



**CITY OF TSHWANE**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2008**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 66 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 23 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.

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**K.D. KEKANA**  
**CITY MANAGER**

**28 August 2008**

## **GENERAL INFORMATION:**

Registered Office:

Office of the Municipal Manager:

9<sup>TH</sup> Floor  
Munitoria  
Van der Walt Street  
0002 PRETORIA

P O Box 440  
0001 PRETORIA

Office of the Chief Financial Officer:

373 Pretorius Street  
0002 PRETORIA

P O Box 408  
0001 PRETORIA

Auditors:

Auditor-General  
Cnr Veal Street and Middel Street  
Brooklyn  
0002 PRETORIA

Bankers:

Standard Bank  
Van der Walt Street, PRETORIA

Legal form:

Local Authority/Metropolitan Municipality

Operations and principle activities:

The City of Tshwane is a local authority and renders a municipal service to the community.

Legislation governing the municipality's operations:

Local Government: Municipal Finance Management Act (Act 56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2000)

Local Government: Municipal Structures Act (Act 117 of 1998)

Housing Act (Act 107 of 1997)

Constitution of the Republic of South Africa (Act 108 of 1996)

Property rates Act, 2004 (Act 6 of 2004)

Division of Revenue Act, 2007 (Act 1 of 2007)

# REPORT OF THE CHIEF FINANCIAL OFFICER

## 1. INTRODUCTION

Over the past number of years the City of Tshwane has proved that it is committed to sound financial management. The 2007/08 financial year is again a clear reflection that all roleplayers have tried to balance investment in economic and social infrastructure, addressing the continued promotion of growth and poverty alleviation and job creation.

The budget and the City of Tshwane's five-year strategic plan are aligned with the vision and imperatives of national government, which are to address service delivery backlogs and to comply with the Municipal Finance Management Act, 2003 (Act 56 of 2003). Furthermore, the budget gives tangible meaning to the five-year program and its priorities, which are to:-

- provide quality basic services and infrastructure throughout the city
- ensure accelerated shared and higher local economic growth and development
- fight poverty and build clean, healthy, safe and sustainable communities
- foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
- ensure good governance, financial viability, build institutional capacity and optimize transformation with the administration having the capacity to execute its mandate.

This five-year strategic plan and program of action are the foundation of the City of Tshwane's 2007/08 Medium-term Revenue and Expenditure Framework (MTREF). All the initiatives and programmes which were included in the 2007/08 MTREF could only be sustained if sound financial management and planning principles are applied.

A key requirement for the economic success of the City of Tshwane is its investment in strategic economic infrastructure, complemented by the private sector and community investments. The City of Tshwane's growth strategy seeks to increase the growth rate and translate it into job creation and other economic opportunities.

The City of Tshwane has similar challenges to that of other metropolitan municipalities in addressing disparities in levels of service and infrastructural development in its area of jurisdiction. This calls on the Municipality to utilise its resources wisely to satisfy the needs of the community.

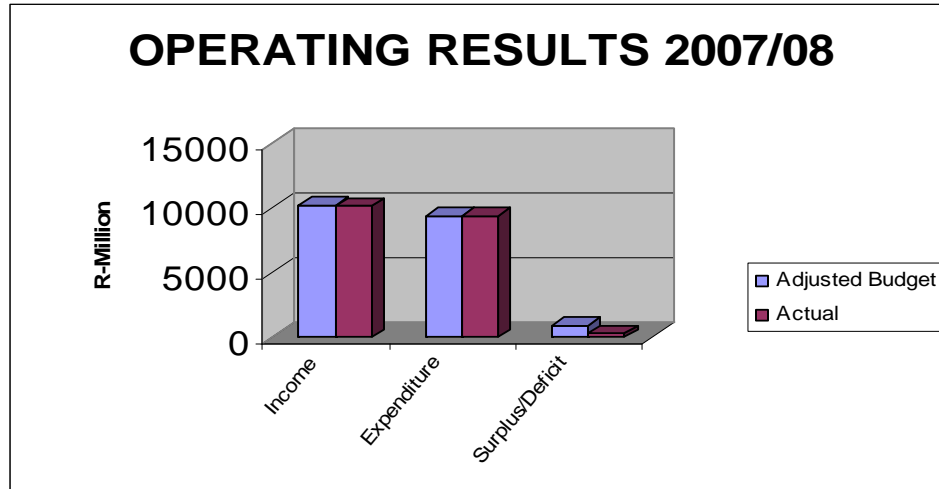
As a developmental and caring local government, the City of Tshwane is committed to working with residents to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives. A duty is placed on local authorities to ensure that policies and legislation aimed at developing communities are implemented.

## 2. REVIEW OF OPERATING RESULTS

The 2007/08 budget of the City of Tshwane was approved by Council on 31 May 2007 and the Adjustments Budget was approved by Council on 24 January 2008. Figures with regard to the 2007/08 original budget as well as the adjusted budget are included in this report.

## 2.1 General

Details of the 2007/08 operating results per department and classification of revenue and expenditure are included in the Statement of Financial Performance and appendix D. A graphical presentation of the operating results is shown in the graph below:



The overall operating results for the year ending 30 June 2008 are as follows:

Description	Original Budget 2008	Adjusted Budget 2008	Actual 2008	Variance Actual/ Adjusted Budget	Actual 2007
	R'000	R'000	R'000	%	R'000
<b>REVENUE</b>					
Accumulated surplus: Beginning of year			785 854		524 028
Operating revenue for the year	10 206 759	10 234 429	10 143 989	0,88	8 604 455
	10 206 759	10 234 429	10 929 843		9 128 483
<b>EXPENDITURE</b>					
Operating expenditure for the year	9 037 141	9 338 367	9 371 923	(0,03)	8 289 967
Sundry transfers *	1 169 618	896 062	3 457		52 662
Accumulated surplus: End of year			1 554 463		785 854
	10 206 759	10 234 429	10 929 843		9 128 483

\* Sundry transfers consist of transfers to and from the reserves for example offset depreciation for projects financed from grants and the Capital Replacement Reserve

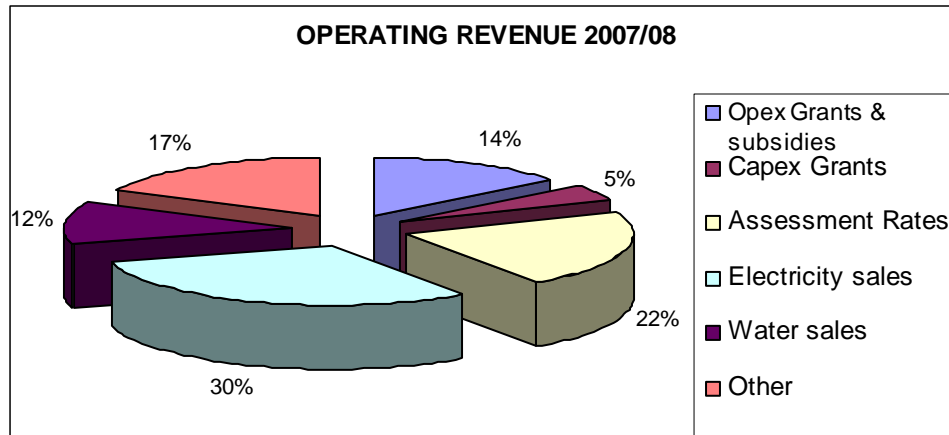
The actual net expenditure of the Municipality reflects an increase of 13,1 % while the actual revenue of the Municipality has increased by 17,9 % since 2006/07.

The largest increase on revenue occurred on Assessment rates, service charges and government grants and subsidies.

The largest increase on expenditure occurred on remuneration, collection cost, depreciation, bulk purchases, repair and maintenance and general expenditure.

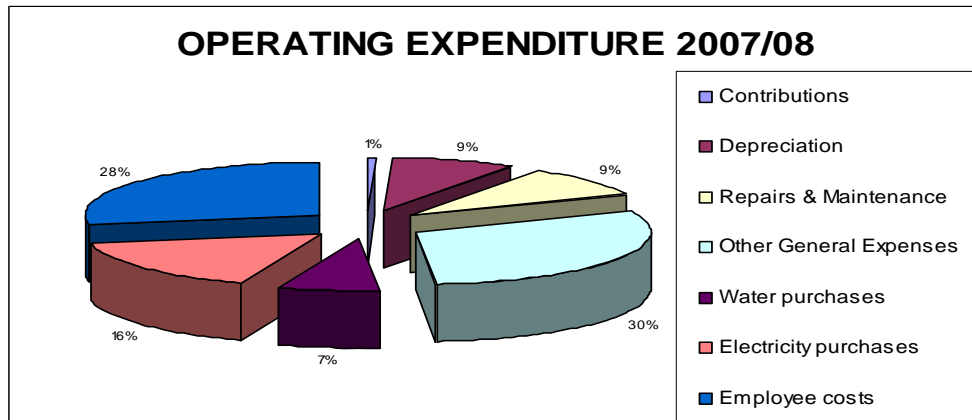
## 2.2 Operating Revenue

The following graph indicates a break down of the largest categories of revenue.



## 2.3 Operating expenditure

The graph below indicates the break down per main expenditure group.

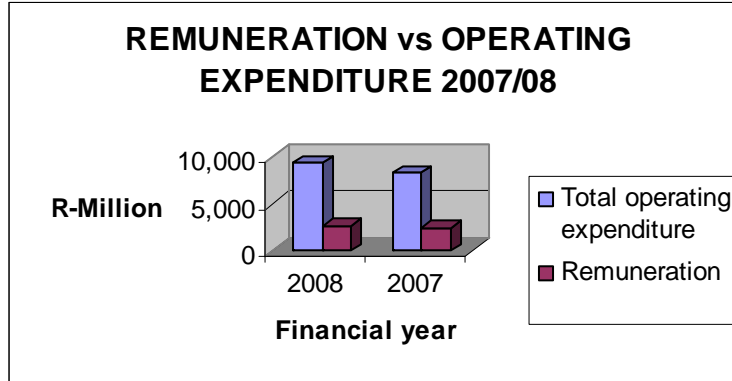


## Remuneration

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a slight decrease from 29.10 % in 2006/07 to 28,06 % in 2007/08. According to INCA a benchmark of less than 35 % is acceptable. The total remuneration cost and the allocation of individual items in a remuneration package differ from municipality to municipality for example; certain municipalities are more contracts intensive whilst others might be more labour intensive.

Description	2007/08 R'000	2006/07 R'000
Total operating expenditure	9 371 923	8 289 967
Total operating revenue	10 143 989	8 604 455
Employee remuneration	2 621 003	2 412 004
Ratio: % of total expenditure	27,97 %	29,10 %
Ratio: % of total revenue	25,84 %	28,03 %
% Growth in remuneration	8,66 %	11,64 %

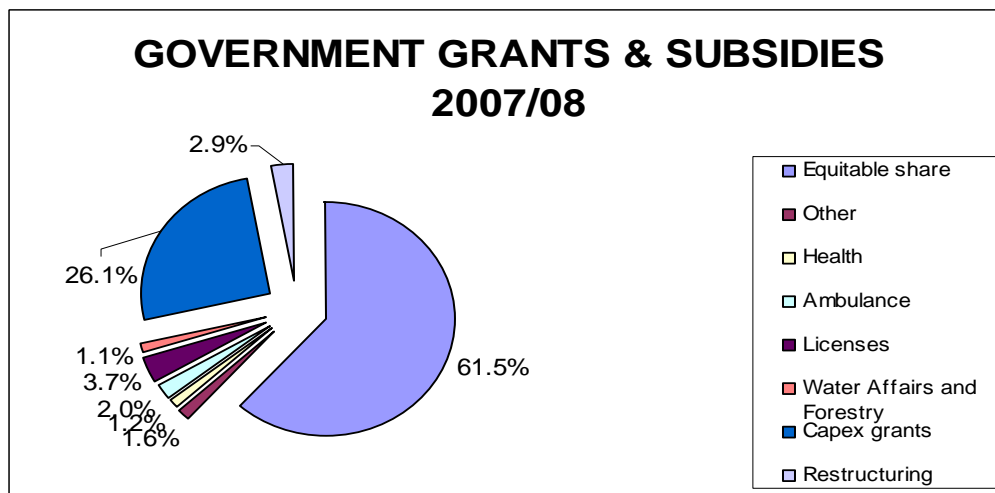
In terms of the Restructuring grant, the target for remuneration as a percentage of revenue is 33 %.



## 2.4 Government grants and subsidies

The following table and graph show the amounts received in terms of grants, contributions and subsidies from the Central Government and the Gauteng Provincial Government, which amounts have been included in the total revenue:

Description	2007/08 R'000	2006/07 R'000
Equitable share	1 101 416	1 002 650
Provincial Health Subsidy	22 669	21 499
Provincial Ambulance Subsidy	35 079	31 200
National Safety grant	0	419
Provincial Motor vehicle licenses refund	66 191	58 252
Capex: grants and donations	467 680	317 834
Opex: grants and donations	149 974	42 486
Finance Management Grant	699	2 118
Restructuring Grant	52 228	48 371
Department of Water Affairs and Forestry	18 790	14 265
MSIG	2 502	2 000
Roodeplaat Temba Water Services Trust	0	25 000
	<b>1 917 228</b>	<b>1 566 094</b>



### 3. DEBTORS

Details regarding the debtors are provided in Note 12 (Long-term receivables), Note 14 (Consumer Debtors) and Note 15 (Other Debtors) of the Notes to the Annual Financial Statements.

The long-term receivables showed an decrease of R42,971 million (10,2 %). This decrease can mainly be ascribed to a decrease in the arrangement consumer debtors (decrease of R19,561 million), a decrease in the sale of land (R4,102 million) and a decrease in motor car loans to officials (decrease of R5,919 million) due to the phasing out of these motor car loans. This decrease was counteracted by an increase in housing loan debtors (increase of R4,805 million)

The consumer debtors increased in total with an amount of R363,674 million (11,6 %). The increase in debt per customer classification is made up as follows:

Customer classification	2007/08		2006/07	
	Total R-million	Increase/ (Decrease) R-million	Total R-million	Increase/ (Decrease) R-million
Households	2 348,333	299,935	2 048,398	(55,926)
Industrial/Commercial	666,941	(148,013)	814,954	214,141
National and Provincial government	49,143	(23,227)	72,370	22,056
Other	445,797	234,979	210,818	6,601
<b>Total</b>	<b>3 510,214</b>	<b>363,674</b>	<b>3 146,540</b>	<b>186,871</b>

The increase in consumer debt per ageing analysis is as follows:

Age analysis group	2007/08		2006/07	
	Total R-million	Increase/ (Decrease) R-million	Total R-million	Increase/ (Decrease) R-million
Current (0-30 days)	1 038,362	147,584	890,778	524,171
31 – 60 days	197,017	5,962	191,055	(34,549)
61 – 90 days	101,992	36,443	65,549	(37,026)
91 + days	2 172,843	173,685	1 999,158	(265,724)
<b>Total</b>	<b>3 510,214</b>	<b>363,674</b>	<b>3 146,540</b>	<b>186,871</b>

The Other Debtors for the Municipality in total decreased with an amount of R52,852 million (9,9 %). This can mainly be attributed to housing debtors (decrease of R2,726 million). Further the RSC levies debtor decreased with an amount of R36,054 million. These decreases were counteracted by an increase in Other current debtors of R26,073 million which can mainly be ascribed to an increase in sundry rentals and sundry year end debtors which include outstanding ambulance subsidies and outstanding health subsidies, waste management-bulk containers, Sandspruit Works Association outstanding credit notes.

#### 3.1 Consumer debtors

The following is an indication of the effectiveness of credit control measures, as well as the ability to convert debtors into cash:



Description	2007/08 R'000	2006/07 R'000
Debits levied : Consumer debtors	7 029 849	5 920 710
Balance on 1 July	3 146 540	2 959 669
Balance on 30 June	3 510 214	3 146 540
Average balance	3 328 377	3 053 105
Days in the financial year	366	365
Turnover: Number of days	173	188
Turnover: Number of times (levies/average balance)	2,11	1,94

From the table it is clear that, although the number of days to recover debt decreased from 188 to 173 days since 2006/07, the outstanding consumer debt of the Municipality still is negative. This high turnover has serious implications on the cash flow of the Municipality. A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. The credit control policy and the actions taken in terms of the policy started producing better results, since an average collection rate of 99,0% (2006/07 = 98,3%) was maintained by the Municipality during the 2007/08 financial year.

#### 4. CAPITAL EXPENDITURE AND FINANCING

The Municipality's original approved Capital Expenditure Budget for 2007//08 amounted to R2 315 840 000 and was accepted by National Treasury. This Capital Budget was amended by means of an adjustments budget approved by Council on 24 January 2008 to R2 071 179 988 in total, as a result of Strategic Units requesting to review the performance of the capital programme. Reductions in the following grant funding projects were addressed:

- Housing Government Program by R219 million; and
- Provincial Grants and Subsidies by R40 million.

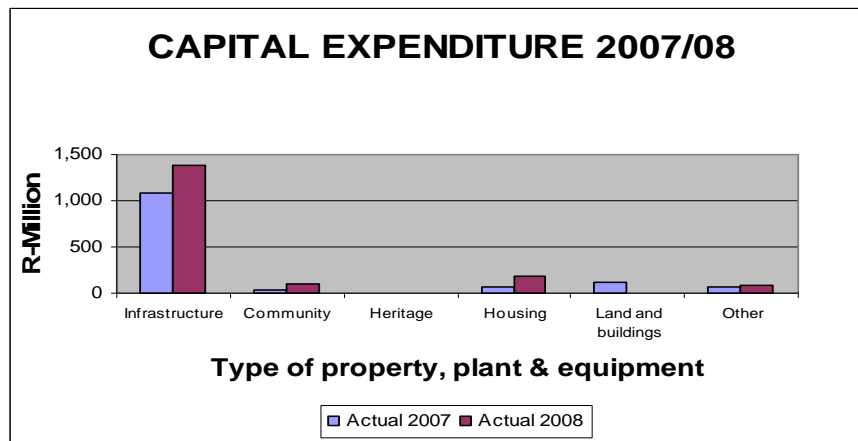
Actual capital expenditure incurred during the year in respect of property, plant and equipment amounted to R1 757 902 300. The actual capital expenditure is 28.7 % more than the previous financial year, but only relates to a 84.9 % performance against the adjusted budget for 2007/08. The actual expenditure is 15.1% less than the adjusted budget, which can mainly be attributed to non-achieving of the SDBIP targets due to various reasons for example:

- Delays due to geological conditions
- Workmanship quality and material acquisition problems

The actual grant receipts for the 2007/08 financial year with regard to Housing projects was R178 541 819 (top structures = R137 576 552). The actual capital expenditure on housing projects however, realised on R187 192 505 (top structures = R125 601 978).

