

**KOU-KAMMA MUNICIPALITY**  
**Parameters to be completed for Current Year**

<b>Name of Authority</b>	KOU-KAMMA MUNICIPALITY
<b>Financial Year-end</b>	30 JUNE 2009
<b>End of Next Year</b>	30 June 2010
<b>End of Current Year</b>	30 June 2009
<b>End of Previous Year</b>	30 June 2008
<b>End of Base Year</b>	30 June 2007
<b>Current Year</b>	2009
<b>Previous Year</b>	2008
<b>Base Year</b>	2007
<b>Next Financial Year</b>	2009/2010
<b>Current Financial Year</b>	2008/2009
<b>Previous Financial Year</b>	2007/2008
<b>Comparative Financial Year</b>	2008/09 / 2007/08
<b>Start of Current Year</b>	01 July 2008
<b>Start of Previous Year</b>	01 July 2007

**KOU-KAMMA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2009**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It is with great pleasure for me to finally present the Annual Financial Statements for the year 2008/2009 to Council and Management. Please note that these statements could not be prepared and submitted to Auditor-General within two months after the end of the financial year in terms of the Section 126 of the MFMA.

The assistance of a service provider was once again necessary for the compilation of the statements due to a lot of accounting workload carried over from the previous years and having to address the audit report, which was a disclaimer, and the conversion of IMFO standards to GRAP Accounting Standards.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008, and also in terms of the standards and principles contained in Directives 4 and 5 issued by the ASB in March 2009.

An audit of all assets was done during the year in the process of compiling a GRAP-compliant asset register. As a result of this, the carrying value of council's assets increased with R8 764 638, resulting in an increase in operating surplus of the same amount.

**2. KEY FINANCIAL INDICATORS**

The following indicators give some insight into the financial results of the year under review.

**Financial Statement Ratios:**

INDICATOR	2009	2008
Surplus / (Deficit) before Appropriations	(863 902)	13 293 578
Surplus / (Deficit) at the end of the Year	57 797 570	58 611 050
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	34.85%	37.78%
Remuneration of Councillors	3.24%	3.79%
Collection Costs	0.54%	0.00%
Impairment Losses	16.22%	17.36%
Repairs and Maintenance	1.85%	1.87%
Interest Paid	0.06%	0.07%
Bulk Purchases	3.14%	2.78%
Contracted Services	8.18%	6.62%
Grants and Subsidies Paid	13.56%	19.96%
General Expenses	17.58%	9.76%
Current Ratio:		
Creditors Days	178	268
Debtors Days	1 038	933

### 3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2009 are as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	11 906 746	11 030 087	7.95%	-	-
Operating income for the year	61 575 865	56 386 368	9.20%	52 429 364	17.45%
Appropriations for the year	(13 536 471)	(13 559 156)	(0.17)%	-	-
GRAP 17 adjustments	-	-	-	-	-
	59 946 140	53 857 299	11.31%	52 429 364	14.34%
<b>Expenditure:</b>					
Operating expenditure for the year	62 439 767	43 092 790	44.90%	52 429 364	19.09%
Sundry transfers	(50 422)	(1 142 237)	(95.59)%	-	-
Closing surplus / (deficit)	(2 443 205)	11 906 746	(120.52)%	-	-
	59 946 140	53 857 299	11.31%	52 429 364	14.34%

#### 3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	31 262 601	33 913 878	(7.82)%	31 954 919	(2.17)%
Expenditure	44 963 167	32 459 419	38.52%	30 039 775	49.68%
Surplus / (Deficit)	(13 700 565)	1 454 459	(1041.97)%	1 915 144	-
Surplus / (Deficit) as % of total income	(43.82)%	4.29%		5.99%	

#### 3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	187 832	44 971	317.67%	187 832	0.00%
Expenditure	302 021	211 952	42.49%	189 236	59.60%
Surplus / (Deficit)	(114 188)	(166 980)	(31.62)%	(1 404)	-
Surplus / (Deficit) as % of total income	(60.79)%	(371.30)%		(0.75)%	

### 3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	17 848 069	13 023 911	37.04%	11 460 894	55.73%
Expenditure	9 749 246	6 212 364	56.93%	11 806 609	(17.43)%
Surplus / (Deficit)	8 098 822	6 811 547	18.90%	(345 715)	-
Surplus / (Deficit) as % of total income	45.38%	52.30%		(3.02)%	

### 3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R1 912 393 (2007/2008: R1 189 744). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	1 130 714	1 501 881	(24.71)%	3 283 507	(65.56)%
Expenditure	2 368 218	925 900	155.77%	5 045 734	(53.06)%
Surplus / (Deficit)	(1 237 505)	575 981	(314.85)%	(1 762 227)	-
Surplus / (Deficit) as % of total income	(109.44)%	38.35%		(53.67)%	

### 3.5 Water Services:

Water is generated and distributed to the consumers by the municipality. Additional water, when in short supply, is bought in from Louterwater Engineering Services. The cost of additional purchases by the municipality was R48 953 (2007/2008: R9 988). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	11 146 649	7 901 727	41.07%	5 542 212	101.12%
Expenditure	5 057 115	3 283 155	54.03%	5 348 010	(5.44)%
Surplus / (Deficit)	6 089 534	4 618 572	31.85%	194 202	-
Surplus / (Deficit) as % of total income	54.63%	58.45%		3.50%	

#### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R14 618 381 (2007/2008: R14 307 803). Full details of Property, Plant and Equipment are disclosed in Note 10 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R14 618 381 was financed as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Capital Replacement Reserve	740 574	890 686	(16.85)%	1 381 950	(46.41)%
Grants and Subsidies	13 877 807	12 767 118	8.70%	6 266 000	121.48%
Public Contributions	-	650 000	(100.00)%	-	#DIV/0!
	14 618 381	14 307 803	2.17%	7 647 950	91.14%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2009	2008
Capital Replacement Reserve	5.07%	6.23%
Grants and Subsidies	94.93%	89.23%
Public Contributions	-	4.54%

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

#### 5. RECONCILIATION OF BUDGET TO ACTUAL

##### 5.1 Operating Budget:

DETAILS	2009	2008
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	-	319 448
Revenue variances	9 146 501	7 704 122
Expenditure variances:		
Employee Related Costs	879 858	282 973
Remuneration of Councillors	(60 316)	1 016 761
Collection Costs	(251 869)	-
Depreciation and Amortisation	2 716 910	-
Impairment Losses	(9 173 988)	(7 329 707)
Repairs and Maintenance	1 889 560	621 437
Interest Paid	(37 853)	442 510
Bulk Purchases	422 982	577 448
Contracted Services	(2 099 999)	4 515 080
Grants and Subsidies Paid	(7 653 267)	(3 530 402)
General Expenses	3 845 958	8 673 908
Loss on disposal of Property, Plant and Equipment	(488 378)	-
Actual surplus before appropriations	(863 902)	13 293 578

DETAILS	2009	2008
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	-	319 448
Executive and Council	(14 547 746)	(9 638 237)
Finance and Administration	(8 521 038)	(172 640)
Planning and Development	6 428 299	12 331 488
Health	174 443	(104 996)
Community and Social Services	1 817 666	(360 241)
Housing	(112 784)	(21 215)
Public Safety	(4 495 552)	536 883
Sport and Recreation	46 675	968 978
Waste Management	8 444 537	4 339 034
Roads and Transport	3 481 545	(16 896)
Water	5 895 332	4 538 727
Electricity	524 723	573 247
Actual surplus before appropriations	(863 902)	13 293 578

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

#### 5.2 Capital Budget:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Variance actual 2008/09 / 2007/08 R	Budgeted 2008/2009 R	Variance actual/ budgeted R
Executive and Council	-	-	-	140 000	(140 000)
Finance and Administration	503 154	373 327	129 827	22 000	481 154
Planning and Development	690 916	1 288 004	(597 088)	5 000	685 916
Health	2 217	-	2 217	-	2 217
Community and Social Services	-	33 980	(33 980)	388 000	(388 000)
Housing	-	501 169	(501 169)	-	-
Public Safety	14 923	-	14 923	20 000	(5 077)
Sport and Recreation	40 855	44 810	(3 955)	-	40 855
Environmental Protection	-	-	-	-	-
Waste Management	4 260 368	4 234 983	25 385	6 211 350	(1 950 982)
Roads and Transport	5 702 218	1 700 722	4 001 496	78 325	5 623 893
Water	2 241 181	2 121 264	119 917	453 325	1 787 856
Electricity	1 162 549	4 009 544	(2 846 995)	329 950	832 599
Other	-	-	-	-	-
	14 618 381	14 307 803	310 578	7 647 950	6 970 431

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

## 6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2009 amounted to R57 797 570 (30 June 2008: R58 611 050) and is made up as follows:

Capital Replacement Reserve	47 855
Donations and Public Contributions Reserve	650 000
Government Grants Reserve	59 542 919
Accumulated Surplus	<u>(2 443 205)</u>
	<u>57 797 570</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Revolving Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Donations & Public Contributions and Government Grants Reserves are utilised to offset the cost of depreciation of assets funded from Government Grants and Contributions from Public over the lifespan of such assets. Amounts equal to the cost of assets acquired from Government Grants and Public Contributions are transferred to the reserves annually.

The municipality will only be able to finance its annual infrastructure capital programme if it obtains external funding (government grants).

Refer to Note 2 and the Statement of Change in Net Assets for more detail.

## 7. CURRENT LIABILITIES

Current Liabilities amounted R43 571 559 as at 30 June 2009 (30 June 2008: R31 988 309) and is made up as follows:

Consumer Deposits	Note 3	104 700
Provisions	Note 4	1 576 646
Creditors	Note 5	16 791 222
Unspent Conditional Grants and Receipts	Note 6	19 902 630
VAT	Note 7	<u>3 196 361</u>
		<u>41 571 559</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). It is not certain that the municipality will be able to meet its obligations because of serious cash flow constraints.

Refer to the indicated Notes for more detail.

## 8. SHORT-TERM LOANS

Short-term Loans amounted to R2 000 000 as at 30 June 2009 (30 June 2008: R0).

Bridging finance was obtained from Cacadu District Municipality to enable the municipality to pay salaries to its councillors and employees for the months of May and June 2009.

Refer to Note 8 for more detail.

## 9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R73 216 382 as at 30 June 2009 (30 June 2008: R59 471 656).

An audit of all assets was done during the year in the process of compiling a GRAP-compliant asset register. As a result of this, the carrying value increased with R8 764 638 as at 30 June 2009.

Refer to Note 10 and Appendices "B, C and E (2)" for more detail.

## 9. INTANGIBLE ASSETS

The net value of Intangible Assets were R236 840 as at 30 June 2009 (30 June 2008: R246 820).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 11 and Appendix "B" for more detail.

## 10. INVESTMENT PROPERTIES

The net value of Investment Properties were R289 543 as at 30 June 2009 (30 June 2008: R289 543).

These are assets that are rented out by the municipality to external parties at market related rental under operating lease agreements.

Refer to Note 12 and Appendix "B" for more detail.

## 11. LONG-TERM RECEIVABLES

Long-term Receivables of R0 at 30 June 2009 (30 June 2008: R13 415) is made up as follows:

Staff Loans	<u>13 408</u>
	13 408
Less: Short-term portion included in Current Assets	<u>13 408</u>
	<u>-</u>

Refer to Note 13 for more detail.

## 12. CURRENT ASSETS

Current Assets amounted R27 626 364 as at 30 June 2009 (30 June 2008: R30 577 925) and is made up as follows:

Consumer Debtors	Note 14	16 243 708
Other Debtors	Note 15	1 618 664
Bank, Cash and Cash Equivalents	Note 16	9 750 585
Current Portion of Long-term Debtors	Note 13	<u>13 408</u>
		<u>27 626 364</u>

Refer to the indicated Notes for more detail.

## 13. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 6 and 22, and Appendix "F" for more detail.

## 14. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 52.



**15. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)**

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the so-called GRAP-format during the 2008/2009 financial year.

The unbundling process was carried out as at 30 June 2007 in order to be able to have comparative figures available for the Annual Financial Statements presented in the new format. Consultants have been appointed to assist in the process.

**16. GOING CONCERN**

The municipality is not able to execute its normal business activities and mandate from own generated funding. However, various processes have been introduced to assist the municipality, e.g. aid from National, Provincial and Local Government and the DBSA, either financially or in the form of consultants assisting in the normal day-to-day functions of the municipality.

Therefore the Annual Financial Statements have been prepared on a "going concern basis".

