 176	-651 629 292	419 221 532	1 103 001 886	-683 780 354
Legal and Secretarial Services	77 656	72 750 288	-72 672 632	-77 070 574	1 219 138	68 981 897	-67 762 759
Metro Police	122 187 274	464 367 134	-342 179 860	-354 248 533	99 326 805	407 151 115	-307 824 310
Social Development	63 605 362	336 979 980	-273 374 618	-286 297 174	18 176 317	258 618 479	-240 442 162
Service Delivery:	1 581 289 274	2 031 811 961	-450 522 687	-452 585 140	1 203 137 144	1 654 343 024	-451 205 880
Roads & Stormwater	59 903 280	622 600 734	-562 697 454	-568 275 316	13 451 459	503 193 540	-489 742 081
Waste water treatment	27 244 420	129 521 971	-102 277 551	-92 050 934	1 875 394	129 226 504	-127 351 110
Waste water collection	322 150 751	100 259 746	221 891 005	197 396 915	234 447 622	65 622 001	168 825 621
Water supply	1 171 990 823	1 179 429 510	-7 438 687	10 344 195	953 362 669	956 300 979	-2 938 310
Electricity	2 779 789 738	2 859 579 109	-79 789 371	58 617 769	2 575 965 247	2 460 132 909	115 832 338
Subtotal	8 623 430 901	9 675 979 991	-1 052 549 090	-1 155 246 691	7 951 450 823	8 921 289 630	-969 838 807
Less: Departmental charges and other internal costs			1 388 106 007	1 356 770 119			1 285 190 920
SURPLUS FOR THE YEAR			335 556 917	201 523 428			315 352 113

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX E
ACTUAL OPERATING REVENUE AND EXPENDITURE PER TYPE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

