



CITY OF TSHWANE

CONSOLIDATED

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

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.

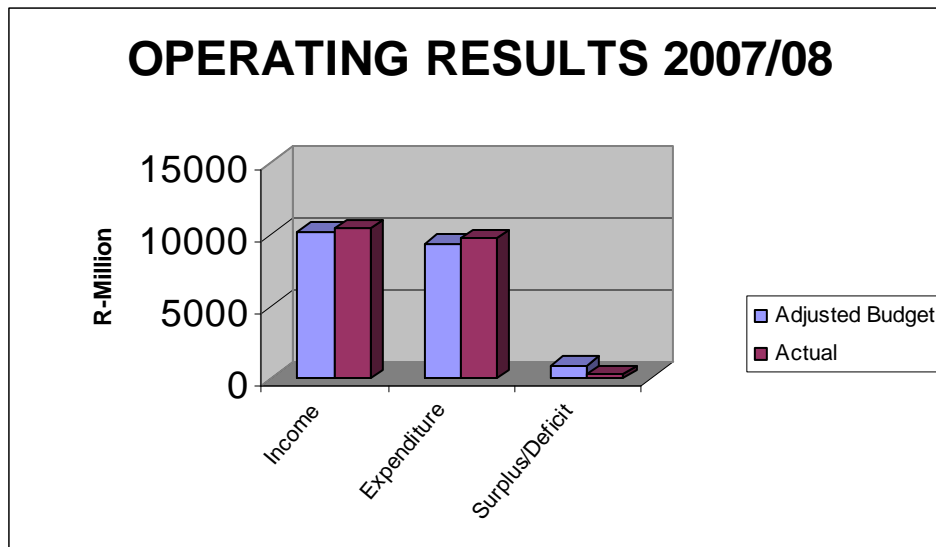
As a developmental and caring local government, the City of Tshwane is committed to working with residents to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives. A duty is placed on local authorities to ensure that policies and legislation 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. The budgets of the municipal entities are not included as not all the budgets were available.

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 Municipality R'000	Adjusted Budget 2008 Municipality R'000	Actual 2008 Municipality R'000	Actual 2008 Group R'000	Variance Actual/ Adjusted Budget %	Actual 2007 Municipality R'000	Actual 2007 Group R'000
REVENUE							
Accumulated surplus: Beginning of year			785 854	851 711		524 028	645 624
Operating revenue for the year	10 206 759	10 234 429	10 143 989	10 424 636	1,86	8 604 455	8 793 692
	10 206 759	10 234 429	10 929 843	11 276 347		9 128 483	9 439 316
EXPENDITURE							
Operating expenditure for the year	9 037 141	9 338 367	9 371 923	9 696 405	3,83	8 289 967	8 548 988
Sundry transfers *	1 169 618	896 062	3 457	(3 373)		52 662	38 617
Accumulated surplus: End of year			1 554 463	1 583 315		785 854	851 711
	10 206 759	10 234 429	10 929 843	11 276 347		9 128 483	9 439 316

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

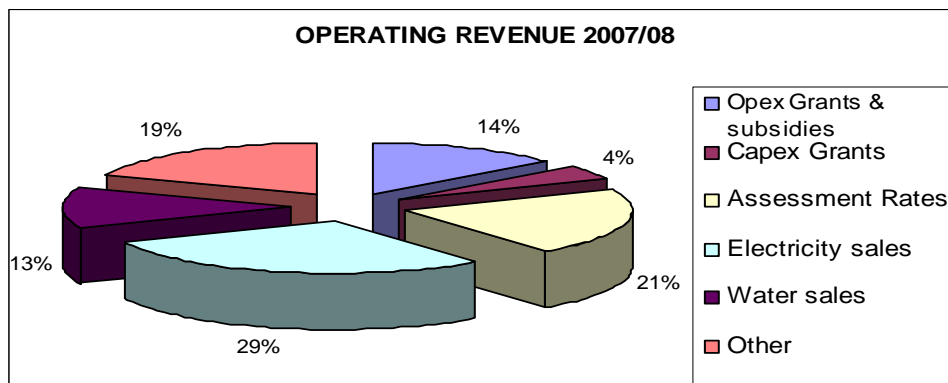
The actual net expenditure of the Municipality reflects an increase of 13,1 % (group increased with 13,4 %) while the actual revenue of the Municipality has increased by 17,9 % (group increased with 18,5 %) since 2006/07.

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.

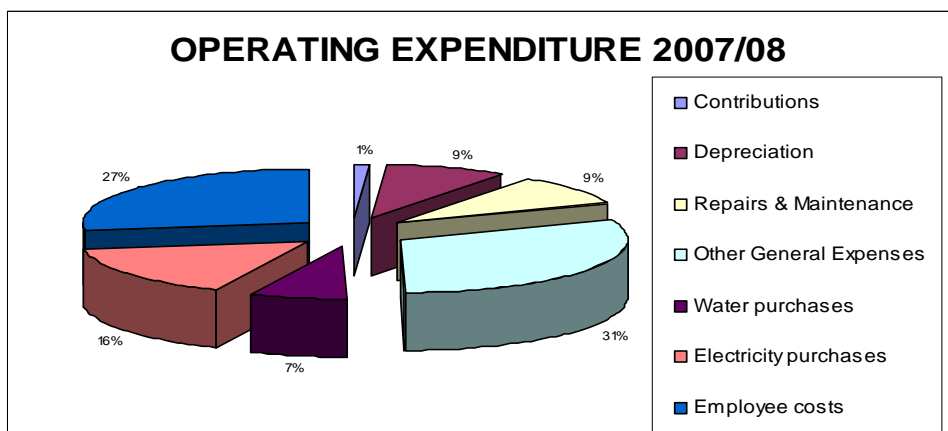
2.2 Operating Revenue

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.

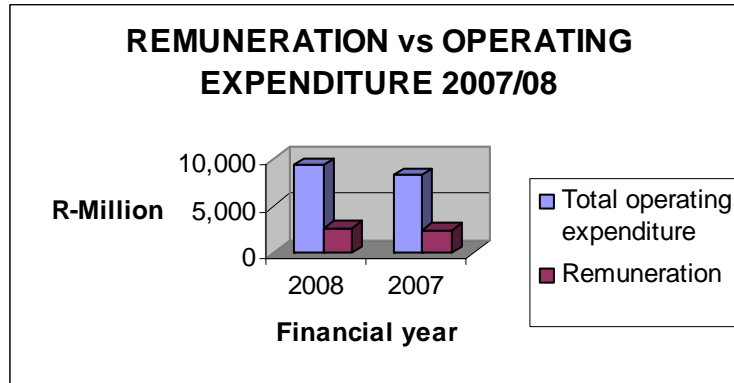


Remuneration

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a slight decrease from 29,10 % (group = 28,61 %) in 2006/07 to 28,03 % (group = 27,49 %) 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. In terms of the Restructuring grant, the target for remuneration as a percentage of revenue is 33 %.

Description	2007/08		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Total operating expenditure	9 371 923	9 696 405	8 289 967	8 548 988
Total operating revenue	10 143 989	10 424 636	8 604 455	8 793 692
Employee remuneration	2 621 003	2 665 394	2 412 004	2 445 747
Ratio: % of total expenditure	27,97 %	27,49 %	29,10 %	28,61 %
Ratio: % of total revenue	25,84 %	25,57 %	28,03 %	27,81 %

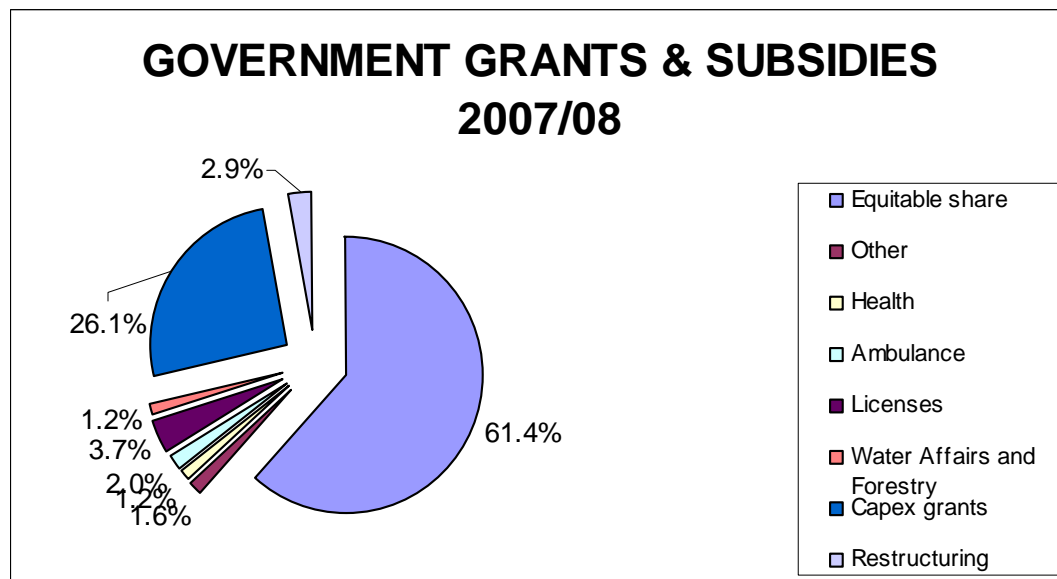
% Growth in remuneration	8,66 %	8,98 %	11,64 %	11,60 %
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2.4 Government grants and subsidies

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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Equitable share	1 101 416	1 101 416	1 002 650	1 002 650
Provincial Health Subsidy	22 669	22 669	21 499	21 499
Provincial Ambulance Subsidy	35 079	35 079	31 200	31 200
National Safety grant	0	0	419	419
Provincial Motor vehicle licenses refund	66 191	66 191	58 252	58 252
Capex: grants and donations	467 680	467 680	317 834	317 834
Opex: grants and donations	149 974	149 974	42 486	42 486
Finance Management Grant	699	699	2 118	2 118
Restructuring Grant	52 228	52 228	48 371	48 371
Department of Water Affairs and Forestry	18 790	21 063	14 265	14 265
MSIG	2 502	2 502	2 000	2 000
Roodplaat Temba Water Services Trust	0	0	25 000	0
Other	0	0	0	700
	1 917 228	1 919 501	1 566 094	1 541 794



3. DEBTORS

Details regarding the debtors are provided in Note 13 (Long-term receivables), Note 15 (Consumer Debtors) and Note 16 (Other Debtors) of the Notes to the Consolidated Annual Financial Statements.

The long-term receivables showed an decrease of R44,477 million (10,5 %). 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).

In the group the loan to Botselo Water (relating to the Sandspruit Works Association entity) to the amount of R1,506 million was redeemed during 2007/08.

For the Municipality the consumer debtors increased in total with an amount of R363,674 million (11,6 %) and for the group the consumer debtors increased with an amount of R419,736 million (12,75 %).

The increase in debt per customer classification is made up as follows:

Customer classification	Parent		Group	
	Total	Increase/ (Decrease)	Total	Increase/ (Decrease)
	R-million	R-million	R-million	R-million
Households	2 348,333	299,935	2 550,883	355,997
Industrial/Commercial	666,941	(148,013)	666,941	(147,913)
National and Provincial government	49,143	(23,227)	49,143	(23,227)
Other	445,797	234,979	445,797	234,979
Total	3 510,214	363,674	3 712,763	419,736

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

Age analysis group	Parent		Group	
	Total	Increase/ (Decrease)	Total	Increase/ (Decrease)
	R-million	R-million	R-million	R-million
Current (0-30 days)	1 038,362	147,584	1 240,911	203,646
31 – 60 days	197,017	5,962	197,017	5,962
61 – 90 days	101,992	36,443	101,992	36,443
91 + days	2 172,843	173,685	2 172,843	173,685
Total	3 510,214	363,674	3 712,763	419,736

The Other Debtors (debtors other than consumer debtors – see note 16 for detail) for the Municipality in total decreased with an amount of R52,852 million (9,9 %). For the group other debtors decreased with R40,016 million(7,07 %).

The RSC levies debtor decreased with an amount of R36,054 million. These decreases were counteracted by an increase in Other current debtors of R29,389 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 and amounts paid in advance. For the group the housing debtors increased with R9,768 million.

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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Debits levied : Consumer debtors	7 029 849	7 115 850	5 920 710	5 991 373
Balance on 1 July	3 146 540	3 293 028	2 959 669	3 211 075
Balance on 30 June	3 510 214	3 712 763	3 146 540	3 293 028
Average balance	3 328 377	3 502 896	3 053 105	3 252 052
Days in the financial year	366	366	365	365
Turnover: Number of days	173	180	188	198
Turnover: Number of times (levies/average balance)	2,11	2,03	1,94	1,84

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. For the group the number of days to recover debt decreased from 198 days to 180 days.

A collection rate (for the Municipality only) 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 (only with regard to Municipality)

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.

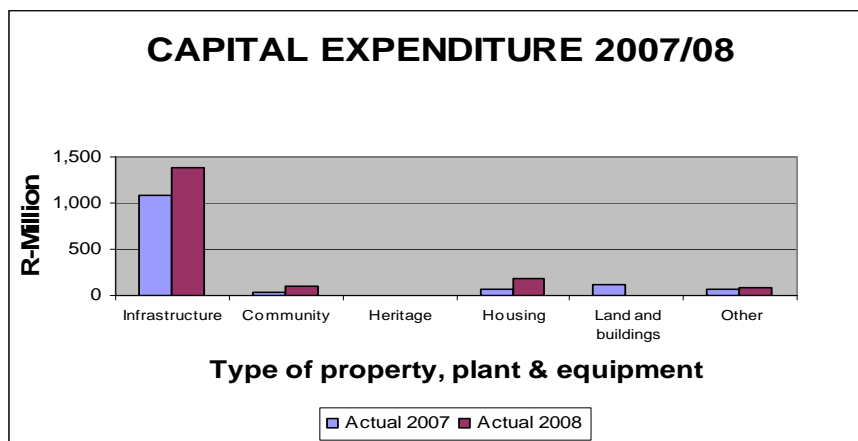
Actual capital expenditure incurred during the year in respect of property, plant and equipment amounted to R1 757 902 300. The actual capital expenditure is 28.7 % more than the previous financial year, but only relates to a 84.9 % performance against the adjusted budget for 2007/08. The actual expenditure 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
Total	1 757 902 300	1 365 844 005

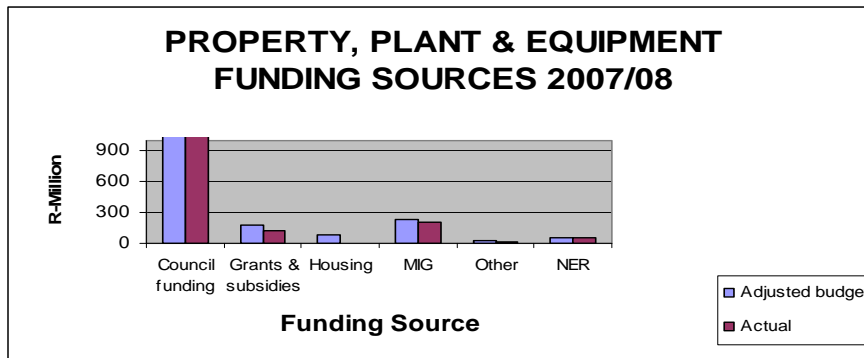
The graph shows the distribution of the property, plant and equipment according to the type.



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
Total	2 318 299	2 071 180	1 757 902	84,9	1 365 844

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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
CURRENT ASSETS:				
Cash	43 236	214 534	69 349	261 106
Inventory	219 737	236 053	165 944	209 738
Debtors	2 757 275	2 793 334	2 479 056	2 503 499
Investments	660 689	704 873	969 958	1 033 013
Short-term portion of long-term debtors	51 307	51 307	27 840	27 840
Total	3 732 244	4 000 101	3 712 147	4 035 196
CURRENT LIABILITIES:				
Creditors	2 141 012	2 245 964	2 099 438	2 248 157
Provisions	0	782	0	2 319
Short-term portion of long-term liabilities	172 573	189 530	232 569	249 521
Short-term portion of finance lease liabilities	157 392	157 813	102 068	102 068
Deposits	267 979	269 510	257 579	257 579
Overdrawn bank account	106 407	106 679	46 002	46 002
Total	2 845 363	2 970 278	2 737 656	2 905 645
Net Operating Capital	886 881	1 029 823	974 491	1 129 551
Current asset Ratio	1,31 : 1	1,35:1	1,36:1	1,39:1
Current asset ratio excluding consumer debt of 90 days and older	0,55 : 1	0,62:1	0,63 : 1	0,70:1

The ratio decreased slightly since 2006/07. This is due to the fact that the current liabilities increased with 3,9 % (group = 2,2 %) whilst the current assets increased with 0,5 % (group = 0,9 %). 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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Current assets	3 732 244	4 000 101	3 712 147	4 035 196
Less: Inventory	219 737	236 053	165 944	209 738
Total	3 512 507	3 764 048	3 546 203	3 825 458
Current liabilities	2 845 363	2 970 278	2 737 656	2 905 645
Quick asset ratio	1,23 : 1	1,27:1	1,30:1	1,32:1
Quick asset ratio excluding consumer debt older than 90 days	0,47 : 1	0,54:1	0,57 : 1	0,63:1

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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
TOTAL ASSETS:				
Current assets	3 732 244	4 000 101	3 712 148	4 035 196
Long-term receivables	289 417	289 417	357 848	359 354
Property, plant and equipment	9 559 447	9 978 879	8 456 756	8 904 569
Total	13 581 108	14 268 397	12 526 752	13 299 119
TOTAL LIABILITIES:				
Current liabilities	2 845 363	2 970 278	2 737 656	2 905 645
Plus: Long-term loans	2 705 772	3 211 660	2 602 026	3 137 492
Non-current provisions	87 211	87 211	5 263	5 263
Lease liabilities	99 007	126 642	110 119	110 119
Reserves	6 289 291	6 289 291	6 285 833	6 288 888
Total	12 026 644	12 685 082	11 740 897	12 447 407
Solvability Ratio	1,13 : 1	1,12:1	1,07:1	1,07:1

The total assets of the Municipality increased with 8,4 % (group = 7,3 %) while the total liabilities increased with only 2,4 % (group = 1,9 %) resulting in an increase in the solvability ratio as stated above.

