



ANNUAL FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 30 JUNE 2008
(MEDIUM MUNICIPALITY)

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MNQUMA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 41, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors (how about loans made to Councillors, if any, and payments made to Councillors for loss of office, if any) as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


N. PAKADE
Municipal Manager

29-08-2008
Date

MNQUMA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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**MNQUMA LOCAL MUNICIPALITY
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

MEMBERS OF THE MAYORAL COMMITTEE

EXECUTIVE MAYOR :	WM DUNA	
Speaker :	MW NTENJWA	<i>Speaker of the Council</i>
Councillor :	N MAKHABANE	<i>Portfolio Head Budget & Treasury</i>
Councillor :	M MAPHAZI	<i>Portfolio Head Strategic Management</i>
Councillor :	N ZIMBA	<i>Portfolio Head Special Programmes</i>
Councillor :	N MBASA	<i>Portfolio Head Infrastructure Development & Planning</i>
Councillor :	N DUBE	<i>Portfolio Head Land & Housing</i>
Councillor :	N SIBINI	<i>Portfolio Head Water & Sanitation</i>
Councillor :	N MASHIYI	<i>Portfolio Head Water & Sanitation</i>
Councillor :	Z MLOKOTI	<i>Portfolio Head Corporate Services</i>
Councillor :	GN FANISO	<i>Portfolio Head Community Services</i>
Councillor :	CK MPELUZA	<i>Portfolio Head Communications</i>

GRADING OF THE LOCAL AUTHORITY

Grade 3

AUDITORS

Auditor General - Eastern Cape

BANKERS

Meeg Bank (Butterworth)

REGISTERED OFFICE

61 BLYTH STREET
BUTTERWORTH
4960

Telephone : +2747 491 2400
Fascimile : +2747 491 0195

MUNICIPAL MANAGER

Mr. N PAKADE

CHIEF FINANCIAL OFFICER

Mrs. N NTSHANGA

MNQUMA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		134 620 495	112 522 731
Government grant reserve		22 433 238	6 565 669
Accumulated Surplus/(Deficit)		112 187 257	105 957 062
Non-current liabilities		517 699	-
Long-term liabilities	1	517 699	-
Non-current provisions		-	-
Current liabilities		38 687 009	31 160 333
Consumer deposits	2	317,227	317 227
Provisions	3	8 183 180	7 681 019
Creditors	4	9 033 628	7 421 338
Unspent conditional grants and receipts	5	14 512 887	12 140 728
Bank overdraft	12	6 525 846	3 600 021
Current portion of long-term liability	1	114 242	-
Total Net Assets and Liabilities		<u>173 825 203</u>	<u>143 683 064</u>
ASSETS			
Non-current assets		56 842 100	48 526 200
Property, plant and equipment	6	56 569 176	48 526 200
Investments	7	272,923	-
Current assets		116 983 722	95 156 864
Inventory	8	2,119,159	630 946
Consumer debtors	9	96 668 216	80 941 280
Other debtors	10	1,889,114	-
Call investment deposits	11	15,409,440	12,890 260
Bank balances and cash	12	897,173	694 378
Total Assets		<u>173 825 203</u>	<u>143 683 064</u>

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

	Note	2008 R	2007 R
REVENUE			
Property rates	13	18,252,435	38,870,049
Service charges	14	4,543,196	3,572,221
Rental of facilities and equipment	15	3,064,669	-
Interest earned - external investments	16	1,088,335	-
Interest earned - outstanding debtors	16	2,898,570	3,500,627
Fines		356,318	293,767
Licenses and permits	17	1 711 095	1,014,526
Government grants and subsidies	18	70 886 446	68,301,216
Other income	19	561 073	2,144,426
Gains on disposal of property, plant and equipment		28 251	-
Total Revenue		103 420 382	117,696,831
EXPENDITURE			
Employee related costs	20	41 531 205	46,359,406
Remuneration of Councilors	21	14,072,840	12,875,155
Depreciation	6	5 050 774	5,663,978
Repairs and maintenance	22	1 741 065	4,981,689
Interest paid	23	350,612	75,070
Bulk purchases	24	87,961	-
Grants and subsidies paid	25	-	13,634,404
General expenses	26	18 204 178	2,651,597
Loss on disposal of property, plant and equipment		283 983	-
Total Expenditure		81 322 618	86,241,298
SURPLUS/(DEFICIT) FOR THE YEAR		22 097 764	31,455,533

Refer to Appendix E(1) for the comparison with the approved budget

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

	Pre-GAMAP Old Reserves and Funds	Government Grant Reserve	Capitalisation Reserve	Donations and Public Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
2007	R	R	R	R	R	R
Balance at 1 July 2006	-	36 989	-	-	(10,906,645)	(10,869,656)
Surplus/(deficit) for the year	-	-	-	-	31,455,533	31,455,533
Capital grants used to purchase PPE	-	10 814 540	-	-	(10,814,540)	-
Donated/contributed PPE	-	-	-	-	4,285,860	-
Offsetting of depreciation	-	(4 285 860)	-	-	-	-
Balance at 30 June 2007	-	6 565 669	-	-	14,020,208	20,585,877
2008						
Correction of error (Note 26)			-	-	91 936 854	91 936 854
Restated balance	-	6 565 669	-	-	105 957 062	112 522 731
Surplus/(deficit) for the year	-	-	-	-	22 097 764	22 097 764
Capital grants used to purchase PPE	-	22 867 861	-	-	(22 867 861)	-
Donated/contributed PPE	-	-	-	-	-	-
Asset disposals	-	-	-	-	7 000 292	-
Offsetting of depreciation	-	(7 000 292)	-	-	-	-
Balance at 30 June 2008	-	22 433 238	-	-	112 187 257	134 620 495

