

# **GERT SIBANDE DISTRICT MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS 30 JUNE 2011**



**31 AUGUST 2011**

# **GERT SIBANDE DISTRICT MUNICIPALITY**

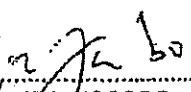
## **ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**



I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 34, 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 19 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.

  
.....  
MR. M.A. NGCOBO, MR. M.A. NGCOBO, MR. M.A. NGCOBO, MR. M.A. NGCOBO, MR. M.A. NGCOBO  
MUNICIPAL MANAGER  
GERT SIBANDE DISTRICT MUNICIPALITY

31 August 2011

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**GERT SIBANDE DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011**

	Note	2011 R	2010 R
<b><u>NET ASSETS AND LIABILITIES</u></b>			
<b>NET ASSETS</b>		<b>306,531,225</b>	<b>259,058,057</b>
Accumulated Surplus		306,531,225	259,058,057
<b>NON - CURRENT LIABILITIES</b>		<b>52,213,733</b>	<b>25,799,293</b>
Long - term liabilities	1	25,909,202	-
Retirement Benefit	2	255,930	113,836
Finance lease liabilities	3	22,172,601	21,324,957
Deferred profit on sale and leaseback	4	3,876,000	4,360,500
<b>CURRENT LIABILITIES</b>		<b>48,384,317</b>	<b>59,907,495</b>
Creditors	5	42,233,461	59,701,422
Unspent conditional Government grants	6	-	206,073
Current portion of long - term liabilities	1	6,150,856	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>407,129,275</b>	<b>344,764,845</b>
<b><u>ASSETS</u></b>			
<b>NON - CURRENT ASSETS</b>		<b>363,960,512</b>	<b>265,982,038</b>
Property, plant and equipment	7	331,136,080	231,979,747
Investment in Eastvaal Development Trust	8	6,729,080	7,874,297
Investment in Eastvaal Financing Partnership	9	26,095,352	26,095,352
Long term receivables	10	-	32,642
<b>CURRENT ASSETS</b>		<b>43,168,763</b>	<b>78,782,807</b>
Debtors	11	13,056,942	8,401,978
Irregular Expenditure - Recoupment	25	58,000	933,057
VAT	12	9,228,988	16,133,070
Non-Current Assets held for sale	13	10,306,300	-
Bank balance and cash	23	10,281,116	53,164,944
Current portion of long term receivables	10	237,417	149,758
<b>TOTAL ASSETS</b>		<b>407,129,275</b>	<b>344,764,845</b>

# GERT SIBANDE DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	Actual 2011 R	Actual 2010 R
<b><u>REVENUE</u></b>			
Interest earned - external investments		3,299,897	10,199,918
Interest earned - other		2,725,234	26,669
Government grants and subsidies	15	246,890,476	251,769,413
Other Income	16	5,668,644	2,262,991
Income from Entities	17	3,400,951	4,943,475
Gains on disposal of property, plant and equipment		52,840	752
<b>TOTAL REVENUE</b>		<b><u>262,038,042</u></b>	<b><u>269,203,218</u></b>
<b><u>EXPENDITURE</u></b>			
Employee related costs	18	46,517,493	39,213,614
Remuneration of Councillors	19	8,164,618	7,805,155
Depreciation (Appendix B)		6,980,268	2,220,553
Repairs and maintenance		1,138,714	1,018,334
Contracted services		956,753	838,267
Grants and subsidies paid	20	125,525,433	189,743,093
Grants and subsidies paid: Depreciation (Appendix B)	20	2,693,398	2,622,605
General expenses - other	28	18,123,305	12,285,354
Loss on disposal of property, plant and equipment		-	1,497
Finance Cost	21	5,078,253	4,547,750
<b>TOTAL EXPENDITURE</b>		<b><u>215,178,234</u></b>	<b><u>280,296,220</u></b>
<b>SURPLUS FOR THE YEAR</b>		<b><u>46,859,807</u></b>	<b><u>8,906,997</u></b>

## GERT SIBANDE DISTRICT MUNICIPALITY

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	ACCUMULATED SURPLUS	GRANT RESERVE	TOTAL
		R	R	R
<b>Balance at 1 July 2009 as previously stated</b>		249,370,082	-	249,370,082
Deficit for the year		8,906,997	-	8,906,997
Contribution to Donation Reserve		(746,128)	746,128	-
Offsetting of depreciation		68,843	(68,843)	-
Prior year adjustment	26	780,978	-	780,978
<b>Balance at 30 June 2010</b>		<u>258,380,773</u>	<u>677,284</u>	<u>259,058,057</u>
Prior year adjustment	26	1,226,416	-	1,226,416
<b>Balance at 30 June 2010</b>		<u>259,607,189</u>	<u>677,284</u>	<u>260,284,473</u>
<b>Balance at 1 July 2010</b>		259,607,189	677,284	260,284,473
Surplus for the year		46,859,807	-	46,859,807
Offsetting of depreciation		68,843	(68,843)	-
Prior year adjustment	26	(613,056)	-	(613,056)
<b>Balance at 30 June 2011</b>		<u>305,922,783</u>	<u>608,441</u>	<u>306,531,225</u>

GERT SIBANDE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2,011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from government		246,890,476	251,769,413
Cash receipts from other		<u>249,215,992</u>	<u>553,985,403</u>
<b>Sub-Total Receipts</b>		<b>496,106,468</b>	<b>805,754,816</b>
Cash paid to suppliers and employees		<u>(451,424,879)</u>	<u>(822,193,690)</u>
Cash generated from operating activities	22	<b>44,681,589</b>	<b>(16,438,874)</b>
Interest received		6,025,131	10,226,587
Interest paid		(6,473,402)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b><u>44,233,318</u></b>	<b><u>(6,212,287)</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(119,175,027)	(110,307,190)
Proceeds on disposal of fixed assets		52,840	
(Increase)/Decrease in non current receivables		(55,016)	189,419
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b><u>(119,177,203)</u></b>	<b><u>(110,117,771)</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		35,000,000	-
New loans repaid		(2,939,942)	-
Other Capital receipts			-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b><u>32,060,058</u></b>	<b><u>-</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b><u>(42,883,828)</u></b>	<b><u>(116,330,058)</u></b>
Cash and cash equivalent at the beginning of the year		53,164,944	169,495,002
Cash and cash equivalent at the end of the year	23	10,281,116	53,164,944

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011**

**BASIS OF ACCOUNTING**

**1.1 BASIS OF PREPARATION**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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 (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

**1.2 STANDARDS APPROVED OR ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been approved but are not yet effective and have not been early adopted by the municipality.

