



PORT ST JOHNS
• MUNICIPALITY •
OUR HERITAGE, OUR PEOPLE

ANNUAL FINANCIAL STATEMENTS

for the period ended

30 June 2012

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

N JAKUJA
Municipal Manager

Date

FOR JANUARY 2012

| Account No. | Description | YEAR TO DATE TOTALS | |
|--------------|-------------------------------------|---------------------|-------|
| | | | Debit |
| 388021100001 | Acc Depr Access Roads | R -73 373 357.75 | |
| 344004420011 | Acc Depr Buildings | R -156 683.43 | |
| 344002292002 | Acc Depr Community Assets | R -1 324 764.26 | |
| 344004450003 | Acc Depr Computer Equipment | R -525 713.21 | |
| 344004450004 | Acc Depr Furniture & Fittings | R -180 538.09 | |
| 344161194005 | Acc Depr Landfill Site | R -104 828.00 | |
| 344004400007 | Acc Depr Motor Vehicles | R -1 117 932.69 | |
| 344284450008 | Acc Depr Office & Traffic Equipment | R -61 314.05 | |
| 344004420009 | Acc Depr Plant & Equipment | R -2 040 031.14 | |
| 366044996110 | Acc Impairment Cost Debtors | R -8 847 212.62 | |
| 629383190400 | Accruals | R -2 020 866.75 | |
| 629081000100 | Accumulated Surplus/Deficit | R -14 608 021.75 | |
| 211002810720 | Advertising | R 11 886.00 | |
| 222222810720 | Advertising | R 1 800.00 | |
| 233002810720 | Advertising | R 414 110.71 | |
| 233022810720 | Advertising | R 7 155.00 | |
| 233042810720 | Advertising | R 8 550.00 | |
| 266002810720 | Advertising | R 24 078.00 | |
| 266022810720 | Advertising | R 18 162.00 | |
| 266042810720 | Advertising | R 2 562.00 | |
| 266045612010 | Assessment Rates | R -7 103 303.33 | |
| 266005612010 | Assessment Rates F.V | R 394 366.27 | |
| 266002410637 | Audit Committee fees | R 60 465.04 | |
| 222222410637 | Audit Fees | R 3 078 470.83 | |
| 266043411901 | Bad Debt Provision | R 3 881 494.85 | |
| 266042812013 | Bad debts | R 2 329 034.59 | |
| 266002810735 | Bank Charges | R 62 433.09 | |
| 233023411903 | Bonus provision | R 514 943.02 | |
| 244002810745 | Books & Publications | R 17 359.30 | |
| 244001811425 | Buildings & Installations | R 233.55 | |
| 288021811425 | Buildings & Installations | R 1 061.40 | |
| 288101811425 | Buildings & Installations | R 1 859.65 | |
| 288023211829 | Capital Projects | R 0.00 | |
| 21224281927 | CASUAL WAGES | R 170 200.00 | |
| 629383200900 | Civic Hall Deposits | R -500.00 | |
| 233028412880 | Claims received | R -33 988.00 | |
| 233002810764 | Cleaning Material | R 61 574.07 | |
| 344002292100 | Community Assets | R 13 055 758.00 | |
| 629525101800 | Computer Equipment | R 1 067 396.63 | |
| 266082811435 | Computer Installation | R 267.64 | |
| 233001811436 | Computers | R 8 765.35 | |
| 222223211835 | Computers & accessories | R 14 248.00 | |
| 266003211835 | Computers & accessories | R 1 140.00 | |
| 233002810780 | Conference Fees | R 825.00 | |
| 244002810780 | Conference Fees | R 10 709.48 | |
| 211002810785 | Consultants & Professional Fees | R 263 909.52 | |
| 222222810785 | Consultants & Professional Fees | R 108 984.93 | |
| 233002810785 | Consultants & Professional Fees | R 511 286.78 | |
| 266002810785 | Consultants & Professional Fees | R 407 250.06 | |

