



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2009

SENQU MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 17
Notes on the Financial Statements	18 - 34
APPENDIXES	
A Analysis of Property, Plant and Equipment	35
B (1) Segmental Analysis of Property, Plant and Equipment (Municipal Votes)	36
B (2) Segmental Analysis of Property, Plant and Equipment (GFS)	37
C (1) Segmental Statement of Financial Performance (Municipal Votes)	38
C (2) Segmental Statement of Financial Performance (GFS)	39
D (1) Actual Versus Budget (Revenue and Expenditure)(Municipal Votes)	40
D (2) Actual Versus Budget (Revenue and Expenditure) (GFS)	41
D (3) Actual Versus Budget (Acquisition of Property, Plant and Equipment)(Votes)	42
D (4) Actual Versus Budget (Acquisition of Property, Plant and Equipment)(GFS)	43
E Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	44

SENQU MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Municipality includes the following areas:

Lady Grey
Barkly East
Sterkspruit
Rhodes
Herschel
Rossouw

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor	Mr Z I Dumzela
Chairperson: Housing & Estate Services	Mr M M Mafiliika
Chairperson: Corporate & Support Services	Mr V V Mbulawa
Chairperson: Budget & Treasury Services	Ms N Kuse
Chairperson: Community & Social Services	Ms G N Mbonzana
Chairperson: Technical & Engineering Services	Ms P August

MUNICIPAL MANAGER

M M Yawa

CHIEF FINANCIAL OFFICER

C R Venter

REGISTERED OFFICE

P.O. Box 18
Lady Grey
9755

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Douglas & Botha

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

SENQU MUNICIPALITY

MEMBERS OF THE SENQU MUNICIPALITY

WARD	COUNCILLOR
1	Ms E N Mbobo
2	Ms N Nombula
3	Ms N C Mraji
4	Ms N M Kwinana
5	Mr J Lamani
6	Mr S S Ndzongana
7	Ms N A Mkhontwana
8	Mr M G Moeletsi
9	Ms A Kwinana
10	Ms G N Parkies
11	Mr V V Mbulawa
12	Mr M P Bingwa
13	Ms L M Tokwe
14	Mr L Boo
15	Mr M G Ncise
16	Mr M Mafilika
Proportional	Mr Z I Dumzela
Proportional	Ms M C E Stanley
Proportional	Ms G Mvuyiswa
Proportional	Mr M W Mpelwane
Proportional	Mr J Konstabel
Proportional	Ms I Elia
Proportional	Mr X M Ganamfana
Proportional	Ms G Mbonyana
Proportional	Ms P August
Proportional	Ms A H Sobhuza
Proportional	Ms N Kuse
Proportional	Ms Juju
Proportional	Ms M N Ngendane
Proportional	Ms N G Beje
Proportional	Mr A Mateisi
Proportional	Mr S S Tindleni

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 40 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

M M Yawa
Municipal Manager

Date

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net Assets		175 744 715	151 992 400
Capital Replacement Reserve	2	45 850 902	50 000 000
Accumulated Surplus		129 893 813	101 992 400
Non-Current Liabilities			
Non-Current Employee Benefits	3	7 132 244	6 188 664
Current Liabilities			
		21 642 790	15 033 316
Consumer Deposits	4	379 158	369 858
Current Employee Benefits	5	3 859 404	1 645 196
Trade and other payables	6	645 639	719 109
Unspent Conditional Government Grants and Receipts	7	16 748 700	12 290 962
Operating Lease Liability	17.01	9 889	8 190
Total Net Assets and Liabilities		204 519 749	173 214 380
ASSETS			
		123 832 560	104 632 502
Non-Current Assets			
Property, Plant and Equipment	9	121 577 613	104 404 317
Non-Current Assets Held for Sale	10	1 844 498	-
Investment Property	11	-	-
Intangible Assets	12	380 081	182 596
Long-Term Receivables	13	30 367	45 588
Current Assets			
		80 687 190	68 581 878
Inventory	14	-	-
Trade Receivables from exchange transactions	15	8 311 436	4 364 697
Other Receivables from non-exchange transactions	16	454 671	152 120
Unpaid Conditional Government Grants and Receipts	7	202 700	-
Operating Lease Asset	17.02	42 378	36 610
Taxes	8	2 553 974	701 565
Current Portion of Long-term Receivables	13	15 221	13 716
Cash and Cash Equivalents	18	69 106 810	63 313 170
Total Assets		204 519 749	173 214 380

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
REVENUE			
Revenue from Non-exchange Transactions		69 360 631	46 343 188
Taxation Revenue			
Property taxes	19	3 146 669	1 897 450
Transfer Revenue		65 904 756	44 143 684
Government Grants and Subsidies	20	65 904 756	43 993 684
Public Contributions and Donations	21	-	150 000
Other Revenue		309 206	302 055
Fines		86 448	239 890
Third party payments		-	62 165
Actuarial Gains	3	222 758	-
Revenue from Exchange Transactions		18 081 721	14 235 887
Service Charges	22	6 595 493	6 067 706
Rental of Facilities and Equipment		301 361	280 274
Interest Earned - external investments		7 732 615	5 110 979
Interest Earned - outstanding debtors		555 897	740 997
Licences and Permits		1 614 250	1 155 643
Income for Agency Services		389 897	321 686
Other Income	23	892 208	558 602
Total Revenue		87 442 353	60 579 076
EXPENDITURE			
Employee related costs	24	19 726 900	15 849 797
Remuneration of Councillors	25	6 238 713	5 886 387
Debt Impairment	26	2 308 504	995 135
Impairments	27	7 999	-
Repairs and Maintenance		1 818 923	1 347 399
Actuarial losses	3	-	370 964
Bulk Purchases	28	7 362 124	5 522 173
Grants and Subsidies Paid	29	560 337	999 155
Other Operating Grant Expenditure		14 397 383	4 747 462
General Expenses	30	11 269 154	7 660 040
Total Expenditure		63 690 038	43 378 511
Operating Surplus for the Year		23 752 315	17 200 565
Loss on disposal of Property, Plant and Equipment		-	(415 913)
NET SURPLUS/(DEFICIT) FOR THE YEAR		23 752 315	16 784 651

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

SENQU MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Pre-GAMAP Reserves and Funds	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2006	8 332 806	-	35 406 733	43 739 539
Change in accounting policy - Note 31.07	(8 332 806)	30 000 000	68 609 508	90 276 702
Balance at 30 JUNE 2007	-	30 000 000	104 016 241	134 016 241
Correction of error - Note 32.05	-	-	1 191 508	1 191 508
Balance at 1 JULY 2007	-	30 000 000	105 207 749	135 207 749
Net Surplus for the year	-	-	16 784 651	16 784 651
Transfer to/from CRR	-	20 000 000	(20 000 000)	-
Balance at 30 JUNE 2008	-	50 000 000	101 992 400	151 992 400
Net Surplus/(Deficit) for the year	-	-	23 752 315	23 752 315
Transfer to/from CRR	-	(4 149 098)	4 149 098	-
Balance at 30 JUNE 2009	-	45 850 902	129 893 813	175 744 715

SENQU MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		70 868 310	57 020 858
Cash paid to suppliers and employees		(53 607 023)	(43 341 393)
Cash generated by operations	33	17 261 287	13 679 465
Interest Received		7 732 615	5 110 979
Net Cash from Operating Activities		24 993 902	18 790 444
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(19 025 793)	(9 720 469)
Increase in Intangible Assets		(197 485)	(11 964)
Decrease in Long-term Receivables		13 717	30 443
Net Cash from Investing Activities		(19 209 562)	(9 701 990)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in Consumer Deposits		9 300	55 130
Net Cash from Financing Activities		9 300	55 130
NET INCREASE IN CASH AND CASH EQUIVALENTS		5 793 640	9 143 584
Cash and Cash Equivalents at the beginning of the year		63 313 170	54 169 586
Cash and Cash Equivalents at the end of the year	34	69 106 810	63 313 170
NET INCREASE IN CASH AND CASH EQUIVALENTS		5 793 640	9 143 584

