

**GREAT KEI MUNICIPALITY
GENERAL INFORMATION**

MEMBERS OF THE COUNCIL

MAYOR : **N. Tekile**

Councillor : **M. Mali**

Councillor : **N. Pan**

Councillor : **Z. Mpondo**

Councillor : **W. Hollington**

Councillor : **N. George**

Councillor : **N. Moli**

Councillor : **N. Dyani**

Councillor : **M. Kema**

Councillor : **W. Ndoro**

Councillor : **Z. Blom**

Councillor : **F. Lewis** (appointed on the 25th August 2009)

GRADING OF THE LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General - Eastern Cape

BANKERS

*The Standard Bank of South Africa
CNR Main and Station Street
Komga*

REGISTERED OFFICE

*Private Bag X2
Komga
Main Street, Komga
4950*

*Tel: 043 831 1028
Facsimile: 043 831 1306*

ACTING MUNICIPAL MANAGER

Mr. N. M. Mkhoklakali

CHIEF FINANCIAL OFFICER

Mrs. P Gwana

GREAT KEI MUNICIPALITY ACCOUNTING POLICIES

ACCOUNTING POLICIES

1) BASIS OF PRESENTATION

- 1.1 These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1997) and Report on the Standardisation of the Financial Statements of Local Authorities (2nd Edition, January 1996).
- 1.2 The Financial Statements are prepared on the Historical Cost Basis, adjusted for Capital Expenditure. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The Financial Statements are prepared on the accrual basis as stated :
- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as Traffic Fines and business Licenses.
- Expenditure is accrued in the year that it is incurred.
- 1.4 The Financial Statements are prepared on the accrual basis as stated.
This means the municipality anticipates carrying on its business for the foreseeable future. It is noted that the municipality relies heavily on grants for its income (On average over 90%.) If grant income was not received, the going concern assumption is not likely to be appropriate. The existence and adequacy of the allocation of Grants and Subsidies for the following financial year has been confirmed per the Division of Revenue Act.

2) CONSOLIDATION

The Balance Sheet includes Rate and General Services, different funds, Reserves and Provisions. All inter departmental charges if any, are set-off against each other, with the exception of Assessment Rates and Refuse Removal which are treated as income and expenditure in the respective Departments.

3) FIXED ASSETS

- 3.1 **FIXED ASSETS ARE STATED :**
- at historical cost, or
- at valuation (based on market price at date of acquisition), where assets have been acquired by Grant or Donation, while they are in existence and fit for use.
- 3.2 **Depreciation**

The balance shown against the heading "loans redeemed and other capital receipts" in the notes to the balance sheet is tantamount to a provision for depreciation; however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from various Council funds, assets may also be acquired through:
- 3.2.1 Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and it is therefore unnecessary to make any further provision for depreciation.
- 3.2.2 External contributions, grants and subsidies, where the amount representing the value received is immediately credited to the "loans redeemed and other capital receipts" account.
- 3.3 All proceeds from the sale of fixed property are credited to the Revolving Fund. Net proceeds from the sale of all other assets are credited either to the relevant department in which the asset was purchased or to the Capital Development Fund.
- 3.4 Capital assets are financed from different sources, including external loans and contributions, operating income and internal advances.
These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the services concerned at the ruling rate applicable at the time the advance is made.

GREAT KEI MUNICIPALITY ACCOUNTING POLICIES

4) FUNDS AND RESERVES

4.1 STATUTORY FUNDS

The Revolving Fund Ordinance No. 20 of 1974 requires a minimum contribution of seven and a half percent of the product of assessment rates in respect of the Financial Year immediately preceding the Financial Year for which such contribution is required to be made.

4.2 RESERVES

Reserve Funds are utilised for purposes for which the reserve is formulated by council. Contributions are made from the operating account and in certain instances according to the policy of the Department of Local Government and Housing.

4.3 TRUST FUNDS

Funds are paid to the Council for specific purposes and consists of Grants and Subsidies from the public or higher Authorities.

4.4 PROJECT FUNDS

Project funds are representative of external funding received in the past and set aside for pre-identified individual projects or a pre-defined general nature of intervention.

5) RETIREMENT BENEFITS

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

6) SURPLUSES AND DEFICITS

Accumulated surpluses reflect the residual of revenue against the sum of operating and capital expenditure reduced by any appropriations.

7) INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred and invested on such conditions as the Minister may approve.

8) INVENTORIES

No stock is kept. Purchases are debited directly to the expense account.

GREAT KEI MUNICIPALITY ACCOUNTING POLICIES

9) INCOME RECOGNITION

9.1 *Assessment Rates*

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% are granted on state-owned properties. Income is recognised when such levies are raised and debited to the respective ratepayer account.

9.2 *Other income*

Income from services such as refuse removal is recovered by way of debtors and is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

10) PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events and is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

11) LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition.

Operating lease rentals are expensed as they become due.

Operating leases are those leases that do not fall within the scope of the definition above.

Operating leases rentals are expensed as they become due.

GREAT KEI MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2009

	Note	2009 R	2008 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		4,861,673	4,482,452
Statutory Funds	1	4,858,393	4,479,405
Reserves	2	3,280	3,047
ACCUMULATED SURPLUS/ (DEFICIT)		(1,917,692)	(9,889,680)
		2,943,981	(5,407,228)
		-	-
TRUST FUNDS	3	1,619,285	4,228,344
LONG TERM LIABILITIES	4	3,444,884	3,334,095
CONSUMER DEPOSITS: SERVICES	5	107,026	100,239
		8,115,176	2,255,450
EMPLOYMENT OF CAPITAL			
		13,210,513	13,622,942
FIXED ASSETS	6	3,891,027	4,046,028
INVESTMENTS	7	9,295,516	9,558,969
LONG TERM DEBTORS	8	23,970	17,946
NET CURRENT ASSETS/ (LIABILITIES)		(5,095,337)	(11,367,492)
CURRENT ASSETS			
		21,650,231	12,195,101
Inventory	9	-	223,165
Debtors	10	18,443,823	10,405,286
Bank and Cash	11	3,206,408	1,566,650
CURRENT LIABILITIES			
		26,745,568	23,562,592
Creditors	13	25,552,742	22,576,779
Short term portion of long-term liabilities	4	199,895	362,173
Provisions	12	992,931	623,640
		8,115,176	2,255,450

GREAT KEI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
CASH RETAINED FROM OPERATING ACTIVITIES		-	-
Cash generated by operations	17	(12,797,756)	(15,648,034)
Investment income		216,817	541,089
(Increase)/ decrease in working capital		(5,368,955)	(767,842)
		<u>(17,949,894)</u>	<u>(15,874,787)</u>
Less: External interest paid		(356,340)	(746,756)
CASH AVAILABLE FROM OPERATIONS		<u>(18,306,234)</u>	<u>(16,621,543)</u>
Cash Contributions from the Public and State		27,840,952	30,373,840
Net Proceeds on Disposal of Fixed Assets		130,200	-
CASH UTILISED IN INVESTING ACTIVITIES		<u>27,971,152</u>	<u>30,373,840</u>
Investment in Fixed Assets		(8,399,402)	(6,316,505)
NET CASH FLOW		<u>1,265,517</u>	<u>7,435,792</u>
CASH EFFECTS FROM FINANCING ACTIVITIES			
Increase (decrease) in long-term liabilities	18	110,788	(227,393)
(Increase)/ decrease in cash investments	19	263,453	(5,940,254)
(Increase)/ decrease in cash	20	(1,639,758)	(1,268,143)
Increase/(decrease) in funds		-	-
Net Cash (Utilised)/ Generated		<u>(1,265,517)</u>	<u>(7,435,790)</u>

