



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009



NDLAMBE MUNICIPALITY

NDLAMBE MUNICIPALITY: FINANCIAL STATEMENTS - 2008/2009

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GENERAL INFORMATION

MEMBERS OF THE MAYOR'S EXECUTIVE COMMITTEE

Councillor V M Balura (Mayor)	Chairperson of Infrastructural Development
Councillor L Maneli	Chairperson of Finance
Councillor S R Tandani (up to 31 May 2009)	Chairperson of Corporate Services
Councillor M L Swanepoel	Chairperson of Community / Protection Services
Councillor T Bethe (as from 1 June 2009)	Chairperson of Corporate Services

WARD COUNCILLORS

Councillor T Mayinje	ANC - Ward 1
Councillor C J Wentzel	ANC - Ward 2
Councillor M Mike	ANC - Ward 3
Councillor D Mnyungula	ANC - Ward 4
Councillor N V Maphaphu	ANC - Ward 5
Councillor S R Tandani	ANC - Ward 6
Councillor M L Swanepoel	DA - Ward 7
Councillor L Maneli	ANC - Ward 8
Councillor N E Mani-Gwata	ANC - Ward 9

PROPORTIONAL REPRESENTATION COUNCILLORS

Councillor V M Balura	ANC
Councillor M Mateti	ANC
Councillor K C Ncamiso	ANC
Councillor A F Taai	ANC
Councillor G J Coltman	ANC
Councillor K C Mbolekwa (up to 31 March 2009)	ANC
Councillor T Bethe (as from 1 June 2009)	ANC
Councillor G G Cannon	DA
Councillor K J Mileham	DA
Councillor G M Fogarty	DA

Mayor Councillor V M Balura

Speaker Councillor K C Ncamiso

LOCAL AUTHORITY AREA

The Ndlambe Municipality consists of areas previously falling within the jurisdiction of the following local authorities:

Alexandria Transitional Local Council
Boknes/Cannon Rocks Local Council
Boesmansriviermond Transitional Local Council
Alexandria Transitional Rural Council
Kenton-on-Sea Transitional Local Council
Port Alfred Transitional Local Council
Bathurst Transitional Local Council
Bathurst Transitional Rural Council
Seafield Local Council

AUDITORS: The Auditor-General

BANKERS: First National Bank of South Africa

REGISTERED OFFICE:

Civic Centre
Causeway Road
Port Alfred
6170

P.O. Box 13
Port Alfred
6170

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Fax (046) 624 2727
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website <http://www.ndlambe.co.za>

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out were approved by the Municipal Manager on 28 August 2009 and were presented to council for noting at its meeting on 31 August 2009

MUNICIPAL MANAGER
R Dumezweni

CHIEF FINANCIAL OFFICER
H J Dredge

EXECUTIVE MAYOR'S FOREWORD

I am privileged to have the opportunity as Mayor of the Ndlambe Municipality to provide the forward to the Annual Financial Statement for the year ending 30 June 2009. The financial year under review was very eventful and had a mixture of both highlights and lowlights.

The year under review had its challenges that still need to be overcome. The main challenges are the provision of water, addressing all aspects relating to sewer, the slow pace of housing delivery and the breakdown and deterioration of existing infrastructure and assets. The slow progress with regard to the valuation process remains a challenge and the relationship with the Ndlambe Ratepayers Forum needs to be addressed.

The global financial crisis has impacted on Ndlambe Municipality and to a large extent every household in Ndlambe. The payment levels since January 2009 have decreased and this has a direct impact on service delivery. Revenue management has thus become a key focal area in finance and payment levels need to be maintained and enhanced.

Council is working hard towards achieving its objectives in all five key performance areas namely;

- Basic service delivery and infrastructure development
- Municipal financial viability and management
- Municipal transformation and development
- Local economic development
- Good governance and public participation

Focus areas for the new financial year include but are not limited to;

- Accelerating service delivery
- Water and sanitation throughout Ndlambe
- Improving on housing delivery
- Working towards a unqualified audit opinion
- Creating work for unemployed
- Improving capital expenditure
- Increasing credit control activities to recover debt due to Ndlambe
- Implementation of the performance management system
- Improving on public participation in planning, IDP processes, budget processes and other public engagements

Despite the challenges we are faced with, we remain focused on improving services to all our communities and to support our indigent households as best we can.

I would like to thank all the members of the Council, officials and the public for the support received during a very challenging financial year. I am sure that the new financial year will be equally, if not more challenging, and I look forward to all stakeholders working as a team during these challenging times

V M BALURA
MAYOR
NDLAMBE MUNICIPALITY

31 August 2009

CHIEF FINANCIAL OFFICER'S REPORT

INTRODUCTION

The financial position of the municipality has deteriorated over the past financial year and it has been difficult to meet monthly commitments. Added pressures from various sectors have increased the strain on the budget and the recession we are going through has impacted on cash flow. Although we have improved in certain areas to that of the last financial year as far as financial reporting is concerned, it is overshadowed by the fact that budgets continue to be overspent, cash flow is deteriorating and basic services cannot be delivered. Continuous efforts have to be made in budgeting correctly, budget control, recovering money due to Council, addressing concerns raised in audit reports and proper planning. Service delivery plans that are linked to the budget have to be put in place to ensure that control can be exercised over expenditure.

A limited capital budget from internal funding had to be cut due to the negative cash flow position during the year under review and this again hampered basic service delivery. The capital budget was, in main, funded through grants and donations but these results in further strain being put on future operating budget for operating and maintenance costs.

The external loans through DBSA, as set out in appendix B, continue to place a burden on the cash flow and routine work has to suffer to ensure that the loan repayments can be made.

The general valuation of Ndlambe has put immense strain on the finance staff and has caused strained relations between the municipality and ratepayer organisations. The service providers that were appointed to undertake the valuations have not met two sets of deadlines per the original contract and the amended contract and it is now uncertain as to when we are going to be in the position to raise rates. To operate without rates income is going to affect service delivery and impact on Ndlambe Municipality as a going concern. The quality of the valuation roll is also questionable at this stage and could result in further delays.

Relationships between the ratepayers association and the municipality are also a point of grave concern. The treat by the Ndlambe Ratepayers Forum of a rates boycott and legal action against the municipality remain a serious threat and if instituted will hamper service delivery and operations of Council.

1. OPERATING RESULTS

The operating results for the year ended 30 June 2009 produced a surplus of R9 912 835 compared to the budgeted amount of R51 856. This was achieved by actual income exceeding the budget by R18 476 229 and actual expenditure being R8 615 254 above budget. It must however be noted that the income is accrued income and not cash in the bank. The results are a clear indication of what can be done if all income accrued is collected.

Details regarding the operating results per department, classification and type of income or expenditure are given in appendices D and E. Applicable statistics are shown in appendix F. The overall operating results for the year are as follows:-

	Actual 2008	Actual 2009	Variance 2008/ 2009	Budget 2009	Variance Actual/ Budget
	R	R	%	R	%
Income					
Opening surplus	587508	4 274 866			
Operating income for the year	118 514 091	142 237 833	20.02	123 761 606	14.93
Appropriations					
	119 101 599	146 512 699		123 761 606	
Expenditure					
Operating expenditure for year	113 914 479	132 324 998	-13.91	123 709 750	-6.96
Appropriations	912 254	7 983 250			
Closing surplus	4 274 866	6 204 451	-31.10	51,856	-11864.77
	119 101 599	146 512 699		123 761 606	

The actual income exceeded that of the previous year by 20,02% whereas the budgeted increase allowed for an increase of 14,93%. The actual expenditure compared to that of the previous year increased by 13,91% compared with the budgeted increase of 6,96%.

