

AM AHLATHI MUNICIPALITY

INDEX

1) GENERAL INFORMATION	1 - 3
2) FORWARD	4 - 4
3) TREASURER'S REPORT	5 - 8
4) ACCOUNTING POLICIES	9 - 11
5) BALANCE SHEET	12 - 12
6) INCOME STATEMENT	13 - 13
7) CASH FLOW STATEMENT	14 - 14
8) NOTES TO THE FINANCIAL STATEMENTS	15 - 23
9) APPENDICES	
<i>a) Accumulated Funds, Trust Funds, Reserves and Provisions</i>	24 - 25
<i>b) External Loans and Internal Advances</i>	26 - 26
<i>c) Analysis of Fixed Assets</i>	27 - 27
<i>d) Analysis of Operating income and Expenditure</i>	28 - 28
<i>e) Detailed Income Statement</i>	29 - 29
<i>f) Statistical Information</i>	30 - 30

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor :	TC Jonas	<i>Chair of the Executive Committee</i>
Councillor :	SL Ntshoza	<i>Chair of the Community Services Committee</i>
Councillor :	GB Zuma	<i>Chair of the Community Empowerment and Jc</i>
Councillor :	BC Mekuto	<i>Chair of the Finance Committee</i>
Councillor :	MM Dyani	<i>Chair of the Service Delivery Committee</i>
Councillor :	DT Manyika	<i>Chair of the Local Economic Development Co</i>
Councillor :	NP Qwenga	<i>Chair of the Human Resources and Administr</i>

GRADING OF THE LOCAL AUTHORITY

Grade 5

AUDITORS

EXTERNAL - Auditor-General

INTERNAL - Shared function provided by Amathole District Municipality

BANKERS

First National Bank - Stutterheim

REGISTERED OFFICE

*Maclean Street
Stutterheim*

*PO Box 2
Stutterheim
4930*

*Telephone : 043 - 6831100
Fax: 043 - 6831127*

MUNICIPAL MANAGER

FM Shoba

CHIEF FINANCIAL OFFICER

GP Hill

ob Creation Committee

ommittee

ation Committee

MEMBERS OF THE AMAHLATHI MUNICIPALITY

COUNCILLOR/ALDERMAN	Ward
Councillor : GB Zuma	1
Councillor : NE Zozi	2
Councillor : MG Gatya	3
Councillor : NV Mjandana	4
Councillor : LL Dinala	5
Councillor : LXC Nteto	6
Councillor : ZJ Yalezo	7
Councillor : A Hobo	8
Councillor : M Peter	9
Councillor : NR Magwaxaza	10
Councillor : N Jara	11
Councillor : M Skotana	12
Councillor : F Mdtunlwa	13
Councillor : SM Mtsitsi	14
Councillor : B Sobe	15
Councillor : A Mpambani	16
Councillor : E Rala	17
Councillor : B Siko	18
Councillor : MM Ngwendu	19
Councillor : N Mkosana	20
MAYOR : TC Jonas	*
SPEAKER : E Cossie	*
Councillor : DT Manyika	*
Councillor : NP Qwenga	*
Councillor : MM Dyani	*
Councillor : KA Mhambi	*
Councillor : TA Mawisa	*
Councillor : SL Ntshoza	*
Councillor : N Manqina	*
Councillor : TE Nonkewuse	*
Councillor : N Msoki	*
Councillor : MC Mambu	*
Councillor : SW Sorasi	*
Councillor : CV Tete	*
Councillor : SA Mbane	*
Councillor : T Ndungu	*
Councillor : PN Mahlali	*
Councillor : LE Matshikwe	*
Councillor : BC Mekuto	*
Councillor : Z Kweleta	*

** Councillors without wards (Party Rep.)*

MAYOR

Councillor : TC Jonas

FOREWORD

It is with greatest pleasure that I am afforded the opportunity to write this foreword on behalf of the Amahlathi Municipality. As a committed peoples' municipality we are proud to produce a well managed and calculated financial report of Amahlathi Municipality.

The vision that this municipality has set for itself is one of being a Developmental Local Government based on the principles of the People Oriented Public Administration which maximises the efficient use of resources. We are addressing the challenges facing us towards a better life for all our people by providing quality services for all.

The relationship between councilors and officials has been fundamental to sound, efficient and effective administration.

We use both internal and external resources to fund our projects. People based budgeting methods have been implemented to a level where we are able to say that the community has really been involved in determining the allocation of resources leaving the council with a responsibility of implementing and monitoring thereof.

I appreciate the work done by all those who are committed to the efficient and effective running of Amahlathi Municipality.

.....
TC Jonas
Mayor - Amahlathi Municipality

TREASURER'S REPORT

1) INTRODUCTION

Appropriate legislation was complied with in order to provide statements for the period ending 30 June 2009. To the best of my knowledge these financial statements fairly present the financial position of the Council as at the above mentioned date and the results of its operations for the year then ended.

Although expenditure was below budget this had no impact on service delivery targets set. The income exceeded the budget by R3 740 270. The resultant operating surplus of R9 170 692 and appropriation of (R4 511 083) have resulted in an accumulated surplus of R14 287 977. We were also, within budget, able to expend R17 132 904 on fixed assets.

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 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/ Budget %
Opening Surplus	12 004 939	9 628 368			
Operating Income for the Year	61 672 441	72 782 487	18.01%	69 042 217	5.42%
	73 677 380	82 410 855		69 042 217	
EXPENDITURE					
Operating Expenditure	56 634 418	63 611 795	12.32%	69 042 217	-7.87%
Sundry Transfers	7 414 594	4 511 083			
Closing Surplus	9 628 368	14 287 977	48.39%		
	73 677 380	82 410 855		69 042 217	

Operating income is higher than 2008 because of the increase in equitable share.