GREAT KEI MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2008/2009 Actual income	2008/2009 Actual expenditure	2008/2009 Restated Actual Surplus/(Deficit)	2008/2009 Budgeted Surplus/(Deficit)	2007/2008 Actual income	2007/2008 Actual expenditure	2007/2008 Restated Actual Surplus/(Deficit)	2007/2008 Budgeted Surplus/(Deficit)
	R	R	R	R	R	R	R	R
RATE AND GENERAL SERVICES	43,665,749	24,606,369	19,059,380	11,864,800	26,908,415	19,946,254	6,962,161	(1,604,581)
Community services	-	-	-	-	-	-	-	-
Subsidised services	-	-	-	-	-	-	-	-
Economic services	-	-	-	-	-	-	-	-
Accounting Officer	-	-	-	-	2	3,386,001	(3,385,999)	(2,598,884)
Budget and Treasury	33,864,128	21,469,285	12,394,843	-	21,698,277	3,775,590	17,922,687	4,719,371
Community Services	172,750	-	172,750	-	660,383	1,507,595	(847,212)	886,369
Corporate Services	3,008,440	200,000	2,808,440	-	182,449	3,651,297	(3,468,848)	-
Council	-	789,527	(789,527)	-	-	2,293,100	(2,293,100)	(3,133,494)
Technical Services	6,620,431	2,147,557	4,472,875	-	4,367,304	5,332,671	(965,367)	(1,477,943)
TRADING SERVICES								
TOTAL	43,665,749	24,606,368	19,059,380	11,864,800	26,908,415	19,946,254	6,962,161	(1,604,581)
Appropriation for this year (Refer working papers)			(10,995,024)				(629,766)	
Net (deficit)/ Surplus for the year			8,064,356				6,332,395	
Accumulated Surplus beginning of the year			(9,982,048)				(13,776,814)	
ACCUMULATED SURPLUS AT END OF THE YEAR			(1,917,692)				(7,444,419)	

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008 Restated
1) Statutory Funds		
Revolving Fund	4,856,071	4,476,891
Dog Tax Fund	2,322	2,514
	4,858,393	4,479,405
2) Reserves (Invested as per note 7)	3,280	3,047
3) Trust Funds Refer to Note 7 and Appendix A for more details)	1,619,285	4,228,344
4) Long Term Liabilities		
Development Bank of South Africa	3,644,779	3,584,821
Nashua	-	111,447
Less: Current portion of long term loan	(199,895)	(362,173)
	3,444,884	3,334,095
Refer to Appendix B for more details on long term liabilities		
5) Consumer deposits Service Deposits	107,026	100,239
6) Fixed Assets		
Fixed Assets at the beginning of the year	32,749,965	26,547,460
Capital expenditure during the year	8,399,402	6,316,505
Less: Written-off Assets	(155,000)	(114,000)
Total Fixed Assets	40,994,367	32,749,965
Less: Loans Redeemed and other capital receipts	37,103,340	28,703,937
	3,891,027	4,046,028
(Refer to Appendix C for more details)		
7) Investments		
Project Investments	2,724,087	4,065,231
Reserve Investments	3,280	3,047
Dog Tax Investment	2,346	2,514
Revolving Fund Investments	1,586,193	1,471,604
Operating Account Investments	4,979,609	4,016,573
	9,295,516	9,558,969
8) Long Term Debtors		
Squash Club Loan	-	5,454
Bowling Green Club Loan	23,970	12,492
	23,970	17,946
9) Inventory		
Consumables	-	-
Stationery	-	-
Stock	-	223,165
	-	223,165
10) Debtors	16,741	
Consumers and others	14,925,697	8,929,568
Other Debtors	2,860,145	-
VAT	3,778,169	3,862,034
Sundry Debtors	-	260,711
Irregular Expenditure - Councillors allowances	935,016	878,631
	22,499,027	13,930,944
Less: Provision for doubtful debts	(4,055,204)	(3,525,658)
	18,443,823	10,405,286

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11) Bank and Cash

Operating Account Standard Bank 28 072 096 3	3,731,965	83,339
Operating Account ABSA 7 0014 6707	(2,377)	532,783
Petty cash	6,613	1,000
Traffic Services Account Standard Bank 28 597 345 2 & 28 5946 11	1,213,603	949,527
Interbank transfers	(1,743,396)	-
	3,206,408	1,566,649

12) Provisions

Leave Pay Provision	700,574	361,136
Bonus Provision	292,357	262,504
	992,931	623,640

13) Creditors

Trade creditors and accruals	11,311,019	9,602,854
Project Creditors	9,529,586	10,637,688
DBSA Arrears Account	4,712,137	2,336,237
	25,552,742	22,576,779

14) Assessment Rates

	Valuations as at 30 June 2009	Actual income of 2009	Actual income of 2008
Total	50,082,160	4,178,398	3,596,556

Valuations on land and improvements are performed every 4 years and the last general valuation was performed on 1 July 1997. The basic rate was 0.02115 per rand on land and improvements. A 20% rebate was granted to government departments.