- GRAP 21 Impairment of non cash generating assets
- GRAP 23 Revenue from non-exchange transactions
- GRAP 24 Presentation of budget information in financial
- GRAP 26 Impairment of cash generating assets
- GRAP 103 Heritage assets.

The following standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment reporting
- GRAP 20 Related parties
- GRAP 25 Employee Benefits
- GRAP 104 Financial Instruments

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



**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

The significant accounting policies, which have been consistently applied to all the years presented are set out below.

**1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION  
UNCERTAINTY**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**1.3.1 Debtors and loans receivable**

The municipality assesses its debtors and loans receivable for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

**1.3.2 Property, plant and equipment**

Management estimates the remaining useful lives and condition of significant items of property plant and equipment on an annual basis. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a significant impairment of the respective asset.

**1.3.3 Post retirement benefits**

The municipality only provides two forms of retirement benefits in the form of retirement contribution plans for which there is no post retirement liability and, post retirement medical benefits to a former employee now on pension.

In view of the limited exposure to the post retirement medical benefit, the present value of post retirement medical benefits is determined by management supported by actuarial valuation where necessary such as in times of extreme interest rate variations.

**GERT SIBANDE DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2011 (Continued)**

**2. PRESENTATION CURRENCY**

The Annual Financial Statements are presented in the South African Rand currency and are rounded to the nearest rand.

**3. GOING CONCERN ASSUMPTION**

The 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 at 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.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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 2010/2011. The annual depreciation rates are based on the following estimated asset lives:-

<u>Infrastructure and Other</u>	<u>Years</u>
Buildings (including air conditioning systems)	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
Electrical reticulation	20

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.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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.

**4.5 Non current assets held for sale**

Where PPE is no longer in use and is held to be sold, such assets are categorised as non-current assets held for sale.

**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 District 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.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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.

**GERT SIBANDE DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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.



**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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. RETIREMENT BENEFITS**

The Municipality operates pension and gratuity plans for the benefits of its employees. These plans are defined contribution plans. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions. Contributions are recognised as an expense in the Statement of Financial Performance in the year in which they become payable.

The liability recognised in the statement of financial position is in respect of a defined benefit plan for post employment medical benefits for a sole remaining pensioner under the now defunct plan. The plan is actuarially valued each year. Any gains or deficits identified by the actuary are recognised in the statement of financial performance in the year they accrue. Current employees do not enjoy post retirement medical benefits.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

**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

Two legal matters are currently pending. One is a labour dispute pending before the labour court, whilst the other is a contractual matter currently pending before the high court. Both matters have yet to be finalised and as such potential costs may not be quantified at present.

**19. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

**GERT SIBANDE DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011 (Continued)**

Risks and exposure are disclosed as follows:

**19.1 Credit Risk:**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

**19.2 Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in the notes to the annual financial statements.

**19.3 Interest Risk**

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

- Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.
- Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Management has assessed the impact of interest rate risk on the operations of the municipality and considers the risk to be negligible.

**19.4 Market Risk**

Owing to legislative restrictions the municipality has no exposure to market risk.

**GERT SIBANDE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
<b>1 LONG TERM LIABILITIES</b>		
ABSA Bank	35,000,000	-
Less: Payment during the year	(2,939,942)	-
Sub- Total	<u>32,060,058</u>	-
Less: Current portion transferred to current Liabilities	(6,150,856)	-
<b>Total External Loans</b>	<u><u>25,909,202</u></u>	<u>-</u>
This loan which is unsecured bears interest at 8.22% pa. The loan is repayable semi-annually amounting to R 8,670,181 Refer Appendix A for more detail		
<b>2 RETIREMENT BENEFIT</b>		
<b>2.1 Post-retirement Medical Aid Benefits</b>		
Balance unspent at the beginning of the year	113,836	100,750
Current year change in estimates	142,094	13,086
Balance at the end of the year	<u>255,930</u>	<u>113,836</u>
The amount above represents the Municipality's liability for post employment medical aid benefit for the sole remaining pensioner under the now defunct plan. The Municipality's maximum liability for the current year was determined by an actuarial valuation report. Current employees do not enjoy post retirement medical aid benefits.		
<b>2.2 Retirement Benefits Plans</b>		
Employees of the Municipality belong to the National Fund for Municipal Workers and the Municipal Gratuity Fund. These funds are defined contribution plans. The Municipality has no legal or constructive obligation to pay further contributions. Contributions are recognised as an expense in the Statement of Financial Performance in the year in which they become payable.		
<b>3 FINANCE LEASE LIABILITY</b>		
Eastvaal Financing Partnership- Minimum lease payments		
Not later than 1 year	4,630,301	4,061,667
Later than 1 year and no later than 5 years	26,743,716	23,134,760
Greater than 5 years	20,644,280	23,340,165
Less Future finance charges	(29,845,696)	(29,211,635)
Present value of finance lease liabilities	<u>22,172,601</u>	<u>21,324,957</u>
The present value of the finance lease liabilities is as follows:		
No later than 1 year	4,050,599	3,586,216
Later than 1 year and no later than 5 years	13,004,092	11,805,774
Later than 5 years	5,117,910	5,932,969
	<u>22,172,601</u>	<u>21,324,959</u>
<b>4 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 are illustrated below:		
Profit on sale and leaseback	9,690,000	9,690,000
Accumulated amortisation of profit on sale and leaseback	(5,814,000)	(5,329,500)
	<u>3,876,000</u>	<u>4,360,500</u>
<b>5 CREDITORS</b>		
Trade creditors	17,650,961	28,604,110
Retention	25,302,618	27,661,755
Other	600,541	1,175,916
Capitalised Finance Lease Liabilities	-	78,348
Staff leave pay	2,546,894	2,181,294
	<u>46,101,014</u>	<u>59,701,422</u>
Less Fair value adjustment Retention	(3,867,553)	-
<b>Total</b>	<u><u>42,233,461</u></u>	<u><u>59,701,422</u></u>