Actual Capital expenditure according to asset class		
Type of Asset	Actual 2008 R	Actual 2007 R
Infrastructure	1 384 562 498	1 089 227 810
Community	94 565 396	35 857 650
Heritage	0	0
Housing	186 983 791	61 150 290
Land and buildings	3 751 441	120 966 020
Other	88 039 174	58 642 235
<b>Total</b>	<b>1 757 902 300</b>	<b>1 365 844 005</b>

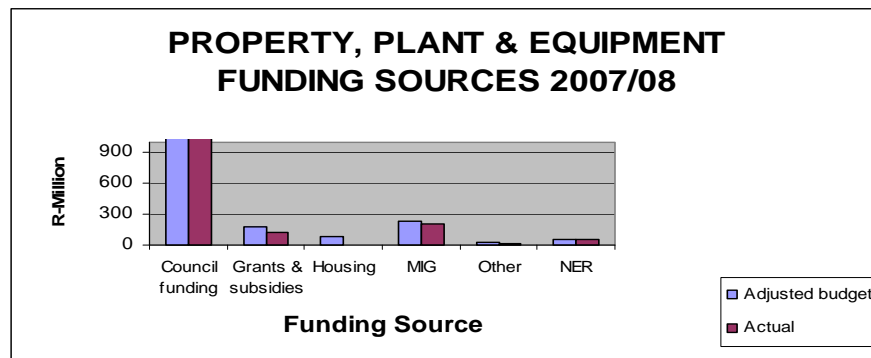
The graph shows the distribution of the property, plant and equipment according to the type.



The above-mentioned property, plant and equipment were financed from the following sources:

Type of finance	Original Budget 2008 R-million	Adjusted Budget 2008 R-million	Actual 2008 R-million	Actual as % of Adjusted Budget 2008 %	Actual 2007 R-million
Council funding	1 488 090	1 492 008	1 279 822	85,7	1 041 958
Provincial Grants and subsidies	224 410	183 410	127 299	69,4	17 377
Government Housing grant	303 782	84 322	62 191	73,8	86 304
Municipal Infrastructure Grant(MIG)	236 267	234 108	208 975	89,3	184 824
National Electricity Regulator (NER)	37 400	52 400	52 228	99,7	28 629
Other funding	28 350	24 933	17 288	69,3	6 752
<b>Total</b>	<b>2 318 299</b>	<b>2 071 180</b>	<b>1 757 902</b>	<b>84,9</b>	<b>1 365 844</b>

The following is a graphic presentation according to financing sources:



When comparing the actual expenditure to the budgeted expenditure the financing source of capital projects plays an important role. The funding from own sources which are primarily the Capital Replacement Reserve and the External Financing Fund (external loans taken up), can largely influence the following aspects:

- Depreciation
- The raising of loans
- The cash flow of the Municipality

## 5. ACCOUNTING RATIOS

### 5.1 Current asset ratio

This ratio mainly involves the financial resources used in the operating cycle of a local authority. Operating capital represents the surplus of current assets over current liabilities. This is a useful indicator when determining the ability to fund operating expenditure. This ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk since short-term debt can be paid out of short-term assets. The following table shows the calculation of the operating capital ratio:

Description	2007/08 R'000	2006/07 R'000
<b>CURRENT ASSETS:</b>		
Cash	43 236	69 349
Inventory	219 737	165 944
Debtors	2 757 275	2 479 056
Investments	660 689	969 958
Short-term portion of long-term debtors	51 307	27 840
Total	3 732 244	3 712 147
<b>CURRENT LIABILITIES:</b>		
Creditors	2 141 012	2 099 438
Short-term portion of long-term liabilities	172 573	232 569
Short-term portion of finance lease liabilities	157 392	102 068
Deposits	267 979	257 579
Overdrawn bank account	106 407	46 002
Total	2 845 363	2 737 656
Net Operating Capital	886 881	974 491
Current asset Ratio	1,31 : 1	1,36:1
Current asset ratio excluding consumer debt of 90 days and older	0,55 : 1	0,63 : 1

The ratio decreased slightly since 2006/07. This is due to the fact that the current liabilities increased with 3,9 % whilst the current assets increased with 0,5 %. The decrease in current assets can mainly be ascribed to the decrease in investments as well as a decrease in cash. The increase in current liabilities mainly lies with the increase in deposits and an increase in the bank overdraft as well as increase in trade creditors.

In 2007/08 financial year finance leases were accounted for under liabilities for the first time, however the 2006/07 financial year figures were restated accordingly.

The private sector sets a ratio of 2:1 as being acceptable, however a norm for local government is currently not available. If the consumer debtors of 90 days and older are excluded from the calculation the ratio decreases considerably (refer to table above)

## 5.2 Quick asset ratio (Acid test)

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into account. Since material and stock are for the local authority's own use and are not for sale, they are not included in the calculations. The private sector sets a ratio of 1:1 as being acceptable. The figures that follow reflect the Municipality's quick asset ratio for the following years:

Description	2007/08 R'000	2006/07 R'000
Current assets	3 732 244	3 712 147
Less: Inventory	219 737	165 944
Total	3 512 507	3 546 203
Current liabilities	2 845 363	2 737 656
Quick asset ratio	1,23 : 1	1,30:1
Quick asset ratio excluding consumer debt older than 90 days	0,47 : 1	0,57 : 1

If the consumer debtors of 90 days and older are excluded from the calculation the ratio decreases considerably (refer to table above)

## 5.3 Solvability

In this ratio, the total assets are compared to the total liabilities, and it shows the ability of the Municipality to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows the calculation of the solvency ratio:

Description	2007/08 R'000	2006/07 R'000
<b>TOTAL ASSETS:</b>		
Current assets	3 732 244	3 712 148
Long-term receivables	289 417	357 848
Property, plant and equipment	9 559 447	8 456 756
Total	13 581 108	12 526 752
<b>TOTAL LIABILITIES:</b>		
Current liabilities	2 845 363	2 737 656
Plus: Long-term loans	2 705 772	2 602 026
Non-current provisions	87 211	5 263
Lease liabilities	99 007	110 119
Reserves	6 289 291	6 285 833
Total	12 026 644	11 740 897
Solvability Ratio	1,13 : 1	1,07:1

The total assets of the Municipality increased with 8,4 % while the total liabilities increased with only 2,4 % resulting in an increase in the solvability ratio as stated above. Property, plant and equipment increased with 13,0 % while external loans increased with 3,9 % and the accumulated funds increased with 0,06 %.

#### 5.4 Total long-term debt to total revenue ratio

According to credit rating companies, the benchmark for local government is a ratio of less than 50 %. The ratio decreased from 34,43 % to 29,83 % since 2006/07. This decrease can be ascribed to the fact that the external loans increased with only 2,42% in relation to the increase of 17,89 % in total revenue.

Description	2007/08 R-million	2006/07 R-million
Total debt	3 134 744	3 046 782
Total revenue	10 143 989	8 604 455
Ratio	30,90 %	35,41%

#### 5.5 Inventory turnover

Inventory turnover is considered a key measure of management efficiency. It is a measure of how often, during the course of a financial year, a company sells and replaces its inventory. As a general rule, a higher ratio for inventory turnover is better. The standard however varies dramatically from industry to industry. A ratio of 2,5 times per year is considered acceptable for the large municipalities.

June 2008: 2,8 times per year  
June 2007: 2,8 times per year

Although the value of inventory increased since 2006/07 with R53,8 million (the main factor is the increase in electricity inventory for project material), the turnover however, remained unchanged on 2,8 times per year. This can be attributed to the fact that the turnover is an average calculated for all inventory items in all stores.

## 5.6 Overdraft (cashbook balance) plus short-term loans to total operating revenue

June 2008: 2,75 %  
June 2007: 3,23 %

According to credit rating companies, the benchmark is a ratio of less than 5 %. The ratio improved due to a decrease in the short-term portion of external loans (decrease of 25,8 %) and an increase in revenue of 17,9 % since 2006/07.

## 5.7 Cash to interest coverage

This ratio indicates to what extent a local authority can generate sufficient cash from its normal activities to cover its external interest liabilities. If the ratio is less than 1:1, it may indicate future cash flow problems. The ratio for the past two financial years is as follows:

Description	2007/08 R-million	2006/07 R-million
Cash generated from operations (Nett cash flow)	1 598 964	1 175 702
Interest paid on external loans	364 281	357 228
Ratio	4,58 : 1	3,29 : 1

The ratio shows an increase as the interest paid on external loans increased with 1,9 % and the cash generated from operations increased with 36,0 % since 2006/07.

## 5.8 Capital charges (interest and redemption) to total annual operating revenue

Description	2007/08 R-million	2006/07 R-million
Total operating revenue	10 143 989	8 604 455
Interest paid on external loans	364 281	357 228
Depreciation	809 282	633 462
Ratio	1 173 563	990 690
	8,64 : 1	8,69 : 1

## 5.9 Debt to cash ratio

This ratio indicated below is a yardstick to measure the time (in years) that it will take a local authority to pay off its debt (loans) from cash generated by operating activities. The ratio for the past two financial years is as follows:

Description	2007/08 R-million	2006/07 R-million
Long-term debt	3 134 744	3 046 782
Cash generated from operations	1 598 964	1 175 702
Ratio	1,96 : 1	2,68 : 1

The ratio shows a decrease as the long-term debt increased with 2,9 % while the cash generated from operations increased with 36,0 % since 2006/07.

### 5.10 Financing to capital expenditure ratio

Local authorities normally finance their capital expenditure from external loans. This ratio enables the user to analyse the extent to which external loans are used to finance capital expenditure. The ratio for the past two financial years is as follows:

Description	2007/08 R-million	2006/07 R-million
Increase/(Decrease) in long-term loans	43 749	636,453
Increase/(Decrease) in finance lease liabilities	44 213	212 187
	87 962	848 640
Cash used in capital expenditure	1 908 246	1 620 455
Ratio	0,05 : 1	0,52 : 1

A ratio smaller than 1:1 is an indication that more cash was spent on infrastructure (capital expenditure) than was borrowed. If this ratio exceeded 1:1 over several years, it indicates that too much funds are obtained externally which may even mean that loans are used to finance operating expenditure. This ratio decreased drastically since 2006/07 (also refer to note 30 to the Annual Financial statements).

### 5.11 Repairs and maintenance to annual operating revenue

Description	2007/08 R-million	2006/07 R-million
Annual operating revenue	10 143 989	8 604 455
Repairs and maintenance	888 323	727 352
Percentage	8,75 %	8,45 %

### 5.12 Net debtors to total annual operating revenue

Description	2007/08 R-million	2006/07 R-million
Annual operating revenue	10 143 989	8 604 455
Net debtors (excluding provision for bad debt)	2 757 275	2 479 056
Percentage	27,18 %	28,81 %

## 6. CREDIT RATING

The firm Global Credit Ratings performed a credit rating of the Municipality during November 2007 (based on the annual financial statements for the year ending 30 June 2007) and the following rating was awarded to the City of (stable rating outlook):

- **Long term - A+ (single A plus);** *High credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.*
- **Short term - A1 (single A one);** *Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.*

## **7. MUNICIPAL ENTITIES**

### **7.1 Viable municipal entities**

Of the entities evaluated the following were found to be viable and the process of restructuring them to be compliant with the Municipal Finance Management Act and the Local Government Systems Act is underway:

- Civirelo Water
- Sandspruit Works Association
- Housing Company Tshwane
- Roodeplaat Temba Water Services Trust (the trust will be dissolved on 1 July 2008)
- Tshwane Economic Development Agency (newly created – not in full operation yet)

### **7.2 Entities not viable and liquidation process is underway**

The following companies are not viable:

- Enterprise South Africa (liquidation finalised)
- Tradepoint Pretoria
- Tshwane Centre for Business Information and Support (Cenbis)
- Lebone Municipal Finance corporation

### **7.3 Consolidation of municipal entities**

Consistent with the prior three financial years separate consolidated financial statements will be compiled for CoT and its operational municipal entities, namely:

- Housing Company Tshwane
- Sandspruit Works Association:
- Civirelo Water
- Tshwane Centre for Business Information and Support (Cenbis)
- Trade Point Pretoria
- Roodeplaat/Temba Water Services Trust

## **8. CHALLENGES EXPERIENCED DURING 2007/08**

### **8.1 IMPLEMENTATION OF ACCOUNTING STANDARDS**

The City of Tshwane experienced problems with the implementation of certain accounting standards during the compilation of the 2006/07 financial statements and therefore had to make use of the Exemptions granted by National Treasury in Government Gazette No 30013 of 29 June 2007. Details of these exemptions are explained in paragraph 1 of the Accounting Policies included in the Annual Financial Statements.

As required by the stipulations of the Government Gazette, implementation plans was drawn up and submitted to National Treasury during October 2007 and March 2008.



## **8.2 PURIFICATION OF ASSET REGISTER AND ESTABLISHMENT OF FINANCE LEASE REGISTER**

A project was undertaken to ensure a compliant asset register as well as the purification of the asset register data. The purification process for the 2006/07 and 2007/08 financial year is finalised and the compliant asset register is available on an external system as the current SAP system could not accommodate all the required fields and transactions. The required restatements were included in the annual financial statements.

The project was extended to include the accounting for finance leases. The accounting for the finance leases was done on the 80/20 principle. The required restatements were included in the annual financial statements.

It was a tremendous challenging exercise during the 2007/08 financial year, however the biggest challenge will be addressed in the 2008/09 financial year as the information from the external systems will have to be loaded on and maintained on the SAP system with regard to the Asset Register. The maintaining of the lease register will also need to be addressed as a matter of urgency.

## **9. APPRECIATION**

I am grateful to the Executive Mayor, Members of the Mayoral Committee, Councillors, Office of the Municipal Manager and Strategic Executive Directors for the support they have given me and my personnel during the 2007/08 financial year. A special word of appreciation to everybody for the months of hard work, sacrifices and concentrated efforts during the financial year to enable my Department to finalise and submit the annual financial statements within the prescribed period of 2 months after year end (i.e. 31 August).

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**N.V. MAKHARI**  
**CHIEF FINANCIAL OFFICER**

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

**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 are listed below:

<b>Standard no.</b>	<b>Standard Title</b>	<b>Extent of exemption from standard</b>	<b>Exemption period</b>
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
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
		Review of depreciation method applied to PPE recognized in the annual financial statements [paragraph 62 and 77]	
		Impairment of non-cash generating assets [paragraph 64 – 69 and 75(e)(v)-(vi)]	
		Impairment of cash generating assets [paragraph 63 and 75(e)(v)-(vi)]	

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<b>Standard no.</b>	<b>Standard Title</b>	<b>Extent of exemption from standard</b>	<b>Exemption period</b>
IAS 39 (AC 128)	Impairment of assets	Entire standard	For 2006/07 and 2007/08 financial years
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
		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
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
		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
IAS 17 (AC 105)	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
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
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
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
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 70, AG 64 and AG 85 of IAS 39/AC 133)	For 2006/07 and 2007/08 financial years

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<b>Standard no.</b>	<b>Standard Title</b>	<b>Extent of exemption from standard</b>	<b>Exemption period</b>
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
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
IAS 14 (AC 115)	Segment reporting	Entire standard	For 2006/07 and 2007/08 financial years
IFRS 8 (AC 145)	Operating segments	Entire standard	For 2006/07 and 2007/08 financial years
IAS 11 (AC 109)	Construction contracts	Entire standard	For 2006/07 and 2007/08 financial years
IFRS 3 (AC 140)	Business combinations	Entire standard	For 2006/07 and 2007/08 financial years
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance	Entire standard excluding paragraph 24 and 26, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9	For 2006/07 and 2007/08 financial years

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 annual financial statements of the Municipality. Separate consolidated financial statements are 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.

**5. PROPERTY, PLANT AND EQUIPMENT (PPE)**

**5.1 Fixed assets are stated:**

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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**Subsequent expenditure:**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the existing asset will flow to the municipality.

All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

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 are 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 given up.

The difference between the depreciation based on the revalued carrying amount of the asset charged to the Statement of Financial Performance and the depreciation based on the asset's original cost is transferred from other reserves to the accumulated surplus/deficit.

**5.2 Depreciation**

Depreciation is recognised on a straight line basis over the estimated useful life of the asset to its residual value from the day that the asset is ready for use. Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Estimated useful lives of assets:

<b>Asset Category</b>	<b>Years</b>	<b>Asset Category</b>	<b>Years</b>
<b>Infrastructure</b>		<b>Other</b>	
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
<b>Community</b>		Specialized plant and equipment	10-15
Buildings	30	Other plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites and quarries	1 – 50
Security	5		

Residual value is what the asset would currently receive if in the condition it would be at the end of its useful life. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The actual useful lives of the assets, residual values and depreciation method are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

**5.3 Impairment of property, plant and equipment:**

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007 with regard to the impairment of assets.

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**5.4 Disposal of property, plant and equipment:**

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal, and is recognised in the Statement of Financial Performance.

**5.5 Heritage assets**

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite useful 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.

**5.6 Land**

Land is not depreciated as it is deemed to have an indefinite useful life.

**5.7 Incomplete construction work**

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

**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.

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007 to the extent that the property is accounted for under GAMAP 17.

**7. INTANGIBLE ASSETS**

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007 with to the recognition, measurement and disclosure of intangible assets except for computer software.

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line basis over its anticipated useful life.

Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Municipality and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

**8. AGRICULTURAL/BIOLOGICAL ASSETS**

Agricultural/biological 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, and

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- 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/biological assets are stated at fair value less estimated point of sale costs with any resultant gain or loss recognised in the Statement of Financial Performance.

## **9. INVENTORY**

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost.

Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, no adjustment is made to the cost of the land, the difference being charged as a finance 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, if this relates to development.

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.

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007.

## **10. RESERVES**

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

### **10.1 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.

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- 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.

#### **10.2 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).

#### **10.3 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).

#### **10.4 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.



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- 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.

#### **10.4.1 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).

#### **10.5 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 per annum are reinsured by what is called a "COID Wrap Around" policy.

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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.

**10.6 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.

**11. 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.

**12. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be incurred to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**12.1 Clearing of alien vegetation**

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 2005/06 as a start to address the backlogs that exist.

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**12.2 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.

**12.3 Landfill sites**

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. A provision has been established from 2007/08. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation, and is carried at amortised cost.

**12.4 Quarries**

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), Section 52 (2)(d), the City of Tshwane is required to rehabilitate its quarries and borrow pits after these quarries and pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation, and is carried at amortised cost.

**13. RETIREMENT BENEFITS**

**13.1 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.

**13.2 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.

**14. LEASES**

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007 with regard to operating leases.

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**14.1 The Municipality as Lessee**

The City of Tshwane leases certain property, plant and equipment. Leases of property, plant and equipment where the City of Tshwane assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balances of the liability for each period. The property plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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).

**14.2 The Municipality as Lessor**

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

When assets are leased out under an operating lease, the asset is included in the Statement of Financial Position based on the nature of the asset.

**15. FINANCIAL INSTRUMENTS**

**15.1 Financial assets:**

The City of Tshwane classifies its financial assets in the following categories:

- Loans and receivables,
- Held to maturity and
- Available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. With regard to reclassifications of financial assets, the entity shall not reclassify a financial instrument into or out of the fair value through profit or loss category while it is held or issued.

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The City of Tshwane's loans and receivables comprise "trade receivables and other receivables" and cash and cash equivalents.

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**(b) Held-to-maturity**

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. These investments have been normally encumbered and therefore must be held to maturity. The value of the investments is recorded at trade date.

HTM financial instruments originated by the municipality 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 of uncollectability.

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date.

Regular purchase and sales of financial assets are recognised on the trade date – the date on which the City of Tshwane commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the Statement of Financial Performance.

**Offsetting of financial assets and liabilities:**

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when and only when:

- (a) The City of Tshwane has a legally enforceable right to set off the recognised amount; and
- (b) The City of Tshwane intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the City of Tshwane will not offset the transferred asset and the associated liability.

**Derecognition:**

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred, and the municipality has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

**Impairment:**

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. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through the Statement of Financial Performance. Impairment testing of trade receivables is described in note 15.3.

**Disposal:**

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.

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**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

**Counterparty exposure:**

The City of Tshwane 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.

