

MATATIELE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		124 842 441	85 637 698
Housing Development Fund	1	735 761	734 045
Capital replacement reserve		7 757 939	3 500 000
Capitalisation reserve		2 903 355	3 143 133
Government grant reserve		65 186 346	46 949 017
Revaluation reserve		16 799 004	17 330 976
Accumulated Surplus/(Deficit)		31 460 037	13 980 527
Non-current liabilities		2 939 795	3 304 717
Long-term liabilities	2	581 692	1 136 353
Non-current provisions	3	2 358 103	2 168 364
Current liabilities		59 789 755	41 315 509
Consumer deposits	4	310 689	346 020
Provisions	5	442 801	484 692
Creditors	6	7 242 839	6 327 229
Unspent conditional grants and receipts	7	49 474 316	32 782 990
Taxes	8	1 136 232	553 254
Short-term loans	9		-
Bank overdraft	19	617 333	302 516
Current portion of long-term liabilities	2	565 546	518 808
Total Net Assets and Liabilities		<u>187 571 991</u>	<u>130 257 923</u>
ASSETS			
Non-current assets		104 747 267	87 824 776
Property, plant and equipment	10	98 762 279	82 808 182
Investment property	11	1 289 018	1 293 009
Intangible Assets	12	1 164 993	638 922
Investments	13	3 495 296	3 042 086
Long-term receivables	14	35 681	42 577
Current assets		82 824 725	42 433 147
Inventory	15	547 617	343 594
Consumer debtors	16	5 839 046	2 124 064
Other debtors	17	6 932 282	2 085 750
Unpaid conditional grants and receipts	7	-	-
Taxes	8	1 260 699	2 855 291
Current portion of long-term debtors	14		-
Call investment deposits	18	68 154 439	34 539 745
Bank balances and cash	19	90 641	484 702
Total Assets		<u>187 571 991</u>	<u>130 257 923</u>

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

	Note	Actual	
		2008 R	2007 R
REVENUE			
Property rates	20	12 779 302	9 493 628
Property rates - penalties imposed and collection charges		437 916	159 623
Service charges	21	19 671 722	14 423 087
Regional Services Levies – turnover			-
Regional Services Levies - remuneration			-
Rental of facilities and equipment		360 149	1 198 672
Interest earned - external investments		3 497 936	2 019 502
Interest earned - outstanding debtors		1 260 385	720 293
Dividends received			-
Fines		432 756	118 598
Licences and permits		797 038	949 519
Income for agency services			-
Government grants and subsidies	22	58 410 156	48 949 270
Other income	23	680 781	310 666
Public contributions, donated and contributed property, plant and equipment	10	113 722	784 213
Gains on disposal of property, plant and equipment		34 835	30 177
Total Revenue		98 476 698	79 157 249
EXPENDITURE			
Employee related costs	24 1	17 407 364	12 465 750
Remuneration of Councillors	25 2	8 946 071	9 616 079
Bad debts	3		6 456 750
Collection costs	4		-
Depreciation	10 5	5 377 475	3 679 550
Repairs and maintenance	6	3 242 996	3 707 867
Interest paid	26 7	256 179	273 124
Bulk purchases	27 8	6 293 431	6 567 817
Contracted services	9	5 377 482	4 748 511
Grants and subsidies paid	28 10	2 354 695	356 487
Operating Grant Expenditure	22 11	0	2 434 751
General expenses	29 12	9 984 361	6 467 475
Loss on disposal of property, plant and equipment			-
Total Expenditure		59 240 054	56 774 159
SURPLUS/(DEFICIT) FOR THE YEAR		39 236 644	22 383 089
Share of surplus/(deficit) of associate accounted for under the equity method	30	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		39 236 644	22 383 089
Refer to Appendix E(1) for explanation of variances			

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

		<u>Pre-GAMAP Reserves and Funds</u> R	<u>Housing Development Fund</u> R	<u>Capital Replacement Reserve</u> R	<u>Capitalisation Reserve</u> R	<u>Government Grant Reserve</u> R	<u>Revaluation Reserve</u> R	<u>Accumulated Surplus/ (Deficit)</u> R	<u>Total</u> R
	05								
Correction of error(Note 31)	151							-14 312	
Balance at 30 June 2007	1 136 140 143 147 151		734 045	3 500 000	3 143 133	46 949 017	17 330 976	13 966 215	85 623 386
Net surplus/(deficit) for the year								39 236 664	39 236 664
Transfer to/from CRR	139			4 500 000				(4 500 000)	
Property, plant and equipment purchased	137			-239 988				239 988	
Capital grants used to purchase PPE						21 608 986		(21 608 986)	
Transfer to Housing Development Fund	1		1 716					(1 716)	
Change in funding sources							0		
Asset disposals accumulated depreciation				1 383	1 533	2 560	39 419		
Asset disposals				(3 456)	(1 533)	(2 560)	(54 955)		
Offsetting of depreciation	138 142 145 149				(239 778)	(3 371 657)	(516 436)	4 127 871	
Balance at 30 June 2008			735 761	7 757 939	2 903 355	65 186 346	16 799 004	31 460 037	124 860 050

NOTES TO THE MATATIELE FINANCIAL STATEMENTS

		2008 R	2007 R
1 HOUSING DEVELOPMENT FUND			
Housing Development Fund		735 761	734 045
Balance 30 June 2007	1	728 525	728 525
Unappropriated Surplus	06	7 236	5 520

An amount of R 681 784 (2006 = R 680 212) is ringfenced in the investments for the cash-portion of the Housing Development Fund (See Note 12)

2 LONG-TERM LIABILITIES

Annuity Loans		550 102	781 263
Capitalised Lease Liability		597 134	873 897
Sub-total		1 147 236	1 655 160
Less : Current portion transferred to current liabilities		(565 544)	(518 807)
Financial Lease		-297 723	-321 730
Annuity Loans		-267 821	-197 077
Total External Loans		581 692	1 136 353

The capitalised lease liability is secured over the item of infrastructure leased

The future payments on the leases are as follows:

	Within 1 Year	Rest of period.
Interest Payments	48045	37 769
Redemption	297 723	157127

More information on Appendix "A"

3 NON-CURRENT PROVISIONS

3.1 Post Retirement Benefits and Long Service Awards

Medical Aid Contributions		1 836 871	1 721 855
Long Service Award		521 232	446 509
Total		2 358 103	2 168 364

		2008	2007
		Medical Aid	Long Service
Balance 1 July 2006	2 5	1 823 202	500 541
Contribution for the year	3 6	121 604	74 723
		1 944 806	575 264
Less: Transfer to current portion to current provisions (Note 5)	4 7		
Balance 30 June 2007		1 944 806	575 264

The municipality valued non-current provisions on 30 June 2006 for the first time, which valuations were done by ARCH Actuarial Consulting, Mill Street, Cape Town.