2.1) RATE AND GENERAL SERVICES

	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/ Budget %
Income	50 126 475	59 416 332	18.53%	55 280 608	7.48%
Expenditure	45 708 059	51 015 434	11.61%	55 723 576	-8.45%
<i>(Deficit) / Surplus</i>	4 418 416	8 400 898	90.13%	(442 968)	
Surplus (Deficit) as % of Total Income	8.81%	14.14%		-0.80%	

Actual income for 2009 is higher than 2008 due to the the increase in equitable share.

2.2) HOUSING SERVICES

	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/ Budget %
Income	56 514	31 882	-43.59%	61 830	-48.44%
Expenditure	584 947	630 703	7.82%	846 200	-25.47%
<i>(Deficit) / Surplus</i>	(528 433)	(598 821)	13.32%	(784 370)	
Surplus (Deficit) as % of Total Income	-935.05%	-1878.24%		-1268.59%	

Actual income for 2009 is lower than 2008 due to a decrease in housing installments.

2.3) TRADING SERVICES : ELECTRICITY

	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/ Budget %
Income	11 489 452	13 334 273	16.06%	12 977 739	2.75%
Expenditure	10 341 412	11 965 658	15.71%	12 472 441	-4.06%
<i>(Deficit) / Surplus</i>	1 148 040	1 368 615	19.21%	505 298	170.85%
Surplus (Deficit) as % of Total Income	9.99%	10.26%		3.89%	

The increase in income and expenditure is due to the increase in the cost of electricity purchases and sales.

3) CAPITAL EXPENDITURE AND FINANCING

<i>CAPITAL EXPENDITURE</i>	Actual 2008/2009		Budget 2008/2009	Actual 2007/2008
Rate and General Services	15 933 103		16 271 000	9 253 254
Electricity Service	1 199 801		1 600 060	2 495 410
	17 132 904		17 871 060	11 748 664
<i>FINANCING OF THE FIXED ASSETS</i>				
Revolving Fund	4 758 998		5 533 360	3 476 411
Contributions from Operating Income	58 225		259 931	125 517
Grants and Subsidies	12 315 681		12 337 700	8 146 736
External Loans				
	17 132 904		18 130 991	11 748 664

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

4) EXTERNAL LOANS, INVESTMENTS AND CASH

External Loans outstanding on 30 June 2009 amounted to R 860 873 as set out in appendix B. No new loans were taken up during the year. Loans totaling R 203 557 were repaid. Investments and cash on hand amounted to R 56 166 988 on 30 June 2009.

More information regarding loans and investments is disclosed in notes 4 and 7 and appendix B to the financial statements.

5) FUNDS AND RESERVES

The Revolving Fund has increased by R 5 154 007 to R 32 042 384. Advances amounting to R 4 758 998 have been granted to borrowing services while R 3 885 029 has been repaid. The total advances to borrowing services amounted to R 12 180 912 as at 30 June 2009.

More information regarding funds and reserves is disclosed in notes 1 to 3, 12 and appendix A to F of the financial statements.

6) POST BALANCE SHEET EVENTS

I am unaware of any material post balance sheet event that will affect the financial position of the municipality.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councilor's, the Municipal Manager and Heads of Departments for their support during the past year. A special word of thanks to the staff of the Budget and Treasury Office for their support and loyalty.

GP Hill (LIMFO)
TOWN TREASURER

DATE :.....

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 Finance Officers in its Code of Practice for Local Government Accounting (2nd edition 1996) and the Published Annual Financial Statements (2nd edition 1996).
- 1.2 The Financial Statements are prepared on the Historical Cost Basis, adjusted for fixed assets as more fully detailed in note 3.
The Accounting Policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The Financial Statements are prepared on the accrual basis :
 - Income is accrued when collectable and measurable. Certain direct income is recognised when received, such as Traffic Fines and certain Licenses.
 - Expenditure is accrued in the year it is incurred.

2) **CONSOLIDATION**

The Balance Sheet includes Rate and General Services, Housing Service, Trading Services and the different Funds, Reserves and Provisions. All inter departmental charges are set-off against each other, with the exception of Assessment Rates, Refuse Removal and Electricity, 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. Apart from Advances from the various Council Funds, assets may also be acquired through :

 - appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and therefore it is unnecessary to make any further provision for depreciation
 - grants and donations, where the amount representing the value of such grant or donation is immediately credited to the " Loans Redeemed and Other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed assets are credited to the Revolving Fund.
- 3.4 Capital Assets are financed from different sources, including external loans, 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 service concerned at the ruling interest rate applicable at the time the advance is made.

4) STOCK

Stock is reflected in the Balance Sheet at the weighted average cost.

5) FUNDS AND RESERVES

5.1 *Revolving Fund*

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.

5.2 *Dog Tax Fund*

The Dog Tax Ordinance No.19 of 1978 section 4(1) determines that all the dog tax received be credited to this account.

5.3 *Community Facilities Fund*

Contributions to this Fund are made in accordance with the policy of the Department of Housing and is utilized according to their instruction.

5.4 *RESERVES*

Reserve Funds are utilized for purposes unknown and which may occur in the future and contributions are made from the operating account.

5.5 *PROVISIONS*

Provisions are utilized for the specific purposes and contributions are made from the operating account.

5.6 TRUST FUNDS

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

6) RETIREMENT BENEFITS

The employees of the Amahlathi Municipality contribute to the Cape Joint Pension Fund, the South African Local Authorities Pension Fund, the Cape Joint Retirement Fund and the SAMWU Provident Fund.

Current contributions are charged against the operating account at the rate of a fixed percentage of the basic salary paid to employees.

7) SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of the Electricity Service is transferred to the Rate and General Services.

8) TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

Administration charges are allocated to each department.
Interdepartmental users are charged at actual cost and debited to each user department.

9) INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested per Circular No. C/46/1994 issued by the Provincial Administration, Community Services Branch.

10) INCOME RECOGNITION

10.1 Electricity Billing

All electricity meters are read and invoiced on a monthly basis. If a reading cannot be obtained an estimated reading, based on the average consumption is made.
Income is recognised on the date when invoicing is done.