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R	
<b>6 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>			
MIG Grant	-	206,073	
<b>Total</b>	<u>-</u>	<u>206,073</u>	
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
<b>30 June 2011</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Land and Building			
Land and Buildings	299,595,077	3,178,536	296,416,541
<b>Total Land and Building</b>	<u>299,595,077</u>	<u>3,178,536</u>	<u>296,416,541</u>
<b>Other Assets</b>			
Equipment	8,421,353	6,439,792	1,981,561
Furniture	3,237,614	606,004	2,631,610
Vehicles	42,430,323	12,440,660	29,989,663
Capitalised Lease Assets	762,469	645,764	116,705
<b>Total Other Assets</b>	<u>54,851,759</u>	<u>20,132,220</u>	<u>34,719,539</u>
<b>Total Assets</b>	<u>354,446,836</u>	<u>23,310,756</u>	<u>331,136,080</u>
<b>Total fixed assets</b>			
<b>30 June 2010</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Land and Building			
Land and Buildings	198,427,522	4,191,227	194,236,295
<b>Total Land and Building</b>	<u>198,427,522</u>	<u>4,191,227</u>	<u>194,236,295</u>
<b>Other Assets</b>			
Equipment	8,135,979	4,587,090	3,548,889
Furniture	403,065	238,017	165,048
Vehicles	43,545,371	9,701,404	33,843,967
Capitalised Leased Assets	762,469	576,921	185,548
<b>Total Other Assets</b>	<u>52,846,884</u>	<u>15,103,432</u>	<u>37,743,452</u>
<b>Total</b>	<u>251,274,406</u>	<u>19,294,659</u>	<u>231,979,747</u>
Refer Appendix B & C for more detail on property plant and equipment			
<b>8 Investment in Eastvaal Development Trust</b>			
100% Beneficiary			
Net Assets			
Investment in finance lease		6,723,153	6,863,928
Cash and cash equivalents		5,927	1,010,369
		<u>6,729,080</u>	<u>7,874,297</u>
Comprising:			
Donation		100	100
Net Income available for distribution		<u>6,728,980</u>	<u>7,874,197</u>
		<u>6,729,080</u>	<u>7,874,297</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.

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
<b>9 Investment in the Eastvaal Financing Partnership</b>		
99% Partnership interest		
Net Assets		-
Investment in finance lease	21,950,875	21,324,959
Cash and cash equivalents	2,058,091	962,305
Sundry Creditor	-	-
Finance lease liability	(6,655,921)	(6,863,928)
VAT		
	<u>17,353,045</u>	<u>15,423,336</u>
Comprising:		
Partnership contributions	35,688,992	36,049,487
Accumulated loss	(18,335,947)	(20,626,151)
	<u>17,353,045</u>	<u>15,423,336</u>
Fair value of the net assets of the partnership		
Fair value of Gert Sibande's interest in the partnership	26,095,352	26,095,352
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		

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	162,677	73,209
Motor Loans	74,740	109,192
<b>Total</b>	<u>237,417</u>	<u>182,401</u>
Less : Short Term Portion	(237,417)	(149,758)
<b>Total: Long Term Portion</b>	<u>0</u>	<u>32,642</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**

Other Debtors	152,503	149,333
Local authority (Dipaleseng MIG)	8,252,644	8,252,644
Local authority (Govan Mbeki Upgrading of Electrical network Bethal / Emzini)	2,531,255	-
Mpumalanga Province (Department of Local Government and Traditional Affairs of Electrical network Bethal / Emzini)	2,531,255	-
	<u>13,467,658</u>	<u>8,401,978</u>
Less Fair value adjustment Dipaleseng MIG	(410,716)	-
	<u>13,056,942</u>	<u>8,401,978</u>

**12 VAT**

VAT receivable	9,228,988	16,133,070
VAT is payable on the receipts basis.		
	<u>9,228,988</u>	<u>16,133,070</u>

**GERT SIBANDE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)**

	2011 R	2010 R
<b>13 NON-CURRENT ASSETS HELD FOR SALE</b>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>
		<u>Carrying Value</u>
Land and Buildings	13,880,044	4,643,217
Vehicles	1,115,048	759,336
Plant and Equipment	905,064	191,303
<b>Total</b>	<u><b>15,900,155</b></u>	<u><b>5,593,856</b></u>

- (a) The Land and Building that are held for sale as at 30 June 2011 consist of the following:  
 (1) Office Building situated in Secunda (Louwrens Muller Street).  
 (2) Mayoral House situated in Secunda (63 Piet Slabbert Street).  
 (Council Resolution: C08/01/2011)
- (b) The Motor Vehicles that are held for sale as at 30 June 2011 consist of the following:  
 (1) Mayoral Vehicle BMW 530D with registration number CZV 917 MP  
 (2) Mayoral Vehicle VW Touareg with registration number DSG 101 MP.  
 (Council Resolution: CM16/06/2011)
- (c) The Plant and Equipment that are held for sale as at 30 June 2011 consist of a Generator that are part of the Office Building as per piont (a) above  
 (Council Resolution: C08/01/2011)

**14 BANK BALANCES AND CASH**

The primary bank account is as follows:

**ABSA BANK- Secunda**  
**Account no 01053971462**  
**Branch code - 630244**

Cashbook balance at beginning of the year	52,938,597	149,284,230
Cashbook balance at end of the period	<u>10,037,378</u>	<u>52,938,597</u>
Bank statement balance at beginning of the year	52,939,395	149,435,621
Bank statement balance at end of the period	<u>10,049,066</u>	<u>52,939,395</u>

**15 GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share	16,172,955	10,694,263
Revenue Replacement Grant	221,975,011	215,490,000
CBPWP	180,000	335,150
MSIG Grant	1,000,000	1,300,000
FMG Grant	1,000,000	750,000
Province and Govan Mbeki	5,062,510	20,000,000
DWAF	1,500,000	3,200,000

**Total** **246,890,476** **251,769,413**

Refer Appendix F for more detail

**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	206,073
Correction from previous year	-	-
Conditions met - transfer to revenue	<u>(206,073)</u>	-
Conditions still to be met	<u>-</u>	<u>206,073</u>