Other defined benefit plan information

Provision for Post Employment Health Care Benefits

The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members			
Continuation members (e.g. retirees, widows)			
Total		-	-

The liability in respect of past service has been estimated to be as follows:

	2008	2007
In-service members	856 423	802 873
Continuation members	1 088 383	1 020 329
Total	1 944 806	1 823 202

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Global Health
SAMWU Medical Aid, and

The Future-service Cost for the ensuing year is estimated to be R 83,683, whereas the Interest- Cost for the next year is estimated to be R 145,856.

Present value of fund obligations	1 944 806	1 823 202
Fair value of plan assets	1 944 806	1 823 202

Unrecognised past service cost -		-
Unrecognised actuarial gains / (losses) -		-
Present value of unfunded obligations	1 944 806	1 823 202
Net liability / (asset)	1 944 806	1 823 202

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 823 202	1 710 246
Current service cost	83 683	77 483
Interest Cost	145 856	136 820
Benefits Paid	(107 935)	(101 347)
Total expenses	121 604	112 956
Actuarial (gains) / losses		-
Present value of fund obligation at the end of the year	1 944 806	1 823 202

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year		-	-
Expected return on plan assets -		-	-
Contributions : employer	107 935	101 347	-
Contributions : employee -		-	-
Past service costs -		-	-
Actuarial (gains) / losses -		-	-
Benefits paid	(107 935)	(101 347)	-
Fair value of plan assets at the end of the year		-	-

Key assumptions used:

Discount rate	8.0%	8.0%
Health Care Cost Inflation Rate	6.0%	6.0%
Net Effective Discount Rate	1.9%	1.9%

Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 303 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 88,712, whereas the Interest- Cost for the next year is estimated to be R 40,043.

Present value of fund obligations	575 264	500 541
Fair value of plan assets -		
Unrecognised past service cost -		
Unrecognised actuarial gains / (losses) -		
Present value of unfunded obligations	575 264	500 541
Net liability / (asset)	575 264	500 541

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	500 541	406 599
Current service cost	88 712	82 140
Interest Cost	40 043	32 528
Benefits Paid	(54 032)	(60 150)
Total expenses	74 723	54 518
Actuarial (gains) / losses		39 424
Present value of fund obligation at the end of the year	575 264	500 541

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year		-
Expected return on plan assets -		-
Contributions : employer	54 032	60 150
Contributions : employee		-
Past service costs		-
Actuarial (gains) / losses		-
Benefits paid	(54 032)	(60 150)
Fair value of plan assets at the end of the year		-

Key assumptions used:

Discount rate	8.0%	8.0%
General Salary Inflation (long-term)	6.0%	6.0%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.9%	1.9%

4 CONSUMER DEPOSITS

Electricity	8	310 689	346 020
Total Consumer Deposits		310 689	346 020

5 PROVISIONS

Bonus		280 834	263 013
Performance Bonusses		0	66 300
Current portion of non-current post-retirement medical contibutions (Note 3)		107 935	101 347
Current portion of non-current long-service awards (Note 3)		54 032	54 032
Total Provisions		442 801	484 692

The movement in current provisions are reconciled as follows: -

Balance at beginning of year	9	280 834	161 919
Transfer from non-current			155 379
Contributions to provision	10	0	167 393
Interest on Investments			
Expenditure incurred	11	0	0
Balance at end of year		280 834	484 691

6 CREDITORS

		2008	2007
		R	R
Trade creditors	12	2 920 793	4 207 775
Payments received in advance	13	583 356	593 481
Insurance Claims	14	11 295	15 329
Suspense	15	315 686	94 511
Alfred Nzo District Municipality	16	1 949 669	245 766
Deposits: Other	17	284 426	260 679
Leave reserve	18	1 092 549	863 869
Other creditors	19	85 065	45 821
Total Creditors		7 242 839	6 327 229

Creditors being paid within 30 days are being recognised net of discounts

7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

7.1 Conditional Grants from other spheres of Government

Unspent Grants	49 474 316	32 782 990
Less: Unpaid Grants		-
Total Conditional Grants and Receipts	<u>49 474 316</u>	<u>32 782 990</u>

See Note 22 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised

8 VAT

		R	R
VAT payable	20	<u>1 136 232</u>	<u>553 254</u>
VAT receivable	21	<u>1 260 699</u>	<u>2 855 291</u>

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

9 SHORT-TERM LOANS

The Municipality has no short term loans

		2008	2007
		R	R
11 INVESTMENT PROPERTY			
Cost	22	1 386 740	1 386 740
Less: Accumulated Depreciation	23	-97 722	-93 729
Total Investment Properties		1 289 018	1 293 011

The Municipality only identified Investment Properties during the 2005/2006 financial year. The value of Investment Properties was included under Property, Plant and Equipment in the prior year. The fair value of Investment Properties is estimated at R 1 297 000.

Revenue to the amount of R 112 195 was earned from the Investment Properties, which is a return of 8,65%.

		2008	2007
		R	R
12 INTANGIBLE ASSETS			
Cost	24	2 128 193	1 412 604
Balance 1 July 2006		1 412 604	1 050 590
Transferred from Property, Plant and Equipment - At cost (Note 31)			-
Aquisitions for the year - At cost			362 014
Less: Accumulated Amortisation	25	-963 200	-773 682
Balance 1 July 2006		(773 682)	(668 970)
Transferred from Property, Plant and Equipment (Note 31)			(104 712)
Accumulated Amortisation for the year			(104 712)
Total Intangible Assets		1 164 993	638 922

The Municipality transferred Intangible Assets (Computer Software) from Property, Plant and Equipment. The cost and accumulated amortisation were restated for the 2006 financial year.- Note 31

13 INVESTMENTS

Financial Instruments

Fixed Deposits	26	3 495 296	3 042 086
Total Investments		3 495 296	3 042 086

An amount of R 681 784 (2006 = R 680 212) is ringfenced in the investments (Fixed deposits and call-accounts) for the cash-portion of the Housing Development Fund (See Note 1)

An amount of R 3 500 000 (2006 = R 1 084 318) is ringfenced in the investments (Fixed deposits and call-accounts) for the Capital Replacement Reserve

14 LONG-TERM RECEIVABLES

Housing Loan	188	35 681	42 577
Total		35 681	42 577

HOUSING SELLING SCHEME LOANS

Housing loans are granted to qualifying individuals in terms of the provincial administrations housing programme. Receipts are being credited directly to the capital owing. No short-term portion can reliably be calculated due to the limited payments being made by the lenders. Provision for bad debts are included in Note 16

15 INVENTORY

Consumable Stores	27	544 948	340 925
Medallions	28	2 669	2 669
Total Inventory		547 617	343 594