**Hedging:**

Hedging is not applicable to the accounting treatment of financial instruments in the City of Tshwane.

**Derivative financial instruments:**

Derivative financial instruments, principally interest rate swap contracts, are used by the City of Tshwane in its management of financial risks. Derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates. Payments and receipts under interest rate swap contracts are recognised in the statement of financial performance on a basis consistent with the corresponding fluctuations in the interest payment on floating rate financial liabilities. The carrying amounts of interest rate swaps, which comprise net interest receivables and payables accrued are included in assets and liabilities respectively.

**15.2 Interest bearing borrowings**

Interest bearing borrowings are recognised initially at fair value, net of transaction costs incurred. It should also be added that interest bearing borrowings are classified as non-current and current liabilities.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Interest bearing borrowings are classified as non-current and current liabilities unless the municipality has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

**15.3 Accounts receivable**

**Trade receivables:**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for bad debt account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off against the provision for bad debt account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

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.

**15.3.1 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, Ambulance Services and Rentals excluding 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.

**15.4 Accounts receivable**

**15.4.1 Trade creditors**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**15.4.2 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

**16. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities with three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Finance charges on bank overdrafts are expensed as incurred.

**17. 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).

**18. 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 comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

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.

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007 with regard to the initial measurement of fair value at a discounted rate.

**18.1 Revenue from exchange transactions**

**18.1.1 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.

**18.1.2 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.

**18.1.3 Interest earned on outstanding debtors**

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

**18.1.4 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.

**18.1.5 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.

**18.1.6 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.

**18.1.7 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.



**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

**18.1.8 Collection charges**

Collection charges are recognized when such amounts are incurred.

**18.2 Revenue from non-exchange transactions**

**18.2.1 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.

**18.2.2 Regional Establishment Levy and Regional Services Levy**

Revenue from regional services levies is recognised on an accrual basis. The accrual is calculated on past experience of amounts collected since the abolishment of Regional Services Levies and Regional Establishment Levies on 1 July 2006.

**18.2.3 Fines**

Revenue from the issuing of fines shall be recognised when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality,
- (b) the amount of the revenue can be measured reliably, and
- (c) the stage of completion of the transaction at the reporting date can be measured reliably.

Therefore:

- (i) Income in respect of traffic fines, spot fines and certain licenses is accrued when received, and
- (ii) Revenue from the issuing of summonses is only recognised when notified by the public prosecutor of the amount actually collected.

The accrual is calculated based on past experience of amounts collected on fines and summonses issued.

**18.2.4 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.

**18.2.5 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.

**19. 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.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

**20. BORROWING COSTS**

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

**21. VALUE ADDED TAX**

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

**22. SEGMENTAL INFORMATION**

The City of Tshwane adopted the exemptions granted in Government Gazette No 30013 of 29 June 2007.

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D consistent with prior years.

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

**23. GRANTS-IN-AID (EXPENSE)**

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.

**24. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

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.

**25. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act 56 of 2003), the Municipal Systems Act, 2000 (Act 32 of 2000), the Public Office Bearers Act, 1993 (Act 20 of 1998) or in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised 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.

**26. FRUITLESS AND WASTEFUL EXPENDITURE**

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

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.

**27. COMPARATIVE INFORMATION**

**27.1 Current year comparatives**

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

**27.2 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.

The comparative figures (2006/07 accounting policy and disclosures) may not be consistent with the current year accounting policies and disclosures due to the application of the exemptions in terms Government Gazette No 30013 dated 29 June 2007.

**28. 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.

**29. ESTIMATES**

The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the City of Tshwane's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements were applicable.

# CITY OF TSHWANE METROPOLITAN MUNICIPALITY

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**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008**

	Note	June 2008	June 2007
		R	R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		7 843 753 930	7 071 687 457
Housing Development Fund	1	128 919 887	141 152 353
Capital replacement reserve		305 702 227	501 152 806
Capitalisation reserve		2 061 476 290	2 008 028 104
Government grant reserve		3 709 521 900	3 506 835 333
Self insurance reserve		14 552 843	65 637 380
COVID reserve		68 873 272	62 694 963
Future depreciation reserve: Self insurance		244 818	332 487
Unappropriated surplus		1 554 462 693	785 854 031
<b>Non-current liabilities</b>		2 891 990 762	2 717 408 893
Long-term liabilities	2	2 705 771 524	2 602 026 465
Finance lease liabilities	3	99 007 789	110 119 278
Non-current provisions	4.4	87 211 449	5 263 150
<b>Current liabilities</b>		2 845 363 598	2 737 656 118
Consumer deposits	5	267 978 963	257 579 090
Creditors	6	1 701 739 224	1 830 232 854
Unspent conditional grants and receipts	7	334 892 132	210 990 931
VAT	8	104 380 809	58 214 444
Bank overdraft	17	106 407 370	46 002 138
Current portion of long-term liabilities	2	172 572 966	232 569 002
Current portion of finance lease liabilities	3	157 392 134	102 067 659
<b>Total Net Assets and Liabilities</b>		<b>13 581 108 290</b>	<b>12 526 752 468</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		10 274 418 271	9 225 888 512
Fixed assets		9 299 503 853	8 242 544 479
Property, plant and equipment	9.9	8 911 681 038	7 814 497 910
Investment property	9.10	304 533 978	306 474 263
Intangible assets	9.11	83 288 837	121 572 306
Leased assets	9.13	245 202 373	203 197 558
Biological Assets: Livestock	10	14 741 255	11 014 558
Investments	11.1	425 553 069	411 283 908
Long-term receivables	12	289 417 721	357 848 009
<b>Current assets</b>		3 306 690 019	3 300 863 956
Inventory	13	219 736 570	165 944 194
Consumer debtors	14	2 394 734 615	2 044 386 698
Other debtors	15	362 540 477	434 668 931
Current portion of long-term receivables	12	51 307 033	27 840 367
Call investment deposits	11.2	235 135 631	558 674 497
Bank balances and cash	17	43 235 693	69 349 269
<b>Total Assets</b>		<b>13 581 108 290</b>	<b>12 526 752 468</b>

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008		2007	
		Actual	Adjustment budget	Actual	Adjustment budget
		R	R	R	R
<b>REVENUE</b>					
Property rates	18	2 181 017 691	2 007 541 000	1 719 224 465	1 735 113 478
Service charges	19	4 848 831 310	4 769 479 797	4 201 485 187	4 246 657 264
Regional Services Levies - turnover		0	20 000 000	0	16 000 000
Regional Services Levies - remuneration		0	0	0	0
Rental of facilities and equipment		84 317 308	74 495 934	70 027 787	56 193 546
Interest earned - external investments		135 230 884	113 303 229	134 186 955	47 942 050
Interest earned - outstanding debtors		179 065 234	160 432 604	142 516 022	137 007 800
Fines (traffic fines)		38 302 819	49 433 869	38 389 834	42 742 689
Licences and permits		29 498 520	23 049 903	21 816 684	34 297 845
Government grants and subsidies	20	1 917 227 861	2 201 857 795	1 566 093 641	1 749 343 822
Other income	21	556 464 454	619 483 107	523 676 893	457 747 540
Public contributions		165 369 329	155 000 000	165 566 509	50 012 825
Gains on disposal of property, plant and equipment		4 936 900	40 352 144	20 915 400	14 500 000
Gain: Changes in fair value of livestock	10	3 726 697	0	555 578	0
<b>TOTAL REVENUE</b>		<b>10 143 989 007</b>	<b>10 234 429 382</b>	<b>8 604 454 955</b>	<b>8 587 558 859</b>
<b>EXPENDITURE</b>					
Employee related costs	22	2 621 002 843	2 729 726 831	2 412 004 372	2 551 422 155
Remuneration of Councillors	23	44 201 359	47 914 093	45 946 048	46 762 692
Bad debts: contribution		54 154 928	19 920 755	106 752 294	106 649 267
Bad debts: written off		100 732 978	109 100 000	86 736 741	0
Collection costs		71 698 908	63 178 651	49 538 121	50 669 138
Depreciation		809 281 815	728 387 673	633 461 559	592 729 286
Interest paid	24	364 280 870	382 138 723	357 228 398	345 899 657
Bulk purchases	25	2 209 727 364	2 232 955 941	2 130 979 261	1 989 821 178
Repairs and maintenance	40	888 322 552	749 310 022	727 352 320	674 906 579
Grants and subsidies paid	26	11 584 679	12 285 250	8 392 257	11 634 800
Loss on disposal of property, plant and equipment		22 991 584	9 900	9 915 217	5 525 863
General expenses	27 & 40	2 173 942 654	2 263 439 651	1 721 660 296	2 010 014 816
<b>TOTAL EXPENDITURE</b>		<b>9 371 922 534</b>	<b>9 338 367 490</b>	<b>8 289 966 884</b>	<b>8 386 035 431</b>
<b>Net Surplus for the year</b>		<b>772 066 473</b>	<b>896 061 892</b>	<b>314 488 071</b>	<b>201 523 428</b>
Refer to Appendix E for the comparison with the approved budget					

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008**

	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
<b>2007</b>									
<b>Balance at 1 July 2006</b>	150 463 875	357 857 950	2 177 575 289	3 348 292 166	70 050 967	128 555 010	376 331	524 027 798	6 757 199 386
Net surplus for the year								316 319 629	316 319 629
Prior year adjustments (see note 39)								(1 831 558)	
Asset purification/retirements			(6 162 391)	(20 056 037)				26 218 428	0
Property, plant & equipment purchased: Capitalised		(94 508 184)	94 508 184						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 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
Offsetting of depreciation			(257 892 978)	(139 234 736)		0	(43 844)	397 171 558	0
<b>Balance at 30 June 2007</b>	<b>141 152 353</b>	<b>501 152 806</b>	<b>2 008 028 104</b>	<b>3 506 835 333</b>	<b>62 694 963</b>	<b>65 637 380</b>	<b>332 487</b>	<b>785 854 031</b>	<b>7 071 687 457</b>
<b>2008</b>									
Net surplus for the year							0	772 066 473	772 066 473
Asset purification/retirements			(19 794 530)	(85 016 694)			0	104 811 224	0
Property, plant & equipment purchased: Capitalised		(380 171 127)	380 171 127						0
Capital grants used to purchase PPE (revenue recognised)				467 680 281				(467 680 281)	0
Contribution: Workmens Compensation (from employees)					6 178 309			(6 178 309)	0
Transfer from Housing Development Fund	(12 232 466)							12 232 466	0
Transfer from Insurance Reserve						(51 084 537)		51 084 537	0
Transfer to Capital replacement reserve (Tshwane Market)		16 219 136						(16 219 136)	0
Transfer to Capital replacement reserve (public contributions)		168 501 412						(168 501 412)	0
Offsetting of depreciation			(306 928 411)	(179 977 020)		0	(87 669)	486 993 100	0
<b>Balance at 30 June 2008</b>	<b>128 919 887</b>	<b>305 702 227</b>	<b>2 061 476 290</b>	<b>3 709 521 900</b>	<b>68 873 272</b>	<b>14 552 843</b>	<b>244 818</b>	<b>1 554 462 693</b>	<b>7 843 753 930</b>

The accumulated surplus of R1 554 462 693 is earmarked to be used in 2008/09 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 R380 171 127 (2006/07 = R 94 508 184 and 2005/06 =R302 183 695 and 2004/05 = R 909 806 168)
- \* Capitalisation Reserve will decrease with R380 171 127 (2006/07 = R94 508 184 and 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 2008**

	Note	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		9 843 506 789	8 250 794 113
Cash paid to suppliers and employees		(8 244 542 624)	(7 075 092 604)
Cash generated from/(utilised by) operations	28	1 598 964 165	1 175 701 509
Interest received		135 230 884	134 186 955
Interest paid		(364 280 870)	(357 228 398)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>1 369 914 179</b>	<b>952 660 066</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1 908 246 007)	(1 620 454 569)
Gain: Change in fair value of livestock		(3 726 697)	(555 578)
Proceeds on disposal of fixed assets		4 936 900	20 915 400
Proceeds on disposal of investments		-	-
Decrease/(Increase)in non-current loans		42 971 229	(76 594 615)
Decrease/(Increase) in non-current investments		(14 269 160)	71 258 929
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(1 878 333 735)</b>	<b>(1 605 430 433)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		43 749 023	636 452 546
Lease liabilities		44 212 986	212 186 937
Increase/(Decrease) in consumer deposits		10 399 873	21 486 701
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>98 361 882</b>	<b>870 126 184</b>
<b>NET CASH FLOW</b>		<b>(410 057 674)</b>	<b>217 355 817</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(410 057 674)</b>	<b>217 355 817</b>
Cash and cash equivalents at the beginning of the year	29	582 021 628	364 665 811
Cash and cash equivalents at the end of the year	29	171 963 954	582 021 628



DESCRIPTION	2008 R	2007 R
<b>1 HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	128 919 887	141 152 353
Unappropriated surplus	197 926 350	210 158 816
Loans extinguished by Government on 1 April 1998	69 006 463	69 006 463
The Housing Development Fund is represented by the following assets:		
Housing selling scheme loans	108 239 423	103 434 420
Other debtors	12 687 578	9 961 181
Bank and cash	7 992 886	27 756 752
<b>Total Housing Development Fund Assets</b>	<b>128 919 887</b>	<b>141 152 353</b>
<b>2 LONG-TERM LIABILITIES</b>		
Local Registered Stock	318 161 284	315 714 882
Long-term loans:	2 560 183 206	2 518 880 585
Annuity loans	2 073 261 434	1 906 549 057
Term loans	486 921 772	612 331 528
	2 878 344 490	2 834 595 467
LESS: Current portion transferred to current liabilities	172 572 966	232 569 002
Local registered stock	42 227 760	0
Annuity loans	101 842 510	77 569 002
Term loans	28 502 696	155 000 000
<b>Total External Loans</b>	<b>2 705 771 524</b>	<b>2 602 026 465</b>
Refer to Appendix A for more detail on long-term liabilities		
No hedging occurred during the last two financial years		
No impairment of long-term liabilities occurred during the financial year.		
<b>Amount invested specifically for the repayment of long-term liabilities. (See note 30 for more detail.)</b>	<b>568 644 654</b>	<b>634 478 486</b>
<b>Maturity value of amount invested as security for long-term liabilities</b>	<b>815 559 792</b>	<b>1 201 630 598</b>
<b>3 FINANCE LEASE LIABILITIES</b>		
Gross liability	178 712 685	173 712 933
Future finance charges on finance leases	77 687 238	38 474 004
<b>Total finance lease liability</b>	<b>256 399 923</b>	<b>212 186 937</b>
<b>Non-current portion of finance lease liability</b>		
Gross liability	77 283 036	94 426 014
Future finance charges on finance leases	21 724 753	15 693 264
	<b>99 007 789</b>	<b>110 119 278</b>
<b>Current portion of finance lease liability</b>		
Gross liability	101 429 649	79 286 919
Future finance charges on finance leases	55 962 485	22 780 740
	<b>157 392 134</b>	<b>102 067 659</b>
<b>Finance lease liabilities - minimum future lease payments:</b>		
No later than one year	101 429 649	79 286 919
Later than one year no later than five years	77 283 036	94 426 014
	178 712 685	173 712 933
Future finance charges on finance leases	77 687 238	38 474 004
Present value of finance lease liabilities	<b>256 399 923</b>	<b>212 186 937</b>
Refer to Appendix A for more detail on finance lease liabilities		
<b>The present value of finance lease liabilities may be analysed as follows:</b>		
No later than one year	157 392 134	102 067 659
Later than one year no later than five years	99 007 789	110 119 278
	256 399 923	212 186 937
<b>Fair value of loans (amortised cost i.e. PV)</b>	<b>256 399 923</b>	<b>212 186 937</b>
<b>Collateral held in terms of the above lease (Net book amount of leased assets) (See note 9.13)</b>	<b>245 202 373</b>	<b>203 197 558</b>
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default		
<b>4 NON-CURRENT PROVISIONS</b>		
<b>4.1 CLEARING OF ALIEN VEGATATION</b>		
Opening balance at the beginning of the year	5 263 150	2 869 225
Contributions during the year	3 716 659	6 292 554
Expenditure during the year	(3 190 344)	(3 898 629)
<b>Closing balance at the end of the year</b>	<b>5 789 465</b>	<b>5 263 150</b>
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.		

DESCRIPTION		2008 R	2007 R
4.2	<b>REHABILITATION OF LANDFILL SITES</b> The provision for landfill sites have been established from the 2007/08 financial year only. Opening balance at the beginning of the year Contributions during the year Expenditure during the year <b>Closing balance at the end of the year</b>	0 63 360 000 0 <b>63 360 000</b>	
4.3	<b>REHABILITATION OF QUARRIES</b> The provision for quarries have been established from the 2007/08 financial year only. Opening balance at the beginning of the year Contributions during the year Expenditure during the year <b>Closing balance at the end of the year</b>	0 18 061 984 0 <b>18 061 984</b>	
4.4	<b>Total non-current provisions</b> Opening balance at the beginning of the year Contributions during the year Expenditure during the year <b>Closing balance at the end of the year</b>	5 263 150 85 138 643 (3 190 344) <b>87 211 449</b>	2 869 225 6 292 554 (3 898 629) <b>5 263 150</b>
5	<b>CONSUMER DEPOSITS</b> <b>Electricity and Water</b>  <b>Guarantees held in lieu of Electricity and Water deposits</b>	<b>267 978 963</b>  <b>128 909 639</b>	<b>257 579 090</b>  <b>115 829 785</b>
6	<b>CREDITORS</b> Trade creditors Payments received in advance Retentions Staff Leave accrual Deposits Other creditors <b>Total creditors</b>	928 881 200 3 873 614 96 661 285 257 311 987 17 931 509 397 079 629 <b>1 701 739 224</b>	1 084 161 577 6 147 161 80 391 743 226 880 894 14 845 980 417 805 499 <b>1 830 232 854</b>
7	<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
7.1	<b>Conditional Grants from other spheres of Government</b> Municipal Infrastructure Grant (MIG) Housing projects Department of Water Affairs & Forestry (DWAFF) Finance Management Grant (FMG) Municipal System Improvement Grant (MSIG) Restructuring Grant Department Sport and Recreation Transportation and Engineering Department Public Works Transport : World Cup Soccer ESKOM Provincial Local Economic Development Projects grant	324 296 799 35 892 625 19 132 755 0 1 304 688 498 400 86 786 106 49 431 225 8 000 000 7 322 068 115 785 094 12 953 130 885	198 708 969 19 794 905 25 714 685 22 391 328 1 503 403 3 000 000 78 921 695 0 8 000 000 7 322 068 24 150 000 5 780 000 2 130 885
7.2	<b>Other conditional Receipts</b> National Electrification Fund DPLG: Health Bontle ke Botho Gauteng: Agriculture, Conservation & Environment Monument Golf Club <b>Total Conditional Grants and Receipts</b> See Note 20 for reconciliation of grants and subsidies.	10 595 333 4 198 110 1 500 000 1 457 223 440 000 3 000 000 <b>334 892 132</b>	12 281 962 4 025 783 0 177 223 8 078 956 0 <b>210 990 931</b>
8	<b>VAT</b> <b>VAT payable</b> VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS	<b>104 380 809</b>	<b>58 214 444</b>