**17. EXPRESSION OF APPRECIATION**

We are grateful to the Mayor, Councillors, the Municipal Manager and Senior Officials for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

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**CHIEF FINANCIAL OFFICER**

29 January 2010

**KOU-KAMMA MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>57 797 570</b>	<b>58 611 050</b>
Accumulated Surplus / (Deficit)	2	57 797 570	58 611 050
<b>Current Liabilities</b>		<b>43 571 559</b>	<b>31 988 309</b>
Consumer Deposits	3	104 700	104 700
Provisions	4	1 576 646	1 022 514
Creditors	5	16 791 222	6 652 911
Unspent Conditional Grants and Receipts	6	19 902 630	21 576 519
VAT Payable	7	3 196 361	2 631 664
Short-term Loans	8	2 000 000	-
<b>Total Net Assets and Liabilities</b>		<b>101 369 129</b>	<b>90 599 359</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>73 742 764</b>	<b>60 021 433</b>
Property, Plant and Equipment	10	73 216 382	59 471 656
Intangible Assets	11	236 840	246 820
Investment Property	12	289 543	289 543
Long-term Receivables	13	-	13 415
<b>Current Assets</b>		<b>27 626 364</b>	<b>30 577 925</b>
Consumer Debtors	14	16 243 708	14 037 945
Other Debtors	15	1 618 664	3 976 876
Bank, Cash and Cash Equivalents	16	9 750 585	12 550 204
Current Portion of Long-term Receivables	13	13 408	12 900
<b>Total Assets</b>		<b>101 369 129</b>	<b>90 599 359</b>

**KOU-KAMMA MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

Budget			Actual	
2008	2009		2009	2008
R	R	Note	R	R
<b>REVENUE</b>				
3 983 645	7 536 078	18	4 983 051	4 840 305
9 070 794	11 180 908	19	13 645 348	12 356 995
277 150	157 433	20	281 821	233 796
33 075	102 141	21	1 545 836	575 221
17 500	-	21	-	75 319
3 890 960	3 148 897		236 270	3 215 659
20 000	-		17 254	2 735
5 352 410	4 186 158		787 891	3 401 832
20 999 814	25 720 238	22	39 848 618	30 196 692
-	-	23	-	670 000
5 036 898	397 511	24	229 777	342 492
-	-		-	475 322
-	-		-	475 322
-	-		-	-
<b>48 682 246</b>	<b>52 429 364</b>	<b>Total Revenue</b>	<b>61 575 865</b>	<b>56 386 368</b>
<b>EXPENDITURE</b>				
16 565 018	22 641 153	25	21 761 296	16 282 045
2 648 805	1 960 443	26	2 020 759	1 632 044
-	84 000		335 869	-
-	2 716 910	27	-	-
151 250	951 949	28	10 125 937	7 480 957
1 428 175	3 045 528		1 155 968	806 738
473 599	-	29	37 853	31 089
1 777 180	2 384 328	30	1 961 346	1 199 732
7 367 959	3 009 900	31	5 109 899	2 852 879
5 069 200	812 049	32	8 465 316	8 599 602
12 881 612	14 823 104	33	10 977 146	4 207 704
-	-		488 378	-
<b>48 362 798</b>	<b>52 429 364</b>	<b>Total Expenditure</b>	<b>62 439 767</b>	<b>43 092 790</b>
<b>319 448</b>	<b>-</b>	<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(863 902)</b>	<b>13 293 578</b>

Refer to Appendix E(1) for explanation of budget variances

**KOU-KAMMA MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

Description	Housing Development Fund	Revaluation Reserve	Total for Accumulated Surplus / (Deficit)	Total
	R	R	R	R
<b>2008</b>				
Balance at 30 June 2007	-	-	44 175 235	44 175 235
Change in Accounting Policy (Note 35)			-	-
Correction of Error (Note 36)			1 142 237	1 142 237
<b>Restated Balance</b>	-	-	<b>45 317 472</b>	<b>45 317 472</b>
Surplus / (Deficit) for the year			13 293 578	13 293 578
Contribution to CRR			-	-
Property, Plant and Equipment purchased			-	-
Donations / Grants utilised to obtain PPE			-	-
Interest received	-		-	-
Asset disposals			-	-
Offsetting of Depreciation			-	-
<b>Balance at 30 June 2008</b>	-	-	<b>58 611 050</b>	<b>58 611 050</b>
	-	-		
<b>2009</b>				
Change in Accounting Policy (Note 35)			-	-
Correction of Error (Note 36)			50 422	50 422
<b>Restated Balance</b>	-	-	<b>58 661 471</b>	<b>58 661 471</b>
Surplus / (Deficit) for the year			(863 902)	(863 902)
Contribution to CRR			-	-
Property, Plant and Equipment purchased			-	-
Donations / Grants utilised to obtain PPE			-	-
Interest received	-		-	-
Asset disposals			-	-
Offsetting of Depreciation			-	-
<b>Balance at 30 June 2009</b>	-	-	<b>57 797 570</b>	<b>57 797 570</b>
	-	-		

Details on the movement of the Funds and Reserves are set out in Note 2.

**KOU-KAMMA MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from Ratepayers, Government and Other		50 209 555	59 865 859
Cash paid to Suppliers and Employees		(41 911 683)	(33 898 926)
<b>Cash generated from / (utilised in) Operations</b>	<b>37</b>	<b>8 297 872</b>	<b>25 966 933</b>
Interest received	21	1 545 836	575 221
Interest paid	29	(37 853)	(31 089)
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>9 805 855</b>	<b>26 511 065</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	10	(14 618 381)	(14 307 803)
Purchase of Intangible Assets	11	-	(133 440)
Profit on Sale of Land		-	475 322
Decrease / (Increase) in Long-term Receivables	13	12 907	15 692
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(14 605 474)</b>	<b>(13 950 230)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in Short-term Loans	8	2 000 000	-
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>2 000 000</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>16</b>	<b>(2 799 619)</b>	<b>12 560 835</b>
Cash and Cash Equivalents at the beginning of the year		12 550 204	(10 631)
Cash and Cash Equivalents at the end of the year		9 750 585	12 550 204

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**1. GENERAL INFORMATION**

Kou-Kamma Municipality (the municipality) is a local government institution in Kareedouw, southwestern Eastern Cape, and is one of seven local municipalities under the jurisdiction of the Cacadu District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>2. ACCUMULATED SURPLUS</b>		
<b>The Accumulated Surplus consists of the following Liabilities:</b>		
Capital Replacement Reserve (CRR)	47 855	45 327
Donations and Public Contributions Reserve	650 000	650 000
Government Grants Reserve	59 542 919	46 008 977
Accumulated Surplus / (Deficit) due to the results of Operations	(2 443 205)	11 906 746
<b>Total Accumulated Surplus</b>	<b><u>57 797 570</u></b>	<b><u>58 611 050</u></b>

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**3. CONSUMER DEPOSITS**

Electricity and Water	104 700	104 700
<b>Total Consumer Deposits</b>	<b><u>104 700</u></b>	<b><u>104 700</u></b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b><u>-</u></b>	<b><u>-</u></b>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

**4. PROVISIONS**

Staff Leave	1 576 646	1 022 514
<b>Total Provisions</b>	<b><u>1 576 646</u></b>	<b><u>1 022 514</u></b>

**Staff Leave** accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

**Staff Leave:**

Balance at beginning of year	1 022 514	959 629
Contributions to provision	554 131	62 885
Expenditure incurred	-	-

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Balance at end of year

1 576 646

1 022 514

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**5. CREDITORS**

Trade Creditors	6 361 862	3 654 591
Payments received in Advance	7 448 167	-
Sundry Deposits	2 380	-
Other Creditors	2 978 813	2 998 320
<b>Total Creditors</b>	<b><u>16 791 222</u></b>	<b><u>6 652 911</u></b>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

**6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**6.1 Conditional Grants from Other Spheres of Government**

	<b>19 902 630</b>	<b>21 576 519</b>
National Government Grants	10 855 977	7 912 425
Provincial Government Grants	8 438 300	14 056 903
Local Government Grants	980 285	(392 808)
Other Spheres of Government	(371 933)	-
<b>Total Conditional Grants and Receipts</b>	<b><u>19 902 630</u></b>	<b><u>21 576 519</u></b>

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 22 for the reconciliation of Grants from Other Spheres of Government.

Refer to Appendix "F" for more detail on Conditional Grants.

**7. VAT PAYABLE**

Vat Payable	<b><u>3 196 361</u></b>	<b><u>2 631 664</u></b>
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Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**8. SHORT-TERM LOANS**

Other Loans	2 000 000	-
<b>Total Short-term Loans</b>	<b><u>2 000 000</u></b>	<b><u>-</u></b>

Other Loans are repayable on demand and were used as bridging finance for the payment of salaries for the months of May and June 2009. A zero rate of interest is payable on Other Loans.



**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**9. OPERATING LEASE LIABILITIES / PAYABLES**

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.

**9.1 Leasing Arrangements**

**The Municipality as Lessee:**

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

**9.2 Amounts payable under Operating Leases**

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

<b>Vehicles and Other Equipment:</b>	279 192	398 392
Up to 1 year	142 095	119 200
2 to 5 years	137 097	279 192
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>279 192</b>	<b>398 392</b>

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	279 192	398 392
<b>Total Operating Lease Expenses</b>	<b>279 192</b>	<b>398 392</b>

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the rentor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the rentor upon termination of the agreement.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**10. PROPERTY, PLANT AND EQUIPMENT**

The municipality has taken advantage of the transitional provisions set out in Directive 4 of the Accounting Standards Board on GRAP 17. The municipality will embark on a process of itemising and measuring all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on Land-and-Buildings, Infrastructure Assets and Community Assets have been calculated on an averaging basis whereby an average useful life had been estimated for each category of community assets, using global historical costs recorded in the accounting records. The municipality has assessed its items of property, plant and equipment for impairment, remaining useful life and residual value.

30 June 2009

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2008</b>	<b>3 546 024</b>	<b>41 453 083</b>	<b>9 466 230</b>	<b>4 505 150</b>	<b>501 169</b>	<b>59 471 656</b>
Cost	4 670 926	55 509 722	15 367 229	6 800 770	501 169	82 849 816
- Completed Assets	4 670 926	55 509 722	15 367 229	6 800 770	501 169	82 849 816
- Under Construction	-	-	-	-	-	-
Correction of error (Note 36)	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(1 124 902)	(14 056 639)	(5 900 999)	(2 295 620)	-	(23 378 160)
- Cost	(1 124 902)	(14 056 639)	(5 900 999)	(2 295 620)	-	(23 378 160)
Acquisitions	103 855	10 099 779	-	4 414 747	-	14 618 381
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	(592 588)	-	(592 588)
- Cost	-	-	-	(1 300 683)	-	(1 300 683)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	708 095	-	708 095
- Based on Cost	-	-	-	708 095	-	708 095
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Impairment Losses	(78 927)	-	-	(202 140)	-	(281 067)
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>3 570 952</b>	<b>51 552 862</b>	<b>9 466 230</b>	<b>8 125 168</b>	<b>501 169</b>	<b>73 216 382</b>
Cost	4 774 780	65 609 502	15 367 229	9 914 834	501 169	96 167 514
- Completed Assets	4 774 780	65 609 502	15 367 229	9 914 834	501 169	96 167 514
- Under Construction	-	-	-	-	-	-
Accumulated Impairment Losses	(78 927)	-	-	(202 140)	-	(281 067)
Accumulated Depreciation:	(1 124 902)	(14 056 639)	(5 900 999)	(1 587 526)	-	(22 670 065)
- Cost	(1 124 902)	(14 056 639)	(5 900 999)	(1 587 526)	-	(22 670 065)

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2008

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2007</b>	<b>3 546 024</b>	<b>30 097 831</b>	<b>9 466 230</b>	<b>2 053 768</b>	-	<b>45 163 853</b>
Cost	4 670 926	44 154 470	15 367 229	4 349 388	-	68 542 013
- Completed Assets	4 670 926	44 154 470	15 367 229	4 349 388	-	68 542 013
- Under Construction	-	-	-	-	-	-
Correction of error (Note 36)	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(1 124 902)	(14 056 639)	(5 900 999)	(2 295 620)	-	(23 378 160)
- Cost	(1 124 902)	(14 056 639)	(5 900 999)	(2 295 620)	-	(23 378 160)
Acquisitions	-	11 355 252	-	2 451 382	501 169	14 307 803
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>3 546 024</b>	<b>41 453 083</b>	<b>9 466 230</b>	<b>4 505 150</b>	<b>501 169</b>	<b>59 471 656</b>
Cost	4 670 926	55 509 722	15 367 229	6 800 770	501 169	82 849 816
- Completed Assets	4 670 926	55 509 722	15 367 229	6 800 770	501 169	82 849 816
- Under Construction	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(1 124 902)	(14 056 639)	(5 900 999)	(2 295 620)	-	(23 378 160)
- Cost	(1 124 902)	(14 056 639)	(5 900 999)	(2 295 620)	-	(23 378 160)

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Total Property, Plant and Equipment held by the municipality at 30 June 2009 amounted to R73,2 million (2008: R59,5 million), comprising the amounts analysed above (2009: R73,2 million; 2008: R59,5 million) and Assets classified as Held-for-Sale (2009: nil; 2008: nil).

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>10. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>10.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use:</b>		
At Original Cost:		
Land and Buildings	1 175 703	1 175 703
Infrastructure	1 123 564	1 123 564
Other	332 629	602 585
<b>Gross Carrying Value of PPE fully depreciated and still in use</b>	<b>2 631 896</b>	<b>2 901 852</b>
<b>10.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal:</b>		
No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.		
<b>10.3 Assets pledged as security:</b>		
The municipality did not pledge any of its assets as security.		
<b>10.4 Impairment of Property, Plant and Equipment:</b>		
The total amount of R281 067 disclosed for impairment losses on property, plant and equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:		
Land and Buildings	78 927	-
Other Assets: Computer Equipment	1 564	-
Other Assets: Furniture and Fittings	1 035	-
Other Assets: Office Equipment	792	-
Other Assets: Vehicles	198 749	-
<b>Total Impairment of Property, Plant and Equipment</b>	<b>281 067</b>	<b>-</b>
Impairment losses on property, plant and equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of property, plant and equipment have been physically damaged, stolen or have become redundant and idle.		
<b>10.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:</b>		
The Remaining Useful Life of property, plant and equipment was taken into consideration during the process of identifying assets. The amounts for Change in Useful Life were not calculated separately and are included in the amounts for Impairment above. Therefore no changes in values are disclosed.		
<b>10.6 Land and Buildings carried at Fair Value:</b>		
The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.		
<b>10.7 Compensation received for Losses:</b>		
Compensation, included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year:		
Compensation received from insurers	114 190	48 511
Carrying value of lost assets	(139 597)	(38 108)
<b>Surplus / (Deficit) on Compensation received for Lost PPE</b>	<b>(25 407)</b>	<b>10 403</b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	R	R
<b>11. INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>236 840</b>	<b>246 820</b>
The movement in Intangible Assets is reconciled as follows:		
<b>Computer Software</b>		
<b>Carrying values at 01 July</b>	<b>246 820</b>	<b>113 380</b>
Cost	360 948	227 508
Accumulated Amortisation	(114 128)	(114 128)
Acquisitions:	-	133 440
Purchased	-	133 440
Internally Developed	-	-
Amortisation:	-	-
Purchased	-	-
Internally Developed	-	-
Disposals:	(9 980)	-
At Cost	(9 980)	-
At Accumulated Amortisation	-	-
Transfers:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
<b>Carrying values at 30 June</b>	<b>236 840</b>	<b>246 820</b>
Cost	350 968	360 948
Accumulated Amortisation	(114 128)	(114 128)

No amortisation expense has been calculated as the municipality has made use of the exemption from measurement in terms of Directive 4 of the ASB.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

**11.1 Significant Intangible Assets:**

All Significant Intangible Assets, that meet the recognition criteria for Intangible Assets as stipulated in GRAP 102, have been identified.