1.1 Rate and General Services

	Actual 2008	Actual 2009	Variance 2008/ 2009	Budget 2009	Variance Actual/ Budget
	R	R	%	R	%
Income	57 929 091	76,915,647	32.78	81,330,887	-5.74
Expenditure	64 527 184	88 639 726	-37.37	91 746 419	3.50
Deficit	(6 598 093)	(11 724 079)		(10 415 532)	
Deficit as % of income	-11.39	-15.24		-12.81	

Income from rates, sewerage disposal and refuse removal did not meet the amount budgeted for resulting in the 5,74% variance shown in the above table. Expenditure was also less than budget by 3,50%. This can largely be ascribed to having to curb expenditure due to cash flow constraints.

1.2 Housing Service

	Actual 2008	Actual 2009	Variance 2008/ 2009	Budget 2009	Variance Actual/ Budget
	R	R	%	R	%
Income	24 134 843	13,619,059	20.8	752 000	1711.05
Expenditure	17 800 453	1,111,584	(9.22)	858 180	-29.53
(Deficit)/Surplus	6 334 390	12 507 475		(106 180)	
(Deficit)/Surplus as % of income	26.25	91.84		-14.12	

Both income and expenditure were more than budget, but this was due mainly to non-housing budgets been included in the housing section. The entire equitable share budgeted for in the housing section is an example of one.

1.3 Trading Services

Statistics in respect of unit purchasing/production costs as well as selling costs can be found in appendix F.

Electricity Service

The over-expenditure of % can be ascribed to bulk purchases, salaries, repairs and maintenance and general expenses all exceeding budget.

	Actual 2008	Actual 2009	Variance 2008/ 2009	Budget 2009	Variance Actual/ Budget
	R	R	%	R	%
Income	16 610 106	22 455 084	35.19	15 820 651	41.94
Expenditure	15 549 615	22 449 957	-44.38	13 915 674	-61.33
Surplus	1 060 491	5 127		1 904 977	
Surplus as % of income	6.38	0.02		12.04	

The contract with the service provider needs to be analysed to ensure that both parties are meeting their obligations per the agreed conditions.

Water Service

Statistics in respect of producing and selling purified water are found in appendix F.

	Actual 2008	Actual 2009	Variance 2008/ 2009	Budget 2009	Variance Actual/ Budget
	R	R	%	R	%
Income	19 840 051	29 248 043	47.42	25 858 068	13.11
Expenditure	16 037 227	20,123,731	-25.48%	17,189,477	-17.07
Surplus	3 802 824	9 124 312		8 668 591	
Surplus as % of income	19.17	31.20		33.52	

Actual expenditure exceeded budget by 17,07 % but the increase of 13,11% in income compensated for the bulk of the over expenditure. Water sales and annual connection charges once again exceeded the anticipated income and produced a surplus greater than that of the budget of R9 124 312.

2. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure incurred on fixed assets during the year is in no ways linked to the budgeted amounts. This is as a result of adjustment budgets not been done for all grants received and previous years roll-overs not been disclosed. The expenditure consists of the following: -

	Actual 2009	Budget 2009	Actual 2008
	R	R	R
Land and Buildings	5 882 310	5 500 000	51 898
Roads and stormwater drainage	515 064	1 640 000	1 123 179
Networks : Electricity	6 597 565	10 500 000	836
Water	6 125 022	12 757 500	4 800 817
Sewerage	8 175 897	3 350 000	2 234 231
Vehicles, machines and equipment	2 614 427	5 060 496	2 282 880
Other fixed assets			
	29 910 285	38 807 996	10 493 841

Resources used to finance the above fixed assets were as follows: -

	Actual 2009	Budget 2009	Actual 2008
	R	R	R
Revolving Fund & DBSA	6 804 247		2 129 628
Operating income – Small Capital	1 067 584	559 200	343 874
Grants and subsidies	22 038 454	38 248 796	8 020 339
	29 910 285	38 807 996	10 493 841

Although most of the capital expenditure was made possible by the substantial grant funding, it is concerning to note that very little internal funding was made available for the year under review.

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is given in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2009 amounted to R37 966 510 as set out in appendix B. This outstanding amount is represented by loans that are to be repaid by 2025. The loan repayments, as previously mentioned, are putting tremendous strain on our cash flow and are hampering service delivery.

Investments and cash on hand amounted to R25 541 353 and are largely required to meet current liabilities. More information regarding loans and investments is disclosed in notes 4 and 7 and in appendix B.

4. FUNDS, RESERVES AND PROVISIONS

Funds and reserves, including Trust funds, amounting to R36 740 760 as at 30 June 2009 are still not fully represented by cash and investments.

The Revolving Fund decreased by R5 649 257 to R20 519 541.

The Dog Tax Fund produced an income of R325.

The Housing Fund balance decreased from R31 778 856 at 30 June 2008 to R1 700 912 as at 30 June 2009.

More detailed information regarding funds, reserves and provisions appear in notes 1, 2, 3 and 11, as well as Appendix A.

5. POST BALANCE SHEET EVENTS

There are no major events that took place after 30 June 2009 that may have a negative effect on the financial statements. The writing off of debt raised incorrectly in previous financial years has impacted on the appropriation account and reduced the overall trading profit. Income for the past few financial years was overstated and accounted for in this financial period.

6. BUDGETED VARIANCES

The actual expenditure that is materially over the budgeted amounts includes but is not limited to the following;

Overtime	R 2 162 997
Casuals	R90 681
Allowances	R1 091 983
Advertising	R286 342
Bank Charges	R267 096
Consultant Fees	R4 280 257
Fuel	R748 116
Postage	R520 690
Rent Office Machines	R1 048 910
Subsistence/Travel	R 133 132
Telephone	R829 580

Such expenditure needs to be controlled and if need be, adjustment budgets should be presented to Council for approval. Over expenditure on votes result in unauthorized expenditure and if not addressed should be recovered. Care must be taken in future year budgets to ensure that realistic budgets are presented to Council that take into account the financial constraints faced by the Ndlambe Municipality.

APPRECIATION

My appreciation goes to the team from the Finance Directorate that were directly involved in the preparation of the financial statements, for their dedication and loyalty in the performance of their duties, especially as the directorate has been operating without me for more than nine months. The team consisted of Mr R Gates, Mr A Buys, Ms A Scriven, Ms N Matthews, Ms U Qinela and Ms C Engelbrecht. Mention must be made of Mr R Gates who spent many additional hours consolidating the statements from the input made by the team. It is pleasing to see that ethics do still exist in staff.

H.J. Dredge
Chief Financial Officer
NDLAMBE MUNICIPALITY

31 August 2009

ACCOUNTING POLICIES

1. Basis of Presentation

- 1.1. These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and Report on the Standardisation of Financial Statements of Local Authorities (4th Edition, as amended).
- 1.2. The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in Note Two. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis:
 - Income is accrued when collectable and measurable. Certain direct Income is accrued when received, such as traffic fines and certain licences.
 - Expenditure is accrued in the year in which the related good and/or services become available for use.