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|--------------|---|------------------|
| 288022810785 | Consultants & Professional Fees | R 16 002.98 |
| 202042810786 | Consumables & Beverages | R 5 747.80 |
| 222222810786 | Consumables & Beverages | R 20 498.48 |
| 233002810786 | Consumables & Beverages | R 17 730.54 |
| 266042810786 | Consumables & Beverages | R 282.00 |
| 202020210260 | Contribution - Medical Aid | R 76 631.00 |
| 202040210260 | Contribution - Medical Aid | R 43 362.16 |
| 211000210260 | Contribution - Medical Aid | R 68 700.00 |
| 222220210260 | Contribution - Medical Aid | R 120 622.00 |
| 233000210260 | Contribution - Medical Aid | R 405 370.00 |
| 244000210260 | Contribution - Medical Aid | R 986 774.30 |
| 266000210260 | Contribution - Medical Aid | R 307 865.60 |
| 288000210260 | Contribution - Medical Aid | R 669 651.50 |
| 202060210260 | Contributions - Medical Aid | R 62 255.00 |
| 202040210275 | Contributions - Pension Fund | R 91 230.99 |
| 202060210275 | Contributions - Pension Fund | R 102 277.92 |
| 211000210275 | Contributions - Pension Fund | R 100 435.56 |
| 222220210275 | Contributions - Pension Fund | R 128 923.75 |
| 233000210275 | Contributions - Pension Fund | R 639 930.41 |
| 244000210275 | Contributions - Pension Fund | R 1 343 618.10 |
| 266000210275 | Contributions - Pension Fund | R 292 083.61 |
| 288020210275 | Contributions - Pension Fund | R 793 384.69 |
| 202060210330 | Contributions- UIF | R 1 992.88 |
| 629383172400 | Credit Card | |
| 629383102000 | Creditors Control | R -13 303 671.81 |
| 629424491200 | Creditors VAT Provisional | R -591 463.49 |
| 629869510100 | Debtor: PSJ Development Agency | R 220 546.32 |
| 629424491000 | Debtors VAT Provisional | R -738 314.32 |
| 629849211000 | Debtors: OR Tambo District Municipality | R 58 832.71 |
| 629322211300 | Deposits - Land Sales | R -60 500.00 |
| 266006212090 | Depreciation | R 27 378 576.76 |
| 266042812011 | Discount allowed :rates | R 169 841.48 |
| 266042812012 | Discount allowed Refuse | R 23 342.28 |
| 266008012660 | Donations & Grants | R -193 844.60 |
| 233002810815 | Electricity | R 14 300.44 |
| 233022810815 | Electricity | R 499.65 |
| 244022810815 | Electricity | |
| 244122810815 | Electricity | |
| 288022810815 | Electricity | R 6 328.07 |
| 233002810816 | Electricity & Water | R 36 706.97 |
| 233042810816 | Electricity & Water | R 419 782.80 |
| 288022810816 | Electricity & Water | R 34 097.76 |
| 266002810816 | Electricity FBE | R 1 322 021.13 |
| 288032810815 | Electricity Repairs | R 273 231.57 |
| 233002810885 | Employee Welfare | R 11 070.60 |
| 266008112681 | FMG-GRANT EXPENDITURE | R 414 609.45 |
| 202022810860 | Fuel & Oil | R 52.00 |
| 202042810860 | Fuel & Oil | R 18 419.14 |
| 202062810860 | Fuel & Oil | R 1 704.57 |
| 233002810860 | Fuel & Oil | R 453 328.90 |
| 233042810860 | Fuel & Oil | R 22 080.50 |
| 244002810860 | Fuel & Oil | R 294 100.01 |
| 266002810860 | Fuel & Oil | R 729.03 |
| 288022810860 | Fuel & Oil | R 910 674.40 |
| 288102810860 | Fuel & Oil | R 820.00 |