**11.2 Intangible Assets with Indefinite Useful Lives:**

The municipality depreciates all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

**11.3 Impairment of Intangible Assets:**

Impairment of Intangible Assets was taken into consideration during the process of identifying property, plant and equipment. No Impairment Losses were recognised.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>12. INVESTMENT PROPERTY</b>		
At Cost less Accumulated Depreciation	<u>289 543</u>	<u>289 543</u>
The movement in Investment Property is reconciled as follows:		
<b>Carrying values at 1 July</b>	<b>289 543</b>	<b>289 543</b>
Cost	289 543	289 543
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Acquisitions during the Year	-	-
Depreciation during the Year	-	-
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
<b>Carrying values at 30 June</b>	<b>289 543</b>	<b>289 543</b>
Cost	289 543	289 543
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
<b>Estimated Fair Value of Investment Property at 30 June</b>	<u><b>255 000</b></u>	<u><b>255 000</b></u>

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	161 164	129 600
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

**12.1 Investment Property carried at Fair Value:**

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

**12.2 Impairment of Investment Property:**

Impairment of Investment Property was taken into consideration during the process of identifying property, plant and equipment. No Impairment Losses were recognised.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>13. LONG-TERM RECEIVABLES</b>		
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>
		<b>Net Balances R</b>
<b>As at 30 June 2009</b>		
Staff Loans	122 978	109 570
	<u>122 978</u>	<u>109 570</u>
Less: Current Portion transferred to Current Receivables:- Staff Loans		13 408
		<u>13 408</u>
<b>Total Long-term Receivables</b>		<u><u>-</u></u>
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>
		<b>Net Balances R</b>
<b>As at 30 June 2008</b>		
Staff Loans	135 885	109 570
	<u>135 885</u>	<u>109 570</u>
Less: Current Portion transferred to Current Receivables:- Staff Loans		12 900
		<u>12 900</u>
<b>Total Long-term Receivables</b>		<u><u>13 415</u></u>

**STAFF LOANS**

In terms of the MFMA no Loans are granted to officials anymore. The outstanding amount is in respect of loans granted before 01 July 2004 and will continue until all loans have been repaid.

As at 30 June 2009 Long-term Receivables of R109 570 (2008: R109 570) were past due and a provision for impairment has been made for these amounts.

	2009 R	2008 R
<b>13.1 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	109 570	109 570
Impairment Losses recognised	-	-
Amounts written off as uncollectable	-	-
<b>Balance at end of year</b>	<u><u>109 570</u></u>	<u><u>109 570</u></u>

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being small and staff of the municipality. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R	
<b>14. CONSUMER DEBTORS</b>			
	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
<b>As at 30 June 2009</b>			
Service Debtors:	50 168 503	35 072 699	15 095 804
Assessment Rates	14 332 097	10 028 338	4 303 759
Electricity	1 098 109	766 217	331 892
Refuse	6 440 677	4 476 944	1 963 733
Sewerage	13 147 926	9 200 787	3 947 139
Water	15 149 692	10 600 412	4 549 281
Housing	487 282	281 509	205 773
Loan Instalments	899 407	629 544	269 863
Other Debtors	2 232 095	1 559 827	672 268
<b>Total Consumer Debtors</b>	<b>53 787 287</b>	<b>37 543 579</b>	<b>16 243 708</b>
	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
<b>As at 30 June 2008</b>			
Service Debtors:	38 155 888	24 759 232	13 396 656
Assessment Rates	11 345 775	5 954 250	5 391 525
Electricity	1 050 098	696 852	353 245
Refuse	5 109 934	3 395 823	1 714 111
Sewerage	10 516 231	7 207 444	3 308 788
Water	10 133 849	7 504 862	2 628 987
Housing	445 402	364 095	81 307
Loan Instalments	901 357	731 971	169 386
Other Debtors	2 234 008	1 843 412	390 596
<b>Total Consumer Debtors</b>	<b>41 736 655</b>	<b>27 698 710</b>	<b>14 037 945</b>

Consumer Debtors are billed monthly, latest end of month. No interest have been charged on outstanding trade receivables for the year under review.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors.

	2009 R	2008 R	
<b>14.1 Ageing of Consumer Debtors</b>			
<b>Rates: Ageing</b>			
<u>Current:</u>			
0 - 30 days	214 437	1 139 910	
<u>Past Due:</u>			
31 - 60 Days	155 544	1 633 294	
61 - 90 Days	155 195	2 134 275	
91 - 120 Days	157 269	713 597	
+ 120 Days	13 649 652	5 724 699	
<b>Total</b>	<b>14 332 097</b>	<b>11 345 775</b>	



**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>Electricity: Ageing</b>		
<i>Current:</i>		
0 - 30 days	16 668	-
<i>Past Due:</i>		
31 - 60 Days	6 268	-
61 - 90 Days	4 046	-
91 - 120 Days	4 202	-
+ 120 Days	1 066 927	1 050 098
<b>Total</b>	<b>1 098 109</b>	<b>1 050 098</b>
<b>Refuse: Ageing</b>		
<i>Current:</i>		
0 - 30 days	377 042	-
<i>Past Due:</i>		
31 - 60 Days	179 562	-
61 - 90 Days	170 542	-
91 - 120 Days	166 117	-
+ 120 Days	5 547 414	5 109 934
<b>Total</b>	<b>6 440 677</b>	<b>5 109 934</b>
<b>Sewerage: Ageing</b>		
<i>Current:</i>		
0 - 30 days	639 949	-
<i>Past Due:</i>		
31 - 60 Days	303 193	-
61 - 90 Days	297 316	-
91 - 120 Days	308 527	-
+ 120 Days	11 598 942	10 516 231
<b>Total</b>	<b>13 147 926</b>	<b>10 516 231</b>
<b>Water: Ageing</b>		
<i>Current:</i>		
0 - 30 days	(74 613)	-
<i>Past Due:</i>		
31 - 60 Days	360 208	-
61 - 90 Days	343 432	-
91 - 120 Days	421 216	-
+ 120 Days	14 099 449	10 133 849
<b>Total</b>	<b>15 149 692</b>	<b>10 133 849</b>
<b>Housing: Ageing</b>		
<i>Current:</i>		
0 - 30 days	(16 404)	-
<i>Past Due:</i>		
31 - 60 Days	12 470	-
61 - 90 Days	12 360	-
91 - 120 Days	12 177	-
+ 120 Days	466 679	445 402
<b>Total</b>	<b>487 282</b>	<b>445 402</b>
<b>Loan Instalments: Ageing</b>		
<i>Current:</i>		
0 - 30 days	(15)	-
<i>Past Due:</i>		
31 - 60 Days	2	-
61 - 90 Days	2	-
91 - 120 Days	2	-
+ 120 Days	899 415	901 357
<b>Total</b>	<b>899 407</b>	<b>901 357</b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	R	R
<b>Other Debtors: Ageing</b>		
<i>Current:</i>		
0 - 30 days	(12 359)	-
<i>Past Due:</i>		
31 - 60 Days	760	-
61 - 90 Days	760	-
91 - 120 Days	760	-
+ 120 Days	2 242 175	2 234 008
<b>Total</b>	<b>2 232 095</b>	<b>2 234 008</b>

As at 30 June 2009 Consumer Debtors of R15 898 008 (2008: R13 654 541) were past due but not impaired. The age analysis of these Consumer Debtors are as follows:

31 - 60 Days	307 437	549 351
61 - 90 Days	297 062	717 854
91 - 120 Days	323 220	240 015
+ 120 Days	14 970 288	12 147 320
<b>Total</b>	<b>15 898 008</b>	<b>13 654 541</b>

**14.2 Reconciliation of the Provision for Impairment**

Balance at beginning of year	27 698 710	20 217 752
Impairment Losses recognised	9 844 870	7 480 957
Amounts written off as uncollectable	-	-
<b>Balance at end of year</b>	<b>37 543 579</b>	<b>27 698 710</b>

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per debtor. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

**14.3 Ageing of impaired Consumer Debtors**

<i>Current:</i>		
0 - 30 days	799 005	756 506
<i>Past Due:</i>		
31 - 60 Days	710 570	1 083 943
61 - 90 Days	686 590	1 416 421
91 - 120 Days	747 049	473 582
+ 120 Days	34 600 365	23 968 258
<b>Total</b>	<b>37 543 579</b>	<b>27 698 710</b>

**15. OTHER DEBTORS**

Sundry Debtors	1 504 474	3 976 876
	1 618 664	3 976 876
Less: Provision for Impairment	-	-
<b>Total Other Debtors</b>	<b>1 618 664</b>	<b>3 976 876</b>

Included in **Sundry Debtors** is an amount of R45 499 (2008: R126 831) in respect of the consumption of metered services not billed as at 30 June.

Also included in **Sundry Debtors** is an amount of R1 152 981 (2008: R2 006 036) in respect of the probable income from traffic fines issued as at 30 June.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R

**15.1 Reconciliation of Provision for Impairment**

No provision has been calculated for impairment as the amount for Sundry Debtors is mainly in respect of income to be received in the ensuing financial year.

**16. BANK, CASH AND OVERDRAFT BALANCES**

Bank, Cash and Cash Equivalents	9 750 585	12 550 204
<b>Total Bank, Cash and Cash Equivalents</b>	<b>9 750 585</b>	<b>12 550 204</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**16.1 Current Investment Deposits**

Call Deposits	141 801	10 755 758
<b>Total Current Investment Deposits</b>	<b>141 801</b>	<b>10 755 758</b>

**Call Deposits** are investments with a maturity period of less than 3 months and earn interest rates varying from 5,90 % to 9,90 % per annum.

Deposits of R76 389 (2008: R10 710 431) are attributable to Unspent Conditional Grants.

Deposits of R47 856 (2008: R45 327) are attributable to the Capital Replacement Reserve.

**16.2 Bank Accounts**

Cash in Bank	9 608 474	1 794 136
<b>Total Bank Accounts</b>	<b>9 608 474</b>	<b>1 794 136</b>

The Municipality has the following bank accounts:

**Primary Bank Account**

*ABSA Bank - Joubertina Branch - Account Number 40 5280 5864:*

Cash book balance at beginning of year	34 678	(763 527)
Cash book balance at end of year	8 693 483	34 678
Bank statement balance at beginning of year	242 434	(739 487)
Bank statement balance at end of year	8 434 598	242 434

**Mountainview Housing Account**

*ABSA Bank - Joubertina Branch - Account Number 90 9125 7522:*

Cash book balance at beginning of year	2 367	2 264
Cash book balance at end of year	2 499	2 367
Bank statement balance at beginning of year	2 367	2 264
Bank statement balance at end of year	2 499	2 367

**Housing Capital Account**

*ABSA Bank - Joubertina Branch - Account Number 19 4015 8695:*

Cash book balance at beginning of year	6 459	74 925
Cash book balance at end of year	9 114	6 459
Bank statement balance at beginning of year	6 459	74 925
Bank statement balance at end of year	9 114	6 459

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
<b>Misgund Housing Account</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 91 2257 3572:</i>		
Cash book balance at beginning of year	1 297	1 234
Cash book balance at end of year	<u>1 338</u>	<u>1 297</u>
Bank statement balance at beginning of year	1 297	1 234
Bank statement balance at end of year	<u>1 338</u>	<u>1 297</u>
<b>L E D / I D P Account</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 40 5774 2120:</i>		
Cash book balance at beginning of year	63 638	77 420
Cash book balance at end of year	<u>179 891</u>	<u>63 638</u>
Bank statement balance at beginning of year	63 638	77 420
Bank statement balance at end of year	<u>179 891</u>	<u>63 638</u>
<b>Motor Vehicle Registration Account</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 90 7906 4583:</i>		
Cash book balance at beginning of year	585 711	281 430
Cash book balance at end of year	<u>240 193</u>	<u>585 711</u>
Bank statement balance at beginning of year	585 711	281 430
Bank statement balance at end of year	<u>477 933</u>	<u>585 711</u>
<b>Joubertina Peoples' Housing Account</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 91 0756 0295:</i>		
Cash book balance at beginning of year	5 408	5 157
Cash book balance at end of year	<u>5 697</u>	<u>5 408</u>
Bank statement balance at beginning of year	5 408	5 157
Bank statement balance at end of year	<u>5 697</u>	<u>5 408</u>
<b>Projects Account</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 19 4015 8687:</i>		
Cash book balance at beginning of year	226 314	4 652
Cash book balance at end of year	<u>57 150</u>	<u>226 314</u>
Bank statement balance at beginning of year	226 314	4 652
Bank statement balance at end of year	<u>57 150</u>	<u>226 314</u>
<b>TLC IGG Fund Account (Renewal)</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 90 5224 6645:</i>		
Cash book balance at beginning of year	71 958	-
Cash book balance at end of year	<u>80 311</u>	<u>71 958</u>
Bank statement balance at beginning of year	71 958	-
Bank statement balance at end of year	<u>80 311</u>	<u>71 958</u>
<b>Traffic Management Technology (Botmac) Account</b>		
<i>ABSA Bank - Joubertina Branch - Account Number 91 0220 9606:</i>		
Cash book balance at beginning of year	796 307	213 694
Cash book balance at end of year	<u>338 797</u>	<u>796 307</u>
Bank statement balance at beginning of year	831 507	213 694
Bank statement balance at end of year	<u>338 797</u>	<u>831 507</u>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**2009**                      **2008**  
**R**                                      **R**

An amount of R9 608 474 (2008: R1 794 136) is attributable to Unspent Conditional Grants.