2. Consolidation

The Balance Sheet includes the Rate and General Services, Housing Services, Trading Services and the different Funds, Reserves and Provisions. Inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

3. Fixed Assets

- 3.1. Fixed Assets are stated at:
 - historical cost, or
 - valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful lives. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and therefore it is unnecessary to make any further provision for depreciation.
- Grant or Donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of vacant land are credited to the Building Fund. Net proceeds from the sale of all other assets are credited to the Revolving Fund.

3.4 Capitalised assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans are repaid within the stipulated relevant period of the assets acquired from such loans. Interest is charged to the services concerned at the interest rate applicable at the time that the advance is made. The redemption of internal advances has been suspended until such time that the Annual Financial Statements are prepared in the GAMAP/GRAP format.

4 Inventory

Inventory is valued on the weighted average basis.

5 Funds and Reserves

5.1 Revolving Fund

The Municipal Ordinance No. 20 of 1974 has been repealed and replaced by the Municipal Finance Management Act (Act 56 of 2003).

5.2 Other Funds

All other funds will be reviewed during the GRAP implementation phase as the entire Fund Accounting system will fall away with effect from 1 July 2009.

6 Retirement Benefits

Ndlambe Municipality and its councillors and permanent employees contribute to the Cape Joint Pension Fund, Sanlam Pension Fund, SALA Pension and SAMWU Provident Fund which provides retirement benefits to such employees.

The retirement benefit plan is subject to the Pensions Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

7 Surpluses and Deficits

Any surpluses or deficits arising from the operations of the Municipality will be transferred to Retained Income (Appropriation Account).

8 Treatment of Administration and other Overhead Expenses

The cost of internal support services are transferred to the different services in accordance with Budget Provisions of the relevant financial year.

9 Leased assets

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period. All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

10 Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested per the Banking and Investment Policy of the Municipality.

Interest received on investments made in respect of Conditional Grants is paid into the respective funds in terms of the Division Of Revenue Act (DORA). All other interest is credited to the Revolving Fund. No interest is transferred from the Revolving Fund to any other funds which are not cash-backed.

11 Income recognition

- 11.1 Electricity and Water Billings
Municipal meters in the Municipality's area of jurisdiction are read at regular intervals and the relevant charges are billed monthly.
- 11.2 Assessment Rates
All properties in the Municipality's area of jurisdiction are subject to rates tariffs based on a 2004 General Valuation and subsequent Interim Valuations.
- 11.3 Sewerage
Serviced residential properties are charged a flat rate tariff. Other properties are levied tariffs on a "per point" basis.
- 11.4 Refuse Removal
All properties are charged a flat rate tariff.

BALANCE SHEET AT 30 JUNE 2009

	Note	2009	2008
		R	R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		20 535 843	26 184 815
Accumulated funds	1	20 535 843	26 184 815
Reserves	2	0	0
RETAINED INCOME			
	17	6 204 451	4 274 866
		<u>26 740 294</u>	<u>30 459 681</u>
TRUST FUNDS			
	3	36 740 760	59 583 891
LONG-TERM LIABILITIES			
	4	35 879 946	27 788 479
CONSUMER DEPOSITS : SERVICES			
	5	1 297 977	1 175 498
		<u><u>100 658 977</u></u>	<u><u>119 007 549</u></u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	6	51 696 125	46 873 209
LONG-TERM INVESTMENTS			
	7	0	0
LONG-TERM DEBTORS			
	8	0	0
		<u>51 696 125</u>	<u>46 873 209</u>
NET CURRENT ASSETS			
		48 962 852	72 134 340
CURRENT ASSETS			
		63 411 062	83 375 594
		13,656,830	
Inventory	9	760 991	760 884
Debtors	10	48 763 017	40 671 801
Cash	29	0	34 877 839
Short Term Investments	7	13 887 054	7 065 070
Short term portion of Long Term Debtors	8	0	0
		14 448 210	11 241 254
CURRENT LIABILITIES			
Provisions	11	2 906 859	2 722 784
Creditors	12	7 852 493	4 632 331
Prepaid Income	12	1 372 070	2 151 396
Short Term portion of Long Term Liabilities	4	2 086 564	1 734 743
Bank Overdraft	21	230 224	0
		<u><u>100 658 977</u></u>	<u><u>119 007 549</u></u>

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R	2009 Budget Surplus/ (Deficit) R
57 929 091	64 527 184	(6 598 093)	RATE AND GENERAL SERVICES	76 915 647	88 639 726	(11 724 079)	(10 415 532)
42 313 988	45 818 456	(3 504 468)	Community services	49 753 487	58 529 106	(8 775 619)	(10 795 316)
88 995	8 932 712	(8 843 717)	Subsidised services	207 050	9 391 870	(9 184 820)	(9 359 650)
15 526 108	9 776 016	5 750 092	Economic services	26 955 110	20 718 750	6 236 360	9 739 434
24 134 843	17 800 453	6 334 390	HOUSING SERVICE	13 619 059	1 111 584	12 507 475	(106 180)
36 450 157	31 586 842	4 863 315	TRADING SERVICES	51 703 127	42 573 688	9 129 439	10 573 568
<u>118 514 091</u>	<u>113 914 479</u>	4 599 612		<u>142 237 833</u>	<u>132 324 998</u>	9 912 835	<u>51 856</u>
		(912 254)	Appropriations for the year (refer note 18)			(7 983 250)	
		<u>3 687 358</u>	Net surplus/(deficit) for the year			<u>1 929 585</u>	
		587 508	Accumulated surplus/(deficit) beginning of the year			4 274 866	
		<u>4 274 866</u>	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			<u>6 204 451</u>	

(Refer to appendices D and E for more detail)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH RETAINED FROM OPERATING ACTIVITIES			
		69 160 707	20 902 736
Cash generated by operations	18	68 755 084	19 382 773
Investment income	16	5 557 905	5 148 312
(Increase)/decrease in working capital	19	(5 466 412)	(11 210 237)
		68 846 577	13 320 848
Less: External interest paid	16	4 195 510	3 773 801
Cash available from operations		64 651 067	9 547 047
Cash contributions from the public and the State		0	11 313 747
Net proceeds from disposal of fixed assets	18	4 509 640	41 942
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets (including housing and funds)		(105 712 040)	(10 493 841)
NET CASH FLOW		(36 551 333)	10 408 895
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in Long Term Loans	20	8 265 254	(1 547 887)
Increase/(decrease) in Short Term Loans	21	0	0
(Increase)/decrease in Cash Investments	22	(6 821 984)	(701 478)
(Increase)/decrease in Cash On Hand	23	35 108 063	(8 159 530)
NET CASH (GENERATED)/UTILISED		36 551 333	(10 408 895)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009	2008
	R	R
1 ACCUMULATED FUNDS		
Revolving Fund	20 519 541	26 168 798
Dog Tax Fund	16 302	16 017
	20 535 843	26 184 815

(Refer to appendix A for more details)

2 RESERVES

All reserves were written down per Council Resolution in 2007/2008 year due to funds not being cash backed.