Property, plant and equipment increased with 13,0 % (group = 12,1 %) while external loans increased with 3,9 % (group = 2,4 %) and the accumulated funds increased with 0,01 %.

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 35,41 % (group = 40,93 %) to 30,90 % (group = 35,34 %) since 2006/07. This decrease can be ascribed to the fact that the total debt increased with only 2,88% (group = 2,34 %) in relation to the increase of 17,89 % (group = 18,5 %) in total revenue.

Description	2007/08		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Total debt	3 134 744	3 683 566	3 046 782	3 599 200
Total revenue	10 143 989	10 424 636	8 604 455	8 793 692
Ratio	30,90 %	35,34 %	35,41%	40,93 %

5.5 Inventory turnover (only with regard to Municipality)

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

	Municipality	Group
June 2008:	2,75 %	2,84 %
June 2007:	3,23 %	3,36 %

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. The group showed a decrease in the short-term portion of external loans of 24,0 % and an increase of 18,5 % in revenue 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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Cash generated from operations (Nett cash flow)	1 598 964	1 614 956	1 175 702	1 229 602
Interest paid on external loans	364 281	433 238	357 228	430 866
Ratio	4,58 : 1	3,73:1	3,29 : 1	2,85:1

The ratio shows an increase as the interest paid on external loans increased with 1,9 % (group = 0,6 %) and the cash generated from operations increased with 36,0 % (group = 31,3 %) since 2006/07.

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

Description	2007/08		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Total operating revenue	10 143 989	10 424 636	8 604 455	8 793 692
Interest paid on external loans	364 281	433 238	357 228	430 866
Depreciation	809 282	848 785	633 462	673 251
Ratio	1 173 563	1 282 023	990 690	1 104 117
	8,64 : 1	8,13:1	8,69 : 1	7,96:1

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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Long-term debt	3 134 744	3 685 644	3 046 782	3 599 200
Cash generated from operations	1 598 964	1 614 956	1 175 702	1 229 602
Ratio	1,96 : 1	2,28:1	2,68 : 1	2,93:1

The ratio shows a decrease as the long-term debt increased with 2,9 % (group = 2.3 %) while the cash generated from operations increased with 36,0 % (group = 31,3 %) 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		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Increase/(Decrease) in long-term loans	43 749	14 176	636,453	631 346
Increase/(Decrease) in finance lease liabilities	44 213	72 268	212 187	212 187
	87 962	86 444	848 640	843 533
Cash used in capital expenditure	1 908 246	1 918 253	1 620 455	1 634 379
Ratio	0,05 : 1	0,05:1	0,52 : 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 31 to the Consolidated Annual Financial statements).

5.11 Repairs and maintenance to annual operating revenue

Description	2007/08		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Annual operating revenue	10 143 989	10 424 636	8 604 455	8 793 692
Repairs and maintenance	888 323	891 501	727 352	731 220
Percentage	8,75 %	8,55 5	8,45 %	8,32 %

5.12 Net debtors to total annual operating revenue

Description	2007/08		2006/07	
	Parent R'000	Group R'000	Parent R'000	Group R'000
Annual operating revenue	10 143 989	10 424 636	8 604 455	8 793 692
Net debtors (excluding provision for bad debt)	2 757 275	2 793 334	2 479 056	2 503 499
Percentage	27,18 %	26,80 %	28,81 %	28,47 %

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 were compiled for CoT and its operational municipal entities, namely:

- Housing Company Tshwane
- Sandspruit Works Association:
- Civirelo Water
- Roodeplaat/Temba Water Services Trust
- Tradepoint Pretoria (not viable – liquidation underway – no statements available for 2007/08)

8. CHALLENGES EXPERIENCED DURING 2007/08 (by the Municipality)

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) as well as the consolidated annual financial statements within the prescribed period of 3 months after year end (i.e. 30 September).

D.M. VAN HEERDEN
Acting CHIEF FINANCIAL OFFICER

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
CONSOLIDATED 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:

Standard no.	Standard Title	Extent of exemption from standard	Exemption period
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)]	

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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Standard no.	Standard Title	Extent of exemption from standard	Exemption period
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

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

Standard no.	Standard Title	Extent of exemption from standard	Exemption period
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.

The annual financial statements of the municipal entities are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP).

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.

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal entities controlled by the Municipality.

The results of municipal entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other municipal entities included in the group.

3. PRESENTATION CURRENCY

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

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

4. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis, except for those municipal entities which are currently being liquidated.

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.

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:

Asset Category	Years	Asset Category	Years
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialized plant and equipment	10-15
Buildings	30	Other plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites and quarries	1 – 50
Security	5		

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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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.

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.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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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
- 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

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reserve in terms of the implementation guidelines on GAMAP/GRAP. These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The following provisions are set for the creation and utilisation of the CRR:

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

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).

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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.
- 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).

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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.

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.

10.7 Capital Reserve Account

The Capital reserve account is to be created by the borrower and to be held in the capital reserve account for the repayment of costs of upgrades, etc required by the Operating agreement.

10.8 Debt Service Reserve Account

The Debt Service reserve is to be created by the borrower and to be held in the debt service reserve account. If the required level is exceeded the excess can be deposited in the Distribution account. The amount in the account will be utilised for purposes of the repayment of the Term loan.

10.9 Operating Reserve Account

The operating reserve is to be created by the borrower and to be held in the debt service reserve account for the repayment of operating costs in respect of the water project.

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.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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- 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.

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.

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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.

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.

**CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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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.

(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.

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

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.

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.

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

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.

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

15.5 Investment in Municipal Entities

Municipality - Investments in municipal entities under the ownership control of the Municipality are carried at cost in the Municipality's unconsolidated annual financial statements.

Group - The results and assets and liabilities of municipal entities are incorporated in the group annual financial statements using the equity method of accounting.

Where the Municipality transacts with its municipal entities or its municipal entities transact with each other, unrealised gains and losses are eliminated to the extent of the Municipality's interest in the relevant municipal entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

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

Where the Municipality is no longer able to exercise control over the municipal entity, the equity method of accounting is discontinued. Such entity will either be accounted for as an associate, if the municipality is able to exercise significant influence, or an investment. The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

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.

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.

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

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.

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.

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

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.

20. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance, except for the Roodeplaat Temba Water Services Trust where the borrowing costs are capitalised.

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

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

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

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.

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

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
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	MUNICIPALITY		GROUP	
		2008	2007	2008	2007
		R	R	R	R
NET ASSETS AND LIABILITIES					
Net Assets		7 843 753 930	7 071 687 457	7 872 607 131	7 140 599 169
Housing Development Fund	1	128 919 887	141 152 353	128 919 887	141 152 353
Capital replacement reserve		305 702 227	501 152 806	305 702 227	501 152 806
Capitalisation reserve		2 061 476 290	2 008 028 104	2 061 476 290	2 008 028 104
Government grant reserve		3 709 521 900	3 506 835 333	3 709 521 900	3 509 888 886
Self insurance reserve		14 552 843	65 637 380	14 552 843	65 637 380
COID reserve		68 873 272	62 694 963	68 873 272	62 694 963
Future depreciation reserve: Self insurance		244 818	332 487	244 818	332 487
Non-Distributable Reserve		0	0	0	0
Donations		0	0	1 200	1 200
Unappropriated surplus		1 554 462 693	785 854 031	1 583 314 694	851 710 990
Non-current liabilities		2 891 990 762	2 717 408 893	3 425 512 887	3 252 874 622
Long-term liabilities	2	2 705 771 524	2 602 026 465	3 211 659 565	3 137 492 194
Finance lease liabilities	3.1	99 007 789	110 119 278	124 563 751	110 119 278
Deferred operating lease liability	3.2	0	0	2 078 122	0
Non-current provisions	4.4	87 211 449	5 263 150	87 211 449	5 263 150
Current liabilities		2 845 363 598	2 737 656 118	2 970 277 829	2 905 645 481
Consumer deposits	6	267 978 963	257 579 090	269 510 010	257 579 090
Creditors	7	1 701 739 224	1 830 232 854	1 793 128 448	1 975 895 703
Unspent conditional grants and receipts	8	334 892 132	210 990 931	339 175 084	210 990 931
VAT	9	104 380 809	58 214 444	113 660 494	61 270 221
Bank overdraft	18	106 407 370	46 002 138	106 678 519	46 002 138
Provisions	5	0	0	782 275	2 318 467
Current portion of long-term liabilities	2	172 572 966	232 569 002	189 530 393	249 521 272
Current portion of finance lease liabilities	3.1	157 392 134	102 067 659	157 812 606	102 067 659
Total Net Assets and Liabilities		13 581 108 290	12 526 752 468	14 268 397 847	13 299 119 272
ASSETS					
Non-current assets		10 274 418 271	9 225 888 512	10 700 707 507	9 681 998 661
Fixed assets		9 299 503 853	8 242 544 479	9 705 171 555	8 675 483 611
Property, plant and equipment	10.9	8 911 681 038	7 814 497 910	9 307 345 500	8 239 946 385
Investment Property	10.10	304 533 978	306 474 263	314 533 978	313 964 920
Intangible assets	10.11	83 288 837	121 572 306	83 292 077	121 572 306
Leased assets	10.13	245 202 373	203 197 558	258 966 189	218 071 254
Biological Assets: Livestock	11	14 741 255	11 014 558	14 741 255	11 014 558
Investments	12.1	425 553 069	411 283 908	432 410 787	418 075 178
Long-term receivables	13	289 417 721	357 848 009	289 417 721	359 354 060
Current assets		3 306 690 019	3 300 863 956	3 567 690 340	3 617 120 611
Inventory	14	219 736 570	165 944 194	236 052 863	209 737 781
Consumer debtors	15	2 394 734 615	2 044 386 698	2 402 882 296	2 047 011 821
Other debtors	16	362 540 477	434 668 931	390 451 835	456 486 840
Current portion of long-term receivables	13	51 307 033	27 840 367	51 307 033	27 840 367
Call investment deposits	12.2	235 135 631	558 674 497	272 462 172	614 937 475
Bank balances and cash	18	43 235 693	69 349 269	214 534 141	261 106 327
Total Assets		13 581 108 290	12 526 752 468	14 268 397 847	13 299 119 272

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

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

	MUNICIPALITY					GROUP			
	Note	2008		2007		2008		2007	
		Actual R	Adjustment budget R	Actual R	Adjustment budget R	Actual R	Adjustment budget R	Actual R	Adjustment Budget R
REVENUE									
Property rates	19	2 181 017 691	2 007 541 000	1 719 224 465	1 735 113 478	2 180 952 393	2 007 541 000	1 719 158 593	1 735 113 478
Service charges	20	4 848 831 310	4 769 479 797	4 201 485 187	4 246 657 264	4 934 897 667	4 769 479 797	4 272 214 160	4 246 657 264
Regional Services Levies - turnover		0	20 000 000	0	16 000 000	0	20 000 000	(38 135)	16 000 000
Regional Services Levies - remuneration		0	0	0	0	0	0	0	0
Rental of facilities and equipment		84 317 308	74 495 934	70 027 787	56 193 546	90 860 818	74 495 934	84 451 009	56 193 546
Interest earned - external investments		135 230 884	113 303 229	134 186 955	47 942 050	157 084 053	113 303 229	154 277 171	47 942 050
Interest earned - outstanding debtors		179 065 234	160 432 604	142 516 022	137 007 800	194 352 139	160 432 604	155 842 736	137 007 800
Fines (traffic fines)		38 302 819	49 433 869	38 389 834	42 742 689	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	29 498 520	23 049 903	21 816 684	34 297 845
Government grants and subsidies	21	1 917 227 861	2 201 857 795	1 566 093 641	1 749 343 822	1 919 501 081	2 201 857 795	1 541 794 233	1 749 343 822
Other income	22	556 464 454	619 483 107	523 676 893	457 747 540	705 154 049	619 483 107	678 748 440	457 747 540
Public contributions		165 369 329	155 000 000	165 566 509	50 012 825	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	4 936 900	40 352 144	20 915 400	14 500 000
Gain: Changes in fair value of livestock	11	3 726 697	0	555 578	0	3 726 697	0	555 578	0
TOTAL REVENUE		10 143 989 007	10 234 429 382	8 604 454 955	8 587 558 859	10 424 636 465	10 234 429 382	8 793 692 212	8 587 558 859
EXPENDITURE									
Employee related costs	23	2 621 002 843	2 729 726 831	2 412 004 372	2 551 422 155	2 665 393 656	2 729 726 831	2 445 747 160	2 551 422 155
Remuneration of Councillors	24	44 201 359	47 914 093	45 946 048	46 762 692	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	104 494 930	19 920 755	114 705 781	106 649 267
Bad debts: written off - consumer & sundry debtors		100 732 978	109 100 000	86 736 741	0	100 732 978	109 100 000	86 736 741	0
Collection costs		71 698 908	63 178 651	49 538 121	50 669 138	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	848 785 387	728 387 673	673 251 488	592 729 286
Interest paid	25	364 280 870	382 138 723	357 228 398	345 899 657	433 237 688	382 138 723	430 866 450	345 899 657
Bulk purchases	26	2 209 727 364	2 232 955 941	2 130 979 261	1 989 821 178	2 217 102 847	2 232 955 941	2 136 832 836	1 989 821 178
Repairs and maintenance	43	888 322 552	749 310 022	727 352 320	674 906 579	891 500 930	749 310 022	731 219 500	674 906 579
Grants and subsidies paid	27	11 584 679	12 285 250	8 392 257	11 634 800	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	22 991 584	9 900	9 917 937	5 525 863
General expenses	28	2 173 942 654	2 263 439 651	1 721 660 296	2 010 014 816	2 284 680 123	2 010 014 816	1 815 834 067	1 829 805 777
TOTAL EXPENDITURE		9 371 922 534	9 338 367 490	8 289 966 884	8 386 035 431	9 696 405 069	9 084 942 655	8 548 988 386	8 205 826 392
Net Surplus for the year		772 066 473	896 061 892	314 488 071	201 523 428	728 231 396	1 149 486 727	244 703 826	381 732 467
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 -MUNICIPALITY

	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
2007									
Balance at 1 July 2006	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 42)								(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
Balance at 30 June 2007	141 152 353	501 152 806	2 008 028 104	3 506 835 333	62 694 963	65 637 380	332 487	785 854 031	7 071 687 457
2008									
Net surplus for the year								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		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
Balance at 30 June 2008	128 919 887	305 702 227	2 061 476 290	3 709 521 900	68 873 272	14 552 843	244 818	1 554 462 693	7 843 753 930

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

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

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	COVID reserve	Self Insurance Reserve	Self Insurance: Future Depreciation Reserve	Roodeplaat Temba Water Services Trust: Debt Service Reserve	Roodeplaat Temba Water Services Trust: Statutory Donations Fund	Housing Company Tshwane: Grant Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R	R	R
2007												
Balance at 1 July 2006	150 463 875	357 857 950	2 177 575 289	3 348 292 166	70 050 967	128 555 010	376 331	13 219 924	1 200	2 952 495	645 623 926	6 894 969 133
Net surplus for the year											246 535 384	246 535 384
Prior year adjustments: parent (see note 42)											(1 831 558)	(1 831 558)
Correction of previous year accumulated surplus: entities											926 210	926 210
Correction of errors previous years (audit adjustments- entities)								(13 219 924)	101 058		13 118 866	0
Asset purification/retirements			(6 162 391)	(20 056 037)							26 218 428	0
Property, plant & equipment capitalised		(94 508 184)	94 508 184								0	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						(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)			(43 844)				397 171 558	0
Balance at 30 June 2007	141 152 353	501 152 806	2 008 028 104	3 506 835 333	62 694 963	65 637 380	332 487	0	1 200	3 053 553	851 710 990	7 140 599 169
Net surplus for the year											728 231 396	728 231 396
Correction of previous year accumulated surplus: Sandspruit (see note 42)											70 077	70 077
Correction of previous year accumulated surplus: Housing Company (see note 42)									(3 053 553)		14 679 980	11 626 427
Correction of previous year accumulated surplus: Roodeplaat Temba (see note 42)											(7 809 766)	(7 809 766)
Correction of previous year accumulated deficit: Civirelo (see note 42)											(110 172)	(110 172)
Asset purification/retirements			(19 794 530)	(85 016 694)							104 811 224	0
Property, plant & equipment capitalised		(380 171 127)	380 171 127								0	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 : General		168 501 412									(168 501 412)	0
Offsetting of depreciation			(306 928 411)	(179 977 020)			(87 669)				486 993 100	0
Balance at 30 June 2008	128 919 887	305 702 227	2 061 476 290	3 709 521 900	68 873 272	14 552 843	244 818	0	1 200	0	1 583 314 694	7 872 607 131

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	MUNICIPALITY		GROUP	
		2008	2007	2008	2007
		R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		9 843 506 789	8 250 794 113	10 134 912 063	8 691 432 406
Cash paid to suppliers and employees		(8 244 542 624)	(7 075 092 604)	(8 519 955 946)	(7 461 830 586)
Cash generated from/(utilised by) operations	29	1 598 964 165	1 175 701 509	1 614 956 117	1 229 601 820
Interest received		135 230 884	134 186 955	157 084 053	154 277 171
Interest paid		(364 280 870)	(357 228 398)	(433 237 688)	(430 866 450)
NET CASH FROM OPERATING ACTIVITIES		1 369 914 179	952 660 066	1 338 802 482	953 012 541
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1 908 246 007)	(1 620 454 569)	(1 918 253 181)	(1 634 377 783)
Gain: Change in fair value of livestock		(3 726 697)	(555 578)	(3 726 697)	(555 578)
Proceeds on disposal of fixed assets		4 936 900	20 915 400	4 936 900	20 915 400
Proceeds on disposal of investments		-	-	-	-
Decrease/(Increase) in non-current loans		42 971 229	(76 594 615)	44 477 280	(78 100 666)
Decrease/(increase) in non-current investments		(14 269 160)	71 258 929	(14 335 608)	117 917 651
NET CASH FROM INVESTING ACTIVITIES		(1 878 333 735)	(1 605 430 433)	(1 886 901 306)	(1 574 200 976)
CASH FLOWS FROM FINANCING ACTIVITIES					
New loans raised/(repaid)		43 749 023	636 452 546	14 176 492	631 346 357
Lease liabilities		44 212 986	212 186 937	72 267 542	212 186 937
Increase in consumer deposits		10 399 873	21 486 701	11 930 920	21 486 701
NET CASH FROM FINANCING ACTIVITIES		98 361 882	870 126 184	98 374 954	865 019 995
NET CASH FLOW		(410 057 674)	217 355 817	(449 723 870)	243 831 560
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		(410 057 674)	217 355 817	(449 723 870)	243 831 560
Cash and cash equivalents at the beginning of the year	30	582 021 628	364 665 811	830 041 664	586 210 104
Cash and cash equivalents at the end of the year	30	171 963 954	582 021 628	380 317 794	830 041 664