SENQU MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
2		
NET ASSET RESERVES		
RESERVES		
Capital Replacement Reserve	45 850 902	50 000 000
Total Net Asset Reserve and Liabilities	45 850 902	50 000 000
3		
NON-CURRENT EMPLOYEE BENEFITS		
Post Retirement Benefits	6 639 044	5 646 821
Long Service Awards	493 200	541 843
Total Non-current Employee Benefits	7 132 244	6 188 664
Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 46		
Post retirement medical benefits - Reconciliation of present value of fund obligation:		
Balance 1 July	5 646 821	-
Change in accounting policy - Note 31.04	-	4 606 368
Contribution for the year	1 217 675	869 910
Expenditure for the year	(58 902)	(103 478)
Actuarial Loss/(Gain)	(106 978)	332 923
Total provision 30 June	6 698 616	5 705 723
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(59 572)	(58 902)
Balance 30 June	6 639 044	5 646 821
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
<u>Long Service Awards - Reconciliation of present value of fund obligation:</u>		
Balance 1 July	541 843	-
Change in accounting policy - Note 31.04	-	433 340
Contribution for the year	160 374	114 427
Expenditure for the year	-	(43 965)
Actuarial Loss/(Gain)	(115 780)	38 041
Total provision 30 June	586 437	541 843
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(93 237)	-
Balance 30 June	493 200	541 843
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	6 188 664	-
Change in accounting policy - Note 31.04	-	5 039 708
Contribution for the year	1 378 049	984 337
Expenditure for the year	(58 902)	(147 443)
Actuarial Loss/(Gain)	(222 758)	370 964
Total provision 30 June	7 285 053	6 247 566
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(152 809)	(58 902)
Balance 30 June	7 132 244	6 188 664
3.01 Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	109	109
Continuation members (e.g. Retirees, widows, orphans)	5	5
Total Members	114	114
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas		
Discovery		
LA Health		
Key Health, and		
SAMWU Medical Aid		
The Current-service Cost for the ensuing year is estimated to be R 677 697, whereas the Interest Cost for the next year is estimated to be R 604 212.		

Key actuarial assumptions used:	2009 %	2008 %
i) Rate of interest		
Discount rate	9.02%	10.70%
Health Care Cost Inflation Rate	7.72%	9.58%
Net Effective Discount Rate	1.21%	1.02%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years.
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost components	1 466 100	1 020 600
Effect on the defined benefit obligation	7 985 000	5 773 000
Effect on the defined benefit obligation	18%	-15%

3.02 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 124 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R 96 907 .

Key actuarial assumptions used:	%	%
i) Rate of interest		
Discount rate	9.01%	9.01%
General Salary Inflation (long-term)	6.62%	6.62%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.24%	2.24%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	586 437	541 843
Fair value of plan assets	-	-
	<u>586 437</u>	<u>541 843</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability	<u><u>586 437</u></u>	<u><u>541 843</u></u>

The effect of a 1% movement in the assumed rate of salary inflation is as follows:

	Increase	Decrease
Effect on the aggregate of general salary inflation	168 061	153 284
Effect on the defined benefit obligation	5.00%	-4.00%

3.05 Retirement funds

CAPE JOINT PENSION FUND

This fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R182,733 (R 200,209) million with a funding level of 106,5% (107,1%), and is in a sound financial state as at 30 June 2008.

CAPE JOINT RETIREMENT FUND

This fund comprises a defined benefit section and a defined contribution section. The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined contribution section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R12,033 (R 20,22) million with a funding level of 103,3% (105,3%) and is in a sound financial position as at 30 June 2008.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%). The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

4 CONSUMER DEPOSITS

Consumer deposits	379 158	369 858
Total Consumer Deposits	<u><u>379 158</u></u>	<u><u>369 858</u></u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Guarantees held in lieu Consumer Deposits	<u><u>-</u></u>	<u><u>-</u></u>
--	-----------------	-----------------

5	CURRENT EMPLOYEE BENEFITS	2009	2008
		R	R
	Bonuses and Performance Bonuses	1 853 082	636 625
	Performance bonus reversed - Mr Lumka - Note 32.03	-	(78 345)
	Restated balance	1 853 082	558 280
	Staff Leave	1 510 541	1 028 014
	Compensation for injuries on duty contribution	284 070	-
	Current Portion of Non-Current Employee benefits	211 711	58 902
	Current Portion of Post Retirement Benefits - Note 3	118 474	58 902
	Current Portion of Long-Service Awards - Note 3	93 237	-
	Total Provisions	3 859 404	1 645 196
	<u>Post Retirement Benefits</u>		
	Balance at beginning of year	58 902	103 478
	Adjustment from non-current	59 572	(44 576)
	Balance at end of year	118 474	58 902
	<u>Long-service Awards</u>		
	Balance at beginning of year	-	43 965
	Adjustment from non-current	93 237	(43 965)
	Balance at end of year	93 237	-
	<u>Staff Leave</u>		
	Balance at beginning of year	1 028 014	1 039 566
	Contribution to provision	640 258	264 315
	Expenditure incurred	(157 731)	(275 867)
	Balance at end of year	1 510 541	1 028 014
	<u>Compensation for injuries on duty contribution</u>		
	Balance at beginning of year	-	-
	Contribution to provision	284 070	-
	Balance at end of year	284 070	-
	<u>Bonuses and Performance Bonuses</u>		
	Balance at beginning of year	558 280	495 746
	Contribution to provision	1 294 802	636 625
	Prior year adjustment - Performance bonus reversed - Mr Lumka - Note 32.03	-	(78 345)
	Expenditure incurred	-	(495 746)
	Balance at end of year	1 853 082	558 280
	<u>TOTAL - CURRENT EMPLOYEE BENEFITS</u>		
	Balance at beginning of year	1 645 196	1 682 755
	Adjustment from non-current	152 809	(88 541)
	Contribution to provision	2 219 130	900 940
	Prior year adjustment - Performance bonus reversed - Mr Lumka - Note 32.03	-	(78 345)
	Expenditure incurred	(157 731)	(771 612)
	Balance at end of year	3 859 404	1 645 196
	For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 3 to the Financial Statements, Other Defined Benefit Plan Information		
	Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 46		
6	TRADE AND OTHER PAYABLES		
	Other Creditors	123 762	719 109
	Payments in advance	521 877	-
	Total Trade Payables	645 639	719 109
7	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
7.01	<u>Conditional Grants from other spheres of Government</u>		
	Unspent Grants		
	National and Provincial Government Grants	16 748 700	12 290 962
	Less: Unpaid Grants		
	National and Provincial Government Grants	202 700	-
	Total Conditional Grants and Receipts	16 546 000	12 290 962
	See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
8	TAXES		
	VAT Payable	-	-
	VAT Receivable	2 553 974	701 565