MNQUMA LOCAL 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		85 774 339	90 365 019
Cash paid to suppliers and employees		(73 755 438)	(87 119 537)
Cash generated from/(utilized in) operations	28	12 018 901	3 245 482
Investment income		1 118 328	-
Interest paid		(350 612)	(75 070)
NET CASH FROM OPERATING ACTIVITIES		12 786 617	3 170 412
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(13 527 867)	(17 258 511)
Proceeds on disposal of property, plant and equipment		178 382	-
Increase in non-current investments		(272 923)	-
NET CASH FROM INVESTING ACTIVITIES		(13 622 407)	(17 258 511)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		631 941	-
NET CASH FROM FINANCING ACTIVITIES		631 941	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(203 230)	(14 088 099)
Cash and cash equivalents at the beginning of the year		9 984 617	24 072 716
Cash and cash equivalents at the end of the year	29	9 780 768	9 984 617

**MNQUMA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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 historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 26.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

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

4. RESERVES

4.1 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 Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. This transfer is in terms of a directive issued by the National Treasury (MFMA circular No. 18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. 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 is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

MNQUMA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)

4.2 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(MFMA circular No.18 dated 23 June 2005). 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).

4.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury (MFMA circular No.18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

**MNQUMA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>	<i>Other</i>	<u>Years</u>
<i>Infrastructure</i>			
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
		Watercraft	15
		Bins and containers	5
		Specialised plant and equipment	10-15
<i>Community</i>			
Buildings	30	Other items of plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites	15
Security	5		

The gain or loss arising 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 and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

6. INVENTORIES

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 first-in, first-out method.

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.

7. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

**MNQUMA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

8. TRADE CREDITORS

Trade creditors are stated at their nominal value.

9. REVENUE RECOGNITION

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

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

10.1 Revenue from Rates

Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportionate basis.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers.

10.2 Service Charges

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. The domestic charge is a fixed service charge and the business charge is based on the type of refuse bin and frequency of removal.

Service charges relating to sewerage and sanitation are recognised on a monthly basis by applying the approved tariff to each property.

10.3 Fines

Income in respect of spot fines and summonses is recognised when received.

10.4 Rentals

Rentals are recognised on a time proportion basis.

10.5 Approved Tariff of Charges

Revenue arising from the approved tariff of charges is recognised when the relative service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

**MNQUMA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

10.6 Interest on Investments

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment.

Interest earned on unutilised conditional grants is allocated directly to the Creditor: Unutilised Conditional Grants if the grant conditions indicate that interest is payable to the funder.

10.7 Sale of Goods

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

10.8 Interest on Outstanding Debtors

Interest on outstanding debtors is recognised on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

10.9 Donations and Contributions

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

10.10 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 (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11. 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. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

12. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

13. CASH AND CASH EQUIVALENTS

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

**MNQUMA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

14. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

15. 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 (Act No.56 of 2003). Unauthorised 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.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

18. COMPARATIVE INFORMATION

18.1 Current year comparatives:

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

18.2 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.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
1. LONG TERM LIABILITY		
Meeg Bank - Tractors & Trailors	631 941	-
Sub-Total	631 941	-
Less : Current portion transferred to current liabilities	(114 242)	-
Total External Loans	517 699	-

Refer to Appendix A for more detail on long-term liabilities.

2. CONSUMER DEPOSITS

Water	317 227	317 227
Interest paid	-	-
Total Consumer Deposits	317 227	317 227

These deposits do not attract an accrual of interest and would be paid back to consumers on presentation of full proof.

3. PROVISIONS

Staff leave provisions	6 993 264	6 993 264
Senior Managers' Performance Bonuses	1 189 916	687 755
Total Provisions	8 183 180	7 681 019

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

The balance of the performance bonus provisions relate to amounts not yet paid to Senior Managers.

The movement in current provisions are reconciled as follows: -

	<u>Performance Bonus</u>	<u>Staff Leave Provisions</u>
30 June 2008		
Balance at beginning of year	687 755	10 029 119
Transfer from prior year adjustment	-	(3 035 855)
Contributions to provision	502 160	-
Expenditure incurred	-	-
Balance at end of year	1 189 916	6 993 264
30 June 2007		
Balance at beginning of year	-	3 976 173
Transfer from non-current	-	-
Contributions to provision	687 756	6 052 946
Expenditure incurred	-	-
Balance at end of year	687 756	10 029 119

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
4. CREDITORS		
Trade creditors	237 524	2 833 022
Accruals	3 187 277	-
Staff loans – 3 rd Party Payments	2 301 449	2 301 449
Workmen's Compensation	3 118 111	2 286 867
PAYE	160 897	38 514
UIF	-	311 881
Skill Development Levy	33 370	312 011
Transfer from prior year adjustments	-	(662 406)
	9 033 628	7 421 338

The amount of Staff loans relates to old loan deductions done on behalf of 3rd Parties which were never paid over.

5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

4.1 Conditional Grants from other spheres of Government
MIG Grants

	10 343 923	7 714 678
	10 343 923	7 714 678

4.2 Other Conditional Grants
FMG,MSIG,DGHLTA and Others

	4 168 964	4 426 050
	4 168 964	4 426 050

Total Conditional Grants and Receipts

	14 512 887	12 140 728
--	-------------------	-------------------

These amounts are invested in a ring-fenced investment until utilized.