15) Finance transactions

Total interest earned or paid	139,523	495,372
- Interest earned	(216,817)	(278,378)
- Interest paid	356,340	773,750
Capital charges debited to operating account:		
- Interest paid on external loans	747,383	746,756
- Interest paid on internal loans	23,282	26,993
- Redemption of external loans	-	338,841
- Redemption of internal loans	38,397	51,965
	809,062	1,164,555

16) Appropriations

Accumulated deficit at the beginning of the year	(9,982,048)	(13,776,814)
Operating (deficit)/surplus for the year	19,059,380	4,516,901
Less: Appropriations for the year:	(723,189)	(629,766)
Opening balance adjustment	(10,271,835)	(92,369)
Accumulated Surplus/ (deficit) at the end of year	(1,917,692)	(9,982,048)
Contributions to:		
Fixed assets	384,208	271,327
Revolving Fund	269,742	261,426
	653,949	532,753

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
17) Cash generated from operations		
Surplus/ (Deficit) for the year	19,059,380	6,332,395
<u>Adjustments in respect of:</u>		
- Prior Year's Operating Transactions	(2,441,762)	(629,766)
<u>Appropriations charged against income:</u>	1,183,495	1,099,162
Revolving Fund	269,742	261,426
Provisions	529,546	566,409
Fixed Assets	384,208	271,327
Investment income (operating account)	(216,817)	(569,457)
Long term loans written off	(1,381,215)	-
<u>Capital charges</u>	809,706	1,164,555
Interest Paid on External Loans	747,383	746,756
Interest Paid on Internal Loans	23,926	26,993
Redemption of External Loans	-	338,841
Redemption of Internal Loans	38,397	51,965
Grants and Subsidies Received from the State	(27,840,952)	(15,335,803)
<u>Non Operating Expenditure</u>	8,521,103	(6,026,473)
Expenditure charged against funds	8,521,103	(6,424,795)
Expenditure charged against provisions	-	398,322
<u>Non Operating Income</u>	(10,490,695)	762,611
Transfers to funds and reserves	(12,057,695)	(456,253)
Income Credited to funds and reserves	1,567,000	278,582
Income Credited to assets	-	940,282
	(12,797,756)	(13,202,776)
18) Decrease in working capital		
- (Increase)/ decrease in inventory	223,165	-
- (Increase)/ decrease in accounts receivable	(8,568,083)	(1,458,150)
- Increase/ (decrease) in accounts payable and provisions	2,975,963	690,308
	(5,368,955)	(767,842)
19) Increase in cash investments comprise:		
- Investment made	-263,453	555,764
	-263,453	555,764
20) Increase in cash and cash equivalents		
- Increase in cash balances	1,639,758	1,268,144
	1,639,758	1,268,144
21) CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		-
Currently there are no outstanding litigations or claims against the Municipa	-	-

22) RETIREMENT BENEFITS

20.1 Contribution towards medical aids of retired employees:

The following payments were made in respect of medical aid contributions of retired employees:

<u>Retired Employees:</u>	Employee %	Employer %
L A Health	30%	70%
Munimed	30%	70%

20.2 Contributions to employees:

The employees of the municipality and the municipality contribute to various pensions, provident and retirement funds. The main funds being listed below: -

	Employee	Employer
SALA Pension fund	30%	70%
Cape Joint Retirement Fund	33%	67%
SAMWU Provident Fund	30%	70%
Councillors Pension Fund	68%	32%
MCPF	100%	0%
Retirement Annuity	100%	0%

	2009	2008
The total employee contribution to the funds is:	636,935	557,997

Balance outstanding in respect of pension payments:

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

23) Capital Commitments

Commitments in respect of capital expenditure

Approved and not contracted	-	11,990,312
Approved and contracted for;	2,868,700	3,328,075
	<u>2,868,700</u>	<u>15,318,387</u>

This expenditure will be financed from;

Internal sources		
External sources	2,868,700	15,318,387
Other Sources		
Government Grants	2,868,700	15,318,387
	<u>2,868,700</u>	<u>15,318,387</u>

24) Finance Leases

Office Equipment

Not Later than 1 year	205,851	-
Later than 1 year & not later than 5 years	412,341	-
Later than 5 years	-	-
	<u>618,192</u>	<u>-</u>

25) ADDITIONAL DISCLOSURES IN TERMS OF MFMA

2009 **2008**

25.1) Audit fees	<u>604,963</u>	<u>445,303</u>
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Amount owing in respect of audit fee's at year end	-	1,239,014
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25.3) Remuneration of councillors and managers

Mayor	449,248	175,813
Councillor's remuneration	2,373,848	1,636,682
	<u>2,823,096</u>	<u>1,812,495</u>

Municipal Manager	661,592	514,836
Senior Managers	1,952,310	795,617
	<u>2,613,902</u>	<u>1,310,453</u>

25.4) Contributions to organised local government

Opening balance	-	-
Council subscriptions	-	-
Amount paid- current year	-	-
Amount paid- previous years	-	-
Balance unpaid (included in the creditors)	<u>-</u>	<u>-</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

26) Post Balance Sheet Events

No material post balance sheet events have been identified.