Please replace this page with the Property, Plant and Equipment note

	2009 R	2008 R
10		
NON-CURRENT ASSETS HELD FOR SALE		
Non-current assets held for sale at beginning of year - at book value	-	-
Additions for the year	1 844 498	-
	<hr/>	<hr/>
Non-current assets sold/written off during the year	-	-
	<hr/>	<hr/>
Non-current assets held for sale at end of year - at book value	1 844 498	-
	<hr/> <hr/>	<hr/> <hr/>
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 46		
11		
INVESTMENT PROPERTY		
Investment property as at 30 June	-	-
	<hr/>	<hr/>
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 46		
12		
INTANGIBLE ASSETS		
Net Carrying amount at 1 July	182 596	270 491
Cost	182 596	270 491
Acquisitions	197 485	11 964
Disposals	-	(99 859)
	<hr/>	<hr/>
Net Carrying amount at 30 June	380 081	182 596
Cost	380 081	182 596
	<hr/> <hr/>	<hr/> <hr/>
13		
LONG TERM RECEIVABLES		
Staff Housing Loans - At amortised cost	45 588	59 304
Less: Current portion transferred to current receivables		
Staff Housing Loans - At amortised cost	(15 221)	(13 716)
	<hr/>	<hr/>
Total Long Term Receivables	30 367	45 588
	<hr/> <hr/>	<hr/> <hr/>
14		
INVENTORY		
Total Inventory	-	-
	<hr/> <hr/>	<hr/> <hr/>
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 46		
15		
TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	1 782 849	1 135 729
Housing Rentals	129 649	102 393
Refuse	1 627 808	1 031 998
Other Arrears	7 241 597	3 227 161
Ukhahlamba District Municipality (Water Services Authority)	6 052 718	2 406 087
Gariep Municipality (R 700 000 Short-term operating loan including interest)	650 903	779 131
Payments in advance	521 877	-
Other	16 098	41 944
	<hr/>	<hr/>
Total: Trade receivables from exchange transactions (before provision)	10 781 902	5 497 281
Provision for Impairments	(2 470 466)	(1 132 584)
	<hr/>	<hr/>
Total: Trade receivables from exchange transactions (after provision)	8 311 436	4 364 697
	<hr/> <hr/>	<hr/> <hr/>
The fair value of other receivables approximate their carrying value.		
The loan to Gariep Municipality at the prime lending rate - 1,5% at the date of the loan is payable within 1 year. All indications are that this will be redeemed in the next financial year. The lending rate is deemed market related and no discounting had been performed.		
(Electricity): Ageing		
Current (0 - 30 days)	576 236	612 414
31 - 60 Days	244 895	229 317
61 - 90 Days	166 484	100 301
+ 90 Days	795 234	193 697
	<hr/>	<hr/>
Total	1 782 849	1 135 729
	<hr/> <hr/>	<hr/> <hr/>
(Housing): Ageing		
Current (0 - 30 days)	7 916	102 393
31 - 60 Days	24 205	-
61 - 90 Days	2 947	-
+ 90 Days	94 581	-
	<hr/>	<hr/>
Total	129 649	102 393
	<hr/> <hr/>	<hr/> <hr/>

	2009 R	2008 R
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	155 560	103 248
31 - 60 Days	77 127	43 998
61 - 90 Days	53 855	36 394
+ 90 Days	1 341 266	848 358
Total	1 627 808	1 031 998
<u>(Other): Ageing</u>		
Current (0 - 30 days)	6 052 718	3 019 207
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	667 001	-
Total	6 719 720	3 019 207
<u>(Total): Ageing</u>		
Current (0 - 30 days)	6 792 430	4 046 946
31 - 60 Days	346 227	357 381
61 - 90 Days	223 286	207 382
+ 90 Days	2 898 082	2 509 518
Total	10 260 025	7 121 227
<u>Reconciliation of Provision for Bad Debts</u>		
Balance at beginning of year	1 132 584	834 164
Contribution to provision	1 337 881	298 420
Balance at end of year	2 470 466	1 132 584

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment. In general, receivables outstanding for more than 90 days is considered to be bad debts.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

16

OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Rates	2 874 616	1 937 229
Other Debtors - Fruitless and wasteful expenditure - Note 35.02	335 786	-
	3 210 402	1 937 229
Less: Provision for bad debts	(2 755 731)	(1 785 109)
Total Other Receivables from non-exchange transactions	454 671	152 120

The fair value of other receivables approximate their carrying value.

(Rates): Ageing

Current (0 - 30 days)	41 603	34 103
31 - 60 Days	77 282	62 347
61 - 90 Days	44 108	55 670
+ 90 Days	2 711 623	1 785 109
Total	2 874 616	1 937 229

Reconciliation of Provision for Bad Debts

Balance at beginning of year	1 785 109	1 087 983
Contribution to provision	970 622	697 126
Balance at end of year	2 755 731	1 785 109

The total amount of this provision consist of:

Rates	2 755 731	1 785 109
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	2 755 731	1 785 109

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17	OPERATING LEASE ARRANGEMENTS	2009 R	2008 R
17.01	The Municipality as Lessee		
	Balance on 30 June	<u><u>9 889</u></u>	<u><u>8 190</u></u>
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	46 462	42 533
	2 to 5 Years	74 198	120 661
	More than 5 Years	-	-
	Total Operating Lease Arrangements	<u><u>120 661</u></u>	<u><u>163 194</u></u>
	Reconciliation		
	Balance 1 July	8 190	-
	Change in accounting policy - Note 31.09	-	5 502
	Movement during the year	1 698	2 688
	Balance on 30 June	<u><u>9 889</u></u>	<u><u>8 190</u></u>
17.02	The Municipality as Lessor		
	Balance on 30 June	<u><u>42 378</u></u>	<u><u>36 610</u></u>
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	124 621	69 266
	2 to 5 Years	305 968	182 942
	More than 5 Years	37 727	90 459
	Total Operating Lease Arrangements	<u><u>468 316</u></u>	<u><u>342 667</u></u>
	Reconciliation		
	Balance 1 July	36 610	-
	Change in accounting policy - Note 31.08	-	29 562
	Movement during the year	5 768	7 048
	Balance on 30 June	<u><u>42 378</u></u>	<u><u>36 610</u></u>
18	CASH AND CASH EQUIVALENTS		
	Assets		
	Call and short-term Investments Deposits	67 094 621	62 405 513
	Primary Bank Account	2 011 290	906 757
	Cash Floats	900	900
	Total Cash and Cash Equivalents - Assets	<u><u>69 106 810</u></u>	<u><u>63 313 170</u></u>
	Call Investments Deposits are held to fund the Unspent Conditional Grants .		
	A letter of credit to the value of \$ 123 500 (R 1 038 358) in favour of Zhangjiang City Machinery for the purchase of equipment was issued. The amount was paid on 13 July 2009.		
	The municipality has the following bank accounts:		
	Current Accounts		
	Standard Bank - Lady Grey Branch - Account Number 28 063 130 8	2 011 290	906 757
		<u><u>2 011 290</u></u>	<u><u>906 757</u></u>
	Standard Bank - Lady Grey Branch - Account Number 28 063 130 8		
	Cash book balance at beginning of year	906 757	1 366 700
	Cash book balance at end of year	<u><u>2 011 290</u></u>	<u><u>906 757</u></u>
	Bank statement balance at beginning of year	909 098	1 302 209
	Bank statement balance at end of year	<u><u>1 966 292</u></u>	<u><u>909 098</u></u>
19	PROPERTY RATES		
	Actual		
	Rateable Land and Buildings	3 148 474	2 653 246
	Residential Property	976 260	974 725
	Commercial Property	408 949	365 674
	Agricultural Purposes	1 031 857	615 111
	State - National / Provincial Services	444 898	397 819
	Municipal Property	-	43 725
	Vacant Property	286 510	256 192
	Less: Rebates	(1 804)	(755 796)
	Total Assessment Rates	<u><u>3 146 669</u></u>	<u><u>1 897 450</u></u>

	2009 R	2008 R
Valuations - 1 JULY 2008		
Rateable Land and Buildings	467 445 880	467 445 880
Residential Property	86 536 060	86 536 060
Commercial Property	21 637 500	21 637 500
Public Benefits Organisations	5 494 000	5 494 000
Agricultural Purposes	291 176 650	291 176 650
State - National / Provincial Services	29 424 500	29 424 500
Municipal Property	25 597 520	25 597 520
Vacant Property	7 579 650	7 579 650
Less: Income Forgone	-	-
Total Assessment Rates	467 445 880	467 445 880

A General Valuation was performed during the year effective from 1 July 2009. No interim valuations were performed.
Total building plan fees amounted to R 7 313 for the year.

Assessment Rates are levied on the value of land and improvements, which valuation is performed

A rate in the rand for all developed properties of R 0.0189 was charged on the total valuation of the property. Vacant erven were charged at a rate in the rand of R 0.0378 on the total valuation of the property.