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|--------------|---|-------------------|------------------|
| 629525120600 | Furniture & Fittings | R 419 520.00 | |
| 266068012695 | GRANT - EPWP | R -467 000.00 | |
| 288008112695 | Grant - Provincial Dept Of transp expendi | R 5 263 157.89 | |
| 288008012695 | Grant - Provincial Dept transp revenue | R -8 181 053.58 | |
| 266048012693 | Grant Gov- NT:Equitable Share | R -59 537 000.00 | |
| 266028012692 | Grant Gov- NT:MSIG | R -790 000.00 | |
| 266048012692 | Grant Gov- NT:Mun Fin Man | R -1 908 124.54 | |
| 244046212111 | Grave Sites | R -16 504.50 | |
| 244168411061 | Greenest town | R -200 000.00 | |
| 202022810881 | Hire - External Transport | R 7 120.00 | R 267 310 317.00 |
| 244002810880 | Hire Charges - Vehicle | R 11 000.00 | |
| 266002810880 | Hire Charges - Vehicle | R 352 541.73 | |
| 266002811502 | Impairment Costs | R 7 676 022.46 | |
| 629525120700 | Infrastructure - Access Roads | R 305 931 662.53 | |
| 629424491300 | In-put VAT | R 3 882 653.97 | |
| 233002810910 | Insurance - General | R 455 190.33 | |
| 202020210330 | Insurance - UIF | R 186 564.10 | |
| 202040210330 | Insurance - UIF | R 6 641.04 | |
| 211000210330 | Insurance - UIF | R 9 881.88 | |
| 222220210330 | Insurance - UIF | R 11 650.34 | |
| 233000210330 | Insurance - UIF | R 43 504.78 | |
| 244000210330 | Insurance - UIF | R 81 140.97 | |
| 266000210330 | Insurance - UIF | R 55 161.99 | |
| 288000210330 | Insurance - UIF | R 51 997.47 | |
| 266062011775 | Interest on External Borrowings | R 468 855.09 | |
| 266006812505 | Interest Received | R -637 899.44 | |
| 266048412370 | Interest received from Debtors | R -1 285 521.21 | |
| 629727520500 | Inventory Control Account | R 204 467.76 | |
| 629020130000 | Investment Property | R 14 023 003.00 | |
| 629081000500 | L/Y Accumulated Surplus /Defecit | R -328 043 617.93 | |
| 629525130200 | Land & Property | R 59 241 535.28 | |
| 62934313100 | Landfill site rehabilitation | R -167 184.26 | |
| 629828030400 | LEASE RENT CONTROL ACCOUNT | R 148 163.96 | |
| 266026612349 | Lease Rental Income | R -189 908.02 | |
| 266046612349 | Lease Rental Income | R -100 896.13 | |
| 266066612349 | Lease Rental Income | R -219.30 | |
| 233003411903 | Leave Pay Provision | R 853 211.76 | |
| 211002810926 | LED Programmes | R 2 878 096.47 | |
| 211022810926 | LED Programmes- (PSJDVA) | R 315 537.46 | |
| 211028012697 | LED Project Grants & Subsidies | R -183 857.00 | |
| 222222810940 | Legal Fees | R 1 356 018.96 | |
| 233002810940 | Legal Fees | R 6 851.00 | |
| 266042810950 | Levy - SALGA | R 32 000.00 | |
| 233002810970 | Licence Fees | R 179 463.69 | |
| 202043211860 | Mayoral discretionary Fund | R 7 200.00 | |
| 202022810825 | Meals & Entertainment | R 5 340.00 | |
| 202042810825 | Meals and Entertainment | R 28 841.05 | |
| 202062810825 | Meals and Entertainment | R 1 105.26 | |
| 211002810825 | Meals and Entertainment | R 70 252.00 | |
| 222222810825 | Meals and Entertainment | R 11 194.75 | |
| 233002810825 | Meals and Entertainment | R 27 663.56 | |
| 222222811010 | Media Fees | R 324.56 | |
| 629889741900 | Meeg Bank - FMG 9269486056 | R 92 875.79 | |
| 629889742300 | Meeg Bank - LED - 9269487159 | R 7 645.79 | |
| 629889742000 | Meeg Bank - MIG -9269486187 | R 569 685.98 | |

