

# **GERT SIBANDE DISTRICT MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS 30 JUNE 2010**



**31 AUGUST 2010**

**GERT SIBANDE DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**



I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 2 to 27, in terms of Section 126(1) of the Municipal Finance Management Act 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of Public Office Bearers Act 1998 (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....  
**MA NGCOBO**, *Pr. Tech. Eng, MSAICE, FMIMESA, FMWISA, MIPET*  
**MUNICIPAL MANAGER**

**31 August 2010**

<b>TABLE OF CONTENTS</b>	<b>PAGE NO</b>
<b>Statement of Financial Position</b>	<b>2</b>
<b>Statement of Financial Performance</b>	<b>3</b>
<b>Statement of Changes in Net Assets</b>	<b>4</b>
<b>Cash Flow Statement</b>	<b>5</b>
<b>Accounting Policies</b>	<b>6-14</b>
<b>Notes to the Annual Financial Statements</b>	<b>15-20</b>
<b>Appendix B: Analysis of Property, Plant &amp; Equipment</b>	<b>21</b>
<b>Appendix C: Segmental Analysis of Property, Plant &amp; Equipment</b>	<b>22</b>
<b>Appendix D: Segmental Statement of Performance</b>	<b>23</b>
<b>Appendix E(1): Actual Operating Revenue &amp; Expenditure versus Budget</b>	<b>24</b>
<b>Appendix E(2): Actual Capital Expenditure versus Budget</b>	<b>25</b>
<b>Appendix F: Disclosures of Grants and Subsidies in terms of Section 123 of the Municipal Finance Management Act 2003 (Act 56 of 2003)</b>	<b>26</b>
<b>Appendix G: Statement of Comparative and Actual</b>	<b>27</b>

## GERT SIBANDE DISTRICT MUNICIPALITY

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010 R	2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>NET ASSETS</b>		<b>236,244,603</b>	<b>246,091,473</b>
Accumulated Surplus		236,244,603	246,091,473
<b>NON - CURRENT LIABILITIES</b>		<b>25,877,641</b>	<b>25,364,172</b>
Retirement Benefit	1	113,836	100,750
Finance lease liabilities	2	21,403,305	20,418,421
Deferred profit on sale and leaseback	3	4,360,500	4,845,000
<b>CURRENT LIABILITIES</b>		<b>82,479,851</b>	<b>78,748,688</b>
Creditors	4	53,572,837	69,326,600
Provisions	5	28,700,941	9,216,015
Unspent conditional Government grants	6	206,073	206,073
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b><u>344,602,095</u></b>	<b><u>350,204,333</u></b>
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>		<b>265,819,288</b>	<b>159,251,516</b>
Property, plant and equipment	7	231,816,997	126,164,523
Investment in Eastvaal Development Trust	8	7,874,297	6,978,188
Investment in Eastvaal Financing Partnership	9	26,095,352	26,095,352
Long term receivables	10	32,642	13,453
<b>CURRENT ASSETS</b>		<b>78,782,807</b>	<b>190,952,817</b>
Debtors	11	8,401,978	8,974,099
Investments	12	0	20,000,000
Irregular Expenditure - Recoupment	23	933,057	995,057
VAT	13	16,133,070	11,130,293
Bank balance and cash	21	53,164,944	149,495,002
Current portion of long term receivables	10	149,758	358,366
<b>TOTAL ASSETS</b>		<b><u>344,602,095</u></b>	<b><u>350,204,333</u></b>

# GERT SIBANDE DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE

**FOR THE YEAR ENDED 30th JUNE 2010**

		Actual 2010	Actual 2009
NOTE		R	R
<b><u>REVENUE</u></b>			
Regional Services Levies - remuneration		0	418,929
Regional Establishment Levies - turnover		0	5,479
Interest earned - external investments		10,199,918	24,667,993
Interest earned - other		26,669	1,215,992
Government grants and subsidies	15	251,769,413	205,617,350
Other income	16	7,206,466	5,796,102
Gains on disposal of property, plant and equipment		752	93,015
<b>TOTAL REVENUE</b>		<b>269,203,218</b>	<b>237,814,859</b>
<b><u>EXPENDITURE</u></b>			
Employee related costs	17	39,213,614	31,992,012
Remuneration of Councillors	18	7,805,155	5,734,861
Depreciation		2,220,553	1,751,343
Repairs and maintenance		1,018,334	1,086,418
Contracted services		838,267	905,153
Grants and subsidies paid	19	209,277,939	170,027,951
Grants and subsidies paid: Depreciation	19	2,622,605	2,588,764
General expenses - other	28	12,285,354	11,103,152
Loss on disposal of property, plant and equipment		1,497	0
Finance Cost		4,547,750	4,305,754
<b>TOTAL EXPENDITURE</b>		<b>279,831,066</b>	<b>229,495,406</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>-10,627,849</b>	<b>8,319,452</b>

# GERT SIBANDE DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	ACCUMULATED SURPLUS	DONATION RESERVE	TOTAL
		R	R	R
<b>Balance at 1 July 2008 as previously stated</b>		237,772,021	0	237,772,021
Surplus for the year		8,319,453	0	8,319,453
<b>Balance at 30 June 2009</b>		246,091,474	0	246,091,474
<b>Balance at 1 July 2009</b>		246,091,474	0	246,091,474
Deficit for the year		-10,627,849	0	-10,627,849
Contribution to Donation Reserve		-746,128	746,128	0
Offsetting of depreciation		68,843	-68,843	0
Prior year adjustment	24	780,978	0	780,978
<b>Balance at 30 June 2010</b>		235,567,319	677,284	236,244,603