Rates of Indigent Households are subsidized in full, whilst agriculture receives a rebate of 75%.

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

20 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	40 290 326	30 087 268
Other Grants	25 614 430	13 906 416
Total Government Grants and Subsidies	65 904 756	43 993 684

The municipality does not expect any significant changes to the level of grants. No grants had been withheld.

21 PUBLIC CONTRIBUTIONS AND DONATIONS

Development Bank of South Africa	-	150 000
	-	150 000

22 SERVICE CHARGES

Electricity	5 062 248	4 996 172
Service Charges	7 829 960	6 822 647
Less: Rebates	(2 767 712)	(1 826 475)
Refuse Removal	1 533 245	1 071 534
Service Charges	3 543 976	2 647 727
Less: Rebates	(2 010 731)	(1 576 193)
Total Service Charges	6 595 493	6 067 706

Electricity statistics

Kwh purchased	23 253 858	21 588 749
Kwh sold	13 839 434	14 495 551
Kwh losses	9 414 424	7 093 198
Kwh cost	0.3239	0.395
% Losses - Notes 41 and 35.02	40.49%	32.86%
Amount of loss considered fruitless expenditure above a norm of average 10%	2 744 399	2 521 632

23 OTHER INCOME

Administration Charges;	-	13 997
Sundry Income;	798 641	441 267
Building Plan & Inspection F	7 313	20 540
Road Worthy's;	23 292	18 279
Electr. Re-Connection Fees;	25 410	25 114
Cemetery Fees;	24 600	18 820
Pound Fees;	12 953	20 586
Total Other Income	892 208	558 602

24 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	13 265 021	10 693 307
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	2 314 789	1 793 651
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	47 228	825 841
Housing Benefits and Allowances	23 698	19 759
Overtime Payments	297 155	184 972
Bonuses	1 783 922	1 261 833
Provision for leave	447 423	233 540
Provision for compensation for injuries on duty	169 615	-
Contribution to provision - Long Service Awards - Note 5	160 374	70 462
Contribution to provision - Post Retirement Medical - Note 5	1 217 675	766 432
Total Employee Related Costs	19 726 900	15 849 797

KEY MANAGEMENT PERSONNEL

2009	2008
R	R

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager**

Annual Remuneration	908 411	793 923
Traveling Allowance	82 800	82 800
Performance Bonus	165 255	165 255
Contributions to UIF, Medical and Pension Funds	1 497	1 456
Total	1 157 963	1 043 434

Remuneration of the Chief Finance Officer

Annual Remuneration	839 308	687 209
Performance Bonus	149 466	140 466
Contributions to UIF, Medical and Pension Funds	1 497	1 456
Total	990 271	829 131

Remuneration of Director : Technical Services

Annual Remuneration	762 952	509 688
Car Allowance	93 832	94 295
Performance Bonus	130 182	130 182
Contributions - UIF, Medical, Pension	1 497	1 456
Total	988 463	735 621

Remuneration of Director : Community and Social Services

Annual Remuneration	580 024	452 909
Car Allowance	48 000	48 000
Performance Bonus	29 137	29 317
Contributions - UIF, Medical, Pension	1 497	1 456
Total	658 658	531 682

Remuneration of Director : Corporate and Support Services

Annual Remuneration	524 398	428 909
Car Allowance	-	72 000
Restructuring agreement	600 000	
Performance Bonus	14 943	14 943
Contributions - UIF, Medical, Pension	1 123	1 456
Total	1 140 464	517 308

25

REMUNERATION OF COUNCILLORS

Mayor	520 677	508 556
Speaker	305 814	394 328
Executive Committee Members	1 069 918	994 471
Councillors	3 939 122	3 710 991
Other Councillors' contributions and allowances	403 182	278 041
Total Councillors' Remuneration	6 238 713	5 886 387

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

26

DEBT IMPAIRMENT

Trade Receivables from exchange transactions - Note 15	1 337 881	298 009
Other Receivables from non-exchange transactions - Note 16	970 622	697 126
Total Contribution to Bad Debts Provision	2 308 504	995 135

27

IMPAIRMENTS

Property, Plant and Equipment - Cost	7 999	-
	7 999	-

The item impaired is for the disappearance of a computer of a deceased employee - Note 35.02

28

BULK PURCHASES

Electricity	7 362 124	5 522 173
Total Bulk Purchases	7 362 124	5 522 173

29	GRANTS AND SUBSIDIES PAID	2009 R	2008 R
	Grants-in-aid and Donations	560 337	300 155
	Institutions	-	699 000
	Total Grants and Subsidies	560 337	999 155
30	GENERAL EXPENSES		
	General Expenses	11 269 154	7 660 040
	General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.		
31	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP	2008 R	2007 R
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
31.01	Statutory Funds		
	Balance previously reported:		-
	Revolving fund	-	6 473 471
	Total	-	6 473 471
	Implementation of GRAP		
	Transfer to the Capital Replacement Reserve	-	(30 000 000)
	Transfer to Accumulated Surplus/(Deficit) - Note 31.07	-	23 526 529
	Total	-	(6 473 471)
31.02	Loans Redeemed and Other Capital Receipts		
	Balance previously reported:	-	95 292 350
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 31.07	-	(95 292 350)
	Total	-	-
31.03	Reserves		
	Balance previously reported:	-	-
	Working capital reserve	-	1 232 139
	Disaster	-	144 506
	Audit fees	-	482 690
	Total	-	1 859 335
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 31.07	-	(1 859 335)
	Total	-	(1 859 335)
31.04	Non-Current Employee Benefits		
	Balance previously reported	-	-
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 31.07	-	5 039 708
	Post-Employment Medical Benefit Fund - Note 3	-	4 606 368
	Long-Service - Note 3	-	433 340
	Total	-	5 039 708
31.05	Property, Plant and Equipment - GRAP 17		
	Balance previously reported	-	95 292 350
	Implementation of GRAP		
	Transfer to Intangible assets at cost - Note 31.06	-	(270 491)
	Total	-	95 021 859
31.06	Intangible Assets - GRAP 102		
	Balance previously reported	-	-
	Implementation of GRAP		
	Transfer from Property, Plant and Equipment at cost - Note 12	-	270 491
	Total	-	270 491