6. PROPERTY, PLANT AND EQUIPMENT
30 June 2008

	<u>Land and Buildings</u>	<u>Infra-structure</u>	<u>Communit</u>	<u>y</u>	<u>Heritage</u>	<u>Other</u>	<u>Total</u>
	R	R	R	R	R	R	R
Reconciliation of Carrying Value							
Carrying values							
At 1 July 2007	8 197 193	34 005 983	155 885	-	-	6 167 139	48 526 200
Cost	11 496 098	48 575 435	462 662	-	-	12 646 995	73 181 191
Correction of error (note 27)	6 443 969	422 570	-	-	-	-	6 866 539
Accumulated depreciation	(9 742 874)	(14 992 022)	(306 777)	-	-	(6 479 856)	(31 521 531)
Acquisitions	-	12 202 958	37 677	-	-	1 287 233	13 527 867
Capital under Construction	-	-	-	-	-	-	-
Depreciation	(167 681)	(2 874 552)	(25 017)	-	-	(1 983 525)	(5 050 774)
Carrying value of disposals	-	-	-	-	-	(434 093)	(434 093)
Cost	-	-	-	-	-	(1 760 548)	(1 760 548)
Accumulated depreciation	-	-	-	-	-	1 326 455	1 326 455
Impairment losses	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Carrying values							
At 30 June 2008	8 029 511	43 334 389	168 524	-	-	5 036 754	56 569 178
Cost	11 496 098	60 778 394	500 317	-	-	12 173 380	84 948 510
Accumulated depreciation	(3 466 587)	(17 444 005)	(331 793)	-	-	(7 136 926)	(28 379 312)

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of Carrying Value	<u>Land and Buildings</u>	<u>Infra- structure</u>	<u>Communit y</u>	<u>Heritage</u>	<u>Other</u>	<u>Total</u>
	R	R	R	R	R	R
Carrying values						
At 1 July 2006	1 921 632	26 922 526	72 648	0	8 014 966	36 931 768
Cost	11 496 098	36 108 971	365 498	0	14 818 659	62 789 221
Correction of error (note 27)	0	0	0	0	0	0
Accumulated depreciation	(9 574 466)	(9 186 444)	(292 850)	0	(6 803 693)	(25 857 453)
Acquisitions	0	8 850 245	97 170	0	1 776 129	10 723 544
Capital under Construction	0	0	0	0	0	0
Depreciation	(168 308)	(4 045 019)	(13 927)	0	1 436 724)	(5 663 978)
Carrying value of disposals	0	0	0	0	0	0
Cost	0	0	0	0	0	0
Accumulated depreciation	(9 742 774)	(13 231 463)	(306 777)	0	(8 240 417)	(31 521 531)
Impairment losses	0	0	0	0	0	0
Other movements	0	0	0	0	0	0
Carrying values						
At 30 June 2007	1 753 324	31 727 753	155 891	0	8 354 371	41 659 659
Cost	11 496 098	44 959 216	462 668	0	16 594 788	41 659 659
Accumulated depreciation	0	0	0	0	0	0

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

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. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
7. INVESTMENTS		
Fixed Deposit	272 923	-
	272 923	-

A fixed deposit has been invested with Meeg Bank and is maturing in 2011.

8. INVENTORY

Consumable stores – at cost	2 201 577	745 853
Less: Obsolete stock	(82 418)	(114 907)
Total Inventory	2 119 159	630 946

Included in the Consumable stores are Stationeries, Maintenance materials and Cleaning materials

9. CONSUMER DEBTORS

	Gross Balances R	Provision for Bad Debts R	Net Balance R
As at 30 June 2008			
Service debtors			
Rates	20 776 212	(16 088 696)	4 687 516
Refuse	8 242 904	(7 031 853)	1 211 051
Fire Levy	1 354 146	(881 241)	472 905
Rental	3 735 404	(2 909 779)	825 625
Capitalised Debtors	89 471 119	-	89 471 119
Less: Provision for bad debts	-	-	-
Total	123 579 785	(26 911 569)	96 668 216

Old Balances of pre-June 2006 were ring-fenced Out of Age Analysis but not written off and are now Transferred back from provision for Bad Debts. These balances are termed Capitalised debtors.

	Gross Balances R	Provision for Bad Debts R	Net Balance R
As at 30 June 2007			
Service debtors	137 590 912	(132 405 025)	5 185 887
Rates	-	-	-
Refuse	-	-	-
Rental	-	-	-
Less: Provision for bad debts	-	-	-
Total	137 590 912	(132 405 025)	5 185 887

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
<u>Rates: Ageing</u>		
Current (0 – 30 days)	1 457 364	-
31 - 60 Days	1 383 703	-
61 - 90 Days	1 846 448	-
91 - 120 Days	1 113 151	-
121 - 365 Days	915 058	-
+ 365 Days	14 060 488	-
Total	20 776 212	-

(Refuse Removal, Fire Levy and Rentals: Ageing)

Current (0 – 30 days)	1 110 620	-
31 - 60 Days	1 071 053	-
61 - 90 Days	1 062 114	-
91 - 120 Days	696 227	-
121 - 365 Days	974 230	-
+ 365 Days	8 271 174	-
Total	13 185 418	-