**GERT SIBANDE DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from government and other		805,754,816	721,795,567
Cash paid to suppliers and employees		<u>-821,996,440</u>	<u>-697,737,561</u>
Cash generated from operating activities	20	-16,241,624	24,058,006
Interest received		10,226,587	25,883,985
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><b>-6,015,037</b></u>	<u><b>49,941,991</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-110,504,439	-76,365,551
Proceeds on disposal of fixed assets			256,079
Decrease in non current receivables		189,419	75,172
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u><b>-110,315,020</b></u>	<u><b>-76,034,300</b></u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans repaid		0	0
Other Capital receipts		0	0
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u><b>0</b></u>	<u><b>0</b></u>
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u><b>-116,330,058</b></u>	<u><b>-26,092,309</b></u>
Cash and cash equivalent at the beginning of the year		169,495,002	195,587,311
Cash and cash equivalent at the end of the year	21	53,164,944	169,495,002

## GERT SIBANDE DISTRICT MUNICIPALITY

### MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

#### 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless otherwise stated.

These Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005 and in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003);

The Standards are summarised as follows:

GRAP 1	Presentation Of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes In Accounting Estimates And Errors
GRAP 4	The Effects Of Changes In Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated And Separate Financial Statements
GRAP 7	Investments In Associates
GRAP 8	Interests In Joint Ventures
GRAP 9	Revenue From Exchange Transactions
GRAP 10	Financial Reporting In Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After The Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant And Equipment
GRAP 19	Provisions, Contingent Liabilities And Contingent Asset
GRAP 100	Non-Current Assets held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets



Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Standards Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the abovementioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the Annual Financial Statements.

Further, the Municipality has elected to adopt early the following requirement(s) in GRAP, GAMAP or SA GAAP, which were exempted in terms of General Notice 552 of 2007:

Standard No.	Standard Title	GRAP, GAMAP and/or SA GAAP REQUIREMENTS, EXEMPTED IN TERMS OF General Notice 552 of 2007, that have been early adopted
IAS 19 (AC 116)	Employee benefits	Provision is made for medical aid contributions for the next three years for a continued member who is aged 74 and has a life expectancy of three years. Provision is also made for a 5% year on year increase in the contribution(IAS 19.29, 48 – 119 and 120A(c) – (g))
GAMAP 09	Revenue	Revenue is initially measured at fair value, after which it is discounted according to the ageing model and the effected interest rate (GAMAP 9.12 and SAICA circular 9/06)

## 2. PRESENTATION CURRENCY

These annual financial statements are presented in the South African Rand currency and are rounded to the nearest rand.

## 3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

## **4. PROPERTY, PLANT AND EQUIPMENT (PPE)**

### **4.1 Fixed Assets Are Stated As Follows:**

- ❖ An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.
- ❖ Where an asset is acquired at no cost (donation), or for a nominal cost, its cost is its fair value as at the date of acquisition or inception.
- ❖ The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- ❖ Directly attributable costs include the following:
  - Cost of site preparation.
  - Initial delivery and handling costs.
  - Installation cost.
  - Professional fees.
  - Estimate cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.
- ❖ Leased Assets Capitalised – Assets subject to finance lease agreements are capitalised on the basis, where substantially all the risks and rewards associated with ownership of an asset, are transferred to the District Municipality.
- ❖ A capitalization threshold value of R5, 000 has been adopted whereby all expenditure below the threshold of R5,000 is expensed when incurred. The threshold will be determined annually during the budget process.

### **4.2 Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation.

The useful lives of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods shall be adjusted.

Capitalised leased assets are depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets.

Where property, plant and equipment have been impaired, the carrying amount shall be reduced to the recovery amount and the reduction shall be recognized as an expense immediately.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. No reviewing of the depreciation method and useful lives were performed in 2009/2010. The annual depreciation rates are based on the following estimated asset lives:-

<u>Infrastructure and Other</u>	<u>Years</u>
Buildings	30
Construction vehicles	15
Furniture and fittings	10
Park home	10
Specialist vehicles	10
Office equipment	5
Other vehicles	5
Capitalised leased assets	3-5
Banners	3

Land is not depreciated as it is regarded as having an infinite cost.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **4.3 Disposal of Property, Plant and Equipment**

- ❖ The book values of assets are written off on disposal
- ❖ The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

#### **4.4 Impairment**

Where the carrying amount of an item of Property, Plant and Equipment is greater than the estimated recoverable amount, it should be written down immediately to its recoverable amount and an impairment loss is charged to the statement of Financial Performance. At each reporting date an assessment should be undertaken to determine whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred, however no impairment of assets may be deemed to be realised during the financial year under review.

### **5. FINANCIAL INSTRUMENTS**

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

### **5.1 Accounts receivable**

Other receivables are recognised initially at cost and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

### **5.2 Financial liabilities**

Financial liabilities are recognised initially at fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

### **5.3 Gains and losses**

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

### **5.4 Investments held-to-maturity**

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

### **5.5 Investment in Municipal Entities**

Investments in partnerships are initially recognised at cost, and subsequently measured at cost less any accumulated impairment. Investments in trusts are initially recognised at cost, and are subsequently measured at fair value, with fair value being the net assets of the trust.

Consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

## **6. TRADE CREDITORS**

Trade and other creditors including leave pay are recognised initially at cost in accordance with the exemptions in Government Gazette 30013 of 29 June 2007. Accordingly the creditors and leave pay were stated at nominal value and no discounting was accounted for.

### **6.1 Provisions**

A provision is recognised when the Municipality has a present obligation (legal or constructive); as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and hence a reliable estimate of the provision can be made. Provisions are reviewed at each statement of financial position, date and adjusted to reflect the current best estimate.

## **7. REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

### **7.1 Government Grants:**

Government Grants may be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Revenue from Government Grants are recognised on a cash receipt basis to the extent the conditions of the grants are met. Where Government Grants have been received but the conditions were not met, a liability is recognised.

### **7.2 Government grants are recognised as revenue when:**

Donations are recognised on a Cash Receipt Basis or where the donation is in the form of property, plant and equipment and are brought into use.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

### **7.3 Other grants and donations received:**

Other grants and donations shall be recognised as revenue when:

- service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably, it is probable that the economic benefits or and
- To the extent that there has been compliance with any restrictions associated with the grant.