DESCRIPTION	Actual R	Budget R	Variance R	Variance %	Explanation of significant Variances (greater than 10%) versus Budget
REVENUE					
Property rates	1 719 224 465	1 735 113 478	-15 889 013	-0.92	
Service Charges	4 201 485 187	4 246 657 284	-45 172 077	-1.06	
Regional Service Levies – turnover	16 916 127	16 000 000	916 127	5.73	Levies are based on turnover of companies. Abolished from 1 July 2006.
Rental of facilities and equipment	70 027 787	56 193 546	13 834 241	24.62	Bus rentals realised more than projected owing to greater demand. Data purification process on Council owned leased properties resulted in more rentals than previously projected.
Interest earned – external investments	134 186 955	47 942 050	86 244 905	179.89	Favourable growth rate compared to the conservative planned budget.
Interest earned – outstanding debtors	142 516 022	137 007 800	5 508 222	4.02	
Fines (traffic fines)	38 389 834	42 742 689	-4 352 855	-10.18	Due to decision of National Director of Public Prosecutions to limit lifespan of fines to 2 years. Implementation of a website for electronic payments and credit card payment is an effort to address the shortfall in fines.
Licences and permits	21 816 684	34 297 845	-12 481 161	-36.39	Provincial Call Centre could only handle a booking level of less than 40 % for driving license testing. Switch over to e-Natis in April 2007 hampered the revenue collection.
Government grants and subsidies	1 566 093 641	1 749 343 822	-183 250 181	-10.48	Project Linked Housing (Top structure) grants budgeted for but not received. Restructuring grant - only R25 million was received of the budgeted R75 million. Communicate from EM to MEC with commitment and request to release allocation of R50 million submitted.
Other income	526 292 290	457 747 540	68 544 750	14.97	Conservative planned budget - increase in reconnection fees, market fees, transport fees and land sales.
Public contributions	165 566 509	50 012 825	115 553 684	231.05	Budgeted conservatively- major increase in endowment contributions and township development contributions
Gains on disposal of property, plant and equipment	20 915 400	14 500 000	6 415 400	44.24	During Adjustments Budget a conservative amount was budgeted due to uncertainty of this type of revenue
Total Revenue	8 623 430 901	8 587 558 859	35 872 042	0.42	
EXPENDITURE					
Employee related costs	2 412 004 372	2 551 422 155	-139 417 783	(5.46)	Savings are owing to non filling of vacancies
Remuneration of Councillors	45 946 048	46 762 692	-816 644	(1.75)	
Bad debts: contribution	106 752 294	106 649 267	103 027	0.10	
Bad debts: written off	82 531 115	0	82 531 115	100.00	Amount not budgeted for
Collection Costs	49 538 121	50 669 138	-1 131 017	(2.23)	
Depreciation	558 584 032	592 729 286	-34 145 254	(5.76)	Depreciation did not realise fully owing to the late spending on capital projects and purifying of assets under construction
Interest paid on external borrowings	314 136 306	345 899 657	-31 763 351	(9.18)	Fewer external loans was taken up than anticipated owing to lower than expected expenditure on capital
Bulk purchases	2 133 433 951	1 989 821 178	143 612 773	7.22	Actual load growth increased for both bulk water and electricity with 1.6 % from budgeted 4 %. Growth load increased due to harsh winter and severe drought conditions.
Repairs and maintenance	1 325 085 430	1 076 289 560	248 795 870	23.12	
External	727 352 320	674 906 576	52 445 744	7.77	More actual repairs and maintenance work required than originally projected during the budget process
Internal	597 733 110	401 382 984	196 350 126	48.92	More actual repairs and maintenance work required than originally projected during the budget process. More internal capacity used for repair and maintenance
Grants and subsidies paid	8 392 257	11 634 800	-3 242 543	(27.87)	Fewer applications for grants and subsidies was received than anticipated during budget process
Loss on disposal of property, plant and equipment	9 915 217	5 525 863	4 389 354	79.43	More items were disposed of against a loss than anticipated during the budget process
General expenses – other	2 685 921 730	2 965 401 954	-279 480 224	(9.42)	
External	1 895 548 839	2 010 014 816	-114 465 977	(5.69)	Savings are due to cancellation of purchases at year end where delivery could not be done before 30 June.
Internal: Departmental charges	699 308 555	864 322 798	-165 014 243	(19.09)	Interest contribution realised less than budgeted owing to less loans taken up for capital expenditure
Internal: Activity types	91 064 340	91 064 340	0	0.00	
Less: Internal cost to projects	-56 260 882	0	-56 260 882	100.00	Incorrect budgeting. Amount not budgeted for
Total Expenditure	9 675 979 991	9 742 805 550	-66 825 559	(0.69)	
Less: Internal cost charged out	-1 388 106 007	-1 356 770 119	-31 335 888	2.31	
Net Expenditure	8 287 873 984	8 386 035 431	-98 161 447		
NET SURPLUS/(DEFICIT) FOR THE YEAR	335 556 917	201 523 428	134 033 489	66.51	

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX F

SEGMENTAL : ACTUAL OPERATING REVENUE AND EXPENDITURE PER STRATEGIC UNIT VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