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum. Interest is earned at different rates per annum on favourable balances.

**16.3 Cash and Cash Equivalents**

Cash Floats and Advances	310	310
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<b><u>310</u></b>	<b><u>310</u></b>

**17. OPERATING LEASE ASSETS / RECEIVABLES**

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.

**17.1 Leasing Arrangements**

**The Municipality as Lessor:**

Operating Leases relate to Property owned by the municipality with lease terms of between 2 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

**17.2 Amounts receivable under Operating Leases**

At the Reporting Date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	43 205	129 605
2 to 5 years	12	43 217
More than 5 years	-	-
<b>Total Operating Lease Arrangements - as Lessor</b>	<b><u>43 217</u></b>	<b><u>172 822</u></b>

The following restrictions have been imposed by the municipality in terms of the operating lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

**18. PROPERTY RATES**

	Property Valuations		Actual Levies	
	July 2009	July 2008		
Residential	99 903 262	99 794 962	4 983 051	4 840 305
Commercial	-	-	-	-
Agricultural	-	-	-	-
State	-	-	-	-
Municipal	-	-	-	-
Exempted Properties	9 251 817	-	-	-
<b>Total Assessment Rates</b>	<b><u>109 155 079</u></b>	<b><u>99 794 962</u></b>	<b><u>4 983 051</u></b>	<b><u>4 840 305</u></b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general valuation has been performed during the current financial year and was applied with effect 1 July 2009.

An average general rate of 4,9879 c/R (2008: 4,8502 c/R) was applied to property valuations to determine assessment rates for the year. A uniform rate for the same class and type of property will be applied with the implementation of the Property Rates Act. Such rate has been introduced with effect 1 July 2009.

A rebate of 20,00% (2007/2008: 20,00%) was granted on properties owned by the State.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

**19. SERVICE CHARGES**

Sale of Electricity	1 129 310	713 376
Sale of Water	2 089 724	2 053 252
Refuse Removal	4 242 423	4 110 998
Sewerage and Sanitation Charges	6 183 891	5 479 370
<b>Total Service Charges</b>	<b>13 645 348</b>	<b>12 356 995</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

**20. RENTAL OF FACILITIES AND EQUIPMENT**

Operating Lease Rental Revenue:		
- Investment Property	161 164	129 600
- Other Rental Revenue	7 800	8 400
Rental Revenue from Equipment	-	175
Rental Revenue from Halls	33 752	43 898
Rental Revenue from Houses	52 365	21 888
Rental Revenue from Offices	-	263
Rental Revenue from Toilets	758	1 230
Rental Revenue from Other Facilities	25 982	28 341
<b>Total Rental of Facilities and Equipment</b>	<b>281 821</b>	<b>233 796</b>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>21. INTEREST EARNED</b>		
<b>External Investments:</b>		
Bank Account	954 662	37 659
Investments	591 174	537 562
	<b>1 545 836</b>	<b>575 221</b>
<b>Outstanding Debtors:</b>		
Consumer Debtors	-	75 319
	<b>-</b>	<b>75 319</b>
<b>Total Interest Earned</b>	<b>1 545 836</b>	<b>650 540</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	1 545 836	575 221
Loans and Receivables	-	75 319
	<b>1 545 836</b>	<b>650 540</b>

**22. GOVERNMENT GRANTS AND SUBSIDIES**

Provincial Equitable Share	13 669 304	10 950 298
Other Subsidies	4 698	371 838
<b>Operational Grants</b>	<b>13 674 002</b>	<b>11 322 136</b>
<b>Conditional Grants</b>	<b>26 174 616</b>	<b>18 874 555</b>
National: FMG	882 729	106 134
National: DWAF Grant	574 237	-
National: MIG	4 925 335	11 599 407
National: MSIG	205 469	32 382
Provincial: MSP Grant	155 590	64 410
Provincial: Department Housing Grant	17 249	542 841
Provincial: DPLG Grant	5 445 764	4 509 854
Local Government: Cacadu District Municipality Grant	9 033 332	2 019 527
Other Government: DBSA Grant	4 934 912	-
<b>Total Government Grants and Subsidies</b>	<b>39 848 618</b>	<b>30 196 692</b>

**22.1 Provincial: Equitable Share**

	<b>13 669 304</b>	<b>10 950 298</b>
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and certain poor areas 50 kWh electricity free every month.

**22.2 National: FMG (Financial Management Grant)**

Balance unspent at beginning of year	543 866	150 000
Current year receipts	1 250 000	500 000
Conditions met - transferred to Revenue	(714 461)	(106 134)
Conditions met - transferred to Deferred Revenue	(168 268)	-
Conditions still to be met - transferred to Liabilities (see Note 6)	<b>911 137</b>	<b>543 866</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	R	R
<b>22.3 National: DWAF Grant</b>		
Balance unspent at beginning of year	1 100 100	-
Current year receipts	-	1 100 100
Conditions met - transferred to Revenue	(399 991)	-
Conditions met - transferred to Deferred Revenue	(174 246)	-
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>525 863</u>	<u>1 100 100</u>

The Department of Water and Forestry Grant was allocated to the municipality to improve municipal systems and was used for indigent surveys, fixed asset register and drafting of water bylaws. No funds have been withheld.

**22.4 National: MIG (Municipal Infrastructure Grant)**

Balance unspent at beginning of year	6 150 841	6 978 544
Current year receipts	7 881 323	10 771 705
Conditions met - transferred to Revenue	(465 921)	(869 726)
Conditions met - transferred to Deferred Revenue	(4 459 414)	(10 729 681)
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>9 106 829</u>	<u>6 150 841</u>

The Municipal Infrastructure Grant (MIG) was allocated for the development of infrastructure. Funds have been distributed via the Local District Municipality.

**22.5 National: MSIG (Municipal Systems Improvement Grant)**

Balance unspent at beginning of year	117 618	-
Current year receipts	400 000	150 000
Conditions met - transferred to Revenue	(205 469)	-
Conditions met - transferred to Deferred Revenue	-	(32 382)
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>312 148</u>	<u>117 618</u>

The Municipal Systems Improvement Grant (MSIG) was allocated for the improvement of internal systems. No funds have been withheld.

**22.6 Provincial: MSP (Municipal Support Programme) Grant**

Balance unspent at beginning of year	155 590	-
Current year receipts	-	220 000
Conditions met - transferred to Revenue	(155 590)	(64 410)
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>-</u>	<u>155 590</u>

These funds have been received as part of the Municipal Support Programme to obtain professional services to assist the municipality. No funds have been withheld.

**22.7 Provincial: Department Housing Grant**

Balance unspent at beginning of year	(188 833)	108 303
Current year receipts	-	245 705
Conditions met - transferred to Revenue	(17 249)	-
Conditions met - transferred to Deferred Revenue	-	(542 841)
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>(206 082)</u>	<u>(188 833)</u>

This grant was allocated for the building and repair of houses. The municipality acts as agent for the implementation of the plan. No funds have been withheld.



**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	R	R
<b>22.8 Provincial: Department Local Government (DPLG) Grant</b>		
Balance unspent at beginning of year	14 090 146	-
Current year receipts	-	18 600 000
Conditions met - transferred to Revenue	(2 698 853)	(3 043 919)
Conditions met - transferred to Deferred Revenue	(2 746 911)	(1 465 935)
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>8 644 382</u>	<u>14 090 146</u>

These funds have been received as bridging finance for the sewerage project, property valuation, acquiring of service delivery vehicles and paying of creditors. No funds have been withheld.

**22.9 Local Government - Cacadu District Municipality Grant**

Balance unspent at beginning of year	(392 808)	226 549
Current year receipts	10 406 425	1 400 170
Conditions met - transferred to Revenue	(6 972 271)	(1 889 809)
Conditions met - transferred to Deferred Revenue	(2 061 061)	(129 718)
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>980 285</u>	<u>(392 808)</u>

These funds have been received for the repairs on damages to houses caused by floods and for LED projects. No funds have been withheld.

**22.10 Other Government - DBSA (Development Bank of SA) Grant**

Balance unspent at beginning of year	-	-
Current year receipts	4 562 979	-
Conditions met - transferred to Revenue	(667 005)	-
Conditions met - transferred to Deferred Revenue	(4 267 907)	-
Conditions still to be met - transferred to Liabilities (see Note 6)	<u>(371 933)</u>	<u>-</u>

The Development Bank of SA allocates funds to ensure that infrastructure is maintained and improved. During the current financial year additional funds were received for drought relief. The grant was utilised for this purpose. No funds have been withheld.

**22.11 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2009), government grant funding is expected to increase over the forthcoming three financial years.

**23. PUBLIC CONTRIBUTIONS AND DONATIONS**

Donations	-	20 000
Other Grants	-	650 000
<b>Total Public Contributions and Donations</b>	<u>-</u>	<u>670 000</u>

**Other Grants** received by the municipality is in respect of a donated truck.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>24. OTHER INCOME</b>		
Building Plan Fees	103 644	170 661
Cemetery Fees	37 493	38 695
Connection Fees	14 081	24 577
Information Fees	15 027	16 823
Land Use Application Fees	52 174	41 767
Sales: Departmental	-	3 572
Valuation Certificates	5 888	10 617
Sundry Other Income	1 470	35 781
<b>Total Other Income</b>	<b><u>229 777</u></b>	<b><u>342 492</u></b>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 18 to 20, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

**25. EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries, Wages and Bonuses	14 897 151	11 640 998
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	2 165 741	1 640 338
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 110 015	2 016 575
Housing Benefits and Allowances	179 098	39 667
Overtime Payments	1 409 290	944 468
Performance Bonuses	-	-
<b>Total Employee Related Costs</b>	<b><u>21 761 296</u></b>	<b><u>16 282 045</u></b>

No advances were made to employees. Loans to employees are set out in Note 13.

**Remuneration of the Municipal Manager**

Annual Remuneration	393 600	338 234
Performance Bonus	-	-
Car and Other Allowances	262 400	185 846
Company Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b><u>656 000</u></b>	<b><u>524 080</u></b>

**Remuneration of the Chief Financial Officer**

Annual Remuneration	341 145	122 226
Performance Bonus	-	-
Car and Other Allowances	225 808	71 410
Company Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b><u>566 953</u></b>	<b><u>193 636</u></b>

**Remuneration of the Manager: Community Services**

Annual Remuneration	-	320 000
Performance Bonus	-	-
Car and Other Allowances	-	-
Company Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>320 000</u></b>

**Remuneration of the Manager: Corporate Services**

Annual Remuneration	341 145	315 000
Performance Bonus	-	-
Car and Other Allowances	145 836	137 024
Company Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b><u>486 981</u></b>	<b><u>452 024</u></b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	R	R
<b>Remuneration of the Manager: Strategic Services</b>		
Annual Remuneration	341 145	96 250
Performance Bonus	-	-
Car and Other Allowances	213 878	34 750
Company Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b>555 023</b>	<b>131 000</b>
<b>Remuneration of the Manager: Technical Services</b>		
Annual Remuneration	338 250	218 676
Performance Bonus	-	-
Car and Other Allowances	121 000	91 401
Company Contributions to UIF, Medical and Pension Funds	22 000	-
<b>Total</b>	<b>481 250</b>	<b>310 077</b>

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June.

**26. REMUNERATION OF COUNCILLORS**

Mayor	296 081	262 530
Councillors	1 215 874	886 040
Sundry Allowances (Cellular Phones, etc)	508 804	483 474
<b>Total Councillors' Remuneration</b>	<b>2 020 759</b>	<b>1 632 044</b>

**In-kind Benefits**

The Councillor occupying the position of Mayor serves in a full-time capacity. He is provided with office accommodation and secretarial support at the expense of the municipality in order to enable him to perform his official duties.

The Mayor has use of Council owned vehicles for official duties.

The Mayor has a full-time driver.

**27. DEPRECIATION AND AMORTISATION**

No depreciation and amortisation expenses have been calculated as the municipality has made use of the exemption from measurement of assets in terms of Directive 4 of the ASB.

**28. IMPAIRMENT LOSSES**

**28.1 Impairment Losses on Fixed Assets**

**Impairment Losses Recognised:**

Property, Plant and Equipment	281 067	-
Intangible Assets	281 067	-
Investment Property	-	-
	<b>281 067</b>	<b>-</b>

**28.2 Impairment Losses on Financial Assets**

**Impairment Losses Recognised:**

Long-term Receivables	9 844 870	7 480 957
Consumer Debtors	-	-
Other Debtors	9 844 870	7 480 957
	<b>9 844 870</b>	<b>7 480 957</b>
<b>Total Impairment Losses</b>	<b>10 125 937</b>	<b>7 480 957</b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>29. FINANCE COSTS</b>		
Bank Overdrafts	-	31 089
Other Interest Paid	37 853	-
<b>Total Interest Paid on External Borrowings</b>	<b><u>37 853</u></b>	<b><u>31 089</u></b>

<b>30. BULK PURCHASES</b>		
Electricity	1 912 393	1 189 744
Water	48 953	9 988
<b>Total Bulk Purchases</b>	<b><u>1 961 346</u></b>	<b><u>1 199 732</u></b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from Louterwater Engineering Works.