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
<b>15.3 MSIG Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	1,000,000	1,300,000
Conditions met - transfer to revenue	(1,000,000)	(1,300,000)
	<u>-</u>	<u>-</u>
<b>15.4 FMG Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	1,000,000	750,000
Conditions met - transfer to revenue	(1,000,000)	(750,000)
	<u>-</u>	<u>-</u>
<b>15.5 CBPWP Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	180,000	335,155
Conditions met - transfer to revenue	(180,000)	(335,155)
	<u>-</u>	<u>-</u>
<b>15.6 DWA Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	1,500,000	3,200,000
Conditions met - transfer to revenue	(1,500,000)	(3,200,000)
	<u>-</u>	<u>-</u>
<b>15.7 GOVAN MBEKI and MPUMALANGE PROVINCE Subsidy</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	-	-
Conditions met - transfer to revenue	(5,062,510)	-
Conditions still to be met - transfer to debtors (see note 11)	<u>(5,062,510)</u>	<u>-</u>
<b>16 OTHER INCOME</b>		
Tender Deposits	134,338	214,912
Car Wash	358,748	-
Unknown Deposits	905,678	-
LGSeta allocations	142,495	145,658
Province donation	508,000	746,128
Retention written back	2,286,479	561,730
Other income	466,661	594,564
Sundry Donations	447,000	-
Penalties	419,245	-
Total other income	<u>5,668,644</u>	<u>2,262,991</u>
<b>17 INCOME FROM ENTITIES</b>		
Deposit in investment Agreement	3,400,951	4,943,475
Total income from entities	<u>3,400,951</u>	<u>4,943,475</u>



GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
<b>18 EMPLOYEE RELATED COSTS</b>		
Employee related cost - Salaries and wages	33,532,138	28,382,192
Employee related cost - Contributions for UIF, pensions and medical aids	8,167,634	6,215,422
Travel and other allowances	4,059,729	3,798,425
Housing benefits and allowances	201,706	228,431
Overtime payment	132,577	198,630
Annual bonus	423,709	390,515
Total Employee related costs	<u>46,517,493</u>	<u>39,213,614</u>
There were no advances to employees. No new loans were approved.		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	736,735	677,781
Annual bonus - Provision	105,820	97,530
Car allowances	173,602	159,692
Contributions to UIF, Medical and pension funds.	199,253	184,933
Total	<u>1,215,410</u>	<u>1,119,936</u>
Actual performance bonus paid for the previous period	92,653	80,900
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	686,099	632,628
Annual bonus - Provision	82,641	76,167
Car allowances	162,385	149,640
Contributions to UIF, Medical and pension funds.	22,581	20,728
Total	<u>953,706</u>	<u>879,164</u>
Actual performance bonus paid for the previous period	68,550	63,180
<b>Remuneration of Individual Executive Directors:</b>		
<b>CORPORATE SERVICES</b>		
Annual Remuneration	583,882	367,267
Annual bonus - Provision	73,780	68,000
Car allowances	141,913	92,163
Contributions to UIF, Medical and pension funds.	35,659	22,654
Total	<u>835,234</u>	<u>550,085</u>
Actual performance bonus paid for the previous period	45,900	-
<b>MIS</b>		
Annual Remuneration	582,585	524,846
Annual bonus - Provision	82,641	76,167
Car allowances	135,219	124,356
Contributions to UIF, Medical and pension funds.	157,478	146,214
Total	<u>957,923</u>	<u>871,583</u>
Actual performance bonus paid for the previous period	68,550	63,180
<b>IGR</b>		
Annual Remuneration	603,404	514,687
Annual bonus - Provision	78,827	72,652
Car allowances	132,009	128,672
Contributions to UIF, Medical and pension funds.	135,574	89,383
Total	<u>949,814</u>	<u>805,393</u>
Actual performance bonus paid for the previous period	65,386	60,264
<b>MAYOR'S OFFICE</b>		
Annual Remuneration	-	549,820
Car allowances	-	61,125
Contributions to UIF, Medical and pension funds.	-	144,592
Total	<u>-</u>	<u>755,537</u>
Actual performance bonus paid for the previous period	-	-

For 2011 an amount of R 423,709 (10%) is provided as annual bonus for management, and included as a creditor in note 3. The actual bonus was 9.5% for the Municipal Manager, and 9% for Section 57 employees.

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
<b>19 COUNCILLORS REMUNERATION</b>		
Executive Mayor	691,058	609,749
Speaker	551,832	487,953
Mayoral Committees allowance	2,757,100	2,607,043
Councillors	3,294,945	3,245,296
Councillors pension fund	675,837	643,210
Medical aid contribution	180,363	198,250
UIF Contribution	13,484	13,654
<b>Total Councillors Remuneration</b>	<b><u>8,164,618</u></b>	<b><u>7,805,155</u></b>
<b>IN-KIND BENEFITS</b>		
<p>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 was occupying a Council house for 11 months of the financial year.</p>		
<b>20 GRANTS AND SUBSIDIES PAID</b>		
Grants paid to local Municipalities	125,432,986	189,659,073
Grants paid to charities	<u>92,447</u>	<u>84,020</u>
	<b>125,525,433</b>	<b>189,743,093</b>
Grants applied to local Municipalities for GSDM vehicles utilised: Depreciation	2,693,398	2,622,605
<b>Total Grants and Subsidies</b>	<b><u>128,218,831</u></b>	<b><u>192,365,698</u></b>
<b>21 FINANCE COST</b>		
CIDA	89,907	-
Fair Value on Debtors (Dipaliseng)	69,496	-
Eastvaal Financing Partnership	4,909,310	4,547,750
Sundry - Khumbula	9,540	-
	<b><u>5,078,253</u></b>	<b><u>4,547,750</u></b>
<b>22 CASH GENERATED BY OPERATIONS</b>		
(Deficit)/Surplus for the year	46,859,807	8,906,997
Adjustments for:-		
Depreciation	9,673,665	4,843,157
Gain on disposal of property, plant and equipment	(52,840)	-
Assets adjustment	38,730	8,808
Prior year adjustment	613,360	780,978
Interest Paid	6,473,402	-
Interest Income	(6,025,131)	(10,226,587)
Operating surplus before working capital charges	<b><u>57,580,994</u></b>	<b><u>4,313,353</u></b>
(Increase)/decrease in Debtors	(4,654,965)	634,121
(Increase)/decrease in Investments in Trust	1,508,361	(896,109)
Increase/ (decrease) in unspent conditional grant and receipts	(206,073)	-
Increase/(decrease) in Retirement Benefits	142,094	-
(Increase)/decrease in Current Assets	875,057	-
(Increase)/ decrease on VAT receivable	6,904,082	(5,002,777)
Increase/(decrease) in Creditors	(17,467,961)	(15,487,462)
<b>Cash generated by operations</b>	<b><u>44,681,589</u></b>	<b><u>(16,438,874)</u></b>