Summary of Debtors by Customer Classification

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2008	R	R	R
Current (0 – 30 days)	-	-	-
31 - 60 Days	-	-	-
61 - 90 Days	-	-	-
91 - 120 Days	-	-	-
121 - 365 Days	-	-	-
+ 365 Days	-	-	-
Sub-total	-	-	-
Less: Provision for bad debts	-	-	-
Total debtors by customer classification	-	-	-

Municipality Debtors' System does not provide the Age Analysis by Institutional classification instead it provides Age Analysis by Service classification.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
0. OTHER DEBTORS		
Sundry debtors	-	2 940 931
VAT refundable	1 889 114	-
Transfer from prior year adjustment		(2 940 931)
	1 889 114	-
 1. CALL INVESTMENT DEPOSITS		
Other deposits	15 409 440	12 882 663
First National Bank	-	7 976
	15 409 440	12 890 260
<p>No Fixed deposits have been ring-fenced for the purposes of repaying long-term liabilities as set out in Note 31.</p>		
 2. BANK, CASH AND OVERDRAFT BALANCES		
<p>The Municipality has the following bank accounts: -</p>		
 <u>Current Account (Primary Bank Account)</u>		
<u>Meeq Bank -Butterworth Branch: Account Number 40 – 52 732 025</u>		
Cash book balance at beginning of year – overdrawn	(3 600 021)	18 890 009
Cash book balance at end of year – overdrawn	(6 525 846)	(3 600 021)
Bank statement balance at beginning of year	(3 608 788)	2 183 772
Bank statement balance at end of year - (overdrawn)	(2 714 031)	(3 608 788)
 <u>Current Account / Traffic Account</u>		
<u>(61 185 023 789)</u>		
Cash book balance at beginning of year	694 378	-
Cash book balance at end of year	897 173	-
Bank statement balance at beginning of year	694 378	543 290
Bank statement balance at end of year	838 082	694 778
 TOTAL OVERDRAFT BALANCE	(6 525 846)	(3 600 021)

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
3. PROPERTY RATES		
<u>Actual</u>		
Residential, Commercial and State	18 252 435	38 870 049
Total Assessment Rates	<u>18 252 435</u>	<u>38 870 049</u>
<u>Valuations</u>	<u>July 2008</u>	<u>July 2007</u>
	<u>R</u>	<u>R</u>
Residential	1 592 359 612	-
Commercial	114 699 012	-
Total Property Valuations	<u>1 707 058 624</u>	<u>-</u>

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2006. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.02 (2006: R0.02) is applied to property valuations to determine assessment rates. Rebates of 20% are granted to residential and state property owners. Rates are levied on an annual basis on property owners. There is no interest charged on rates.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
4. SERVICE CHARGES		
Refuse removal	3 318 717	0
Fire Levy	1 224 479	3 572 221
Total Service Charges	4 543 196	3 572 221
5. RENTAL OF FACILITIES AND EQUIPMENT		
Flats rentals	2 984 419	-
Hall rental	77 100	-
Caravan Storage	3 150	-
	3 064 669	-
6. INTEREST EARNED		
External Investments	1 118 328	-
Outstanding debtors	2 898 570	3 500 627
	4 016 898	3 500 627
7. LICENCES AND PERMITS		
Licences	1 385 819	1 014 526
Licences – Prodiba	8 863	-
Parking Meter fees	5 809	-
Permits and other charges	141 728	-
Registrations	102 877	-
Transaction fees	66 000	-
	1 711 096	1 014 526
8. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	53 918 761	50 985 989
MIG Grant	11 861 428	10 183 500
MSIP Grant	1 153 391	999 851
FMG Grant	842 392	631 528
Other Grants and Subsidies	3 110 474	613 187
Total Government Grant and Subsidies	70 886 446	68 301 216

18.1 Equitable Share

In terms of the Constitution, this grant is used to subsidize the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 7 326 (2007: R7 213) which is funded from this grant.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
GOVERNMENT GRANTS AND SUBSIDIES		
8. (Cont.)		
18.2 MIG Grant		
Balance unspent at beginning of year	7 549 874	56 609
Current year receipts	14 655 477	16 620 885
Conditions met - transferred to revenue	<u>(11 861 428)</u>	<u>(9 127 620)</u>
Conditions still to be met - transferred to liabilities (see note 5)	<u>10 343 923</u>	<u>7 549 874</u>
The Grant is intended to:		
<ul style="list-style-type: none"> • Provide capital finance for basic Municipal infrastructure, rehabilitation and upgrading of Municipal infrastructure. 		
18.3 Other Grants		
Balance unspent at beginning of year	3 955 922	39 034
Current year receipts	3 164 000	-
Conditions met - transferred to revenue	<u>(2 950 958)</u>	<u>-</u>
Conditions still to be met - transferred to liabilities (see note 5)	<u>4 168 964</u>	<u>39 034</u>
18.4 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act No. 1 of 2007 & Gazette No 29763), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
9. OTHER INCOME		
Building Plans	51 840	-
Cemetery fees	21 890	-
Commissions	105 970	-
Eskom Levy	296 418	-
Library fees	15 662	-
Plant Hire & Photocopies	1 896	-
Tendering fees	67 400	-
Sundry receipts	-	2 144 426
Total Other Income	<u>561 073</u>	<u>2 144 426</u>

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
0. EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	32 858 643	36 999 638
Employee related costs - Contributions for UIF, pensions and medical aids	6 142 356	5 703 879
Travel, motor car, accommodation, subsistence and other allowances	2 102 110	3 479 743
Housing benefits and allowances	143 978	93 484
Overtime payments	284 118	82 662
Less: Employee costs included in other expenses	-	-
Total Employee Related Costs	41 531 205	46 359 406