### **7.4 Other Revenue:**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### **7.5 Interest received:**

Interest on investments shall be recognized on a time proportionate basis that takes into account the effective yield on the asset.

## **8. CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from Conditional Grants, Donations and Funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

### **8.1 Unspent Conditional Grants**

Unspent conditional grants are reflected on the statement of financial position as a current liability – unspent conditional grants. These amounts represent unspent Government Grants and Subsidies. The following conditions are set for the creation and utilisation of these current liability amounts (Creditors)

- ◆ The cash which backs the creditor is invested until utilised
- ◆ Interest earned on the investment is treated in accordance with receipt practices of the Municipality and is recognised as interest earned.

## **9. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of between three to six months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash on hand, deposits held on call with banks and Investments in financial instruments.

## **10. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **11. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy or as a direct result of inappropriate action being perpetrated. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **12. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **13. COMPARATIVE INFORMATION**

### **13.1 Current year comparatives:**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

### **13.2 Prior year comparatives:**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## **14. POST - RETIREMENT BENEFITS**

### **14.1 General**

Defined Contribution plans are benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

#### **14.2 Medical Aid: Continued Member**

Post employment medical care benefits are provided by the municipality to a certain employee and their legitimate spouses. The entitlement to post-retirement medical benefits was based on the employee remaining in service up to retirement age and the completion of a minimum service period and in compliance with the rules and regulations of the Medical Aid Fund with which the Municipality is associated. The current Medical Aid Fund, with which the Municipality is associated, does not provide for continued membership.

The amount recognised in the balance sheet represents the present value of the defined contribution obligation. The amount is discounted by using the market related interest rate at the balance sheet date.

#### **15. BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

#### **16. LEASES**

Leases are classified as financial leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the District Municipality. Assets subject to Finance Lease Agreements are capitalised and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayments. Lease interest would be expensed when incurred.

#### **17. EVENTS AFTER BALANCE SHEET DATE**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements

#### **18. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.



GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009	
	R	R	
<b>1 RETIREMENT BENEFIT</b>			
Contribution: Medical aid	113,836	100,750	
	<u>113,836</u>	<u>100,750</u>	
Provision has been made for contribution to the medical aid for a previously retired employee in compliance with the medical aid rulings at that point of time.			
<b>2 FINANCE LEASE LIABILITY</b>			
Finance lease liability- Minimum lease payments			
Not later than 1 year	4,140,015	3,641,212	
Later than 1 year and no later than 5 years	23,134,760	27,196,428	
Greater than 5 years	23,340,165	23,340,165	
Less Future finance charges	<u>(29,211,635)</u>	<u>(33,759,384)</u>	
Present value of finance lease liabilities	<u>21,403,305</u>	<u>20,418,421</u>	
The present value of the finance lease liabilities is as follows:			
No later than 1 year	(675,278)	(906,538)	
Later than 1 year and no later than 5 years	4,577,754	3,902,476	
Later than 5 years	<u>17,422,482</u>	<u>17,422,483</u>	
	<u>21,324,958</u>	<u>20,418,421</u>	
<b>3 Deferred Profit on sale and lease back</b>			
The municipality entered in a leasing arrangement with the Eastvaal Development Trust and the Eastvaal Financing Partnership in 1998, the result of this was that the municipality entered in a finance sale and lease back transaction, the effects of this			
Profit on sale and leaseback	9,690,000	9,690,000	
Accumulated amortisation of profit on sale and leaseback	<u>(5,329,500)</u>	<u>(4,845,000)</u>	
	<u>4,360,500</u>	<u>4,845,000</u>	
<b>4 CREDITORS</b>			
Trade creditors	22,553,872	45,718,899	
Retention	27,661,755	18,001,179	
Other	1,175,916	2,344,839	
Capitalised Finance Lease Liabilities - Refer 4.1 below	0	252,955	
Staff leave pay	2,181,294	3,008,728	
<b>Total</b>	<u>53,572,837</u>	<u>69,326,600</u>	
4.1 Capitalised finance lease agreements are repayable in monthly instalments over the ensuing two financial years and the total commitment in this regard is R78348			
<b>5 PROVISIONS</b>			
Balance unspent at the beginning of the year	9,216,015	6,805,149	
Current year expenditure	-6,297,407	-6,202,415	
Savings written back	0	-213,942	
Additional provisions	25,782,334	8,827,223	
	<u>28,700,941</u>	<u>9,216,015</u>	
Provision has been made in terms of Legal/Constructive obligations as a result of past events.			
<b>6 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>			
MIG Grant	206,073	206,073	
MSIG Grant	0	0	
FMG Grant	0	0	
CBPWP	0	0	
<b>Total</b>	<u>206,073</u>	<u>206,073</u>	
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
<b>30 June 2010</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Buildings	198,067,522	4,191,227	193,876,295
Other Assets	52,846,884	15,103,432	37,743,452
Infrastructure Assets	197,250	0	197,250
<b>Total</b>	<u>251,111,656</u>	<u>19,294,659</u>	<u>231,816,997</u>
<b>Total fixed assets</b>			
<b>30 June 2009</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Buildings	90,862,604	3,728,328	87,134,276
Other Assets	49,759,413	10,729,166	39,030,247
<b>Total</b>	<u>140,622,017</u>	<u>14,457,494</u>	<u>126,164,523</u>

Refer Appendix B & C for more detail on property, plant and equipment

The following stands were donated by Msukaligwa Local Municipality to Gert Sibande District Municipality during the financial year:

Portion 229 (A portion of portion 11) of the farm Nootgedacht 268; Portion 230 (A portion of portion 13) of the farm Nootgedacht 268; Portion 232 (A portion of portion 97) of the farm Nootgedacht 268; Portion 233 (A portion of portion 97) of the farm Nootgedacht 268; and Portion 231 (A portion of portion 13) of the farm Nootgedacht 268. As at the financial year end the portions mentioned were in the process of being consolidated and rezoned with registration in the deeds office to follow in the name of the Gert Sibande District Municipality. The value of the consolidated stand is not known at this stage.