16 CONSUMER DEBTORS

Rates	29	8 883 168	4 988 333
Refuse	30	2 842 771	2 281 026
Electricity	31	5 419 741	1 379 520
Housing Rentals	32	0	4 523
Total : Consumer Debtors		17 145 680	8 653 401
Less : Provision for bad debts	33	-11 306 634	-6 529 337
Total		5 839 046	2 124 064

		2008	2007
		R	R
17 OTHER DEBTORS			
Government subsidies - Health	34	687 751	446 685
Miscellaneous	35	<u>6 376 443</u>	<u>3 746 854</u>
Other Debtors		7 064 194	4 193 539
Less : Provision for bad debts	36	<u>-131 912</u>	<u>-2 107 789</u>
Total		<u>6 932 282</u>	<u>2 085 750</u>
18 CALL INVESTMENT DEPOSITS			
Aanvraagdeposito's/Call deposits	37	68 154 439	34 539 745
Other Deposits		<u>-</u>	<u>-</u>
19 BANK, CASH AND OVERDRAFT BALANCES			
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
Standard Bank - Matatiele - Account Number 060435224			
Cash book balance at beginning of year		483 452	326 661
Cash book balance at end of year	38	<u>89 391</u>	<u>483 452</u>
Bank statement balance at beginning of year - (overdrawn)		<u>561 589</u>	<u>477 278</u>
Bank statement balance at end of year - (overdrawn)		<u>89 775</u>	<u>561 589</u>
<i>Cash Floats to cashiers</i>	39	<u>1 250</u>	<u>1 250</u>
First National Bank - Matatiele - Account Number 62108495187			
Cash book balance at beginning of year		(302 516)	
Cash book balance at end of year		<u>-617 333</u>	<u>-302 516</u>
Bank statement balance at beginning of year - (overdrawn)		898 778	
Bank statement balance at end of year - (overdrawn)		<u>174 043</u>	<u>898 778</u>
20 PROPERTY RATES			
<u>Actual</u>			
Rateable Land		12 779 302	9 493 628
Total Assessment Rates		<u>12 779 302</u>	<u>9 493 628</u>
<u>Valuations</u>		<u>July 2006</u>	<u>July 2006</u>
		<u>R000's</u>	<u>R000's</u>
Land - Matatiele		71 939	63 931
Land - Cedarville		3 206	2 752
Buildings - Matatiele		245 348	232 306
Buildings - Cedarville		17 118	16 030
Non-Rateable Land - Matatiele		7 776	7 926
Non-Rateable Land - Cedarville		456	452
Non-Rateable Buildings - Matatiele		9 352	9 488
Non-Rateable Buildings - Cedarville		1 127	1 115
Total Property Valuations		<u>356 322</u>	<u>334 000</u>
21 SERVICE CHARGES			
Sale of electricity		17 372 853	12 232 737
Refuse removal		<u>2 298 868</u>	<u>2 190 350</u>
Total Service Charges		<u>19 671 721</u>	<u>14 423 087</u>

22 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	32 593 595	17 399 529
Subsidy : Health	2 153 612	1 782 393
Subsidy : Museum	51 121	48 505
Subsidy : Roads	10 050	10 050
Grant - Cedarville	0	1 900
Grant- IDP Fund	119 138	129 858
Grant - Consumer Awareness	0	913
Grant - Harry Gwala Electricity Area 1	0	34 468
Grant - Buy Back Centre	0	21 701
Grant -Housing - Cedarville 200 sites Area A	5 292 393	12 441 125
Grant - Swimming Pool Upgrade	0	0
Grant - Solid Waste Site	0	1 753 288
Grant - Cemetery Sites	0	56 348
Grant - Implementation Property Rates Act	0	313 611
Grant - Tennis Courts	0	82 990
Grant - Tyre Recycling Centre	0	18 300
Grant - Library Opening	0	1 979
Grant - Free Basic Electricity	0	71 675
Grant - Free Basic Services	0	0
Grant - Finance Management	0	84 792
Grant - Interdepartmental Monitoring	0	38 244
Grant - Capacity Building	0	0
Grant - Grants in Aid	0	0
Grant - Community development Workers	0	13 347
Grant - Access to Landfill Site	64 513	681 433
Grant - Transformation Fund	0	47 201
Grants - MIG	11 862 423	8 921 856
Umzimvubu Projects	3 320 253	2 058 864
MDF ICT Grant	474 639	397 876
MDF Financial Statements Grant	0	200 000
MDF Asset Register Grant	1 050	90 713
MDF FBS Database Grant	0	60 000
MSIG New Valuation Roll	0	65 090
FMG (Dora 06/07)	0	500 000
MSIG Valuation Roll Update	0	194 555
MDF By-Laws Grant	0	35 088
MDF Establishment of Ward Comm Grant	0	240 000
MDF Perf Agreement	31 050	-
MSIG Ward Comm Grant	0	50 000
Establishment Plan	949 946	0
Umzimvubu Incorporation Subsidy	0	749 521
Conference Centre	232 360	0
MFMA Grant	100 000	0
Transformation Fund	49 628	0
CDW Grant	13 850	0
Capacity Building	231 607	0
Master Lease Programme	291 000	0
Nature Reserve Donation	113 722	0
Equitable Share FBS Refuse	327 763	308 655
Equitable Share FBS Electricity	240 165	43 402
Total Government Grant and Subsidies	58 523 878	48 949 270

22.1 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 the basic charge on refuse, 50kwh electricity per month and up to 100% rates rebate free which is funded from this grant

22.2 Provincial Health Subsidies

Balance unspent at beginning of year	446 685	488 388
Current year receipts - included in public health vote	(1 581 120)	(1 824 096)
Conditions met - transferred to revenue	687 751	1 782 393
Conditions met - transferred to other debtors (see note 17)	<u>(446 684)</u>	<u>446 685</u>

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

23 OTHER INCOME

Other income represents sundry income such as certificates, cemetery charges and photocopies	680 781	310 666
Total Other Income	680 781	310 666

24 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	11 952 687	8 537 170
Employee related costs - Contributions for UIF, pensions and medical aids	2 345 680	1 745 626
Travel, motor car, accommodation, subsistence and other allowances	937 971	547 009
Housing benefits and allowances	340 909	109 913
Overtime Payments	446 017	306 558
Bonus	641 359	475 519
Staff Leave	509 435	375 813
Contribution to provision - Bonus (Note 5)	36 978	101 093
Long Service Benefits Paid		60 150
Contribution to provision -Long Service Awards (Note 3)	74 723	93 942
Contribution to provision - Post Retirement Medical (Note 3)	121 604	112 956
Total Employee Related Costs	17 407 363	12 465 749

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

Remuneration of the Municipal Manager

Annual Remuneration	559 614	355 234
Performance Bonuses		6 667
Car Allowance	120 000	7 967
Contributions to UIF, Medical and Pension funds	41 714	11 472
Total	721 328	381 340

The Municipal Manager passed away during the financial year and remuneration only reflects a portion of the year.