10.2 Assessment Rates

Assessment Rates are levied at the same tariff for the land and improvements. Rebates are granted according to Council's Policy. Income is recognized when the annual and monthly levies are done.

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STATUTORY FUNDS, TRUST FUNDS, PROVISIONS AND RESERVES

	Balance at 2008-06-30	Contributions during the Year	Interest on Investments	Other Income	Expenditure during the Year	Balance at 2009-06-30
STATUTORY FUNDS						
Revolving Fund	26 888 377	440 456	5 218 026	148 171	652 646	32 042 384
Community Facilities	46 581		2 383			48 964
Dog Tax Fund	24 852				24 852	-
Kati-Kati Accumulated Funds	762 470					762 470
Total	27 722 280	440 456	5 220 409	148 171	677 498	32 853 818
RESERVES						
Repairs and Maintenance	234 328	10 000	12 264			256 592
Repairs and Maintenance (Electricity)	-					-
Repairs and Maintenance (Quarry)	164 543	10 000	8 693			183 236
Total	398 871	20 000	20 957	-	-	439 828
TRUST FUNDS						
Integrated Development Plan	(78 910)			74 097	112 220	(117 033)
Revolving Job Creation	124 597					124 597
Transitional Grant	423 872		21 211		11 200	433 883
Survey of Mlungisi	27 150		1 389			28 539
Zoning Scheme - Stutterheim	27 512		1 408			28 920
Survey of Kologha	130 094		6 656			136 750
Planning of Kologha	10 126		518			10 644
Land Survey - Ndakana	17 968		919			18 887
Town Planning - Ndakana	28 793		1 473			30 266
Management Support Programme	1 001 530		50 875		37 919	1 014 486
Sub-Division of Farms - Sandile	7 890		404			8 294
Performance Management System	46 502		1 158		47 660	-
Development Fund - Rural	8 148		417			8 565
Survey of Stanhope	94 034		4 811			98 845
Survey of Freshwater	8 146		417			8 563
Heckel Disaster Fund	15 692		337		13 765	2 264
Spatial Development Framework	140 638		3 889		60 000	84 527
Finance Management Programme	1 168 192		75 999	500 000	200 025	1 544 166
Staff Training	164 945		11 059	163 094	69 486	269 612
Survey/Plan Upper Zeleni	144 140		7 375			151 515
Drought Relief	78 830		3 955		2 313	80 472
Survey of Mxhalanga	132 796		6 794			139 590
Survey of Tembeni	220 799		10 442		68 050	163 191
Survey of Ndakana - Phase 2	44 483		2 276			46 759
Survey of Cwengcwe	200 830		10 275			211 105
Quizini Agricultural Project	243 774		11 140		31 906	223 008
Establish Ward Committees	32 451		1 660			34 111
Vuna Awards	211 988		6 195		136 483	81 700
Kologha Electrification	48 903			69 118	118 021	-
Vuna Awards Phase 2	254 069		12 999			267 068
Municipal Systems Improvement Grant	730 589		24 942	735 000	1 160 574	329 957
Keep Amathole Clean Award	100 000					100 000
Performance Enhancement	118 858		5 955		83 083	41 730
Essential Services	11 483		588			12 071
Sporting Facilities	18 688		956			19 644
Tourism	8 134		416			8 550
Crafters				36 000		36 000
Total	5 967 734	-	288 908	1 577 309	2 152 705	5 681 246

Appendix A

STATUTORY FUNDS, TRUST FUNDS, PROVISIONS AND RESERVES
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	Balance at 2008-06-30	Contributions during the Year	Interest on Investments	Other Income	Expenditure during the Year	Balance at 2009-06-30
PROVISIONS						
Provision for Bad Debts	23 718 012	1 289 269		38 316		25 045 597
Provision for Audit Fees	-	630 000			630 000	-
Provision for Accumulated Leave	2 048 863	161 858			199 827	2 010 894
Provision for Bonuses	1 275 601	621 887				1 897 488
Provision for Wastesite Rehabilitation		500 000				500 000
	27 042 476	3 203 014	-	38 316	829 827	29 453 979
						68 428 871

Appendix B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance 2008-06-30	Received during the Year	Redeemed, written off during the Year	Balance 2009-06-30
Local Authorities Loan Fund	1 064 430		203 557	860 873
	1 064 430	-	203 557	860 873

INTERNAL ADVANCES TO BORROWING SERVICES	Balance 2008-06-30	Received during the Year	Redeemed, written off during the Year	Balance 2009-06-30
Revolving Fund	11 306 943	4 758 998	3 885 029	12 180 912
	11 306 943	4 758 998	3 885 029	12 180 912