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

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
1	HOUSING DEVELOPMENT FUND				
	Housing Development Fund	128 919 887	141 152 353	128 919 887	141 152 353
	Unappropriated surplus	197 926 350	210 158 816	197 926 350	210 158 816
	Loans extinguished by Government on 1 April 1998	69 006 463	69 006 463	69 006 463	69 006 463
	The Housing Development Fund is represented by the following assets and liabilities:				
	Housing selling scheme loans	108 239 423	103 434 420	108 239 423	103 434 420
	Other debtors	12 687 578	9 961 181	12 687 578	9 961 181
	Bank and cash	7 992 886	27 756 752	7 992 886	27 756 752
	Total Housing Development Fund Assets and Liabilities	128 919 887	141 152 353	128 919 887	141 152 353
2	LONG-TERM LIABILITIES				
	Local Registered Stock	318 161 284	315 714 882	318 161 284	315 714 882
	Long-term loans:	2 560 183 206	2 518 880 585	3 083 028 674	3 071 298 584
	Annuity loans	2 073 261 434	1 906 549 057	2 073 261 434	1 906 549 057
	Term loans	486 921 772	612 331 528	1 009 767 240	1 136 935 795
	Capitalised Lease liability		0	0	27 813 732
		2 878 344 490	2 834 595 467	3 401 189 958	3 387 013 466
	LESS: Current portion transferred to current liabilities	172 572 966	232 569 002	189 530 393	249 521 272
	Local Registered Stock	42 227 760	0	42 227 760	0
	Annuity loans	101 842 510	77 569 002	101 842 510	77 569 002
	Term loans	28 502 696	155 000 000	45 460 123	171 952 270
	Total External Loans	2 705 771 524	2 602 026 465	3 211 659 565	3 137 492 194
	Refer to Appendix A for more detail on long-term liabilities				
	Amount invested specifically for the repayment of long-term liabilities. (See note 31 for more detail.)	568 644 654	634 478 486	568 644 654	634 478 486
	Maturity value of amount invested as security for long-term liabilities	815 559 792	1 201 630 598	815 559 792	1 201 630 598
3	LEASE LIABILITIES				
3.1	Finance lease liabilities				
	Gross liability	178 712 685	173 712 933	204 689 119	173 712 933
	Future finance charges on finance leases	77 687 238	38 474 004	77 687 238	38 474 004
	Total finance lease liability	256 399 923	212 186 937	282 376 357	212 186 937
	Non-current portion of finance lease liability				
	Gross liability	77 283 036	94 426 014	102 838 998	94 426 014
	Future finance charges on finance leases	21 724 753	15 693 264	21 724 753	15 693 264
		99 007 789	110 119 278	124 563 751	110 119 278
	Current portion of finance lease liability				
	Gross liability	101 429 649	79 286 919	101 850 121	79 286 919
	Future finance charges on finance leases	55 962 485	22 780 740	55 962 485	22 780 740
		157 392 134	102 067 659	157 812 606	102 067 659
	Finance lease liabilities - minimum future lease payments:				
	No later than one year	101 429 649	79 286 919	101 850 121	81 327 727
	Later than one year no later than five years	77 283 036	94 426 014	79 552 931	96 567 425
	Later than 5 years			23 286 067	23 631 513
		178 712 685	173 712 933	204 689 119	201 526 665
	Future finance charges on finance leases	77 687 238	38 474 004	77 687 238	38 474 004
	Present value of finance lease liabilities	256 399 923	212 186 937	282 376 357	240 000 669
	Refer to Appendix A for more detail on finance lease liabilities				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
The present value of finance lease liabilities may be analysed as follows:				
No later than one year	157 392 134	102 067 659	157 392 134	102 067 659
Later than one year no later than five years	99 007 789	110 119 278	99 007 789	110 119 278
	<u>256 399 923</u>	<u>212 186 937</u>	<u>256 399 923</u>	<u>212 186 937</u>
Fair value of loans (amortised cost i.e. PV)	256 399 923	212 186 937	256 399 923	212 186 937
Collateral held in terms of the above lease (Net book amount of leased assets) (See note 1013)	245 202 373	203 197 558	245 202 373	203 197 558
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default				
Term loans: are secured by:-				
1. A general notarial bond over the movable assets of the Trust. 2. Cession of the Tembisa Lease Agreement. 3. The Debt Service Reserve Account, the Capital Reserve Account and the Operating Reserve Account. These loans are repayable 6 monthly over 15 years.				
Housing Company Tshwane				
A secured loan bearing interest at 14 % per annum from National Housing Finance Corporation Ltd - repayable in the remaining 188 monthly installments (initially 240 monthly installments). Secured by a mortgage bond over the investment property with a fair value of R10 000 000 (subject to pending valuation results) plus a cession of all banking accounts, debtors books, all risk insurance policies				
Interest free loan convertible to a grant on meeting certain criteria from the Gauteng Partnership Fund . The book value of the loan amounts to R293 000.				
3.2 Deferred lease liabilities				
Balance at the beginning of the year (brought in only from 2007/08)			1 873 039	0
Expense realised			205 083	0
Balance at the end of the year			2 078 122	0
4 NON-CURRENT PROVISIONS				
4.1 CLEARING OF ALIEN VEGATATION				
Opening balance at the beginning of the year	5 263 150	2 869 225	5 263 150	2 869 225
Contributions during the year	3 716 659	6 292 554	3 716 659	6 292 554
Expenditure during the year	(3 190 344)	(3 898 629)	(3 190 344)	(3 898 629)
Closing balance at the end of the year	5 789 465	5 263 150	5 789 465	5 263 150
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. The provision will be phased in over a period of time.				
4.2 REHABILITATION OF LANDFILL SITES				
The provision for landfill sites have been established from the 2007/08 financial year only.				
Opening balance at the beginning of the year	0	0	0	0
Contributions during the year	63 360 000	0	63 360 000	0
Expenditure during the year	0	0	0	0
Closing balance at the end of the year	63 360 000	0	63 360 000	0
4.3 REHABILITATION OF QUARRIES				
The provision for quarries have been established from the 2007/08 financial year only.				
Opening balance at the beginning of the year	0	0	0	0
Contributions during the year	18 061 984	0	18 061 984	0
Expenditure during the year	0	0	0	0
Closing balance at the end of the year	18 061 984	0	18 061 984	0
4.4 Total non-current provisions				
Opening balance at the beginning of the year	5 263 150	2 869 225	5 263 150	2 869 225
Contributions during the year	85 138 643	6 292 554	85 138 643	6 292 554
Expenditure during the year	(3 190 344)	(3 898 629)	(3 190 344)	(3 898 629)
Closing balance at the end of the year	87 211 449	5 263 150	87 211 449	5 263 150

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
5	CURRENT PROVISIONS				
	Performance bonus			782 275	2 318 467
	Special projects			0	0
				782 275	2 318 467
5.1	RECONCILIATION OF CURRENT PROVISIONS				
5.1.1	Performance bonus:				
	Balance at the beginning of the year			2 318 467	1 964 363
	Contributions to provision			782 275	354 104
	Utilisation of provision			(2 318 467)	0
	Balance at the end of the year			782 275	2 318 467
5.1.2	Special projects				
	Balance at the beginning of the year			0	2 495 167
	Contributions to provision			0	0
	Utilisation of provision			0	(2 495 167)
	Balance at the end of the year			0	0
6	CONSUMER DEPOSITS				
	Electricity and water	267 978 963	257 579 090	269 510 010	257 579 090
	Guarantees held in lieu of Electricity and Water deposits	128 909 639	115 829 785	128 909 639	115 829 785
7	CREDITORS				
	Trade creditors	928 881 200	1 084 161 577	944 734 158	1 100 698 980
	Payments received in advance	3 873 614	6 147 161	58 127 847	100 858 338
	Retentions	96 661 285	80 391 743	103 699 574	90 378 713
	Staff Leave accrual	257 311 987	226 880 894	259 776 832	226 885 121
	Deposits	17 931 509	14 845 980	20 024 840	16 667 509
	Other creditors	397 079 629	417 805 499	406 765 197	440 407 042
	Total creditors	1 701 739 224	1 830 232 854	1 793 128 448	1 975 895 703
8	UNSPENT CONDITIONAL GRANTS AND RECEIPTS				
8.1	Conditional Grants from other spheres of Government	324 296 799	198 708 969	324 296 799	198 708 969
	Municipal Infrastructure Grant (MIG)	35 892 625	19 794 905	35 892 625	19 794 905
	Housing projects	19 132 755	25 714 685	19 132 755	25 714 685
	Department of Water Affairs & Forestry (DWAF)	0	22 391 328	0	22 391 328
	Finance Management Grant (FMG)	1 304 688	1 503 403	1 304 688	1 503 403
	Municipal System Improvement Grant (MSIG)	498 400	3 000 000	498 400	3 000 000
	Restructuring Grant	86 786 106	78 921 695	86 786 106	78 921 695
	Department of Provincial & Local Government HIV AIDS Operational Grant	49 431 225	0	49 431 225	0
	Transportation and Engineering	8 000 000	8 000 000	8 000 000	8 000 000
	Department Public Works	7 322 068	7 322 068	7 322 068	7 322 068
	Transport : World Cup Soccer	115 785 094	24 150 000	115 785 094	24 150 000
	ESKOM	12 953	5 780 000	12 953	5 780 000
	Provincial Local Economic Development Projects grant	130 885	2 130 885	130 885	2 130 885

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
8.2	Other conditional Receipts	10 595 333	12 281 962	14 878 285	12 281 962
	National Electrification Fund	4 198 110	4 025 783	4 198 110	4 025 783
	Bontle ke Botho	1 457 223	177 223	1 457 223	177 223
	Gauteng: Agriculture, Conservation & Environment	440 000	8 078 956	440 000	8 078 956
	DPLG: Health	1 500 000	0	1 500 000	0
	Monument Golf Club	3 000 000	0	3 000 000	0
	Other: Sandspruit	0	0	4 282 952	0
	Total Conditional Grants and Receipts	334 892 132	210 990 931	339 175 084	210 990 931
	See Note 20 for reconciliation of grants from other spheres of government.				
	These amounts are invested until utilised				
9	VAT				
	VAT payable	104 380 809	58 214 444	113 660 494	61 270 221
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS				
10	PROPERTY, PLANT AND EQUIPMENT				
10.1	Reconciliation of Carrying values				
	INFRASTRUCTURE				
	Carrying value at 1 July	5 315 145 074	4 572 788 786	5 323 463 074	4 578 920 873
	Cost	7 446 802 947	6 450 648 987	7 457 023 198	6 457 836 217
	Accumulated depreciation - cost	(2 131 657 873)	(1 877 860 201)	(2 133 560 124)	(1 878 915 344)
	Acquisitions	2 057 111 849	158 551 991	2 057 650 632	160 620 367
	Additions	1 878 115 807	217 828 990	1 879 530 925	220 862 011
	Capital under construction	639 207 766	250 981 817	639 207 766	250 981 817
	Transfer: Thrreshold assets - cost	(106 017)	108 017		
	Transfer: Thrreshold assets - depreciation	10 480	(10 480)		
	Depreciation - based on cost	(460 116 187)	(310 356 353)	(461 088 059)	(311 223 461)
	Carrying value of purification/transfers	(967 730 653)	583 825 297	(967 730 653)	583 825 297
	Cost	(974 159 682)	527 236 136	(974 159 682)	527 236 136
	Accumulated depreciation - cost	6 429 029	56 589 161	6 429 029	56 589 161
	Carrying values at 30 June:	6 404 526 270	5 315 146 074	6 413 287 516	5 323 464 074
	Cost	8 989 860 821	7 446 803 947	9 001 496 190	7 457 024 198
	Accumulated depreciation - cost	(2 585 334 551)	(2 131 657 873)	(2 588 208 674)	(2 133 560 124)
10.2	COMMUNITY				
	Carrying value at 1 July	290 370 760	212 730 759	290 370 760	212 730 759
	Cost	397 556 997	389 646 613	397 556 997	389 646 613
	Accumulated depreciation - cost	(107 186 237)	(176 915 854)	(107 186 237)	(176 915 854)
	Acquisitions	(2 120 423)	(36 106 350)	(1 930 280)	(36 296 493)
	Additions	8 353 798	6 900 014	8 353 798	6 900 014
	Capital under construction	8 777 267	(22 463 288)	8 777 267	(22 463 288)
	Transfer: Thrreshold assets - cost	(200 589)	200 589		
	Transfer: Thrreshold assets - depreciation	10 446	(10 446)		
	Depreciation - based on cost	(19 061 345)	(20 733 219)	(19 061 345)	(20 733 219)

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
	Carrying value of purification/transfers	(29 901 839)	113 746 351	(29 901 839)	113 746 351
	Cost	(29 901 839)	23 273 069	(29 901 839)	23 273 069
	Accumulated depreciation - cost	0	90 473 282	0	90 473 282
	Carrying values at 30 June:	258 348 498	290 180 617	258 348 498	290 180 617
	Cost	384 585 634	397 356 408	384 585 634	397 356 408
	Accumulated depreciation - cost	(126 237 136)	(107 175 791)	(126 237 136)	(107 175 791)
10.3	HERITAGE				
	Carrying value at 1 July	3 201 287	3 221 102	3 201 287	3 221 102
	Cost	3 201 287	3 221 102	3 201 287	3 221 102
	Accumulated depreciation - cost	0	0	0	0
	Acquisitions	0	0	0	0
	Additions	0	0	0	0
	Capital under construction	0	0	0	0
	Depreciation - based on cost	0	0	0	0
	Carrying value of purification/transfers	0	(19 815)	0	(19 815)
	Cost	0	(19 815)	0	(19 815)
	Accumulated depreciation - cost	0	0	0	0
	Carrying values at 30 June:	3 201 287	3 201 287	3 201 287	3 201 287
	Cost	3 201 287	3 201 287	3 201 287	3 201 287
	Accumulated depreciation - cost	0	0	0	0
10.4	HOUSING				
	Carrying value at 1 July	150 973 410	220 074 355	150 973 410	220 074 355
	Cost	152 564 421	227 228 983	152 564 421	227 228 983
	Accumulated depreciation - cost	(1 591 011)	(7 154 628)	(1 591 011)	(7 154 628)
	Acquisitions	5 523 427	(61 060 788)	5 523 427	(61 060 788)
	Additions	0	0	0	0
	Capital under construction	6 035 290	(59 745 969)	6 035 290	(59 745 969)
	Depreciation - based on cost	(511 863)	(1 314 819)	(511 863)	(1 314 819)
	Carrying value of purification/transfers	(132 579 480)	(8 040 157)	(132 579 480)	(8 040 157)
	Cost	(132 579 480)	(14 918 593)	(132 579 480)	(14 918 593)
	Accumulated depreciation - cost	0	6 878 436	0	6 878 436
	Carrying values at 30 June:	23 917 357	150 973 410	23 917 357	150 973 410
	Cost	26 020 231	152 564 421	26 020 231	152 564 421
	Accumulated depreciation - cost	(2 102 874)	(1 591 011)	(2 102 874)	(1 591 011)
10.5	STOCK				
	Carrying value at 1 July	575 069 610	0	575 069 610	0
	Cost	581 655 196	0	581 655 196	0
	Accumulated depreciation - cost	(6 585 586)	0	(6 585 586)	0
	Acquisitions	586 266	0	586 266	0
	Additions	1 104 434	0	1 104 434	0
	Capital under construction	0	0	0	0
	Depreciation - based on cost	(518 168)	0	(518 168)	0
	Carrying value of purification/transfers	0	575 069 610	0	575 069 610
	Cost	0	581 655 196	0	581 655 196
	Accumulated depreciation - cost	0	(6 585 586)	0	(6 585 586)
	Carrying values at 30 June:	575 655 876	575 069 610	575 655 876	575 069 610
	Cost	582 759 630	581 655 196	582 759 630	581 655 196
	Accumulated depreciation - cost	(7 103 754)	(6 585 586)	(7 103 754)	(6 585 586)