DESCRIPTION		2008 R	2007 R
9	<b>PROPERTY, PLANT AND EQUIPMENT</b> Reconciliation of Carrying values		
9.1	<b>INFRASTRUCTURE</b>		
	<b>Carrying value at 1 July</b>	5 315 145 074	4 572 768 786
	Cost	7 446 802 947	6 450 648 987
	Accumulated Depreciation - cost	(2 131 657 873)	(1 877 880 201)
	<b>Acquisitions</b>	2 057 110 849	158 550 991
	Additions	1 878 115 807	217 828 990
	Capital under construction	639 207 766	250 981 817
	Transfer Threshold assets - cost	(107 017)	107 017
	Transfer Threshold assets - depreciation	10 480	(10 480)
	Depreciation - based on cost	(460 116 187)	(310 356 353)
	<b>Carrying value of purification/transfers</b>	(967 730 653)	583 825 297
	Cost	(974 159 682)	527 236 136
	Accumulated depreciation - cost	6 429 029	56 589 161
	<b>Carrying values at 30 June:</b>	6 404 525 270	5 315 145 074
	Cost	8 989 859 821	7 446 802 947
	Accumulated depreciation - cost	(2 585 334 551)	(2 131 657 873)
9.2	<b>COMMUNITY</b>		
	<b>Carrying value at 1 July</b>	290 370 760	212 730 759
	Cost	397 556 997	389 646 613
	Accumulated Depreciation - cost	(107 186 237)	(176 915 854)
	<b>Acquisitions</b>	(2 120 423)	(36 106 350)
	Additions	8 353 798	6 900 014
	Capital under construction	8 777 267	(22 463 288)
	Transfer Threshold assets - cost	(200 589)	200 589
	Transfer Threshold assets - depreciation	10 446	(10 446)
	Depreciation - based on cost	(19 061 345)	(20 733 219)
	<b>Carrying value of purification/transfers</b>	(29 901 839)	113 746 351
	Cost	(29 901 839)	23 273 069
	Accumulated depreciation - cost	0	90 473 282
	<b>Carrying values at 30 June:</b>	258 348 497	290 370 760
	Cost	384 585 633	397 556 997
	Accumulated depreciation - cost	(126 237 136)	(107 186 237)
9.3	<b>HERITAGE</b>		
	<b>Carrying value at 1 July</b>	3 201 287	3 221 102
	Cost	3 201 287	3 221 102
	Accumulated Depreciation - cost	0	0
	<b>Acquisitions</b>	0	0
	Additions	0	0
	Capital under construction	0	0
	Depreciation - based on cost	0	0
	<b>Carrying value of purification/transfers</b>	0	(19 815)
	Cost	0	(19 815)
	Accumulated depreciation - cost	0	0
	<b>Carrying values at 30 June:</b>	3 201 287	3 201 287
	Cost	3 201 287	3 201 287
	Accumulated depreciation - cost	0	0
9.4	<b>HOUSING</b>		
	<b>Carrying value at 1 July</b>	150 973 410	220 074 355
	Cost	152 564 421	227 228 983
	Accumulated Depreciation - cost	(1 591 011)	(7 154 628)
	<b>Acquisitions</b>	5 523 427	(61 060 788)
	Additions	0	0
	Capital under construction	6 035 290	(59 745 969)
	Depreciation - based on cost	(511 863)	(1 314 819)
	<b>Carrying value of purification/transfers</b>	(132 579 480)	(8 040 157)
	Cost	(132 579 480)	(14 918 593)
	Accumulated depreciation - cost	0	6 878 436
	<b>Carrying values at 30 June:</b>	23 917 357	150 973 410
	Cost	26 020 231	152 564 421
	Accumulated depreciation -cost	(2 102 874)	(1 591 011)

DESCRIPTION		2008 R	2007 R
9	PROPERTY, PLANT AND EQUIPMENT (continued)		
9.5	<b>STOCK</b>		
	<b>Carrying value at 1 July</b>	575 069 610	0
	Transfers - Cost	581 655 196	0
	Transfers - Accumulated Depreciation - cost	(6 585 586)	0
	<b>Acquisitions</b>	586 266	0
	Additions	1 104 434	0
	Capital under construction	0	0
	Depreciation - based on cost	(518 168)	0
	<b>Carrying value of purification/transfers</b>	0	575 069 610
	Cost	0	581 655 196
	Accumulated depreciation - cost	0	(6 585 586)
	<b>Carrying values at 30 June:</b>	575 655 876	575 069 610
	Cost	582 759 630	581 655 196
	Accumulated depreciation -cost	(7 103 754)	(6 585 586)
9.6	<b>LAND</b>		
	<b>Carrying value at 1 July</b>	366 797 152	1 089 837 130
	Cost	413 349 897	1 095 638 197
	Accumulated Depreciation - cost	(46 552 745)	(5 801 067)
	<b>Acquisitions</b>	93 307 087	10 452 013
	Additions	96 684 115	10 452 013
	Capital under construction	0	0
	Depreciation - based on cost	(3 377 028)	0
	<b>Carrying value of purification/transfers/disposals</b>	0	(733 491 991)
	Cost	0	(692 740 313)
	Accumulated depreciation - cost	0	(40 751 678)
	<b>Carrying values at 30 June:</b>	460 104 239	366 797 152
	Cost	510 034 012	413 349 897
	Accumulated depreciation -cost	(49 929 773)	(46 552 745)
9.7	<b>BUILDINGS</b>		
	<b>Carrying value at 1 July</b>	800 479 149	740 713 636
	Cost	1 160 272 552	1 121 682 404
	Accumulated Depreciation - cost	(359 793 403)	(380 968 768)
	<b>Acquisitions</b>	63 444 284	55 733 407
	Additions	140 337 824	110 514 007
	Capital under construction	0	0
	Depreciation - based on cost	(76 893 540)	(54 780 600)
	<b>Carrying value of purification/transfers/disposals</b>	0	4 032 106
	Cost	0	(71 923 859)
	Accumulated depreciation - cost	0	75 955 965
	<b>Carrying values at 30 June:</b>	863 923 433	800 479 149
	Cost	1 300 610 376	1 160 272 552
	Accumulated depreciation -cost	(436 686 943)	(359 793 403)
9.8	<b>OTHER</b>		
	<b>Carrying value at 1 July</b>	312 461 468	459 205 392
	Cost	628 325 394	838 961 627
	Accumulated Depreciation - cost	(315 863 926)	(379 756 235)
	<b>Acquisitions</b>	60 248 542	(60 469 483)
	Additions	129 773 602	23 771 923
	Transfer Threshold assets - cost	(8 493 291)	8 493 291
	Transfer Threshold assets - depreciation	1 622 150	(1 622 150)
	Capital under construction	51 212 554	39 967 354
	Depreciation - based on cost	(113 866 473)	(131 079 901)
	<b>Carrying value of purification/transfers/disposals</b>	(50 704 932)	(86 274 441)
	Cost	(55 380 671)	(282 868 801)
	Accumulated depreciation - cost	4 675 739	196 594 360
	<b>Carrying values at 30 June:</b>	322 005 078	312 461 468
	Cost	745 437 588	628 325 394
	Accumulated depreciation - cost	(423 432 510)	(315 863 926)

DESCRIPTION		2008 R	2007 R
9.9	<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>		
	<b>Carrying value at 1 July</b>	7 814 497 910	7 298 551 160
	Cost	10 783 728 691	10 127 027 913
	Accumulated Depreciation - cost	(2 969 230 781)	(2 828 476 753)
	<b>Acquisitions</b>	2 278 100 032	67 099 790
	Additions	2 254 369 580	369 466 947
	Capital under construction	705 232 877	208 739 914
	Transfer Threshold assets - cost	(8 800 897)	8 800 897
	Transfer Threshold assets - depreciation	1 643 076	(1 643 076)
	Depreciation - based on cost	(674 344 604)	(518 264 892)
	<b>Carrying value of purification/transfers</b>	(1 180 916 904)	448 846 960
	Cost	(1 192 021 672)	69 693 020
	Accumulated depreciation - cost	11 104 768	379 153 940
	<b>Carrying values at 30 June:</b>	8 911 681 038	7 814 497 910
	Cost	12 542 508 579	10 783 728 691
	Accumulated depreciation - cost	(3 630 827 541)	(2 969 230 781)
9.10	<b>INVESTMENT PROPERTY</b>		
	<b>Carrying value at 1 July</b>	306 474 263	1 678 026
	Cost	433 315 963	1 707 296
	Accumulated Depreciation - cost	(126 841 700)	(29 270)
	<b>Acquisitions</b>	(1 940 285)	391 840
	Additions	0	450 000
	Capital under construction	0	0
	Depreciation - based on cost	(1 940 285)	(58 160)
	<b>Carrying value of purification/transfers/disposals</b>	0	304 404 397
	Cost	0	431 158 667
	Accumulated depreciation - cost	0	(126 754 270)
	<b>Carrying values at 30 June:</b>	304 533 978	306 474 263
	Cost	433 315 963	433 315 963
	Accumulated depreciation - cost	(128 781 985)	(126 841 700)
9.11	<b>INTANGIBLE ASSETS</b>		
	<b>Carrying value at 1 July</b>	121 572 306	158 519 840
	Cost	203 797 774	198 133 925
	Accumulated Depreciation - cost	(82 225 468)	(39 614 085)
	<b>Acquisitions</b>	(38 294 415)	(40 089 559)
	Additions	28 009 145	171 421
	Capital under construction	(16 018)	0
	Depreciation - based on cost	(66 287 542)	(40 260 980)
	<b>Carrying value of purification/transfers/disposals</b>	10 946	3 142 025
	Cost	0	5 492 428
	Accumulated depreciation - cost	10 946	(2 350 403)
	<b>Carrying values at 30 June:</b>	83 288 837	121 572 306
	Cost	231 790 901	203 797 774
	Accumulated depreciation - cost	(148 502 064)	(82 225 468)
9.12	<b>GRAND TOTAL</b>		
	<b>Carrying value at 1 July</b>	8 242 544 479	7 458 749 026
	Cost	11 420 842 428	10 328 889 134
	Accumulated Depreciation - cost	(3 178 297 949)	(2 868 120 108)
	<b>Acquisitions</b>	2 237 865 332	27 402 071
	Additions	2 273 577 828	370 088 368
	Capital under construction	705 216 859	208 739 914
	Transfer Threshold assets - cost	8 800 897	8 800 897
	Transfer Threshold assets - depreciation	(740 929 355)	(1 643 076)
	Depreciation - based on cost	(740 929 355)	(558 584 032)
	<b>Carrying value of purification/transfers</b>	(1 180 905 958)	756 393 382
	Cost	(1 192 021 672)	506 344 115
	Accumulated depreciation - cost	11 115 714	250 049 267
	<b>Carrying values at 30 June:</b>	9 299 503 853	8 242 544 479
	Cost	13 207 615 443	11 420 842 428
	Accumulated depreciation - cost	(3 908 111 590)	(3 178 297 949)
	<b>Refer to Appendix B (for Analysis per class) and Appendix C (for segmental analysis)</b>		
	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.		
	<b>The purification process entails the following:</b>		
	<ul style="list-style-type: none"> <li>■ Compilation of policies and procedures, revision of asset class structure and modification of business processes to ensure compliance with GAMAP 17</li> <li>■ Analysis of capital ledger transactions to ensure correct recording thereof on the fixed asset register</li> <li>■ Complete verification and take-up of the physical assets with the assistance of the departments</li> <li>■ Purification of the fixed asset register by merging the two sets of data with the assistance of the departments</li> </ul>		

DESCRIPTION	2008 R	2007 R
<b>9.13 LEASED ASSETS</b>		
Carrying value at 1 July	203 197 557	144 933 265
Cost	278 075 085	174 839 186
Accumulated Depreciation - cost	(74 877 528)	(29 905 921)
<b>Acquisitions</b>	42 004 816	58 264 292
Additions	109 584 999	103 235 899
Depreciation - based on cost	(67 580 183)	(44 971 607)
<b>Carrying value at 30 June:</b>		
Cost - capitalised finance leases	387 660 084	278 075 085
Accumulated depreciation	(142 457 711)	(74 877 528)
<b>Net book value</b>	<b>245 202 373</b>	<b>203 197 557</b>
Accounting for finance leases were only done from 2007/08, however the 2006/07 figures were restated		
<b>10 BIOLOGICAL ASSETS: LIVESTOCK</b>		
Carrying amount at the beginning of the year	11 014 558	10 458 980
Gain: changes in fair value due to physical changes and price changes	3 726 697	555 578
Carrying amount at the end of the financial year	14 741 255	11 014 558
<b>11 INVESTMENTS</b>		
<b>11.1 HELD-TO-MATURITY INVESTMENTS</b>		
<b>Unlisted:</b>		
Shares *	0	1 128 029
Municipal stock	3 033 002	6 056 959
	3 033 002	7 184 988
* A contract is in place with a specific maturity date		
<b>Financial instruments:</b>		
Fixed deposits	416 767 411	398 992 765
Assurance companies	5 752 656	5 106 155
	422 520 067	404 098 920
<b>Total Held-to-maturity investments</b>	<b>425 553 069</b>	<b>411 283 908</b>
<b>11.2 AVAILABLE-FOR-SALE INVESTMENTS</b>		
Short-term deposits and Call deposits	235 135 631	558 674 497
<b>TOTAL INVESTMENTS</b>	<b>660 688 700</b>	<b>969 958 405</b>
<b>11.3 Management's valuation of unlisted investments:</b>		
Unlisted investments	660 688 700	969 958 405
No impairment occurred during the financial year		
Average rate of return on long-term investments: 14,10 % (2006/07 =13,30 % )		
Average rate of return on short-term investments: 10,43 % (2006/07 = 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.		
<b>12 LONG-TERM RECEIVABLES</b>		
Consumers: Arrangement debtors	201 035 046	220 595 717
Housing loans	108 239 422	103 434 420
Motor car loans	2 161 952	8 080 676
Loans to Sports Clubs	1 688 951	1 729 108
Computer loans	0	65
Study loans	13 930	15 546
Sale of land	65 779 894	69 882 327
Samrand Development (Pty) Ltd	0	18 152 564
	378 919 195	421 890 423
Less: Current portion transferred to current receivables	51 307 033	27 840 367
	327 612 162	394 050 056
Less: Provision for bad debt: Housing loans	38 194 441	36 202 047
<b>Total Long-term receivables</b>	<b>289 417 721</b>	<b>357 848 009</b>
<b>RECONCILIATION OF BAD DEBT PROVISION</b>		
Balance at the beginning of the year	36 202 047	34 306 320
Contributions during the year	1 992 394	1 895 727
<b>Balance at the end of the year</b>	<b>38 194 441</b>	<b>36 202 047</b>
<b>CONSUMER: ARRANGEMENT DEBTORS</b>		
Arrangement debtors exist due to the policy granting consumer debtors to make arrangements to pay off their arrear debt over a certain period.		
<b>HOUSING LOANS</b>		
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.		
<b>MOTOR CAR LOANS</b>		
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.		

DESCRIPTION	2008 R	2007 R
<b>LOANS TO SPORT CLUBS</b>		
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.		
<b>COMPUTER LOANS</b>		
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.		
<b>STUDY LOANS</b>		
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.		
<b>SALE OF LAND DEBTORS</b>		
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 debtor account.		
<b>SAMRAND DEVELOPMENT (PTY) LTD</b>		
This debtor refers to long outstanding consumer debt of Samrand. The negotiations were completed during 2007/08 and the necessary offsetting had been done and the assets brought into account.		
<b>13 INVENTORY</b>		
Stock (Represents consumable stock, raw materials, work in progress and finished goods)	199 421 707	140 829 697
Quarry	812 232	501 539
Coal (Power stations)	16 287 079	22 031 408
Plants	55 127	99 379
Bulk water	3 160 425	2 482 172
<b>Total inventory</b>	<b>219 736 570</b>	<b>165 944 195</b>
<b>14 CONSUMER DEBTORS</b>		
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	3 510 213 512	3 146 540 369
Rates	874 215 083	694 221 969
Electricity	1 420 106 081	1 352 679 005
Water	767 648 642	679 889 865
Sewerage	190 015 285	169 777 929
Refuse removal	258 228 421	249 971 601
Less: Arrangement debtors	201 035 046	220 595 716
	3 309 178 466	2 925 944 653
Less: Provision for Bad debt	914 443 852	881 557 955
<b>Consumer debtors per Statement of financial position</b>	<b>2 394 734 614</b>	<b>2 044 386 698</b>
Council approved an amount of R110 955 058- inclusive of VAT to be written off, however only a total amount of R100 732 978 (2007: R86 736 741) was written off as bad debt. This represents 0.99 % (2007: 1,01 %) of the total operating income for the year.		
<b>Ageing: Total</b>		
Current (0 - 30 days)	1 038 361 586	890 777 901
31 - 60 days	197 017 183	191 055 500
61 - 90 days	101 991 952	65 548 626
91 + days	2 172 842 791	1 999 158 342
	<b>3 510 213 512</b>	<b>3 146 540 369</b>
<b>Rates: Ageing</b>		
Current (0 - 30 days)	331 763 142	226 797 015
31 - 60 days	43 852 936	44 312 481
61 - 90 days	30 332 616	23 153 018
91 + days	468 266 389	399 959 455
	874 215 083	694 221 969
<b>Electricity: Ageing</b>		
Current (0 - 30 days)	378 056 908	405 700 048
31 - 60 days	133 732 668	94 168 975
61 - 90 days	32 478 155	17 724 793
91 + days	875 838 350	835 085 189
	1 420 106 081	1 352 679 005
<b>Water: Ageing</b>		
Current (0 - 30 days)	169 801 796	168 963 447
31 - 60 days	53 091 401	36 569 219
61 - 90 days	20 609 103	16 514 682
91 + days	524 146 342	457 842 517
	767 648 642	679 889 865
<b>Sanitation: Ageing</b>		
Current (0 - 30 days)	42 146 336	39 039 899
31 - 60 days	12 606 297	7 949 450
61 - 90 days	4 438 100	3 406 292
91 + days	130 824 552	119 382 288
	190 015 285	169 777 929
<b>Solid Waste: Ageing</b>		
Current (0 - 30 days)	46 798 851	50 277 491
31 - 60 days	10 505 708	8 055 375
61 - 90 days	5 771 804	4 749 841
91 + days	195 152 058	186 888 894
	258 228 421	249 971 601