Remuneration of the Municipal Manager

Annual Remuneration	585 070	472 059
Performance Bonuses	117 014	-
Car Allowance	91 648	89 199
Cell phone Allowance	22 218	-
Contributions to UIF, Medical and Pension Funds	1 399	1 446
Total	817 349	562 704

Remuneration of the Chief Finance Officer

Annual Remuneration	344 790	136 714
Performance Bonuses	68 958	-
Acting allowance	11 831	-
Car Allowance	77 413	34 375
Cell phone Allowance	9 383	-
Contributions to UIF, Medical and Pension Funds	69 435	28 238
Total	581 810	199 327

Remuneration of the Corporate Services

Annual Remuneration	417 999	406 976
Performance Bonuses	83 600	81 395
Back Pay	18 972	-
Car Allowance	89 066	86 718
Cell phone Allowance	6 846	6 665
Contributions to UIF, Medical and Pension Funds	1 399	28 238
Total	617 882	583 153

Remuneration of Individual Executive Directors

	<u>Technical Services</u>	<u>Strategic Management</u>	<u>Community Services</u>
	R	R	R
30 June 2008			
Annual Remuneration	313 843	476 950	372 144
Performance Bonuses	62 769	95 390	74 429
Back Pay	18 983	-	17 826
Car Allowances	58 614	-	86 492
Cell phone Allowances	8 452	-	12 956
Medical and pension funds	1 050	-	1 283
Total	463 711	572 340	565 129

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Remuneration of Individual Executive Directors(Continued)

	<u>Technical Services</u> R	<u>Strategic Management</u> R	<u>Community Services</u> R
30 June 2007			
Annual Remuneration	412 488	401 190	387 712
Performance Bonuses	82 498	80 238	77 542
Car Allowance	77 040	86 649	91 648
Cell phone Allowances	11 109	12 220	19 996
Medical and pension funds	1 399	1 399	1 399
Total	<u>584 533</u>	<u>581 695</u>	<u>578 296</u>

21. REMUNERATION OF COUNCILLORS

Executive Mayor	356 160	4 242 759
Speaker	284 615	8 632 396
Councillors	7 626 494	-
Administration: Mayor's & Speaker offices	558 752	-
Councillors' pension contribution	1 456 595	-
Other Allowances	3 790 224	-
Total Councillors' Remuneration	<u>14 072 840</u>	<u>12 875 155</u>

In-kind Benefits

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

22. REPAIRS AND MAINTENANCE

Building & Installations	383 998	-
Computers & Main cables	148 821	-
Equipment & Vehicles	601 145	-
Furniture, Equipment & Machines	12 740	-
Infrastructure	575 900	-
Tools & Equipment	18 461	-
	<u>1 741 065</u>	<u>4 981 689</u>

23. INTEREST PAID

Long overdue accounts	285 849	-
Consumer deposits	-	4 572
Bank overdrafts	64 762	70 498
Total Interest on External Borrowings	<u>350 612</u>	<u>75 070</u>

24. BULK PURCHASES

Electricity – for indigents	87 961	-
Total Bulk Purchases	<u>87 961</u>	<u>-</u>

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
25. GRANTS AND SUBSIDIES PAID		
General expenses – (2007: subsidies receipts)	-	13 634 404
	<u>-</u>	<u>13 634 404</u>

26. GENERAL EXPENSES

Included in general expenses are the following:-

25.1 Other operational expenses	18 204 178	2 651 597
	<u>18 204 178</u>	<u>2 651 597</u>

27. PRIOR YEAR ADJUSTMENT – Correction of Errors

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the correction of errors: -

The comparative amount has been restated as follows:

-

Mnquma Urban renewal Strategy credited to Assets in 2007	(422 570)
Reversal of Accumulated depreciation on Land	(6 443 969)
Reduction of Staff Leave provision	(3 035 856)
Reversal of Creditors	(662 406)
Restoration of Capitalised debtors from provision for bad debts	(105 493 456)
Adjustment of debtors opening balances	25 580 034
Adjustment of Old Balances receipts	4 158 028
Adjustment to Consumer Deposits	(1 808 685)
Adjustment of Main account opening balance	(6 749 305)
Clearing of unknown bank balance	400
Reversal of Transport dept debtor	2 940 931
Total	<u>(91 936 854)</u>

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2008 **2007**
R **R**

28. CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	22 067 771	31 455 533
Adjustment for:-		
Depreciation	5 050 774	5 663 978
Effects of prior year adjustment	-	(20 762 576)
Gains on disposal of PPE	(28 251)	-
Loss on disposal of PPE	283 983	-
Interest paid	350 612	75 070
Investment income	(1 118 328)	-
Operating surplus before working capital changes:	26 636 554	16 432 005
Decrease in inventories	(1 488 214)	2 787
(Increase)/decrease in debtors	(17 616 050)	(27 331 812)
Increase/(decrease) in conditional grants and receipts	2 372 159	7 880 686
Increase in creditors	2 114 451	6 261 816
Cash generated by/(utilized in) operations	12 049 514	3 245 482

29. 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	897 173	694 378
Bank overdrafts	(6 525 846)	(3 600 021)
Call investment deposits	15 409 440	12 890 260
Total cash and cash equivalents	9 780 767	9 984 617

30. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 1)	631 941	-
Used to finance property, plant and equipment – at cost	(714 363)	-
Sub- total	(82 422)	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities (see note 14)	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. No cash has been set aside to ensure that long-term liabilities can be repaid on redemption date as the liability being paid on a monthly basis.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	-	-
Amount paid - current year	28 128	26 538
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

31.2 Audit fees

Opening balance	928 017	-
Current year audit fee	773 591	759 527
Amount paid - current year	(928 017)	(759 527)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	773 591	-

31.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

31.4 PAYE, SDL and UIF

Opening balance	-	-
Current year payroll deductions	6 787 523	7 248 453
Amount paid - current year	(6 593 256)	(7 248 453)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	194 266	-

The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.