27) Unauthorised Expenditure

The municipalities council authorised all expenditure in excess of the budgeted amount made during the current and previous financial years.

28) Irregular Expenditure

	2009	2008	2007	2006 and before
Supply Chain Management not follow	442,343	1,370,000	2,170,410	25,174,950
Payments not correctly approved	-	-	3,000,000	6,170,000
Councillors not paid according to Bec	75,385	405,210	454,421	-
Non Compliance with requirements o	-	574,000	1,803,842	8,000,000
Irregular performance bonuses	-	-	-	200,143
Irregular staff appointments	-	-	-	1,253,287
	517,728	2,349,210	7,428,673	40,798,380

29) Fruitless and wasteful expenditure

	2009	2008	2007	2006 and before
Overseas trips	-	-	-	81,880
Salary overpayments	-	-	-	172,630
Expenditure on testing station	-	520,891	-	-
Excessive overtime	-	-	-	1,145,789
Incorrect leave payments	-	-	57,108	242,297
Interest and penalties paid to SARS	-	354,743	-	-
Printing and posting statements	-	-	-	113,861
Interest on arrear DBSA loans	-	-	223,123	-
Interest on repayments of proceeds of irregular land sale	-	148,069	330,851	-
Interest on overdue accounts	21,840	-	-	-
Expenditure incurred on developing t	1,227,287	-	-	-
	1,249,127	1,023,703	611,082	1,756,457

30.1) Thefts and Losses

	<u>2009</u>	<u>2008</u>
	264,472	-
Thefts and losses due to theft	264,472	-

Unauthorised electronic transactions were identified from the municipality's primary account. The municipality has instituted criminal charges against the suspected officials and the matter is also currently under investigation.

30.2) Criminal or Disciplinary step taken

The municipality has instituted criminal charges against the suspected officials.

31) Going Concern

The financial statements are prepared on the assumption that the municipality will continue as a going concern into the foreseeable future. This assumption presumes that sufficient cash will be generated during the ordinary course of the municipality's activities to enable it to settle its obligations to its suppliers and employees and fulfil any other financial commitments as they fall due.

**GREAT KEI MUNICIPALITY
TREASURER'S REPORT
YEAR ENDED 30 JUNE 2009**

1) INTRODUCTION

Appropriate legislation was complied with in order to provide statements for the year ending 30 June 2009. To the best of my knowledge, these financial statements are a fair presentation of the Council at the above mentioned date and the results of its operation for the year then ended.

2) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2009 are as follows :

INCOME	Actual 2008/09 R	Actual 2007/08 R	Variance Actual 07/08 vs Actual 08/09 %	Budget 2008/09 R	Variance Actual/ Budget %
Accumulated deficit brought forward	(9,982,048)	(13,776,814)	38.02%	-	100.00%
Operating Income for the Year	43,665,749	26,908,415	-38.38%	34,967,894	-29.95%
	33,683,701	13,131,601	-61.01%	-	-
EXPENDITURE					
Appropriation for the year	(10,995,024)	(629,766)	100.00%	-	100.00%
Operating Expenditure	24,606,368	19,946,254	-18.94%	23,103,094	-15.83%
	13,611,344	19,316,488	41.91%	-	-
Surplus/(Deficit) at year end	(1,917,691)	(7,444,419)	81.06%	-	-100.00%

2.1 Rates and General Services

	Actual 2008/09 R	Actual 2007/08 R	Variance 2008/09	Budget 2009	Variance Actual/Budget %
Income	43,665,749	24,463,154	78.50%	34,967,894	24.87%
Expenditure	24,606,369	19,946,253	23.36%	23,103,094	6.51%
Surplus	19,059,380	4,516,901	321.96%	11,864,800	60.64%