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
<b>23 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	10,037,378	52,938,597
Bank balance - Nedbank	235,138	220,247
Petty cash	8,600	6,100
Investments	-	-
<b>Total</b>	<b><u>10,281,116</u></b>	<b><u>53,164,944</u></b>
<b>24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>22.1 Contributions to organized local government</b>		
Opening balance	-	-
Council subscriptions	408,205	336,199
Amount paid - current year	408,205	336,199
Balance unpaid	<u>-</u>	<u>-</u>
<b>22.2 Audit fees</b>		
Opening balance	-	-
Current year audit fees	3,057,026	1,792,197
Amount paid - current year	3,057,026	1,792,197
Balance unpaid	<u>-</u>	<u>-</u>
<b>22.3 VAT</b>		
All VAT returns have been submitted by the due date throughout the year. The VAT receivables are shown in note 12	<u>-</u>	<u>-</u>
<b>22.4 Payee and UIF</b>		
Opening balance	-	-
Current year payroll deduction and Council Contributions	8,847,583	7,457,921
Amount paid - current year	8,847,583	7,457,921
Balance unpaid	<u>-</u>	<u>-</u>
<b>22.5 Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deduction and Council Contributions	12,022,828	10,357,297
Amount paid - current year	12,022,828	10,357,297
Amount paid - previous year	-	-
Balance unpaid	<u>-</u>	<u>-</u>
<b>25 IRREGULAR EXPENDITURE - RECOUPMENT</b>		
Balance unspent at the beginning of the year - refer 23(a) below	933,057	995,057
Current year recovered	(150,000)	(62,000)
Written back as per Council resolution (EM/08/02/2011)	(725,057)	-
	<u>58,000</u>	<u>933,057</u>

(a) 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 were undertaken to recover any outstanding loss from perpetrators who have been identified by the SAPS. An amount of R150,000 was received from the insurance. The balance of R 725,057 was written off per Council Resolution (EM/08/02/2011)

(b) Incorrect payment - SARS  
In addition during 2008/2009 an amount of R120,000 was inadvertently paid to an individual who misrepresented himself as a SARS employee. An amount of R62,000 was recovered during 2010 financial year and R 58,000 still outstanding is in the process of being recovered

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
<b>26 PRIOR YEAR ADJUSTMENT</b>		
Prior year adjustment on Debtors for 2007 to 2010	(341,220)	-
Prior year adjustment on Creditors for 2007 to 2010	1,567,636	-
<b>See Change in net Assets</b>	<b>1,226,416</b>	<b>-</b>
Interest repaid incorrectly received during 2008/2009	-	(12,434)
Vat levied but not received	-	793,412
Forged cheque written back see note 25	725,057	-
Project Creditors 2010 written back	(112,001)	-
<b>See Change in net Assets</b>	<b>613,056</b>	<b>780,978</b>
<b>27 CAPITAL AND OTHER COMMITMENTS</b>		
Commitment in respect of capital and other expenditure		
- Approved and contracted for	45,794,570	147,591,209
- Approved and not contracted for		
<b>Total</b>	<b>45,794,570</b>	<b>147,591,209</b>
This expenditure will be financed from:		
-Own Resources	45,794,570	147,591,209
<b>Total</b>	<b>45,794,570</b>	<b>147,591,209</b>
<b>28 GENERAL EXPENDITURE - OTHER</b>		
ADVERTISEMENTS	250,040	270,872
AUDIT FEES	2,403,092	2,406,586
BANK COSTS	81,859	83,707
BY-LAWS	200,000	-
CLEANING MATERIAL	328,028	-
RENTAL	487,555	344,892
TECHNICAL SUPPORT	413,767	269,457
ENTERTAINMENT	532,404	499,186
INSURANCE	831,394	719,518
EQUIPMENT AND FURNITURE	2,214,591	325,195
LEGAL COSTS	522,038	335,045
LICENSES	263,737	-
MEMBERSHIP AND SUBSCRIPTION FEES	456,729	365,949
MUNICIPAL AND OTHER SERVICES	858,770	2,064,594
PROGRAM ALTERATIONS	-	163,007
PERFORMANCE MANAGEMENT	411,031	-
TRAVEL & SUBSISTANCE	1,701,178	1,555,490
SECURITY	-	234,015
SERVICE TRAINING	569,448	614,939
STATIONERY AND PUBLICITY	462,954	481,097
TURN AROUND STRATEGY	1,065,303	-
RELOCATION COST	2,172,576	-
TELEPHONE	1,730,335	1,551,803
POST RETIREMENT EXPENSE	166,476	-
<b>TOTAL</b>	<b>18,123,305</b>	<b>12,285,354</b>
<b>29 CONTINGENT LIABILITIES</b>		
Disputed Contractor Claim	-	620,810

GERT SIBANDE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

30 BUDGET vs ACTUAL

For Financial year 2011	2011	2011
	R Actual	R Budget
<b>Income by Source:</b>		
Investment Revenue	6,025,131	3,214,920
Transfers recognised - operational	246,890,476	246,731,460
Loan income	35,000,000	35,000,000
Contribution Accumulated Surplus	37,315,220	60,012,403
Other Revenue	9,122,435	7,237,180
<b>Total Income by Source</b>	<b>334,353,262</b>	<b>352,195,963</b>
<b>Expenditure by Type:</b>		
Employee related costs	46,517,493	54,140,410
Remuneration of councillors	8,164,618	8,398,160
Depreciation & asset impairment	6,980,268	4,579,410
Finance charges	5,078,253	89,910
Transfers and grants	128,218,831	141,732,028
Other expenditure	20,218,772	27,103,995
<b>Total Expenditure by Type</b>	<b>215,178,235</b>	<b>236,043,933</b>
<b>Surplus before Capital Transfer</b>	<b>119,175,027</b>	<b>116,152,030</b>
Contributed assets	(119,175,027)	(116,152,030)
<b>Surplus for the year</b>	<b>-</b>	<b>-</b>