<b>31. CONTRACTED SERVICES</b>		
Computer Software Services	-	1 594
Consultancy Services	888 822	36 316
Contractor: TMT Fees	-	896 909
Contractors' Fees	1 454 384	1 295 511
Fleet Management Services	-	136 927
Professional Fees	1 800 679	53 497
Project Management Fees	83 772	-
Security Services	431 905	36 602
Transport Services	-	401 372
Valuation Services	450 337	(5 849)
<b>Total Bulk Purchases</b>	<b><u>5 109 899</u></b>	<b><u>2 852 879</u></b>

<b>32. GRANTS AND SUBSIDIES PAID</b>		
Community Projects	5 012 817	5 329 876
Low Income Subsidy / Free Basic Services	3 452 499	3 269 726
Other	-	-
<b>Total Grants and Subsidies</b>	<b><u>8 465 316</u></b>	<b><u>8 599 602</u></b>

**Community Projects** are in respect of conditional and other grants utilised for the upliftment of housing and basic service needs of communities and flood/drought relief within the municipality's area of jurisdiction.

The **Low Income Subsidy/Free Basic Services** is in respect of providing basic service levels to indigent/residential households. Refer to Note 22.1.

The Mayor makes grants available on application after consultation with the Municipal Manager on the merits of such an application.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>33. GENERAL EXPENSES</b>		
Included in General Expenses is the following:		
Advertising	154 434	81 203
Auditing Fees	1 693 674	62 959
Banking Charges	95 220	70 740
Capacity Building	667 803	-
Chemicals	851 244	529 653
Congress and Conference Fees	64 095	99 532
Fuel and Oil	1 137 421	972 055
Insurance	637 844	328 149
L E D Strategy Expenses	274 687	-
Legal Expenses	313 130	20 818
Licence Fees	290 946	96 411
Materials and Stores	289 423	105 066
Mayoral Discretionary Expenses	148 307	8 315
Membership and Subscription Fees	17 107	11 709
Printing and Stationery	898 031	156 764
Refreshments	121 147	31 263
Refuse Bin Purchases	61 249	-
Rentals: Office Equipment	285 556	134 097
Rentals: Vehicles and Plant	298 116	72 373
Telephone	1 177 837	683 018
Training Costs	141 158	3 954
SETA Training Levy	78 871	63 833
Travelling and Subsistence	981 001	496 451
Other General Expenses	298 846	179 343
<b>Total General Expenses</b>	<b>10 977 146</b>	<b>4 207 704</b>

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

**33.1 Material Losses**

Theft  
Vehicle Damages

	<b>363 209</b>	<b>130 913</b>
Theft	44 391	17 000
Vehicle Damages	318 818	113 913

**33.2 Flood Damage**

Flood damage costs resulted from unseasonal floods that occurred in most areas under the jurisdiction of the municipality. The municipality had to repair damages to housing, roads, stormwater and water distribution works. The flood damage was unforeseen and has never occurred previously.

	<b>12 717 382</b>	<b>2 622 368</b>
--	-------------------	------------------

**33.3 Drought Relief**

The areas under the jurisdiction of the municipality is experiencing the worst drought in 80 years. The municipality had to construct new boreholes in all the affected areas and provide communities with water tanks and supply the transport needed to fill the same regularly.

	<b>4 934 912</b>	<b>-</b>
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**34. DISCONTINUED OPERATIONS**

No operations have been discontinued.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>35. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP</b>		
The following adjustments were made to amounts previously reported in the Annual Financial Statements of the municipality arising from the implementation of GRAP:-		
<b>35.1 Statutory Funds</b>		
<b>Balance previously reported:-</b>		
Dog Tax Fund		55 203
Revolving Fund		2 173 642
<b>Total</b>		<b><u>2 228 845</u></b>
<b>Implementation of GRAP:-</b>		
Transferred to the Capital Replacement Reserve		36 729
Transferred to Accumulated Surplus/(Deficit) - (See 35.17 below)		2 192 116
Revolving Fund (Non-cash funded portion)		2 136 913
Dog Tax Fund		55 203
<b>Total</b>		<b><u>2 228 845</u></b>
<b>35.2 Loans Redeemed and Other Capital Receipts</b>		
<b>Balance previously reported:-</b>		<b><u>41 458 015</u></b>
<b>Implementation of GRAP:-</b>		
Transferred to Government Grant Reserve		33 108 419
Transferred to Accumulated Surplus/(Deficit) (See 35.17 below)		8 349 596
<b>Total</b>		<b><u>41 458 015</u></b>
<b>35.3 Reserves</b>		
<b>Balance previously reported:-</b>		
Renewals Fund		82 102
<b>Total</b>		<b><u>82 102</u></b>
<b>Implementation of GRAP:-</b>		
Transferred to Accumulated Surplus/(Deficit) (See 35.17 below)		82 102
<b>Total</b>		<b><u>82 102</u></b>
<b>35.4 Trust Funds</b>		
<b>Balance previously reported:-</b>		<b>5 792 374</b>
<b>Implementation of GRAP:-</b>		
Transferred to Unspent Conditional Grants (See 35.8 below)		(5 792 374)
<b>Total</b>		<b><u>-</u></b>
<b>35.5 Consumer Deposits</b>		
<b>Balance previously reported:-</b>		<b><u>104 700</u></b>
<b>Implementation of GRAP:-</b>		<b><u>104 700</u></b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>35.6 Provisions</b>		
<b>Balance previously reported</b>		<b>1 259 629</b>
<b>Plus/(Minus): Implementation of GRAP:-</b>		
Provision for Audit Fees transferred to Accumulated Surplus/(Deficit) - (See 35.17 below)		(300 000)
<b>Provisions as at 30 June 2007 restated to comply with GRAP</b>		<b><u>959 629</u></b>
<b>35.7 Creditors</b>		
<b>Balance previously reported:-</b>		<b>7 757 336</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Less: Balances now to be excluded under GRAP:-		
VAT balances transferred to VAT (See 35.9 below)		(2 551 079)
<b>Creditors as at 30 June 2007 restated to comply with GRAP</b>		<b><u>5 206 257</u></b>
<b>35.8 Unspent Conditional Grants</b>		
<b>Balance previously reported:-</b>		<b>-</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Add: Balances now to be included under GRAP:-		
Unspent Conditional Grants transferred from Trust Funds (See 35.4 above)		5 792 374
Unconditional Grants transferred to Accumulated Surplus/(Deficit) (See 35.17 below)		1 671 022
<b>Unspent Conditional Grants as at 30 June 2007 restated to comply with GRAP</b>		<b><u>7 463 396</u></b>
<b>35.9 V.A.T.</b>		
<b>Balance previously reported:-</b>		<b>-</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Add: Balances now to be included under GRAP:-		
VAT balances transferred from Creditors (See 35.7 above)		2 551 079
<b>VAT as at 30 June 2007 restated to comply with GRAP</b>		<b><u>2 551 079</u></b>
<b>35.10 Long-term Receivables</b>		
<b>Balance previously reported:-</b>		
Long-term Debtors		42 006
Short-term Portion of Long-term Debtors		31 309
		<b><u>10 697</u></b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Add: Balances now to be included under GRAP:-		
Transferred from Other Debtors (See 35.12 below)		109 570
Less: Balances now to be included under GRAP:-		
Increased Provision for Impairment transferred from Accumulated Surplus/(Deficit) (See 35.17 below)		(109 570)
<b>Long-term Receivables as at 30 June 2007 restated to comply with GRAP</b>		<b><u>10 697</u></b>
<b>Implementation of GRAP:-</b>		
Long-term Debtors		151 577
Provision for Impairment		109 570
Short-term Portion of Long-term Debtors		31 309
<b>Total</b>		<b><u>10 697</u></b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
<b>35.11 Consumer Debtors</b>		
<b>Balance previously reported:-</b>		<b>23 563 659</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Less: Balances now to be included under GRAP:-		
Increased Provision for Impairment transferred from Accumulated Surplus/(Deficit) (See 35.17 below)		(10 913 352)
<b>Consumer Debtors as at 30 June 2007 restated to comply with GRAP</b>		<b><u>12 650 308</u></b>
<b>35.12 Other Debtors</b>		
<b>Balance previously reported:-</b>		<b>477 002</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Add: Balances now to be included under GRAP:-		
Probable revenue from Fines issued at 30 June from Accumulated Surplus/(Deficit) (See 35.17 below)		1 824 099
Revenue from Metered Services rendered to 30 June from Accumulated Surplus/(Deficit) (See 35.17 below)		20 308
Transferred to Long-term Debtors (See 35.10 above)		(109 570)
<b>Debtors as at 30 June 2007 restated to comply with GRAP</b>		<b><u>2 211 838</u></b>
<b>35.13 Short-term Investment Deposits</b>		
<b>Balance previously reported:-</b>		<b>157 032</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Less: Balances now to be excluded under GRAP:-		
Transferred to Bank, Cash and Cash Equivalents (See 35.14 below)		(91 809)
Non-existent Investment for Renewals Fund transferred to Accumulated Surplus/(Deficit) (See 35.17 below)		(65 223)
<b>Total</b>		<b><u>-</u></b>
<b>35.14 Bank and Cash</b>		
<b>Balance previously reported:-</b>		
Bank Overdraft		660 777
Bank Overdraft		(763 527)
Cash-on-Hand		310
		<b><u>(102 440)</u></b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Add: Balances now to be included under GRAP:-		
Transferred from Short-term Investment Deposits (See 35.13 above)		91 809
<b>Bank, Cash and Cash Equivalents as at 30 June 2007 restated to comply with GRAP</b>		<b><u>(10 631)</u></b>
<b>Implementation of GRAP:-</b>		
Current Investment Deposits		91 809
Bank Accounts		(102 750)
Cash and Cash Equivalents		310
<b>Total</b>		<b><u>(10 631)</u></b>



**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>35.15 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>		<b>45 151 734</b>
Assets previously not recorded credited to Accumulated Surplus / (Deficit) (See 35.17 below)		23 907 330
<b>Total</b>		<b><u>69 059 064</u></b>
<b>Implementation of GRAP</b>		
Property, Plant and Equipment		68 542 013
Investment Property		289 543
Intangible Assets		227 508
<b>Total</b>		<b><u>69 059 064</u></b>
<b>35.16 Accumulated Depreciation</b>		
<b>Balance previously reported</b>		<b><u>-</u></b>
<b>Implementation of GRAP</b>		
Backlog Depreciation: Property, Plant and Equipment:-		
- Land and Buildings		1 124 902
- Infrastructure		14 056 639
- Community Assets		5 900 999
- Other Assets		2 295 620
Backlog Depreciation: Intangible Assets		114 128
<b>Total (Debited to Accumulated Surplus/(Deficit) (See 35.17 below)</b>		<b><u>23 492 289</u></b>
<b>35.17 Accumulated Surplus/(Deficit)</b>		
<b>Balance previously reported</b>		<b>10 605 992</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Provision for Impairment transferred to Long-term Receivables (See 35.10 above)		(109 570)
Provision for Impairment transferred to Consumer Debtors (See 35.11 above)		(10 913 352)
Provision for Probable Revenue i.t.o. GRAP 9 transferred to Other Debtors (See 35.12 above)		1 824 099
Provision for Revenue for Metered Services i.t.o. GRAP 9 transferred to Other Debtors (See 35.12 above)		20 308
Transferred from Statutory Funds (See 35.1 above)		2 192 116
Transferred from Reserves (See 35.3 above)		82 102
Transferred from Provisions (See 35.6 above)		300 000
Transferred from Unspent Conditional Grants (See 35.8 above)		(1 671 022)
Transferred from Short-term Investments (See 35.13 above)		(65 223)
Transferred from Loans Redeemed and Other Capital Receipts (See 35.2 above)		8 349 596
Fair value of Property, Plant and Equipment previously not recorded (See 35.15 above)		23 907 330
Backlog Depreciation (See 35.16 above)		(23 492 289)
<b>Total</b>		<b><u>11 030 087</u></b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	R	R
<b>35.18 Surplus/(Deficit) for the year</b>		
<b>Balance previously reported</b>		<b>(828 752)</b>
<b>Plus/(Minus): Implementation of GRAP</b>		
Add: Income now to be included under GRAP:-		
Capex and Opex Grants shown elsewhere		18 230 433
Public Contributions and Grants shown elsewhere		650 000
Income from Metered Services from last reading date to 30 June 2007		106 523
Probable Income from Fines issued, not yet received		181 937
Add: Non GRAP-compliant Expenditure:-		
Capital Expenditure from Income		1 327 156
Deduct: Expenditure now to be included under GRAP:-		
Provision for Staff Leave increased in terms of recalculated values		(62 885)
Provision for Bad Debts increased in terms of recalculated values		(980 957)
Opex funded from Grants & Contributions not previously shown		(5 329 875)
<b>Surplus/(Deficit) for 2007/2008 restated to comply with GRAP</b>		<b><u>13 293 578</u></b>

**36. CORRECTION OF ERROR**

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.