Remuneration of the Chief Finance Officer

Annual Remuneration	526 875	432 380
Performance Bonuses	34 183	61 800
Car Allowance	100 879	95 400
Contributions to UIF, Medical and Pension funds	55 124	119 044
Total	717 061	708 624

Remuneration of Corporate Services Director 30 June 2007

		2007 R
Annual Remuneration	359 040	247 743
Performance Bonuses		36 300
Car Allowance	137 920	128 040
Medical and pension funds	51 562	71 917
Total	548 522	484 000

Remuneration of Statagic Manager 30 June 2007

		2007 R
Annual Remuneration	469 465	
Performance Bonuses		
Car Allowance	120 000	
Medical and pension funds	31 864	
Total	621 329	-

Remuneration of EDP Manager 30 June 2007

		2007 R
Annual Remuneration	272 204	
Performance Bonuses		
Car Allowance	60 000	
Medical and pension funds	17 796	
Total	350 000	-

Remuneration of Infrastructure Manager 30 June 2007

		2007 R
Annual Remuneration	262 500	
Performance Bonuses		
Car Allowance	87 500	
Medical and pension funds		
Total	350 000	-

25 REMUNERATION OF COUNCILLORS

Executive Mayor	467 300	272 915
Councillors' allowance	7 311 701	6 425 145
Councillors' contributions		733 004
Medical Fund Contributions		426 198
Allowances - Housing, Travelling and others	1 075 273	1 758 817
Total Councillors' Remuneration	8 854 274	9 616 079

In-kind Benefits

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

The remuneration of Councillors increased substantially due to the redemarcation into the Eastern Cape with an increase of the number of Councillors from

26 INTEREST PAID

Long-term liabilities	256 179	273 076
Overdraft Facilities		48
Total Interest on External Borrowings		273 124

27 BULK PURCHASES

Electricity	6 293 431	6 567 817
Total Bulk Purchases	6 293 431	6 567 817

28 GRANTS AND SUBSIDIES PAID

Free Basic Services	2 354 695	356 487
Total Grants and Subsidies	2 354 695	356 487

29 GENERAL EXPENSES

General Expenses	9 984 361	6 467 475
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General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

30 SURPLUS OF ASSOCIATE

The municipality has got no shares in associates	-	-
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31 CORRECTION OF ERROR IN ACCORDANCE WITH GRAP 3

During the year ended 30 June 2006, Intangible Assets were treated as Property, Plant and Equipment.

The comparative amount has been restated as follows: -

31.1 Intangible Assets

Transfer from Property, Plant and Equipment - Note 12		1 050 590
Transfer from Accumulated Depreciation - Note 12		(668 970)
Nett increase in Intangible Assets - Note 12		381 620

31.2 Property, Plant and Equipment

Transfer to Intangible Assets - Note 12		(1 050 590)
Accumulated Depreciation - Transfer to Accumulated Amortisation - Intangible Assets - Note 12		668 970
Nett decrease in Property, Plant and Equipment - Note 10		(381 620)

31.3 Asset adjustments made to previous year's balances due to Asset Register update.

Increase in Property, Plant and Equipment - At cost - Note 10		1 492
Increase in Accumulated Depreciation - Note 10		(123)
Nett increase in Property, Plant and Equipment - Note 10		1 369

31.4 Accumulated Surplus

Asset adjustments made to previous year's balances due to Asset Register update - Note 31.3		1 369
Net effect on surplus/deficit		1 369

32 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP/GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP in accordance with GRAP 3

32.1 Property, plant and equipment

Assets		
Adjustment in revaluations credited to Revaluation Reserve - GAMAP 17		814 030
Adjustment in Valuations credited to Accumulated Surplus (See 32.3 below)		(290 642)
Total		523 388

32.2 Accumulated Depreciation - GAMAP 17

Adjustments in Valuations		286 625
Total (debited to Accumulated Surplus/(Deficit)) (see 32.3 below)		286 625

32.3 Accumulated Surplus/(Deficit)

Adjustment in Valuations credited to Accumulated Surplus (See 32.1 above)		(290 642)
Adjustments in depreciation on Valuations - (See 32.2 above)		286 635
Total		(4 007)

32.4 Post Retirement Benefits and long Service Awards implemented the first time and valued at 30 June 2006 in accordance with IAS 19

Medical Aid Contributions		1 710 246
Long Service Award		406 599
Total debited against Accumulated Surplus. (See note 3 above)		2 116 845

32.5 New lease taken up in this financial year, although it should have been as from November 2005

Previous year depreciation was debited to the Accumulated Surplus 8 965

32.6 Capital expenditure on infrastructure roads was expended in financial 07/08 although invoice was issued in March 2007, accumulated depreciation was debited to the Accumulated Surplus

	5 347
	14 312

33 CASH GENERATED BY OPERATIONS

Surplus for the year	39 236 644	22 325 980
Adjustment for:-	(14 312)	
Depreciation	5 377 475	3 679 550
Gain on disposal of property, plant and equipment	(19 186)	(30 177)
Asset written off	(84 600)	(1 366)
Contribution to provisions - non-current	189 739	206 898
Contribution to provisions – current	(41 891)	167 394
Contributed Property, Plant and Equipment	(113 722)	(784 213)
Investment income	(4 758 321)	(2 739 795)
Interest paid	256 179	273 124
Operating surplus before working capital changes:	40 028 004	23 097 395
(Increase)/Decrease in inventories	(204 023)	(54 725)
(Increase)/decrease in debtors	(3 714 982)	2 949 457
(Increase)/decrease in other debtors	(4 846 532)	(95 298)
(Decrease)/increase in unspent conditional grants and receipts	16 691 326	27 513 087
(Decrease)/increase in unpaid conditional grants and receipts		874 312
Increase in creditors	915 609	3 320 815
(Increase)/decrease in VAT	2 177 570	(2 702 902)
Cash generated by/(utilised in) operations	51 046 974	54 902 140

34 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

	2008	2007
	R	R
Bank balances and cash	71 740 376	38 066 533
Bank overdraft	-	-
Total cash and cash equivalents	71 740 376	38 066 533

35 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2008	2007
	R	R
Long-term liabilities (see Note 2)	1 147 236	1 655 160
Used to finance property, plant and equipment – at cost	1 147 236	1 655 160
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

There were no unauthorised-, fruitless- or wasteful expenditure during the year

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

37.1 Contributions to organized local government

	2008	2007
	R	R
Opening balance	-	-
Council subscriptions	158 485	49 456
Amount paid - current year	(158 485)	(49 456)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

37.2 Audit fees

Opening balance	1 152 113	771 054
Current year audit fee	(1 152 113)	(771 054)
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

37.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.