**GERT SIBANDE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	R	R
<b>8 Investment in Eastvaal Development Trust</b>		
100% Beneficiary		
Net Assets		
Investment in finance lease	6,863,928	6,957,725
Cash and cash equivalents	1,010,369	20,463
Loan from Eastvaal financing partnership		
	<u>7,874,297</u>	<u>6,978,188</u>
Comprising:		
Donation	100	100
Net income available for distribution	<u>7,874,197</u>	<u>6,978,088</u>
	<u>7,874,297</u>	<u>6,978,188</u>

The investment in the Eastvaal Development Trust is carried at fair value. The fair value of the trust is determined by reference to the net asset value of the trust.

**9 Investment in the Eastvaal Financing Partnership**

99% Partnership interest		
Net Assets		-
Investment in finance lease	21,324,959	20,340,073
Cash and cash equivalents	962,305	1,837,482
Sundry Creditor	-	(10,336)
Finance lease liability	(6,863,928)	(6,957,726)
VAT		(191)
	<u>15,423,336</u>	<u>15,209,302</u>
Comprising:		
Partnership contributions	36,049,487	36,049,487
Accumulated loss	<u>(20,626,151)</u>	<u>(20,840,184)</u>
Fair value of the net assets of the partnership	<u>15,423,336</u>	<u>15,209,303</u>
Fair value of Gert Sibande's interest in the partnership		
Amount paid to obtain control of the partnership	<u>26,095,352</u>	<u>26,095,352</u>
Carrying amount of investment in the partnership	<u>26,095,352</u>	<u>26,095,352</u>

The investment in the partnership is carried at the cost of obtaining control of the partnership, less annual distributions of contributions.

**10 LONG TERM RECEIVABLES**

Study Bursaries	73,209	120,859
Motor Loans	109,192	250,960
<b>Total</b>	<u>182,401</u>	<u>371,820</u>
Less : Short Term Portion	-149,758	-358,366
<b>Total: Long Term Portion</b>	<u>32,642</u>	<u>13,454</u>

**MOTOR LOANS**

Senior staff were entitled to motor loans which attracted interest at 8.5% per annum and which were repayable over a maximum period of 6 years. As from 1 July 2004 no new loans were approved in compliance with the MFMA.

**11 DEBTORS**

Current debtors	0	0
Other Debtors	149,333	250,865
Local authorities	8,252,644	8,723,234
	<u>8,401,978</u>	<u>8,974,099</u>
<b>Reconciliation of the bad debt provision</b>		
Balance at beginning of the year		6,658,754
Bad Debts written off against provision		<u>-6,658,754</u>
Balance at end of year	<u>0</u>	<u>0</u>

**12 INVESTMENTS**

Fixed Deposits consist of the following:

Absa - short term - 6 months at an interest rate of 7.25%		10,000,000
FNB - short term - 6 months at an interest rate of 7.25%		10,000,000
<b>Total</b>	<u>0</u>	<u>20,000,000</u>

Deposit investment relate to capital and interest contributed by Gert Sibande District Municipality to a sinking fund invested with Nedcor Investment Bank.

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
<b>13 VAT</b>		
VAT receivable	16,133,070	11,130,293
VAT is payable on the receipts basis.		
	<u>16,133,070</u>	<u>11,130,293</u>
<b>14 BANK BALANCES AND CASH</b>		
The primary bank account is as follows:		
<b>ABSA BANK- Secunda</b>		
Account no 01053971462		
Branch code - 630244		
Cashbook balance at beginning of the year	149,284,230	195,583,211
Cashbook balance at end of the year	<u>52,938,597</u>	<u>149,284,230</u>
Bank statement balance at beginning of the year	149,435,621	181,500,434
Bank statement balance at end of the year	<u>52,939,395</u>	<u>149,435,621</u>
<b>15 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	10,694,263	8,673,981
Revenue Replacemnet Grant	215,490,000	189,203,983
MIG Grant	0	169,148
CBPWP	335,150	2,979,432
MSIG Grant	1,300,000	890,501
FMG Grant	750,000	501,756
Province and Govan Mbeki	20,000,000	
DWAF	3,200,000	3,198,548
<b>Total</b>	<u>251,769,413</u>	<u>205,617,348</u>
15.1 Equitable share		
In terms of the Constitution, this grant is utilised to subsidise basic services for the indigent community. Due to the fact that the District Municipality is not providing for basic services this grant is included in income.		
15.2 MIG Grant		
Balance unspent at the beginning of the year	206,073	375,221
Correction from previous year	0	0
Conditions met - transfer to revenue	0	-169,148
Conditions still to be met - transfer to liabilities (see note 4)	<u>206,073</u>	<u>206,073</u>
This grant is being used for several project with-in the Category B Municipalities in the Gert Sibande region. This project is being implemented by the District Municipality.		
15.3 MSIG Grant		
Balance unspent at the beginning of the year	0	155,501
Current year receipts	1,300,000	735,000
Conditions met - transfer to revenue	-1,300,000	-890,501
Conditions still to be met - transfer to liabilities (see note 4)	<u>0</u>	<u>0</u>
15.4 FMG Grant		
Balance unspent at the beginning of the year	0	1,756
Current year receipts	750,000	500,000
Conditions met - transfer to revenue	-750,000	-501,756
Conditions still to be met - transfer to liabilities (see note 4)	<u>0</u>	<u>0</u>
15.5 CBPWP		
Balance unspent at the beginning of the year	0	2,979,432
Current year receipts	335,155	0
Conditions met - transfer to revenue	-335,155	-2,979,432
Conditions still to be met - transfer to liabilities (see note 4)	<u>0</u>	<u>0</u>
15.6 DWA		
Balance unspent at the beginning of the year	0	0
Current year receipts	3,200,000	3,198,548
Conditions met - transfer to revenue	-3,200,000	-3,198,548
Conditions still to be met - transfer to liabilities (see note 4)	<u>0</u>	<u>0</u>
<b>16 OTHER INCOME</b>		
Tender Deposits	214,912	119,649
LGSeta allocations	145,658	117,410
Province donation	746,128	0
Retention written back	561,730	0
Other income	594,564	676,764
Donation - CIDA	0	3,654,107
Deposit in investment Agreement	4,943,475	1,228,173
<b>Total other income</b>	<u>7,206,466</u>	<u>5,796,103</u>