3 TRUST FUNDS

Albany Regional Water Scheme	292 681	398 003
Asset Register Preparation	87 550	195 080
Building Fund	14 628 939	10 200 232
Bulk Service	1 509 114	1 142 835
Cacadu: Ndlambe Integration Zone Scheme	130 000	130 000
Cacadu: Nemato Sewerage	651 601	3 190 000
Department of Water Affairs and Forestry	1 467 310	3 442 357
DME Grant	5 402 436	2 000 000
Drought Relief Grants	88 861	196 616
Environmental Studies:F Fouche	35 000	35 000
Finance Interest Fund	277 954	128 916
Financial Management Grant	3 066 104	1 523 330
Freshwater Development Plan	10 000	10 000
Game: Kapriver	1 706	1 706
Heritage Tourism Project	25 414	50 000
Housing Development	175 778	175 778
Housing Fund	1 700 912	31 778 856
Local Economic Development Grants	426 439	640 286
Marine Compliance	11 045	11 045
Municipal Infrastructure Grants	2 102 332	3 055 382
Ndlambe Spatial Development Framework	0	10 000
New Mess Fund (Ndlambe)	14	1 392
Revision of Port Alfred Zoning Scheme	77 200	120 000
Survey of sites	301 059	301 059
VAT Assessment Fund	759 808	759 808
Vuna Grants	1 469	20 599
Water Assessment Grant	8 773	65 611
Umsobomvu Youth Fund	60 329	0
LED - Bathurst Commonage - CDM	72 002	0
National Province - Pier	1 193 760	0
Rainwater Harvesting - CDM	1 500 000	0
Mayoral Education Fund	6 660	0
Chicory Project - CDM	494 260	0
CIP Grant Program	174 250	0
	36 740 760	59 583 891

(Refer to appendix A for more details)

4 LONG TERM LIABILITIES

Development Bank of South Africa (previously L.A.L.F)	37 966 510	29 523 222
Less: Current portion transferred to Current Liabilities	2 086 564	1 734 743
	35 879 946	27 788 479

(Refer to appendix B for more details)

- ▶ There are seven annuity loans outstanding, which carry varying interest rates and will be fully redeemed in March 2025. A moratorium has been placed on taking out any further loans.
- ▶ R5 000 000 of Council's investments has been pledged as security on one of the loans.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
5 CONSUMER DEPOSITS : SERVICES		
Electricity	1 211 881	1 091 736
Water	86 096	83 762
	1 297 977	1 175 498
6 FIXED ASSETS		
Fixed assets at the beginning of the year	235 546 768	226 652 195
Capital expenditure during the year	29 910 285	10 493 841
Less: Assets written off , transferred or disposed of during the year	0	1 599 268
	265 457 053	235 546 768
Less: Loans redeemed and other capital receipts	213 760 928	188 673 559
Net fixed assets	51 696 125	46 873 209
Asset write offs and disposals		
Proceeds on sale of Plant and Equipment	0	288 220
Proceeds on sale of Land	4 509 640	1 352 990
Total Proceeds on assets sold	4 509 640	1 641 210
Values per asset register - assets sold during the year	0	997 203
Surplus on sale of assets	4 509 640	644 007
Values per asset register - assets written off during the year	0	602 065
Total value per asset register - assets disposed of during the year	0	1 599 268
(Refer to appendix C for more details)		
7 BANK BALANCES and INVESTMENTS		
(a) Bank Balances		
First National Bank - Port Alfred Branch		
General Account - Current	6 346 726	6 771 050
Housing Account - Current	2 213 472	31 669 348
Revolving Fund Account - Current	3 094 101	317 941
Balance at end of year	11 654 299	38 758 339
▶ These amounts reflect actual balances per the records of the Bankers.		
BANK BALANCES and INVESTMENTS		
(b) Investments		
Unlisted		
Short term deposits	13 843 836	7 004 422
Other deposits (Shares)	43 218	60 648
	13 887 054	7 065 070
▶ Provincial legislation requires local authorities to invest funds not immediately required with prescribed institutions and the period of such investments should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments. This requirement has not been complied with.		
▶ Investments of R5 000 000 are pledged as security for Development Bank of South Africa (DBSA) loans. This security includes the New Republic Bank investment at full value, although it has been written down in the books of Council to a value as advised by the Curator. DBSA accepted this security on these terms.		
8 LONG-TERM DEBTORS		
All long-term debtors have been fully recovered.		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
9 INVENTORY		
Rates and General	430 003	470 887
Water	118 701	105 822
Electricity	212 287	184 175
	760 991	760 884

- ▶ No provision has been made for obsolete inventory.

10 DEBTORS		
Current debtors consumer	72 786 053	71 412 601
Current debtors other	1 868 567	799 746
	74 654 620	72 212 347
Less: Provision for bad and doubtful debts	25 891 603	31 540 546
	48 763 017	40 671 801

- ▶ Amounts totalling R5 676 838 were written off per Council Resolution as bad debts during the year.
- ▶ Indigent debtors balances are included in consumer debtors balances.

11 PROVISIONS		
Leave pay	1 541 763	1 541 763
Audit Fees	1 365 096	1 181 021
	2 906 859	2 722 784

- ▶ The Leave Pay Provision is calculated at the balance of leave on all employees less compulsory leave days still to be taken.

12 CREDITORS		
Trade creditors	7 852 493	4 632 331
Deposits	1 297 977	1 175 498
Prepaid Income	1 372 070	2 151 396
	10 522 540	7 959 225

- ▶ The Prepaid Income represents all debtors payment received in advance, mainly as a result of payments received in respect of rates clearance certificates issued.

13 ASSESSMENT RATES

	Valuations as at 1 July 2008 R'000	Actual income 2009 R	Actual income 2008 R
Residential & Commercial	4 674 834	33 538 863	28 657 384
Government	32 154	236 653	211 768
Municipal	85 785	631 378	447 391
	4 792 773	34 406 894	29 316 543

DETAILS IN RESPECT OF RATES LEVY		
	Residential Cents per Rand	Other Cents per Rand
General rate	0.73600	0.65700
Health rate	0.00000	0.00000
Total	0.73600	0.65700

- ▶ Rebates were granted to pensioners with a total income less than R79 020 per year.
- ▶ Rebates on rates are also applied in specific areas which are not provided with full basic services.
- ▶ Interim valuations are carried out yearly and general valuations once every four years.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
14(a) COUNCILLORS' ALLOWANCES		
Mayor	327 619	294 012
Speaker	148 191	132 792
Executive Committee Members (x 3)	479 172	143 076
Ordinary Councillors (x 13)	1 296 703	103 884
Travelling Allowance (x 18)	833 522	251 472
Telephone Allowance (x 18)	188 532	41 364
UIF (x 18)	23 009	5 760
Pension Fund Contributions (x 11)	202 036	58 692
Medical Aid Contributions (x 2)	23 680	10 848
	3 522 464	1 041 900

- ▶ These salaries, allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa.
- ▶ Travelling and subsistence payments to councillors and the cost to Council of the mayoral vehicle are excluded from the benefits mentioned above.
- ▶ The comparative figures do not represent all Councillors' Allowances. Current amounts represent total Councillors in each category.
- ▶ Ward Committee member allowances of R15 250-00 were paid during the 2008/2009 year.