37.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	2 167 610	2 040 908
Amount paid - current year	(2 167 610)	(2 040 908)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

37.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	3 997 296	2 605 820
Amount paid - current year	(3 997 296)	(2 605 820)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

R R

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

37.6 Councillor's arrear consumer accounts

There were no Councillors who were in arrears

37.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality complied with the provisions of the Municipal Finance Management Act

2008 R 2007 R

38 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for	59 400 475	61 501 303
Infrastructure	21 586 075	14 952 472
Community	27 443 300	29 851 211
Other	10 371 100	16 697 620
- Approved but not yet contracted for	20 000 000	24 559 071
Infrastructure	20 000 000	24 559 071
Community	-	-
Other	-	-
Total	79 400 475	86 060 374

This expenditure will be financed from:

- External Loans	20 000 000	23 800 000
- Capital Replacement Reserve	2 087 298	759 071
- Government Grants	57 313 177	61 501 303
- Own resources	-	-
- District Council Grants	-	-
	79 400 475	86 060 374

39 RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Natal Joint Municipal Pension Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2005.

An amount of R1 883 982 (R1 199 069 - 2005/06) was contributed by Council in respect of Councillors' and employees' retirement funding. These contributions have been expensed

40 FINANCIAL RISK MANAGEMENT

Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

41 EVENTS AFTER THE REPORTING DATE

41.1 S'Dumo Trust

S'Dumo Trust has been appointed as the Implementing Agent responsible for the infrastructure and top structure of 500 RDP houses in Harry Gwala Park. The project is known as the Harry Gwala Park 500 Extension. The Municipal Manager has declined authorisation of the payment of R3,7 million for services

rendered by S'Dumo Trust. This led to S'Dumo Trust instituting legal proceedings against Matatiele Local Municipality, halting of services and de-establishing of the site. The matter was settled out of Court, all monies due was paid and S'Dumo Trust re-established the site and continued with the project. However, damages of R1.2million plus VAT was paid to S'Dumo Trust and it is regarded as irregular expenditure by the Chief Financial Officer.

41.2 Demarcation of Municipal Boundries

Seven applicants filed a Constitutional Court case against the President of the Republic of South Africa and others to have Matatiele Local Municipality moved from the Eastern Cape Province back to the Province of Kwa_zulu Natal.

41.3 Municipal Manager

On 27 August 2008 the Matatiele Municipal Council resolved to suspend the Municipal Manager for a period of three months while an investigation is conducted

10. PROPERTY, PLANT AND EQUIPMENT

30 June 2006					
Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2007	13 012 811	28 541 349	21 064 046	19 895 674	82 513 880
Cost	26 607 238	3 993 284	23 029 903	19 924 363	108 654 789
Correction of error (note 31)					
Revaluation					
Accumulated depreciator	(5 927)	(14 104 813)	(5 511 040)	(6 020 021)	(26 385 270)
- Cost	(5 927)	(14 104 813)	(5 511 040)	(6 020 021)	(25 641 801)
Correction of error (note 31)					
- Revaluation					
Acquisitions		12 236 949	3 444 930	5 179 132	20 861 011
Donated vehicles and equipment - At cost				111 965	111 965
Transfers					
At Cost					
Accumulated Depreciation					
Depreciation	(936)	(2 934 497)	(900 470)	(1 348 067)	(51 483 970)
- based on cost	(936)	(2 934 497)	(900 470)	(1 328 757)	(5 164 660)
- Backlog on previously not recorded				(19 310)	(19 310)
Carrying value of disposals	(31 335)			(8 373)	(39 708)
Cost/revaluation	(31 335)			(53 266)	(84 601)
Accumulated depreciation				44 896	44 896
Impairment losses					-
Correction of Error					-
At cost					-
Accumulated depreciation					-
	26 569 039	34 290 923	20 063 323	17 838 999	98 762 284
Carrying values at 30 June 2008	26 569 039	34 290 923	20 063 323	17 838 999	98 762 284
Cost	26 575 902	51 330 233	26 474 833	25 162 194	129 543 162
Revaluation					-
Accumulated depreciation	(6 863)	(17 039 310)	(6 411 510)	(7 323 195)	(30 780 878)
- Cost	(6 863)	(17 039 310)	(6 411 510)	(7 323 195)	(31 524 347)
- Revaluation					-

10. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2006					
Reconciliation of Carrying Value					
Carrying values at 1 July 2007	26 602 247	16 172 013	16 407 306	14 037 853	59 367 692
Cost	26 607 238	28 701 757	21 064 045	18 921 176	81 337 777
Correction of error (note 32)					
Revaluation					
Accumulated depreciator	(4 991)	(12 529 744)	(4 656 739)	(4 883 323)	(21 970 085)
- Cost	(4 991)	(12 529 744)	(4 656 739)	(4 883 323)	(21 970 085)
- Revaluation					
Acquisitions		10 391 527	1 965 858	1 007 032	27 386 912
Assets transferred and not recorded				(3 845)	(69 900)
Increases/decreases in revaluation					
Depreciation	(936)	(1 575 069)	(854 301)	(1 136 698)	(3 671 716)
- based on cost	(936)	(1 575 069)	(854 301)	(1 136 698)	(3 671 716)
- Backlog on previously not recorded				2 840	2 480
Carrying value of disposals					
Cost/revaluation					
Non-Capital					
Accumulated depreciation					
Impairment losses					
Correction of error					
	26 601 311	24 988 471	17 518 863	13 904 342	83 012 988
Carrying values at 30 June 2007	26 601 311	24 988 471	17 518 863	13 904 342	83 012 988
Cost	26 607 238	39 093 284	23 029 903	19 924 323	108 654 789
Revaluation					
Accumulated depreciation	(5 927)	(14 104 813)	(5 511 040)	(6 020 021)	(25 641 801)
- Cost	(5 927)	(14 104 813)	(5 511 040)	(6 020 021)	(25 641 801)
- Revaluation					

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The leased property, plant and equipment is secured as set out in Note 2.

The Alfred Nzo District Municipality donated vehicles and equipment to the value of R 784 213 to the municipality during bthe year.