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
10.6	LAND				
	Carrying value at 1 July	366 797 152	1 089 837 130	366 797 152	1 089 837 130
	Cost	413 349 897	1 095 638 197	413 349 897	1 095 638 197
	Accumulated depreciation - cost	(46 552 745)	(5 801 067)	(46 552 745)	(5 801 067)
	Acquisitions	93 307 087	10 452 013	93 307 087	10 452 013
	Additions	96 684 115	10 452 013	96 684 115	10 452 013
	Capital under construction	0	0	0	0
	Depreciation - based on cost	(3 377 028)	0	(3 377 028)	0
	Carrying value of purification/transfers	0	(733 491 991)	0	(733 491 991)
	Cost	0	(692 740 313)	0	(692 740 313)
	Accumulated depreciation - cost	0	(40 751 678)	0	(40 751 678)
	Carrying values at 30 June:	460 104 239	366 797 152	460 104 239	366 797 152
	Cost	510 034 012	413 349 897	510 034 012	413 349 897
	Accumulated depreciation -cost	(49 929 773)	(46 552 745)	(49 929 773)	(46 552 745)
10.7	BUILDINGS				
	Carrying value at 1 July	800 479 149	740 713 636	805 827 931	744 743 588
	Cost	1 160 272 552	1 121 682 404	1 166 410 267	1 126 353 083
	Accumulated depreciation - cost	(359 793 403)	(380 968 768)	(360 582 336)	(381 609 495)
	Acquisitions	63 444 284	55 733 407	64 617 235	57 052 237
	Additions	140 337 824	110 514 007	141 683 317	111 981 043
	Capital under construction	0	0	0	0
	Depreciation - based on cost	(76 893 540)	(54 780 600)	(77 066 082)	(54 928 806)
	Carrying value of purification/transfers	0	(733 491 991)	0	(733 491 991)
	Cost	0	(692 740 313)	0	(692 740 313)
	Accumulated depreciation - cost	0	(40 751 678)	0	(40 751 678)
	Carrying values at 30 June:	863 923 433	62 955 052	870 445 166	68 303 834
	Cost	1 300 610 376	539 456 098	1 308 093 584	545 593 813
	Accumulated depreciation -cost	(436 686 943)	(476 501 046)	(437 648 418)	(477 289 979)
10.8	OTHER				
	Carrying value at 1 July	312 361 468	459 205 392	724 143 163	898 611 995
	Cost	628 325 394	838 961 627	1 105 876 286	1 305 612 005
	Accumulated Depreciation - cost	(315 963 926)	(379 756 235)	(381 733 123)	(407 000 010)
	Acquisitions	60 248 542	(60 469 483)	36 820 098	(93 350 046)
	Additions	129 773 602	23 771 923	137 016 925	34 672 435
	Capital under construction	51 212 554	39 967 354	51 212 554	39 967 354
	Transfer: Threshold assets - cost	(8 493 291)	8 493 291		
	Transfer: Threshold assets - depreciatyon	1 622 150	(1 622 150)		
	Depreciation - based on cost	(113 866 473)	(131 079 901)	(151 409 381)	(167 989 835)
	Carrying value of purification/transfers/disposals	(50 704 932)	(86 274 441)	(51 805 559)	(87 889 929)
	Cost	(55 380 671)	(282 868 801)	(55 407 608)	(282 868 801)
	Accumulated depreciation - cost	4 675 739	196 594 360	3 602 049	194 978 872
	Carrying values at 30 June:	321 905 078	312 461 468	702 286 561	724 243 163
	Cost	745 437 588	628 325 394	1 230 204 866	1 105 876 286
	Accumulated depreciation - cost	(423 532 510)	(315 863 926)	(527 918 305)	(381 633 123)
10.9	TOTAL PROPERTY, PLANT AND EQUIPMENT				
	Carrying value at 1 July	7 814 497 910	7 298 551 160	8 239 946 387	7 748 139 802
	Cost	10 783 728 691	10 127 027 913	11 277 637 549	10 605 536 200
	Accumulated Depreciation - cost	(2 969 230 781)	(2 828 476 753)	(3 037 691 162)	(2 857 396 398)
	Acquisitions	2 278 100 032	67 099 790	2 256 574 465	37 417 290
	Additions	2 254 369 580	369 466 947	2 264 373 514	384 867 516
	Capital under construction	705 232 877	208 739 914	705 232 877	208 739 914
	Transfer: Threshold assets - cost	(8 800 897)	8 800 897		
	Transfer: Threshold assets - depreciatyon	1 643 076	(1 643 076)		
	Depreciation - based on cost	(674 344 604)	(518 264 892)	(713 031 926)	(556 190 140)
	Carrying value of purification/transfers/disposals	(1 180 916 904)	448 846 960	(1 182 017 531)	447 231 472
	Cost	(1 192 021 672)	69 693 020	(1 192 048 609)	69 693 020
	Accumulated depreciation - cost	11 104 768	379 153 940	10 031 078	377 538 452

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
Carrying values at 30 June:	8 911 681 038	7 814 497 910	9 307 345 500	8 239 946 385
Cost	12 542 508 579	10 783 728 691	13 046 394 434	11 277 637 547
Accumulated depreciation - cost	(3 630 827 541)	(2 969 230 781)	(3 739 048 934)	(3 037 691 162)
10.10. INVESTMENT PROPERTY				
Carrying value at 1 July	306 474 263	1 678 026	313 964 920	9 168 683
Cost	433 315 963	1 707 296	440 806 620	9 197 953
Accumulated depreciation - cost	(126 841 700)	(29 270)	(126 841 700)	(29 270)
Acquisitions	(1 940 285)	391 840	(1 940 285)	391 840
Additions	0	450 000	0	450 000
Capital under construction	0	0	0	0
Depreciation - based on cost	(1 940 285)	(58 160)	(1 940 285)	(58 160)
Carrying value of purification/transfers/disposals	0	304 404 397	2 509 343	304 404 397
Cost	0	431 158 667	2 509 343	431 158 667
Accumulated depreciation - cost	0	(126 754 270)	0	(126 754 270)
Carrying values at 30 June:	304 533 978	306 474 263	314 533 978	313 964 920
Cost	433 315 963	433 315 963	443 315 963	440 806 620
Accumulated depreciation - cost	(128 781 985)	(126 841 700)	(128 781 985)	(126 841 700)
10.11 INTANGIBLE ASSETS				
Carrying value at 1 July	121 572 306	158 519 840	121 572 306	158 519 840
Cost	203 797 774	198 133 925	203 797 774	198 133 925
Accumulated depreciation - cost	(82 225 468)	(39 614 085)	(82 225 468)	(39 614 085)
Acquisitions	(38 294 415)	(40 089 559)	(38 305 650)	(40 089 559)
Additions	28 009 145	171 421	28 012 385	171 421
Capital under construction	(16 018)	0	(16 018)	0
Depreciation - based on cost	(66 287 542)	(40 260 980)	(66 302 017)	(40 260 980)
Carrying value of purification/transfers/disposals	10 948	3 142 025	83 323	3 142 025
Cost	0	5 492 428	14 475	5 492 428
Accumulated depreciation - cost	10 948	(2 350 403)	68 848	(2 350 403)
Carrying values at 30 June:	83 288 839	121 572 306	83 292 079	121 572 306
Cost	231 790 901	203 797 774	231 852 041	203 797 774
Accumulated depreciation - cost	(148 502 062)	(82 225 468)	(148 559 962)	(82 225 468)
10.12 GRAND TOTAL				
Carrying value at 1 July	8 242 544 479	7 458 749 026	8 675 483 613	7 915 828 325
Cost	11 420 842 428	10 326 869 134	11 922 241 943	10 812 868 078
Accumulated Depreciation - cost	(3 178 297 949)	(2 868 120 108)	(3 246 758 330)	(2 897 039 753)
Acquisitions	2 237 865 332	27 402 071	2 209 170 709	(2 280 429)
Additions	2 273 577 828	370 088 368	2 283 585 002	385 488 937
Capital under construction	705 216 859	208 739 914	705 216 859	208 739 914
Transfer: Threshold assets - cost	0	8 800 897	0	0
Transfer: Threshold assets - depreciation	0	(1 643 076)	0	0
Depreciation - based on cost	(740 929 355)	(558 584 032)	(779 631 152)	(596 509 280)
Carrying value of purification/transfers/disposals	(1 180 905 958)	756 393 382	(1 179 482 767)	754 777 894
Cost	(1 192 021 672)	506 344 115	(1 189 481 366)	506 344 115
Accumulated depreciation - cost	11 115 714	250 049 267	9 998 599	248 433 779
Carrying values at 30 June:	9 299 503 853	8 242 544 479	9 705 171 555	8 675 483 613
Cost	13 207 615 443	11 420 842 428	13 721 562 438	11 922 241 943
Accumulated depreciation - cost	(3 908 111 590)	(3 178 297 949)	(4 016 390 883)	(3 246 758 330)
Refer to Appendix B (for analysis per class) and Appendix C (for segmental analysis)				
<p>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.</p>				
<p>Note must be taken that no revaluation and/or impairment of assets can be undertaken until the purification process is finalised.</p>				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
<p>The purification process entailed the following:</p> <ul style="list-style-type: none"> ■ Compilation of policies and procedures, revision of asset class structure and modification of business processes to ensure compliance with GAMAP 17 ■ Analysis of capital ledger transactions to ensure correct recording thereof on the fixed asset register ■ Complete verification and take-up of the physical assets with the assistance of the departments ■ Purification of the fixed asset register by merging the two sets of data with the assistance of the departments 				
10.13 LEASED ASSETS				
Carrying value at 1 July				
Cost	203 197 557	144 933 265	218 071 252	161 587 719
Accumulated depreciation - cost	(74 877 528)	(29 905 921)	(77 642 898)	(32 367 884)
Acquisitions				
Additions	42 004 816	58 264 292	41 203 041	57 770 621
Capital under construction	109 584 999	103 235 899	109 584 999	103 235 899
Depreciation - based on cost	(67 580 183)	(44 971 607)	(68 381 958)	(45 465 278)
Carrying value of purification/transfers/disposals				
Cost	0	0	(308 104)	(1 287 087)
Accumulated depreciation - cost	0	0	(308 104)	(1 477 352)
Carrying values at 30 June:				
Cost	245 202 373	203 197 557	258 966 189	218 071 254
Accumulated depreciation -cost	(142 457 711)	(74 877 528)	(146 332 960)	(77 642 898)
Accounting for finance leases were only done from 2007/08, however the 2006/07 figures were restated.				
11 BIOLOGICAL ASSETS: LIVESTOCK				
Carrying amount at the beginning of the year	11 014 558	10 458 980	11 014 558	10 458 980
Gain: changes in fair value due to physical changes and price changes	3 726 697	555 578	3 726 697	555 578
Carrying amount at the end of the financial year	14 741 255	11 014 558	14 741 255	11 014 558
12 INVESTMENTS				
12.1 HELD-TO-MATURITY INVESTMENTS				
Unlisted:				
Shares *	0	1 128 029	0	1 128 029
Municipal stock	3 033 002	6 056 959	3 033 002	6 056 959
* A contract is in place with a specific maturity date	3 033 002	7 184 988	3 033 002	7 184 988
Financial instruments:				
Fixed deposits	416 767 411	398 992 765	423 625 129	405 784 035
Assurance companies	5 752 656	5 106 155	5 752 656	5 106 155
Total Held-to-Maturity Investments	425 553 069	411 283 908	432 410 787	418 075 178
12.2 AVAILABLE-FOR-SALE INVESTMENTS				
Short-term deposits and Call deposits	235 135 631	558 674 497	272 462 172	614 937 475
TOTAL INVESTMENTS	660 688 700	969 958 405	704 872 959	1 033 012 653
Market value of listed investments, and management's valuation of unlisted investments:				
Unlisted investments	660 688 700	969 958 405	704 872 959	1 033 012 653
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 % (2007/07 = 8,50 %)				
The Municipal Financial Management Act, 2003 (Act 56 of 2003) 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.				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
13 LONG-TERM RECEIVABLES				
Consumers: Arrangement debtors	201 035 046	220 595 717	201 035 046	220 595 717
Housing loans	108 239 422	103 434 420	108 239 422	103 434 420
Motor car loans	2 161 952	8 080 676	2 161 952	8 080 676
Loans to Sports Clubs	1 688 951	1 729 108	1 688 951	1 729 108
Computer loans	0	65	0	65
Study loans	13 930	15 546	13 930	15 546
Sale of land	65 779 894	69 882 327	65 779 894	69 882 327
Samrand Development (Pty) Ltd	0	18 152 564	0	18 152 564
Loan to Botsele Water: Sandspruit		0		1 506 051
	378 919 195	421 890 423	378 919 195	423 396 474
Less: Current portion transferred to current receivables	51 307 033	27 840 367	51 307 033	27 840 367
	327 612 162	394 050 056	327 612 162	395 556 107
Less: Provision for bad debt: Housing loans	38 194 441	36 202 047	38 194 441	36 202 047
Total Long-term receivables	289 417 721	357 848 009	289 417 721	359 354 060
RECONCILIATION OF BAD DEBT PROVISION				
Balance at the beginning of the year	36 202 047	34 306 320	36 202 047	34 306 320
Contributions to provision	1 992 394	1 895 727	1 992 394	1 895 727
Balance at the end of the year	38 194 441	36 202 047	38 194 441	36 202 047
CONSUMER: ARRANGEMENT DEBTORS				
A policy exists granting consumer debtors an opportunity to make arrangements to pay off their arrear debt over a certain period.				
HOUSING LOANS				
Housing loans are granted to qualifying individuals in terms of the Provincial Administration's Housing Programme. These loans attract interest of 13,5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable.				
MOTOR CAR LOANS				
Senior staff were entitled to motor car loans which attract interest at 8,5 % per annum and which are repayable over a maximum period of 6 years. This practice has been terminated in terms of the MFMA and the last loan will be fully repaid in October 2009.				
LOANS TO SPORT CLUBS				
Sport Clubs that do qualify, sign a 99 year lease hold agreement with the Municipality at a nominal amount and are provided with financial assistance from the Municipality to build or improve a facility of which the funds are repayable over a period and the Club has no claim to the improvements after the expiration of the lease hold agreement.				
COMPUTER LOANS				
Staff were entitled to an interest free computer loan which was repayable over a period of 5 years. This practice has been terminated in terms of the MFMA and the last loan will be fully repaid in 2009.				
STUDY LOANS				
Employees were entitled to interest free study loans which were repayable over a period of one year after the completion of their studies. This practice has been terminated in terms of the MFMA. The last payment cannot be determined at present as some of the employees are still studying.				
Children of employees of the Municipality also qualified for study loans which attracted an interest rate applicable during the period of application as determined by the Municipality at the time of the application and the approval thereof. No more new study loans are issued by the Municipality.				
SALE OF LAND DEBTORS				
Vacant properties are sold through a process administered by Property Legal Services. Contracts are signed and advices for the opening of individual accounts, which indicates the amount of the deposit (10%) and VAT (14 %) are issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 11 %. Interest is calculated monthly on the outstanding balance of the property.				
SAMRAND DEVELOPMENT (PTY) LTD				
This debtor refers to long outstanding consumer debt of Samrand. The negotiations were completed during 2007/08 and the necessary offsetting had been done and the assets brought into account.				
LOAN TO BOTSELE WATER (SANDSPRUIT)				
This loan is unsecured, interest free with no specific terms of repayment				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
14 INVENTORY				
Stock represents consumable stock, raw materials, work in progress and finished goods.	199 421 707	140 829 697	215 738 000	184 623 282
Quarry	812 232	501 539	812 232	501 539
Coal (power stations)	16 287 079	22 031 408	16 287 079	22 031 408
Plants	55 127	99 379	55 127	99 379
Bulk water	3 160 425	2 482 172	3 160 425	2 482 172
Net Inventory	219 736 570	165 944 195	236 052 863	209 737 780
15 CONSUMER DEBTORS				
The City of Tshwane (parent) 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	3 712 763 228	3 293 028 331
Electricity	874 215 083	694 221 969	874 199 921	694 221 969
Water	1 420 106 081	1 352 679 005	1 420 017 104	1 352 679 005
Sewerage	767 648 642	679 889 865	970 302 497	826 377 827
Refuse removal	190 015 285	169 777 929	190 015 285	169 777 929
Refuse removal	258 228 421	249 971 601	258 228 421	249 971 601
Less: Arrangement debtors	201 035 046	220 595 716	201 035 046	220 595 716
	3 309 178 466	2 925 944 653	3 511 728 182	3 072 432 615
Less: Provision for Bad debt	914 443 852	881 557 955	1 108 845 887	1 025 420 794
Consumer debtors per balance sheet	2 394 734 614	2 044 386 698	2 402 882 295	2 047 011 821
Council approved an amount of R110 955 058 - inclusive of VAT to be written off for the parent, however only a total amount of R100 732 978 (2007: R86 736 741) was written off as bad debt by the parent municipality. This represents 0,99 % (2007: 1,01 %) of the total operating income for the year.				
Ageing: Total				
Current (0 - 30 days)	1 038 361 586	890 777 901	1 240 911 302	1 037 265 863
31 - 60 days	197 017 183	191 055 500	197 017 183	191 055 500
61 - 90 days	101 991 952	65 548 626	101 991 952	65 548 626
91 + days	2 172 842 791	1 999 158 342	2 172 842 791	1 999 158 342
	3 510 213 512	3 146 540 369	3 712 763 228	3 293 028 331
Rates: Ageing				
Current (0 - 30 days)	331 763 142	226 797 015	331 747 980	226 797 015
31 - 60 days	43 852 936	44 312 481	43 852 936	44 312 481
61 - 90 days	30 332 616	23 153 018	30 332 616	23 153 018
91 + days	468 266 389	399 959 455	468 266 389	399 959 455
	874 215 083	694 221 969	874 199 921	694 221 969
Electricity: Ageing				
Current (0 - 30 days)	378 056 908	405 700 048	377 967 931	405 700 048
31 - 60 days	133 732 668	94 168 975	133 732 668	94 168 975
61 - 90 days	32 478 155	17 724 793	32 478 155	17 724 793
91 + days	875 838 350	835 085 189	875 838 350	835 085 189
	1 420 106 081	1 352 679 005	1 420 017 104	1 352 679 005
Water: Ageing				
Current (0 - 30 days)	169 801 796	168 963 447	372 455 651	315 451 409
31 - 60 days	53 091 401	36 569 219	53 091 401	36 569 219
61 - 90 days	20 609 103	16 514 682	20 609 103	16 514 682
91 + days	524 146 342	457 842 517	524 146 342	457 842 517
	767 648 642	679 889 865	970 302 497	826 377 827