Details of the appropriations are as follows:

Corrections to Assets	37 521	-
Corrections to Conditional Grants	-	1 227 420
Corrections to Consumer Debtors	(37 983)	(3 214 407)
Corrections to Creditors	(169 000)	-
Corrections to Other Debtors	-	(14 809)
Corrections to VAT	4 036	1 121 376
Corrections to Expenditure	189 784	1 034 077
Corrections to Income	26 064	988 579
<b>Increase / (Decrease) in Accumulated Surplus</b>	<b><u>50 422</u></b>	<b><u>1 142 237</u></b>

**37. CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	(863 902)	13 293 578
Adjustment for:		
Correction of prior year Error	50 422	1 142 237
Impairment Losses on Property, Plant and Equipment	281 067	-
Carrying Value of Property, Plant and Equipment not verified written off	592 588	-
Carrying Value of Intangible Assets not verified written off	9 980	-
Contribution to Provisions - Current	554 131	62 885
Contribution to Impairment Provision	9 844 870	7 480 957
Profit on the Sale of Land	-	(475 322)
Investment Income	(1 545 836)	(575 221)
Finance Costs	37 853	31 089
<b>Operating surplus before working capital changes</b>	<b><u>8 961 174</u></b>	<b><u>20 960 203</u></b>
Decrease/(Increase) in Consumer Debtors	(12 050 632)	(8 868 595)
Decrease/(Increase) in Other Debtors	2 358 212	(1 765 037)
Increase/(Decrease) in Creditors	10 138 310	1 446 654
Increase/(Decrease) in Conditional Grants and Receipts	(1 673 890)	14 113 123
Increase/(Decrease) in VAT Payable	564 698	80 584
<b>Cash generated by / (utilised in) Operations</b>	<b><u>8 297 872</u></b>	<b><u>25 966 933</u></b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

2009                      2008  
R                              R

**38. NON-CASH INVESTING AND FINANCING TRANSACTIONS**

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2008/2009 financial year.

**39. FINANCING FACILITIES**

The municipality does not have a bank overdraft facility or any other financing facilities available.

**40. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

The municipality does not have any outstanding Long-term Liabilities.

**41. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**41.1 Unauthorised Expenditure**

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

**41.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful Expenditure:

Opening balance	-	-
Fruitless and Wasteful Expenditure current year	37 853	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 48)	-	-
Transfer to receivables for recovery (see Note 15)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>37 853</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Interest on late payment - Various Creditors</i>	None

**41.3 Irregular Expenditure**

To management's best of knowledge instances of note, indicating that Irregular Expenditure was incurred during the year under review were not revealed.

**42. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**42.1 Contributions to organised local government - SALGA**

Opening Balance	-	-
Council Subscriptions	65 181	4 890
Amount Paid - current year	(65 181)	(4 890)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<u>-</u>	<u>-</u>

**42.2 Audit Fees**

Opening Balance	-	-
Current year Audit Fee	1 038 343	1 101 303
Amount Paid - current year	(1 038 343)	(1 101 303)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<u>-</u>	<u>-</u>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>42.3 VAT</b>		
VAT inputs receivables and VAT outputs payables are shown in Note 7. All VAT returns have been submitted by the due date throughout the year.		
<b>42.4 PAYE and UIF</b>		
Opening Balance	-	-
Current year Payroll Deductions	2 561 285	1 560 398
Amount Paid - current year	(2 561 285)	(1 560 398)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

<b>42.5 Pension and Medical Aid Deductions</b>		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	1 263 022	1 567 747
Amount Paid - current year	(1 263 022)	(1 567 747)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**42.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
<b>30 June 2009</b>			
Councillor Wogane MW	1 051	60	992
<b>Total Councillor Arrear Consumer Accounts</b>	<b>1 051</b>	<b>60</b>	<b>992</b>

	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
<b>30 June 2008</b>			
Councillor Jacobs S	4 414	-	4 414
Councillor Wogane MW	6 379	-	6 379
<b>Total Councillor Arrear Consumer Accounts</b>	<b>10 793</b>	<b>-</b>	<b>10 793</b>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

<b>30 June 2009</b>	<b>Highest amount outstanding</b>	<b>Ageing</b>
Councillor Wogane MW	992	> 90 Days
<b>30 June 2008</b>	<b>Highest amount outstanding</b>	<b>Ageing</b>
Councillor Jacobs S	4 414	> 90 Days
Councillor Wogane MW	6 379	> 90 Days

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

No known matters existed at reporting date.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

2009  
R

2008  
R

**42.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

Deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council.

Department	Date	Successful Tenderer	Reason	Amount
<i>Technical &amp; Infrastructure Services</i>	<i>Year 2008/2009</i>	<i>Super Trucks</i>	<i>Emergency Health Risk</i>	<i>555 922.14 Including VAT</i>
<i>Urgent acquisition of Sewerage Truck due to health risk arising from non-removal of sewage</i>				
<i>Technical &amp; Infrastructure Services</i>	<i>Year 2008/2009</i>	<i>Selcar Motors</i>	<i>Emergency Drought Relief</i>	<i>3 159 350.40 Including VAT</i>
<i>Urgent acquisition of Water and Sanitation Trucks due to emergency arising from extreme drought experienced</i>				
<i>Technical &amp; Infrastructure Services</i>	<i>Year 2008/2009</i>	<i>AJ Boorwerke</i>	<i>Emergency Drought Relief</i>	<i>1 046 986.40 Including VAT</i>
<i>Urgent drilling of boreholes for supply of water due to emergency arising from extreme drought experienced</i>				
<i>Technical &amp; Infrastructure Services</i>	<i>Year 2008/2009</i>	<i>Various Consultants (11) Various Contractors (13)</i>	<i>Emergency Flood Disaster</i>	<i>139 547 607.22 Including VAT</i>
<i>24 Contracts awarded to responsive interested parties during the financial year for emergency restoration of roads, sanitation, sewerage and water infrastructure damaged during torrential floods</i>				

**43. COMMITMENTS FOR EXPENDITURE**

**43.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

*Infrastructure*  
*Community*  
*Other*

70 124	-
70 124	-
-	-
-	-

- Approved but Not Yet contracted for:-

*Infrastructure*  
*Community*  
*Other*

-	-
-	-
-	-
-	-

**Total Capital Commitments**

<b>70 124</b>	<b>-</b>
---------------	----------

This expenditure will be financed from:

Capital Replacement Reserve  
Government Grants  
District Council Grants

-	-
70 124	-
-	-
<b>70 124</b>	<b>-</b>

**43.2 Lease Commitments**

Non-cancellable Operating Lease Commitments are disclosed in Note 9.

**43.3 Other Commitments**

The municipality has entered into a contract with Kamva Security Services for the provision of security services for 3 years, which contract expired on 30 June 2009. The contract is now being continued on a month-to-month basis.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

		2009 R	2008 R
<b>44. FINANCIAL INSTRUMENTS</b>			
<b>44.1 Classification</b>			
<b>FINANCIAL ASSETS:</b>			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):			
<u>Financial Assets</u>	<u>Classification</u>		
<b>Long-term Receivables</b>			
Staff Loans	Loans and receivables	109 570	122 985
<b>Consumer Debtors</b>			
Assessment Rates	Loans and receivables	4 303 759	5 391 525
Electricity	Loans and receivables	331 892	353 245
Refuse	Loans and receivables	1 963 733	1 714 111
Sewerage	Loans and receivables	3 947 139	3 308 788
Water	Loans and receivables	4 549 281	2 628 987
Housing	Loans and receivables	205 773	81 307
Loan Instalments	Loans and receivables	269 863	169 386
Other Debtors	Loans and receivables	672 268	390 596
<b>Other Debtors</b>			
Insurance Claims	Loans and receivables	114 190	-
Sundry Debtors	Loans and receivables	1 504 474	3 976 876
<b>Bank,Cash and Cash Equivalents</b>			
Call Deposits	Available for sale	141 801	10 755 758
Bank Balances	Available for sale	9 608 474	1 794 136
Cash Floats and Advances	Available for sale	310	310
<b>Current Portion of Long-term Receivables</b>			
Staff Loans	Loans and receivables	13 408	12 900
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Loans and Receivables</b>			
Long-term Receivables	Staff Loans	109 570	122 985
Consumer Debtors	Assessment Rates	4 303 759	5 391 525
Consumer Debtors	Electricity	331 892	353 245
Consumer Debtors	Refuse	1 963 733	1 714 111
Consumer Debtors	Sewerage	3 947 139	3 308 788
Consumer Debtors	Water	4 549 281	2 628 987
Consumer Debtors	Housing	205 773	81 307
Consumer Debtors	Loan Instalments	269 863	169 386
Consumer Debtors	Other Debtors	672 268	390 596
Other Debtors	Insurance Claims	114 190	-
Other Debtors	Sundry Debtors	1 504 474	3 976 876
Current Portion of Long-term Receivables	Staff Loans	13 408	12 900
		<b>17 985 350</b>	<b>18 150 706</b>
<b>Available for Sale:</b>			
Bank,Cash and Cash Equivalents	Call Deposits	141 801	10 755 758
Bank,Cash and Cash Equivalents	Bank Balances	9 608 474	1 794 136
Bank,Cash and Cash Equivalents	Cash Floats and Advances	310	310
		<b>9 750 585</b>	<b>12 550 204</b>
<b>Total Financial Assets</b>		<b>27 735 935</b>	<b>30 700 911</b>

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
<b>FINANCIAL LIABILITIES:</b>		
In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):		
<u>Financial Liabilities</u>	<u>Classification</u>	
<b>Consumer Deposits</b>		
Electricity and Water	Financial liabilities at amortised cost	104 700      104 700
<b>Creditors</b>		
Trade Creditors	Financial liabilities at amortised cost	6 361 862      3 654 591
Payments received in Advance	Financial liabilities at amortised cost	7 448 167      -
Sundry Deposits	Financial liabilities at amortised cost	2 380      -
Other Creditors	Financial liabilities at amortised cost	2 978 813      2 998 320
<b>Short-term Loans</b>		
Other Loans	Financial liabilities at amortised cost	2 000 000      -
 <b>SUMMARY OF FINANCIAL LIABILITIES</b>		
<b>Financial Liabilities at Amortised Cost:</b>		
Consumer Deposits	Electricity and Water	104 700      104 700
Creditors	Trade Creditors	6 361 862      3 654 591
Creditors	Payments received in Advance	7 448 167      -
Creditors	Sundry Deposits	2 380      -
Creditors	Other Creditors	2 978 813      2 998 320
Short-term Loans	Other Loans	2 000 000      -
		<u>18 895 922</u> <u>6 757 612</u>
<b>Total Financial Liabilities</b>		<b>18 895 922</b> <b>6 757 612</b>

**44.2 Fair Value of Financial Instruments**

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R

**44.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes Short-term Loans, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

**Gearing Ratio**

The gearing ratio at the year-end was as follows:

Debt	2 000 000	-
Bank, Cash and Cash Equivalents	(9 750 585)	(12 550 204)
Net Debt	(7 750 585)	(12 550 204)
Equity	50 046 985	46 060 846
Net debt to equity ratio	-15.49%	-27.25%

Debt is defined as Short-term Loans, as detailed in Note 8.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

**44.4 Financial Risk Management Objectives**

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

**44.5 Significant Accounting Policies**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

**44.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 44.6.2 below). No formal policy exists to hedge volatilities in the interest rate market.

**44.6.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.



**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

2009	2008
R	R

**44.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**Interest Rate Sensitivity Analysis**

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**44. FINANCIAL INSTRUMENTS (Continued)**

**44.7 Effective Interest Rates and Repricing Analysis**

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2009

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>FIXED RATE INSTRUMENTS</b>								
Total Fixed Rate Instruments			-	-	-	-	-	-
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	16		141 801	141 801	-	-	-	-
Bank Balances and Cash	16		9 608 784	9 608 784	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>9 750 585</b>	<b>9 750 585</b>	-	-	-	-

30 June 2008

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>FIXED RATE INSTRUMENTS</b>								
Total Fixed Rate Instruments			-	-	-	-	-	-
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	16		10 755 758	10 755 758	-	-	-	-
Bank Balances and Cash	16		1 794 446	1 794 446	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>12 550 204</b>	<b>12 550 204</b>	-	-	-	-

**44.8 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**44.9 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 39 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.

**Liquidity and Interest Risk Tables**

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2009</b>								
Non-interest Bearing		0.00%	16 895 922	16 895 922	-	-	-	-
Fixed Interest Rate Instruments		0.00%	2 000 000	2 000 000	-	-	-	-
			<b>18 895 922</b>	<b>18 895 922</b>	-	-	-	-
<b>30 June 2008</b>								
Non-interest Bearing		0.00%	6 757 612	6 757 612	-	-	-	-
Fixed Interest Rate Instruments		0.00%	-	-	-	-	-	-
			<b>6 757 612</b>	<b>6 757 612</b>	-	-	-	-

**KOU-KAMMA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

2009  
R

2008  
R

**44. FINANCIAL INSTRUMENTS (Continued)**

**44.10 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting maximum terms, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

Counterparty and Location	30 June 2009		30 June 2008	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
Yosi G	-	611 794	-	-
KEDC	-	537 603	-	-
Kareedouw Private Hospital	-	153 057	-	-
Department Public Works	-	118 779	-	-
Traffic Management Technology	-	98 319	-	-
Blaauw G	-	62 827	-	-
Flepu S	-	-	-	575 289
Erasmus T	-	-	-	282 847
Stormsriver T	-	-	-	264 896
Mey C	-	-	-	122 945
De Vos D	-	-	-	113 651

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	-	13 415
Consumer Debtors	16 243 708	14 037 945
Other Debtors	1 618 664	3 976 876
Bank, Cash and Cash Equivalents	9 750 585	12 550 204

**Maximum Credit and Interest Risk Exposure**

<b>27 612 956</b>	<b>30 578 440</b>
-------------------	-------------------

**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

**Long-term Receivables**

Group 2	13 408	26 315
<b>Total Long-term Receivables</b>	<b>13 408</b>	<b>26 315</b>

**Consumer Debtors**

Counterparties without external credit rating:-

Group 2	16 243 708	14 037 945
	<b>16 243 708</b>	<b>14 037 945</b>

**Total Consumer Debtors**

<b>16 243 708</b>	<b>14 037 945</b>
-------------------	-------------------

**Other Debtors**

Group 1	1 312 670	2 132 867
Group 2	305 994	1 844 009

**Total Other Debtors**

<b>1 618 664</b>	<b>3 976 876</b>
------------------	------------------

**Bank Balances**

ABSA Bank	9 750 585	12 550 204
-----------	-----------	------------

**Total Bank Balances**

<b>9 750 585</b>	<b>12 550 204</b>
------------------	-------------------

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

**45. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

Koukamma Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R908 961 (2008: R1 066 621) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

#### **DEFINED BENEFIT SCHEMES**

##### **Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the fund had a surplus of R182,7 (30 June 2007: R200,2) million, with a funding level of 106,5% (30 June 2007: 107,2%). The contribution rate paid by the members (9,00%) and municipalities (18,00%) is lower than the recommended contribution rate of 31,04%.