ANALYSIS OF FIXED ASSETS

Expended 2008	SERVICE	Budget 2009	Balance at 2008-06-30	Expended 2009	Written off, transferred, redeemed or disposed of during the Year	Balance at 2009-06-30
<i>R</i>		<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
9 253 254	RATE AND GENERAL SERVICES	16 271 000	80 680 993	15 933 103	-	96 614 096
4 563	Housing - Survey of sites		3 741 430			3 741 430
530 662	Public Health		1 111 235	2 894		1 114 129
62 869	Refuse Removal	100 000	3 129 094	85 599		3 214 693
149 220	Cemetery	208 358	1 069 950			1 069 950
5 301	Commonage	50 000	931 744	20 047		951 791
6 177 055	Housing		12 794			12 794
942 488	Public Works	12 384 936	29 438 494	14 603 444		44 041 938
19 819	Town Hall and Buildings	1 324 882	6 971 229	303 909		7 275 138
12 559	Town Treasurer	10 000	2 148 211	30 020		2 178 231
162 191	LED/SPU		490 450			490 450
1 990	Council's General	90 700	798 272	75 228		873 500
39 914	Library		229 285			229 285
732 121	Traffic	143 600	3 206 723	78 962		3 285 685
10 259	Parks and Gardens	313 000	3 586 787	90 200		3 676 987
	Fire		1 735 199	12 192		1 747 391
8 792	Environmental Health		87 018			87 018
8 053	Executive Services	48 000	307 893	29 705		337 598
365 061	Town Engineer - Administration		74 354			74 354
	Health and Social Services	1 272 524	559 842	398 436		958 278
	Human Resources		59 715			59 715
7 542	Administration	325 000	175 640	201 502		377 142
12 795	Project Management Unit		138 787	965		139 752
	Land		65 306			65 306
	Buildings		495 730			495 730
	General Improvements		293 461			293 461
	Streets and Drains		221 171			221 171
	Office Equipment		61 711			61 711
	Tools and Equipment		165 184			165 184
	Vehicles		224 396			224 396
	Library		82 620			82 620
	Swimming Bath		18 799			18 799
	Street Tarring Scheme		2 139			2 139
	Trout Hatchery		37 032			37 032
	Dalwe Upgrading		2 745 836			2 745 836
	Sewerage Works		-			-
	Property and Permanent Works		15 104 575			15 104 575
	Computers		5 219			5 219
	Services		1 153 668			1 153 668
-	HOUSING SERVICE	-	5 305 683	-	-	5 305 683
	Amatolaville 58 Houses & Survey		2 151 628			2 151 628
	Self Help 1 (40 Houses)		559 498			559 498
	Self Help 2 (40 Houses)		550 234			550 234
	Cumukala		1 678 971			1 678 971
	Housing Scheme (Cathcart)		1 197			1 197
	Self Help Scheme (Cathcart)		281 294			281 294
	Housing (Kei Road)		82 861			82 861
2 495 410	TRADING SERVICES	1 600 060	11 746 035	1 199 801	-	12 945 836
2 495 410	Electricity	1 600 060	11 746 035	1 199 801		12 945 836
	Water		-			-
	Plant and Stock		-			-
11 748 664	TOTAL FIXED ASSETS	17 871 060	97 732 711	17 132 904	-	114 865 615
	LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		85 361 340	16 452 282	-	101 813 622
	Loans Redeemed		41 094 701	4 078 376		45 173 077
	Contributions from Current Income		11 283 626	58 225		11 341 851
	Grants and Subsidies		32 983 013	12 315 681		45 298 694
	NET FIXED ASSETS		12 371 371	680 622	-	13 051 993
	Amount transferred to Long-Term Debtors		(491 570)	27 198		(464 372)
			11 879 801			12 587 621

Appendix D

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2009**

<i>Actual '2008</i> R		<i>Actual '2009</i> R	<i>Budget '2009</i> R
61 672 441	INCOME	72 782 487	69 042 217
34 600 652	- Government and Provincial Grants and Subsidies	43 585 422	43 632 724
5 872 748	- Income from Assessment Rates	5 369 390	5 302 414
21 199 041	- Income from Tariffs, Services Charges etc.	23 827 675	20 107 079
59 353 642	GROSS EXPENDITURE	66 603 531	72 033 954
30 715 366	- Salaries, Wages and Allowances	33 394 416	36 748 082
19 164 332	- General Expenses	22 536 884	24 347 415
3 391 151	- Repairs and Maintenance	2 904 879	3 266 630
4 472 976	- Capital Charges	4 652 397	4 869 468
147 861	- Contribution to Fixed Assets	73 372	259 931
1 461 956	- Contributions	3 041 583	2 542 428
2 719 224	- LESS : Amounts charged out	2 991 736	2 991 737
56 634 418	NET EXPENDITURE	63 611 795	69 042 217

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2007/2008 Actual Income <i>R</i>	2007/2008 Actual Expenditure <i>R</i>	2007/2008 Actual Surplus/ (Deficit) <i>R</i>		2008/2009 Actual Income <i>R</i>	2008/2009 Actual Expenditure <i>R</i>	2008/2009 Actual Surplus/ (Deficit) <i>R</i>	2008/2009 Budgeted Surplus/ (Deficit) <i>R</i>
50 126 475	45 708 059	4 418 416	RATE AND GENERAL SERVICES	59 416 332	51 015 434	8 400 898	367 520
46 135 315	38 380 949	7 754 366	Community Services	54 678 327	43 385 870	11 292 457	4 075 529
5 872 748	5 872 748	5 872 748	Assessment Rates	5 369 390	5 369 390	5 369 390	5 199 755
1 976 361	2 279 023	(302 662)	Health Services	1 988 613	2 688 328	(699 715)	-
83 541	88 515	(4 974)	Cemetery	95 809	78 383	17 426	(63 444)
1 221 992	8 610 476	(7 388 484)	Public Works	576 651	9 166 332	(8 589 681)	(7 645 877)
72 059	707 646	(635 587)	Town Hall and Mun. Buildings	72 511	835 903	(763 392)	(634 849)
112 389	2 127 976	(2 015 587)	Town Treasurer	50 642	2 144 218	(2 093 576)	(2 370 334)
34 485 687	13 810 258	20 675 429	Council General	44 174 339	16 405 042	27 769 297	19 088 760
1 880 188	2 309 645	(429 457)	Traffic Services	1 702 072	2 406 291	(704 219)	(884 606)
	1 326 502	(1 326 502)	Management Services		1 606 135	(1 606 135)	(1 434 274)
	953 186	(953 186)	Town Engineer - Administration		1 520 810	(1 520 810)	(994 772)
	1 170 754	(1 170 754)	Health and Social Services		1 642 386	(1 642 386)	(1 312 199)
	1 024 551	(1 024 551)	Human Resources		694 582	(694 582)	(1 054 093)
	1 628 332	(1 628 332)	Administration		2 342 290	(2 342 290)	(1 630 807)
	114 679	(114 679)	Protection Services - Administration			-	(119 341)
	1 541 535	(1 541 535)	LED/SPU		972 052	(972 052)	(1 728 394)
430 350	687 871	(257 521)	Project Management Unit	648 300	687 152	(38 852)	(339 996)
			Internal Audit		195 966	(195 966)	
			Information Systems				
270 317	3 950 476	(3 680 159)	Subsidised Services	453 938	4 134 743	(3 680 805)	(4 010 942)
2 166	418 117	(415 951)	Fire Services		456 542	(456 542)	(529 277)
11 762	1 412 292	(1 400 530)	Library	32 333	1 462 303	(1 429 970)	(1 397 155)
2 020	1 447 128	(1 445 108)	Parks and Gardens	715	1 486 210	(1 485 495)	(1 519 492)
254 369	643 291	(388 922)	Commonage	420 890	708 235	(287 345)	(533 662)
	29 648	(29 648)	Museum		21 453	(21 453)	(31 356)
3 720 843	3 376 634	344 209	Economic Services	4 284 067	3 494 821	789 246	302 933
3 720 843	3 376 634	344 209	Refuse	4 284 067	3 494 821	789 246	302 933
		-				-	-
56 514	584 947	(528 433)	HOUSING SERVICE	31 882	630 703	(598 821)	(561 190)
56 514	584 947	(528 433)	Housing	31 882	630 703	(598 821)	(561 190)
		-				-	-
11 489 452	10 341 412	1 148 040	TRADING SERVICES	13 334 273	11 965 658	1 368 615	193 670
11 489 452	10 341 412	1 148 040	Electricity	13 334 273	11 965 658	1 368 615	193 670
		-				-	-
61 672 441	56 634 418	5 038 023	TOTAL	72 782 487	63 611 795	9 170 692	-
		(7 414 594)	Appropriation for this Year			(4 511 083)	
		(2 376 571)	Net Surplus/(deficit) for the Year			4 659 609	
		12 004 939	Accumulated Surplus/(Deficit) beginning of the year			9 628 368	
		9 628 368	ACCUMULATED SURPLUS/ (DEFICIT) END OF THE YEAR			14 287 977	