31.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	11 374 491	10 047 734
Amount paid - current year	(11 374 491)	(10 047 734)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

The balance represents pension and medical aid contributions deducted from employees in the June 2007 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2007.

MNQUMA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
31.6 COUNCILLORS' Arrear consumer accounts		
During the year, the following Councillors' had arrear accounts outstanding for more than 90 days:-	Total	Outstanding less than 90 days
		Outstanding more than 90 days
Councillor N.N Makhabane	10 416	207
Councillor Tyala .N	17 477	197
Councillor A.T Sweleni	31 085	1 182
Councillor M .Dayimani Mzimatisi	79	69
Councillor P. Jabe	40	30
Councillor M. Maphazi	40	30
Councillor N. Miti-Dube	35 729	1 157
Councillor P.N Mbusi	655	160
Councillor Nyokana A	81	81
Councillor M.W. Ntenjwa	1 161	295
	96 763	3 408
		93 345

32. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Infrastructure

Community

Other

12 924 974

12 444 239

200 000

280 735

-

-

-

-

- Approved but not yet contracted for

Infrastructure

1 310 477

1 310 477

-

-

Total

14 235 451

-

This expenditure will be financed from:

- Government Grants

11 653 595

-

- Own resources

2 352 907

-

- District Council Grants

228 949

-

14 235 451

-

33. RETIREMENT BENEFIT INFORMATION

All Employees belong to 4 defined benefit retirement funds administered by the Cape Joint Pension Fund, Cape Joint Retirement Fund, and National Fund for Municipal Workers and Samwu National Provided Fund.

All Councillors belong to 1 defined benefit retirement fund administered by the Municipal Councillors' Pension Fund.

All current contributions have been expensed.

34. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any matter or circumstance arising since the end of the financial year.

35. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E.

APPENDIX A
MNQUIMA LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS		Loan Number	Redeemable	Balance 30/06/07	Received during period	Redeemed Written off during the Period	Balance 30/06/08	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS				R	R	R	R	R	R
	Meeg Bank @ Prime less 2.5%	1	2012/12/31	-	714 383	(82 442)	631 941	592 850	-
	Total long-term loans			-	714 383	(82 442)	631 941	592 850	-
	TOTAL EXTERNAL LOANS			-	714 383	(82 442)	631 941	592 850	-

APPENDIX B

	Cost/Revaluation				Accumulated Depreciation				Carrying Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Current	Disposals		Closing Balance
Land and Buildings										
Land	6,446,793	-	-	-	6,446,793	-	-	-	-	6,446,793
Buildings	5,049,305	-	-	-	5,049,305	3,298,906	187,881	-	3,466,587	1,582,718
	11,496,098	-	-	-	11,496,098	3,298,906	187,881	-	3,466,587	8,029,511
Infrastructure										
Streets Lighting	-	502,355	-	-	502,355	-	22,736	-	22,736	479,619
Roads Infrastructure	44,627,643	11,471,889	-	-	56,099,532	13,231,463	2,421,927	-	15,653,090	40,446,442
Electric Retention	3,947,792	-	-	-	3,947,792	1,337,989	422,572	-	1,760,561	2,187,231
Traffic Equipment	-	-	-	-	-	-	-	-	-	-
Traffic Lights	-	-	-	-	-	-	-	-	-	-
Trucks	-	-	-	-	-	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-
Fire Engines	-	-	-	-	-	-	-	-	-	-
Farm Infrastructure	-	-	-	-	-	-	-	-	-	-
Furniture and fittings	-	258,205	-	-	895,962	559,921	127,868	-	687,789	208,173
Graders	-	-	-	-	-	-	-	-	-	-
Lawnmowers	-	-	-	-	-	-	-	-	-	-
Motor Vehicle	3,847,281	741,333	-	1,513,236	3,075,378	2,776,716	638,179	1,188,131	2,228,764	846,614
Plant Equipment	6,447,717	78,110	-	-	6,525,827	2,290,110	652,563	-	2,942,693	3,583,134
Work shop Depots	-	-	-	-	-	-	-	-	-	-
Water Retentions	-	-	-	-	-	-	-	-	-	-
	89,608,190	13,061,892	-	1,513,236	71,646,846	26,198,198	4,285,565	1,188,131	23,296,633	47,761,213
Community Assets										
Carparks	-	-	-	-	-	-	-	-	-	-
Parks & Gardens	-	-	-	-	-	-	-	-	-	-
Clinic	-	-	-	-	-	-	-	-	-	-
Clinic Equipment	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-
Pound	-	37,677	-	-	37,677	-	1,884	-	1,884	35,793
Fencing	-	228,713.00	-	-	228,713	-	7,616	-	7,616	221,097
Civic Buildings	462,663	-	-	-	462,663	306,777	23,133	-	328,910	132,753
Recreation facility	462,663	-	-	-	462,663	306,777	32,633	-	339,410	389,643
	925,326	266,390	-	-	729,053	306,777	32,633	-	339,410	721,476
Computers										
Computer Hardware	1,382,578	52,008	-	247,312	1,187,274	724,079	286,917	138,324	872,672	314,602
Computer Software	331,662	157,577	-	-	489,239	127,030	277,978	-	405,008	84,231
Office Machine/equipment	1,714,240	209,666	-	247,312	1,876,513	851,109	564,895	138,324	1,277,660	398,833
	3,428,480	319,251	-	247,312	3,695,043	1,702,208	1,129,790	276,648	1,515,340	487,666
Heritage Assets										
Historical Buildings	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Check Total	73,181,191	13,527,867	-	1,760,548	84,948,510	24,654,991	5,050,774	1,326,455	28,379,310	56,569,200