Refer Appendix G for more detail

For Financial year 2010

For Financial year 2010	2010	2010
	R Actual	R Budget
<b>Income by Source:</b>		
Investment Revenue	10,226,587	8,635,064
Transfers recognised - operational	251,769,413	251,614,400
Loan income	-	-
Contribution Accumulated Surplus	102,343,571	134,232,197
Other Revenue	7,207,218	955,535
<b>Total Income by Source</b>	<b>371,546,789</b>	<b>395,437,196</b>
<b>Expenditure by Type:</b>		
Employee related costs	39,213,614	50,201,373
Remuneration of councillors	7,805,155	8,378,207
Depreciation & asset impairment	2,220,553	1,929,952
Finance charges	4,547,750	-
Transfers and grants	192,365,698	212,314,660
Other expenditure	14,143,452	16,178,836
<b>Total Expenditure by Type</b>	<b>260,296,222</b>	<b>289,003,028</b>
<b>Surplus before Capital Transfer</b>	<b>111,250,567</b>	<b>106,434,168</b>
Contributed assets	(110,504,439)	(106,434,168)
Donations	(746,128)	-
<b>Surplus for the year</b>	<b>-</b>	<b>-</b>

31 FINANCIAL RISK MANAGEMENT

Risks and exposure are disclosed as follows:

31.1 Credit risk exposure

Investments - (Municipal entities finance structure) (Refer to note 1 below)

Investments - (Municipal entities finance structure) (Refer to note 1 below)	32,824,432	33,969,649
Cash and Cash Equivalents (Refer to note 2 below)	10,281,116	53,164,944
Maximum Credit Exposure	43,105,548	87,134,593

Note 1: The risk relating to investments is minimised due to the nature of the municipal entities finance structure

Note 2: The risk relating to cash and cash equivalents is minimised as the municipality only deposits cash with major banks with high quality credit standing.

31.2 Liquidity risk

Instalment sale obligations  
Trade and other payables  
Unspent Grants

Instalment sale obligations	6,150,856	-
Trade and other payables	42,233,461	59,701,422
Unspent Grants	-	206,073
	48,384,317	59,907,495

Current Assets  
Current Liabilities  
Current assets as a percentage of current liabilities  
Current assets to current liabilities ratio

Current Assets	43,168,763	78,782,807
Current Liabilities	48,384,317	59,907,495
Current assets as a percentage of current liabilities	0.89	1.32
Current assets to current liabilities ratio	0.89 : 1	1.32 : 1

The entity has plans in place to positively address the liquidity issue.

31.3 Interest risk

Management has assessed the impact of interest rate risk on the operations of the

31.4 Market risk

Owing to legislative restrictions the municipality has no exposure to market risk.

32 Comparative amounts

Certain categories of revenue and expenditure have been reclassified to provide more meaningful disclosure

**GERT SIBANDE DISTRICT MUNICIPALITY**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

					Balance at 01/07/2010	Received during the year	Redeemed or written off during the year	Balance at 30/06/2011
					R	R	R	R
<b>EXTERNAL LOANS</b>								
<b>Issued</b>	<b>Type</b>	<b>Rate</b>	<b>Loan description</b>	<b>Redeemable</b>				
No 1	Nov 2010 Annuity Loan	8.22%	ABSA	November 2015	0	35,000,000	2,939,942	32,060,058
<b>TOTAL EXTERNAL LOANS</b>					<b>0</b>	<b>35,000,000</b>	<b>2,939,942</b>	<b>32,060,058</b>
Redeemable current portion transferred to current liabilities							<b>6,150,856</b>	

**GERT SIBANDE DISTRICT MUNICIPALITY**

**APPENDIX B**

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	COST						ACCUMULATED DEPRECIATION				CARRYING VALUE	BUDGET 2011																																		
	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>																																														
Land and Building	198,427,522	100,026,421	15,021,178	(13,880,044)	299,595,077	4,191,227	3,630,526	(4,643,217)	3,178,536	296,418,541	109,152,030																																			
	198,427,522	100,026,421	15,021,178	(13,880,044)	299,595,077	4,191,227	3,630,526	(4,643,217)	3,178,536	296,418,541	109,152,030																																			
<b>OTHER ASSETS</b>																																														
Equipment	8,135,979	1,239,799	-	(854,426)	8,421,353	4,587,091	2,082,254	(229,553)	6,439,792	1,991,561	3,500,000																																			
Furniture	403,065	2,897,629	-	(59,080)	3,237,614	238,017	393,449	(25,462)	606,004	2,631,610	3,500,000																																			
Vehicles	43,545,371	-	-	(1,115,048)	42,430,323	9,701,403	3,488,593	(759,336)	12,440,860	29,989,863	-																																			
Capitalised Lease Assets	762,469	-	-	-	762,469	576,921	68,843	-	645,764	116,705	-																																			
	52,846,884	4,127,428	-	(2,122,554)	54,851,759	15,103,432	6,043,139	(1,014,351)	20,132,220	34,719,539	7,000,000																																			
<b>TOTAL</b>	251,274,406	104,153,849	15,021,178	(16,002,597)	354,446,836	19,294,659	9,673,665	(5,657,568)	23,310,756	331,136,080	116,152,030																																			
<table border="0" style="width: 100%;"> <tr> <td colspan="2"></td> <td colspan="2">Depreciation General</td> <td colspan="2"></td> <td colspan="2">6,980,268</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Grants and subsidies paid: Depreciation</td> <td colspan="2"></td> <td colspan="2">2,693,397</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Total Depreciation for the Financial Year</td> <td colspan="2"></td> <td colspan="2">9,673,665</td> <td colspan="2"></td> <td colspan="2"></td> </tr> </table>													Depreciation General				6,980,268								Grants and subsidies paid: Depreciation				2,693,397								Total Depreciation for the Financial Year				9,673,665					
		Depreciation General				6,980,268																																								
		Grants and subsidies paid: Depreciation				2,693,397																																								
		Total Depreciation for the Financial Year				9,673,665																																								