14(b) REMUNERATION OF SECTION 57 EMPLOYEES

Municipal Manager (11 months for the 2009 year)

Remuneration excluding allowances and council contributions	404 810	405 840
Transport allowance	143 590	144 636
Telephone allowance	12 230	12 768
Other (13th Cheque, Allowance, UIF, Medical & Pension)	128 170	125 625
	688 800	688 869

Chief Financial Officer

Remuneration excluding allowances and council contributions	417 180	382 824
Transport allowance	153 310	141 564
Telephone allowance	13 390	12 768
Other (13th Cheque, Allowance, UIF, Medical & Pension)	115 880	118 323
	699 760	655 479

Director Infrastructural Development

Remuneration excluding allowances and council contributions	416 340	382 404
Transport allowance	156 641	144 636
Telephone allowance	13 390	38 304
Other (13th Cheque, Allowance, UIF, Medical & Pension)	150 394	134 206
	736 765	699 550

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

REMUNERATION OF SECTION 57 EMPLOYEES (continued)

Director Community/Protection Services

	2009 R	2008 R
Remuneration excluding allowances and council contributions	414 883	381 528
Transport allowance	156 640	144 636
Telephone allowance	13 390	38 304
Other (13th Cheque, Allowance, UIF, Medical & Pension)	138 840	99 757
	723 753	664 225

Director Corporate Services

Remuneration excluding allowances and council contributions	462 890	382 740
Transport allowance	151 640	144 636
Telephone allowance	13 390	38 304
Other (13th Cheque, Allowance, UIF, Medical & Pension)	48 470	27 880
	676 390	593 560

- ▶ Travelling and subsistence payments are excluded from the benefits mentioned above

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
15 MISCELLANEOUS EXPENDITURES AND OUTSTANDINGS		
(a) Auditors' Remuneration	1 649 860	1 524 374
▶ The auditors remuneration represents actual amounts paid to the Auditor-General, Internal Auditors (outsourced) and Audit Committee members.		
(b) Pay As You Earn (PAYE) and Unemployment Insurance Fund (UIF)	5 348 182	4 442 243
(c) Levies		
Skills Development	413 245	329 270
Water Research	53 518	58 397
	466 763	387 667
(d) Value Added Tax (VAT)		
VAT paid	7 964 477	6 527 098
VAT payable	4 070 208	437 280
▶ VAT is paid over on the payment basis and the VAT payable represents tax included in vatable services as per outstanding debtor schedule nett of revolving and housing fund refunds.		
(e) Pension and Medical Aid	11 991 536	7 099 412
Payroll deductions and council contributions		
▶ There were no overdue amounts outstanding in respect of items listed in this note at 30 June 2009.		
▶ Comparative amount reflects municipality contributions only.		
16 FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	5 557 905	5 148 312
▶ This amount includes both interest on operating, fund and investment accounts.		
- Interest paid	4 195 510	3 773 801
	9 753 415	8 922 113
Capital charges debited to operating account:		
Interest:	4 195 510	3 773 801
- External	4 195 510	3 773 801
- Internal	0	0
Redemption:	1 734 746	1 547 887
- External	1 734 746	1 547 887
- Internal	0	0
	5 930 256	5 321 688
17 APPROPRIATIONS		
Appropriation account:		
Retained Income at beginning of year	4 274 866	587 508
Operating surplus/(deficit) for the year	9 912 835	4 599 612
Appropriations for the year:	(7 983 250)	(912 254)
Contribution ex Revolving Fund	0	0
Audit Fee Provision Adjustment	0	0
Prior year adjustments	(7 983 250)	(912 254)
Retained Income at end of year	6 204 451	4 274 866
Operating account:		
Fixed assets		
Contributions to :	1 024 338	343 874
Fixed assets	1 024 338	343 874
Accumulated Funds	0	0
Trust Fund	0	0
Provisions	0	0
	1 024 338	343 874
Prior Year Adjustments :		
▶ 2007/2008 Health Subsidy received in current financial year.		
▶ Prior periods' pension contributions paid in current financial year.		
▶ Adjustments made in respect of prior periods' Water billing in Alexandria.		
▶ Stale cheques for the previous year were written back.		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
18 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	9 912 835	4 599 612
Prior Year adjustments	(7 983 250)	(912 254)
Audit Fee Provision adjustment	1 200 000	0
Appropriations charged against income:	1 024 338	343 874
Accumulated Funds	0	0
Trust Funds	0	0
Provisions	0	0
Fixed assets	1 024 338	343 874
Capital charges:	5 930 256	5 321 688
Interest paid:	0	0
to internal funds	0	0
on external loans	4 195 510	3 773 801
Redemption:	0	0
of internal advances	0	0
of external loans	1 734 746	1 547 887
Investment Income (operating account)	0	0
Audit Fee Provision adjustment	0	0
Grants and Subsidies (operating account)	31 170 819	25 612 836
<u>Less Non-operating income:</u>	54 358 077	95 477 640
Revolving Fund	1 798	5 516 614
Dog Tax Fund	325	1 523
Housing Fund	14 527 993	62 871 338
Provisions and Reserves	0	0
Trust Funds	39 827 961	27 088 165
<u>Plus Non-operating expenditure:</u>	81 858 163	79 894 657
Housing Fund	44 605 937	50 388 340
Provisions and Reserves	0	0
Trust Funds	37 252 226	29 506 317
	68 755 084	19 382 773
19 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in inventory	(107)	76 116
(Increase)/decrease in debtors	(8 091 216)	(13 415 945)
Increase/(decrease) in creditors, provisions & prepaid income	2 624 911	2 129 592
	(5 466 412)	(11 210 237)
20 INCREASE/(DECREASE) IN LONG-TERM LOANS		
Loans raised	10 000 000	0
Loans repaid	(1 734 746)	(1 547 887)
	8 265 254	(1 547 887)
21 INCREASE/(DECREASE) IN SHORT-TERM LOANS (BANK OVERDRAFT)		
Loans raised	0	0
Loans repaid	0	0
	0	0
22 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Opening Balance	7 065 070	6 363 592
Closing Balance	13 887 054	7 065 070
	(6 821 984)	(701 478)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
23 (INCREASE)/DECREASE IN CASH ON HAND		
Balance at beginning of year	34 877 839	26 718 309
Less : balance at end of year	(230 224)	34 877 839
	35 108 063	(8 159 530)

24 RETIREMENT BENEFITS

The last actuarial valuations of the Cape Joint Pension and Retirement Funds were done as at 30 June 2005 and both funds were declared financially sound as at that date.

25 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

Contingent Liabilities

Matter: Erf 361 Port Alfred - Legal Costs	100 000	100 000
Matter: Lester House	150 000	150 000
Form Props (Snorting Grunter)	30 000	30 000
Bethe - Rates	15 000	15 000
Tucker	20 000	20 000
SALA Pension Fund	700 000	700 000
Galeba	8 000	8 000
Maona	5 000	5 000
Bethe - Defamation	1 000 000	1 000 000
Badenhout (Cannon Rocks)	800 000	800 000
Peter (Labour)	10 000	10 000
Ex Section 57 And Other Employees	207 437	150 000
Roselli/Menscott	400 000	400 000
H P Nel Indoor Pool Centre	50 000	50 000
Kowie Quarry	100 000	0
Kowie Pier and River Banks	50 000	0
B Fletcher - Building Plans - Erf 1493 Kenton-on-Sea	254 000	0
Lesedi Training Institute	8 000	0
	3 907 437	3 438 000

- ▶ Litigation against Council in respect of unfair labour practices is in progress. If the claimants are successful, the amounts involved would be met from Retained Income should a claim against Council's insurance policy be unsuccessful.