DESCRIPTION	2008 R	2007 R
<b>Summary of consumer debtors by customer classification:</b>		
Household	2 348 332 840	2 048 397 780
Industrial/Commercial	666 940 567	814 953 956
National and Provincial Government	49 142 989	72 370 428
Other	445 797 116	210 818 205
<b>Total consumer debtors by customer classification</b>	<b>3 510 213 512</b>	<b>3 146 540 369</b>
<b>RECONCILIATION OF BAD DEBT PROVISION</b>		
Balance at the beginning of the year	881 557 955	830 673 256
Contributions during the year	32 885 897	50 884 699
<b>Balance at the end of the year</b>	<b>914 443 852</b>	<b>881 557 955</b>
<b>15 OTHER DEBTORS</b>		
Housing debtors	12 687 578	9 961 181
Government subsidies	12 303 500	7 075 000
RSC levies debtor	200 675 211	236 729 088
Amounts paid in advance	0	50 826 104
Other Current debtors	257 117 885	231 044 616
	482 784 174	535 635 989
Less: Provision for Bad debt	120 243 697	100 967 058
<b>Total Other Debtors</b>	<b>362 540 477</b>	<b>434 668 931</b>
<b>RECONCILIATION OF BAD DEBT PROVISION</b>		
Balance at the beginning of the year	100 967 058	46 995 190
Contributions during the year	19 276 639	53 971 868
<b>Balance at the end of the year</b>	<b>120 243 697</b>	<b>100 967 058</b>
<b>16 CALL INVESTMENT DEPOSITS</b>		
Other deposits/call investments		
Other deposits of R.425 553 069 (2007 = R411 283 908) are ring-fenced and attributable to the Capital replacement reserve of R 305 702 227. Fixed deposits amounting to R568 644 654 (2007 =R634 478 486 have also been ring-fenced for the purposes of repaying long-term liabilities. Refer to Note 30)	568 644 654	634 478 486
<b>17 BANK, CASH AND OVERDRAFT BALANCES</b>		
The Municipality has the following bank accounts:-		
<b>17.1 Current Account (Primary Bank account)</b>		
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)		
<b>ABSA</b>		
Cash book balance at the beginning of the year	15 413 275	(29 715 301)
Cash book balance at the end of the year	12 781 873	15 413 275
Bank statement balance at the beginning of the year	17 907 552	60 295 912
Bank statement balance at the end of the year	37 657 228	17 907 552
<b>FNB</b>		
Cash book balance at the beginning of the year	(2 374)	3 509 343
Cash book balance at the end of the year	8 630 642	(2 374)
Bank statement balance at the beginning of the year	10 499 069	3 517 003
Bank statement balance at the end of the year	9 594 524	10 499 069
<b>STANDARD</b>		
Cash book balance at the beginning of the year	(45 999 764)	0
Cash book balance at the end of the year	(106 407 370)	(45 999 764)
Bank statement balance at the beginning of the year	38 863 430	0
Bank statement balance at the end of the year	11 907 106	38 863 430



DESCRIPTION	2008 R	2007 R
<b>17.2 Insurance Contingency</b>		
ABSA (Account number 4062593950)		
Cash book balance at the beginning of the year	41 285 499	7 972 921
Cash book balance at the end of the year	7 449 875	41 285 499
Bank statement balance at the beginning of the year	41 285 499	7 972 921
Bank statement balance at the end of the year	7 449 875	41 285 499
<b>17.3 Tshwane Market (Primary account)</b>		
First National Bank - Church Square Branch (Account nr: 51421161509)		
Cash book balance at the beginning of the year	12 408 157	7 073 890
Cash book balance at the end of the year	14 111 226	12 408 157
Bank statement balance at the beginning of the year	12 604 882	6 665 740
Bank statement balance at the end of the year	14 801 812	12 604 882
<b>17.4 Petty cash/cashiers floats</b>	<b>262 077</b>	<b>242 338</b>
<b>18 PROPERTY RATES</b>		
<b>Actual Income</b>	<b>2 181 017 691</b>	<b>1 719 224 465</b>
<b>Site Values as at 1 July:</b>		
Residential	14 313 139 046	14 495 588 615
Other	6 302 880 615	6 837 110 872
<b>Total property valuation *</b>	<b>20 616 019 661</b>	<b>21 332 699 487</b>
* The decrease in the valuation since 2006/07 is due to the reconciliation between the PROV 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 60 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 14,43c/Rand (2006/07 = 13,48c/Rand)		
<b>19 SERVICE CHARGES</b>		
Sale of electricity	3 044 849 637	2 664 517 715
Sale of water	1 232 886 383	1 036 700 846
Refuse removal	267 689 295	250 699 662
Sewerage and sanitation charges	303 405 995	249 566 964
<b>Total service charges</b>	<b>4 848 831 310</b>	<b>4 201 485 187</b>
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (RECOGNISED AS REVENUE)</b>		
Equitable share	1 101 416 093	1 002 649 865
Provincial Health subsidies	22 669 000	21 498 600
Provincial Ambulance subsidy	35 079 283	31 199 756
National Safety grant	0	418 718
Provincial motor vehicle licences refund	66 191 344	58 252 483
Capex: grants & donations	467 680 281	317 833 940
Opex: grants & donations	24 371 883	3 471 779
Finance Management grant	698 715	2 117 862
Restructuring grant	52 227 861	48 371 166
Municipal Systems Infrastructure grant	2 501 600	2 000 000
DWAF Grant	18 789 823	14 264 950
Topstructure grants	125 601 978	39 014 522
RTWST grant	0	25 000 000
<b>Total Government grants and subsidies</b>	<b>1 917 227 861</b>	<b>1 566 093 641</b>
<b>20.1 Equitable share</b>		
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.		
<b>Total amount of equitable share received</b>	<b>1 101 416 093</b>	<b>1 002 649 865</b>
<b>Monthly grant received by all registered indigents</b>	<b>148</b>	<b>168</b>
<b>20.2 Provincial Health Subsidies</b>		
Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	22 669 000	21 498 600
Conditions met - transferred to revenue	(22 669 000)	(21 498 600)
<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>0</b>	<b>0</b>
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.		
<b>Percentage of expenditure incurred refunded = 16.20%</b>		
<b>20.3 Provincial Ambulance subsidy</b>		
Balance unspent at beginning of year	0	0
Current year receipts - included in emergency medical services vote	35 079 283	31 199 756
Conditions met - transferred to revenue	(35 079 283)	(31 199 756)
<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>0</b>	<b>0</b>
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.		
<b>Percentage of expenditure incurred refunded = 70.49 %</b>		

DESCRIPTION		2008 R	2007 R
<b>20.4</b>	<b>MIG</b>		
	Balance unspent at beginning of year	19 794 905	0
	Current year receipts	236 438 749	205 944 000
	Conditions met - transferred to revenue	(220 341 029)	(186 149 095)
	<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>35 892 625</b>	<b>19 794 905</b>
	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.		
<b>20.5</b>	<b>FINANCE MANAGEMENT GRANT</b>		
	Balance unspent at beginning of year	1 503 403	3 121 266
	Current year receipts	500 000	500 000
	Conditions met - transferred to revenue	(698 716)	(2 117 863)
	<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>1 304 687</b>	<b>1 503 403</b>
	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.		
<b>20.6</b>	<b>MUNICIPAL SYSTEM IMPROVEMENT GRANT</b>		
	Balance unspent at beginning of year	3 000 000	5 000 000
	Current year receipts	0	0
	Conditions met - transferred to revenue	(2 501 600)	(2 000 000)
	<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>498 400</b>	<b>3 000 000</b>
	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.		
<b>20.7</b>	<b>RESTRUCTURING GRANT</b>		
	Balance unspent at beginning of year	78 921 695	102 292 860
	Current year receipts	210 050 000	25 000 000
	Conditions met - transferred to revenue	(202 185 589)	(48 371 165)
	<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>86 786 106</b>	<b>78 921 695</b>
	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. No funds have been withheld.		
<b>20.8</b>	<b>DEPARTMENT OF WATER AFFAIRS AND FORESTRY</b>		
	Balance unspent at beginning of year	22 391 328	13 990 911
	Current year receipts	21 092 500	22 399 000
	Conditions met - transferred to revenue	(43 483 828)	(13 998 583)
	<b>Conditions still to be met - transferred to liabilities (see note 7)</b>	<b>0</b>	<b>22 391 328</b>
	This grant was received for the supply of water services for community upliftment.		
<b>20.9</b>	<b>Changes in levels of government grants</b>		
	Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>21</b>	<b>OTHER INCOME</b>		
	Drain cleaning fees	1 211 910	1 211 073
	Reconnections fees	64 805 089	62 458 097
	Sewerage fees: Industrial effluent	19 763 957	19 071 458
	Interest on housing sales	13 649 630	12 845 341
	Interest on property sales	5 107 253	3 534 827
	Reminder fees	9 400 900	12 816 235
	Ambulance fees	5 594 646	3 048 946
	Airside income	3 154 100	2 405 526
	Connection fees: Urban areas	8 164 438	7 136 538
	Cemetery fees	5 016 915	3 662 486
	Fees for relaxation of building line	1 641 185	2 249 467
	Building plan fees	34 139 148	37 801 683
	Library fines	1 051 969	1 091 704
	Restaurant sales	1 164 367	1 590 920
	Sundry fees	4 517 334	4 492 746
	Sundry services	12 659 014	18 518 735
	Income from grave services	4 266 198	3 861 237
	Application fees	3 927 229	3 967 200
	Connection fees	16 220 728	22 789 593
	Approval fees: advertisements	24 761 792	18 071 202
	Discount on promp payments	14 195 991	18 986 536
	Market fees	70 793 414	58 483 778
	Lodging fees	1 145 624	1 289 166
	Parking fees: vehicles	2 914 839	2 666 683
	Training fees recovered	7 622 163	8 927 123
	Dumping fees	13 995 089	13 155 331
	Income from bulk containers	24 007 366	26 939 459
	Sale of livestock	2 891	15 888
	Sale of stone	6 685 746	3 474 334
	Sale unusable stock	3 953 857	4 656 164
	Sales: Aeroplane fuel	29 155 543	16 402 250
	Transport fees	45 956 506	44 180 382
	Capital income recovered: insurance claims	2 347 901	475 510
	Claims recovered: compensation commissioner	13 553 858	12 606 126
	Insurance claims settled	23 248 755	0
	Bad debt recovered	0	22 625
	Land sales	3 135 084	43 869 372
	Miscellaneous	53 532 025	24 901 152
	<b>Total other income</b>	<b>556 464 454</b>	<b>523 676 893</b>

DESCRIPTION		2008 R	2007 R
22	<b>EMPLOYEE RELATED COSTS</b>		
	Salaries and wages	1 608 098 664	1 498 980 113
	Contributions to UIF, pensions and medical aids	559 600 254	515 389 693
	Overtime payments	148 420 027	120 883 844
	Long-service awards	7 773 287	7 671 604
	Travel allowance	178 255 582	170 357 918
	Housing benefits and allowance	24 863 274	19 697 494
	Performance bonus	424 329	382 814
	Other allowances	93 567 426	78 640 892
	<b>Total employee related cost</b>	<b>2 621 002 843</b>	<b>2 412 004 372</b>
	<b>REMUNERATION OF THE MUNICIPAL MANAGER</b>		
	(During 2006/07 the Municipal Manager was only in office for 6 months)		
	Annual remuneration	891 165	381 162
	Performance bonuses	0	65 106
	Car allowance	128 400	120 000
	Medical and pension fund contributions	0	13 860
	<b>Total</b>	<b>1 019 565</b>	<b>580 128</b>
	<b>REMUNERATION OF THE CHIEF FINANCIAL OFFICER</b>		
	(The CFO was only appointed on 15 November 2006 at a lower salary package)		
	Annual remuneration	681 561	476 456
	Performance bonuses	0	0
	Car allowance	132 000	88 000
	Medical and pension fund contributions	20 316	13 544
	<b>Total</b>	<b>833 877</b>	<b>578 000</b>
	<b>REMUNERATION OF STRATEGIC EXECUTIVE OFFICERS</b>		
	<b>Annual remuneration:</b>		
	Technical services	775 056	765 564
	Corporate services	2 610 872	3 395 889
	Community services	2 255 382	3 625 428
	<b>Performance bonuses:</b>		
	Technical services	0	0
	Corporate services	0	69 594
	Community services	0	570 283
	<b>Car allowance:</b>		
	Technical services	90 000	90 000
	Corporate services	484 000	549 146
	Community services	253 914	506 712
	<b>Medical and pension fund contributions:</b>		
	Technical services	0	0
	Corporate services	20 316	35 160
	Community services	38 272	158 664
	<b>Total:</b>	<b>6 527 812</b>	<b>9 766 440</b>
	<b>Total:</b>		
	Technical services	865 056	855 564
	Corporate services	3 115 188	4 049 789
	Community services	2 547 568	4 861 087
	<b>Total</b>	<b>6 527 812</b>	<b>9 766 440</b>
23	<b>REMUNERATION OF COUNCILLORS</b>		
	Mayor's allowance	370 044	294 068
	Councillor's allowances	27 806 355	30 160 657
	Councillor's pension contributions	2 931 804	3 219 512
	Travelling allowance	10 633 608	11 532 641
	Councillor's medical contributions	810 628	739 170
	Constituency allowances	1 648 920	0
	<b>Total remuneration of councillors</b>	<b>44 201 359</b>	<b>45 946 048</b>
	<b>In-kind Benefits</b>		
	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. According to the organisational structure the Sub-section Executive Mayor Protection has 40 staff members		
24	<b>INTEREST PAID</b>		
	Long-term liabilities	329 835 287	313 550 043
	Leases	31 655 004	43 092 092
	Bank overdrafts	2 790 579	586 263
	<b>Total Interest on External Borrowings</b>	<b>364 280 870</b>	<b>357 228 398</b>
25	<b>BULK PURCHASES</b>		
	Electricity	1 543 641 344	1 460 232 898
	Water	666 086 020	670 746 363
	<b>Total Bulk Purchases</b>	<b>2 209 727 364</b>	<b>2 130 979 261</b>
26	<b>GRANTS AND SUBSIDIES PAID</b>		
	Grants-in-aid	1 094 524	1 066 397
	Grants-in-aid: Assessment rates	10 490 155	7 325 860
	<b>Total Grants and Subsidies Paid</b>	<b>11 584 679</b>	<b>8 392 257</b>
	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	2008 R	2007 R
<b>27 GENERAL EXPENSES</b>		
<b>Included in General expenses are the following amounts above R40 million</b>		
Project Linked Housing: Top structures	125 601 978	134 903 365
Rental of property, plant and equipment	153 401 288	106 333 883
Household refuse removal	51 186 966	96 024 704
Electricity disconnections	41 664 038	33 928 641
Service providers	74 036 441	76 976 217
Insurance premiums and excesses	50 988 789	65 634 075
Telecommunication	67 798 767	60 019 644
Private sector labour	88 858 604	58 427 175
Special projects	57 324 522	53 149 572
Restructuring/Transformation	52 443 707	48 371 166
Rental of property	70 269 415	47 980 620
Watchmen services	79 872 644	45 734 451
Implementation: OITPS	43 965 459	42 983 067
Other	1 216 530 036	851 193 716
	<b>2 173 942 654</b>	<b>1 721 660 296</b>
<b>28 CASH GENERATED BY OPERATIONS</b>		
Net surplus for the year	772 066 473	314 488 071
<b>Adjustment for:-</b>		
Depreciation	809 281 815	633 461 559
Depreciation: corrections		
Depreciation on disposals, transfers and adjustments		
Gain on disposal of property, plant and equipment	(4 936 900)	(20 915 400)
Contribution to Provision for Rehabilitation of quarries	18 061 985	
Contribution to Provision for Rehabilitation of landfill sites	63 360 000	
Contribution to Provision for Clearing up Alien Vegetation	526 315	6 292 554
Expenditure: Provision for Clearing up Alien Vegetation	0	(3 898 629)
Contribution to bad debt provision	54 154 928	106 752 294
Investment income (interest earned)	(135 230 884)	(134 186 955)
Interest paid	364 280 870	357 228 398
<b>Operating surplus before working capital changes:</b>	<b>1 941 564 604</b>	<b>1 259 221 892</b>
Decrease/(Increase) in inventories	(53 792 376)	(57 478 614)
Decrease/(Increase) in consumer debtors	(383 233 814)	(109 337 219)
(Increase)/decrease in other debtors	52 851 814	(15 144 431)
Increase/(Decrease) in conditional grants and receipts	123 901 202	34 491 069
Increase/(decrease) in creditors	(128 493 630)	172 516 718
Increase/(Decrease) in VAT	46 166 365	(108 567 906)
<b>Cash generated by operations</b>	<b>1 598 964 165</b>	<b>1 175 701 509</b>
<b>29 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position		
Bank balances and cash	43 235 693	69 349 269
Call investment deposits	235 135 631	558 674 497
Bank overdraft	(106 407 370)	(46 002 138)
<b>Total cash and cash equivalents</b>	<b>171 963 954</b>	<b>582 021 628</b>
<b>30 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 2)	2 878 344 490	2 834 595 467
Used to finance property, plant & equipment - at cost	3 501 258 960	2 717 572 357
Sub Total	(622 914 470)	117 023 110
Cash set aside for the repayment of long-term liabilities	568 644 654	634 478 486
<b>Cash invested for repayment of long-term liabilities (see Note 16)</b>	<b>(1 191 559 124)</b>	<b>(517 455 376)</b>
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.		
Included in the amount used to finance PPE (R3 501 258 960) is temporary advances (R761 199 084), which were temporarily financed out of revenue in expectation of the receipt of external loans over the year end		

DESCRIPTION	2008 R	2007 R
<b>31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>31.1 Contributions to organized local government (SALGA)</b>		
Opening balance	78 729	69 522
Council subscriptions	1 006 419	935 819
Amount paid - current year	(1 006 419)	(857 090)
Amount paid - previous years	(78 729)	(69 522)
<b>Balance unpaid (included in creditors)</b>	<b>(0)</b>	<b>78 729</b>
<b>31.2 Audit fees</b>		
Opening balance	1 811 162	0
Current year audit fee	8 381 197	8 692 761
Amount paid - current year	(6 518 057)	(6 881 599)
Amount paid - previous years	(1 811 162)	0
<b>Balance unpaid (included in creditors)</b>	<b>1 863 140</b>	<b>1 811 162</b>
<b>The balance is with regard to the previous financial year and was paid in the next financial year.</b>		
<b>31.3 VAT</b>		
VAT inputs receivables and VAT outputs receivables are shown in note 8		
All VAT returns have been submitted by the due date throughout the financial year.		
<b>31.4 PAYE AND UIF</b>		
Opening balance	28 010 795	25 601 727
Current year payroll deductions	355 353 962	330 757 910
Amount paid - current year	(325 358 372)	(302 747 115)
Amount paid - previous years	(28 010 795)	(25 601 727)
<b>Balance unpaid (included in creditors)</b>	<b>29 995 590</b>	<b>28 010 795</b>
<b>31.5 Pension and Medical aid deductions</b>		
Opening balance	0	0
Current year payroll deductions and council contributions	698 773 018	646 873 547
Amount paid - current year	(698 773 018)	(646 873 547)
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b>31.6 Councillor's arrear consumer accounts</b>		
<b>Amounts outstanding for more than 90 days at year end:</b>		
<b>Councillors without payoff arrangements:</b>		
Aucamp M G W	0	6 872
Blaauw M P	0	8 585
Buthelezi M M	59 636	48 779
Dzumba K Y	11 466	12 741
Dichabe M M	112	0
Dlamini S S	274	0
Hoseka N P	2 882	0
Huma S E	1 546	0
Kekana K C	0	848
Kgashane S	0	27 159
Kwenda L H	0	179
Ledwaba D C	5 278	3 694
Lehobye M J	315	0
Linde E	921	0
Majeng M J	288	0
Maluleka E M & H W	1 295	0
Makola M A	0	11 325
Moagi C M	0	1 527
Moagi T S	1 772	0
Modumaela B E	4 342	0
Mogaladi M J	103	214
Morudi M S	21 936	4 754
Mthetwa D	0	4 724
Naid A T	0	304
Ndoko E N	0	506
Nkwashu M S	0	332
Ramokgopa K D	0	5 786
Segabutla L O	112	684
Seoketsa G	0	27 750
<b>Total</b>	<b>112 278</b>	<b>166 763</b>