STATISTICAL INFORMATION

1) GENERAL STATISTICS	2008/2009	2007/2008
<i>Population</i>	142 525	142 525
<i>Registered Voters</i>	76 000	76 000
<i>Area Ha</i>	25 532	25 532
<i>Valuation of Rateable Property (R million)</i>	510	488
<i>Valuation of Non Rateable Property (R million)</i>	70	73
<i>Valuation Date</i>	2 004	2 004
<i>Assessment Rates - Basic per Rand</i>	2.10	1.98
<i>Rebate - Residential</i>	Various	Various
<i>Rebate - Pensioners</i>	Various	Various
<i>Number of employees of the Local Authority</i>	186	235
 2) CLEANSING		
 <i>Km Travelled</i>	35 052	27 700
<i>Refuse Removed (Cubic metre)</i>	51 250	49 110
<i>Cost per Cubic metre removed</i>	68.19	68.76
<i>Income per Cubic metre removed</i>	83.59	75.77
 3) ELECTRICITY		
 <i>Units (Kwh) purchased ('000)</i>	23 637	23 507
<i>Cost per unit bought</i>	0.33	0.24
<i>Units (Kwh) sold ('000)</i>	20 090	18 619
<i>Units (Kwh) lost in distribution</i>	3 547	4 888
<i>Units (Kwh) lost in distribution as a percentage</i>	15%	21%
<i>Cost per unit sold</i>	0.60	0.59
<i>Income per unit sold</i>	0.66	0.62

BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2008/2009 R	2007/2008 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		33 293 646	28 121 151
Accumulated Funds	1	32 853 818	27 722 280
Reserves	3	439 828	398 871
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	20	14 287 977	9 628 368
		47 581 623	37 749 519
TRUST FUNDS	2	5 681 246	5 967 734
LONG-TERM LIABILITIES	4	644 047	879 762
CONSUMER DEPOSITS : SERVICES	5	343 844	334 308
		<u>54 250 760</u>	<u>44 931 323</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	12 587 621	11 879 801
LONG-TERM INVESTMENTS	7	-	313 834
LONG-TERM DEBTORS	9	744 732	1 702 578
		13 332 353	13 896 213
NET CURRENT ASSETS/LIABILITIES		40 918 407	31 035 110
CURRENT ASSETS			
		63 442 391	48 007 734
Stock	10	158 121	212 235
Debtors	11	7 113 646	7 998 671
Cash		5 016	4 816
Bank	8	5 050 718	4 570 566
Short-term Investments	7	51 111 254	35 217 790
Short-term portion of Long-term Debtors	9	3 636	3 656
CURRENT LIABILITIES			
		22 523 984	16 972 624
Provisions	12	4 408 382	3 324 464
Creditors	13	17 898 776	13 463 492
Short-term portion of Long-term Liabilities	4	216 826	184 668
		<u>54 250 760</u>	<u>44 931 323</u>

.....
FM SHOBA
MUNICIPAL MANAGER

DATE :

.....
CERTIFIED AS CORRECT
GP HILL
CHIEF FINANCIAL OFFICER

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

2007/2008 Actual Income R	2007/2008 Actual Expenditure R	2007/2008 Actual Surplus/ (Deficit) R		2008/2009 Actual Income R	2008/2009 Actual Expenditure R	2008/2009 Actual Surplus/ (Deficit) R	2008/2009 Budgeted Surplus/ (Deficit) R
50 126 475	45 708 059	4 418 416	RATE AND GENERAL SERVICES	59 416 332	51 015 434	8 400 898	367 520
46 135 315	38 380 949	7 754 366	<i>Community Services</i>	54 678 327	43 385 870	11 292 457	4 075 529
270 317	3 950 476	(3 680 159)	<i>Subsidised Services</i>	453 938	4 134 743	(3 680 805)	(4 010 942)
3 720 843	3 376 634	344 209	<i>Economic Services</i>	4 284 067	3 494 821	789 246	302 933
56 514	584 947	(528 433)	HOUSING SERVICE	31 882	630 703	(598 821)	(561 190)
11 489 452	10 341 412	1 148 040	TRADING SERVICES	13 334 273	11 965 658	1 368 615	193 670
61 672 441	56 634 418	5 038 023	TOTAL	72 782 487	63 611 795	9 170 692	-
		(7 414 594)	Appropriation for this Year (Refer working papers)			(4 511 083)	
		(2 376 571)	Net Surplus/(deficit) for the Year			4 659 609	
		12 004 939	Accumulated Surplus/(Deficit) beginning of the year			9 628 368	
		9 628 368	ACCUMULATED SURPLUS/ (DEFICIT) END OF THE YEAR			14 287 977	

**CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2009**

	Note/	2009 R	2008 R
CASH RETAINED FROM OPERATING ACTIVITIES		33 423 640	22 479 005
Cash generated by operations	21	9 685 918	(2 496 625)
Investment income	22	4 803 743	3 743 694
(Increase)/decrease in working capital	23	5 014 240	4 941 513
		19 503 901	6 188 582
<u>Less</u> : External Interest Paid		(159 737)	(188 114)
		19 344 164	6 000 468
Cash contributions from the public and the state		14 079 476	16 478 537
Net proceeds on disposal of fixed assets		-	-
CASH UTILISED IN INVESTING ACTIVITIES		(17 160 102)	(11 769 154)
Investments in Fixed assets		(17 160 102)	(11 769 154)
NET CASH FLOW		16 263 538	10 709 851
Cash effects of financing activities			
(Decrease)/increase in long-term borrowings	24	(203 557)	(175 181)
Decrease/(increase) in cash on hand	25	(480 352)	(1 923 857)
Decrease/(increase) in cash investments	26	(15 579 630)	(8 610 813)
		(16 263 539)	(10 709 851)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

1) Accumulated Funds

Revolving Fund
Dog Tax Fund
Community Facilities
Kati-Kati Accumulated Funds

AMOUNT TO THE BALANCE SHEET

2008/2009	2007/2008
32 042 384	26 888 377
-	24 852
48 964	46 581
762 470	762 470
32 853 818	27 722 280

(Refer to appendix A for more detail on Accumulated Funds)

2) Trust Funds

Integrated Development Plan
 Transitional Grant
 Survey of Mlungisi
 Zoning Scheme - Stutterheim
 Survey of Kologha
 Planning of Kologha
 Land Survey - Ndakana
 Town Planning - Ndakana
 Management Support Programme
 Sub-Division of Farms - Sandile
 Performance Management System
 Development Fund - Rural
 Survey of Stanhope
 Survey of Freshwater
 Revolving Job Creation
 Heckel Disaster Fund
 Spatial Development Framework
 Finance Mangement Programme
 Staff Training
 Survey/Plan Upper Zeleni
 Drought Relief
 Survey of Mxhalanga
 Survey of Tembeni
 Survey of Ndakana - Phase 2
 Survey of Cwengcwe
 Quizini Agricultural project
 Establish Ward Committes
 Vuna Awards
 Kologha Electification
 Vuna Awards Phase 2
 Municipal Systems Improvement Grant
 Keep Amathole Clean Award
 Performance Enhancement
 Essential Services
 Sporting Facilities
 Tourism
 Crafters

AMOUNT TO THE BALANCE SHEET

(117 033)	(78 910)
433 883	423 872
28 539	27 150
28 920	27 512
136 750	130 094
10 644	10 126
18 887	17 968
30 266	28 793
1 014 486	1 001 530
8 294	7 890
-	46 502
8 565	8 148
98 845	94 034
8 563	8 146
124 597	124 597
2 264	15 692
84 527	140 638
1 544 166	1 168 192
269 612	164 945
151 515	144 140
80 472	78 830
139 590	132 796
163 191	220 799
46 759	44 483
211 105	200 830
223 008	243 774
34 111	32 451
81 700	211 988
-	48 903
267 068	254 069
329 957	730 589
100 000	100 000
41 730	118 858
12 071	11 483
19 644	18 688
8 550	8 134
36 000	
5 681 246	5 967 734

(Refer to appendix A for more detail on Trust Funds)

3) Reserves

Repairs and Maintenance (General)
Repairs and Maintenance (Quarry)

AMOUNT TO THE BALANCE SHEET

256 592	234 328
183 236	164 543
439 828	398 871

(Refer to appendix A for more detail on Reserves)

2008/2009 2007/2008

Long Term Investments

RMB	1746635	<i>AMOUNT TO THE BALANCE SHEET</i>	-	313 834
Managements Valuations of Unlisted investments			51 111 254	35 531 624
Average Rate of Return on Investments			10.50%	9%

Funds are invested according to Circular No C/46/1994 issued by the Provincial Administration Community Services Branch with approved Banking Institutions.
The Investment held at Rand Merchant Bank was pledged as security for a loan.

No investments have been written off during the year.

8) Bank Accounts

Current Account (Primary Bank Account) First National Bank Account no 53813535227	267 288	249 178
Current Account - Bank statement balance First National Bank Account No 62116156987	838 631	3 124 550
Call Account - Bank statement balance First National Bank Account No 62135193770	4 268 133	2 538 891
Cashbook Balance	5 050 718	4 570 566

9) Long Term Debtors

Loans to :		
Sporting Bodies, etc	3 636	3 636
Housing Loans	464 372	491 570
Survey Fees	(7 980)	7 728
Land Cost	288 340	288 340
Amathole District Municipality		914 960
	748 368	1 706 234
Less : Short-term portion transferred to Current Assets	3 636	3 656
Loans to Sporting Bodies, etc.	3 636	3 656
Vehicle Loans	-	-
Computer Loans	-	-
	744 732	1 702 578

AMOUNT TO THE BALANCE SHEET

Housing loans were granted to beneficiaries of housing schemes and bear interest between 2% and 11.25% per annum and are repayable over a period of 30 years.

Survey Fees and Land Cost will be recovered from purchases of developed municipal land on sale of the land.

Internal and external loans in respect of water and sanitation services are payable by Amathole District Municipality with effect from 1 July 2007. These loans bear interest at 4% in respect of internal loans and between 10,05% and 16,033% in respect of external loans. Amathole District Municipality repaid these loans in full during the year.