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
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DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
Sanitation: Ageing				
Current (0 - 30 days)	42 146 336	39 039 899	42 146 336	39 039 899
31 - 60 days	12 606 297	7 949 450	12 606 297	7 949 450
61 - 90 days	4 438 100	3 406 292	4 438 100	3 406 292
91 + days	130 824 552	119 382 288	130 824 552	119 382 288
	190 015 285	169 777 929	190 015 285	169 777 929
Solid Waste: Ageing				
Current (0 - 30 days)	46 798 851	50 277 491	46 798 851	50 277 491
31 - 60 days	10 505 708	8 055 375	10 505 708	8 055 375
61 - 90 days	5 771 804	4 749 841	5 771 804	4 749 841
91 + days	195 152 058	186 888 894	195 152 058	186 888 894
	258 228 421	249 971 601	258 228 421	249 971 601
Summary of consumer debtors by customer classification:				
Household	2 348 332 840	2 048 397 780	2 550 882 556	2 194 885 742
Industrial/Commercial	666 940 567	814 953 956	666 940 567	814 953 956
National and Provincial Government	49 142 989	72 370 428	49 142 989	72 370 428
Other	445 797 116	210 818 205	445 797 116	210 818 205
Total consumer debtors by customer classification	3 510 213 512	3 146 540 369	3 712 763 228	3 293 028 331
RECONCILIATION OF BAD DEBT PROVISION				
Balance at the beginning of the year	881 557 955	830 673 256	1 025 420 794	1 068 446 752
Contributions to provision	32 885 897	50 884 699	83 425 093	(43 025 958)
Balance at the end of the year	914 443 852	881 557 955	1 108 845 887	1 025 420 794
16 OTHER DEBTORS				
Housing debtors	12 687 578	9 961 181	31 267 285	21 499 010
Government subsidies	12 303 500	7 075 000	12 303 500	7 075 000
RSC levies debtor	200 675 211	236 729 088	200 675 211	236 729 088
Amounts paid in advance	0	50 826 104	6 066 852	54 415 928
Other Current debtors	257 117 885	231 044 616	275 294 722	245 905 087
Less: Provision for Bad debt	482 784 174	535 635 989	525 607 570	565 624 113
Total Other Debtors	362 540 477	434 668 931	390 451 835	456 486 840
RECONCILIATION OF BAD DEBT PROVISION				
Balance at the beginning of the year	100 967 058	46 995 190	100 967 058	46 995 190
Contributions to provision	19 276 639	53 971 868	19 276 639	62 142 083
Balance at the end of the year	120 243 697	100 967 058	120 243 697	109 137 273
17 CALL INVESTMENT DEPOSITS				
Other deposits/call investments				
Other deposits of R42555306911 (2007 = R411 283 908) are ring-fenced and attributable to the Capital replacement reserve of R305 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 31				
	568 644 654	634 478 486	605 971 195	690 741 464

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
18 BANK, CASH AND OVERDRAFT BALANCES				
The Municipality (parent) has the following bank accounts:-				
18.1 Current Account (Primary Bank account)				
STANDARD - Primary (Account nr 41 080 1453)				
STANDARD - Cashier deposit (Account nr 41 080 1569)				
STANDARD - Wonderboom Airport (Account nr 41 080 1674)				
STANDARD - Collection (Account nr 41 080 1658)				
ABSA - Main (Account nr 4060 738 263)				
ABSA - SAP collection (Account nr 4061 025 439)				
ABSA - Old Main (Account nr 4053 381 912)				
ABSA - Pretoria Collection (Account nr 4053 381 857)				
ABSA - Centurion Collection (Account nr 4053 486 168)				
ABSA - Akasia Collection (Account nr 4053 388 003)				
ABSA - GPMC Collection (Account nr 4048 828 191)				
ABSA - Housing Collection (Account nr 4054 433 297)				
ABSA - Wonderboom Airport (Account nr 4059 414 365)				
FNB Main - Pretoria Branch (Account nr 5142 0107 207)				
FNB - Pretoria Collection (Account nr 5142 0108 130)				
FNB - Centurion Collection (Account nr 6202 7802 869)				
FNB - Akasia Collection (Account nr 6202 7803 023)				
FNB - Housing Collection (Account nr 5142 1127 486)				
FNB - SAP Collection (Account nr 6207 4177 786)				
FNB - Traffic Collection (Account nr 6206 7460 586)				
ABSA				
Cash book balance at the beginning of the year	15 413 275	(29 715 301)	15 413 275	(29 715 301)
Cash book balance at the end of the year	12 781 873	15 413 275	12 781 873	15 413 275
Bank statement balance at the beginning of the year	17 907 552	60 295 912	17 907 552	60 295 912
Bank statement balance at the end of the year	37 657 228	17 907 552	37 657 228	17 907 552
FNB				
Cash book balance at the beginning of the year	(2 374)	3 509 343	(2 374)	3 509 343
Cash book balance at the end of the year	8 630 642	(2 374)	8 630 642	(2 374)
Bank statement balance at the beginning of the year	10 499 069	3 517 003	10 499 069	3 517 003
Bank statement balance at the end of the year	9 594 524	10 499 069	9 594 524	10 499 069
STANDARD (Opened 1 July 2006)				
Cash book balance at the beginning of the year	(45 999 764)	0	(45 999 764)	0
Cash book balance at the end of the year - (overdrawn)	(106 407 370)	(45 999 764)	(106 407 370)	(45 999 764)
Bank statement balance at the beginning of the year	38 863 430	0	38 863 430	0
Bank statement balance at the end of the year	11 907 106	38 863 430	11 907 106	38 863 430

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
18.2 Insurance Contingency (Opened 1 July 2005)				
ABSA (Account nr: 4062593950)				
Cash book balance at the beginning of the year	41 285 499	7 972 921	41 285 499	7 972 921
Cash book balance at the end of the year	7 449 875	41 285 499	7 449 875	41 285 499
Bank statement balance at the beginning of the year	41 285 499	7 972 921	41 285 499	7 972 921
Bank statement balance at the end of the year	7 449 875	41 285 499	7 449 875	41 285 499
18.3 Tshwane Market (Primary account)				
First National Bank - Church Square Branch (Account nr: 51421161509)				
Cash book balance at the beginning of the year	12 408 157	7 073 890	12 408 157	7 073 890
Cash book balance at the end of the year	14 111 226	12 408 157	14 111 226	12 408 157
Bank statement balance at the beginning of the year	12 604 882	6 665 740	12 604 882	6 665 740
Bank statement balance at the end of the year	14 801 812	12 604 882	14 801 812	12 604 882
18.4 Petty cash/cashiers floats	262 077	242 338	270 993	247 262
18.5 BANK ACCOUNTS: MUNICIPAL ENTITIES				
18.5.1 Roodeplaat/Temba Water Services Trust				
Absa - Current account (Account nr 4058159742)				
Cash book balance at the beginning of the year			36 772 659	39 183 111
Cash book balance at the end of the year			27 932 978	36 772 659
Bank statement balance at the beginning of the year			36 772 659	39 183 111
Bank statement balance at the end of the year			27 932 978	36 772 659
Absa - Deposit account - Roodeplaat (Account nr 4059250408)				
Cash book balance at the beginning of the year			13 150 214	22 074 114
Cash book balance at the end of the year			0	13 150 214
Bank statement balance at the beginning of the year			13 150 214	22 074 114
Bank statement balance at the end of the year			0	13 150 214
Absa - Debt Service Reserve account (Account nr 4058337269)				
Cash book balance at the beginning of the year			97 790 718	90 045 565
Cash book balance at the end of the year			108 720 424	97 790 718
Bank statement balance at the beginning of the year			97 790 718	90 045 565
Bank statement balance at the end of the year			108 720 424	97 790 718
Absa - Deposit account - Temba (Account nr 405832325)				
Cash book balance at the beginning of the year			5 624 184	30 685 615
Cash book balance at the end of the year			0	5 624 184
Bank statement balance at the beginning of the year			5 624 184	30 685 615
Bank statement balance at the end of the year			0	5 624 184
Absa - Operating Reserve account (Account nr 4058337073)				
Cash book balance at the beginning of the year			543 094	501 538
Cash book balance at the end of the year			603 053	543 094
Bank statement balance at the beginning of the year			543 094	500 338
Bank statement balance at the end of the year			603 053	543 094

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
Absa - Capital Reserve account (Account nr 4058337358)				
Cash book balance at the beginning of the year			10 841 875	10 000 341
Cash book balance at the end of the year			12 052 595	10 841 875
Bank statement balance at the beginning of the year			10 841 875	10 000 341
Bank statement balance at the end of the year			12 052 595	10 841 875
18.5.2 Trade Point Pretoria				
Absa - Current account (Account nr 4054625800)				
Cash book balance at the beginning of the year			112 278	112 278
Cash book balance at the end of the year			50 670	50 670
Bank statement balance at the beginning of the year			176 645	176 645
Bank statement balance at the end of the year			50 413	50 413
18.5.3 Sandspruit Works Waste Water Treatment				
Absa - Current account (Account nr 4051139634)				
Cash book balance at the beginning of the year			7 030 146	4 469 149
Cash book balance at the end of the year			482 713	7 030 146
Bank statement balance at the beginning of the year			6 985 969	4 517 902
Bank statement balance at the end of the year			482 713	6 985 969
18.5.4 Sandspruit Works ODI Water				
Standard Bank - Current account (Account nr 032250738000)				
Cash book balance at the beginning of the year			5 672 412	11 518 431
Cash book balance at the end of the year			9 771 497	5 672 412
Bank statement balance at the beginning of the year			0	12 958 687
Bank statement balance at the end of the year			10 205 841	0
Standard Bank - Current account (Account nr 031906842000)				
Cash book balance at the beginning of the year			44 588	105 948
Cash book balance at the end of the year			(271 149)	44 588
Bank statement balance at the beginning of the year			0	439 551
Bank statement balance at the end of the year			97 226	0

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
Standard Bank - Call account (Account nr 738717959002)				
Cash book balance at the beginning of the year			0	14 197
Cash book balance at the end of the year			0	0
Bank statement balance at the beginning of the year			0	14 197
Bank statement balance at the end of the year			0	0
Standard Bank - Call account (Account nr 738717959003)				
Cash book balance at the beginning of the year			0	618 109
Cash book balance at the end of the year			0	0
Bank statement balance at the beginning of the year			0	618 109
Bank statement balance at the end of the year			0	0
Standard Bank - Call account (Account nr 738717959001)				
Cash book balance at the beginning of the year			5 923 714	4 236 574
Cash book balance at the end of the year			8 685 895	5 923 714
Bank statement balance at the beginning of the year			0	4 236 574
Bank statement balance at the end of the year			8 685 895	0
18.5.5 Enterprise South Africa				
Absa - Current account (Account nr 4059489340)				
Cash book balance at the beginning of the year			0	(5 843)
Cash book balance at the end of the year			0	(5 843)
Bank statement balance at the beginning of the year			0	8 740
Bank statement balance at the end of the year			0	8 740
18.5.6 Civirelo Water				
Absa - Current account (Account nr 4052561692)				
Cash book balance at the beginning of the year			4 252 125	4 117 177
Cash book balance at the end of the year			2 084 786	4 252 125
Bank statement balance at the beginning of the year			6 011 060	4 117 177
Bank statement balance at the end of the year			1 849 223	6 011 060
18.5.7 Housing Company Tshwane				
Absa - Current account (Account nr 4057481879 and 4065722829)				
Cash book balance at the beginning of the year			3 999 822	3 805 095
Cash book balance at the end of the year			849 007	3 999 822
Bank statement balance at the beginning of the year			3 709 294	3 742 286
Bank statement balance at the end of the year			787 871	3 709 294

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
18.5.8 Tshwane Centre for Business Information and Support				
Absa - Current account (Account nr 4050437263)				
Cash book balance at the beginning of the year			94 686	94 686
Cash book balance at the end of the year			55 914	55 914
Bank statement balance at the beginning of the year			71 884	71 884
Bank statement balance at the end of the year			53 375	53 375
19 PROPERTY RATES				
Actual Income	2 181 017 691	1 719 224 465	2 180 952 393	1 719 158 593
Site Values as at 1 July:				
Residential	14 313 139 046	14 495 588 615	14 313 139 046	14 495 588 615
Other	8 302 880 615	6 837 110 872	8 302 880 615	6 837 110 872
Total property valuation *	22 616 019 661	21 332 699 487	22 616 019 661	21 332 699 487
* The decrease in the valuation since 2006/07 is due to the reconciliation between the VAL system and the SAP billing system which were started during 2006/07.				
The last valuation came into effect on 1 July 2002. Rates are levied on the site valuations. A rebate is granted to owners of special dwellings. Persons of 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)				
20 SERVICE CHARGES				
Sale of electricity	3 044 849 637	2 664 517 715	3 043 543 993	2 664 157 955
Sale of water	1 232 886 383	1 036 700 846	1 320 258 384	1 107 789 579
Refuse removal	267 689 295	250 699 662	267 689 295	250 699 662
Sewerage and sanitation charges	303 405 995	249 566 964	303 405 995	249 566 964
Total service charges	4 848 831 310	4 201 485 187	4 934 897 667	4 272 214 160
21 GOVERNMENT GRANTS AND SUBSIDIES				
Equitable share	1 101 416 093	1 002 649 865	1 101 416 093	1 002 649 865
Housing: Municipality		0	0	692 552
Magalies Water		0	0	8 040
Sandspruit: Department Water Affairs & Forestry		0	2 273 220	0
Provincial Health subsidies	22 669 000	21 498 600	22 669 000	21 498 600
Provincial Ambulance subsidy	35 079 283	31 199 756	35 079 283	31 199 756
National Safety grant	0	418 718	0	418 718
Provincial motor vehicle licences refund	66 191 344	58 252 483	66 191 344	58 252 483
Capex: grants & donations	467 680 281	317 833 940	467 680 281	317 833 940
Opex: grants & donations	24 371 883	3 471 779	24 371 883	3 471 779
Finance Management grant	698 715	2 117 862	698 715	2 117 862
Restructuring grant	52 227 861	48 371 166	52 227 861	48 371 166
Municipal Systems Infrastructure grant	2 501 600	2 000 000	2 501 600	2 000 000
DWAF Grant (parent)	18 789 823	14 264 950	18 789 823	14 264 950
Topstructure grants	125 601 978	39 014 522	125 601 978	39 014 522
RTWST grant	0	25 000 000	0	0
Ntsika	0	0	0	0
SEDA	0	0	0	0
Total Government grants and subsidies	1 917 227 861	1 566 093 641	1 919 501 081	1 541 794 233

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
21.1 Equitable share				
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.				
Total amount of equitable share received	1 101 416 093	1 002 649 865	1 101 416 093	1 002 649 865
Monthly grant received by all registered indigents	148	168	148	168
21.2 Provincial Health Subsidies				
Balance unspent at beginning of year	0	0	0	0
Current year receipts - included in public health vote	22 669 000	21 498 600	22 669 000	21 498 600
Conditions met - transferred to revenue	(22 669 000)	(21 498 600)	(22 669 000)	(21 498 600)
Conditions still to be met - transferred to liabilities (see note 8)	0	0	0	0
The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services (included in the Social Development vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.				
Percentage of expenditure incurred refunded = 14,94 %				
21.3 Provincial Ambulance Subsidy				
Balance unspent at beginning of year	0	0	0	0
Current year receipts - included in emergency medical services vote	35 079 283	31 199 756	35 079 283	31 199 756
Conditions met - transferred to revenue	(35 079 283)	(31 199 756)	(35 079 283)	(31 199 756)
Conditions still to be met - transferred to liabilities (see note 8)	0	0	0	0
The Municipality renders ambulance services on behalf of the provincial government and is reimbursed. This grant has been used exclusively to fund the rendering of ambulance services (included in the Emergency Medical Services vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.				
Percentage of expenditure incurred refunded = 64.08 %				
21.4 MIG				
Balance unspent at beginning of year	19 794 905	0	19 794 905	0
Current year receipts	236 438 749	205 944 000	236 438 749	205 944 000
Conditions met - transferred to revenue	(220 341 029)	(186 149 095)	(220 341 029)	(186 149 095)
Conditions still to be met - transferred to liabilities (see note 8)	35 892 625	19 794 905	35 892 625	19 794 905
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.				
21.5 FINANCE MANAGEMENT GRANT				
Balance unspent at beginning of year	1 503 403	3 121 266	1 503 403	3 121 266
Current year receipts	500 000	500 000	500 000	500 000
Conditions met - transferred to revenue	(698 716)	(2 117 863)	(698 716)	(2 117 863)
Conditions still to be met - transferred to liabilities (see note 8)	1 304 687	1 503 403	1 304 687	1 503 403
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.				
21.6 MUNICIPAL SYSTEM IMPROVEMENT GRANT				
Balance unspent at beginning of year	3 000 000	5 000 000	3 000 000	5 000 000
Current year receipts	0	0	0	0
Conditions met - transferred to revenue	(2 501 600)	(2 000 000)	(2 501 600)	(2 000 000)
Conditions still to be met - transferred to liabilities (see note 8)	498 400	3 000 000	498 400	3 000 000
This grant is used to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000. No funds have been withheld.				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