DESCRIPTION	2008 R	2007 R
<b>31.6 Councillor's arrear consumer accounts (continued)</b>		
<b>Councillors with payoff arrangements:</b>		
Campbell A W	0	1 426
Dzumba K Y	0	1 566
Feldman J D	0	23 678
Huma S E	0	5 727
Kutumela Jan	0	5 293
Kutumela M J	0	2 141
Lepati M A	9 276	0
Mamabolo C S	5 596	6 714
Mokgalapa S & B P	2 729	0
Matjokane N Y	0	57 198
Morudi M S	0	9 470
Mthetwa D	10 000	3 728
Rambau T V	4 900	3 605
Ramokgopa G M	0	832
Segabutla L O	0	520
Seoketsa G	30 914	0
Swarts A P	2 575	1 664
Theron D P	0	5 260
Thipe S S	0	3 037
Thobejane P T M	0	2 457
Thipe J	2 312	0
<b>Total</b>	<b>68 302</b>	<b>134 316</b>
<b>Total amount outstanding:</b>		
Aucamp M G W	0	6 872
Blaauw M P	0	8 585
Buthelezi M M	59 636	48 779
Campbell A W	0	1 426
Dlamini S S	274	0
Dichabe M M	112	0
Dzumba K Y	11 466	14 307
Feldman J D	0	23 678
Hoseka N P	2 882	0
Huma S E	1 546	5 727
Kekana K C	0	848
Kgashane S	0	27 159
Kutumela Jan	0	5 293
Kutumela M J	0	2 141
Kwenda L H	0	179
Ledwaba D C	5 278	3 694
Lehobye M J	315	0
Lepati M A	9 276	0
Linde E	921	0
Majeng M J	288	0
Maluleka E M & H W	1 295	0
Makola M A	0	11 325
Moagi C M	0	1 527
Moagi T S	1 772	0
Modumaela B E	4 342	0
Mogaladi M J	103	214
Morudi M S	21 936	14 224
Mamabolo C S	5 596	6 714
Matjokana N Y	0	57 198
Mokgalapa S & B P	2 729	0
Mthetwa D	10 000	8 452
Naid T	0	304
Ndoko E N	0	505
Nkwashu M S	0	332
Rambau T V	4 900	3 605
Ramokgopa G M	0	832
Ramokgopa K D	112	5 786
Segabutla L O	0	1 204
Seoketsa G	30 914	27 750
Swarts A P	2 575	1 664
Theron D P	0	5 260
Thipe S S	0	3 037
Thipe J	2 312	0
Thobejane P T M	0	2 457
<b>Total arrear consumer accounts</b>	<b>180 580</b>	<b>301 078</b>
<b>Information regarding arrear accounts for more than 90 days of Councillors during the financial year is not available.</b>		
<b>32 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of capital expenditure (budgeted amounts next financial year):</b>		
<b>- Approved and contracted for</b>	<b>2 489 482 188</b>	<b>1 940 572 750</b>
Infrastructure	2 015 657 358	1 489 453 000
Community	253 603 000	95 012 000
Other	147 150 000	124 847 750
Housing	73 071 830	231 260 000
<b>- Approved but not contracted for</b>	<b>672 282 990</b>	<b>375 267 250</b>
Infrastructure	454 306 800	321 887 250
Community	22 045 400	30 900 000
Other	175 930 790	7 480 000
Investment property	0	2 000 000
Housing	20 000 000	13 000 000
	<b>3 161 765 178</b>	<b>2 315 840 000</b>

DESCRIPTION	2008 R	2007 R
<b>This capital expenditure will be financed from:</b>		
- Council Own Funding (External loans and/or Capital replacement reserve)	2 138 968 400	1 516 940 000
- Capital replacement reserve	61 315 790	0
- Provincial grants	26 070 000	223 610 000
- Government Housing	84 321 988	303 782 000
- PTIS	501 654 000	0
- MIG	288 935 000	234 108 000
- National Electrification Fund	60 500 000	37 400 000
	<b>3 161 765 178</b>	<b>2 315 840 000</b>
<b>33 RETIREMENT BENEFIT INFORMATION</b>		
<b>33.1 PENSION FUNDS</b>		
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.		
<b>DEFINED CONTRIBUTION PLANS (AS CLASSIFIED BY THE RELEVANT FUND):</b>		
<b>33.1.1</b> 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. 2 276 (19,83 % ) 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 22) amount to-	87 684 898	78 931 464
<b>33.1.2</b> 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 (0,95 %) 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 22) amount to-	5 351 174	6 114 079
<b>33.1.3</b> 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 2006 reported the fund to be in a sound financial position. 3 112 (27,12 %) 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 22) amount to-	143 286 240	134 875 445
<b>33.1.4</b> 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. 94 (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 22) amount to-	990 670	941 353
<b>33.1.5</b> SAMWU National Pension 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. 958 (8,35 %) 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 22) amount to-	24 682 623	22 739 165
<b>33.1.6</b> 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. 1 (0,00 %) 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 22) amount to-	63 513	163 310
<b>33.1.7</b> 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 %. 60 (0,55 %) 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 22) amount to-	1 266 225	1 187 310
<b>33.1.8</b> 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. 1 408 (12,26 %) 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 22) amount to-	50 573 279	47 420 095
<b>DEFINED BENEFIT PLANS (AS CLASSIFIED BY THE RELEVANT FUNDS):</b>		
<b>33.1.9</b> 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. 433 (3,77%) 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 22) amount to-	22 425 591	22 327 388
<b>33.1.10</b> 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 104 128,970 (8,45 %) 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 22) amount to-	25 698 482	24 348 071
<b>33.1.11</b> 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 %. 046 (1,78 %) 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 22) amount to-	5 042 778	4 831 406
<b>33.1.12</b> 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 30 September 2007 reported a funding level of 103,9 % resulting in a surplus of R82,131 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 737 363,56 ( 0,48 %) 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 22) amount to-	3 171 218	3 258 823

DESCRIPTION	2008 R	2007 R
33.1.13 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 %. 1 796 (15,64%) 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 22) amount to-	42 410 036	40 958 555
<b>33.2 MEDICAL AID FUNDS</b>		
The erstwhile City Council of Pretoria and Town Council of Centurion had resolved to continue subsidising employees who retire whilst being members of Global Health and Munimed respectively. This liability was confirmed by the Section 12 Notice in terms of the Structures Act, 1998. The liability only applies to employees from these two erstwhile councils who retire as members of the undermentioned medical schemes. The total contributions are included in Employee remuneration, note 22	29 049 392	26 479 908
Keyhealth (From 1 January 2008 Global Health and Munimed became Keyhealth)	28 925 636	26 479 908
Bonitas	79 265	0
Hosmed	24 235	0
Medihelp	20 256	0
<b>TOTAL CONTRIBUTIONS (Included in Employee remuneration - note 22)</b>	<b>441 696 119</b>	<b>414 576 372</b>
<b>34 CONTINGENT LIABILITIES</b>		
<b>34.1 HOUSING LOANS</b>		
Guarantees for housing loans to employees at financial institutions	2 023 797	2 237 322
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		
<b>34.2 INDEMNIFICATION</b>		
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	32 996 015	24 357 428
The capitalised value as at 31 December as calculated by the Department of Labour amounted to	32 996 015	27 392 475
Consistent with prior years the amendment to the cession will be addressed in the following financial year		
<b>34.3 INSURANCE CLAIMS</b>		
Pending claims against the Council in respect of vehicle accidents and Public Liabilities which originated before 30 June.	57 139 428	61 382 669
The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which has a balance of R14,6 million (2006/07 =R65,6 million)		
<b>34.4 RETIREMENT OF REDUNDANT EMPLOYEES</b>		
The retirement of redundant employees resulted in the following estimated long term liabilities (these liabilities are budgeted for annually):		
*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.	63 603 000	69 995 000
*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.	46 102 000	44 593 000
<b>35 IN-KIND DONATIONS AND ASSISTANCE</b>		
The Municipality received the following in-kind donations and assistance		
<b>Description:</b>		
- Secondment of International Finance Advisor by National Treasury. These advisors were recalled with effect from end of May 2008.		
<b>36 EVENTS AFTER THE REPORTING PERIOD</b>		
<b>No material events occurred with respect to the 2006/07 financial year</b>		
<b>36.1 External loans</b>		
<b>These amounts were received during the 2008/09 financial year and had no impact on the 2007/08 statements</b>		
DBSA: Loan at 11,315 % over 20 years	200 000 000	
DBSA: Loan at 6,25 % over 20 years	50 000 000	
	<u>250 000 000</u>	
<b>36.2 Investments</b>		
ABSA Call investment @ 11,55 %	49 000 000	
Investec Call investment @ 11,50 %	49 000 000	
Nedcor Call investment @ 11,65 %	49 000 000	
RMB Call investment @ 11,50 to 11,00 %	49 000 000	
Stanlib call investment in respect of Contingency Insurance Fund	169 020 600	
	<u>365 020 600</u>	
<b>36.3 Short-term loan</b>		
ABSA short-term loan @ 13,85 %	84 000 000	
<b>36.4 Roodeplaat/Temba Water Services Trust (RTWST)</b>		
Loans taken over from 1 July 2008 with the disestablishment of the trust	518 067 525	



DESCRIPTION	2008 R	2007 R
<b>37 COMPARISON WITH THE BUDGET</b> The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendices E, F and G		
<b>38 RELATED PARTY DISCLOSURES</b>		
<b>38.1 Parent</b>		
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.		
<b>38.1.1 Transactions between related parties</b>		
<b>Civirelo Water's parent is the CoT. Details and amounts of the transactions are as follows:</b>		
General expenses	975 800	1 860 802
Water sales	0	40 976 503
<b>Housing Company Tshwane's parent is the CoT. Details and amounts of the transactions are as follows:</b>		
Sundry debtors (un-paid reimbursement budgeted amounts)	128 604	0
Received Electricity and Water sales and rates and taxes	490 482	562 558
Paid General Expenses	117 439	156 444
Sundry creditors (i.r. water & electricity & rates)	104 339	0
<b>Roodeplaat Temba Water Services Trust's parent is the CoT. Details and amounts of the transactions are as follows:</b>		
Paid Water (water sales to CoT)	101 413 208	104 212 872
Beneficiary distribution	0	25 000 000
Interest - finance lease	3 283 804	4 718 102
Lease charges	704 630	475 727
Accounts receivable	16 018 065	12 149 142
Accounts payable	0	4 112 185
Deferred operating lease liabilities	2 078 122	1 873 039
Finance lease liabilities	25 976 434	28 113 989
<b>Sandspruit Works Association Division: ODI Water Sales' parent is the CoT. Details and amounts of the transactions are as follows:</b>		
Outstanding payments i.r.o water & electricity	108 207	0
Bulk containers	5 007	
DWAF subsidy paid to Sandspruit	11 937 780	
Paid Water	49 206 105	50 983 935
Sundry creditor (water)	2 353 438	0
Received Water (credit notes)	34 675 380	20 382 060
Operating loss account	8 194 740	4 112 685
<b>Trade Point Pretoria's parent is the CoT. Details and amounts of the transactions are as follows:</b>	<b>Under liquidation</b>	<b>Under liquidation</b>
Paid General Expenses	0	191 102
<b>Tshwane Centre for Business Information and Support (Cenbis) parent is the CTMM. Details and amounts of the transactions are as follows:</b>	<b>Under liquidation</b>	<b>Under liquidation</b>
<b>Enterprise South Africa's parent is the CoT. Details and amounts of the transactions are as follows:</b>	<b>Under liquidation</b>	<b>Under liquidation</b>
<b>39 PRIOR YEAR ADJUSTMENTS (Refer to Statement of Changes)</b>		
<b>Revenue of the 2005/06 financial year was adjusted in respect of:</b>		
RSC levies - increase in revenue and creating of debtor		160 950 691
Training fees recovered amount only allocated to revenue in 2006/07 but received in 2005/06		1 711 273
Write back of the provision for obsolete stock		2 900 000
<b>Total prior year adjustment iro 2005/06 done in 2006/07</b>		<b>165 561 964</b>
<b>Expenditure of the 2006/07 financial year was restated in respect of:</b>		
Reclassification of operating leases to finance leases	-108 980 242	
Depreciation of leased assets	74 877 528	
Interest on lease liabilities	43 092 093	
Restate of threshold assets (net of depreciation and reversal of expense to assets)	-7 157 820	
<b>Total prior year restatement iro 2006/07</b>	<b>1 831 559</b>	
<b>Restatement of Statement of financial position</b>		
Accounting for lease assets (brought in for first time in 2007/08 but restated 2006/07)	256 399 923	212 186 937
<b>40 INTERNAL COST</b>		
Repairs and maintenance:		
External	888 322 552	727 352 320
Total	1 458 821 602	1 328 085 430
Less: Internal	570 499 050	597 733 110
General expenses:		
External	2 173 942 664	1 721 660 296
Total	2 273 536 444	2 512 033 191
Less: Internal	99 593 780	790 372 895
<b>41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>41.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	0	
Unauthorised expenditure in current year	15 175	
<b>Unauthorised expenditure awaiting authorisation</b>	<b>15 175</b>	
Incident: Unapproved travelling to Swaziland during November 2007. Disciplinary steps: A report to obtain approval has been submitted to the City Manager		
<b>41.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	0	
Fruitless and wasteful expenditure in current year	24 956	
<b>Fruitless and wasteful expenditure awaiting condonement/repayment</b>	<b>24 956</b>	
Incident 1: Theft of laptop which an employee failed to register as an insurance claim to the amount of R24 200 Incident 2: Petty Cash - late A Baduza to the amount of R756 Disciplinary steps: Incident 1 - Departmental hearing was held on 27 June 2008. Employee signed admission of guilt and amount be deducted from his salary Disciplinary steps: Incident 2 - Awaiting approval of report send to the Strategic Executive Director to write off this expenditure		

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**42 FINANCIAL INSTRUMENTS**

**42.1 Risks**

In the course of the Municipality's business operations it is exposed to interest rate, credit, liquidity and market risk. The Municipality has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

**42.1.1 Interest rate risk**

The Municipality manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The Municipality's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

Description	Floating rate R	Fixed rate			Non-interest bearing		Total R
		Amount R	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount R	Weighted average period until maturity Years	
<b>YEAR ENDED 30 JUNE 2008</b>							
<b>Assets:</b>							
Investments	197 926 170	462 762 530	14.21	14.03			660 688 700
Long-term receivables:							
Housing loans		108 239 422	13.87	30			108 239 422
Motor car loans		2 161 352	8.66	6			2 161 952
Loans to sport clubs		1 689 951	11.99	10			1 689 951
Study loans					13 930		13 930
Sale of Land		65 779 894	11.09	5			65 779 894
Trade receivables:							
Consumer		2 471 851 926	14.5	1	1 038 361 586		3 510 213 512
Other					482 784 175		482 784 175
Cash	43 235 693						43 235 693
<b>Total financial assets</b>	<b>241 161 863</b>	<b>3 112 485 075</b>			<b>1 521 159 691</b>		<b>4 874 807 229</b>
<b>Liabilities</b>							
Interest bearing borrowings	162 331 528	2 488 146 829	11.00	15.48			2 650 478 357
Interest rate swaps		227 866 133	20.51	17.79			227 866 133
Lease liabilities	256 399 923						256 399 923
Trade payables:							
Creditors					1 605 153 990	0.08	1 605 153 990
Retention					96 661 285	1	96 661 285
Consumer deposits					267 978 963	0.08	267 978 963
Unspent grants and receipts					334 892 132	0.08	334 892 132
VAT					104 380 809	0.08	104 380 809
Bank overdrafts	106 407 370						106 407 370
<b>Total financial liabilities</b>	<b>525 138 821</b>	<b>2 716 012 962</b>			<b>2 409 067 179</b>		<b>5 650 218 962</b>
	<b>-283 976 958</b>	<b>396 472 113</b>			<b>-887 907 488</b>		<b>-775 411 733</b>
<b>YEAR ENDED 30 JUNE 2007</b>							
<b>Assets:</b>							
Investments	424 973 396	544 985 009	14.36	13.55			969 958 405
Long-term receivables:							
Housing loans		103 434 420	13.87	30			103 434 420
Motor car loans		8 080 676	8.61	6			8 080 676
Loans to sport clubs		1 729 108	11.99	10			1 729 108
Study loans					15 611	1	15 611
Sale of Land		69 882 328	11.09	5			69 882 328
Samrand Development (Pty) Ltd					18 152 563		18 152 563
Trade receivables:							
Consumer		1 999 158 342	10.5	1	1 147 382 027		3 146 540 369
Other					535 635 989		535 635 989
Cash	69 349 269						69 349 269
<b>Total financial assets</b>	<b>494 322 665</b>	<b>2 727 269 883</b>			<b>1 701 186 190</b>		<b>4 922 778 738</b>
<b>Liabilities</b>							
Interest bearing borrowings	192 331 528	2 317 263 939	11.31	15.49			2 509 595 467
Interest rate swaps	125 000 000	200 000 000	19.13	17.79			325 000 000
Lease liabilities	212 186 937						212 186 937
Trade payables:							
Creditors					1 749 841 111	0.08	1 749 841 111
Retention					80 391 743	1	80 391 743
Consumer deposits					257 579 090	0.08	257 579 090
Unspent grants and receipts					210 990 931	0.08	210 990 931
VAT					58 214 444	0.08	58 214 444
Bank overdrafts	46 002 138						46 002 138
<b>Total financial liabilities</b>	<b>575 520 603</b>	<b>2 517 263 939</b>			<b>2 357 017 319</b>		<b>5 399 801 861</b>
	<b>-81 197 938</b>	<b>210 005 944</b>			<b>-655 831 129</b>		<b>-477 023 123</b>

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**42 FINANCIAL INSTRUMENTS (continued)**

**Interest rate swaps**

The Municipality has entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige it to pay interest at variable rates/fixed rates on the same amounts. The interest rate swaps allow the Municipality to raise long-term borrowings at fixed rates/floating rates and effectively swap them into variable rates/fixed rates in terms of the structured finance contractual requirements.

The estimated fair value gain/(loss) indicated below was determined by comparing the interest rate swap contracted values (fixed rate) with the variable rate paid.

At the statement of financial position date the Municipality had entered into the following interest rate swaps relating to specific statement of financial position items:

	Date	Fixed rate %	Fair value R	Estimated fair value gain/(loss) R
<b>Year ended 30 June 2007</b>	30 June 1998	17.55	125 000 000	10 374 232
	19 January 1994	19.13	200 000 000	-20 136 827
			325 000 000	-9 762 595
<b>Year ended 30 June 2008</b>	30 June 1998	17.55	125 000 000	9 994 859
	19 January 1994	19.13	200 000 000	-15 660 192
			325 000 000	-5 665 333

**42.1.2 Currency risk**

The Municipality undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations might arise. The Municipality, however, manages this risk by entering into contracts where the risk is carried by the service provider.

**42.1.3 Credit risk**

Financial assets, which potentially subject the Municipality to the risk of non-performance by counter-parties and thereby subject the Municipality to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the Municipality obtains appropriate deposits and guarantees from debtors to mitigate risk.

The Municipality limits its treasury counter-party 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 Municipality only deals with financial institutions with a short term credit rating of A+ and long-term credit rating of AA- and higher at an International accredited credit-rating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Municipality's customer base and their dispersion across different industries and geographical areas. The Municipality does not have any significant exposure to any individual customer or counter-party. Accordingly, the Municipality does not consider there to be any significant concentration of credit risk, which had not been adequately provided for. Trade receivables are presented net of the allowance for impairment.