The Municipality adjusted purchase dates of certain properties, with opening balances and adjustments during the year.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

GOVERNMENT GRANTS AND SUBSIDIES
22 (continued)

22.3	PROJECTS				OPENING BALANCE	RECEIVED	PAYMENTS -TRF
					1 JULY 2007		TO REVENUE
	Grants - Cedarville Unspent	40	41	42	850	0	0
	Grant- IDP Fund	43	44	45	129 571	0	-119 138
	Grant - Lotto Matatiele Sportsfields	46	47	48	338 861	0	0
	Grant - Consumer Awareness	49	50	51	19 041	0	0
	Grant - Harry Gwala Electricity Area 1	52	53	54	1 422	0	0
	Grant - Land Use Management	55	56	57	167 710	0	0
	Grant - Buy Back Centre	58	59	60	43 616	0	0
	Grant -Housing - Cedarville 200 sites Area A	61	62	63	15 797 562	1 276 078	-5 292 392
	Grant - Swimming Pool Upgrade	64	65	66	506 545	0	0
	Grant - Master Lease Program	67	68	69	1 000 000	0	-291 000
	Grant - FBE Survey	70	71	72	45 000	0	0
	Grant - Upgrade Mountain Dam Line	73	74	75	270 349	0	-64 519
	Grant - Tyre Recycling Centre	76	77	78	12 981	0	0
	Grant - Free Basic Services	79	80	81	140 536	0	-85 871
	Grant - Capacity Building	82	83	84	289 191	65 389	-231 607
	Grant - Community development Workers	85	86	87	18 672	0	-13 851
	Grant - Transformation Fund	88	89	90	49 628	0	-49 628
	Grants - MIG	91	92	93	1 214 320	13 367 075	-11 862 423
	Grant - MFMA	94	95	96	100 000	0	-100 000
	Umzimvubu Projects	97	98	99	10 320 307	0	-3 320 254
	MDF ICT Grant	100	101	102	631 421	68 918	-474 640
	MDF Policies Grant	103	104	105	102 465	7 857	0
	MDF Asset Register Grant	106	107	108	165 422	13 359	-1 050
	KZN IDP Support	109	110	111	50 000	0	0
	KZN MPMS	112	113	114	50 000	0	0
	KZN Development & Capacity Building	115	116	117	150 000	0	0
	MSIG New Valuation Roll	118	119	120	178 910	0	0
	MSIG Valuation Roll Update	121	122	123	55 445	0	0
	MDF By-Laws Grant	124	125	126	15 934	1 101	0
	MDF Performance Management Grant	127	128	129	71 240	0	-31 051
	Equitable Share FBS Refuse	130	131	132	598 719	0	-133 709
	Equitable Share FBS Electricity	133	134	135	247 271	0	0
	FBS Refuse 07/08	170	171	172	0	1 406 124	0
	FBS Elec 07/08	173	174	175	0	358 407	0
	FMG 07/08	176	177	178	0	500 000	-493 958
	MSIG 07/08	179	180	181	0	734 000	-420 000
	Conference Centre & Logdge	182	183	184	0	233 603	-232 360
	Organisational Structure	185	186	187	0	142 482	0
	Establishment Plan	191	189	190		21 770 362	-35 979
					32 782 990	39 944 755	-23 253 429

21.4 Changes in levels of government grants

Due to the redemarcation into the Eastern Cape and the additional related functions and area expansion significant changes in the funding are expected over the forthcoming 3 financial years.

CLOSING	BALANCE
30 JUNE 2008	
	850
	10 433
	338 861
	19 041
	1 422
	167 710
	43 616
	11 781 247
	506 545
	709 000
	45 000
	205 830
	12 981
	54 665
	122 974
	4 822
	0
	2 718 972
	0
	7 000 054
	225 698
	110 321
	177 731
	50 000
	50 000
	150 000
	178 910
	55 445
	17 035
	40 189
	465 010
	247 271
	1 406 124
	358 407
	6 042
	314 000
	1 243
	142 482
	21 734 383
	49 474 316

level of government grant

MATATIELE MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		101 715 282	105 913 200
Cash paid to suppliers and employees		<u>(50 668 308)</u>	<u>(51 011 060)</u>
Cash generated from/(utilised in) operations	33	51 046 974	54 902 140
Interest received		4 758 321	2 739 795
Interest paid		(256 179)	(273 124)
NET CASH FROM OPERATING ACTIVITIES		<u><u>55 549 116</u></u>	<u><u>57 368 811</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(21 688 566)	(26 602 699)
Transfer to Investment Properties			
Proceeds on disposal of fixed assets		34834	97 600
Increase in Investment Properties			
(Increase)/decrease in non-current loans		6 897	4 156
Increase in non-current investments		(453 210)	(393 446)
(Increase)/Decrease in call investment deposits			
NET CASH FROM INVESTING ACTIVITIES		<u><u>(22 100 045)</u></u>	<u><u>(26 894 388)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(507 924)	(479 193)
Increase in consumer deposits		(35 331)	(51 210)
NET CASH FROM FINANCING ACTIVITIES		<u><u>(543 255)</u></u>	<u><u>(530 403)</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u><u>32 905 816</u></u>	<u><u>29 944 020</u></u>
Cash and cash equivalents at the beginning of the year		<u>34 721 931</u>	<u>4 777 911</u>
Cash and cash equivalents at the end of the year		<u>67 627 747</u>	<u>34 721 931</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u><u>32 905 816</u></u>	<u><u>29 944 020</u></u>

APPENDIX B (1)
MATATIELE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 200

	Cost/Revaluation				Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Corrections/Transfers	Disposals	Closing Balance	Opening Balance	Additions	Corrections/Transfers	Disposals		Closing Balance
Land and Buildings											
Buildings	18 717	-	-	-	18 717	5 927	936	-	-	6 863	11 854
Land	26 588 522	-	-	31 335	26 557 187	-	-	-	-	-	26 557 187
	26 607 239	-	-	31 335	26 575 904	5 927	936	-	-	6 863	26 569 041
Infrastructure											
Electricity	3 723 301	-	-	-	3 723 301	709 739	173 948	-	-	883 687	2 839 614
Refuse Dump	2 027 340	-	-	-	2 027 340	157 424	135 156	-	-	292 580	1 734 760
Roads	31 906 264	12 236 949	160 408	-	44 303 621	12 925 259	2 541 574	5 350	-	15 472 183	28 831 438
Water	1 275 971	-	-	-	1 275 971	307 041	83 819	-	-	390 860	885 111
	38 932 876	12 236 949	160 408	-	51 330 233	14 099 463	2 934 497	5 350	-	17 039 310	34 290 923
Community Assets											
Buildings	21 734 706	3 443 200	-	-	25 177 906	4 635 773	806 134	-	-	5 341 907	19 835 999
Recreation Facilities	90 579	1 730	-	-	92 309	17 319	4 760	-	-	22 079	70 230
Security Measures	1 204 618	-	-	-	1 204 618	957 948	89 576	-	-	1 047 524	157 094
	23 029 903	3 444 930	-	-	26 474 833	5 511 040	900 470	-	-	6 411 510	20 063 323
Heritage Assets											
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	88 570 018	15 681 879	160 408	31 335	104 380 970	19 616 430	3 835 903	5 350	-	23 457 683	80 923 287