DESCRIPTION	Actual R	Budget R	Variance R	Variance %	Explanation of significant Variances (greater than 10%) versus Budget
REVENUE					
Political Office	311 725	188 674	123 051	65.22	More revenue from rental of facilities realised than projected during the budger
Municipal Manager	735 230	4 732 663	-3 997 433	(84.46)	Capex grants not recognised as revenue due to non-spending on capital projects
Emergency Management Services	36 332 635	33 758 659	2 573 976	7.62	
Corporate Services	47 789 003	52 422 742	-4 633 739	(8.84)	
Economic Development	155 724 242	175 373 945	-19 649 703	(11.20)	Grants & subsidies received not recognised as revenue due to under/non spending on projects. Sale of aeroplane fuel realised lower than budgeted
Finance	3 316 509 238	3 112 944 599	203 564 639	6.54	
Housing, Planning & Environmental Services	519 079 524	668 157 206	-149 077 682	(22.31)	Less Topstructure grants i.r.o. Project Linked Housing were received than projected
Legal and Secretarial Services	77 656	352 283	-274 627	(77.96)	Nominal amount budgeted, which did not realise as projected
Metro Police	122 187 274	127 471 869	-5 284 595	(4.15)	
Social Development	63 605 362	61 576 927	2 028 435	3.29	
Service Delivery:	1 581 289 274	1 537 535 585	43 753 689	2.85	
Roads & Stormwater	59 903 280	72 216 679	-12 313 399	(17.05)	Capital grants and donations not recognised as revenue due to under spending on capital projects
Waste water treatment	27 244 420	27 379 286	-134 866	(0.49)	
Waste water collection	322 150 751	300 092 296	22 058 455	7.35	
Water supply	1 171 990 823	1 137 847 324	34 143 499	3.00	
Electricity	2 779 789 738	2 813 043 707	-33 253 969	(1.18)	
Total Revenue	8 623 430 901	8 587 558 859	35 872 042	0.42	
EXPENDITURE					
Political Office	105 305 696	117 740 115	-12 434 419	(10.56)	Savings on employe costs, depreciation and general expenditure
Municipal Manager	98 500 356	143 229 268	-44 728 912	(31.23)	Savings on employe costs, depreciation and general expenditure
Emergency Management Services	232 333 288	245 494 473	-13 161 185	(5.36)	
Corporate Services	790 527 860	765 876 107	24 651 753	3.22	
Economic Development	378 087 419	354 593 298	23 494 121	6.63	
Finance	969 620 200	1 144 521 768	-174 901 568	(15.28)	Under spending on Restructuring grant allocation, MSIG, feasibility studies corporately budgeted and allocated, saving due to VAT corrections
Housing, Planning & Environmental Services	1 336 116 700	1 319 786 498	16 330 202	1.24	
Legal and Secretarial Services	72 750 288	77 422 857	-4 672 569	(6.04)	
Metro Police	464 367 134	481 720 402	-17 353 268	(3.60)	
Social Development	336 979 980	347 874 101	-10 894 121	(3.13)	
Service Delivery:	2 031 811 961	1 990 120 725	41 691 236	2.09	
Roads & Stormwater	622 600 734	640 491 995	-17 891 261	(2.79)	
Waste water treatment	129 521 971	119 430 220	10 091 751	8.45	
Waste water collection	100 259 746	102 695 381	-2 435 635	(2.37)	
Water supply	1 179 429 510	1 127 503 129	51 926 381	4.61	
Electricity	2 859 579 109	2 754 425 938	105 153 171	3.82	
Nett Expenditure	9 675 979 991	9 742 805 550	-66 825 559		
Less: Departmental charges and other internal costs					
	1 388 106 007	1 356 770 119	31 335 888		
Nett Expenditure	8 287 873 984	8 386 035 431	-35 489 671	0	
NET SURPLUS/(DEFICIT) FOR THE YEAR	335 556 917	201 523 428	71 361 713	35.41	

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX G
ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

SERVICE	Additions/Actual	Assets under construction	Total Additions	Budget	Variance	Variance	Explanation of Significant Variances (greater than 5%) versus Budget
	R	R	R	R	R	%	
Municipal Manager	8 129 338	11 034 546	19 163 884	48 500 000	29 336 116	60.49	Tender process i.r.o. ward projects started late in financial year
Emergency Management Services	5 502 124	8 004 453	13 506 577	13 700 000	193 423	1.41	
Corporate Services	36 324 211	26 761 393	63 085 604	67 000 000	3 914 396	5.84	Tender process started late in financial year
Economic Development	23 016 448	22 915 335	45 931 783	76 330 000	30 398 217	39.82	Work delayed by Environmental inputs and tender process
Finance	4 996 367		4 996 367	21 800 000	16 803 633	77.08	Large amount is provision for replacement of assets via Insurance claims.
Housing, Planning & Environmental Services	473 100 389	-236 509 403	236 590 986	295 935 000	59 344 014	20.05	External funding limited by grants received from Province - claims need to be expedited; land purchasing delayed by price negotiations and legal process
Legal and Secretarial Services	0	549 986	549 986	5 000 000	4 450 014	89.00	Legal processes delays purchasing of land
Metro Police	10 886 868	14 105 701	24 992 569	28 320 000	3 327 431	11.75	Tender process started late in financial year
Social Development	133 002 874	-37 484 555	95 518 319	107 629 000	12 110 681	11.25	Tender process started late in financial year
Service Delivery:	568 733 267	285 253 724	544 089 448	607 489 000	63 399 552	10.44	
Roads & Stormwater	427 523 815	116 565 633	234 191 905	293 345 000	59 153 095	20.17	Tender process delays, EIA approval delays, surety delays by contractors
Water and Sanitation	141 209 452	168 688 091	309 897 543	314 144 000	4 246 457	1.35	
Electricity	203 309 752	114 108 730	317 418 482	318 548 000	1 129 518	0.35	
Nett Expenditure	1 467 001 638	208 739 910	1 365 844 005	1 590 251 000	224 406 995	14.11	