The major concentrations of credit risk that arise from the Municipality's receivables in relation to customer classification are as follows:

	30 June 2008 %	30 June 2007 %
Consumer debtors:		
Household	58.81	55.63
Industrial/Commercial	16.70	22.13
National and Provincial Government	1.23	1.97
Other consumer debtors	11.16	5.73
Other debtors:		
Housing	0.32	0.27
Government subsidies	0.31	0.19
RSC levies	5.03	6.43
Amounts paid in advance	0.00	1.38
Other	6.44	6.27
	100.00	100.00

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**42 FINANCIAL INSTRUMENTS (continued)**

**42.1.4 Liquidity risk**

The Municipality manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash flows. Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained. Capital expenditure, budgeted and forecast cash flow calculations are funded as follows from the capital market:

	30 June 2008 R	30 June 2009 R	30 June 2010 R
External funding: capital expenditure	500 000 000	450 000 000	400 000 000

**42.1.5 Market risk**

The Municipality is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The Municipality manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year.

**42.2 Fair values**

The Municipality's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, trade payables, long-term debt and derivative instruments (interest rate swaps).

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading.

The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt) approximates fair value due to the relatively short-term maturity of these financial assets.

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received semi annually are capitalised. The fair value of publicly traded instruments is based on quoted market prices for those investments.

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

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 fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Derivatives (interest rate swaps)

Derivative financial instruments (interest rate swaps) are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates. The fair value of financial liabilities at statement of financial position date are as follows:

Year ended	Fair value R	Carrying R
<b>30 June 2008:</b>		
<b>Liabilities</b>		
Interest rate swaps	200 000 000	200 000 000
<b>30 June 2007:</b>		
<b>Liabilities</b>		
Interest rate swaps	325 000 000	325 000 000

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**42 FINANCIAL INSTRUMENTS (continued)**

**42.3 Maturity profile**

The maturity profiles of financial assets and liabilities at statement of financial position date are as follows:

	1 Year or less R	1 to 5 years R	Over 5 years R	Total R
<b>YEAR ENDED 30 JUNE 2008</b>				
<b>Assets:</b>				
Investments	235 135 631	354 801 402	70 752 027	660 688 700
Long-term receivables:				
Housing loans			108 239 422	108 239 422
Motor car loans		2 161 952		2 161 952
Loans to sport clubs			1 689 951	1 689 951
Study loans	13 930			13 930
Sale of Land		65 779 894		65 779 894
Trade receivables:				
Consumer	3 309 178 466	201 035 046		3 510 213 512
Other	482 784 175			482 784 175
Cash	43 235 693			43 235 693
<b>Total financial assets</b>	<b>4 070 347 895</b>	<b>623 778 294</b>	<b>180 681 400</b>	<b>4 874 807 589</b>
<b>Liabilities</b>				
Interest bearing borrowings	40 635 125	353 495 679	2 284 213 688	21 678 344 492
Interest rate swaps	0	200 000 000	0	200 000 000
Lease liabilities	101 429 651	154 970 272		256 399 923
Trade payables:				
Creditors	1 605 153 990			1 605 153 990
Retention	96 661 285			96 661 285
Consumer deposits	267 978 963			267 978 963
Unspent grants and receipts	334 892 132			334 892 132
VAT	104 380 809			104 380 809
Bank overdrafts	106 407 370			106 407 370
<b>Total financial liabilities</b>	<b>2 657 539 325</b>	<b>708 465 951</b>	<b>2 284 213 688</b>	<b>5 650 218 964</b>
<b>YEAR ENDED 30 JUNE 2007:</b>				
<b>Assets:</b>				
Investments	558 674 498	327 427 539	83 856 368	969 958 405
Long-term receivables:				
Housing loans			103 434 420	103 434 420
Motor car loans		8 080 676		8 080 676
Loans to sport clubs			1 729 108	1 729 108
Study loans	15 611			15 611
Sale of Land		69 882 328		69 882 328
Samrand Development (Pty) Ltd			18 152 563	18 152 563
Trade receivables:				
Consumer	2 925 944 652	220 595 717		3 146 540 369
Other	535 635 989			535 635 989
Cash	69 349 269			69 349 269
<b>Total financial assets</b>	<b>4 089 620 019</b>	<b>625 986 260</b>	<b>207 172 459</b>	<b>4 922 778 738</b>
<b>Liabilities</b>				
Interest bearing borrowings	30 005 000	349 612 242	2 129 978 225	2 509 595 467
Interest rate swaps	125 000 000	200 000 000		325 000 000
Lease liabilities	79 286 919	132 900 018		212 186 937
Trade payables:				
Creditors	1 749 841 111			1 749 841 111
Retention	80 391 743			80 391 743
Consumer deposits	257 579 090			257 579 090
Unspent grants and receipts	210 990 931			210 990 931
VAT	52 402 061			52 402 061
Bank overdrafts	46 002 138			46 002 138
<b>Total financial liabilities</b>	<b>2 631 498 993</b>	<b>682 512 260</b>	<b>2 129 978 225</b>	<b>5 443 989 478</b>

**42.4 Hedging**

Hedging is not applicable in the environment of the Municipality.

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

				Opening balance	Received during the year	Redeemed during the year	Closing balance	Carrying value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
				R	R	R	R	R	R
<b>EXTERNAL LOANS:</b>									
<b>LOCAL REGISTERED STOCK:</b>									
Issued	Loan number	Interest rate (%)	Redeemable						
1997	105	16.65	2014.06.30	95 097 640	427 261		95 524 901	116 197 841	
1993	104	14.15	2008.09.30	40 000 000	629 329		40 629 329	49 422 091	
1984	43	16.25	2004.04.30	5 000	812		5 812	7 070	Not Applicable
1990	55	16.40	2011.06.30	14 723 150	0	52 530	14 670 620	17 845 550	
1992	62	13.50	2011.06.30	20 986 956	427 166		21 414 122	26 048 441	
1993	63	14.00	2011.06.30	35 902 136	1 014 364		36 916 500	44 905 753	
1997	65	15.75	2011.06.30	50 000 000			50 000 000	60 820 707	
2000	66	16.50	2011.06.30	59 000 000			59 000 000	71 768 435	
<b>TOTAL LOCAL REGISTERED STOCK</b>				<b>315 714 882</b>	<b>2 498 932</b>	<b>52 530</b>	<b>318 161 284</b>	<b>387 015 887</b>	
<b>TERM LOANS:</b>									
DBSA: Bullet portion		13.50	2018.04.30	50 000 000	1 724 111		51 724 111	62 917 940	
DBSA: Floating rate		Variable	2019.10.31	78 331 528			78 331 528	95 283 579	
Nedbank loan B1		Variable	2008.05.28	30 000 000		30 000 000	0	0	Not applicable
ABSA Bank loan B3		Variable	2011.06.30	84 000 000			84 000 000	102 178 788	
INCA loan		17.15	2011.06.30	45 000 000			45 000 000	54 738 637	
Future Syndications		Variable	2008.06.30	125 000 000		125 000 000	0	0	
ABSA Bank Arbitrage		19.13	2011.10.31	200 000 000	27 866 133		227 866 133	277 179 588	
<b>TOTAL TERM LOANS</b>				<b>612 331 528</b>	<b>29 590 244</b>	<b>155 000 000</b>	<b>486 921 772</b>	<b>592 298 532</b>	
<b>ANNUITY LOANS:</b>									
DBSA		13.5	2018.04.30	240 870 346	7 982 838	9 545 225	239 307 959	291 097 587	
DBSA Local Authorities		13.5	2012.12.31	17 884 911		3 256 607	14 628 304	17 794 076	
DBSA (Restructuring)		10.87	2018.12.31	252 880 861		16 926 776	235 954 085	287 017 887	
INCA		11.66	2019.06.30	18 217 915		781 919	17 435 996	21 209 392	Not Applicable
INCA		9.52	2020.03.31	207 266 084	4 784 312	8 554 391	203 496 005	247 535 420	
INCA		11.01	2020.06.30	46 999 710		1 745 330	45 254 380	55 048 068	
DBSA		9.36	2020.12.31	266 039 516		15 100 632	250 938 884	305 245 609	
INCA		10.92	2020.12.31	95 547 071		3 327 019	92 220 052	112 177 776	
INCA		10.81	2021.06.30	77 688 941		2 544 987	75 143 954	91 406 169	
DBSA		5.0	2021.12.31	97 296 783		7 157 290	90 139 493	109 646 955	
DBSA		9.835	2021.12.31	389 281 730		20 006 820	369 274 910	449 191 225	
Ivuzi		13.5	2021.12.31	196 575 189		7 107 777	189 467 412	230 470 841	
DBSA		6.25	2028.06.30		50 000 000		50 000 000	60 820 707	
DBSA		12.81	2028.06.30		200 000 000		200 000 000	243 282 830	
<b>TOTAL ANNUITY LOANS</b>				<b>1 906 549 057</b>	<b>262 767 150</b>	<b>96 054 773</b>	<b>2 073 261 434</b>	<b>2 521 944 540</b>	
<b>TOTAL EXTERNAL LOANS</b>				<b>2 834 595 467</b>	<b>294 856 326</b>	<b>251 107 303</b>	<b>2 878 344 490</b>	<b>3 501 258 960</b>	
<b>FINANCE LEASES:</b>									
ABSA		Variable *		0	14 041 033	528 011	13 513 022	13 449 975	
AMASONDO		Variable *		96 192 264	12 180 794	32 986 963	75 386 095	69 617 177	
CITY OF TSHWANE		Variable *		14 107 773	4 535 425	4 662 916	13 980 282	13 598 445	
DATA CENTRIX		Variable *		0	15 310 909	2 505 672	12 805 237	12 493 504	
DEBIS FLEET MANAGEMENT		Variable *		16 541 487	1 813 258	5 655 422	12 699 323	12 173 128	
FLEET AFRICA		Variable *		27 869 148	4 222 942	17 569 013	14 523 077	13 171 025	
IMPERIAL		Variable *		0	10 892 634	1 719 426	9 173 208	9 012 510	
STANNIC		Variable *		1 499 208	171 862	814 580	856 490	689 303	
STANDARD BANK		Variable *		23 786 592	15 279 649	8 398 570	30 667 671	29 898 810	
VIAMAX		Variable *		22 509 606	56 759 817	19 634 583	59 634 840	58 052 548	
VUSWA 60 MONTHS		Variable *		3 976 039	422 437	1 876 476	2 522 000	2 522 000	
VUSWA 36 MONTHS		Variable *		5 704 820	7 031 517	2 097 658	10 638 679	10 523 948	
<b>TOTAL FINANCE LEASES</b>				<b>212 186 937</b>	<b>142 662 277</b>	<b>98 449 290</b>	<b>256 399 924</b>	<b>245 202 373</b>	

\* Variable linked to prime rate

CITY OF TSHWANE METROPOLITAN MUNICIPALITY  
APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

Asset class	Note	Cost/Revaluation					Accumulated Depreciation				Carrying Value
		Opening balance	Additions	Disposals	Transfers	Closing balance	Opening balance	Additions	Disposals, Transfers & adjustments	Closing balance	
		R	R	R	R	R	R	R	R	R	R
<b>INFRASTRUCTURE</b>	<b>9.1</b>										
Assets under construction		1 363 272 045	639 207 766		-948 660 148	1 053 819 663	0	0	0	0	1 053 819 663
Electricity		1 933 304 247	566 036 760	-6 527 467	0	2 492 813 540	735 434 978	89 741 010	-3 946 532	821 229 456	1 671 584 084
General		30 349 483	476 867 240	-540	0	507 216 183	10 950 532	27 537 207	-540	38 487 199	468 728 984
Roads		2 312 666 984	570 461 181	-662 942	0	2 882 465 223	826 053 071	228 776 833	-386 401	1 054 443 503	1 828 021 720
Water and sanitation		1 807 210 188	264 643 610	-18 308 585	0	2 053 545 213	559 219 292	114 050 657	-2 095 556	671 174 393	1 382 370 820
		7 446 802 947	2 517 216 557	-25 499 534	-948 660 148	8 989 859 822	2 131 657 873	460 105 707	-6 429 029	2 585 334 551	6 404 525 271
<b>COMMUNITY ASSETS</b>	<b>9.2</b>										
General		361 558 344	8 576 678	0	0	370 135 022	107 186 237	19 050 899	0	126 237 136	243 897 886
Assets under construction		35 998 653	8 353 798	0	-29 901 839	14 450 612	0	0	0	0	14 450 612
		397 556 997	16 930 476	0	-29 901 839	384 585 634	107 186 237	19 050 899	0	126 237 136	258 348 498
<b>HERITAGE ASSETS</b>	<b>9.3</b>										
General		3 201 287			0	3 201 287	0	0	0	0	3 201 287
		3 201 287	0	0	0	3 201 287	0	0	0	0	3 201 287
<b>HOUSING</b>	<b>9.4</b>										
Housing assets		15 411 505	0	0	0	15 411 505	1 591 011	511 863	0	2 102 874	13 308 631
Assets under construction		137 152 916	6 035 290	0	-132 579 480	10 608 726	0	0	0	0	10 608 726
		152 564 421	6 035 290	0	-132 579 480	26 020 231	1 591 011	511 863	0	2 102 874	23 917 357
<b>STOCK</b>	<b>9.5</b>										
Stock		581 655 196	1 104 434	0	0	582 759 630	6 585 586	518 168	0	7 103 754	575 655 876
		581 655 196	1 104 434	0	0	582 759 630	6 585 586	518 168	0	7 103 754	575 655 876

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX B (continued)

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008 (continued)

Asset class	Note	Cost/Revaluation					Accumulated Depreciation				Carrying Value
		Opening balance	Additions	Disposals	Disposals, Transfers & adjustments	Closing balance	Opening balance	Additions	Disposals, Transfers & adjustments	Closing balance	
		R	R	R	R	R	R	R	R	R	R
<b>Land</b>	<b>9.6</b>										
Land		413 349 897	96 684 115	0	0	510 034 012	46 552 745	3 377 028	0	49 929 773	460 104 239
		413 349 897	96 684 115	0	0	510 034 012	46 552 745	3 377 028	0	49 929 773	460 104 239
<b>BUILDINGS</b>	<b>9.7</b>										
Buildings		1 160 272 552	140 337 824	0	0	1 300 610 376	359 793 403	76 893 540	0	436 686 943	863 923 433
		1 160 272 552	140 337 824	0	0	1 300 610 376	359 793 403	76 893 540	0	436 686 943	863 923 433
<b>OTHER</b>	<b>9.8</b>										
General		559 179 944	121 280 311	-8 596 673	0	671 863 582	315 863 926	112 244 323	-4 675 739	423 432 510	248 431 072
Assets under construction		69 145 450	51 212 554	0	-46 783 998	73 574 006	0	0	0	0	73 574 006
		628 325 394	172 492 865	-8 596 673	-46 783 998	745 437 588	315 863 926	112 244 323	-4 675 739	423 432 510	322 005 078
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>9.9</b>	<b>10 783 728 691</b>	<b>2 950 801 561</b>	<b>-34 096 207</b>	<b>-1 157 925 465</b>	<b>12 542 508 580</b>	<b>2 969 230 781</b>	<b>672 701 528</b>	<b>-11 104 768</b>	<b>3 630 827 541</b>	<b>8 911 681 039</b>
<b>INVESTMENT PROPERTY</b>	<b>9.10</b>										
Investment assets		433 315 963	0	0	0	433 315 963	126 841 700	1 940 285	0	128 781 985	304 533 978
		433 315 963	0	0	0	433 315 963	126 841 700	1 940 285	0	128 781 985	304 533 978
<b>INTANGIBLE ASSETS</b>	<b>9.11</b>										
Computer software		203 797 774	28 009 145	-16 018	0	231 790 901	82 225 468	66 287 542	-10 946	148 502 064	83 288 837
		203 797 774	28 009 145	-16 018	0	231 790 901	82 225 468	66 287 542	-10 946	148 502 064	83 288 837
<b>TOTAL</b>	<b>9.12</b>	<b>11 420 842 428</b>	<b>2 978 810 706</b>	<b>-34 112 225</b>	<b>-1 157 925 465</b>	<b>13 207 615 444</b>	<b>3 178 297 949</b>	<b>740 929 355</b>	<b>-11 115 714</b>	<b>3 908 111 590</b>	<b>9 299 503 853</b>



CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

Service	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening balance	Additions	Disposals	Transfers & adjustments	Closing balance	Opening balance	Additions	Disposals, transfers & adjustments	Closing balance	
	R	R	R	R	R	R	R	R	R	R
Office of Executive Mayor and Municipal Manager	593 453 827	85 502 395	-86 351	-41 254 266	637 615 605	214 235 374	124 781 297	-60 232	338 956 439	298 659 166
Financial Services	32 347 690	3 674 914	0	-548 872	35 473 732	12 688 763	4 361 386	0	17 050 149	18 423 583
General Assessments	30 584 893	0	-7 287 435	0	23 297 458	21 584 753	3 560 553	-3 956 522	21 188 784	2 108 674
Corporate and Shared Services	1 328 731 293	9 502 415	-64 973	0	1 338 168 735	196 739 874	25 153 885	-42 087	221 851 672	1 116 317 063
Community Safety	275 378 506	45 032 506	-73 900	-17 244 269	303 092 843	114 230 347	41 101 149	-68 974	155 262 522	147 830 321
Economic Development	210 482 488	24 696 158	-147 182	-3 217 329	231 814 135	56 782 776	12 398 500	-98 332	69 082 944	162 731 191
Health and Social Development	104 194 290	8 803 582	-469 487	-820 863	111 707 522	21 514 834	7 132 756	-264 199	28 383 391	83 324 131
City Planning and Regional Services	103 014 120	9 516 961	-36 732	-81 852 059	30 642 290	7 947 789	3 253 085	-28 569	11 172 305	19 469 985
Sport and Recreation	363 007 137	101 967 061	-165 800	-25 755 660	439 052 738	99 635 760	20 857 602	-44 213	120 449 149	318 603 589
Human Settlement Development	1 493 719 439	608 031 411	0	-348 015 905	1 753 734 945	230 479 868	77 439 185	0	307 919 053	1 445 815 892
Agriculture & Environmental Management	383 090 610	57 781 013	-118 560	-13 135 174	427 617 889	133 302 913	31 499 829	-55 328	164 747 414	262 870 475
Public Works:	6 502 838 130	2 024 302 291	-25 661 804	-626 081 067	7 875 397 550	2 069 154 899	389 390 129	-6 497 257	2 452 047 771	5 423 349 779
Transport	123 104 398	52 102 929	-146 792	-24 494 547	150 565 988	16 696 029	5 271 976	-57 823	21 910 182	128 655 806
Roads and Storm water	2 185 101 695	723 673 294	-678 960	-240 462 413	2 667 633 616	761 075 643	189 290 353	-397 346	949 968 650	1 717 664 966
Water and Sanitation	1 945 648 751	557 489 427	-18 308 585	-85 780 077	2 399 049 516	557 565 820	105 768 277	-2 095 556	661 238 541	1 737 810 975
Electricity	2 248 983 286	691 036 641	-6 527 467	-275 344 030	2 658 148 430	733 817 407	89 059 523	-3 946 532	818 930 398	1 839 218 032
<b>TOTAL</b>	<b>11 420 842 428</b>	<b>2 978 810 706</b>	<b>-34 112 225</b>	<b>-1 157 925 465</b>	<b>13 207 615 444</b>	<b>3 178 297 949</b>	<b>740 929 355</b>	<b>-11 115 714</b>	<b>3 908 111 593</b>	<b>9 299 503 853</b>