2.2 Electricity Services

	Actual 2008/09 R	Actual 2007/08 R	Variance 2008/09	Budget 2009	Variance Actual/Budget %
Income	2,754,534	2,399,680	14.79%	-	-
Expenditure	2,147,557	1,969,611	9.03%	-	-
Surplus	606,977	430,069	41.13%	-	-

**GREAT KEI MUNICIPALITY
TREASURER'S REPORT
YEAR ENDED 30 JUNE 2009**

**GREAT KEI MUNICIPALITY
TREASURER'S REPORT
YEAR ENDED 30 JUNE 2009**

3) CAPITAL EXPENDITURE AND FINANCING

	Actual 2008/09 R	Budget 2008/09 R	Actual 2007/2008
<i>Capital Expenditure</i>			
Land and buildings	-	132,500	225,936
Infrastructure Assets	4,425,101	9,947,323	2,751,872
Community Assets	-	-	-
Other Assets	3,966,083	5,048,907	3,338,697
	8,391,184	15,128,730	6,316,505
<i>Financing of Fixed Assets</i>			
Contribution from Current Income	384,208	1,059,911	271,327
Loans redeemed	-	-	-
Grants and Subsidies	8,015,194	14,188,100	5,905,499
Net assets	8,399,402	15,248,011	6,176,826

The significant increase in expenditure on capital projects during the year results from our objectives to accelerate the delivery of basic services and construction of infrastructure.

(Refer to Appendix C for further details)

**GREAT KEI MUNICIPALITY
TREASURER'S REPORT
YEAR ENDED 30 JUNE 2009**

**GREAT KEI MUNICIPALITY
TREASURER'S REPORT
YEAR ENDED 30 JUNE 2009**

4) EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding as at 30 June 2009 amount to R3,652,725 (2007 - 5,001,982) as set out in Appendix B. During the year the loans were restructured and were consolidated into one loan account.

Investments and cash amounted to R12,501,924 at 30 June 2009 (30 June 2008: R11,125,618).

	2009	2008
	R	R
Δ Bank and Cash	3,206,408	1,566,649
Δ Short term investments	9,295,516	9,558,969
Δ Long term investments	-	-
	<u>12,501,924</u>	<u>11,125,618</u>

More information regarding investments is disclosed in note 7 and Appendix A to the Annual Financial Statements.

5) FUNDS AND RESERVES

The Revolving Fund has increased from R4,482,470 to R4,862,074

More information regarding funds and reserves is disclosed in appendix A to the annual financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors, the Municipal Manager and Heads of Departments for their support during the past year.

Chief Financial Officer

DATE : _____

**GREAT KEI MUNICIPALITY
APPENDIX A
STATUTORY FUNDS, RESERVES AND TRUST FUNDS
FOR THE YEAR ENDED 30 JUNE 2009**

	Balance at 30 June 2008	Contributions during the year	Interest on investments	Other Income	Expenditure during the year		Balance 30 June 2009
					Operational	Capital	
STATUTORY FUNDS							
Revolving Fund - ABSA	2,483	-	189	-	-	-	2,672
Revolving Fund - Std Bank	4,471,961	269,742	109,062	-	-	-	4,850,764
Kei Mouth Revolving Fund ABSA	2,446	-	187	-	-	-	2,633
Dog Tax	2,514	-	192	-	-	-	2,705
	4,479,404	269,742	109,629	-	-	-	4,858,776
TRUST FUNDS							
Pilot Housing	1,333	-	36	-	-	-	1,369
Siviwe Housing Project	1,375	-	68	-	-	-	1,443
Township Register	1,098	-	28	-	-	-	1,126
Kei Mouth Peoples Housing Project	10,385	-	683	-	-	-	11,068
Electricity Fund	3,840	-	209,994	12,000,000	-	10,717,000	1,496,833
MIG	2,410,394	-	128,985	3,697,776	5,074,381	-	1,162,774
Town Planning	3,220	-	252	-	-	-	3,472
MSP Fund / Stabilisation Fund	2,132,602	-	61,091	499,000	2,136,711	-	555,982
FMG Fund	(4,290)	-	29,286	1,500,000	259,026	1,340,695	(74,725)
MSIG Fund	668,388	-	101,005	1,567,000	1,050,985	-	1,285,408
	5,228,344	-	531,426	19,263,776	8,521,103	12,057,695	4,444,749
RESERVES							
Scheme Regulation Funds	3,047	-	233	-	-	-	3,280
	3,047	-	233	-	-	-	3,280