Contractual Obligations

		R
Slurry sealing	Contracted	515 504
Erf Connections		685 032
Construction of reservoir - Kenton-on-Sea	Contracted	0
Bulk water - Alexandria Phase 2	Contracted	5 538
Flood Relief programme		526 000
Bulk sewer - Port Alfred	Contracted	1 408 420
Construction of sidewalks - Nemato		368 000
Project Management office		3 033 831
Water & Sewerage Master Plan	Not Contracted	0
Water capacity project	Contracted	300 000
Upgrade - Boknes/Cannon Rocks Reverse Osmosis plant	Contracted	600 000
Drought Relief programme		11 935 000
Rainwater Harvesting - Cacadu DM	Contracted	0
Capacity Building Project - DWAF - 2008/2009	Contracted	67 466
Bathurst Sewerage Project - MIG	Contracted	562 775
Cleanest Town Campaign	Contracted	398 004
Construction of Substation - DME	Contracted	1 254 000
Kelly's Beach Project	Contracted	1 254 000
Repairs to Pier	Contracted	1 254 000
Supply Chain Offices - Extension	Not Contracted	2 000 000
Computerised Supply Chain Module	Not Contracted	0
Combined Systems - Asset Register	Contracted	0
Deloitte's - Asset Register Project - CDM	Contracted	33 000
		60 000
		0
		13 522 838
		22 059 066

This expenditure will be financed from:

Internal Advances	515 504	685 032
Grant Funding	13 007 334	21 374 034
	13 522 838	22 059 066

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R		
26 CAPITAL COMMITMENTS				
Commitments in respect of capital expenditure :				
Approved and contracted for	12 724 834	7 513 690		
Approved but not yet contracted for	798 004	0		
	13 522 838	7 513 690		
This expenditure will be financed from:				
Grants and subsidies	13 522 838	7 513 690		
Internal advances	0	0		
	13 522 838	7 513 690		
27 REVOLVING FUND				
Outstanding advances to borrowing services :				
Accumulated fund	20 519 541	26 168 798		
Less : Internal investments in Revolving Fund	19 394 721	19 394 721		
Add : External loans outstanding	0	0		
	1 124 820	6 774 077		
(See Appendices A and B for more detail)				
28 RETIREMENT BENEFITS				
The employees of the Municipality contribute to either the Cape Joint Pension and Retirement Funds, SALA Pension Fund, Provident Fund (Southern Life), or the Sanlam Pension Fund.				
29 CASH ON HAND/OVERDRAFT	<u>2009 Opening</u>	<u>2009 Movement</u>	<u>2009 Closing</u>	<u>2008 Closing</u>
	R	R	R	R
Current Account	3 524 433	(8 589 241)	(5 064 808)	3 524 433
Revolving Fund	316 266	3 161 269	3 477 535	316 266
Housing Account	31 035 290	(29 680 091)	1 355 199	31 035 290
Deposits & Floats	1 850	0	1 850	1 850
	34 877 839	(35 108 063)	(230 224)	34 877 839
30 INTER GOVERNMENTAL AND OTHER ALLOCATIONS			2009	2008
Funds received - Health Subsidy - EC Province			2 884 385	2 721 155
Environmental Health Subsidy - Cacadu DM			686 553	832 185
Equitable Share - National Treasury			26 821 265	21 157 000
Financial Management Grant - FMG			3 000 000	1 500 000
Municipal Systems Improvement Grant - MSIG			735 000	734 000
Municipal Infrastructural Grant - MIG			13 708 000	8 385 000
National Electrification Programme Grant - DME			10 000 000	3 080 000
Contribution to Councillors' Allowances - National Treasury			740 000	643 000
Department of Water Affairs - DWAF			1 727 495	0
Rainwater Harvesting - Cacadu DM			1 500 000	0
Storm Damage - DPLG			930 480	0
Essential Oils Program - DEDEA			230 000	0
Youth Fund - Umsobomvu			250 000	0
Bathurst Commonage - LED - Cacadu DM			110 000	0
Chicory Project - LED - Cacadu DM			500 000	0
▶ Comparative amounts were understated and have now been corrected.			63 823 178	39 052 340

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 (continued)

	2009 R	2008 R
31 ARREARS OWED BY INDIVIDUAL COUNCILLORS		
Arrears in respect of rates and services which, at any time during the relevant financial year, were outstanding for more than 90 days		
Balances at 30 June		
T Bethe	126 844	0
▶ The validity of the amount owed by Councillor Bethe is in respect of service charges and is under dispute.		
32 CONTRIBUTION TO ORGANISED LOCAL GOVERNMENT		
South African Local Government Association - Contribution	194 640	165 741
Outstanding and overdue on 30 June	0	0
33 RECONCILIATION OF UNAUTHORISED EXPENDITURE		
Opening balance (From prior years)	10 152 365	0
Awaiting approval	10 152 365	0
Approved	0	0
Disallowed awaiting recovery	0	0
Current year	8 615 248	10 152 365
Current year unauthorised expenditure	8 615 248	0
Approved	0	0
Disallowed	0	10 152 365
Closing balance	18 767 613	10 152 365
Awaiting approval	18 767 613	10 152 365
Disallowed awaiting recovery	0	0
▶ The above amount represents expenditure incurred due to either no budget or overspending on budget.		
34 RECONCILIATION OF IRREGULAR EXPENDITURE		
Opening balance (From prior years)	5 877 767	119 058
Expenditure under investigation	5 877 767	119 058
Condoned	0	0
Not condoned awaiting recovery/write off	0	0
Current year	0	5 758 709
Expenditure under investigation	0	0
Condoned	0	0
Not condoned awaiting recovery/write off	0	5 758 709
Closing balance	5 877 767	5 877 767
Expenditure under investigation	5 877 767	5 877 767
Not condoned awaiting recovery/write off	0	0
▶ The above amounts arose as a result of the Supply Chain policy provisions not being followed due mainly to:		
- less than three quotations being received		
- no tax clearance certificates obtained		

APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS AND RESERVES

	Balance at 30.06.2008 R	Contributions during the year R	Interest on Investments R	Other Income R	Expenditure during the year R	Dr(Cr) Adjustments R	Balance at 30.06.2009 R
ACCUMULATED FUNDS							
Revolving Fund	26 168 798		2 043 918	1 798	7 694 973		20 519 541
Dog Tax	16 017	325			40		16 302
	26 184 815	325	2 043 918	1 798	7 695 013		20 535 843
TRUST FUNDS							
Albany Regional Water Scheme	398 003			400	105 722		292 681
Asset Register Preparation	195 080				107 530		87 550
Building Fund	10 200 232			4 509 640	80 933		14 628 939
Bulk Service	1 142 835	366 279					1 509 114
Cacadu: Ndlambe Integration Zone Scheme	130 000						130 000
Cacadu: Nemato Sewerage	3 190 000				2 538 399		651 601
Department of Water Affairs and Forestry	3 442 357	2 657 975			4 633 022		1 467 310
DME Grant	2 000 000	10 000 000			6 597 564		5 402 436
Drought Relief Grants	196 616				107 755		88 861
Environmental Studies:F Fouche	35 000						35 000
Finance Interest Fund	128 916		149 038				277 954
Financial Management Grant	1 523 330	6 878 510			5 335 736		3 066 104
Freshwater Development Plan	10 000						10 000
Game: Kapriver	1 706						1 706
Heritage Tourism Project	50 000				24 586		25 414
Housing Development	175 778						175 778
Housing Fund	31 778 856	14 527 993			44 605 937		1 700 912
Local Economic Development Grants	640 286	245 180			459 027		426 439
Marine Compliance	11 045						11 045
Municipal Infrastructure Grants	3 055 382	15 908 158			16 861 208		2 102 332
Ndlambe Spatial Development Framework	10 000				10 000		
New Mess Fund (Ndlambe)	1 392	17 609			18 987		14
Revision of Port Alfred Zoning Scheme	120 000				42 800		77 200
Survey of sites	301 059						301 059
VAT Assessment Fund	759 808						759 808
Vuna Grants	20 599				19 130		1 469
Water Assessment Grant	65 611				56 838		8 773
Umsobomvu Youth Fund		250 000			189 671		60 329
LED - Bathurst Commonage - CDM		110 000			37 998		72 002
National Province - Pier		1 200 000			6 240		1 193 760
Rainwater Harvesting - CDM		1 500 000					1 500 000
Mayoral Education Fund		20 000			13 340		6 660
Chicory Project - CDM		500 000			5 740		494 260
CIP Grant Program		174 250					174 250
	59 583 891	54 355 954	149 038	4 510 040	81 858 163		36 740 760

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS

	Balance at 30.06.2008	Received during year	Redeemed or written off during year	Interest Adjustment	Balance at 30.06.2009
	R	R	R	R	R
DEVELOPMENT BANK OF SOUTH AFRICA					
13478/101-PA Port Alfred Sewerage Reticulation Phase I	4 647 876		123 645		4 524 231
11226/15391.8-PA Lalf 15391 .8	5 279		5 279		
11226/15007.4-ALEX Lalf 15007 .4	17 572		11 249		6 323
11226/15007.5-ALEX Lalf 15007 .5	25 825		9 130		16 695
101161/2 Ndlambe Multi Municipal Infrastructure Programme	7 492 932		139 412	(4 289)	7 349 231
101855 Ndlambe Multi Municipal Infrastructure Programme Phase II	7 779 142		666 573	(16 087)	7 096 482
102198 Ndlambe Multi Municipal Infrastructure Programme Phase III	9 554 596		779 458	(21 162)	8 753 976
102 557 Ndlambe Multi Municipal Infrastructure Programme Phase IV		10 000 000		219 572	10 219 572
	29 523 222	10 000 000	1 734 746	178 034	37 966 510

(Refer to notes 4 and 27)

INTERNAL ADVANCES TO BORROWING SERVICES

	Balance at 30.06.2008	Received during year	Redeemed or written off during year	Interest Adjustment	Balance at 30.06.2009
	R	R	R	R	R
Revolving Fund	19 394 721				19 394 721
	19 394 721				19 394 721

(Refer to note 27)

APPENDIX C
ANALYSIS OF FIXED ASSETS

Expenditure 2008 R	SERVICE	Budget 2009 R	Balance at 30.06.2008 R	Expenditure 2009 R	Written off transferred redeemed or disposed of during year R	Balance at 30.06.2009 R
RATE AND GENERAL SERVICES						
5 692 188		15 550 496	152 927 646	17 187 698	0	170 115 344
0	Land	0	9 935 498	0		9 935 498
51 898	Buildings	5 500 000	11 606 092	5 882 310		17 488 402
1 123 179	General Improvements	1 640 000	83 067 109	515 064		83 582 173
2 282 880	Plant and Equipment	5 060 496	23 569 641	2 614 427		26 184 068
0	Town Planning	0	557 673	0		557 673
2 234 231	Sewerage	3 350 000	24 191 633	8 175 897		32 367 530
HOUSING SERVICE						
0		0	7 300 958	0	0	7 300 958
0	Letting Scheme	0	1 009 869			1 009 869
0	Selling Scheme	0	5 683 924			5 683 924
0	Land	0	427 557			427 557
0	Nkwenkwezi Houses	0	179 608			179 608
TRADING SERVICES						
4 801 653		23 257 500	75 318 164	12 722 587	0	88 040 751
836	Electricity	10 500 000	22 149 000	6 597 565		28 746 565
4 800 817	Water	12 757 500	53 169 164	6 125 022		59 294 186
<u>10 493 841</u>	TOTAL FIXED ASSETS	<u>38 807 996</u>	235 546 768	29 910 285	0	265 457 053
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS						
			188 673 559	25 087 369	0	213 760 928
	Loans redeemed and advances repaid		83 499 464	1 981 331	0	85 480 795
	Contributions from operating income		11 810 098	1 067 584		12 877 682
	Provisions and reserves		2 717 910	0		2 717 910
	Grants and subsidies		90 563 348	22 038 454		112 601 802
	Public contributions		82 739	0		82 739
	NET FIXED ASSETS		<u>46 873 209</u>	<u>4 822 916</u>	<u>0</u>	<u>51 696 125</u>