	2008 R	2007 R
31.07 Accumulated Surplus/(Deficit)		
Implementation of GRAP		
Transfer from Statutory Funds - Note 31.01	-	(23 526 529)
Transfer from Loans Redeemed and Other Capital Receipts - Note 31.02	-	95 292 350
Transfer from provisions and reserves - Note 31.03	-	1 859 335
Non-current provisions recognised for the first time - Note 31.04	-	(5 039 708)
Operating lease liability not previously recognised debited to Accumulated Surplus - Note 33.10	-	(5 502)
Operating lease asset not previously recognised credited to Accumulated Surplus - Note 31.08	-	29 562
Total	<u>-</u>	<u>68 609 508</u>
31.08 Operating Lease Assets		
Balance previously reported	-	-
Implementation of GRAP	-	-
Leases previously not recognised - Note 17	-	29 562
Total	<u>-</u>	<u>29 562</u>
31.09 Operating Lease Liabilities		
Balance previously reported	-	-
Implementation of GRAP	-	-
Leases previously not recognised - Note 17	-	5 502
Total	<u>-</u>	<u>5 502</u>
32 CORRECTION OF ERROR IN TERMS OF GRAP 3		
32.01 Trade Payables		
Balance previously reported	-	1 175 803
Payables over provided 2006/2007 - Note 32.05	-	(9 164)
Vat on grants not previously transferred to revenue - Note 32.05	-	(157 862)
	<u>-</u>	<u>1 008 777</u>
32.02 Unspent Conditional Government Grants and Receipts		
Balance previously reported	-	15 401 683
Unauthorised interest paid since 2004/2005 reversed - Note 32.05	-	(946 136)
	<u>-</u>	<u>14 455 547</u>
32.03 Current Employee Benefits		
Balance previously reported	-	1 664 639
Performance bonus reversed - Mr Lumka - Note 32.05	-	(78 345)
	<u>-</u>	<u>1 586 294</u>
32.04 Transfer of water and sanitation services to Ukhahlamba District Municipality		
A technical opinion from the office of the Auditor General determined that the provision of water and sanitation services is regarded as an agency function and all assets, liabilities, revenue and expenses relating to these services must be transferred to the Ukhahlamba District Municipality.		
32.04.1 Trade receivables from exchange transactions		
Balance previously reported - 1 July 2007 (net of provision)	-	1 567 938
Transfer of debtors to Ukhahlamba District Municipality	-	-
- Water	-	(157 450)
- Sewerage	-	(200 802)
- Ukhahlamba District Municipality (Water Services Authority)	-	358 252
Restated balance - 1 July 2007	<u>-</u>	<u>1 567 938</u>
Net Movement over period 2007/2008		
Transfer of debtors to Ukhahlamba District Municipality	-	-
- Water	-	1 315
- Sewerage	-	(7 500)
- Ukhahlamba District Municipality (Water Services)	-	(150 298)
Net Movement in trade receivables from exchange transactions (refer note 34.04.2)	<u>-</u>	<u>(156 483)</u>
32.04.2 Changes to statement of financial performance		
Balance previously reported - 30 June 2008	-	16 941 134
Transfer of surplus/(deficit) derived from water and sanitation services	-	-
- Water	-	(156 483)
- Sewerage	-	-
Restated balance - 30 June 2008	<u>-</u>	<u>16 784 651</u>
32.05 Accumulated Surplus/(Deficit)		
Payables over provided 2006/2007 - Note 32.01	-	9 164
Performance bonus reversed - Mr Lumka - Note 32.03	-	78 345
Vat on grants not previously transferred to revenue - Note 32.01	-	157 862
Unauthorised interest paid since 2004/2005 reversed - Note 32.02	-	946 136
	<u>-</u>	<u>1 191 508</u>

	2009 R	2008 R
RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS		
Surplus for the year	23 752 315	16 784 651
Adjustments for:		
Loss on disposal of property, plant and equipment	-	415 913
Impairments	7 999	-
Contribution from/to provisions - Non-Current	1 378 049	984 337
Contribution from/to provisions - Non-Current - Expenditure incurred	(58 902)	(147 443)
Contribution from/to provisions - Non-Current - Actuarial losses	-	370 964
Contribution from/to provisions - Non-Current - Actuarial gains	(222 758)	-
Contribution to provisions – current	2 219 130	900 940
Contribution to provisions – current - Expenditure incurred	(157 731)	(771 612)
Contribution to provisions – Bad debt	2 308 504	1 309 359
Operating lease income accrued	(5 768)	(7 048)
Operating lease expenses accrued	1 698	2 688
Investment income	(7 732 615)	(5 110 979)
Operating Surplus before changes in working capital	21 489 921	14 731 771
Changes in working capital	(4 228 634)	(1 052 306)
Decrease in Trade and Other Payables	(73 470)	(447 530)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	4 457 738	(2 164 584)
Increase/(Decrease) in Taxes	(1 852 408)	998 969
(Increase)/Decrease in Trade Receivables from exchange transactions	(5 284 621)	1 290 969
Increase in Other Receivables from non-exchange transactions	(1 273 173)	(730 130)
Increase in Unpaid Conditional Government Grants and Receipts	(202 700)	-
Cash generated by operations	17 261 287	13 679 465

34 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 18	67 094 621	62 405 513
Cash Floats - Note 18	900	900
Bank - Note 18	2 011 290	906 757
Total cash and cash equivalents	69 106 810	63 313 170

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised capital expenditure current year	187 247	-
Unauthorised operating expenditure current year	2 122 450	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	2 309 697	-

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes	None

35.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	2 521 632	-
Fruitless and wasteful expenditure current year	3 353 225	2 521 632
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	(335 786)	-
Fruitless and wasteful expenditure awaiting condonement	5 539 071	2 521 632

Incident	Disciplinary steps/criminal proceedings
External Party Internet Fraud	Police investigates fraud charges - R 265 041
Electricity losses higher than the norm - Note 22	None- R 5 266 031
Double payment to ESCOM - June 2009	None - R 335 786 - Recovered July 2009
Lost computer of deceased employee	None - R 798 - Note 27

35.03 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	-
Irregular expenditure current year	1 006 588	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	1 006 588	-

Incident	Disciplinary steps/criminal proceedings
Non-compliance with supply chain policy	None

	2009 R	2008 R
36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT AC		
36.01 Contributions to organised local government - [MFMA 125 (1)(b)]		
Opening balance	36 169	-
Council subscriptions	146 184	85 048
Amount paid - current year	(146 184)	(48 879)
Amount paid - previous years	(36 169)	-
Balance unpaid (included in creditors)	-	36 169
36.02 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	482 690
Current year audit fee		
Audit Fees	1 332 827	494 225
Amount paid - current year	(1 332 827)	(494 225)
Change in accounting policy - Note 31.03		(482 690)
Balance unpaid (included in provisions)	-	-
36.03 VAT - [MFMA 125 (1)(b)]		
Opening balance	(1 192 747)	-
Amounts received - current year	1 579 373	1 478 507
Amounts claimed - current year (payable)	(6 424 301)	(3 626 649)
Amount paid - current year	1 192 747	955 394
Amount paid - previous year	1 911 602	-
Closing balance Cr/(Dt)	(2 933 326)	(1 192 748)
Vat in suspense due to cash basis of accounting	379 353	491 182
36.04 PAYE , Skills Development and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions	3 480 673	3 254 570
Amount paid - current year	(3 480 673)	(3 254 570)
Balance unpaid (included in creditors)	-	-
36.05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4 593 414	4 015 125
Amount paid - current year	(4 593 414)	(4 015 125)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
36.06 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
No Councillors had arrear accounts for more than 90 days as at 30 JUNE 2009:		
No Councillors had arrear accounts outstanding for more than 90 days during the year:		
36.07 Non-compliance with Chapter 14 of the Municipal Finance Management Act		
Non-compliance to the Supply Chain Management Regulations were identified on the following categories:		
	Less than R30,000	Between R30,001 and R200,000
Methola Funeral Home	-	62 000
Douglas & Botha	-	37 237
Kirchmanns Inc	-	62 670
Douglas & Botha	-	87 599
Umtali Country Inn	-	34 407
Bloem Spa Lodge	-	104 350
Pitseng TDK Training	-	100 000
Kirchmanns Inc	-	37 196
Minaar Niehaus Attorneys	-	37 642
Fish River Sun	-	122 421
Dibanani Consulting	-	42 000
Sektor Consulting Engineers	-	42 000
NTF Tent Hire	-	45 660
Setplan	-	57 422
Setplan	-	133 984
	-	1 006 588

37	CAPITAL COMMITMENTS	2009 R	2008 R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	2 702 913	1 064 417
	Infrastructure	2 702 913	1 064 417
	Other	-	-
	Total	2 702 913	1 064 417
	This expenditure will be financed from:		
	Capital Replacement Reserve	570 000	-
	Government Grants	2 132 913	-
	Own Resources	-	1 064 417
		2 702 913	1 064 417

38 **RETIREMENT BENEFIT INFORMATION**

Council employees contribute to the Cape Joint Municipal Pension Fund, SALA and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuations was done on 30 June 2008