**GREAT KEI MUNICIPALITY
APPENDIX B
EXTERNAL LOANS AND INTERNAL SOURCES
FOR THE YEAR ENDED 30 JUNE 2009**

	Rate	Repayment	Termination	Balance at 1 June 2008	Received during the year	Redeemed/ Transferred	Written off during the year	Balance at 30 June 2009
External Loans Capital								
Development Bank of South Africa (10876)	15%	Bi annually	30 June 2019	2,413,485	288,463.45	491,002	2,192,585	18,362
Development Bank of South Africa (100792)	10.41%	Bi annually	31 March 2015	2,183,682	292,545	2,476,226	-	-
Development Bank of South Africa (12446)	14.27%	Bi annually	30 June 2014	404,815	47,206	456,044	-	4,022
Development Bank of South Africa (103473)	13%	Bi annually	31 March 2019	-	3,795,995	165,654	-	3,630,341
				5,001,982	4,424,209	3,588,926	2,192,585	3,652,725
Internal Loans								
Total internal loans		Various Loans (Schedules in working paper)		349,760	-	38,397	-	311,363

Note that the above redemption represents amounts transferred to the DBSA account number 103473 and amounts that are transferred to the DBSA arrears account .
No physical repayment has been made.

**GREAT KEI MUNICIPALITY
APPENDIX C
ANALYSIS OF FIXED ASSETS
FOR THE YEAR ENDED 30 JUNE 2009**

2008 Expenditure R		Balance at 30 June 2008 R	Expenditure during year R	Redeemed, transferred or written off during the year R	Transfer to ADM R	Balance as at 30 June 2009 R
6,316,505	Rates & General Services	32,749,965	8,399,402	-155,000	-	40,994,367
5,902,394	Community services	26,350,107	6,187,552	-155,000		32,382,659
225,936	Land and Buildings	12,150,700	-	-	-	12,150,700
	General Improvements	139,639	-	-	-	139,639
2,751,872	Streets & Stormwater	4,698,813	4,425,101	-	-	9,123,914
43,350	Plant, Vehicles and Equipment	2,582,576	1,762,452	-155,000	-	4,190,028
	Community Halls	842,439	-	-	-	842,439
1,280,121	Cintsa Assets	2,037,963	-	-	-	2,037,963
1,601,115	Town Treasury	2,320,736	-	-	-	2,320,736
	Traffic Services	436,890	-	-	-	436,890
	Rescue Equipment	1,140,351	-	-	-	1,140,351
4,423	Library	1,885,297	-	-	-	1,885,297
	Plant, Vehicles and Equipment	332,870	-	-	-	332,870
4,423	Parks & Recreation	1,552,427	-	-	-	1,552,427
409,688	Economic Services	610,309	-	-	-	610,309
	Sewerage & Sanitation	-	-	-	-	-
409,688	Plant, Vehicles and Equipment	170,621	-	-	-	170,621
	Refuse Services	439,688	-	-	-	439,688
	Trading Services	3,904,252	2,211,850	-	-	6,116,102
	Electricity Services	3,904,252	2,211,850	-	-	6,116,102
	Water Services	-	-	-	-	-
6,316,505	TOTAL FIXED ASSETS	32,749,965	8,399,402	-155,000	-	40,994,367
6,176,826	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	28,703,938	8,399,402	-	-	37,103,340
271,327	Loans redeemed and advances paid	924,601	-	-	-	924,601
5,905,499	Contributions from operating income	9,301,066	384,208	-	-	9,685,274
	Grants and subsidies	18,478,271	8,015,194	-	-	26,493,465
139,679	NET FIXED ASSETS	4,046,027	-	-155,000	-	3,891,027