APPENDIX B (2)
MATATIELE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost				Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Corrections/Transfers	Disposals	Closing Balance	Opening Balance	Additions	Corrections/Transfers	Disposals		Closing Balance
Total brought forward	88 570 018	15 681 879	160 408	31 335	104 380 970	19 616 430	3 835 903	5 350	-	23 457 683	80 923 287
Housing Rental Stock											
Housing Rental 1	-	-	-	-	-	-	-	-	-	-	-
Housing Rental 2	-	-	-	-	-	-	-	-	-	-	-
Leased Assets (Infrastructure)											
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
Bins & Containers		21 450			21 450	-	894			894	20 556
Buildings	14 096 549	4 306 194		-	18 402 743	3 078 508	550 813	-	-	3 629 321	14 773 422
Computer Equipment	826 721	408 063		3 280	1 231 504	494 795	191 348	-	2 872	683 271	548 233
Emergency Equipment	427 235	28 982		-	456 217	206 761	72 875	-	-	279 636	176 581
Furniture & Fittings	1 358 863	15 581		4 985	1 369 459	434 666	131 395	-	2 914	563 147	806 312
Intangible					-					-	-
Medical Equipment	53 040 000				53 040	46 782	4 312	-	-	51 094	1 946
Motor Vehicles	789 662	237 567	74 600	45 000	1 056 829	356 505	122 066	24 886	39 107	464 350	592 479
Office Equipment	482 930	54 954		-	537 884	366 010	71 290	-	-	437 300	100 584
Plant & Equipment	1 427 013	52 788		-	1 479 801	729 842	121 863	-	-	851 705	628 096
Tools and Equipment	387 750	165 518		-	553 268	281 300	81 185	-	-	362 485	190 783
	19 849 763	5 291 097	74 600	53 265	25 162 195	5 995 169	1 348 041	24 886	44 893	7 323 203	17 838 992
Total	108 419 781	20 972 976	235 008	84 600	129 543 165	25 611 599	5 183 944	30 236	44 893	30 780 886	98 762 279

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of constructi

The leased property, plant and equipment is secured as set out in Note 2.

The Alfred Nzo District Municipality donated vehicles and equipment to the value of R 784 213 to the municipality during bthe ye

The Municipality adjusted purchase dates of certain properties, with opening balances and adjustments during the ye

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

APPENDIX C
MATATIELE MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 June 2008

			Cost				Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Corrections/Transfers	Disposals	Closing Balance	Opening Balance	Additions	Corrections/Transfers	Disposals	Closing Balance			
	1	2	108 419 781										
Executive & Council			615 457	87 759		703 216	345 692	80 262		425 954	277 262		
Finance & Admin			32 672 262	3 925 996	(84 600)	36 513 658	6 708 614	1 132 237	(44 893)	7 795 958	28 717 700		
Planning & Development			874 532	50 284		924 816	179 573	51 601		231 174	693 642		
Health			3 993 211			3 993 211	729 210	174 970		904 180	3 089 031		
Community & Social Services			3 618 366			3 618 366	653 639	136 529		790 168	2 828 198		
Housing			14 802 094	5 009 432		19 811 526	85 257	179 740		264 997	19 546 529		
Public Safety			1 114 056	24 800		1 138 856	581 901	84 807		666 708	472 148		
Sport & Recreation			1 525 807			1 525 807	82 438	18 832		101 270	1 424 537		
Environmental Protection						-				-	-		
Waste Management			3 564 640			3 564 640	272 977	220 796		493 773	3 070 867		
Road Transport			31 682 823	11 874 706		43 557 529	10 955 014	2 381 710		13 336 724	30 220 805		
Water						-				-	-		
Electricity			14 191 540			14 191 540	5 047 520	722 460		5 769 980	8 421 560		
Other													
TOTAL			108 419 781	20 972 977	-	(84 600)	129 543 165	(25 611 599)	5 183 944	-	(44 893)	(30 780 886)	98 762 279

APPENDIX D
MATATIELE MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 June 2008

2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)		2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	
R	R	R		R	R	R	
326 000	13 678 924	(13 352 924)	Executive & Council	1	1 715 000	17 686 824	(15 971 824)
36 818 626	19 083 686	17 734 940	Finance & Admin	2	51 370 243	11 100 443	40 269 800
53 349	183 615	(130 266)	Planning & Development	3	0	196 126	(196 126)
1 782 393	1 953 766	(171 373)	Health	4	2 153 613	2 156 684	(3 071)
136 671	810 162	(673 491)	Community & Social Services	5	4 020 959	2 210 215	1 810 744
12 442 697	78 699	12 363 998	Housing	6	5 294 108	0	5 294 108
112 385	1 391 062	(1 278 677)	Public Safety	7	1 228 833	2 215 908	(987 076)
21 535	405 491	(383 956)	Sport & Recreation	8	11 132	322 148	(311 016)
-	-	-	Environmental Protection				
4 308 642	2 608 363	1 700 279	Waste Management	9	2 691 152	3 531 106	(839 954)
10 770 500	7 104 258	3 666 242	Road Transport	10	11 876 434	9 596 344	2 280 090
-	-	-	Water				
12 384 450	9 849 736	2 534 714	Electricity	11	18 115 224	10 224 237	7 890 987
-	-	-	Other				
79 157 248	57 147 762	22 009 486	Sub Total		98 476 698	59 240 034	39 236 664
-	(373 604)	373 604	Less Inter-Dep Charges	12			
79 157 248	57 521 366	22 383 090	Total		98 476 698	59 240 034	39 236 664
		-	Add: Share of Associate				
		22 383 090					39 236 664

APPENDIX E(2)
MATATIELE MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R	R	R	R	%	
Executive & Council	87 759	-	87 759	9 596 000	(9 508 241)	-99.09%	Loan not approved all caital not done
Finance & Admin	3 925 996	-	3 925 996	18 882 113	(14 956 117)	-79.21%	Loan not approved all caital not done
Planning & Development	50 284	-	50 284	3 044 495	(2 994 211)	-98.35%	Loan not approved all caital not done
Health	-	-	-	-	-	0.00%	
Community & Social Services	-	-	-	-	-	0.00%	
Housing	5 009 432	-	5 009 432	20 998 675	(15 989 243)	-76.14%	Still in process
Public Safety	24 800	-	24 800	2 145 000	(2 120 200)	-98.84%	Loan not approved all caital not done
Sport & Recreation	-	-	-	250 000	(250 000)	-100.00%	Swimming pool will be done in next year
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	-	-	-	1 917 968	(1 917 968)	-100.00%	Loan not approved all caital not done
Road Transport	11 874 706	-	11 874 706	15 102 320	(3 227 614)	-21.37%	Still in process
Water	-	-	-	-	-	0.00%	
Electricity	-	-	-	8 849 762	(8 849 762)	-100.00%	Loan not approved all caital not done
Other	-	-	-	-	-	0.00%	
Total	20 972 977	-	20 972 977	80 786 333	(59 813 356)	-74.04%	