**GERT SIBANDE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	R	R
<b>17 EMPLOYEE RELATED COSTS</b>		
Employee related cost - Salaries and wages	28,382,192	23,323,353
Employee related cost - Contributions for UIF, pensions and medical aids	6,215,422	5,095,573
Travel and other allowances	3,798,425	2,740,628
Housing benefits and allowances	228,431	224,318
Overtime payment	198,630	240,691
Annual bonus	390,515	367,449
	<u>39,213,614</u>	<u>31,992,012</u>

There were no advances to employees. No new loans was approved.

**Remuneration of the Municipal Manager**

Annual Remuneration	677,781	651,611
Annual bonus - Provision	97,530	89,889
Car allowances	159,692	152,116
Contributions to UIF, Medical and pension funds.	184,933	136,094
Total	<u>1,119,936</u>	<u>1,029,710</u>

**Remuneration of the Chief Financial Officer**

Annual Remuneration	632,628	474,587
Annual bonus - Provision	76,167	70,200
Car allowances	149,640	118,647
Contributions to UIF, Medical and pension funds.	20,728	57,919
Total	<u>879,164</u>	<u>721,353</u>

**Remuneration of Individual Executive Directors  
30 June 2010**

	Corporate Services R	MIS R
Annual Remuneration	367,267	524,846
Annual bonus - Provision	68,000	76,167
Car allowances	92,163	124,356
Contributions to UIF, Medical and pension funds.	22,654	146,214
Total	<u>550,085</u>	<u>871,583</u>

**30 June 2010**

	IGR R	Mayor's Office R
Annual Remuneration	514,687	549,820
Annual bonus - Provision	72,652	
Car allowances	128,672	61,125
Contributions to UIF, Medical and pension funds.	89,383	144,592
Total	<u>805,393</u>	<u>755,537</u>

**30 June 2009**

	Corporate Services R	MIS R
Annual Remuneration	255,013	473,125
Annual bonus - Provision	0	70,200
Car allowances	50,541	113,367
Contributions to UIF, Medical and pension funds.	57,045	132,396
Total	<u>362,599</u>	<u>789,088</u>

**30 June 2009**

	IGR R	Mayor's Office R
Annual Remuneration	452,636	521,591
Annual bonus - Provision	66,960	70,200
Car allowances	113,159	62,105
Contributions to UIF, Medical and pension funds.	55,433	140,860
Total	<u>688,188</u>	<u>794,756</u>

For 2009 an amount of R367,449 is provided as annual bonus for management, and included as a creditor in note 3.

**18 COUNCILLORS REMUNERATION**

Executive Mayor	609,749	485,544
Speaker	487,953	388,367
Mayoral Committee's allowance	2,607,043	1,800,235
Councillor's	3,245,296	2,347,944
Councillor's pension fund	643,210	500,813
Medical aid contribution	198,250	199,106
UIF Contribution	13,654	12,852
<b>Total Councillors Remuneration</b>	<u>7,805,155</u>	<u>5,734,861</u>

**IN-KIND BENEFITS**

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor is staying in a house of Council.

**19 GRANTS AND SUBSIDIES PAID**

Grants paid to local Municipalities	209,193,919	169,837,112
Grants paid to charities	84,020	190,839
	<u>209,277,939</u>	<u>170,027,951</u>
Grants applied to local Municipalities for GSDM vehicles utilised: Depreciation	2,622,605	2,588,764
Total Grants and Subsidies	<u>211,900,543</u>	<u>172,616,715</u>

**GERT SIBANDE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	R	R
<b>20 CASH GENERATED BY OPERATIONS</b>		
Deficit/Surplus for the year	-10,627,849	8,319,452
Adjustments for:-		
Depreciation	4,843,157	4,340,107
Contribution to provisions	19,484,926	2,410,866
Gain on disposal of property, plant and equipment		-78,394
Assets adjustment	8,808	
Prior year adjustment	780,978	-1,398,088
Interest income	<u>-10,226,587</u>	<u>-25,883,985</u>
Operating surplus before working capital charges	4,263,433	-12,290,041
(Increase)/decrease in Debtors	634,121	4,188,951
(Increase)/decrease in Investments in Trust	-896,109	
Increase/ (decrease) in unspent conditional grant and receipts	0	-3,305,838
(Increase)/ decrease on VAT receivable	-5,002,777	2,136,007
Increase/(decrease) in Creditors	<u>-15,240,292</u>	<u>33,328,927</u>
<b>Cash generated by operations</b>	<u>-16,241,624</u>	<u>24,058,006</u>
<b>21 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balance - ABSA	52,938,597	149,284,230
Bank balance - Nedbank	220,247	204,673
Petty cash	6,100	6,100
Investments		<u>20,000,000</u>
Total	<u>53,164,944</u>	<u>169,495,003</u>
<b>22 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
22.1 Contributions to organized local government		
Opening balance	0	0
Council subscriptions	336,199	213,459
Amount paid - current year	<u>336,199</u>	<u>213,459</u>
Balance unpaid	<u>0</u>	<u>0</u>
22.2 Audit fees		
Opening balance	0	0
Current year audit fees	1,792,197	1,029,847
Amount paid - current year	<u>1,792,197</u>	<u>1,029,847</u>
Balance unpaid	<u>0</u>	<u>0</u>
22.3 VAT		
All VAT returns have been submitted by the due date throughout the year. The VAT receivables are shown in note 5.		
22.4 Payee and UIF		
Opening balance	0	0
Current year payroll deduction and Council Contributions	7,457,921	5,478,101
Amount paid - current year	<u>7,457,921</u>	<u>5,478,101</u>
Balance unpaid	<u>0</u>	<u>0</u>
22.5 Pension and Medical Aid Deductions		
Opening balance	0	0
Current year payroll deduction and Council Contributions	10,357,297	7,801,037
Amount paid - current year	10,357,297	7,801,037
Amount paid - previous year	<u>0</u>	<u>0</u>
Balance unpaid	<u>0</u>	<u>0</u>
<b>23 IRREGULAR EXPENDITURE - RECOURPMENT</b>		
Balance unspent at the beginning of the year	995,057	940,057
Current year recovered	-62,000	-65,000
Expenditure incurred during the year	<u>933,057</u>	<u>120,000</u>
	<u>933,057</u>	<u>995,057</u>