21	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
	GOVERNMENT GRANTS AND SUBSIDIES (continued)				
21.7	RESTRUCTURING GRANT				
	Balance unspent at beginning of year	78 921 695	102 292 860	78 921 695	102 292 860
	Current year receipts	210 050 000	25 000 000	210 050 000	25 000 000
	Conditions met - transferred to revenue	(202 185 589)	(48 371 165)	(202 185 589)	(48 371 165)
	Conditions still to be met - transferred to liabilities (see note 8)	86 786 106	78 921 695	86 786 106	78 921 695
	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 were withheld.				
21.8	DEPARTMENT OF WATER AFFAIRS AND FORESTRY				
	Balance unspent at beginning of year	22 391 328	13 990 911	22 391 328	13 990 911
	Current year receipts	21 092 500	22 399 000	21 092 500	23 091 552
	Conditions met - transferred to revenue	(43 483 828)	(13 998 583)	(43 483 828)	(14 691 135)
	Conditions still to be met - transferred to liabilities (see note 8)	0	22 391 328	0	22 391 328
	This grant was received for the supply of water services for community upliftment.				
21.9	CITY OF TSHWANE METROPOLITAN MUNICIPALITY (HOUSING COMPANY)				
	Balance unspent at beginning of year			0	0
	Current year receipts			117 439	156 444
	Conditions met - transferred to revenue			(117 439)	(156 444)
	Conditions still to be met - transferred to liabilities (see note 8)			0	0
	This grant was received for the administration and operation of the Housing Company Tshwane.				
21.1	MAGALIES WATER				
	Balance unspent at beginning of year			0	0
	Current year receipts			0	8 040
	Conditions met - transferred to revenue			0	(8 040)
	Conditions still to be met - transferred to liabilities (see note 8)			0	0
	This grant was received for the installation of water for communal benefit.				
21.11	SANDSPRUIT: DEPARTMENT OF WATER AFFAIRS AND FORESTRY				
	Balance unspent at beginning of year			0	0
	Current year receipts			2 273 220	15 921 068
	Conditions met - transferred to revenue			(2 273 220)	(15 921 068)
	Conditions still to be met - transferred to liabilities (see note 8)			0	0
	This grant was received for the refurbishment at Klipgat and Temba Waste Water Treatment plants.				
21.12	Changes in levels of government grants				
	Based on the allocations set out in the Division of Revenue Act (Act 1 of 2007), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
22	OTHER INCOME				
	Drain cleaning fees	1 211 910	1 211 073	1 211 910	1 211 073
	Reconnections fees	64 805 089	62 458 097	64 805 089	62 458 097
	Sewerage fees: Industrial effluent	19 763 957	19 071 458	19 763 957	19 071 458
	Interest on housing sales	13 649 630	12 845 341	13 649 630	12 845 341
	Interest on property sales	5 107 253	3 534 827	5 107 253	3 534 827
	Reminder fees	9 400 900	12 816 235	9 400 900	12 816 235
	Ambulance fees	5 594 646	3 048 946	5 594 646	3 048 946
	Airside income	3 154 100	2 405 526	3 154 100	2 405 526
	Connection fees: Urban areas	8 164 438	7 136 538	8 164 438	7 136 538
	Cemetery fees	5 016 915	3 662 486	5 016 915	3 662 486
	Fees for relaxation of building line	1 641 185	2 249 467	1 641 185	2 249 467
	Building plan fees	34 139 148	37 801 683	34 139 148	37 801 683
	Library fines	1 051 969	1 091 704	1 051 969	1 091 704
	Restaurant sales	1 164 367	1 590 920	1 164 367	1 590 920
	Sundry fees	4 517 334	4 492 746	4 517 334	4 492 746
	Sundry services	12 659 014	18 518 735	12 659 014	18 518 735
	Income from grave services	4 266 198	3 861 237	4 266 198	3 861 237
	Application fees	3 927 229	3 967 200	3 927 229	3 967 200
	Connection fees	16 220 728	22 789 593	16 220 728	22 789 593
	Approval fees: advertisements	24 761 792	18 071 202	24 761 792	18 071 202
	Discount on promp payments	14 195 991	18 986 536	14 195 991	18 986 536
	Market fees	70 793 414	58 483 778	70 793 414	58 483 778
	Lodging fees	1 145 624	1 289 166	1 145 624	1 289 166
	Parking fees: vehicles	2 914 839	2 666 683	2 914 839	2 666 683
	Training fees recovered	7 622 163	8 927 123	7 622 163	8 927 123
	Dumping fees	13 995 089	13 155 331	13 995 089	13 155 331
	Income from bulk containers	24 007 366	26 939 459	24 007 366	26 939 459
	Sale of livestock	2 891	15 888	2 891	15 888
	Sale of stone	6 685 746	3 474 334	6 685 746	3 474 334
	Sale unusable stock	3 953 857	4 656 164	3 953 857	4 656 164
	Sales: Aeroplane fuel	29 155 543	16 402 250	29 155 543	16 402 250
	Transport fees	45 956 506	44 180 382	45 956 506	44 180 382
	Capital income recovered insurance claims	2 347 901	475 510	2 347 901	475 510
	Claims recovered compensation commissioner	13 553 858	12 606 126	13 553 858	12 606 126
	Bad debt recovered	23 248 755	22 625	23 248 755	22 625
	Land sales	3 135 084	43 869 372	3 135 084	43 869 372
	Miscellaneous	53 532 025	24 901 152	202 221 620	119 972 699
	Total other income	556 464 454	523 676 893	705 154 049	618 748 440

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

23	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
	EMPLOYEE RELATED COSTS				
	Salaries and wages	1 608 098 664	1 498 980 113	1 652 489 477	1 532 722 901
	Contributions to UIF, pensions and medical aids	559 600 254	515 389 693	559 600 254	515 389 693
	Overtime payments	148 420 027	120 883 844	148 420 027	120 883 844
	Long-service awards	7 773 287	7 671 604	7 773 287	7 671 604
	Travel allowance	178 255 582	170 357 918	178 255 582	170 357 918
	Housing benefits and allowance	24 863 274	19 697 494	24 863 274	19 697 494
	Performance bonus	424 329	382 814	424 329	382 814
	Other allowances	93 567 426	78 640 892	93 567 426	78 640 892
	Total employee related cost	2 621 002 843	2 412 004 372	2 665 393 656	2 445 747 160
	REMUNERATION OF THE MUNICIPAL MANAGER (During 2006/07 the Muniipal Manager of the parent was only in office for 6 months)				
	Annual remuneration	891 165	381 162	891 165	381 162
	Performance bonuses	0	65 106	0	65 106
	Car allowance	128 400	120 000	128 400	120 000
	Medical and pension fund contributions	0	13 860	0	13 860
	Total	1 019 565	580 128	1 019 565	580 128
	REMUNERATION OF THE CHIEF FINANCIAL OFFICER (The CFO of the parent was only appointed on 15 November 2006 at a lower salary package)				
	Annual remuneration	681 561	476 456	681 561	476 456
	Performance bonuses	0	0	0	0
	Car allowance	132 000	88 000	132 000	88 000
	Medical and pension fund contributions	20 316	13 544	20 316	13 544
	Total	833 877	578 000	833 877	578 000
	REMUNERATION OF STRATEGIC EXECUTIVE DIRECTORS				
	Annual remuneration:				
	Technical services	775 056	765 564	775 056	765 564
	Corporate services	2 610 872	3 395 889	2 610 872	3 395 889
	Community services	2 255 382	3 625 428	2 255 382	3 625 428
	Performance bonuses:				
	Technical services	0	0	0	0
	Corporate services	0	69 594	0	69 594
	Community services	0	570 283	0	570 283
	Car allowance:				
	Technical services	90 000	90 000	90 000	90 000
	Corporate services	484 000	549 146	484 000	549 146
	Community services	253 914	506 712	253 914	506 712
	Medical and pension fund contributions:				
	Technical services	0	0	0	0
	Corporate services	20 316	35 160	20 316	35 160
	Community services	38 272	158 664	38 272	158 664
	Total	6 527 812	9 766 440	6 527 812	9 766 440

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
	Total:				
	Technical services	865 056	855 564	865 056	855 564
	Corporate services	3 115 188	4 049 789	3 115 188	4 049 789
	Community services	2 547 568	4 861 087	2 547 568	4 861 087
	Total remuneration of strategic executive directors	6 527 812	9 766 440	6 527 812	9 766 440
24	REMUNERATION OF COUNCILLORS				
	Mayor's allowance	370 044	294 068	370 044	294 068
	Councillor's allowances	27 806 355	30 160 657	27 806 355	30 160 657
	Councillor's pension contributions	2 931 804	3 219 512	2 931 804	3 219 512
	Travelling allowance	10 633 608	11 532 641	10 633 608	11 532 641
	Councillor's medical contributions	810 628	739 170	810 628	739 170
	Councillor's housing allowances	1 648 920	0	1 648 920	0
	Total remuneration of councillors	44 201 359	45 946 048	44 201 359	45 946 048
	In-kind Benefits				
	The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Municipality. According to the organisational structure of the parent the Sub-section Executive Mayor Protection has 40 staff members.				
25	INTEREST PAID				
	Long-term liabilities	329 835 287	313 550 043	398 791 863	387 188 062
	Leases	31 655 004	43 092 092	31 655 004	43 092 092
	Bank overdrafts	2 790 579	586 263	2 790 821	586 296
	Total Interest on External Borrowings	364 280 870	357 228 398	433 237 688	430 866 450
26	BULK PURCHASES				
	Electricity	1 543 641 344	1 460 232 898	1 544 066 528	1 460 729 587
	Water	666 086 020	670 746 363	673 036 319	676 103 249
	Total Bulk Purchases	2 209 727 364	2 130 979 261	2 217 102 847	2 136 832 836
27	GRANTS AND SUBSIDIES PAID				
	Grants-in-aid	1 094 524	1 066 397	1 094 524	1 066 397
	Grants-in-aid: Assessment rates	10 490 155	7 325 860	10 490 155	7 325 860
	Total Grants and Subsidies Paid	11 584 679	8 392 257	11 584 679	8 392 257
	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 Municipality in writing, for such grant-in-aid.				
28	GENERAL EXPENSES				
	Included in General expenses are the following amounts above R40 million				
	Project Linked Housing: Top structures	125 601 978	134 903 365	125 601 978	134 903 365
	Rental of property, plant and equipment	153 401 288	106 333 883	153 401 288	106 333 883
	Household refuse removal	51 186 966	96 024 704	51 186 966	96 024 704
	Electricity disconnections	41 664 038	33 928 641	41 664 038	33 928 641
	Service providers	74 036 441	76 976 217	74 036 441	76 976 217
	Insurance premiums and excesses	50 988 789	65 634 075	50 988 789	65 634 075
	Teltelecommunication	67 798 767	60 019 644	67 798 767	60 019 644
	Private sector labour	88 858 604	58 427 175	88 858 604	58 427 175
	Special projects	57 324 522	53 149 572	57 324 522	53 149 572
	Restructuring/Transformation	52 443 707	48 371 166	52 443 707	48 371 166
	Rental of property	70 269 415	47 980 620	70 269 415	47 980 620
	Watchmen services	79 872 644	45 734 451	79 872 644	45 734 451
	Implementation: OITPS	43 965 459	42 983 067	43 965 459	42 983 067
	Other	1 216 530 036	851 193 716	1 327 267 505	945 367 487
	Total general expenses	2 173 942 654	1 721 660 296	2 284 680 123	1 815 834 067

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
29	CASH GENERATED BY OPERATIONS				
	Net surplus for the year	772 066 473	314 488 071	728 231 396	244 703 826
	Adjustment for:-				
	Prior year adjustments			3 776 564	
	Prior year adjustments: Property Plant and equipment			(2 540 304)	
	Depreciation	809 281 815	633 461 559	848 785 387	673 251 488
	Depreciation corrections		0	1 425 219	0
	Gain on disposal of property, plant and equipment	(4 936 900)	(20 915 400)	(4 936 900)	(20 915 400)
	Contribution to Provision for rehabilitation of quarries	18 061 985	0	18 061 985	0
	Contribution to Provision for rehabilitation landfill sites	63 360 000	0	63 360 000	0
	Contribution to Provision for Clearing up Alien Vegetation	526 315	6 292 554	526 315	6 292 554
	Expenditure: Provision for Clearing up Alien Vegetation	0	(3 898 629)	0	(3 898 629)
	Contribution to bad debt provision	54 154 928	106 752 294	111 435 947	20 894 086
	Transfer to reserves			0	101 059
	Liquidation of municipal entity		0	0	825 151
	Investment income	(135 230 884)	(134 186 955)	(157 084 053)	(154 277 171)
	Interest paid	364 280 870	357 228 398	433 237 688	430 866 450
	Operating surplus before working capital changes:	1 941 564 604	1 259 221 892	2 044 279 244	1 197 843 414
	Decrease/(Increase) in inventories	(53 792 376)	(57 478 614)	(26 315 083)	(84 990 324)
	(Increase)/decrease in debtors	(383 233 814)	(109 337 219)	(439 295 567)	(4 419 700)
	(Increase)/decrease in other debtors	52 851 814	(15 144 431)	40 016 543	43 912 168
	(Decrease)/increase in conditional grants and receipts	123 901 202	34 491 069	128 184 154	34 491 069
	Increase/(Decrease) in provisions	0	0	(1 536 192)	(2 141 063)
	Increase/(decrease) in creditors	(128 493 630)	172 516 718	(182 767 255)	173 448 663
	Increase/ (Decrease) in VAT	46 166 365	(108 567 906)	52 390 273	(128 542 405)
	Cash generated from operations	1 598 964 165	1 175 701 509	1 614 956 117	1 229 601 822
30	CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position				
	Bank balances and cash	43 235 693	69 349 269	214 262 992	261 100 667
	Call investment deposits	235 135 631	558 674 497	272 462 172	614 937 475
	Bank overdraft	(106 407 370)	(46 002 138)	(106 407 370)	(45 996 478)
	Total cash and cash equivalents	171 963 954	582 021 628	380 317 794	830 041 664

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities (see Note 2)	2 878 344 490	2 834 595 467	2 878 344 490	2 834 595 467
Used to finance property, plant & equipment - at cost	3 501 258 960	2 717 572 357	3 501 258 960	2 717 572 357
Sub Total	(622 914 470)	117 023 110	(622 914 470)	117 023 110
Cash set aside for the repayment of long-term liabilities	568 644 654	634 478 486	568 644 654	634 478 486
Cash invested for repayment of long-term liabilities (see Note 17)	(1 191 559 124)	(517 455 376)	(1 191 559 124)	(517 455 376)
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 execution of the receipt of external loans over the year end				
32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
32.1 Contributions to organized local government				
Opening balance	78 729	69 522	78 729	69 522
Council subscriptions	1 006 419	935 819	1 006 419	935 819
Amount paid - current year	(1 006 419)	(857 090)	(1 006 419)	(857 090)
Amount paid - previous years	(78 729)	(69 522)	(78 729)	(69 522)
Balance unpaid (included in creditors)	0	78 729	0	78 729
32.2 Audit fees				
Opening balance	1 811 162	0	1 886 162	(14 053)
Current year audit fee	8 381 197	8 692 761	8 693 672	7 753 195
Amount paid - current year	(6 518 057)	(6 881 599)	(6 830 532)	(5 942 033)
Amount paid - previous years	(1 811 162)	0	(1 886 162)	14 053
Balance unpaid (included in creditors)	1 863 140	1 811 162	1 863 140	1 811 162
The balance is with regard to the previous financial year and was paid in the next financial year.				
32.3 VAT				
VAT inputs receivables and VAT outputs receivables are shown in note 9				
All VAT returns have been submitted by the due date throughout the financial year.				
32.4 PAYE AND UIF				
Opening balance	28 010 798	25 601 727	28 012 016	25 601 727
Current year payroll deductions	355 353 962	330 757 910	360 353 795	353 550 300
Amount paid - current year	(325 358 372)	(302 747 115)	(330 195 695)	(325 538 287)
Amount paid - previous years	(28 010 795)	(25 601 727)	(28 012 013)	(25 601 727)
Balance unpaid (included in creditors)	29 995 593	28 010 795	30 158 103	28 012 013
32.5 Pension and Medical aid deductions				
Opening balance	0	0	0	0
Current year payroll deductions and council contributions	698 773 018	646 873 547	698 773 018	646 873 547
Amount paid - current year	(698 773 018)	(646 873 547)	(698 773 018)	(646 873 547)
Amount paid - previous years	0	0	0	0
Balance unpaid (included in creditors)	0	0	0	0

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
32.6 Councillor's arrear consumer accounts				
AMOUNTS OUSTANDING FOR MORE THAN 90 DAYS:				
Aucamp M G W	0	6 872	0	6 872
Blaauw M P	0	8 585	0	8 585
Buthelezi M M	59 636	48 779	59 636	48 779
Dzumba K Y	11 466	12 741	11 466	12 741
Dichabe M M	112	0	112	0
Dlamini S S	274	0	274	0
Hoseka N P	2 882	0	2 882	0
Huma S E	1 546	0	1 546	0
Kekana K C	0	848	0	848
Kgashane S	0	27 159	0	27 159
Kwenda L H	0	179	0	179
Ledwaba D C	5 278	3 694	5 278	3 694
Lehobye M J	315	0	315	0
Linde E	921	0	921	0
Majeng M J	288	0	288	0
Maluleka E M & H W	1 295	0	1 295	0
Makola M A	0	11 325	0	11 325
Moagi C M	0	1 527	0	1 527
Moagi T S	1 772	0	1 772	0
Modumaela B E	4 342	0	4 342	0
Mogaladi M J	103	214	103	214
Morudi M S	21 936	4 754	21 936	4 754
Mthetwa D	0	4 724	0	4 724
Naid A T	0	304	0	304
Ndoko E N	0	506	0	506
Nkwashu M S	0	332	0	332
Ramokgopa K D	0	5 786	0	5 786
Segabutla L O	112	684	112	684
Seoketsa G	0	27 750	0	27 750
Total	112 278	166 763	112 278	166 763
COUNCILLORS WITH PAYOFF ARRANGEMENTS:				
Campbell A W	0	1 426	0	1 426
Dzumba K Y	0	1 566	0	1 566
Feldman J D	0	23 678	0	23 678
Huma S E	0	5 727	0	5 727
Kutumeia Jan	0	5 293	0	5 293
Kutumeia M J	0	2 141	0	2 141
Lepati M A	9 276	0	9 276	0
Mamabolo C S	5 596	6 714	5 596	6 714
Mokgalapa S & B P	2 729	0	2 729	0
Matjokane N Y	0	57 198	0	57 198
Morudi M S	0	9 470	0	9 470
Mthetwa D	10 000	3 728	10 000	3 728
Rambau T V	4 900	3 605	4 900	3 605
Ramokgopa G M	0	832	0	832
Segabutla L O	0	520	0	520
Seoketsa G	30 914	0	30 914	0
Swarts A P	2 575	1 664	2 575	1 664
Theron D P	0	5 260	0	5 260
Thipe S S	0	3 037	0	3 037
Thobejane P T M	0	2 457	0	2 457
Thipe J	2 312	0	2 312	0
Total	68 302	134 316	68 302	134 316