APPENDIX E(1)
MATATIELE MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

REVENUE		2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	1	12 779 302	13 296 170	(516 868)	-3.89%	
Property rates - penalties imposed and collection charges	2	437 916	450 000	(12 084)	-2.69%	
Service charges	3	19 671 722	16 830 291	2 841 431	16.88%	More elec sold than what was budgeted for
Regional Services Levies - turnover						
Regional Services Levies - remuneration						
Rental of facilities and equipment	4	360 149	314 144	46 005	14.64%	More rental received than what was budgeted
Interest earned - external investments	5	3 497 936	2 544 795	953 141	37.45%	Lots of government grant received
Interest earned - outstanding debtors	6	1 260 385	1 100 528	159 857	14.53%	Debtors increased
Dividends received						
Fines	7	432 756	431 000	1 756	0.41%	
Licences and permits	8	797 038	760 000	37 038	4.87%	
Income for agency services						
Government grants and subsidies	9	58 523 878	109 399 301	(50 875 423)	-46.50%	Establishment plan grant was received
Other income	10	680 781	946 990	(266 209)	-28.11%	All monies not received
Donated/Contributed Property, Plant and Equipment	11					
Change in Fair Value						
Gains on disposal of property, plant and equipment	12	34 835		34 835	0.00%	
Total Revenue		98 476 698	146 073 219	(47 596 521)	-32.58%	
EXPENDITURE						
Executive & Council	13	17 686 824	37 324 805	(19 637 981)	-52.61%	Not all post filled and money for establishment not spend
Finance & Admin	14	11 100 443	25 189 576	(14 089 133)	-55.93%	Not all post filled and money for establishment not spend
Planning & Development	15	196 126	643 056	(446 930)	-69.50%	Not all post filled and money for establishment not spend
Health	16	2 156 684	1 768 283	388 401	21.96%	Health Department budget works on different time period
Community & Social Services	17	2 207 215	18 404 416	(16 197 201)	-88.01%	Not all post filled and money for establishment not spend
Housing	18	0	20 998 675	(20 998 675)	-100.00%	amount
Public Safety	19	2 218 908	4 686 560	(2 467 652)	-52.65%	Not all post filled and money for establishment not spend
Sport & Recreation	20	322 148	779 680	(457 532)	-58.68%	The grant was not spend although in budget
Environmental Protection						
Waste Management	21	3 531 106	7 822 388	(4 291 282)	-54.86%	Not all post filled and money for establishment not spend
Road Transport	22	9 596 344	28 720 632	(19 124 288)	-66.59%	MIG budget included here
Water						
Electricity	23	10 224 237	21 264 053	(11 039 816)	-51.92%	Loan amount included here not received
Other						
Less : Interdepartmental Charges						
Total Expenditure		59 240 034	167 602 124	(108 362 090)	-64.65%	
NET SURPLUS/(DEFICIT) FOR THE YEAR		39 236 664	(21 528 905)	60 765 569	-282.25%	

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received

2007 - 2008

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division Yes / No	
		March	June	Sept	Dec	March	March	June	Sept	Dec			March
Equitable Share	National Government			11 568 825	8 676 619	14 461 031		8 676 619	8 676 619	8 676 619	8 676 619		Yes
Grants - Cedarville Unspent			0,00	0	0	0		0	0	0	0		Yes
Grant - IDP Fund			0,00	0	0	0		23 023	0	16 536	79 580		Yes
Grant - Lotto Matatiele Sportsfields			0,00	0	0	0		0	0	0	0		Yes
Grant - Consumer Awareness			0,00	0	0	0		0	0	0	0		Yes
Grant - Harry Gwala Electricity Area 1			0,00	0	0	0		0	0	0	0		Yes
Grant - Land Use Management			0,00	0	0	0		0	0	0	0		Yes
Grant - Buy Back Centre			0	0	0	0		0	0	0	0		Yes
Grant -Housing - Cedarville 200 sites Area A	Province of KZN		297 848	341 297	344 562	292 371		863 253	390 314	3 639 701	399 124		Yes
Grant - Swimming Pool Upgrade			0	0	0	0		0	0	0	0		Yes
Grant - Master Lease Program			0	0	0	0		291 000	0	0	0		Yes
Grant - FBE Survey			0	0	0	0		0	0	0	0		Yes
Grant - Upgrade Mountain Dam Line			0	0	0	0		0	0	0	64 519		Yes
Grant - Tyre Recycling Centre			0	0	0	0		0	0	0	0		Yes
Grant - Free Basic Services			0	0	0	0		31 587	0	27 586	26 698		Yes
Grant - Capacity Building			65 389	0	0	0		231 607	0	0	0		Yes
Grant - Community development Workers			0	0	0	0		1 377	549	5 600	6 324		Yes
Grant - Transformation Fund	Province of KZN		0	0	0	0		0	0	0	49 628		Yes
Grants - MIG	National Government		1 192 000	5 000 000	3 000 000	4 175 075		2 280 809	2 280 737	5 824 453	1 476 425		Yes
Grant - MFMA	Province of KZN		0	0	0	0		0	0	90 000	10 000		Yes
Umzimvubu Projects			0	0	0	0		249 003	1 759 938	955 699	355 614		Yes
MDF ICT Grant	Province EC		14 834	16 947	18 227	18 910		341 730	0	0	132 909		Yes
MDF Policies Grant	Province EC		2 248	1 671	1 865	2 073		0	0	0	0		Yes
MDF Asset Register Grant	Province EC		3 638	3 339	3 023	3 360		0	0	0	1 050		Yes
KZN IDP Support	Province of KZN		0	0	0	0		0	0	0	0		Yes
KZN MPMS	Province of KZN		0	0	0	0		0	0	0	0		Yes
KZN Development & Capacity Building	Province of KZN		0	0	0	0		0	0	0	0		Yes
MSIG New Valuation Roll	Province EC		0	0	0	0		0	0	0	0		Yes
MSIG Valuation Roll Update	Province EC		0	0	0	0		0	0	0	0		Yes
MDF By-Laws Grant	Province EC		207	546	161	187		0	0	0	0		Yes
MDF Performance Management Grant	Province EC		0	0	0	0		0	0	0	31 051		Yes
Equitable Share FBS Refuse 06/07	National Government		0	0	0	0		60 165	64 094	-15 989	25 439		Yes
Equitable Share FBS Electricity 06/07	National Government		0	0	0	0		0	16 756	-16 756	0		Yes
FMG	National Government			500 000				156 490	3 628	78 738	255 102		Yes
MSIG	National Government			367 000	367 000			105 000	0	42 820	272 180		Yes
Conference Centre			-776	228 076	2 694	3 609		0	0	0	232 360		Yes
Org Structure			3 452		0	139 031		0	0	0	0		Yes
Equitable Share FBS Refuse 07/08	National Government		1 600 180	0	0	0		14 966	0	108 706	70 384		Yes
Equitable Share FBS Electricity 07/08	National Government		512 700	0	0	0		66 895	0	19 243	68 155		Yes
Establishment Plan	Province EC		21 770 362	0	0	0		35 979	0	0	0		Yes
			25 462 061.73	18 027 699.91	12 414 150.81	19 095 646.65	0.00	13 429 501.87	13 192 634.15	19 452 955.13	12 233 159.84		