A factual findings report was undertaken by a reputed firm of Forensic Auditors and this document was tabled with GSDM's Insurance company as the potential loss shall be further reduced with an insurance compensation. Legal processes are currently in place to recover any outstanding loss from perpetrators who have been identified by the SAPS.

Incorrect payment - SARS

In addition during 2008/2009 an amount of R120,000.35 was inadvertently paid to an individual who misrepresented himself as a SARS employee. An amount of R62, 000 was recovered during this financial year.

**GERT SIBANDE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	R	R
<b>24 PRIOR YEAR ADJUSTMENT</b>		
Interest repaid incorrectly received during 2008/2009	-12,434	0
Vat levied but not received	793,412	0
Depreciation on capitalized leased Assets - Prior year	0	190,047
Provision for finance lease liability	0	-190,047
	<u>780,978</u>	<u>0</u>
<b>27 CAPITAL AND OTHER COMMITMENTS</b>		
Commitment in respect of capital and other expenditure		
- Approved and contracted for		
Capital Projects	163,785,066	230,044,846
Total	<u>163,785,066</u>	<u>230,044,846</u>
This expenditure will be financed from:		
-Own Resources	163,785,066	230,044,846
Total	<u>163,785,066</u>	<u>230,044,846</u>
<b>28 GENERAL EXPENDITURE - OTHER</b>		
ADVERTISEMENTS	270,872	361,301
AUDIT FEES	2,406,586	2,275,319
BANK COSTS	83,707	75,375
RENTAL	344,892	261,834
TECHNICAL SUPPORT	269,457	420,380
ENTERTAINMENT	499,186	597,403
INSURANCE	719,518	517,089
EQUIPMENT AND FURNITURE	325,195	136,252
LEGAL COSTS	335,045	813,545
MEMBERSHIP AND SUBSCRIPTION FEES	365,949	258,133
MUNICIPAL AND OTHER SERVICES	2,064,594	747,082
PROGRAM ALTERATIONS	163,007	43,482
TRAVEL & SUBSISTANCE	1,555,490	1,472,982
SECURITY	234,015	217,830
SERVICE TRAINING	614,939	915,481
STATIONERY AND PUBLICITY	481,097	462,876
TELEPHONE	1,551,803	1,526,786
<b>TOTAL</b>	<u><b>12,285,354</b></u>	<u><b>11,103,152</b></u>
<b>29 CONTINGENT LIABILITIES</b>		
Disputed Contractor Claim	<u>620,810</u>	<u>0</u>

Currently the Municipality is in the process of finalising a legal claim on behalf of a contractor.

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	COST					ACCUMULATED DEPRECIATION				CARRYING VALUE	BUDGET 2010
	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	DISPOSALS / TRANSFERS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS / TRANSFERS	CLOSING BALANCE		
	R	R	R	R	R	R	R	R	R		
<b>LAND AND BUILDINGS</b>											
Building	90,862,604	23,134,511	84,070,407	0	198,067,522	3,728,328	462,899	0	4,191,227	193,876,295	103,734,168
	<b>90,862,604</b>	<b>23,134,511</b>	<b>84,070,407</b>	<b>0</b>	<b>198,067,522</b>	<b>3,728,328</b>	<b>462,899</b>	<b>0</b>	<b>4,191,227</b>	<b>193,876,295</b>	
<b>OTHER ASSETS</b>											
Equipment	5,048,508	3,102,271	0	(14,800)	8,135,979	3,897,628	695,455	(5,992)	4,587,091	3,548,889	2,494,310
Furniture	403,065	0	0	-	403,065	197,560	40,457	0	238,017	165,048	5,690
Vehicles	43,545,371	0	0	-	43,545,371	6,202,811	3,498,593	0	9,701,404	33,843,967	0
Capitalised Lease Assets	762,469	0	0	-	762,469	431,167	145,754	0	576,921	185,548	0
	<b>49,759,413</b>	<b>3,102,271</b>	<b>0</b>	<b>(14,800)</b>	<b>52,846,884</b>	<b>10,729,166</b>	<b>4,380,258</b>	<b>(5,992)</b>	<b>15,103,432</b>	<b>37,743,452</b>	
<b>INFRASTRUCTURE ASSETS</b>											
Refuse Removal Site	0	0	197,250	0	197,250	0	0	0	0	197,250	200,000
	-	-	<b>197,250</b>	-	<b>197,250</b>	-	-	-	-	<b>197,250</b>	
<b>TOTAL</b>	<b>140,622,017</b>	<b>26,236,783</b>	<b>84,267,657</b>	<b>(14,800)</b>	<b>251,111,656</b>	<b>14,457,494</b>	<b>4,843,157</b>	<b>(5,992)</b>	<b>19,294,659</b>	<b>231,816,997</b>	