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
TOTAL AMOUNT OUTSTANDING:				
Aucamp M G W	0	6 872	0	6 872
Blaauw M P	0	8 585	0	8 585
Buthelezi M M	59 636	48 779	59 636	48 779
Campbell A W	0	1 426	0	1 426
Dlamini S S	274	0	274	0
Dichabe M M	112	0	112	0
Dzumba K Y	11 466	14 307	11 466	14 307
Feldman J D	0	23 678	0	23 678
Hoseka N P	2 882	0	2 882	0
Huma S E	1 546	5 727	1 546	5 727
Kekana K C	0	848	0	848
Kgashane S	0	27 159	0	27 159
Kutumela Jan	0	5 293	0	5 293
Kutumela M J	0	2 141	0	2 141
Kwenda L H	0	179	0	179
Ledwaba D C	5 278	3 694	5 278	3 694
Lehobye M J	315	0	315	0
Lepati M A	9 276	0	9 276	0
Linde E	921	0	921	0
Majeng M J	288	0	288	0
Maluleka E M & H W	1 295	0	1 295	0
Makola M A	0	11 325	0	11 325
Moagi C M	0	1 527	0	1 527
Moagi T S	1 772	0	1 772	0
Modumaela B E	4 342	0	4 342	0
Mogaladi M J	103	214	103	214
Morudi M S	21 936	14 224	21 936	14 224
Mamabolo C S	5 596	6 714	5 596	6 714
Matjokana N Y	0	57 198	0	57 198
Mokgalapa S & B P	2 729	0	2 729	0
Mthewa D	10 000	8 452	10 000	8 452
Naid AT	0	304	0	304
Ndoko E N	0	505	0	505
Nkwashu M S	0	332	0	332
Rambau T V	4 900	3 605	4 900	3 605
Ramokgopa G M	0	832	0	832
Ramokgopa K D	112	5 786	112	5 786
Segabutla L O	0	1 204	0	1 204
Seoketsa G	30 914	27 750	30 914	27 750
Swarts A P	2 575	1 664	2 575	1 664
Theron D P	0	5 260	0	5 260
Thipe S S	0	3 037	0	3 037
Thipe J	2 312	0	2 312	0
Thobejane P T M	0	2 457	0	2 457
Total arrear consumer accounts	180 580	301 078	180 580	301 078
Information regarding arrear accounts for more than 90 days of Councillors during the financial year is not available.				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
33	CAPITAL COMMITMENTS				
	Commitments in respect of capital expenditure (budgeted amounts next financial year):				
	- Approved and contracted for	2 489 482 188	1 940 572 750	2 489 482 188	1 940 572 750
	Infrastructure	2 015 657 358	1 489 453 000	2 015 657 358	1 489 453 000
	Community	253 603 000	95 012 000	253 603 000	95 012 000
	Other	147 150 000	124 847 750	147 150 000	124 847 750
	Housing	73 071 830	231 260 000	73 071 830	231 260 000
	- Approved but not contracted for	672 282 990	375 267 250	672 282 990	375 267 250
	Infrastructure	454 306 800	321 887 250	454 306 800	321 887 250
	Community	22 045 400	30 900 000	22 045 400	30 900 000
	Other	175 930 790	7 480 000	175 930 790	7 480 000
	Investment property	0	2 000 000	0	2 000 000
	Housing	20 000 000	13 000 000	20 000 000	13 000 000
		3 161 765 178	2 315 840 000	3 161 765 178	2 315 840 000
	This expenditure will be financed from:				
	- Council Own Funding (External loans and/or Capital replacement reserve)	2 138 968 400	1 516 940 000	2 138 968 400	1 516 940 000
	- Capital replacement reserve	61 315 790	0		
	- Provincial grants	26 070 000	223 610 000	26 070 000	223 610 000
	- Government Housing	84 321 988	303 782 000	84 321 988	303 782 000
	- PTIS	501 654 000	0		
	- MIG	288 935 000	234 108 000	288 935 000	234 108 000
	- National Electrification Fund	60 500 000	37 400 000	60 500 000	37 400 000
		3 161 765 178	2 315 840 000	2 598 795 388	2 315 840 000
34	RETIREMENT BENEFIT INFORMATION				
34.1	PENSION FUNDS				
	Most employees of the Municipality are members of one of the following funds and those who are not, are paid a lump-sum gratuity at retirement age. The Municipality's contributions to these funds are reflected as a charge against income in the financial statements				
	DEFINED CONTRIBUTION PLANS (AS CLASSIFIED BY THE RELEVANT FUND):				
34.1.1	Tshwane Municipal Provident Fund, which is a defined contribution plan and subject to the Pension Funds Act of 1956. The fund is not required to be actuarially valued. No benefits can be unfunded and the Municipality therefore has no commitment in this regard. 2 276 (18,83 %) 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 23) amount to-	87 684 898	78 931 464	87 684 898	78 931 464
34.1.2	The Councillors of the City of Tshwane Metropolitan Municipality are members of the Pension Fund for Municipal Councillors which is a defined contribution fund and governed by the Pension Funds Act of 1956. The fund was established in 1988. The actuarial valuation carried out on 30 June 2006 reported the fund to be in a sound financial position. 109 (0,952 %) 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 23) amount to-	5 351 174	6 114 079	5 351 174	6 114 079
34.1.3	The National Fund for Municipal Workers is a defined contribution plan and there is no statutory requirements to do an actuarial valuation. The Municipality has no commitment to finance any deficit. The latest voluntary actuarial valuation as at 30 June 2005 reported the fund to be in a sound financial position. 3 112 (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 23) amount to-	143 286 240	134 875 445	143 286 240	134 875 445
34.1.4	SALA Provident Fund is a defined contribution plan. An actuarial valuation is carried out every 3 years. The Municipality has no commitment to finance any deficit. The actuarial valuation performed on 30 June 2004 reported the fund to be financially sound. 94 (0,82 %) of the Municipality's employees are members of this fund. The total contributions, which are in terms of the rules of the plan (included in Employee remuneration, note 23) amount to-	990 670	941 353	990 670	941 353
34.1.5	SAMWU National Provident Fund is a defined contribution fund. The fund is subject to actuarial valuation. The fund is not underwritten. The actuarial valuation performed on 30 June 2006 reported the fund to be in a sound financial position. 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 23) amount to-	24 682 623	22 739 165	24 682 623	22 739 165
34.1.6	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 23) amount to-	63 513	163 310	63 513	163 310

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
34.1.7 Meshawu National Local Authorities Retirement Fund is a defined contribution plan (established on 1 August 1996) and is governed by the Pension Funds Act of 1956. The actuarial valuation done on 31 January 2001 reported the fund to be in a sound financial position with a funding level of 118,8 %. 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 23) amount to-	1 266 225	1 187 310	1 266 225	1 187 310
34.1.8 Municipal Gratuity Fund. This is a defined contribution plan which is governed by the Pension Funds Act of 1956. The Municipality has no commitment to meet unfunded benefits. The actuarial valuation is carried out every 2 years. The actuarial valuation done on 30 June 2004 showed the fund to be in a sound financial position. 1 408 (112,26%) 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 23) amount to-	50 573 279	47 420 095	50 573 279	47 420 095
DEFINED BENEFIT PLANS (AS CLASSIFIED BY THE RELEVANT FUNDS):				
34.1.9 Tshwane Municipal Pension Fund, which is a defined benefit plan and is governed by the Pension Funds Act of 1956. The Consulting Actuaries reported that the Fund was in a sound financial position with a funding level of 100 % as at 31 December 2006. 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 23) amount to-	22 425 591	22 327 388	22 425 591	22 327 388
34.1.10 SALA Pension Fund is a private fund. The actuarial valuation is carried annually since 1 July 1998. The actuarial valuation performed on 1 July 2004 showed an unfunded liability of R516,62 million (81,9 % funding level). The Municipality's employees make up approximately 5,4 % of the total membership and therefore the Municipality's possible liability with regard to the unfunded liability is calculated at R28 104 128. 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 23) amount to-	25 698 482	24 348 071	25 698 482	24 348 071
34.1.11 The Government Employees Pension Fund is a defined benefit plan and is governed by the Government Employees Pension Fund Law, 1996 in terms of Proclamation 21 of 19 April 1996. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 31 March 2004 reported the fund to be in a sound financial position with a funding level of 96,5 %. 46 (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 23) amount to-	5 042 778	4 831 406	5 042 778	4 831 406
34.1.12 Joint Municipal Pension Fund is not a pure defined benefit fund, but is a hybrid fund (which has qualities of both a defined benefit and defined contribution fund) and is governed by the Pension Funds Act of 1956. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 31 December 2005 reported a funding level of 97,7 % resulting in a shortfall of R44,237 million. The Municipality's employees make up approximately 1,78 % of the total membership. The Municipality's possible liability with regard to unfunded benefits is calculated to be R4 737 363. 56 (0,483 %) 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 23) amount to-	3 171 218	3 258 823	3 171 218	3 258 823
34.1.13 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 23) amount to-	42 410 036	40 958 555	42 410 036	40 958 555
34.2 MEDICAL AID FUNDS				
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 23	29 049 392	29 488 485	29 049 392	29 488 485
Keyhealth (From 1 January 2008 Global Health and Munimed became Keyhealth)	28 925 636	29 488 485	28 925 636	29 488 485
Bonitas	79 265	79 265	79 265	79 265
Hosmed	24 235	24 235	24 235	24 235
Medihelp	20 256	0	20 256	0
TOTAL CONTRIBUTIONS (Included in Employee remuneration - note 23)	441 696 119	417 584 949	441 696 119	417 584 949
35 CONTINGENT LIABILITIES				
35.1 HOUSING LOANS				
Guarantees for housing loans to employees at financial institutions	2 023 797	2 237 322	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				
35.2 INDEMNIFICATION				
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	32 996 015	24 357 428
The capitalised value as at 31 December 2006 as calculated by the Department of Labour amounted to	32 996 015	27 392 475	32 996 015	27 392 475
Consistent with prior years the amendment to the cession will be addressed in the following financial year				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
35	CONTINGENT LIABILITIES (continued)				
35.3	INSURANCE CLAIMS				
	Pending claims against the Municipality in respect of vehicle accidents and Public Liabilities which originated before 30 June. The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which has a balance of R128.6 million.	57 139 428	61 382 669	57 139 428	61 382 669
35.4	RETIREMENT OF REDUNDANT EMPLOYEES				
	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	63 603 000	69 995 000
	*Sick fund contribution payable to Pretmed 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	46 102 000	44 593 000
35.5	ENTERPRISE SOUTH AFRICA (Section 21 Company)				
	The company failed to register for VAT when it was founded in 1999. The company will be liable for output VAT of approximately R1 013 000, excluding possible interest and penalties. The company will be able to claim input tax on its qualifying expenses, but the amount cannot be determined at this time (the saving as a result of the input tax will not be significant).				
36	IN-KIND DONATIONS AND ASSISTANCE				
	The Municipality received the following in-kind donations and assistance Description:				
	- Secondment of International Finance Advisor by National Treasury These advisors were recalled with effect from end of May 2007				
37	PRIVATE PUBLIC PARTNERSHIPS				
	The City of Tshwane had only one such partnership, i.e. Tswaing Electrical Project (Pty) Ltd. The liquidation of this company was started during the 2004/5 financial year. The liquidation process was finalised during 2005/6				
38	EVENTS AFTER THE REPORTING PERIOD				
	No material events occurred with respect to the 2006/07 financial year				
38.1	External loans				
	DBSA: Loan at 11,315 % over 20 years	200 000 000		200 000 000	
	DBSA: Loan at 6,25 % over 20 years	50 000 000		50 000 000	
		250 000 000		250 000 000	
38.2	Investments				
	ABSA Call investment @ 11,55 %	49 000 000		49 000 000	
	Investec Call investment @ 11,50 %	49 000 000		49 000 000	
	Nedcor Call investment @ 11,65 %	49 000 000		49 000 000	
	RMB Call investment @ 11,50 % to 11,00 %	49 000 000		49 000 000	
	Stanlib call investment in respect of Contingency Insurance Func	169 020 600		169 020 600	
		365 020 600		365 020 600	
38.3	Short-term loan				
	ABSA short-term loan @ 13,85 %	84 000 000		84 000 000	
38.4	Roodeplaat/Temba Water Services Trust (RTWST)				
	Loans taken over from 1 July 2008 with the disestablishment of the trust	518 067 525		518 067 525	
39	COMPARISON WITH THE BUDGET				
	The comparison of the actual financial performance with that budgeted is set out in Appendices E, F and C				

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

DESCRIPTION	MUNICIPALITY		GROUP	
	2008 R	2007 R	2008 R	2007 R
40 DIRECTORS EMOLUMENTS				
40.1 Civirelo Water				
Paid by company for services as directors			678 212	521 850
41 RELATED PARTY DISCLOSURES				
41.1 Parent				
The following municipal entities were under the control of the erstwhile/disestablished municipalities. The City of Tshwane Metropolitan Municipality became the parent municipality on 5 December 2000 as a result of the successor in law principle.				
41.1.1 Transactions between related parties				
Civirelo Water's parent is the CoT. Details and amounts of the transactions are as follows:				
Gauteng Housing via CoT	975 800	0	975 800	0
Creditors	0	1 860 802	0	1 860 802
Water sales	0	40 976 503	0	40 976 503
Housing Company Tshwane's parent is the CoT. Details and amounts of the transactions are as follows:				
Sundry debtors (un-paid reimbursement budgeted amounts)	128 604	0	128 604	0
Received Electricity and Water sales and rates and taxes	490 482	562 558	490 482	562 558
Paid General Expenses	117 439	156 444	117 439	156 444
Roodeplaat Temba Water Services Trust's parent is the CoT. Details and amounts of the transactions are as follows:				
Paid Water (water sales to CoT)	101 413 208	104 212 872	101 413 208	104 212 872
Beneficiary distribution	0	25 000 000	0	25 000 000
Interest - finance lease	3 283 804	4 718 102	3 283 804	4 718 102
Lease charges	704 630	475 727	704 630	475 727
Accounts receivable	14 120 965	12 149 142	14 120 965	12 149 142
Accounts payable	0	4 112 185	0	4 112 185
Deferred operating lease liabilities	2 078 122	1 873 039	2 078 122	1 873 039
Finance lease liabilities	25 976 434	28 113 989	25 976 434	28 113 989
Roodeplaat Temba Water Services Trust: Transactions with Magalies Water				
Production overheads, accounts payable, accounts receivable, etc			0	34 383 373
Roodeplaat Temba Water Services Trust: Transactions with ABSA Corporate and Merchant Bank				
Interest received			0	13 636 652
Interest paid			0	30 442 816
Bank charges			0	1 165 444
Capitalised interest/accrued interest			0	0
Long-term loan			0	234 079 776
Sandspruit Works Association Division: ODI Water Sales' parent is the CoT. Details and amounts of the transactions are as follows:				
Outstanding payments i.r.o. water & electricity	108 207	0	108 207	0
Bulk containers	5 007	0	5 007	0
DWAF subsidy paid to Sandspruit	11 937 780	0	11 937 780	0
Paid Water	49 206 105	50 983 935	49 206 105	50 983 935
Received water	34 675 380	20 382 060	34 675 380	20 382 060
Operating loss account	3 001 199	4 112 685	3 001 199	4 112 685
Trade Point Pretoria's parent is the CoT. No related party transactions occurred	Under liquidation	Under liquidation	Under liquidation	Under liquidation
Tshwane Centre for Business Information and Support (Cenbis) parent is the CoT. No related party transactions occurred	Under liquidation	Under liquidation	Under liquidation	Under liquidation
Enterprise South Africa's parent is the CoT. No related party transactions occurred	Under liquidation	Under liquidation	Under liquidation	Under liquidation

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	DESCRIPTION	MUNICIPALITY		GROUP	
		2008 R	2007 R	2008 R	2007 R
42	PRIOR YEAR ADJUSTMENTS (Refer to Statement of Changes of Parent)				
	Revenue of the 2005/06 financial year was adjusted in respect of:				
	RSC levies - increase in revenue and creating of debtor		160 950 691	0	160 950 691
	Training fees recovered amount only allocated to revenue in 2006/07 but received in 2005/06		1 711 273	0	1 711 273
	Write back of the provision for obsolete stock		2 900 000	0	2 900 000
	Total prior year adjustment iro 2005/06 done in 2006/07	0	165 561 964	0	165 561 964
	Expenditure of the 2006/07 financial year was restated in respect of:				
	Reclassification of operating leases to finance leases	-108 980 242		-108 980 242	
	Depreciation of leased assets	74 877 528		74 877 528	
	Interest on lease liabilities	43 092 093		43 092 093	
	Restatement of threshold assets (net of depreciation and reversal of expense to assets)	-7 157 820		-7 157 820	
	Municipal entities: audit adjustments			3 776 566	
	Total prior year adjustment iro 2006/07	1 831 559		5 608 125	
	Restatement of Statement of financial position				
	Accounting for lease assets (brought in for first time in 2007/08 but restated 2006/07)	256 399 923	212 186 937	256 399 923	212 186 937
43	INTERNAL COST				
	Repairs and maintenance:				
	External	888 322 552	727 352 320	888 322 552	727 352 320
	Total	1 458 821 602	1 325 085 430	1 458 821 602	1 325 085 430
	Less: Internal	570 499 050	597 733 110	570 499 050	597 733 110
	General expenses:				
	External	2 173 942 664	1 837 798 359	2 173 942 664	1 837 798 359
	Total	2 273 536 444	2 628 171 254	2 273 536 444	2 628 171 254
	Less: Internal	99 593 780	790 372 895	99 593 780	790 372 895
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE				
44.1	Unauthorised expenditure				
	Reconciliation of unauthorised expenditure:				
	Opening balance	0	0	0	0
	Unauthorised expenditure in current year	15 175	0	15 175	0
	Unauthorised expenditure awaiting authorisation	15 175	Not available	15 175	Not available
	Incident: Unapproved travelling to Swaziland during November 2007.				
	Disciplinary steps: A report to obtain approval has been submitted to the City Manager				
44.2	Fruitless and wasteful expenditure				
	Reconciliation of fruitless and wasteful expenditure:				
	Opening balance	0	0	0	0
	Fruitless and wasteful expenditure in current year	24 956	0	24 956	0
	Fruitless and wasteful expenditure awaiting condonement/repayment	24 956	Not available	24 956	Not available
	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 will 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 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

45 FINANCIAL INSTRUMENTS (only for Municipality)

45.1 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.