#### **DEFINED CONTRIBUTION SCHEMES**

##### **Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the market value of the fund was R374,3 (30 June 2007: R404,0) million, with a funding level of 103,3% (30 June 2007: 105,3%). The contribution rate paid by the members (9,00%) and municipalities (18,00%) is lower than the recommended contribution rate of 31,04%.

##### **Cape Joint Retirement Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the market value of the fund was R6,675 (30 June 2007: unknown) million, with a funding level of 101,1% (30 June 2007: unknown). The contribution rate paid by the members (9,00%) and municipalities (18,00%) is deemed to be sufficient.

##### **Municipal Councillors Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a funding ratio of 106.5%. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

No further details could be provided for after the last valuation, being 30 June 2006.

##### **South African Municipal Workers Union National Provident Fund:**

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100.0% (30 June 2002: 100.0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits

None of the above mentioned plans are State Plans.

#### 46. RELATED PARTY TRANSACTIONS

##### 46.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Jacobs S	Councillor	Mama Liza's Catering Services CC
Jacobs S	Councillor	Remondo's Catering Services CC
Kettledas J	Councillor	Remondo's Catering Services CC
Kettledas J	Councillor	Milau Development Fund
Strydom F	Councillor	Cola Strydom Wyatt Bio Diesel Enterprises CC
Wogane MW	Councillor	Tsitsikamma Event Caterers CC
Collier DM	Official	Transformational Corporate Trading System CC
Kosi S	Official	Ezimvubu Youth Investment CC
Kosi S	Official	Prehensile Suppliers CC
Makamba TJS	Official	Blue Sands Trading 641 CC
Minnaar AN	Official	Dibane Project Managers (Pty) Ltd
Minnaar AN	Official	Masstop CC
Mohr T	Official	Kareedouw Economic Development Company
Senatle MC	Official	Capstan Trading 610 CC
Senatle MC	Official	Rio Ridge 1080 CC
Spellman S	Official	Eyesizwe GIS and Property Evaluation Consulting CC
Tetyana N	Official	Moolies Caterers CC

##### 46.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
<b>For the Year ended 30 June 2009</b>				
Councillors	3 391	18 044	-	1 051
Municipal Manager and Section 57 Personnel	-	-	-	42 909
<b>Total Services</b>	<b>3 391</b>	<b>18 044</b>	<b>-</b>	<b>43 960</b>

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

##### 46.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 13 to the Annual Financial Statements.

##### 46.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 25 and 26 respectively, to the Annual Financial Statements.

##### 46.4 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

#### 47. CONTINGENT LIABILITIES

##### 47.1 Court Proceedings:

521 000

498 200

(i) A claim, estimated to be R500 000, was lodged against the municipality for the contractual payment of a year's remuneration upon termination of service by a former Chief Financial Officer. The municipality paid a full and final settlement during August 2008 in the amount of R150 000. Subsequently another R353 000 has been paid to the sherriff, which the municipality is claiming back. The outcome of the claim is still uncertain.

(ii) Claims in the region of R118 200 have been submitted to the municipality for the cleaning and rehabilitation of the Stormsriver dumping site. The matter has been finalised.

(iii) A claim of approximately R12 000 for a telephone cable that was damaged by one of the municipality's heavy duty equipment, has been lodged. The matter has been finalised.

(iv) There is a possibility of a claim for the non-awarding of tenders for the removal of refuse in Joubertina. The matter has been finalised.

(v) Costs, of which the amount is not known, might have to be incurred by the municipality to defend a court case with regard to review the rezoning of a golf estate. The matter has been finalised.

(vi) Costs, of which the amount is not known, might have to be incurred by the municipality to defend a court case with regard to the transfer of property in Coldstream. The matter has been finalised.

(vii) Costs, estimated to be approximately R18 000, will have to be incurred by the municipality to deregister a Section 21 Company, KEDC. The outcome is not certain at this stage.

(viii) A claim by the municipality to the SAMWU Provident Fund in respect of the disability of an employee was rejected by the fund due to the late submission thereof. Should the municipality not be able to convince the Fund in honouring the claim, the municipality might be held responsible for the claim of R120 042. The outcome of the processe is unknown at this stage.

#### 48. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

#### 49. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

- (i) Secondment of one Financial Expert by DBSA for two years
- (ii) Secondment of one Engineer by DBSA for two years
- (iii) Secondment of three Young Technical Professionals by DBSA for two years

#### 50. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

#### 51. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2008/2009.

#### 52. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2009.

### **53. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 35) and Correction of Prior Period Errors (Note 36).

### **54. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED**

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:

- GRAP 18 Segment Reporting
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 103 Heritage Assets

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.



**APPENDIX A**  
**KOU-KAMMA MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2008	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2009
	R				R	R	R	R
<b>SHORT-TERM LOANS</b>								
Cacadu District Municipality	-	0.00%	N / A	On Demand	-	4 000 000	2 000 000	2 000 000
<b>Total Capital Lease Liabilities</b>	-				-	<b>4 000 000</b>	<b>2 000 000</b>	<b>2 000 000</b>
<b>TOTAL EXTERNAL LOANS</b>	-				-	<b>4 000 000</b>	<b>2 000 000</b>	<b>2 000 000</b>

**ANNUITY LOANS:**

**Cacadu District Municipality:**

Unstructured and unsecured loan for bridging finance. Original loan capital of R4 000 000 is repayable on demand at zero rate interest.

**APPENDIX B**  
**KOU-KAMMA MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying	Budget Additions 2009
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value	
	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>											
<i>Land:</i>											
Land: Developed	2 433 605	-	-	-	2 433 605	-	-	-	-	2 433 605	-
Farms	1	-	-	-	1	-	-	-	-	1	-
<i>Buildings:</i>											
Office Buildings	1 503 770	63 088	-	-	1 566 858	622 870	-	-	622 870	943 988	290 000
Workshops and Depots	34 212	-	-	-	34 212	34 212	-	-	34 212	-	-
Other Buildings	699 338	40 767	-	-	740 105	467 820	78 927	-	546 747	193 359	-
	<b>4 670 926</b>	<b>103 855</b>	-	-	<b>4 774 780</b>	<b>1 124 902</b>	<b>78 927</b>	-	<b>1 203 828</b>	<b>3 570 952</b>	<b>290 000</b>
<b>Infrastructure</b>											
<i>Electricity:</i>											
LV Cables	4 177 215	18 000	-	-	4 195 215	1 050 196	-	-	1 050 196	3 145 019	-
High Mast Lighting	2 149 797	-	-	-	2 149 797	-	-	-	-	2 149 797	-
<i>Roads:</i>											
Roads	-	2 013 232	-	-	2 013 232	-	-	-	-	2 013 232	-
Pavements	4 328 761	-	-	-	4 328 761	1 298 012	-	-	1 298 012	3 030 749	-
Road Furniture	-	11 590	-	-	11 590	-	-	-	-	11 590	-
Street Lighting	1 700 722	185 857	-	-	1 886 579	-	-	-	-	1 886 579	-
Stormwater Pipework	-	3 441 540	-	-	3 441 540	-	-	-	-	3 441 540	-
<i>Sanitation:</i>											
Landfill Sites	1 970 305	5 412	-	-	1 975 717	269 448	-	-	269 448	1 706 269	2 300 000
Processing Facilities	3 577 490	-	-	-	3 577 490	-	-	-	-	3 577 490	-
<i>Security Measures:</i>											
Access Control	-	20 912	-	-	20 912	-	-	-	-	20 912	-
<i>Sewerage:</i>											
Outfall Sewers	3 476 236	-	-	-	3 476 236	278 107	-	-	278 107	3 198 130	-
Reticulation	5 632 371	2 450 761	-	-	8 083 133	1 437 529	-	-	1 437 529	6 645 604	313 300
Pumping Stations	1 976 543	-	-	-	1 976 543	287 410	-	-	287 410	1 689 134	3 652 700
Treatment Works	7 302 430	-	-	-	7 302 430	1 384 210	-	-	1 384 210	5 918 220	-
<i>Water:</i>											
Dams and Weirs	230 033	283 532	-	-	513 565	26 403	-	-	26 403	487 162	-
Reservoirs and Tanks	3 163 296	15 315	-	-	3 178 611	306 683	-	-	306 683	2 871 929	-
Underground Chambers	-	218 110	-	-	218 110	-	-	-	-	218 110	-
Boreholes	-	980 028	-	-	980 028	-	-	-	-	980 028	-
Pumping Stations	-	6 563	-	-	6 563	-	-	-	-	6 563	-
Treatment Works	2 205 717	-	-	-	2 205 717	463 940	-	-	463 940	1 741 777	-
Bulk Pipelines	-	31 080	-	-	31 080	-	-	-	-	31 080	-
Reticulation	1 876 954	33 886	-	-	1 910 840	675 362	-	-	675 362	1 235 478	-
Meters	11 741 851	15 206	-	-	11 757 057	6 579 341	-	-	6 579 341	5 177 716	-
Electrical Equipment	-	289 273	-	-	289 273	-	-	-	-	289 273	-
Telemetry Systems	-	79 482	-	-	79 482	-	-	-	-	79 482	-
	<b>55 509 722</b>	<b>10 099 779</b>	-	-	<b>65 609 502</b>	<b>14 056 639</b>	-	-	<b>14 056 639</b>	<b>51 552 862</b>	<b>6 266 000</b>
<b>Community Assets</b>											
<i>Sports Facilities:</i>											
Outdoor Sports Facilities	179 806	-	-	-	179 806	95 333	-	-	95 333	84 473	-
Stadiums	67 543	-	-	-	67 543	15 756	-	-	15 756	51 787	-
Floodlighting	322 240	-	-	-	322 240	85 942	-	-	85 942	236 298	-
<i>Other Facilities:</i>											
Care Centres	1 036 847	-	-	-	1 036 847	470 109	-	-	470 109	566 739	-
Cemeteries	6 986	-	-	-	6 986	1 582	-	-	1 582	5 404	-
Clinics and Hospitals	2 280 361	-	-	-	2 280 361	1 697 989	-	-	1 697 989	582 372	-
Community Centres	10 759 938	-	-	-	10 759 938	3 296 540	-	-	3 296 540	7 463 398	-
Vehicle Testing Centres	713 508	-	-	-	713 508	237 749	-	-	237 749	475 759	-
	<b>15 367 229</b>	-	-	-	<b>15 367 229</b>	<b>5 900 999</b>	-	-	<b>5 900 999</b>	<b>9 466 230</b>	-
<b>Housing</b>											
Housing Schemes: Land	501 169	-	-	-	501 169	-	-	-	-	501 169	-
	<b>501 169</b>	-	-	-	<b>501 169</b>	-	-	-	-	<b>501 169</b>	-
<b>Other Assets</b>											
<i>Computer Equipment:</i>											
Computer Hardware	759 645	278 239	-	(436 003)	601 881	457 766	1 564	(264 716)	194 614	407 266	-
Computer Networks	37 513	-	-	(31 770)	5 743	14 540	-	(12 637)	1 902	3 841	-
<i>Furniture and Fittings:</i>											
Advertising Boards	-	-	-	-	-	-	-	-	-	-	-
Cabinets and Cupboards	172 856	36 346	-	(59 626)	149 576	129 622	107	(44 140)	85 589	63 988	-
Chairs	273 554	7 058	-	(84 479)	196 133	248 961	171	(73 348)	175 784	20 348	-
Desks and Tables	176 889	9 039	-	(73 902)	112 026	157 034	437	(61 221)	96 250	15 777	-
Domestic / Hostel Furniture	71 644	-	-	(30 410)	41 234	21 143	320	(6 056)	15 407	25 827	-
Other Furniture and Fittings	5 777	17 656	-	(1 620)	21 813	5 416	-	(1 620)	3 796	18 017	-
<i>Office Equipment:</i>											
Air Conditioners	13 337	-	-	(2 999)	10 338	4 471	-	(1 442)	3 029	7 309	-
Cellular Phones	2 049	-	-	(2 049)	-	1 958	-	(1 958)	0	(0)	-
Domestic Equipment	89 336	6 863	-	(66 239)	29 960	72 613	-	(56 673)	15 940	14 020	-