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

	COST					ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE 1/7/2009	ADDITIONS	WORK IN PROGRESS	DISPOSALS / TRANSFERS	CLOSING BALANCE 30/6/2010	OPENING BALANCE 1/7/2009	ADDITIONS	DISPOSALS / TRANSFERS	CLOSING BALANCE 30/6/2010	
	R	R		R	R	R	R	R	R	
Executive and Council	84,449,948	25,962,071	84,070,407	0	194,482,426	2,254,870	1,266,218	0	3,521,088	190,961,338
Finance and admin	17,931,409	244,991	0	-7,800	18,168,600	7,153,314	851,375	-4,033	8,000,656	10,167,944
Planning and development	590,558	29,720	197,250	-7,000	810,528	260,955	102,960	-1,960	361,955	448,573
Local Authorities	37,650,102	0	0	0	37,650,102	4,788,355	2,622,605	0	7,410,960	30,239,142
<b>TOTAL</b>	<b>140,622,017</b>	<b>26,236,782</b>	<b>84,267,657</b>	<b>-14,800</b>	<b>251,111,656</b>	<b>14,457,494</b>	<b>4,843,158</b>	<b>-5,993</b>	<b>19,294,659</b>	<b>231,816,997</b>



GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009	2009	2009		2010	2010	2010
Actual Income	Actual Expenditure	Surplus		Actual Income	Actual Expenditure	Surplus
R	R	R		R	R	R
6,347,128	172,425,875	-166,078,747		20,000,000	211,816,524	-191,816,524
6,347,128	172,425,875	-166,078,747	Contribution to Local Authorities	20,000,000	211,816,524	-191,816,524
<b>231,467,731</b>	<b>56,878,694</b>	<b>174,589,035</b>		<b>249,203,218</b>	<b>67,930,523</b>	<b>181,272,695</b>
3,684,517	25,095,476	-21,410,960	Corporate Services	41,873	26,731,372	-26,689,499
227,574,712	12,524,474	215,050,237	Budget & Treasury	245,591,198	16,481,032	229,110,165
174	2,036,877	-2,036,703	Health	836	4,519,631	-4,518,796
205,840	13,758,910	-13,553,070	MIS & IGR	3,565,517	15,850,823	-12,285,306
1,232	1,740,574	-1,739,342	Municipal Buildings	1,366	1,999,063	-1,997,697
1,256	1,722,383	-1,721,127	Computer Services	2,428	2,348,601	-2,346,173
0	190,839	-190,839		0	84,020	-84,020
0	190,839	-190,839	Donations	0	84,020	-84,020
<b>237,814,859</b>	<b>229,495,408</b>	<b>8,319,452</b>		<b>269,203,218</b>	<b>279,831,066</b>	<b>-10,627,849</b>

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL OPERATING REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010	Budget 2010	Variance 2010	Variance 2010	Explanation of variances greater than 10%
	R	R	R	%	
<b>REVENUE</b>					
Interest earned - external investments	10,199,918	8,635,064	1,564,854	18%	Due to projects late implementation, more funds were available for investment.
Interest earned - outstanding debtors	26,669	0	26,669	100%	Interest on outstanding motorloan recovered
Government grants and subsidies	251,769,413	251,614,400	155,013	0%	
Other income	7,206,466	955,535	6,250,931	654%	A donation was received from COGTA not budgeted for, as well as retention written back. The income on the trust was not budgeted for.
Gains on disposals of property, plant and equipment	752	0	752	100%	Gains on disposal of PPE not budgeted for
<b>TOTAL REVENUE</b>	<b>269,203,218</b>	<b>261,204,999</b>	<b>7,998,219</b>	<b>3%</b>	
<b>EXPENDITURE</b>					
Employee related cost	39,213,614	50,201,373	-10,987,759	-22%	Not all positions were filled on the organigram, resulting in less expenditure than budgeted for
Remuneration of Councillors	7,805,155	8,378,207	-573,052	-7%	
Depreciation	2,220,553	1,929,952	290,601	15%	Depreciation on disaster centre completed was not budgeted for
Repairs and maintenance	1,018,334	1,075,934	-57,600	-5%	
Contracted services	838,267	856,943	-18,676	-2%	
Grants and subsidies paid	211,900,544	212,314,660	-414,116	0%	
General expenses - other	12,285,354	14,245,959	-1,960,605	-14%	Less was spent on general expenditure than budgeted for
Loss on disposals of property, plant and equipment	1,497	0	1,497	100%	Loss on disposal of PPE not budgeted for
Finance Cost	4,547,750	0	4,547,750	100%	Finance Cost for partnership not taken into consideration during the budget
<b>TOTAL EXPENDITURE</b>	<b>279,831,066</b>	<b>289,003,028</b>	<b>-9,171,961</b>	<b>-3%</b>	
<b>SURPLUS FOR THE YEAR</b>	<b>-10,627,849</b>	<b>-27,798,029</b>	<b>17,170,180</b>		

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E(2)

ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR 30 JUNE 2010

	2010 ACTUAL	2010 WORK IN PROGRESS	2010 TOTAL ADDITIONS	2010 BUDGET	2010 VARIANCE	2010 VARIANCE	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 5% VERSUS BUDGET
	R	R	R	R	R	%	
<b>LAND AND BUILDINGS</b>							
Buildings	23,134,511	84,070,407	107,204,918	103,734,168	(3,470,750)	-3%	Refer to section 31 (a) of MFMA regarding expenditure on capital projects
	<b>23,134,511</b>	<b>84,070,407</b>	<b>107,204,918</b>	<b>103,734,168</b>	<b>-3,470,750</b>		
<b>OTHER ASSETS</b>							
Equipment	3,096,581	-	3,096,581	2,494,310	(602,271)	-24.1%	Skid units amounting to R 746 128 capitalised hence budget amount exceeded
Furniture	5,690	-	5,690	5,690	-	0%	
	<b>3,102,271</b>	<b>-</b>	<b>3,102,271</b>	<b>2,500,000</b>	<b>(602,271)</b>		
<b>INFRASTRUCTURE ASSETS</b>							
Refuse removal site	-	197,250	197,250	200,000	2,750	1%	n/a
	<b>-</b>	<b>197,250</b>	<b>197,250</b>	<b>200,000</b>	<b>2,750</b>		
<b>TOTAL</b>	<b>26,236,783</b>	<b>84,267,657</b>	<b>110,504,439</b>	<b>106,434,168</b>	<b>(4,070,271)</b>		