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX H**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA (ACT 56 OF 2003)
GRANTS AND SUBSIDIES RECEIVED DURING THE FINANCIAL YEAR ENDED 30 JUNE 2007**

Name of Grant	Name of Organ of state or municipal entity	Quarterly Receipts						Expenditure	Closing balance	Grants and Subsidies delayed/ withheld	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in	Reason for non compliance
		Opening balance	Sept	Dec	March	June	Total	June		July to June			
		R	R	R	R	R	R	R	R				
Capital Grants:													
Economic Development	Gauteng: Sport, Recreation	3 478 630	174 502		1 800 000	4 350 000	9 803 132	2 053 291	7 749 841	None	None	Yes	n/a
National Electricity Fund	National Electricity Regulator	4 054 573					4 054 573	28 790	4 025 783	None	None	Yes	n/a
Gauteng Project Linked Housing	Gauteng: Housing Department	0	24 621 000	8 835 000	11 610 102	42 448 170	87 514 272	65 400 571	22 113 701	None	None	Yes	n/a
North West: Project Linked Housing	North West: Housing	3 873 808		13 141 964		5 810 288	22 826 060	20 903 610	1 922 450	None	None	Yes	n/a
Municipal Infrastructure Grant (MIG)	Department: Provincial and Local Government	0	15 000 000	85 000 000	80 697 438	25 246 562	205 944 000	186 149 095	19 794 905	None	None	Yes	n/a
Gautrans Job Creation	Gautrans	5 000 000					5 000 000	0	5 000 000	None	None	Yes	n/a
Water & Sanitation	Department Water Affairs and Forestry	13 990 911				22 000 000	35 990 911	13 998 583	21 992 328	None	None	Yes	n/a
Electricity for All	Department Mineral & Energy Affairs	0	6 250 000	7 000 000	15 350 000	0	28 600 000	28 600 000	0	None	None	Yes	n/a
Transportation	Gauteng Department Transportation Engineering	1 500 000				1 500 000	3 000 000	0	3 000 000	None	None	Yes	n/a
ESKOM	ESKOM				5 780 000		5 780 000	0	5 780 000	None	None	Yes	n/a
World Cup Soccer 2010	Gauteng Department Transportation Engineering	13 150 000	11 000 000				24 150 000	0	24 150 000	None	None	Yes	n/a
Unforeseen water problems	Gauteng: Department of Public Works	8 022 068					8 022 068	700 000	7 322 068	None	None	Yes	n/a
		53 069 990	57 045 502	113 976 964	115 237 540	101 355 020	440 685 016	317 833 940	122 851 076				
Operational grants/subsidies:													
HIV/AIDS	Department: Provincial & Local Government	5 443 600					5 443 600	5 443 600	0	None	None	Yes	n/a
Transportation	Gauteng Department of Transportation	116 440					116 440	116 440	0	None	None	Yes	n/a
Ambulance subsidy	Gauteng Department of Health	0	7 898 006	7 767 250	7 767 250	7 767 250	31 199 756	31 199 756	0	None	None	Yes	n/a
Health subsidy	National Department of Health	0	3 080 000	5 900 000	7 075 000	2 000 000	18 055 000	16 055 000	2 000 000	None	None	Yes	n/a
National Safety grant	National Department of Safety	0	399 925	18 793			418 718	418 718	0	None	None	Yes	n/a
Top Structures: Project Linked Housing	North West Housing	5 008 806				34 005 716	39 014 522	39 014 522	0	R78,3 million	enrollment awaited	Yes	n/a
Finance Management Grant	National Treasury	3 121 266	500 000			0	3 621 266	2 117 863	1 503 403	None	None	Yes	n/a
Restructuring Grant	National Treasury	102 292 860		25 000 000			127 292 860	48 371 166	78 921 694	R50 million	performance	Yes	n/a
Municipal System Improvement Grant	National Treasury	5 000 000					5 000 000	2 000 000	3 000 000	None	None	Yes	n/a
Equitable share	Department: Provincial and Local Government	0	334 283 465	250 662 466	417 703 934		1 002 649 865	1 002 649 865	0	None	None	Yes	n/a
Economic Development	Gauteng: Sport, Recreation	0		460 000			460 000	0	460 000	None	None	Yes	n/a
Refurbishment of Temba Works	Department of Water Affairs and Forestry	0	0	8 641 400	5 576 800	445 750	14 663 950	14 264 950	399 000	None	None	Yes	n/a
Housing Accreditation	Gauteng Housing Department	0				1 678 535	1 678 535	0	1 678 535	None	None	Yes	n/a
Bontle Ke Botho	Environment	360 000					360 000	182 777	177 223	None	None	Yes	n/a
Library	Gauteng Department: Library and Information	526 900		500 000		60 000	1 086 900	1 086 900	0	None	None	Yes	n/a
Tourism	Gauteng Department of Tourism	400 000					400 000	400 000	0	None	None	Yes	n/a
Environmental	Environment	460 000					460 000	460 000	0	None	None	Yes	n/a
Roodeplaat Temba Water Services Trust	Roodeplaat Temba Water Services Trust	0		25 000 000			25 000 000	25 000 000	0	None	None	Yes	n/a
Motor vehicle licences refund	Gauteng Department of Transport	0	10 088 874	14 931 497	14 117 415	19 114 697	58 252 483	58 252 483	0	None	None	Yes	n/a
Unforeseen water problems	Gauteng: Department of Public Works	700 000					700 000	700 000	0	None	None	Yes	n/a
Miscellaneous	Various	0			525 663		525 663	525 661	2	None	None	Yes	n/a
		122 729 872	356 250 270	338 881 406	452 240 399	65 071 948	1 335 173 895	1 248 259 701	88 139 855				
Revenue per Statement of Financial Performance (see note 18)								1 566 093 641					
Unspent conditional grants per Statement of Financial Position (see note 6)									210 990 931				