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

SERVICE	2008				2007		
	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Adjustment Budget Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)
	R	R	R	R	R	R	R
Office of Executive Mayor and Municipal Manager	11 201 942	480 916 795	-469 714 853	-449 274 294	1 347 372	409 934 727	-408 587 355
Corporate and Shared Services	44 526 612	600 751 595	-556 224 983	-540 151 124	43 099 583	556 704 160	-513 604 577
Economic Development	144 541 237	262 768 360	-118 227 123	-104 925 277	128 427 937	241 145 450	-112 717 513
Financial Services	63 063 779	405 981 274	-342 917 495	-421 112 961	70 333 210	351 837 200	-281 503 990
General assessments	3 777 582 087	365 021 344	3 412 560 743	3 446 309 574	3 229 275 213	558 340 488	2 670 934 725
Housing and Sustainable Human Settlement Development	213 853 743	292 711 318	-78 857 575	-63 398 837	152 620 988	285 843 419	-133 222 431
Sport and recreation	39 610 992	154 562 888	-114 951 896	-130 108 622	40 902 547	133 585 868	-92 683 321
Community safety	146 452 724	729 761 018	-583 308 294	-584 662 583	124 717 679	576 230 416	-451 512 737
Agriculture and Environmental management	338 760 687	876 317 929	-537 557 242	-290 050 273	303 466 585	692 879 558	-389 412 973
Health and Social development	67 882 436	242 579 864	-174 697 428	-191 723 260	53 941 713	208 511 894	-154 570 181
City planning and regional services	68 470 615	128 869 875	-60 399 260	-70 297 607	67 110 477	107 579 422	-40 468 945
Public works:	5 228 042 153	4 831 680 274	396 361 879	295 457 155	4 389 211 651	4 167 374 282	221 837 369
Roads & Stormwater	201 376 207	614 613 367	-413 237 160	-327 844 653	59 903 280	391 522 056	-331 618 776
Transport	54 603 935	95 396 117	-40 792 182	-10 745 918	28 132 639	76 207 732	-48 075 093
Electricity	3 201 551 783	2 754 463 266	447 088 517	342 542 330	2 779 789 737	2 449 088 349	330 701 388
Water and sanitation	1 770 510 228	1 367 207 524	403 302 704	291 505 396	1 521 385 995	1 250 556 145	270 829 850
<b>SURPLUS FOR THE YEAR</b>	<b>10 143 989 007</b>	<b>9 371 922 534</b>	<b>772 066 473</b>	<b>896 061 891</b>	<b>8 604 454 955</b>	<b>8 289 966 884</b>	<b>314 488 071</b>

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY**  
**APPENDIX E**  
**ACTUAL OPERATING REVENUE AND EXPENDITURE PER TYPE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

DESCRIPTION	Actual R	Budget R	Variance R	Variance %	Explanation of significant Variances (greater than 10%) versus Budget
<b>REVENUE</b>					
Property rates	2 181 017 691	2 007 541 000	173 476 691	8.64	
Service Charges	4 848 831 310	4 769 479 797	79 351 513	1.66	
Regional Service Levies – turnover	0	20 000 000	-20 000 000	-100.00	RSC levies received were appropriated to sundry debtor created in previous financial year as levies were abolished
Rental of facilities and equipment	84 317 308	74 495 934	9 821 374	13.18	Realised more bus rentals than anticipated. "Sundry properties" over collected due to premises taken over from other departments. Final payments received from RTWST for the rental payable on 30 June 2008 in respect of Roodeplaat and Tembisa properties according to the lease agreement
Interest earned – external investments	135 230 884	113 303 229	21 927 655	19.35	More favourable interest rates realised better investment income compared to the conservatively planned budget
Interest earned – outstanding debtors	179 065 234	160 432 604	18 632 630	11.61	Growth in collection of instalment payment plans for debtors who arrange to pay their arrears in monthly instalments
Fines (traffic fines)	38 302 819	49 433 869	-11 131 050	-22.52	Factors that contributed was the culture of non-payment, insufficient paypoints, lack of capacity of magistrates to administer traffic fines, the unsuccessful prosecution of cases. Interventions include "sting" operations by the Tracings Unit; Agreement with SA Post Office to receive payments country wide; Implementation of Administrative Adjudication of Road Traffic Offences Act, (Act 46 of 1998)(AARTO) as amended
Licences and permits	29 498 520	23 049 903	6 448 617	27.98	More income received than anticipated in conservatively planned budget
Government grants and subsidies	1 917 227 861	2 201 857 795	-284 629 934	-12.93	Restructuring Grant funding increased with R50 million during the Adjustments Budget and implementation of projects will roll-over to 2009/09. Allocation for 2010 Soccer World Cup to be utilised during 2008/09 owing to implementation of project continuing to September 2008. Allocation of PTIS funds not fully utilised as project implementation delayed and will roll-over to 2008/09.
Other income	556 464 454	619 483 107	-63 018 653	-10.17	Problems on the billing of waste services lead to income not being collected for waste services. Consultation with Finance Department to look at possible ways to ensure that all services are billed. Under-collection on the land sales as a result of the competition on the sale of land
Public contributions	165 369 329	155 000 000	10 369 329	6.69	
Gains on disposal of property, plant and equipment	4 936 900	40 352 144	-35 415 244	-87.77	Uncertain income and dependant on asset cleanup and disposal of obsolete assets.
Gain: changes in fair value of livestock	3 726 697	0	3 726 697	100.00	Re-valuation of livestock at year end culminated in a gain
<b>Total Revenue</b>	<b>10 143 989 007</b>	<b>10 234 429 382</b>	<b>-90 440 375</b>	<b>-0.88</b>	
<b>EXPENDITURE</b>					
Employee related costs	2 621 002 843	2 729 726 831	-108 723 988	(3.98)	
Remuneration of Councillors	44 201 359	47 914 093	-3 712 734	(7.75)	
Bad debts: contribution	54 154 928	19 920 755	34 234 173	171.85	Conservative amount budgeted. Calculation of provision processed at year end
Bad debts: written off	100 732 978	109 100 000	-8 367 022	(7.67)	
Collection Costs	71 698 908	63 178 651	8 520 257	13.49	Service provider was not appointed. Negotiations with CoT Legal Services in progress
Depreciation	809 281 815	728 387 673	80 894 142	11.11	
Interest paid on external borrowings	364 280 870	382 138 723	-17 857 853	(4.67)	
Bulk purchases	2 209 727 364	2 232 955 941	-23 228 577	(1.04)	
Repairs and maintenance	888 322 552	749 310 022	139 012 530	18.43	More actual repairs and maintenance work required than anticipated during the budget process
Grants and subsidies paid	11 584 679	12 285 250	-700 571	(5.70)	
Loss on disposal of property, plant and equipment	22 991 584	9 900	22 981 684	232138.22	Uncertain expenditure. Only nominal amount budgeted
General expenses – other	2 173 942 654	2 263 439 651	-89 496 997	(3.95)	
<b>Total Expenditure</b>	<b>9 371 922 534</b>	<b>9 338 367 490</b>	<b>33 555 044</b>	<b>0.36</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>772 066 473</b>	<b>896 061 892</b>	<b>-123 995 419</b>	<b>(13.84)</b>	

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX F

SEGMENTAL : ACTUAL OPERATING REVENUE AND EXPENDITURE PER STRATEGIC UNIT VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	Actual R	Budget R	Variance R	Variance %	Explanation of significant Variances (greater than 10%) versus Budget
<b>REVENUE</b>					
Office of Executive Mayor and Municipal Manager	11 201 942	61 820 434	-50 618 492	(81.88)	Soccer 2010 Stadium re-building funds not spent - project implementation begins from July to September 2008
Corporate and shared services	44 526 612	52 813 147	-8 286 535	(15.69)	Major contributor - Loss on Sale of Assets
Economic Development	144 541 237	153 344 513	-8 803 276	(5.74)	
Financial Services	63 063 779	63 931 335	-867 556	(1.36)	
General assessments	3 777 582 087	3 725 953 850	51 628 237	1.39	
Housing and Sustainable Human Settlement Development	213 853 743	258 475 315	-44 621 572	(17.26)	Did not receive confirmation from Province to spend all the funds allocated iro topstructure grants.
Sport and recreation	39 610 992	40 291 654	-680 662	(1.69)	
Community safety	146 452 724	143 420 971	3 031 753	2.11	
Agriculture and Environmental management	338 760 687	369 960 577	-31 199 890	(8.43)	
Health and Social development	67 882 436	64 782 576	3 099 860	4.79	
City panning and regional services	68 470 615	63 213 490	5 257 125	8.32	
Public works:	5 228 042 153	5 236 421 520	-8 379 367	(0.16)	
Roads & Stormwater	201 376 207	243 647 639	-42 271 432	(17.35)	PTIS/MIG/RG funds not fully recognised owing to under spending on project implementation - unspent balance carried forward to 2008/09
Transport	54 603 935	106 430 891	-51 826 956	(48.70)	PTIS/MIG/RG funds not fully recognised owing to under spending on project implementation - unspent balance carried forward to 2008/09
Electricity	3 201 551 783	3 172 166 208	29 385 575	0.93	
Water and sanitation	1 770 510 228	1 714 176 782	56 333 446	3.29	
<b>Total Revenue</b>	<b>10 143 989 007</b>	<b>10 234 429 382</b>	<b>-90 440 375</b>	<b>-0.88</b>	
<b>EXPENDITURE</b>					
Office of Executive Mayor and Municipal Manager	480 916 795	511 094 727	-30 177 932	(5.90)	
Corporate and shared services	600 751 595	592 964 271	7 787 324	1.31	
Economic Development	262 768 360	258 269 790	4 498 570	1.74	
Financial Services	405 981 274	485 044 296	-79 063 022	(16.30)	Due to effective negotiating and structuring of the Insurance Portfolio; and the implementation of the Risk Management and Insurance Strategy a major saving realised on the insurance premium
General assessments	365 021 344	279 644 276	85 377 068	30.53	Budget allocation for Interest Paid moved to individual departments and no budget was allocated to this vote. Depreciation - Asset purification could only be done on this vote due to lack of information. Additional depreciation which was not budget for. As well as the accounting for leases were done in total on this vote.
Housing and Sustainable Human Settlement Development	292 711 318	321 874 152	-29 162 834	(9.06)	
Sport and recreation	154 562 888	170 400 276	-15 837 388	(9.29)	
Community safety	729 761 018	728 083 554	1 677 464	0.23	
Agriculture and Environmental management	876 317 929	660 010 850	216 307 079	32.77	Expansion of services rendered, increase in fuel prices, higher maintenance costs on vehicles, machines, buildings and sites
Health and Social development	242 579 864	256 505 836	-13 925 972	(5.43)	
City panning and regional services	128 869 875	133 511 097	-4 641 222	(3.48)	
Public works:	4 831 680 274	4 940 964 365	-109 284 091	(2.21)	
Roads & Stormwater	614 613 367	571 492 292	43 121 075	7.55	
Transport	95 396 117	117 176 809	-21 780 692	(18.59)	2010 Soccer related expenditure did not progress as planned - implementation to roll-over to 2008/09
Electricity	2 754 463 266	2 829 623 878	-75 160 612	(2.66)	
Water and sanitation	1 367 207 524	1 422 671 386	-55 463 862	(3.90)	
<b>Nett Expenditure</b>	<b>9 371 922 534</b>	<b>9 338 367 490</b>	<b>33 555 044</b>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>772 066 473</b>	<b>896 061 892</b>	<b>-123 995 419</b>	<b>(13.84)</b>	

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY**  
**APPENDIX G**  
**ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

SERVICE	Actual R	Budget R	Variance R	Variance %	Explanation of Significant Variances (greater than 5%) versus Budget
Corporate and Shared services	56 064 009	78 969 801	22 905 792	29.01	Several IT tenders not approved and insufficient funds for call centre establishment
Economic Development	22 544 229	40 473 750	17 929 521	44.30	Delay in approval of bus project, delay in upgrading buildings owing to contractor in breach of contract and savings on projects due to lower tender amounts
Financial Services	11 131 247	11 900 000	768 753	6.46	Tender process started late in financial year for upgrading pay point and insurance replacement project is dependant on claims
Housing and Sustainable Human Settlement Development	186 983 791	233 234 988	46 251 197	19.83	Non-implementation of projects due to funds not approved/received from Province and non-implementation of upgrading of Schubart Park and Kruger Park blocks
Sport and recreation	66 666 245	73 998 000	7 331 755	9.91	Nellmapius Community Centre project could not be implemented, this project will be re-prioritised in the future years.
Community Safety	21 544 824	35 150 000	13 605 176	38.71	Delay in purchase of vehicles
Agriculture and Environmental management	42 936 806	46 850 000	3 913 194	8.35	Dispute resolution regarding outsourcing of refuse removal emanated in delays
Health and Social development	6 272 719	6 279 000	6 281	0.10	
City Planning and regional services	4 283 612	8 000 000	3 716 388	46.45	Delay in Phase 2 - to continue in July 2008
Public Works:	1 339 474 818	1 536 323 549	196 848 731	12.81	
Roads & Stormwater	442 898 465	555 743 000	112 844 535	20.31	Due to delay in EIA studies
Transport	27 725 543	71 300 000	43 574 457	61.11	Due to delays in procurement process and MIG funding awaiting business plan approval
Electricity	398 567 457	421 985 549	23 418 092	5.55	Late posting of reservations caused a variation in contractor payments as a result of escalation in material prices
Water and sanitation	470 283 353	487 295 000	17 011 647	3.49	
<b>Nett Expenditure</b>	<b>1 757 902 300</b>	<b>2 071 179 088</b>	<b>313 276 788</b>	<b>15.13</b>	

**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 2008**

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				
<b>Capital Grants:</b>													
Economic Development	Gauteng: Sport, Recreation	3 749 841	0	0	1 990 000	0	5 739 841	4 624 440	1 115 401	None	None	Yes	n/a
National Electricity Fund	National Electricity Regulator	4 025 783	0	23 900 000	28 500 000	0	56 425 783	52 227 673	4 198 110	None	None	Yes	n/a
Gauteng Project Linked Housing	Gauteng: Housing Department	22 113 701	0	6 620 688	24 164 814	10 179 765	63 078 968	62 190 527	888 441	None	None	Yes	n/a
North West: Project Linked Housing	North West: Housing	1 922 450	0	0	0	0	1 922 450	0	1 922 450	None	None	Yes	n/a
Municipal Infrastructure Grant (MIG)	Department: Provincial and Local Government	19 794 905	34 755 000	0	161 683 749	40 000 000	256 233 654	220 341 029	35 892 625	None	None	Yes	n/a
Gautrans Job Creation	Gautrans	5 000 000	0	0	0	0	5 000 000	0	5 000 000	None	None	Yes	n/a
Water & Sanitation	Department Water Affairs and Forestry	21 992 328	0	0	0	25 677	22 018 005	22 018 005	0	None	None	Yes	n/a
Electricity for All	Department Mineral & Energy Affairs	0	0	0	0	0	0	0	0	None	None	Yes	n/a
Transportation	Gauteng Department Transportation Engineering	3 000 000	0	0	0	0	3 000 000	0	3 000 000	None	None	Yes	n/a
ESKOM	ESKOM	5 780 000	0	0	0	0	5 780 000	5 767 047	12 953	None	None	Yes	n/a
World Cup Soccer 2010: Roads	Gauteng Department Transportation Engineering	0	0	15 159 374	15 159 374	0	30 318 748	10 603 832	19 714 916	None	None	Yes	n/a
World Cup Soccer 2010: Transport	Gauteng Department Transportation Engineering	0	0	24 215 626	24 215 626	0	48 431 252	0	48 431 252	None	None	Yes	n/a
Restructuring Grant	National Treasury	0	56 747 798	0	33 252 202	0	90 000 000	89 907 728	92 272	None	None	Yes	n/a
Unforseen water problems	Gauteng: Department of Public Works	7 322 068	0	0	0	0	7 322 068	0	7 322 068	None	None	Yes	n/a
		94 701 076	91 502 798	69 895 688	288 965 765	50 205 442	595 270 769	467 680 281	127 590 488				
<b>Operational grants/subsidies:</b>													
Health: HIV/AIDS	National Department of Health	2 000 000	0	0	1 500 000	0	3 500 000	2 000 000	1 500 000	None	None	Yes	n/a
Health Subsidy	National Department of Health	0	0	4 552 000	5 813 500	12 303 500	22 669 000	22 669 000	0	None	None	Yes	n/a
Ambulance subsidy	Provincial Department of Health	0	757 440	17 110 372	8 550 500	8 660 970	35 079 282	35 079 282	0	None	None	Yes	n/a
Top Structures: Project Linked Housing	North West Housing	1 410 484	24 363 984	35 411 076	15 146 285	62 655 207	138 987 036	125 601 978	13 385 058	None	None	Yes	n/a
Finance Management Grant	National Treasury	1 503 403	500 000	0	0	0	2 003 403	698 716	1 304 687	None	None	Yes	n/a
Restructuring Grant	National Treasury	78 921 694	40 000 000	0	19 950 001	50 000	138 921 695	52 227 861	86 693 834	None	None	Yes	n/a
Municipal System Improvement Grant	National Treasury	3 000 000	0	0	0	0	3 000 000	2 501 600	498 400	None	None	Yes	n/a
Equitable share	Department: Provincial and Local Government	0	367 138 698	275 354 023	458 923 372	0	1 101 416 093	1 101 416 093	0	None	None	Yes	n/a
Refurbishment of Temba Works	Department of Water Affairs and Forestry	399 000	6 237 250	2 448 750	6 341 250	3 363 573	18 789 823	18 789 823	0	None	None	Yes	n/a
Department of Water Affairs	Department of Water Affairs and Forestry	0	2 676 000	0	0	0	2 676 000	2 676 000	0	None	None	Yes	n/a
Housing Accreditation	Gauteng Housing Department	268 050	0	3 000 000	2 003 800	0	5 271 850	2 335 043	2 936 807	None	None	Yes	n/a
Bontle Ke Botho	Environment	177 223	610 000	0	0	670 000	1 457 223	0	1 457 223	None	None	Yes	n/a
Sport & Recreation	Gauteng: Sport, Recreation	0	0	0	1 390 000	0	1 390 000	1 390 000	0	None	None	Yes	n/a
Arts and Culture	Gauteng: Sport, Recreation	0	0	0	0	1 757 000	1 757 000	1 757 000	0	None	None	Yes	n/a
Loftus Upgrade 2010	Gauteng Department of Transport	4 000 000	0	0	52 777 600	2 517 380	59 294 980	10 848 271	48 446 709	None	None	Yes	n/a
Agriculture	Gauteng Department of Agriculture, Conservation	460 000	0	0	440 000	0	900 000	460 000	440 000	None	None	Yes	n/a
Motor vehicle licences refund	Gauteng Department of Transport	0	11 728 105	16 598 061	4 707 409	33 157 769	66 191 344	66 191 344	0	None	None	Yes	n/a
World Cup Soccer: Roads	Gauteng Department Transportation Engineering	0	0	7 000 000	144 495	0	7 144 495	2 905 569	4 238 926	None	None	Yes	n/a
World Cup soccer : Transport	Gauteng Department Transportation Engineering	0	0	23 712 500	19 687 500	0	43 400 000	0	43 400 000	None	None	Yes	n/a
Monument Golf Club	Monument Golf Club	3 000 000	0	0	0	0	3 000 000	0	3 000 000	None	None	Yes	n/a
		95 139 854	454 011 477	385 186 782	597 375 712	125 135 399	1 656 849 224	1 449 547 580	207 301 644				
<b>Revenue per Statement of Financial Performance (see note 20)</b>								<b>1 917 227 861</b>					
<b>Unspent conditional grants per Statement of Financial Position (see note 7)</b>									<b>334 892 132</b>				