39 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(e) Other Risks	2009	2008
	R	R
Potential concentrations of credit risk and 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. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.		
Consumer debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.		
In the case of debtors whose accounts become in arrears, Council endeavours 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 maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:		
Investments	-	-
Long Term Receivables	30 367	45 588
Trade receivables from exchange transactions	10 781 902	5 497 281
Other receivables from non-exchange transactions	3 210 402	1 937 229
Other Debtors	2 756 673	701 565
Current Portion of Long-term Receivables	15 221	13 716
Short-term Investment Deposits	67 094 621	62 405 513
Bank and Cash Balances	2 012 190	907 657
Maximum Credit and Interest Risk Exposures	85 901 375	71 508 550

40

FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Staff Loans	Loans and Receivables	30 367	45 588
Receivables			
Trade receivables from exchange transactions	Loans and Receivables	10 781 902	5 497 281
Other receivables from non-exchange transactions	Loans and Receivables	3 210 402	1 937 229
Other Debtors			
Payments made in Advance	Loans and Receivables		
VAT	Loans and Receivables	2 553 974	701 565
Government Subsidies and Grants	Loans and Receivables	202 700	-
Current Portion of Long-term Receivables			
Staff Loans	Loans and Receivables	15 221	13 716
Short-term Investment Deposits			
Call Deposits	Held to maturity	67 094 621	62 405 513
Bank Balances and Cash			
Bank Balances	Held to maturity	2 011 290	906 757
Cash Floats and Advances	Held to maturity	900	900
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Short-term Investment Deposits	Call Deposits	67 094 621	62 405 513
Bank Balances		2 011 290	906 757
Cash Floats and Advances		900	900
		69 106 810	63 313 170
Loans and Receivables			
Long-term Receivables	Staff Loans	30 367	45 588
Consumer Debtors	Exchange transactions	10 781 902	5 497 281
Consumer Debtors	Non-exchange transactions	3 210 402	1 937 229
Other Debtors	Payments made in advance	-	-
Other Debtors	Government Subsidies and Grants	202 700	-
Current Portion of Long-term Receivables	Staff Loans	15 221	13 716
VAT	VAT	2 553 974	701 565
		16 794 565	8 195 380
Total Financial Assets		85 901 375	71 508 550

41

EVENTS AFTER THE REPORTING DATE

The Municipality budgeted R 5 000 000 to implement measures to reduce the electricity losses significantly - Note 22

42	PRIVATE PUBLIC PARTNERSHIPS	2009 R	2008 R
	Council has not entered into any private public partnerships during the financial year.		
43	COMPARISON WITH THE BUDGET		
	The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure "D".		
44	CONTINGENT LIABILITY		
	<i>None</i>		
45	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
45.01	Related Party Transactions		
		Rates	Service Charges
		Other	Outstanding Balances
	Year ended 30 JUNE 2009		
	Councillors	4 111	34 096
	Municipal Manager and Section 57 Employees	992	14 491
			-
			-
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
45.02	Related Party Loans		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.		
45.03	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.		
45.04	Other related party transactions		
	The following purchases were made during the year where Councillors or Sect 57 Managers have an interest:		
	<u>Councillor/Sect 57 Manager</u>	<u>Entity</u>	
	Z I Dumzela	ZNR Civils (Spouse of Mayor is Director)	1 116 987
	M A Theron	Lady Grey Joinery & Construction (Spouse is Director)	1 132 401
			-
			-
46	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.		
46.1	GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:		
	Refuse tip-sites financed by way of a provision;		
	The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2010 financial statements.		
	Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:		
	Refuse tip-sites financed by way of a provision;	-	-
	Post retirement benefits	-	4 606 368
	Long service awards	-	433 340
		<u>-</u>	<u>5 039 708</u>
46.2	GRAP 100 -Non-current assets and discontinued operations		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:		

46.3 GRAP 16 - Investment Properties

2009
R

2008
R

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise all the Investment Properties:

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

46.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible assets financed by way of finance leases;
Intangible assets transferred as a result of the transfer of functions; and
Servitudes.

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2010 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:

Computer software;
Accumulated amortisation on computer software
Total not previously recognised now restated retrospectively

-	270 491
-	-
-	270 491

46.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:

Water;
Land held for sale; and
Other (list).

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

47 Process to comply fully with the implementation of General Recognised Accounting Practices

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011..

SENQU MUNICIPALITY

APPENDIX A

SENQU MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation				Carrying Value
	Opening Balance	Additions	Disposals/ Transfers	Closing Balance	
Land and Buildings					
Land	878 129	-	-	878 129	878 129
Buildings	7 909 830	1 995 609	-	9 905 440	9 905 440
	8 787 959	1 995 609	-	10 783 569	10 783 569
Infrastructure					
Main: Roads	49 349 289	14 825 337	-	64 174 626	64 174 626
Main: Waste Management	2 441 618	233 148	-	2 674 765	2 674 765
Main: Electricity	5 418 801	-	-	5 418 801	5 418 801
Taxi Ranks	935 996	-	-	935 996	935 996
	58 145 704	15 058 484	-	73 204 188	73 204 188
Community Assets					
Recreation Grounds	5 287 777	335 372	-	5 623 148	5 623 148
Civil Buildings	6 868 270	-	-	6 868 270	6 868 270
Libraries	5 146	-	-	5 146	5 146
Parks & Gardens	83 024	-	-	83 024	83 024
Preschools	3 972 524	-	-	3 972 524	3 972 524
Cemetery	3 451 301	228 856	-	3 680 157	3 680 157
Clinics	1 487 455	-	-	1 487 455	1 487 455
	21 155 497	564 228	-	21 719 725	21 719 725
Other Assets					
Motor Vehicles	3 376 134	830 422	185 265	4 021 291	4 021 291
Plant & Equipment	1 515 137	119 116	106 454	1 527 798	1 527 798
Office Equipment	862 113	251 858	12 340	1 101 630	1 101 630
Furniture & Fittings	652 147	64 462	-	716 608	716 608
Loose Equipment	757	-	-	757	757
Computer Equipment	1 297 936	141 615	94 075	1 345 476	1 345 476
Specialised Vehicles	8 559 542	-	1 454 362	7 105 180	7 105 180
Security Items	51 391	-	-	51 391	51 391
Non-Capital	-	-	-	-	-
	16 315 157	1 407 472	1 852 497	15 870 132	15 870 132
Total Property, Plant and Equipment	104 404 317	19 025 793	1 852 497	121 577 613	121 577 613
Intangible Assets					
Computer Software	182 596	197 485	-	380 081	380 081
	182 596	197 485	-	380 081	380 081
Total	104 586 913	4 124 025	1 852 497	121 957 694	121 957 694

SENQU MUNICIPALITY

APPENDIX B (1)

SENQU MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	
Council & Executive	10 356 519	288 409	552 625	10 092 302	10 092 302
Corporate & Support Services	1 001 781	6 889	8 771	999 900	999 900
Budget & Treasury Services	1 945 560	99 839	85 212	1 960 186	1 960 186
Technical & Engineering Services	67 016 431	892 389	1 171 513	81 501 189	81 501 189
Community & Social Services	24 266 622	2 836 500	34 375	27 404 118	27 404 118
Total	104 586 913	4 124 025	1 852 497	121 957 694	121 957 694

SENQU MUNICIPALITY

APPENDIX B (2) GFS

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009
GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation			Closing Balance	Carrying Value
	Opening Balance	Additions	Disposals		
Executive & Council	8 736 860	221 896	8 771	8 949 984	8 949 984
Budget & Treasury Office	1 803 838	75 782	85 212	1 794 408	1 794 408
Corporate Services	13 158 332	1 427 489	8 771	14 577 050	14 577 050
Planning & Development	1 619 659	66 513	543 854	1 142 318	1 142 318
Community & Social Services	3 758 637	234 930	3 661	3 989 906	3 989 906
Public Safety	-	445 530	-	445 530	445 530
Sport & Recreation	5 679 048	335 372	-	6 014 419	6 014 419
Waste Management	2 630 640	735 439	30 714	3 335 365	3 335 365
Waste Water Management *	267 383	-	-	267 383	267 383
Road Transport	60 142 297	15 410 396	1 016 962	74 535 730	74 535 730
Water *	265 985	-	154 185	111 800	111 800
Electricity	6 482 488	269 932	366	6 752 054	6 752 054
Other	41 746	-	-	41 746	41 746
Total	104 586 913	19 223 279	1 852 497	121 957 694	121 957 694

* - Assets listed for Waste Water Management and Water are utilised for multi purposes and are registered in Senqu Municipality's name.