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX F

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

GRANTS AND SUBSIDIES RECEIVED

Name of Grants	Opening balance	Quarterly Receipts					Total	Quarterly Expenditure					Total	Closing balance	Grants and Subsidies delayed/withheld	Reason for delay/withholding of funds	Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Sept		Dec	March	June								
Equitable share	0	3,564,660	3,564,570	3,565,033	0	10,694,263	2,673,566	2,673,566	2,673,566	2,673,565	10,694,263	0	2,010	N/A	YES	N/A		
MIG Grant	206,073	0	0	0	0	206,073	0	0	0	0	0	206,073	N/A	YES	N/A			
MSIG Grant	0	1,300,000	0	0	0	1,300,000	334,467	0	4,965	960,568	1,300,000	0	N/A	YES	N/A			
FMG Grant	0	750,000	0	0	0	750,000	187,500	187,500	187,500	187,500	750,000	0	N/A	YES	N/A			
Revenue Replacem	0	90,678,708	72,130,305	52,680,987	0	215,490,000	53,872,500	53,872,500	53,872,500	53,872,500	215,490,000	0	N/A	YES	N/A			
CBPWP	0	0	0	335,150		335,150	0	0	167,575	167,575	335,150	0	N/A	YES	N/A			
DWAF	0	0	0	0	3,200,000	3,200,000	0	0	0	3,200,000	3,200,000	0	N/A	YES	N/A			
<b>TOTAL</b>	<b>206,073</b>	<b>96,293,368</b>	<b>75,694,875</b>	<b>56,581,170</b>	<b>3,200,000</b>	<b>231,975,486</b>	<b>57,068,033</b>	<b>56,733,566</b>	<b>56,906,106</b>	<b>61,061,708</b>	<b>231,769,413</b>	<b>206,073</b>						

GERT SIBANDE DISTRICT MUNICIPALITY

Appendix G

Statement of comparative and actual information for the year ended 30 June 2010

#N/A	2009/10									
	R	Original Budget	Budget adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>Revenue By Source</b>										
Property rates		0	0	0	0	0	0	0	0.00%	0.00%
Service charges		0	0		0	0	0	0		
Investment Revenue		8,164,540	470,524	0	8,635,064	10,226,587	0	-1,591,523	118.43%	125.26%
Transfers recognised - operational		229,234,000	22,380,400		251,614,400	251,769,413	0	-155,013	100.06%	109.83%
Other revenue		170,770	784,765		955,535	7,206,466	0	-6,250,931	754.18%	4219.98%
Gains on disposal of PPE					0	752	0	-752	0.00%	0.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>237,569,310</b>	<b>23,635,689</b>	<b>0</b>	<b>261,204,999</b>	<b>269,203,218</b>	<b>0</b>	<b>-7,998,219</b>	<b>972.67%</b>	<b>4455.07%</b>
<b>Expenditure By Type</b>										
Employee related costs		61,833,110	-10,631,155	-1,000,583	50,201,373	39,213,614	0	10,987,759	78.11%	63.42%
Remuneration of councillors		8,388,270	35,440	-45,503	8,378,207	7,805,155	0	573,052	93.16%	93.05%
Depreciation & asset impairment		1,597,890	359,440	-27,378	1,929,952	2,220,553	0	-290,601	115.06%	138.97%
Finance charges					0	4,547,750	0	-4,547,750	0.00%	0.00%
Contracted services		1,085,650	-264,580	35,873	856,943	838,267	0	18,676	97.82%	77.21%
Transfers and grants		194,816,359	17,498,301		212,314,660	211,900,544	0	414,116	99.80%	108.77%
Other expenditure		14,992,700	-708,395	1,037,588	15,321,893	13,303,688	0	2,018,205	86.83%	88.73%
Loss on disposal of PPE						1,497	0	-1,497	0.00%	0.00%
<b>Total Expenditure</b>		<b>282,713,979</b>	<b>6,289,051</b>	<b>-3</b>	<b>289,003,028</b>	<b>279,831,068</b>	<b>0</b>	<b>9,171,960</b>	<b>570.78%</b>	<b>570.15%</b>
<b>Surplus/(Deficit)</b>										
Transfers recognised - capital		-45,144,669	17,346,638	3	-27,798,029	-10,627,850	0	-17,170,179	401.89%	3884.92%
Contributions recognised - capital		0	0	0	0	0	0	0	0.00%	0.00%
Contributed assets		-89,267,931	-17,166,237		-106,434,168	-110,504,439	0	4,070,271	103.82%	123.79%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>-134,412,600</b>	<b>180,401</b>	<b>3</b>	<b>-134,232,197</b>	<b>-121,132,289</b>	<b>0</b>	<b>-13,099,908</b>	<b>505.71%</b>	<b>4008.71%</b>
<b>Surplus/(Deficit) for the year</b>		<b>-134,412,600</b>	<b>180,401</b>	<b>3</b>	<b>-134,232,197</b>	<b>-121,132,289</b>	<b>0</b>	<b>-13,099,908</b>		
<b>Capital expenditure &amp; funds resources</b>										
Capital Expenditure										
Donations						-746,128		746,128		
Internally generated funds		-89,267,931	-17,166,237		-106,434,168	-109,758,311	0	3,324,143		
<b>Total sources of Capital funds</b>		<b>-89,267,931</b>	<b>-17,166,237</b>	<b>0</b>	<b>-106,434,168</b>	<b>-110,504,439</b>	<b>0</b>	<b>4,070,271</b>		
<b>Cash flows</b>										
Nett cash from (used) operating										
Nett cash from (used) operating										
Nett cash from (used) operating										
<b>Cash/cash equivalents at the year end</b>										