73,181,191.00

Legends:
 1) - For Capital Projects, the amounts included in additions is the expenditure for the year on completed projects marked as taken out. The source is the Capital Projects Roll Over Schedule.
 2) - For Capital Projects, the assets under construction are equal to the expenditure for the year less assets taken out or included in additions.

APPENDIX C

MINQUMA LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2008 Actual		2008 Under Construction		2008 Total Additions		2008 Budget		2008 Variance		2008 Explanation of Significant Variances	
	R		R		R		R		R		%	(Explanations to be recorded)
Executive & Council	778,782				64,574		180,700		-245,274		0.357	
Finance & Admin	1,524,961				387,247		825,000		-1,212,247		0.469	
Planning & Development					6,579				-6,579			
Health					-				-			
Community & Social Services	3,910,013				-		793,942		-793,942			
Public Safety					-				-			
Sport & Recreation					-				-			
Environmental Protection					-				-			
Waste Management					27,790				-27,790			
Road Transport					11,540,550				-11,540,550			
Water					-				-			
Electricity					150,099				-150,099			
Budget and treasury	1,370,287						380,000		-380,000		-	
Technical	65,597,148						398,500		-398,500		-	
TOTAL	73,181,191				12,176,838		2,578,142		-14,754,980			

APPENDIX D
MNQUIMA LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

30-Jun-08

2007 Actual Income	2007 Actual Expenditure		2007 Surplus/ (Deficit)	2008 Actual Income		2008 Actual Expenditure		2008 Surplus/ (Deficit)
	R	R		R	R	R	R	
-	780,917.00	(780,917.00)	Technical Services	-	-	2,712,774.07	-	(2,712,774.07)
94,337.00	1,676,406.00	(1,582,069.00)	Building	771.26	1,124,086.98	919,277.99	1,875,579.20	(1,818,786.16)
-	1,028,436.00	(1,028,436.00)	Workshop	56,793.04	1,482,714.46	-	1,482,714.46	(1,482,714.46)
31,760.89	3,586,498.00	(3,554,737.31)	Public works	539,237.23	4,194,007.81	-	4,194,007.81	(3,654,770.58)
-	1,436,291.00	(1,436,291.00)	Health Management	-	-	-	-	-
-	2,721,982.00	(2,721,982.00)	Nursing dept	-	-	-	-	-
-	788,210.00	(788,210.00)	Community Service Management	-	-	-	-	-
-	7,129,755.00	(7,129,755.00)	Security	11,846.42	5,800,697.03	11,846.42	5,800,697.03	(5,788,850.61)
2,275,757.00	3,472,873.00	(1,197,116.00)	Traffic department	1,230,717.70	2,818,081.46	1,230,717.70	2,818,081.46	(1,587,363.76)
-	1,520,294.00	(1,520,294.00)	Disaster Management	7,092.00	682,123.66	7,092.00	682,123.66	(675,031.66)
455,393.04	9,385,149.00	(8,929,755.96)	Admin Support Services	167,400.00	9,099,780.91	167,400.00	9,099,780.91	(8,932,380.91)
140,087.19	2,426,356.00	(2,286,268.81)	Human Resources	128.80	2,221,462.23	128.80	2,221,462.23	(2,221,333.43)
-	581,301.00	(581,301.00)	Library	35,847.15	534,835.83	35,847.15	534,835.83	(498,988.68)
-	11,336.00	(11,336.00)	Estates	-	34,677.87	-	34,677.87	(34,677.87)
-	409,345.00	(409,345.00)	Information Technology	40,000.00	576,565.61	40,000.00	576,565.61	(536,565.61)
91,820,332.23	23,092,179.00	68,728,153.23	Finance Department	80,005,330.00	11,299,533.79	80,005,330.00	11,299,533.79	68,705,796.21
7,147,598.53	7,502,483.00	(354,883.47)	Sanitation / Sewerage	2,994,413.67	7,921,042.86	2,994,413.67	7,921,042.86	(4,926,629.19)
-	4,425.00	(4,425.00)	Cleaning	-	-	-	-	-
-	484,841.38	(484,841.38)	Stores & Purchases	3,546.38	462,200.43	3,546.38	462,200.43	(458,654.05)
-	2,761,191.91	(2,761,191.91)	Municipal Manager	230,000.00	4,178,111.19	230,000.00	4,178,111.19	(3,948,111.19)
-	4,770,871.33	(4,770,871.33)	Mayoral Office	-	4,559,718.38	-	4,559,718.38	(4,559,718.38)
-	8,890,906.75	(8,890,906.75)	Speakers Office	-	9,975,059.70	-	9,975,059.70	(9,975,059.70)
-	2,499,545.95	(2,499,545.95)	Strategic & Development Plan	202,292.50	2,215,966.61	202,292.50	2,215,966.61	(2,013,674.11)
169,468.32	985,895.34	(826,427.02)	Water works	-	-	-	-	-
-	-	-	Electricity	-	600,188.98	-	600,188.98	(600,188.98)
117,537,590.00	81,795,096.00	35,742,494.00	Sub Total	85,525,416.15	75,288,487.05	85,525,416.15	75,288,487.05	10,236,929.10
-	-	-	Less Inter-Department Charges	-	-	-	-	-
117,537,590.00	85,868,938.00	35,742,494.00	Total	85,525,416.15	75,288,487.05	85,525,416.15	75,288,487.05	10,236,929.10