**APPENDIX B**  
**KOU-KAMMA MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2009
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Library Materials	R 33 980	-	-	(33 980)	-	-	-	-	-	-	-
Office Equipment / Machines	146 961	27 435	-	(105 351)	69 045	102 784	792	(68 503)	35 073	33 972	-
Other Office Equipment	2 319	6 300	-	(1 949)	6 670	937	-	(779)	159	6 511	323 500
<i>Plant and Equipment:</i>											
Agricultural / Farm Equipment	97 123	-	-	-	97 123	25 903	-	-	25 903	71 220	-
Compressors, Generators & Allied Eq	75 149	174 000	-	(70 349)	178 800	26 154	-	(21 354)	4 800	174 000	-
Irrigation Equipment / Systems	2 500	-	-	-	2 500	1 166	-	-	1 166	1 334	-
Radio Equipment	2 480	2 276	-	(2 400)	2 356	582	-	(502)	80	2 276	-
Security Equipment / Systems / Mater	4 518	-	-	(1 018)	3 500	3 650	-	(150)	3 500	-	-
Telecommunication Equipment	470	50 887	-	-	51 357	470	-	-	470	50 887	-
Workshop Equipment	3 400	-	-	(3 400)	-	3 400	-	(3 400)	-	-	-
Workshop Tools	81 701	12 095	-	(36 861)	56 935	24 537	-	(15 713)	8 824	48 112	-
Other Plant and Equipment	132 450	1 236 426	-	(6 900)	1 361 976	32 444	-	(6 900)	25 544	1 336 433	738 450
<i>Vehicles:</i>											
Bakkies (LDV's)	872 872	402 879	-	(17 660)	1 258 092	67 551	0	(1 492)	66 059	1 192 033	-
Fire Engines	1 000 000	-	-	-	1 000 000	132 092	-	-	132 092	867 908	-
Graders	350 002	-	-	(2)	350 000	272 910	42 092	(2)	315 000	35 000	-
Motor Cars	369 357	139 597	-	(223 213)	285 741	64 510	-	(64 508)	2	285 739	30 000
Tipplers	240 041	-	-	-	240 041	-	-	-	-	240 041	-
Tractors	688 176	375 000	-	-	1 063 176	422 373	156 657	-	579 030	484 146	-
Trailers and Accessories	21 006	-	-	(8 501)	12 505	630	0	(977)	(347)	12 852	-
Trucks	1 073 666	1 632 651	-	(3)	2 706 314	5	-	(3)	2	2 706 312	-
	<b>6 800 770</b>	<b>4 414 747</b>	-	<b>(1 300 683)</b>	<b>9 914 834</b>	<b>2 295 620</b>	<b>202 140</b>	<b>(708 095)</b>	<b>1 789 666</b>	<b>8 125 168</b>	<b>1 091 950</b>
<b>Total</b>	<b>82 849 816</b>	<b>14 618 381</b>	-	<b>(1 300 683)</b>	<b>96 167 514</b>	<b>23 378 160</b>	<b>281 067</b>	<b>(708 095)</b>	<b>22 951 133</b>	<b>73 216 382</b>	<b>7 647 950</b>

**KOU-KAMMA MUNICIPALITY**  
**ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2009**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2009
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
<b>Investment Properties</b>	R	R	R	R	R	R	R	R	R	R	R
<i>Buildings:</i>											
Buildings Let-out	289 543	-	-	-	289 543	-	-	-	-	289 543	-
	<b>289 543</b>	-	-	-	<b>289 543</b>	-	-	-	-	<b>289 543</b>	-

**KOU-KAMMA MUNICIPALITY**  
**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2009**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2009
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
<b>Intangible Assets</b>	R	R	R	R	R	R	R	R	R	R	R
Computer Software	360 948	-	-	(9 980)	350 968	114 128	-	-	114 128	236 840	-
	<b>360 948</b>	-	-	<b>(9 980)</b>	<b>350 968</b>	<b>114 128</b>	-	-	<b>114 128</b>	<b>236 840</b>	-
<b>Total Asset Register</b>	<b>83 500 307</b>	<b>14 618 381</b>	-	<b>(1 310 663)</b>	<b>96 808 025</b>	<b>23 492 289</b>	<b>281 067</b>	<b>(708 095)</b>	<b>23 065 261</b>	<b>73 742 764</b>	<b>7 647 950</b>

**APPENDIX C**  
**KOU-KAMMA MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Administration	18 520 030	503 154	-	-	(943 295)	18 079 888	7 611 908	82 297	-	(578 405)	7 115 800	10 964 088
Planning and Development	1 956 718	690 916	-	-	(67 125)	2 580 509	262 478	155 597	-	(33 365)	384 710	2 195 799
Health	304 702	2 217	-	-	(450)	306 469	82 494	-	-	(450)	82 044	224 424
Community and Social Services	228 902	-	-	-	(139 320)	89 582	88 610	-	-	(38 067)	50 543	39 038
Housing	508 719	-	-	-	(1 150)	507 569	7 307	-	-	(1 007)	6 300	501 269
Public Safety	1 949 327	14 923	-	-	(105 422)	1 858 828	464 405	-	-	(37 628)	426 777	1 432 051
Sport and Recreation	579 555	40 855	-	-	(28 725)	591 685	21 792	1 081	-	(16 323)	6 550	585 135
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	25 131 279	4 260 368	-	-	(13 112)	29 378 535	4 076 579	0	-	(1 103)	4 075 477	25 303 058
Roads and Transport	6 379 483	5 702 218	-	-	-	12 081 701	1 570 920	42 092	-	-	1 613 012	10 468 689
Water	20 641 850	2 241 181	-	-	(2 084)	22 880 946	8 055 530	-	-	(1 749)	8 053 781	14 827 166
Electricity	6 649 252	1 162 549	-	-	-	7 811 802	1 136 138	-	-	-	1 136 138	6 675 664
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>82 849 816</b>	<b>14 618 381</b>	<b>-</b>	<b>-</b>	<b>(1 300 683)</b>	<b>96 167 514</b>	<b>23 378 160</b>	<b>281 067</b>	<b>-</b>	<b>(708 095)</b>	<b>22 951 133</b>	<b>73 216 382</b>

**APPENDIX D**  
**KOU-KAMMA MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	Description	2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
1 035 028	13 858 162	(12 823 134)	Executive and Council	4 708 556	18 896 022	(14 187 466)
11 752 791	9 819 568	1 933 224	Finance and Administration	9 967 425	17 940 910	(7 973 485)
13 355 854	2 019 709	11 336 145	Planning and Development	6 675 574	854 155	5 821 419
108 228	168 340	(60 112)	Health	282 233	108 661	173 571
308 339	1 105 549	(797 210)	Community and Social Services	685 520	771 270	(85 750)
44 971	211 952	(166 980)	Housing	187 832	302 021	(114 188)
3 248 733	3 086 354	162 379	Public Safety	262 460	3 777 140	(3 514 680)
5 579	40 119	(34 540)	Sport and Recreation	-	46 325	(46 325)
-	-	-	Environmental Protection	-	-	-
13 023 911	6 212 364	6 811 547	Waste Management	17 848 069	9 749 246	8 098 822
4 099 326	2 361 618	1 737 708	Roads and Transport	8 680 834	2 568 682	6 112 152
7 901 727	3 283 155	4 618 572	Water	11 146 649	5 057 115	6 089 534
1 501 881	925 900	575 981	Electricity	1 130 714	2 368 218	(1 237 505)
-	-	-	Other	-	-	-
<b>56 386 368</b>	<b>43 092 790</b>	<b>13 293 578</b>	Sub-Total	<b>61 575 865</b>	<b>62 439 767</b>	<b>(863 902)</b>
-	-	-	Less: Inter-departemental Charges	-	-	-
<b>56 386 368</b>	<b>43 092 790</b>	<b>13 293 578</b>	Total	<b>61 575 865</b>	<b>62 439 767</b>	<b>(863 902)</b>

**APPENDIX E(1)**  
**KOU-KAMMA MUNICIPALITY**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

Description	2008/2009 Actual	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
<b>REVENUE</b>					
Property Rates	4 983 051	7 536 078	(2 553 027)	(51.23)	The new General Valuation budgeted on, was not implemented
Service Charges	13 645 348	11 180 908	2 464 440	18.06	Actual exceeded budgeted amounts
Rental of Facilities and Equipment	281 821	157 433	124 388	44.14	Agreements entered into not budgeted for
Interest Earned - External investments	1 545 836	102 141	1 443 695	93.39	Grants moneys invested not budgeted for
Fines	236 270	3 148 897	(2 912 627)	(1 232.76)	Under performance of the Traffic Department
Licences and Permits	17 254	-	17 254	100.00	Negligent amount received
Income for Agency Services	787 891	4 186 158	(3 398 267)	(431.31)	Testing Station was closed down during the year
Government Grants and Subsidies	39 848 618	25 720 238	14 128 380	35.46	Flood Disaster Relief received not budgeted for
Other Income	229 777	397 511	(167 734)	(73.00)	Unrealistic budgeting for income from photocopies
<b>Total Revenue</b>	<b>61 575 865</b>	<b>52 429 364</b>	<b>9 146 501</b>	<b>17.45</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	21 761 296	22 641 153	(879 858)	(4.04)	
Remuneration of Councillors	2 020 759	1 960 443	60 316	2.98	
Collection Costs	335 869	84 000	251 869	74.99	Contract entered into for debt collection not budgeted for
Depreciation	-	2 716 910	(2 716 910)	#DIV/0!	Not calculated as measurement is exempted in terms of Directive 4 of the ASB
Impairment Losses	10 125 937	951 949	9 173 988	90.60	Provision for Bad Debts recalculated in terms of IAS 38
Repairs and Maintenance	1 155 968	3 045 528	(1 889 560)	(163.46)	Expenditure limited because of cash flow restraints
Interest Paid	37 853	-	37 853	100.00	Interest paid on late payments not budgeted for
Bulk Purchases	1 961 346	2 384 328	(422 982)	(21.57)	Actual lower than budgeted amounts - also see Service Charges
Contracted Services	5 109 899	3 009 900	2 099 999	41.10	Savings experienced in previous year not rolled over in the budget
Grants and Subsidies Paid	8 465 316	812 049	7 653 267	90.41	Flood Disaster Relief expenditure not budgeted for
General Expenses	10 977 146	14 823 104	(3 845 958)	(35.04)	Expenditure limited because of cash flow restraints
Loss on disposal of Property, Plant and Equipment	488 378	-	488 378	100.00	Loss on Sale of Assets not budgeted for
<b>Total Expenditure</b>	<b>62 439 767</b>	<b>52 429 364</b>	<b>10 010 403</b>	<b>19.09</b>	
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(863 902)</b>	<b>-</b>	<b>(863 902)</b>	<b>#DIV/0!</b>	

**APPENDIX E(2)**  
**KOU-KAMMA MUNICIPALITY**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009**

Description	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	
	R	R	R	R	R	%	
Executive and Council	-	-	-	140 000	(140 000)	(100.00)	Expenditure incurred in other departments
Finance and Administration	503 154	-	503 154	22 000	481 154	2 187.06	Vehicles acquired not budgeted for
Planning and Development	690 916	-	690 916	5 000	685 916	13 718.32	Vehicles acquired not budgeted for
Health	2 217	-	2 217	-	2 217	#DIV/0!	Budgeted for in Executive and Council
Community and Social Services	-	-	-	388 000	(388 000)	(100.00)	Expenditure incurred in other departments
Housing	-	-	-	-	-	#DIV/0!	
Public Safety	14 923	-	14 923	20 000	(5 077)	(25.38)	Assets budgeted for not acquired
Sport and Recreation	40 855	-	40 855	-	40 855	#DIV/0!	Budgeted for in Executive and Council
Environmental Protection	-	-	-	-	-	#DIV/0!	
Waste Management	4 260 368	-	4 260 368	6 211 350	(1 950 982)	(31.41)	Expenditure incurred in Water Services
Roads and Transport	5 702 218	-	5 702 218	78 325	5 623 893	7 180.20	Increased expenditure due to increased funding received for flood disaster
Water	2 241 181	-	2 241 181	453 325	1 787 856	394.39	Expenditure budgeted for in Waste Management Services
Electricity	1 162 549	-	1 162 549	329 950	832 599	252.34	Expenditure incurred not budgeted for
Other	-	-	-	-	-	#DIV/0!	
<b>Total</b>	<b>14 618 381</b>	<b>-</b>	<b>14 618 381</b>	<b>7 647 950</b>	<b>6 970 431</b>	<b>91.14</b>	

**APPENDIX F  
KOU-KAMMA MUNICIPALITY  
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies Received**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June			
FMG	Nat Treasury	0	1 250 000	0	0	0	0	299 321	472 921	0	209 812	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	Nat Treasury	0	400 000	0	0	0	0	72 543	1 200	96 161	56 283	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	0	4 454 472	3 340 854	5 872 441	0	0	0	4 454 472	3 340 854	5 872 441	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	0	0	3 168 000	0	0	0	0	249 206	73 745	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Cacadu DM - MIG Projects	MIG	0	0	0	0	4 713 323	0	0	0	0	4 713 323	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Cacadu DM - Disaster Flood Relief	LDM	0	3 369 429	1 743 351	2 083 544	3 051 934	0	924 109	2 205 614	2 314 310	4 384 084	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DBSA - Disaster Flood Relief	Other Gov	0	0	0	0	4 562 979	0	0	0	0	4 521 842	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>0</b>	<b>9 473 901</b>	<b>8 252 205</b>	<b>7 955 985</b>	<b>12 328 236</b>	<b>0</b>	<b>1 295 973</b>	<b>7 383 413</b>	<b>5 825 070</b>	<b>19 757 785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

(\*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?