2008/2009 2007/2008

10) Stock*Stock represents consumable stores, raw materials and finished goods.*

Water
Electricity
Rate and General

Stock to the value of R11 778 was written off during the year.

5 937	5 937
122 807	127 382
29 377	78 916
158 121	212 235

11) Debtors*Current Debtors**Less : Provision for bad debts*

No debts were written off as bad during the year.

The ageing of debtors is as follows:

Current
30 Days
60 Days
+ 90 Days

32 159 243	31 716 683
32 159 243	31 716 683
(25 045 597)	(23 718 012)
7 113 646	7 998 671

2 323 637	7 188 759
872 524	1 148 573
738 841	388 380
28 224 241	22 990 971
32 159 243	31 716 683

12) Provisions

Audit Fees
Leave Gratuity
Bonuses
Wastesite Rehabilitation

-	-
2 010 894	2 048 863
1 897 488	1 275 601
500 000	
4 408 382	3 324 464

13) Creditors

Trade Creditors
Municipal Infrastructure Grant
Housing Projects
Deposits - Other
Consumer Debtors paid in Advance

AMOUNT TO THE BALANCE SHEET

5 061 715	3 978 572
9 023 615	5 588 023
3 240 993	3 197 907
47 467	141 128
524 986	557 862
17 898 776	13 463 492

Government grants in respect of Municipal Infrastructure Grant and Housing Projects are received in advance and are held in suspense as unspent government grants until they are expended.

14) Assessment Rates

Assessment Rates

Valuations as at 30 June 2009
580 080 790

Actual Income	Actual Income
2 009	2 008
5 369 390	5 872 748

The Valuation Roll does not differentiate between categories of properties. Valuations on land and improvements are performed every four years and the last general valuation came into effect in 2004. The basic rate was 2,10c per Rand on Land and Improvements. Rebates are applied according to Councils policy. Rebates amounting to R1 422 167 were granted during 2008/2009.

15) *Employee Related Costs*

Salaries and Wages	17 248 322	15 873 761
Car Allowance	994 839	984 699
Bonus	2 004 193	1 687 725
Overtime	265 909	242 145
Housing Subsidy/Allowance	36 551	36 876
Any other type of benefit or allowance	210 631	308 671
Contributions to Medical and Pension Funds	4 546 669	4 186 312
	25 307 114	23 320 189

No amount was outstanding at the end of the year in respect of pension and medical aid contributions.

Remuneration of the Municipal Manager

Annual Remuneration	453 828	388 484
Car Allowance	181 846	160 407
Performance Bonuses		59 300
Cell Phone Allowance	12 000	12 000
Contributions to Medical and Pension Funds	89 135	80 727
Total Employee Related Costs	736 809	700 918

Remuneration of the Administration Manager

Annual Remuneration	430 961	354 548
Car Allowance	102 720	91 922
Performance Bonuses		72 247
Leave Pay		115 802
Long Service Bonus	50 425	
Cell Phone Allowance	7 600	6 000
Contributions to Medical and Pension Funds	104 445	90 218
Total Employee Related Costs	696 151	730 737

Remuneration of the Social Services Manager

Annual Remuneration		253 440
Car Allowance		67 412
Performance Bonuses		69 285
Leave Pay		20 372
Severance Pay		139 254
Cell Phone Allowance		4 500
Contributions to Medical and Pension Funds		52 063
Total Employee Related Costs	-	606 326

The contract of the Social Services Manager was terminated on 30 April 2008.

Remuneration of the Electrical Services Manager

Annual Remuneration		330 690
Standby		21 979
Car Allowance		91 494
Performance Bonuses		47 341
Cell Phone Allowance		6 000
Contributions to Medical and Pension Funds		95 826
Total Employee Related Costs	-	593 330

The Section 57 contract of the Electrical Services Manager was terminated on 1 April 2008

2008/2009 2007/2008

Remuneration of the Protection Services Manager

Annual Remuneration		
Car Allowance		
Performance Bonuses		30 439
Cell Phone Allowance		
Contributions to Medical and Pension Funds		
Total Employee Related Costs	-	30 439

The Protection Services Manager left the employ of the municipality on 31 March 2007.

Remuneration of the Chief Financial Officer

Annual Remuneration	487 542	389 521
Car Allowance	108 944	101 816
Performance Bonuses		104 386
Long Service Bonus		14 285
Leave Pay		101 627
Cell Phone Allowance	7 600	6 000
Contributions to Medical and Pension Funds	105 470	88 603
Total Employee Related Costs	709 556	806 238

Remuneration of the Engineering Services Manager

Annual Remuneration	451 871	373 008
Car Allowance	110 668	103 428
Performance Bonuses		52 193
Leave Pay		31 538
Cell Phone Allowance	7 600	6 000
Contributions to Medical and Pension Funds	108 441	94 389
Total Employee Related Costs	678 580	660 556

Remuneration of the Human Resources Manager

Annual Remuneration		337 920
Car Allowance		89 882
Performance Bonuses		48 165
Cell Phone Allowance		6 000
Contributions to Medical and Pension Funds		75 240
Total Employee Related Costs	-	557 207

The Section 57 contract of the Human Resources Manager was terminated on 1 April 2008

Remuneration of the Strategic Manager

Annual Remuneration	434 659	329 243
Car Allowance	96 174	92 382
Performance Bonuses		22 840
Leave Pay		34 276
Cell Phone Allowance	7 600	6 000
Contributions to Medical and Pension Funds	107 757	88 134
Total Employee Related Costs	646 190	572 875

Performance Bonuses payable during 2008/09 were not paid and have been included in the Provision for Bonuses.

16) Councillor's Remuneration

Mayor's Allowance	471 048	425 472
Speaker's Allowance	381 313	344 874
Councillor's Allowance	6 314 229	5 799 284
Contributions to Medical and Pension Funds	920 712	825 547
	8 087 302	7 395 177

Councillors Salaries, Allowances and benefits are within the prescribed upper limits.