APPENDIX E
MNQUIMA LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2008	2008	2008	2008	2008	Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded)
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)		
Property rates	(14,197,918)	(19,820,469)	5,622,551	-28.37%		
Property rates - penalties imposed and collection charges	-	-	-	-		
Fire Levy	(1,224,912)	(1,224,912)	-	0.00%		
Rental of facilities and equipment	(2,915,015)	(3,385,638)	480,623	-14.15%		
Refuse removals -	(3,284,610)	(3,571,251)	286,641	-8.03%		
Interest earned - external investments	(1,088,335)	-	-	-		
Interest earned - outstanding debtors	(2,898,570)	-	-	-		
Fines -	(396,318)	(1,000,000)	643,682	-64.37%		
Licenses and permits	(1,645,096)	(876,001)	(769,095)	87.80%		
Government grants and subsidies	(55,491,579)	(65,205,099)	9,713,520	-14.90%		
Other income	(784,404)	(4,877,828)	4,093,424	-83.92%		
Public contributions, donated/contributed PPE	-	-	-	-		
Gains on disposal of property, plant and equipment	(82,690)	-	(82,690)	0.00%		
Total Revenue	(82,744,535)	(99,971,198)	19,986,656	(20)		
EXPENDITURE						
Technical Services Management	1,124,087	1,676,737	552,650	32.96%	Technical Services	
Building Control	1,875,579	2,001,716	126,137	6.30%	Building	
Workshops	1,482,714	1,686,384	203,670	12.08%	Workshop	
Public Works	4,194,008	5,119,511	925,503	18.08%	Public works	
Health Management	-	-	-	-	Health Management	
Nursing and Community Services	2,712,774	3,059,931	347,157	11.35%	Nursing dept	
Community Service Management	919,278	987,387	68,109	6.90%	Community Service Management	
Security	5,800,697	6,475,658	674,961	10.42%	Security	
Traffic	2,818,081	3,065,233	247,152	8.06%	Traffic department	
Disaster Management	682,124	1,574,476	892,352	56.68%	Disaster Management	
Admin Support Services: General	9,099,781	10,261,908	1,162,127	11.32%	Admin Support Services	
Human Resources	2,221,462	7,876,295	5,654,823	71.80%	Human Resources	
Library	534,836	920,982	386,146	41.93%	Library	
Estates	34,678	802,640	767,962	95.68%	Estates	
Information Technology	576,566	1,045,341	468,775	44.84%	Information Technology	
Finance Department: Management	11,299,534	18,392,553	7,093,019	38.56%	Finance Department	
Sewerage / Sanitation	7,921,043	8,874,060	953,017	10.74%	Sanitation / Sewerage	
Cleaning	-	-	-	-	Cleaning	
Stores & purchases	482,200	637,405	175,205	27.49%	Stores & Purchases	
Municipal Manager	4,178,111	4,664,149	486,038	10.42%	Municipal Manager	
Mayoral Office	4,559,718	559,217	(4,000,501)	-715.38%	Mayoral Office	
Speakers Office	9,975,060	9,260,736	(714,324)	-7.11%	Speakers Office	
Strategic & Developmental plan	2,215,987	3,071,640	855,673	27.86%	Strategic & Development Plan	
Water Works	-	-	-	-	Water works	
Electricity	600,189	1,666,190	1,066,001	63.98%	Electricity	
Less Inter-Departmental Charges	-	-	-	-		
Total Expenditure	75,288,487	93,660,139	16,391,652	20		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(159,033,022)	(193,651,337)	1,597,004			

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
Grant and Subsidies Received

Name of grant	Name of organ of state or municipality	Quarterly receipts				Quarterly Expenditure				Grants and subsidies delayed/with held			Reason for delay/withholding of funds	Did your Municipality comply with grant conditions in terms of grant framework in the latest Division of Revenue	Reason for non compliance	
		March	June	Sept	Dec	March	June	Sept	Dec	June	Sept	Dec				March
MIG	Mnquma	6,678,223	-	2,527,579	5,449,675	2,447,425	4,655,592	2,592,981	3,325,218							
MSIG	Mnquma	-	-	367,000	367,000	-	-	367,000	367,000							
FMG	Mnquma	-	-	500,000	-	-	-	500,000	-							
Equitable Share	Mnquma	22,466,151	-	17,972,920	13,479,690	22,466,151	-	17,972,920	13,479,690							
Primary Health Care	Mnquma	706,464	-	467,705	703,381	706,464	-	467,705	703,381							
ADIM Cleanest Municipality	Mnquma	121,149	-	-	156,600	121,904	-	68,877	191,107							
DGHLYA Projects	Mnquma	-	-	1,930,000	-	70,815	-	191,641	32,247							
GRAND TOTAL		29,971,987	-	23,765,204	20,166,346	25,812,759	4,915,110	22,117,606	18,098,643	-	-	-	-	-	-	-

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.