**GREAT KEI MUNICIPALITY
APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2009**

Actual 2008	INCOME	Actual 2009	Budget 2009
R		R	R
15,335,803	Grants and Subsidies	27,840,952	27,671,000
3,596,556	Assessment Rates	4,178,398	3,647,959
2,399,680	Electricity Charges	2,754,534	652,490
2,707,403	Other Service Charges	8,675,048	2,996,445
278,377.50	Interest received	216,817	-
<u>24,317,820</u>	Total Income	<u>43,665,749</u>	<u>34,967,894.00</u>
EXPENDITURE			
9,890,174	Salaries, wages and allowances	11,359,059	11,005,487
7,478,617	General expenses	10,802,049	9,003,993
313,744	Repairs and maintenance	452,059	1,806,503
1,164,556	Capital charges	809,706	360,000
271,327	Contributions to fixed assets	384,208	-
827,836	Contributions to approved funds	799,288	927,111
<u>19,946,254</u>	Gross Expenditure	<u>24,606,369</u>	<u>23,103,094</u>
<u>4,371,566</u>	Net Surplus/ (deficit)	<u>19,059,380</u>	<u>11,864,800</u>

**GREAT KEI MUNICIPALITY
APPENDIX E
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

2007/2008	2007/2008	2007/2008		2008/2009	2008/2009	2008/2009	2008/2009
Actual Income	Actual Expenditure	Restated Actual Surplus/ (Deficit)		Actual Income	Actual Expenditure	Actual Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
24,317,820	19,946,254	4,371,566	RATE AND GENERAL SERVICES	43,665,749	24,606,369	19,059,380	11,864,800
24,317,820	19,946,254	(965,367)	Total	43,665,749	24,606,369	19,059,380	11,864,800
4,367,304	5,332,671		Technical Service	6,395,259	2,398,106	3,997,153	
2,399,680	1,969,611	430,069	Electricity	2,754,534	2,147,557	606,977	
1,876,901	(182)	1,876,719	Refuse	3,640,725	199,797	3,440,929	
-	182,837	182,837	Streets and Roads	-	32,994	(32,994)	
			Town Planning	-	17,759	(17,759)	
19,950,516	14,613,583		Budget and Treasury	37,270,490	22,208,263		
19,950,516	14,613,583	5,336,933	Budget and Treasury	37,270,490	22,208,263	15,062,227	
-							
24,463,154	19,946,254	4,516,900	TOTAL	43,665,749	24,606,369	19,059,380	11,864,800
		-				-	
		4,516,900	Net (Deficit)/Surplus for the Year			19,059,380	
		(13,776,814)	Accumulated Surplus beginning of the year			(9,982,048)	
		(629,766)	Appropriation for this Year (Refer working papers)			(723,189)	
			Restatement of opening balances			(10,271,835)	
		(9,889,680)	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			(1,917,692)	

**GREAT KEI MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009**

GENERAL STATISTICS

	2007	2008	2009
1) POPULATION	40037	40037	40037
Registered voters	18486	18486	18486
Total valuation	499604485	499604485	499604485
Taxable	352551150	352551150	352551150
Non-taxable	119134630	119134630	119134630
Residential			
Commercial			
Valuation date	2004	2004	2004
No of Properties			
Residential			
Commercial			
2) ASSESSMENT RATES			
<u>Composite</u>			
Komga	0.0154	-	-
<u>Residential</u>			
Komga	-	0.02115	0.02115
Kei Mouth	0.0394	0.02115	0.02115
Morgan Bay	0.0394	0.02115	0.02115
Cintsa East	0.0394	0.02115	0.02115
Haga Haga	0.0394	0.02115	0.02115
<u>Business</u>			
Komga	-	0.02472	0.02472
Kei Mouth	0.04950	0.02472	0.02472
Morgan Bay	0.04950	0.02472	0.02472
Cintsa East	-	0.02472	0.02472
Haga Haga	-	0.02472	0.02472
<u>State</u>			
Kei Mouth	0.03940	0.02472	0.02472
Morgan Bay	0.35510	0.02472	0.02472
Cintsa East	0	0.02472	0.02472
Haga Haga	0.02880	0.02472	0.02472
<u>Township</u>			
Kei Mouth	0.01830	0.02115	0.02115
<u>Building Clauses</u>			
Kei Mouth	0.00000	0.00260	0.00260
Morgan Bay	0.00000	0.00260	0.00260
3) <u>ELECTRICITY STATISTICS</u>	2007	2008	2009
Units bought/generated	-	10,997,685	7,207,548
Units sold	-	1,791,666	2,293,334
Units lost in distribution	-	-9,206,019	-4,914,215
% lost in distribution	-	-83.71%	-68.18%
Cost per units purchased	-	0.18	0.30
Income per units sold	-	1.34	1.20