2008/2009 2007/2008

17) Arrear Rates and Services Owed by Councillors

-	-
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Arrear Rates and Services charges owed by Councillors and which were outstanding for more than 90 days.

18) Auditor's Remuneration

Audit Fees

748 019	592 336
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No amount was outstanding at the end of the year in respect of audit fees.

19) Finance Transactions

Total external interest earned or paid :

*Interest earned**Interest paid*

4 803 743	3 743 694
159 737	188 114
4 963 480	3 931 808

Capital Charges debited to operating account :

*Interest :**External**Internal**Redemption :**External**Internal*

574 020	612 702
159 737	188 114
414 283	424 588
4 078 376	3 860 275
203 557	175 181
3 874 819	3 685 094
4 652 396	4 472 977

20) Appropriations*Appropriation account :**Accumulated surplus at the beginning of the year**Operating surplus for the year**Appropriations for the year*

9 628 368	12 004 939
9 170 692	5 038 023
(4 511 083)	(7 414 594)
14 287 977	9 628 368

*Operating account**Capital Expenditure*

73 372	147 861
--------	---------

Contributions to :

Revolving fund

Repairs and Maintenance

Provision for Bad Debts

Provision for audit Fees

Leave Gratuity

Provision for Wastesite Rehabilitation

440 456	392 837
20 000	20 000
1 289 269	396 000
630 000	570 000
161 858	83 119
500 000	
3 041 583	1 461 956

Appropriations include the following:

Provision for Bad Debts

Provision for Bonuses

Provision for Accumulated Leave

Pension Benefits on Severance

Severance Settlement Payment

Correction of prior year vat accruals

Other prior year adjustments

4 338 920
1 275 601
393 768
926 361
195 005
4 131 023
187 055
479 944
4 513 083

21) Cash generated by operations*(Deficit)/Surplus for the year**Adjustments for :*

Previous year's operating transactions

Appropriations charged against income :

- *Revolving Fund*
- *Provisions and Reserves*
- *Interest on Temporary Advances*
- *Capital Outlay*

Capital Charges

* *Interest paid*

- To internal funds
- On external Loans

* *Redemption*

- On internal advance
- On external Loans

Expenditure charged against Provisions and Reserves

Surplus on Dog Tax account

AMOUNT TO CASHFLOW STATEMENT

9 170 692	5 038 023
(4 511 083)	(7 414 594)
3 721 695	1 587 473
440 456	382 837
3 223 014	1 069 119
58 225	125 517
4 964 644	4 762 998
886 268	902 723
726 531	714 609
159 737	188 114
4 078 376	3 860 275
3 874 819	3 685 094
203 557	175 181
(3 635 178)	(6 471 735)
(24 852)	1 210
9 685 918	(2 496 625)

22) Investment income :

- *Interest received on external investments*
- *Interest on loans to sporting bodies, etc*
- *Interest received on car loans*

AMOUNT TO CASHFLOW STATEMENT

4 803 743	3 742 041
-	-
-	1 653
4 803 743	3 743 694

23) (Increase)/Decrease in working capital*Increase/(Decrease) in Stores**Increase/(Decrease) in Debtors**(Increase)/Decrease in Creditors**(Increase)/Decrease in Deposits*

AMOUNT TO CASHFLOW STATEMENT

(54 114)	11 082
(515 306)	2 134 791
(4 435 284)	(7 077 850)
(9 536)	(9 536)
(5 014 240)	(4 941 513)

24) (Decrease)/Increase in Long term loans (external)

- *Loans raised*
- *Loans repaid*

AMOUNT TO CASHFLOW STATEMENT

-	-
(203 557)	(175 181)
(203 557)	(175 181)

25) Decrease/(Increase) in cash on hand

- *Cash Balance: beginning of the year*
- *Less: Cash Balance: end of the year*

AMOUNT TO CASHFLOW STATEMENT

4 575 382	2 651 525
5 055 734	4 575 382
(480 352)	(1 923 857)

	2008/2009	2007/2008
26) Decrease/(increase) in cash investments comprises :		
- Investments realised	(15 579 630)	(8 610 813)
AMOUNT TO CASHFLOW STATEMENT	(15 579 630)	(8 610 813)
27) Contingent Liabilities and Contractual Obligations	249 000	
Litigation against Amahlathi Municipality is in progress. The contingent liability includes possible legal expenses.		
28) Capital Commitments		
Commitments in respect of capital expenditure		
Approved and contracted for	10 814 368	6 462 061
Approved but not yet contracted for	11 446 032	11 408 999
	22 260 400	17 871 060
29) Revolving Fund		
Outstanding Advances to Borrowing Services		
Accumulated funds	32 042 384	30 969 136
Less:	19 861 472	15 581 434
Temporary Advances	(31 533 778)	(21 164 854)
Debtors	283 996	1 214 664
External Investments	51 111 254	35 531 624
(refer to appendix A and B for more detail)	12 180 912	15 387 702
30) Taxes, Levies and Duties		
There were no payments in respect of taxes levies and duties for the financial year and no amount was outstanding at the end of the year.		
31) Allocations Received from National or Provincial Government		
Equitable Share	41 940 599	32 635 691
Finance Management Grant	500 000	500 000
Municipal Systems Improvement Grant	735 000	734 000
Municipal Infrastructure Grant	15 900 136	10 922 877
Total Allocations Received	59 075 735	44 792 568
The Finance Management Grant was utilised towards a Financial Management Reform Programme under the guidelines of National Treasury.		
The Municipal Systems Improvement Grant is allocated towards the compilation of a General Valuation Roll.		
The Municipal Infrastructure Grant is utilised for capital projects particularly servicing the poorer section of the community.		
Details of amounts spent are included in Appendix A and Appendix C.		
The municipality has complied with the conditions of allocations received and no funds destined for the municipality in terms of the Division of Revenue Act were delayed or withheld.		
No allocations have been made to a municipal entity, another municipality or any other organ of state.		