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX I
EXEMPTIONS FROM ACCOUNTING STANDARDS IN TERMS OF GOVERNMENT GAZETTE NO 30013 DATED 29 JUNE 2007**

Financing reporting standard		Extent of exemption from standard	Exemption period	Actions to be taken by CoT	Target date for Actions taken by CoT
GRAP 3	Accounting policies, changes in accounting estimates and errors	Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies [paragraph 14, 19 and 30-31]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Identify impact and effect of new standards not yet effective on financial statements <ul style="list-style-type: none"> • Detail Implementation plan to be drawn up 	31 October 2007
GAMAP 17	Property, plant & equipment (PPE)	Review of useful life of items of PPE recognized in the annual financial statements [paragraph 59 -61 and 77]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was warded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007
GAMAP 17	Property, plant & equipment (PPE)	Review of depreciation method applied to PPE recognized in the annual financial statements [paragraph 62 and 77]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was warded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007
GAMAP 17	Property, plant & equipment (PPE)	Impairment of non-cash generating assets [paragraph 64 – 69 and 75 (e)(v) –(vi)]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was warded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX I (continued)
EXEMPTIONS FROM ACCOUNTING STANDARDS IN TERMS OF GOVERNMENT GAZETTE NO 30013 DATED 29 JUNE 2007