**GERT SIBANDE DISTRICT MUNICIPALITY  
APPENDIX C**

**SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**

30 JUNE 2011

	COST						ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE 1/7/2010	ADDITIONS	WORK IN PROGRESS	DISPOSALS / TRANSFERS	CLOSING BALANCE 30/06/2011	OPENING BALANCE 1/7/2010	ADDITIONS	DISPOSALS / TRANSFERS	CLOSING BALANCE 30/06/2011		
	R	R	R	R	R	R	R	R	R		
Executive and Council	194,842,426	102,481,947	15,021,178	(15,953,235)	296,392,316	3,521,088	4,860,146	(5,619,318)	2,761,916	293,630,400	
Finance and admin	18,168,600	1,107,749	0	(49,362)	19,226,987	8,000,656	535,499	(38,250)	8,497,905	10,729,082	
Planning and development	613,278	564,153	0	0	1,177,431	361,955	302,780	0	664,735	512,696	
Local Authorities	37,650,102	0	0	0	37,650,102	7,410,960	3,975,240	0	11,386,200	26,263,902	
<b>TOTAL</b>	<b>251,274,406</b>	<b>104,153,849</b>	<b>15,021,178</b>	<b>(16,002,597)</b>	<b>354,446,836</b>	<b>19,294,659</b>	<b>9,673,665</b>	<b>(5,657,568)</b>	<b>23,310,756</b>	<b>331,136,080</b>	



GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	2010		2010		2011		2011		2011	
	Actual Income	Actual Expenditure	Surplus		Actual Income	Actual Expenditure	Surplus			
	R	R	R		R	R	R		R	R
	20 000 000	192 281 677	(172 281 677)		5 062 510	128 126 384	(123 063 874)			
	20 000 000	192 281 677	(172 281 677)	Contribution to Local Authorities	5 062 510	128 126 384	(123 063 874)			
	249 203 218	67 930 522	181 272 694		258 975 531	86 959 403	170 016 128			
	41 873	28 731 372	(28 689 500)	Corporate Services	27 722	32 233 293	(32 205 572)			
	245 591 198	18 481 032	229 110 165	Budget & Treasury	255 216 396	18 117 858	237 098 538			
	836	4 519 681	(4 518 795)	Health	13 485	4 931 587	(4 918 082)			
	3 565 517	15 850 823	(12 285 306)	MIS & IGR	1 711 833	18 733 363	(17 021 730)			
	1 366	1 998 063	(1 997 897)	Municipal Buildings	4 482	9 911 019	(9 906 537)			
	2 428	2 348 801	(2 346 173)	Computer Services	1 813	3 032 303	(3 030 490)			
	0	84 020	(84 020)	Donations	0	92 447	(92 447)			
	0	84 020	(84 020)		0	92 447	(92 447)			
	269 203 218	260 296 219	8 906 997		262 038 041	215 178 234	46 859 807			

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL OPERATING REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2011	Budget 2011	Variance 2011	Variance 2011	Explanation of variances greater than 10%
	R	R	R	%	
<b>REVENUE</b>					
Interest earned - external investments	3,299,897	3,214,920	84,977	3%	
Interest earned - outstanding debtors	2,725,234	-	2,725,234	100%	Interest on overdue VAT and fair value on retention not budgeted.
Government grants and subsidies	246,890,476	246,731,460	159,016	0%	
Other Income	9,069,595	7,237,180	1,832,415	25%	Income on Financial Partnership not budgeted for and no levies charges were implemented at the laboratory.
Gains on disposals of property, plant and equipment	52,840	-	52,840	100%	Gains on disposals of PPE's not budgeted.
<b>TOTAL REVENUE</b>	<b>262,038,042</b>	<b>257,183,560</b>	<b>4,854,482</b>	<b>2%</b>	
<b>EXPENDITURE</b>					
Employee related cost	46,517,493	54,140,410	(7,622,917)	-14%	Not all vacant positions were filled.
Remuneration of Councillors	8,164,618	8,398,180	(233,562)	-3%	
Depreciation	6,980,268	4,579,410	2,400,858	52%	Depreciation Provision on the New Building.
Repairs and maintenance	1,138,714	1,399,260	(260,546)	-19%	Reduced expenditure on repairs and maintenance in comparison to budget.
Contracted services	956,753	1,150,000	(193,247)	-17%	Reduced expenditure on contracted services than budget in comparison to Budget.
Grants and subsidies paid	128,218,831	141,732,034	(13,513,203)	-10%	
General expenses - other	18,123,305	24,554,735	(6,431,430)	-26%	Reduced expenditure on general expenditure than budget in comparison to budget.
Loss on disposals of property, plant and equipment	-	-	-	0%	
Finance Cost	5,078,253	89,910	4,988,343	5548%	Finance cost on partnership not budgeted.
<b>TOTAL EXPENDITURE</b>	<b>215,178,234</b>	<b>236,043,939</b>	<b>(20,865,705)</b>	<b>-9%</b>	
<b>SURPLUS FOR THE YEAR</b>	<b>46,859,807</b>	<b>21,139,621</b>	<b>25,720,186</b>		

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GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E(2)

ACTUAL ACQUISITION OF PROPERTY PLANT AND EQUIPMENT EXPENDITURE VERSUS BUDGET FOR THE YEAR TILL 30 JUNE 2011

	2011 ACTUAL	2011 WORK IN PROGRESS	2011 TOTAL ADDITIONS	2011 BUDGET	2011 VARIANCE	2011 VARIANCE	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 5% VERSUS BUDGET
	R	R	R	R	R	%	
<b>LAND AND BUILDINGS</b>							
Land and Buildings	100,026,421	15,021,178	115,047,599	109,152,030	(5,895,569)	-5%	Refer to section 31 (a) of MFMA - Shifting of funds between multi year appropriations.
	<b>100,026,421</b>	<b>15,021,178</b>	<b>115,047,599</b>	<b>109,152,030</b>	<b>(5,895,569)</b>		
<b>OTHER ASSETS</b>							
Equipment	1,239,799	-	1,239,799	3,500,000	2,260,201	65%	Less equipment procured than anticipated.
Furniture	2,887,629	-	2,887,629	3,500,000	612,371	17%	Less furniture procured than anticipated.
	<b>4,127,428</b>	<b>-</b>	<b>4,127,428</b>	<b>7,000,000</b>	<b>2,872,572</b>		
<b>TOTAL</b>	<b>104,153,849</b>	<b>15,021,178</b>	<b>119,175,027</b>	<b>116,152,030</b>	<b>(3,022,997)</b>		