45.1.1 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	Fixed rate			Non-interest bearing		Total
		Amount	Weighted average effective interest rate	Weighted average period for which rate is fixed	Amount	Weighted average period until maturity	
		R	%	Years	R	Years	
Year ended 30 June 2008							
Assets:							
Investments	197 926 170	462 762 530	14.21	14.03			660 688 700
Long-term receivables:							0
Housing loans		108 239 422	13.87	30			108 239 422
Motor car loans		2 161 352	8.66	6			2 161 352
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:							0
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
Total financial assets	241 161 863	3 112 485 075			1 521 159 691		4 874 806 629
Liabilities:							
Interest bearing borrowings	162 331 528	2 488 146 829	11	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:							0
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
Total financial liabilities	525 138 821	2 716 012 962			2 409 067 179		5 650 218 962
	-283 976 958	396 472 113			-887 907 488		-775 412 333
Year ended 30 June 2007							
Assets:							
Investments	424 973 396	544 985 009	14.36	13.55			969 958 405
Long-term receivables:							0
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:							0
Consumer		1 932 654 004	10.5	1	1 213 886 365		3 146 540 369
Other					535 635 989		535 635 989
Cash	69 349 269						69 349 269
Total financial assets	494 322 665	2 660 765 545			1 767 690 528		4 922 778 738
Liabilities:							
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:							0
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
Total financial liabilities	575 520 603	2 517 263 939			2 357 017 319		5 449 801 861
	-81 197 938	143 501 606			-589 326 791		-527 023 123

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

45 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
Year ended 30 June 2008	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
Year ended 30 June 2007	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

45.1.2 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.

45.1.3 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 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

45 FINANCIAL INSTRUMENTS (continued)

45.1.4 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	30 June 2009	30 June 2010
	R	R	R
External funding: capital expenditure	500 000 000	450 000 000	400 000 000

45.1.5 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.

45.2 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 amount R
30 June 2008		
<u>Liabilities</u>		
Interest rate swaps	200 000 000	200 000 000
30 June 2007:		
<u>Liabilities</u>		
Interest rate swaps	325 000 000	325 000 000

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

45 FINANCIAL INSTRUMENTS (continued)

45.3 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
Year ended 30 June 2008				
Assets:				
Investments	235 135 631	354 801 402	70 752 027	660 689 060
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
Total financial assets	4 070 347 895	623 778 294	180 681 400	4 874 807 589
Liabilities				
Interest bearing borrowings	40 635 125	353 495 679	2 284 213 688	2 678 344 492
Interest rate swaps		200 000 000		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
Total financial liabilities	2 657 539 325	708 465 951	2 284 213 688	5 650 218 964
Year ended 30 June 2007:				
Assets:				
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
Total financial assets	4 089 620 019	625 986 260	207 172 459	4 922 778 738
Liabilities				
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		0
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
Total financial liabilities	2 631 498 993	682 512 260	2 129 978 225	5 443 989 478

45.4 Hedging

Hedging is not applicable in the environment of the Municipality.

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008 - MUNICIPALITY

	Issued	Loan number	Interest rate (%)	Redeemable	Received during Redeemed				Carrying value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
					Opening balance	the year	during the year	Closing balance		
					R	R	R	R	R	
EXTERNAL LOANS:										
LOCAL REGISTERED STOCK:										
	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	Not
	1984	43	16.25	2004.04.30	5 000		812	5 812	7 070	Applicable
	1990	55	16.40	2011.06.30	14 723 150		0	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	
TOTAL LOCAL REGISTERED STOCK					315 714 882	2 498 932	52 530	318 161 284	387 015 887	
TERM LOANS:										
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
ABSA Bank loan B3			Variable	2011.06.30	84 000 000			84 000 000	102 178 788	applicable
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	
TOTAL TERM LOANS					612 331 528	29 590 244	155 000 000	486 921 772	592 298 532	
ANNUITY LOANS:										
DBSA			13.5	2018.04.30	240 870 346		7 982 838	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
INCA			9.52	2020.03.31	207 266 084		4 784 312	203 496 005	247 535 420	Applicable
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	
TOTAL ANNUITY LOANS					1 906 549 057	262 767 150	96 054 773	2 073 261 434	2 521 944 540	
TOTAL EXTERNAL LOANS					2 834 595 467	294 856 326	251 107 303	2 878 344 490	3 501 258 960	
FINANCE LEASES:										
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	
DATACENTRIX			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	
TOTAL FINACE LEASES					212 186 937	142 662 277	98 449 290	256 399 924	245 202 373	

* Variable linked to prime rate

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007 : GROUP

				Opening balance	Received	Redeemed	Closing balance	Carrying value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
				R	R	R	R	R	R
EXTERNAL LOANS:									
LOCAL REGISTERED STOCK:									
Issued	Loan number	Interest rate (%)	Redeemable						
1997	105	16.65	2014.06.30	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	Not
1984	43	16.25	2004.04.30	5 000	812		5 812	7 050	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	
TOTAL LOCAL REGISTERED STOCK				315 714 882	2 498 932	52 530	318 161 284	387 015 868	
TERM LOANS:									
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	
DBSA (Roodeplaat/Temba Trust)				121 771 427	71 104	0	121 842 531	88 646 036	
Nedbank loan B1		Variable	2008.05.28	30 000 000		30 000 000	0	0	
Nedbank (Roodeplaat/Temba Trust)				160 929 108	495 890	0	161 424 998	117 314 541	Not
ABSA Bank loan B3		Variable	2011.06.30	84 000 000			84 000 000	102 178 788	Applicable
ABSA (Roodeplaat/Temba Trust)				234 079 777	720 219	0	234 799 996	171 256 597	
National Housing Finance Corp		14.00		4 977 583		492 640	4 484 943	4 484 943	
Gauteng Partnership Fund		0.00		293 000			293 000	293 000	
Rand Water (ODI)		0.00		2 553 373		2 553 373	0	0	
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	
TOTAL TERM LOANS				1 136 935 796	30 877 457	158 046 013	1 009 767 240	974 293 649	
ANNUITY LOANS:									
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
INCA		9.52	2020.03.31	207 266 084	4 784 312	8 554 391	203 496 005	247 535 420	Applicable
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	0	7 157 290	90 139 493	109 646 955	
DBSA		9.835	2021.12.31	389 281 730	0	20 006 820	369 274 910	449 191 225	
Ivuzi		13.5	2021.12.31	196 575 189	0	7 107 777	189 467 412	230 470 841	
DBSA		6.25	2028.06.30	0	50 000 000	0	50 000 000	60 820 707	
DBSA		12.81	2028.06.30	0	200 000 000	0	200 000 000	243 282 830	
TOTAL ANNUITY LOANS				1 906 549 057	262 767 150	96 054 773	2 073 261 434	2 521 944 542	
LEASE LIABILITY (Roodeplaat Temba Trust)				27 813 731		27 813 731	0	0	
TOTAL EXTERNAL LOANS				3 387 013 466	296 143 539	281 967 047	3 401 189 958	3 883 254 059	
FINANCE LEASES:									
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	
DATACENTRIX		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	
LEASE LIABILITY (Roodeplaat/TembaTrust)				27 813 731	300 259	2 137 556	25 976 434	13 763 816	
TOTAL FINANCE LEASES				240 000 668	142 962 536	100 586 846	282 376 358	258 966 189	
* Variable linked to prime rate									

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX B

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

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	
INFRASTRUCTURE	10.1										
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		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		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		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		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
COMMUNITY ASSETS	10.2										
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
HERITAGE ASSETS	10.3										
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
HOUSING	10.4										
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
STOCK	10.5										
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 - MUNICIPALITY (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	
Land	10.6										
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
BUILDINGS	10.7										
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
OTHER	10.8										
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
TOTAL PROPERTY, PLANT AND EQUIPMENT	10.9	10 783 728 691	2 950 801 561	-34 096 207	-1 157 925 465	12 542 508 580	2 969 230 781	672 701 528	-11 104 768	3 630 827 541	8 911 681 039
INVESTMENT PROPERTY	10.10										
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
INTANGIBLE ASSETS	10.11										
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
TOTAL	10.12	11 420 842 428	2 978 810 706	-34 112 225	-1 157 925 465	13 207 615 444	3 178 297 949	740 929 355	-11 115 714	3 908 111 590	9 299 503 853

CITY OF TSHWANE METROPOLITAN MUNICIPALITY
APPENDIX B

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

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
INFRASTRUCTURE	10.1										
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
Sandspruit Works Association		10 220 251	1 415 118			11 635 369	1 902 251	971 872		2 874 123	8 761 246
		7 457 023 198	2 518 631 675	-25 499 534	-948 660 148	9 001 495 191	2 133 560 124	461 077 579	-6 429 029	2 588 208 674	6 413 286 517
COMMUNITY ASSETS	10.2										
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
HERITAGE ASSETS	10.3										
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
HOUSING	10.4										
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
STOCK	10.5										
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 - GROUP A10(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	
Land	10.6											
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	
BUILDINGS	10.7											
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	
Sandspruit: Land and buildings		6 137 715	1 345 493			7 483 208	788 933	172 542		961 475	6 521 733	
		1 166 410 267	141 683 317	0	0	1 308 093 584	360 582 336	77 066 082	0	437 648 418	870 445 166	
OTHER	10.8											
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	
Cenbis: Furniture and equipment		580 824				580 824	550 463			550 463	30 361	
Housing Company: equipment and furniture		289 720	83 510		30 963	404 193	213 472	10 968		224 440	179 753	
Sandspruit: Other equipment		6 862 896	1 798 280			8 661 176	4 493 920	1 260 137		5 754 057	2 907 119	
Civirelo: Office, IT equipment & software		85 940	50 573		-57 900	78 613	70 100	4 863	-43 425	31 538	47 075	
Roodeplaat Temba: Work in progress		469 731 512	5 310 960			475 042 472	60 441 242	36 266 940	1 117 115	97 825 297	377 217 175	
		1 105 876 286	179 736 188	-8 596 673	-46 810 935	1 230 204 866	381 633 123	149 787 231	-3 602 049	527 818 305	702 386 561	
TOTAL PROPERTY, PLANT AND EQUIPMENT	10.9	11 277 637 549	2 960 805 495	-34 096 207	-1 157 952 402	13 046 394 435	3 037 691 162	711 388 850	-10 031 078	3 739 048 934	9 307 345 501	
INVESTMENT PROPERTY	10.10											
Investment assets		433 315 963	0	0	0	433 315 963	126 841 700	1 940 285	0	128 781 985	304 533 978	
Housing Company: Investment property		7 490 657			2 509 343	10 000 000	0			0	10 000 000	
		440 806 620	0	0	2 509 343	443 315 963	126 841 700	1 940 285	0	128 781 985	314 533 978	
INTANGIBLE ASSETS	10.11											
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	
Civirelo: Intangible assets			3 240		57 900	61 140		14 475	43 425	57 900	3 240	
		203 797 774	28 012 385	-16 018	57 900	231 852 041	82 225 468	66 302 017	32 479	148 559 964	83 292 077	
TOTAL	10.12	11 922 241 943	2 988 817 880	-34 112 225	-1 155 385 159	13 721 562 439	3 246 758 330	779 631 152	-9 998 599	4 016 390 883	9 705 171 555	

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX C

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

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
TOTAL	11 420 842 428	2 978 810 706	-34 112 225	-1 157 925 465	13 207 615 444	3 178 297 949	740 929 355	-11 115 714	3 908 111 593	9 299 503 853

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX C

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

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	211 063 312	24 696 158	-147 182	-3 217 329	232 394 959	57 333 239	12 398 500	-98 332	69 633 407	162 761 552
Health and Social Development	111 974 667	8 887 092	-469 487	1 719 443	122 111 715	21 728 306	7 143 724	-264 199	28 607 831	93 503 884
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:	6 995 876 444	2 034 225 955	-25 661 804	-626 081 067	8 378 359 528	2 136 851 345	428 080 958	-5 380 142	2 559 552 161	5 818 807 367
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	2 438 687 065	567 413 091	-18 308 585	-85 780 077	2 902 011 494	625 262 266	144 459 106	-978 441	768 742 931	2 133 268 563
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
TOTAL	11 922 241 943	2 988 817 880	-34 112 225	-1 155 385 159	13 721 562 439	3 246 758 330	779 631 152	-9 998 599	4 016 390 886	9 705 171 555

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX D

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

SERVICE	MUNICIPALITY								GROUP							
	2008				2007				2008				2007			
	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Adjustment Budget Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Adjustment Budget Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Adjustment Budget Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Adjustment Budget Surplus/ (Deficit)
	R	R	R	R	R	R	R	R	R	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		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		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		144 541 237	262 768 360	-118 227 123	-104 925 277	128 431 587	241 175 708	-112 744 121	
Financial Services	63 063 779	405 981 274	-342 917 495	-421 112 961	70 333 210	351 837 200	-281 503 990		63 063 779	405 981 272	-342 917 493	-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		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		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		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		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		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		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		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	269 912 462		5 492 191 439	5 130 069 838	362 121 601	295 457 155	4 564 114 023	4 408 697 418	155 416 605	
Roads & Stormwater	201 376 207	614 613 367	-413 237 160	-327 844 653	59 903 280	391 522 056	-331 618 776		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		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		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		2 034 659 514	1 685 597 088	369 062 426	291 505 396	1 696 288 367	1 491 879 281	204 409 086	
SURPLUS FOR THE YEAR	10 143 989 007	9 371 922 534	772 066 473	-2 155 272 117	8 604 454 955	8 289 966 884	314 488 071		10 424 636 465	9 696 405 069	728 231 396	896 061 891	8 793 692 212	8 548 988 386	244 703 826	

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
REVENUE					
Property rates	2 180 952 393	2 007 541 000	173 411 393	8.64	
Service Charges	4 934 897 667	4 769 479 797	165 417 870	3.47	
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	90 860 818	74 495 934	16 364 884	21.97	Realised more bus rentals than anticipated. "Sundry properties" over collected due to premises takeover from other departments. Final payments received from RTWST for the rental payable on 30 June 2008 in respect of Roodeplaat and Temba properties according to the lease agreement
Interest earned – external investments	157 084 053	113 303 229	43 780 824	38.64	More favourable interest rates realised better investment income compared to the conservatively planned budget.
Interest earned – outstanding debtors	194 352 139	160 432 604	33 919 535	21.14	Growth in collection of installment payment plans for debtors who arrange to pay their arrears in monthly installments
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	1 919 501 081	2 201 857 795	-282 356 714	-12.82	Restructuring Grant funding increased with R50 million during the Adjustments Budget and implementation of projects will roll-forward to 2008/09. 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-forward to 2008/09
Other income	705 154 049	619 483 107	85 670 942	13.83	Problems of the billing of waste services lead to income not being collected. 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 moratorium 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: Change 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
Total Revenue	10 424 636 465	10 234 429 382	190 207 083	1.86	
EXPENDITURE					
Employee related costs	2 665 393 656	2 729 726 831	-64 333 175	(2.36)	
Remuneration of Councillors	44 201 359	47 914 093	-3 712 734	(7.75)	
Bad debts: contribution	104 494 930	19 920 755	84 574 175	424.55	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	848 785 387	728 387 673	120 397 714	16.53	Increase due to asset purification process and accounting for finance leases
Interest paid on external borrowings	433 237 688	382 138 723	51 098 965	13.37	
Bulk purchases	2 217 102 847	2 232 955 941	-15 853 094	(0.71)	
Repairs and maintenance	891 500 930	749 310 022	172 325 086	23.00	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	2 284 680 123	2 010 014 816	274 665 307	13.66	
Total Expenditure	9 696 405 069	9 084 942 655	611 462 414	6.73	
NET SURPLUS FOR THE YEAR	728 231 396	1 149 486 727	-421 255 331	(36.65)	

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
REVENUE					
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	
	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
Housing and Sustainable Human Settlement Development					
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 Environment Management	338 760 687	369 960 577	-31 199 890	(8.43)	
Health and Social Development	84 380 608	64 782 576	19 598 032	30.25	
City Planning and Regional Services	68 470 615	63 213 490	5 257 125	8.32	
Public Works	5 492 191 439	5 236 421 520	255 769 919	4.88	
			-42 271 432	(17.35)	PTIS/RG funds not fully recognised owing to underspending on project implementation - unspent balance carried forward to 2008/09
Roads & Stormwater	201 376 207	243 647 639	-51 826 956	(48.70)	PTIS/RG funds not fully recognised owing to underspending on project implementation - unspent balance carried forward to 2008/09
Transport	54 603 935	106 430 891			
Electricity	3 201 551 783	3 172 166 208	29 385 575	0.93	
Water and Sanitation	2 034 659 514	1 714 176 782	320 482 732	18.70	
Total Revenue	10 424 636 465	10 234 429 382	190 207 083	1.86	
EXPENDITURE					
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	
	405 981 272	485 044 296	-79 063 024	(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
Financial Services					
	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 budgeted for. As well as accounting for leases were done in total on this vote
General Assessments					
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 Environment Management	876 317 929	680 010 850	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	268 672 837	256 505 836	12 167 001	4.74	
City Planning and Regional Services	128 869 875	133 511 097	-4 641 222	(3.48)	
Public Works	5 130 069 838	4 940 964 365	189 105 473	3.83	
Roads & Stormwater	614 613 367	571 492 292	43 121 075	7.55	
		117 176 809	-21 780 692	(18.59)	2010 Soccer related expenditure did not progress as planned.- implementation to roll-over to 2008/09
Transport	95 396 117				
Electricity	2 754 463 266	2 629 623 878	124 839 388	4.75	
Water and sanitation	1 865 597 088	1 422 671 386	442 925 702	31.13	
Nett Expenditure	9 696 405 069	9 338 367 490	358 037 579		
NET SURPLUS FOR THE YEAR	728 231 396	896 061 892	-167 830 496	(18.73)	

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

APPENDIX G

ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY ONLY

SERVICE	Actual	Budget	Variance	Variance	Explanation of Significant Variances (greater than 5%) versus Budget
	R	R	R	%	
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	
Nett Expenditure	1 757 902 300	2 071 179 088	313 276 788	15.13	

**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				
Capital Grants:													
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
Unforeseen 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
Sandspruit Works Association	Various spheres of Government	0	0	0	0	4 282 952	4 282 952	0	4 282 952	None	None	Yes	n/a
		94 701 076	91 502 798	69 895 688	288 965 765	54 488 394	595 270 769	467 680 281	131 873 440				
Operational grants/subsidies:													
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				
Revenue per Statement of Financial Performance (see note 21)								1 917 227 861					
Unspent conditional grants per Statement of Financial Position (see note 8)									339 175 084				