Financing reporting standard		Extent of exemption from standard	Exemption period	Actions to be taken by CoT	Target date for Actions taken by CoT
GAMAP 17	Property, plant & equipment (PPE)	Impairment of cash generating assets [paragraph 63 and 75 (e)(v) –(vi)]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was awarded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007
IAS 39 (AC 128)	Impairment of assets	Entire standard	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was awarded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17	For 2006/07 and 2007/08 financial years	Detail Implementation plan to be drawn up	31 October 2007
GAMAP 12	Inventories	The entire standard to the extent that it relates to water stock that was not purchased by the municipality	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Extent of such stock need to be determined • Detail Implementation plan need to be drawn up after extent and impact has been determined • RWR account meter reading periods to be investigated 	31 October 2007

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX I (continued)
EXEMPTIONS FROM ACCOUNTING STANDARDS IN TERMS OF GOVERNMENT GAZETTE NO 30013 DATED 29 JUNE 2007

Financing reporting standard		Extent of exemption from standard	Exemption period	Actions to be taken by CoT	Target date for Actions taken by CoT
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was awarded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard [paragraphs 79(e)(i) – (iii)]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was awarded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007
IAS 17 (AC105)	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement. (SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17 / AC 105)	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Exemption from entire standard to be requested from NT until 30 June 2008. • Detail implementation plan to be drawn up 	31 July 2007 31 October 2007
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed.	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Tender was awarded to PWC during May 2007 • Detail Implementation plan will form part of tender implementation plan • Exemption will be requested for transitional period of 3 years 	September 2007 31 July 2007

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX I (continued)**

EXEMPTIONS FROM ACCOUNTING STANDARDS IN TERMS OF GOVERNMENT GAZETTE NO 30013 DATED 29 JUNE 2007

Financing reporting standard		Extent of exemption from standard	Exemption period	Actions to be taken by CoT	Target date for Actions taken by CoT
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information [paragraphs 29, 48 – 119, 120A(c) – (q)]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Information was requested from Pension Funds and Medial Aids by HR for 30 June 2007. • Upon receipt of information an implementation plan will be drafted 	31 July 2007 31 October 2007
GAMAP 9	Revenue	Initial measurement of fair value discounting all future receipts using an imputed rate of interest (SAICA circular 09/06 and paragraph 12)	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • The SAICA circular 09/06 will be investigated • Detail implementation plan will be drawn up 	31 October 2007
IAS 39 (AC 133)	Financial instruments: Recognition and measurement	Initially measuring financial assets and financial liabilities at fair value. (SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39 / AC 133)	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • The SAICA circular 09/06 will be investigated • Detail implementation plan will be drawn up 	31 October 2007
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale [paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 39 – 42]	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • The Standard will be investigated • Detail implementation plan will be drawn up 	31 October 2007
IFRS 7 (AC 144)	Financial instruments: Disclosure	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • The Standard will be investigated • Detail implementation plan will be drawn up 	31 October 2007
IAS 14 (AC 115)	Segment reporting	Entire standard	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Determine impact and whether applicable to local government • Detail implementation plan will be drafted if applicable 	31 October 2007

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX I (continued)
EXEMPTIONS FROM ACCOUNTING STANDARDS IN TERMS OF GOVERNMENT GAZETTE NO 30013 DATED 29 JUNE 2007

Financing reporting standard		Extent of exemption from standard	Exemption period	Actions to be taken by CoT	Target date for Actions taken by CoT
IFRS 8 (AC 145)	Operating segments	Entire standard	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Determine impact and whether applicable to local government • Detail implementation plan will be drafted if applicable 	31 October 2007
IAS 11 (AC 109)	Construction Contracts	Entire standard	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • Not applicable to municipalities • No action to be taken 	Not applicable
IFRS 3 (AC 140)	Business combinations	Entire standard	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • The Standard will be investigated • Detail implementation plan will be drawn up 	31 October 2007
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance	Entire standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9	For 2006/07 and 2007/08 financial years	<ul style="list-style-type: none"> • The Standard will be investigated • Detail implementation plan will be drawn up 	31 October 2007