SENQU MUNICIPALITY

APPENDIX C (1)

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION**

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
13 597 381	(8 096 567)	5 500 814	Finance & Administration	23 072 805	(11 578 534)	11 494 271
7 061 694	(7 143 001)	(81 307)	Council	7 721 830	(8 224 290)	(502 460)
2 625 998	(2 967 200)	(341 202)	Executive	2 339 263	(4 013 694)	(1 674 431)
575 468	(436 850)	138 618	Health	512 005	(494 657)	17 348
623 631	(465 327)	158 304	Comm & Soc (Libraries)	400	(389 534)	(389 134)
2 039 592	(1 654 002)	385 590	Comm & Soc (Halls & Faciliti	3 693 421	(2 304 983)	1 388 438
1 212 918	(48 892)	1 164 026	Comm & Soc (Cemeteries)	299 756	(60 274)	239 482
3 520 411	(3 355 745)	164 666	Housing	9 882 882	(9 615 238)	267 644
880 239	(581 274)	298 965	Public Safety	614 983	(1 835)	613 148
1 612 114	(1 041 433)	570 680	Planning & Development	4 514 296	(4 259 780)	254 516
717 836	(45 519)	672 317	Sport & Recreational	238 290	(20 928)	217 362
5 254 693	(180 613)	5 074 081	Waste Water (Storm Water)	4 972 317	(426 750)	4 545 567
4 451 338	(3 861 217)	590 121	Waste Management (Refuse)	6 003 330	(5 193 335)	809 995
5 710 382	(3 853 052)	1 857 330	Road Transport	12 420 648	(5 493 242)	6 927 406
-	-	-	Water	-	-	-
9 781 834	(9 029 412)	752 422	Electricity (Distribution)	10 644 126	(11 177 685)	(533 559)
372 073	(387 635)	(15 562)	Electricity (Street Lighting)	512 000	(481 828)	30 172
541 474	(699 000)	(157 526)	Other	-	-	-
60 579 076	(43 846 740)	16 732 336	Sub Total	87 442 353	(63 736 588)	23 705 765
-	52 315	52 315	Less Inter-Departmental Charges	-	46 550	46 550
60 579 076	(43 794 425)	16 784 651	Total	87 442 353	(63 690 038)	23 752 315

SENQU MUNICIPALITY

APPENDIX C (2)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
9 687 692	(10 110 202)	(422 510)	Executive & Council	10 061 093	(12 237 985)	(2 176 891)
8 879 499	(3 214 207)	5 665 292	Budget & Treasury	17 209 342	(6 247 583)	10 961 759
3 892 955	(4 252 528)	(359 574)	Corporate Services	5 720 450	(5 038 575)	681 875
2 153 588	(1 740 433)	413 154	Planning & Development	4 514 296	(4 259 780)	254 516
575 468	(436 850)	138 618	Health	512 005	(494 657)	17 348
3 391 894	(1 525 722)	1 866 173	Community & Social Services	1 899 744	(1 532 451)	367 293
3 520 411	(3 355 745)	164 666	Housing	9 882 882	(9 615 238)	267 644
880 239	(581 274)	298 965	Public Safety	614 983	(1 835)	613 148
717 836	(45 519)	672 317	Sport & Recreation	238 290	(20 928)	217 362
4 451 338	(3 861 217)	590 121	Waste Management	6 003 330	(5 193 335)	809 995
12 274 249	(5 305 996)	6 968 254	Road Transport	19 629 811	(7 434 708)	12 195 104
10 153 907	(9 417 047)	736 861	Electricity	11 156 126	(11 659 513)	(503 387)
60 579 076	(43 846 740)	16 732 336	Sub Total	87 442 353	(63 736 588)	23 705 765
-	52 315	52 315	Less Inter-Departmental Charges	-	46 550	46 550
60 579 076	(43 794 425)	16 784 651	Total	87 442 353	(63 690 038)	23 752 315

SENQU MUNICIPALITY

APPENDIX D (1)

REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

	2009	2009	2009	2009	Explanation of Significant Variances
	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
REVENUE					
Property Rates	3 146 669	2 785 875	360 794	12.95%	
Government Grants and Subsidies					All capital projects not implemented -
	65 904 756	66 710 840	(806 084)	-1.21%	Budgeted for full revenue
Fines	86 448	50 000	36 448	72.90%	Increased fines by provincial authorities
Actuarial Gains					Not budgeted - first implementation of
	222 758	-	222 758	0.00%	retirement benefits i.t.o. GRAP
Service Charges					Income foregone budgeted as
	6 595 493	17 583 260	(10 987 767)	-62.49%	expenditure - must be offset against
Water Services Authority Contribution	-	5 936 785	(5 936 785)	-100.00%	revenue i.t.o. GRAP
Rental of Facilities and Equipment	301 361	165 000	136 361	82.64%	Re-allocation i.t.o. GRAP
Interest Earned - External Investments					Interest on special funds now included
	7 732 615	2 500 000	5 232 615	209.30%	i.t.o. GRAP
Interest Earned - Outstanding Debtors	555 897	640 915	(85 018)	-13.27%	Increase in interest rates
Licences and Permits	1 614 250	855 000	759 250	88.80%	Re-allocation i.t.o. GRAP
Agency Services	389 897	512 000	(122 103)	-23.85%	Re-allocation i.t.o. GRAP
Other Revenue	892 208	1 737 935	(845 727)	-48.66%	Re-allocation i.t.o. GRAP
Total Revenue	87 442 353	99 477 610	(12 035 257)	-12.10%	
EXPENDITURE					
Finance & Administration	(11 578 534)	(14 685 460)	3 106 926	-21.16%	
Council	(8 224 290)	(8 463 400)	239 110	-2.83%	
					Contributions to retirement benefits not
Executive	(4 013 694)	(2 338 175)	(1 675 519)	71.66%	budgeted for.
Health	(494 657)	(512 000)	17 343	-3.39%	
Comm & Soc (Libraries)	(389 534)	(407 830)	18 296	-4.49%	
Comm & Soc (Halls & Facilities)	(2 304 983)	(2 425 480)	120 497	-4.97%	
Comm & Soc (Cemeteries)	(60 274)	(58 300)	(1 974)	3.39%	
Housing	(9 615 238)	(16 798 425)	7 183 187	-42.76%	
Public Safety	(1 835)	(16 500)	14 665	-88.88%	
Planning & Development	(4 259 780)	(10 702 360)	6 442 580	-60.20%	
Sport & Recreational	(20 928)	(238 290)	217 362	-91.22%	
Waste Water (Storm Water)	(426 750)	(500 000)	73 250	-14.65%	
Waste Water (Sewerage)	-	(6 391 590)	6 391 590	-100.00%	
Waste Management (Refuse)	(5 193 335)	(7 229 070)	2 035 735	-28.16%	
Road Transport	(5 493 242)	(5 048 285)	(444 957)	8.81%	
Water	-	(5 018 035)	5 018 035	-100.00%	
Electricity (Distribution)	(11 177 685)	(13 904 010)	2 726 325	-19.61%	
Electricity (Street Lighting)	(481 828)	(612 000)	130 172	-21.27%	
Less Internal Charges	46 550	-	46 550	0.00%	
Total Expenditure	(63 690 038)	(95 349 210)	31 659 172	-33.20%	
SURPLUS / (DEFICIT) FOR THE YEAR	23 752 315	4 128 400	19 623 915		

SENQU MUNICIPALITY

APPENDIX D(2)

REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2009	2009	2009	2009	Explanation of Significant Variances
	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
REVENUE					
Property Rates	3 146 669	2 785 875	360 794	12.95%	
Government Grants and Subsidies					All capital projects not implemented -
	65 904 756	66 710 840	(806 084)	-1.21%	Budgeted for full revenue
Fines	86 448	50 000	36 448	72.90%	Increased fines by provincial authorities
Actuarial Gains					Not budgeted - first implementation of
	222 758	-	222 758	0.00%	retirement benefits i.t.o. GRAP
Service Charges					Income foregone budgeted as
	6 595 493	17 583 260	(10 987 767)	-62.49%	expenditure - must be offset against
Water Services Authority Contribution					revenue i.t.o. GRAP
	-	5 936 785	(5 936 785)	-100.00%	
Rental of Facilities and Equipment	301 361	165 000	136 361	82.64%	Re-allocation i.t.o. GRAP
Interest Earned - External Investments					Interest on special funds now included
	7 732 615	2 500 000	5 232 615	209.30%	i.t.o. GRAP
Interest Earned - Outstanding Debtors	555 897	640 915	(85 018)	-13.27%	Increase in interest rates
Licences and Permits	1 614 250	855 000	759 250	88.80%	Re-allocation i.t.o. GRAP
Agency Services	389 897	512 000	(122 103)	-23.85%	Re-allocation i.t.o. GRAP
Other Revenue	892 208	1 737 935	(845 727)	-48.66%	Re-allocation i.t.o. GRAP
Total Revenue	87 442 353	99 477 610	(12 035 257)	-12.10%	
EXPENDITURE					
Executive & Council	(12 237 985)	(10 801 575)	(1 436 410)	13.30%	
Budget & Treasury	(6 247 583)	(8 772 760)	2 525 177	-28.78%	
Corporate Services	(5 038 575)	(5 912 700)	874 125	-14.78%	
Planning & Development	(4 259 780)	(10 702 360)	6 442 580	-60.20%	
Health	(494 657)	(512 000)	17 343	-3.39%	
Community & Social Services	(1 532 451)	(2 891 610)	1 359 159	-47.00%	
Housing	(9 615 238)	(16 798 425)	7 183 187	-42.76%	
Public Safety	(1 835)	(16 500)	14 665	-88.88%	
Sport & Recreation	(20 928)	(238 290)	217 362	-91.22%	
Waste Management	(5 193 335)	(7 229 070)	2 035 735	-28.16%	
Waste Water Management					
	-	(6 891 590)	6 891 590	-100.00%	
Road Transport	(7 434 708)	(5 048 285)	(2 386 423)	47.27%	
Water					
	-	(5 018 035)	5 018 035	-100.00%	
Electricity	(11 659 513)	(14 516 010)	2 856 497	-19.68%	
Less: Interdepartmental Charges	46 550	-	46 550	0.00%	
Total Expenditure	(63 690 038)	(95 349 210)	31 659 172	-33.20%	
SURPLUS / (DEFICIT) FOR THE YEAR	23 752 315	4 128 400	19 623 915		

SENQU MUNICIPALITY

APPENDIX D (3)

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION**

	2009 Actual	2009 Budget	2009 Variance	2009 Variance
	R	R	R	%
Council	8 579	8 580	(1)	-0.01%
Executive	213 317	1 346 000	(1 132 683)	-84.15%
Planning & Development	66 513	80 000	(13 487)	-16.86%
Finance & Administration	649 747	462 500	187 247	40.49%
Road Transport	85 512	11 944 620	(11 859 108)	-99.28%
Waste Water Management (Storm Water)	-	8 886 735	(8 886 735)	-100.00%
Electricity (Distribution)	269 932	300 000	(30 068)	-10.02%
Community & Social (Halls & Facilities)	1 420 600	1 802 435	(381 835)	-21.18%
Community & Social (Cemeteries)	228 856	243 340	(14 484)	-5.95%
Public Safety	445 530	448 650	(3 120)	-0.70%
Sport & Recreational	-	450 000	(450 000)	-100.00%
Waste Management	735 439	833 150	(97 711)	-11.73%
Total	4 124 025	26 806 010	(22 681 985)	-84.62%

SENQU MUNICIPALITY

APPENDIX D (4)

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2009 Actual	2009 Budget	2009 Variance	2009 Variance
	R	R	R	%
Executive & Council	221 896	1 354 580	(1 132 684)	-83.62%
Budget & Treasury	99 839	212 500	(112 661)	-53.02%
Corporate Services	6 889	250 000	(243 111)	-97.24%
Planning & Development	66 513	80 000	(13 487)	-16.86%
Community & Social Services	1 655 530	2 045 775	(390 245)	-19.08%
Public Safety	445 530	448 650	(3 120)	-0.70%
Sport & Recreation	-	450 000	(450 000)	-100.00%
Waste Management	735 439	833 150	(97 711)	-11.73%
Waste Water Management	-	8 886 735	(8 886 735)	-100.00%
Road Transport	622 457	11 944 620	(11 322 163)	-94.79%
Electricity	269 932	300 000	(30 068)	-10.02%
Total	4 124 025	26 806 010	(22 681 985)	-84.62%

SENQU MUNICIPALITY

APPENDIX E

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2008	Correction of error/ Transfers	Restated balance 1 JULY 2008	Contributions during the year	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2009
	R			R	R	R
TRUST FUNDS						
Performance Agreements	85 995	-	85 995	-	44 665	41 330
Equitable Share	-	-	-	40 290 326	40 290 326	-
Peach & Vegetable Processing	155 707	-	155 707	-	147 406	8 301
Holo Hlahatsi Agricultural Project	370 735	-	370 735	-	-	370 735
Commonage Management Plan	61 796	-	61 796	-	1 670	60 126
Surveying / Land Audit	423 692	500 000	923 692	-	342 697	580 995
Heritage Management	229 912	-	229 912	-	-	229 912
DEAT Brickmaking	69 445	-	69 445	-	93 682	-24 237
Co-op's Development	134 186	-	134 186	-	131 194	2 992
LED (Lady Grey)	116 216	-	116 216	-	114 275	1 941
Prov Gov - Housing (Lady Grey)	666 449	-	666 449	3 322 950	2 444 418	1 544 981
Prov Gov - Housing (Hillside)	140 372	-	140 372	5 770 214	6 077 829	-167 243
Municipal Finance Management	457 532	-	457 532	500 000	633 204	324 328
Municipal Support Programme	249 322	-	249 322	-	-	249 322
Prov Gov - Valuation Roll				400 000	400 000	-
Spatial Development Framework	674 200	(500 000)	174 200	-	174 200	-
Disabled Project BE	102 378	-	102 378	-	97 895	4 483
Drought Relief Water	409 100	-	409 100	-	409 100	-
Valuation Roll	136 159	-	136 159	-	147 378	-11 219
Municipal Infrastructure Grant	495 485	-	495 485	14 722 000	12 136 664	3 080 821
Implementation Ownership	498 293	-	498 293	-	93 415	404 878
Traffic Test Station (Sterkspruit)	104 879	-	104 879	-	-	104 879
Rossouw Agricultural Project	260 624	-	260 624	-	37 046	223 578
Municipal Systems Improvement	-	-	-	400 000	77 330	322 670
Herschel People's Housing	6 343 952	-	6 343 952	446 701	212 040	6 578 613
Internet/Communication Systems	104 533	-	104 533	-	20 402	84 131
Health Subsidy	-	-	-	512 005	512 005	-
I.E.C - Elections	-	-	-	180 598	180 598	-
Ukhahlamba DM - Plastic Products	-	-	-	3 000 000	680 702	2 319 298
Ukhahlamba DM - District Call Centre	-	-	-	565 000	354 613	210 387
Ukhahlamba DM - IDP	-	-	-	50 000	50 000	-
Total	12 290 962	-	12 290 962	70 159 794	65 904 756	16 546 000