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 R		Actual 2009 R	Budget 2009 R
INCOME			
25 612 836	Government and Provincial grants and subsidies	31 170 819	23 720 796
29 316 543	Assessment rates	34 406 894	33 000 000
16 475 971	Sale of electricity	22 030 322	14 417 749
18 885 108	Sale of water	24 040 384	19 145 321
23 853 715	Other service charges	27 075 427	31 425 352
4 369 918	Interest earned	3 513 987	2 052 388
<u>118 514 091</u>	Total Income	<u>142 237 833</u>	<u>123 761 606</u>
EXPENDITURE			
45 432 386	Salaries, wages and allowances	50 976 450	49 897 300
59 373 876	General expenses:	71 570 028	55 367 775
8 890 664	- Purchases of electricity	12 642 896	5 514 200
3 816 002	- Purchases of water	4 241 817	1 000 000
46 667 210	- Other general expenses	54 685 315	48 853 575
2 516 257	Repairs and maintenance	2 617 526	9 335 456
5 321 688	Capital charges	5 930 256	8 389 710
343 874	Contributions to fixed assets	1 024 338	559 200
926 398	Contributions	206 400	160 309
<u>113 914 479</u>	Gross expenditure	<u>132 324 998</u>	<u>123 709 750</u>
0	Less: Amounts charged out	0	0
<u>113 914 479</u>	Net expenditure	<u>132 324 998</u>	<u>123 709 750</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual income R	2008 Actual expenditure R	2008 Surplus/ (Deficit) R		2009 Actual income R	2009 Actual expenditure R	2009 Surplus/ (Deficit) R	2009 Budget Surplus/ (Deficit) R
57 929 091	64 527 184	(6 598 093)	RATE AND GENERAL SERVICE	76 915 647	88 639 726	(11 724 079)	(10 415 532)
42 313 988	45 818 456	(3 504 468)	Community services	49 753 487	58 529 106	(8 775 619)	(10 795 316)
	381 134	(381 134)	Beaches	511 115	1 146 987	(635 872)	(854 134)
			Admin Community Protection	191 110	633 103	(441 993)	(888 360)
			Local Aids Council		32 838	(32 838)	(384 240)
109 453	150 905	(41 452)	Cemeteries				
1 169 474	2 027 316	(857 842)	Health: Environmental	702 789	1 624 415	(921 626)	(229 382)
2 721 155	2 479 574	241 581	Health: Clinics	2 884 385	2 313 913	570 472	975 731
862 022	1 549 943	(687 921)	Nature Conservation	13 504	151 536	(138 032)	
			Environmental Compliance	577 539	926 184	(348 645)	(524 101)
			Reserve Management	82 907	223 900	(140 993)	(519 800)
18 430	714 825	(696 395)	Public Conveniences / Street Cl	18 734	1 265 430	(1 246 696)	(1 504 246)
	4 623	(4 623)	Rodent Control				
24 021	13 831	10 190	Small Animal Pound	14 473		14 473	16 000
100 000	1 397 283	(1 297 283)	General Works	105 500	430 501	(325 001)	(812 664)
621	4 731 801	(4 731 180)	Roads	240	9 057 944	(9 057 704)	(11 048 529)
91 700	1 223 984	(1 132 284)	Municipal Manager	96 740	1 587 515	(1 490 775)	(1 250 950)
958 002	52 101	905 901	Building Control	453 026	1 150 849	(697 823)	(456 643)
121 691	3 307 606	(3 185 915)	Town Engineer	752 814	3 100 233	(2 347 419)	(2 334 852)
285 132	1 762 559	(1 477 427)	Workshop	114 547	1 567 426	(1 452 879)	(3 121 513)
			Customer Relations		20 603	(20 603)	(37 000)
	25 245	(25 245)	Civil Protection				
	5 500	(5 500)	Grants & Donations				
172 396	43 778	128 618	Town Planning	168 310	575 003	(406 693)	(311 620)
98 411	2 329 476	(2 231 065)	Administration	107 143	2 671 005	(2 563 862)	(2 681 770)
	1 234 204	(1 234 204)	Human Resources		1 036 707	(1 036 707)	(1 097 980)
591 323	376 575	214 748	Licensing	444 871	688 387	(243 516)	359 780
1 473 733	2 558 164	(1 084 431)	Traffic		715	(715)	
			Road Markings		328 835	(328 835)	(529 360)
			Law Enforcement	1 565 410	2 546 441	(981 031)	(339 312)
			Disaster Management		126 646	(126 646)	(607 336)
	52 437	(52 437)	Local Economic Development		736 841	(736 841)	(391 890)
	29 978	(29 978)	Special Programmes		219 194	(219 194)	(202 540)
	24 567	(24 567)	Integrated Development Plan		47 910	(47 910)	(323 280)
	10 923	(10 923)	Performance Management				
29 987 887		29 987 887	Rates	36 512 622	1 305 894	35 206 728	34 051 375
2 137 226	12 256 591	(10 119 365)	Council General	1 212 143	12 211 154	(10 999 011)	(7 451 746)
	298 856	(298 856)	Stores		895 239	(895 239)	(1 061 387)
1 391 311	6 132 674	(4 741 363)	Financial Administration	3 223 565	9 405 758	(6 182 193)	(6 733 567)
	642 003	(642 003)	Valuations		500 000	(500 000)	(500 000)
			Subsidised services	207 050	9 391 870	(9 184 820)	(9 359 650)
88 995	8 932 712	(8 843 717)	Parks and Recreation	112 244	4 195 141	(4 082 897)	(4 086 260)
8 129	3 782 668	(3 774 539)	Libraries	23 334	1 336 868	(1 313 534)	(1 290 000)
4 051	1 189 333	(1 185 282)	Buildings: Civil & General	54 866	806 178	(751 312)	(895 880)
69 408	1 028 961	(959 553)	Sports Grounds				
	14 822	(14 822)	Fire Protection	16 606	2 633 025	(2 616 419)	(2 596 010)
7 407	2 543 352	(2 535 945)	Proclaimed Roads		5 392	(5 392)	
	28	(28)	Publicity		415 266	(415 266)	(491 500)
	373 548	(373 548)					
15 526 108	9 776 016	5 750 092	Economic Services	26 955 110	20 718 750	6 236 360	9 739 434
1 009 102	1 415 920	(406 818)	Conservancy & Sanitation	1 205 118	520 708	684 410	465 901
8 012 002	5 704 184	2 307 818	Refuse Disposal	13 794 742	10 254 722	3 540 020	7 257 000
5 921 633	2 484 243	3 437 390	Sewerage	11 341 359	9 276 621	2 064 738	2 126 873
564 095	171 669	392 426	Estates	613 891	666 699	(52 808)	(110 340)
19 276		19 276	Parking Development				
24 134 843	17 800 453	6 334 390	HOUSING SERVICE	13 619 059	1 111 584	12 507 475	(106 180)
24 134 843	17 800 453	6 334 390	Housing	13 619 059	1 111 584	12 507 475	(106 180)
36 450 157	31 586 842	4 863 315	TRADING SERVICES	51 703 127	42 573 688	9 129 439	10 573 568
16 610 106	15 549 615	1 060 491	Electricity	22 455 084	22 449 957	5 127	1 904 977
19 840 051	16 037 227	3 802 824	Water	29 248 043	20 123 731	9 124 312	8 668 591
118 514 091	113 914 479	4 599 612	TOTAL	142 237 833	132 324 998	9 912 835	51 856
		(912 254)	Appropriations for this year (refer to note 17)			(7 983 250)	
		3 687 358	Net surplus/(deficit) for the year			1 929 585	
		587 508	Accumulated surplus/(deficit) beginning of the year			4 274 866	
		4 274 866	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			6 204 451	

APPENDIX F

STATISTICAL INFORMATION

		2009	2008	2007
a)	<u>General Statistics</u>			
i)	Population (approximate)	60 103	57 241	55 480
	Registered Voters (Municipal Roll)	29 895	29 895	29 895
	Area (km ²)	2 001	2 001	2 001
ii)	Valuation of Property	2009	2008	2007
		R 000's	R 000's	R 000's
	No of Properties	23 550	23 500	22 252
	Residential/Commercial	4 674 834	4 682 900	4 484 947
	Government	32 154	32 223	32 223
	Municipal	85 785	68 096	68 078
	Total	4 792 773	4 783 219	4 585 248
	Valuation date : 2004			
	Assessment rates - Cents in the rand :	0.73600	0.65700	0.62600
iii)	Number of permanent employees at 30 June:	440	452	431
b)	<u>Electricity Tariffs</u>	2009	2008	2007
		R per kw/h	R per kw/h	R per kw/h
	Monthly read meters	0.4600	0.3500	0.3300
	Prepaid meters	0.6000	0.4500	0.4300
c)	<u>Water Tariffs</u>	2009	2008	2007
		R per kl	R per kl	R per kl
	0 - 10 kl	4.70	4.20	4.00
	11 - 20 kl	4.93	4.40	4.20
	21+ kl	5.88	5.25	5.00