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX F

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

GRANTS AND SUBSIDIES CONTRIBUTED / RECEIVED

Name of Grants and Subsidies	Quarterly Receipts				Quarterly Expenditure				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							
Grants	Opening balance	Sept	Dec	March	June	Total	Sept	Dec	March	June	Total	Closing balance	2011	Yes / No	
Equitable share	0	6,747,514	4,034,456	5,390,985	0	16,172,955	4,620,844	4,620,844	4,620,844	2,310,423	16,172,955	0		YES	N/A
MIG Grant	206,073	0	0	0	0	206,073	0	0	0	206,073	206,073	0		YES	N/A
MSIG Grant	0	1,000,000	0	0	0	1,000,000	0	0	0	821,972	1,000,000	0		YES	N/A
FMG Grant	0	1,000,000	0	0	0	1,000,000	0	0	176,028	381,022	1,000,000	0		YES	N/A
Revenue Replacement G	0	92,480,800	75,348,196	54,146,015	0	221,975,011	268,994	200,969	149,115	23,975,570	221,975,011	0		YES	N/A
CBPWP	0	3,879	7,780	5,885	162,376	180,000	3,979	7,780	5,885	162,376	180,000	0		YES	N/A
DWAF	0	0	0	1,500,000	0	1,500,000	0	0	1,500,000	0	1,500,000	0		YES	N/A
<b>TOTAL GRANTS</b>	<b>206,073</b>	<b>101,232,293</b>	<b>79,390,432</b>	<b>61,042,865</b>	<b>162,376</b>	<b>242,034,039</b>	<b>76,020,530</b>	<b>76,756,206</b>	<b>60,599,867</b>	<b>27,857,438</b>	<b>242,034,039</b>	<b>0</b>			
Subsidies	Opening balance	Sept	Dec	March	June	Total	Sept	Dec	March	June	Total	Closing balance	2011	Yes / No	
Govan Mbeki	0	0	0	0	0	0	2,531,255	0	0	0	2,531,255	-2,531,255	2,531,255	YES	Sub Note 1
Mpumalanga Province	0	0	0	0	0	0	2,531,255	0	0	0	2,531,255	-2,531,255	2,531,255	YES	Sub Note 1
<b>TOTAL SUBSIDIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,062,510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,062,510</b>	<b>-5,062,510</b>	<b>5,062,510</b>		
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>206,073</b>	<b>101,232,293</b>	<b>79,390,432</b>	<b>61,042,865</b>	<b>162,376</b>	<b>242,034,039</b>	<b>81,883,040</b>	<b>76,756,206</b>	<b>60,599,867</b>	<b>27,857,438</b>	<b>247,096,549</b>	<b>-5,062,510</b>	<b>5,062,510</b>		
												Less opening balance - MIG Grant		(206,073)	
												Total Grants receivable		246,890,476	

Sub Note 1. Outstanding subsidies / contributions towards the Bethal Electricity Project are receivable from Govan Mbeki ( 2,531,255) and the Department of Local Government and Traditional Affairs (R 2,531,255) - Refer Note 11

GERT SIBANDE DISTRICT MUNICIPALITY

Appendix G

Statement of comparative and actual information for the year ended 30 June 2011

		2010/11									
Description	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	-	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-	-
Investment Revenue	6,718,351	(3,503,431)	-	3,214,920	6,025,131	-	(2,810,211)	187.41%	89.66%		
Transfers recognised - operational	244,147,955	1,063,505	1,500,000	246,731,460	246,890,476	-	(159,016)	100.06%	101.12%		
Other revenue	843,630	5,799,050	634,500	7,237,180	9,069,595	-	(1,832,415)	125.32%	1075.07%		
Loan income	35,000,000	-	-	35,000,000	35,000,000	-	-	100.00%	100.00%		
Contribution Accumulated Surplus	34,588,629	25,423,774	-	60,012,403	37,315,220	-	22,697,183	62.18%	107.88%		
Gains on disposal of PPE	-	-	-	-	52,840	-	(52,840)	0.00%	0.00%		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>321,298,565</b>	<b>28,762,898</b>	<b>2,134,500</b>	<b>352,195,963</b>	<b>334,353,262</b>	<b>-</b>	<b>17,842,701</b>	<b>574.97%</b>	<b>1473.76%</b>		
<b>Expenditure By Type</b>											
Employee related costs	57,755,360	(3,430,540)	(127,410)	54,140,410	46,517,493	-	7,622,917	85.92%	80.54%		
Remuneration of councillors	8,676,390	(306,970)	28,760	8,398,180	8,164,618	-	233,562	97.22%	94.10%		
Depreciation & asset impairment	2,055,210	4,843,300	(2,319,100)	4,579,410	6,980,288	-	(2,400,858)	152.43%	339.64%		
Finance charges	-	-	89,910	89,910	5,078,253	-	(4,988,343)	0.00%	0.00%		
Contracted services	842,000	108,000	200,000	1,150,000	956,753	-	193,247	83.20%	113.63%		
Transfers and grants	134,351,100	12,156,438	(4,775,510)	141,732,028	128,218,831	-	13,513,197	90.47%	95.44%		
Other expenditure	30,615,505	(6,989,360)	2,327,860	25,953,995	19,262,019	-	6,691,976	74.22%	62.92%		
Loss on disposal of PPE	-	-	-	-	-	-	-	0.00%	0.00%		
<b>Total Expenditure</b>	<b>234,298,565</b>	<b>6,320,868</b>	<b>(4,575,500)</b>	<b>236,043,933</b>	<b>215,176,235</b>	<b>-</b>	<b>20,865,698</b>	<b>583.44%</b>	<b>786.26%</b>		
<b>Surplus/(Deficit)</b>	<b>87,000,000</b>	<b>22,442,030</b>	<b>6,710,000</b>	<b>116,152,030</b>	<b>119,175,027</b>	<b>-</b>	<b>(3,022,997)</b>	<b>-8.47%</b>	<b>867.50%</b>		
Transfers recognised - capital	-	-	-	-	-	-	-	-	-		
Contributions recognised - capital	-	-	-	-	-	-	-	-	-		
Contributed assets	(87,000,000)	(22,442,030)	(6,710,000)	(116,152,030)	(119,175,027)	-	3,022,997	102.60%	136.98%		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Capital expenditure &amp; funds resources</b>											
Capital Expenditure	-	-	-	-	-	-	-	-	-		
Donations	-	-	-	-	-	-	-	-	-		
Internally generated funds	(87,000,000)	(22,442,030)	(6,710,000)	(116,152,030)	(119,175,027)	-	2,276,869	102.60%	136.98%		
Total sources of Capital funds	(87,000,000)	(22,442,030)	(6,710,000)	(116,152,030)	(119,175,027)	-	2,276,869	102.60%	136.98%		