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|--------------|--|------------------|--------|
| 629889642500 | Meeg Bank - MSP Pr - 9106340870 | R 2 264.51 | R 0.00 |
| 629889642600 | Meeg Bank - Mun - 9084721344 | R 1 460.84 | |
| 629929842700 | MEEG Bank - Operational Account | R 875 270.51 | |
| 629889642100 | Meeg Bank - Salaries -9269487272 | R 1 907 017.26 | |
| 202022811015 | Membership Fees | R 480 465.93 | |
| 266002811015 | Membership Fees | R 5 088.00 | |
| 266022811015 | Membership Fees | R 486.00 | |
| 233003211850 | Motor Vehicles | R 3 454.15 | |
| 233023211850 | Motor Vehicles | R 25 213.99 | |
| 629525143000 | Motor Vehicles | R 3 388 726.18 | |
| 288023211880 | Municipal Infrastructur Grant EXP | R 0.00 | |
| 288028012680 | Municipal Infrastructure Grant | R -20 254 000.00 | |
| 266068012693 | O.R Tambo Intervention | R -9 359 534.27 | |
| 344284450401 | Office & Traffic Equipment | R 235 834.16 | |
| 244281811498 | Office &Traffic Equipment | R 7 029.73 | |
| 629424491100 | Out-put VAT | R -7 016.91 | |
| 629383120900 | Payables Fair Value adjustment | R -468 110.47 | |
| 266042812014 | Pensioners Rebates | R 3 980.00 | |
| 629929860000 | Petty Cash | R 5.92 | |
| 266046212090 | Plan Fees | R -97 855.32 | |
| 629525162200 | Plant & Equipment | R 10 556 903.16 | |
| 202022811040 | Printing & Stationary | R 9 333.33 | |
| 211002811040 | Printing & Stationary | R 17 766.80 | |
| 222222811040 | Printing & Stationary | R 119 167.88 | |
| 233002811040 | Printing & Stationary | R 89 720.74 | |
| 233022811040 | Printing & Stationary | R 17 500.00 | |
| 244022811040 | Printing & Stationary | R 3 176.00 | |
| 266002811040 | Printing & Stationary | R 6 453.53 | |
| 266042811040 | Printing & Stationary | R 1 228.05 | |
| 266062811040 | Printing & Stationary | R 1 518.00 | |
| 629342560400 | Provision for bonus | R -514 943.02 | |
| 629626972500 | Provision For Leave | R -853 211.76 | |
| 629342560700 | Provision: Bad Debts | R -3 881 494.85 | |
| 244163412140 | Provison for landfill site Rehab | R 15 086.81 | |
| 629889743300 | PSJ 4062227478 MIG Fund | | |
| 211002811050 | Public Participation Costs | R 45 740.00 | |
| 222222811050 | Public Participation Costs | R 1 500.00 | |
| 222222811191 | Publications & marketing material | R 101 530.24 | |
| 629828062400 | RATES CONTROL ACCOUNT | R 11 160 576.75 | |
| 629383161700 | Receiver of Revenue - PAYE site | R -1.00 | |
| 244022811060 | Refuse Bags & Bins | R 381.00 | |
| 244122811060 | Refuse Bags & Bins | R 876.32 | |
| 288102811060 | Refuse Bags & Bins | R 2 580.26 | |
| 244002811060 | Refuse Bags and Bins | R 24 299.37 | |
| 244166212139 | Refuse Charges | R -474 075.98 | |
| 629828062600 | REFUSE CONTROL ACCOUNT | R 2 836 648.67 | |
| 244162811060 | Refuse fair value | R 117 072.25 | |
| 244008411061 | Refuse Fees | R -4 532.38 | |
| 233026612380 | Rent - Equipment | R 168 520.12 | |
| 266046612390 | Rental - Halls | R -32 983.54 | |
| 244121811477 | Repairs & Maintenance | | |
| 244282811477 | Repairs & Maintenance | | |
| 288011811477 | Repairs & Maintenance | | |
| 202061811455 | Repairs & Maintenance - Motor Vehicles | | |
| 233001811450 | Repairs & Maintenance Equipment | R 8 061.13 | |

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|--------------|---|------------------|
| 233041811450 | Repairs & Maintenance Equipment | R 3 823.55 |
| 288021811450 | Repairs & Maintenance Equipment | R 122 634.29 |
| 288101811450 | Repairs & Maintenance Equipment | R 76 973.01 |
| 288201811450 | Repairs & Maintenance Equipment | |
| 266001811455 | Repairs & Maintenance Furniture & Fittings | R 7 453.00 |
| 288021811460 | Repairs & Maintenance Plant & Machinery | R 277 433.96 |
| 288101811460 | Repairs & Maintenance Plant & Machinery | R 32 471.08 |
| 244001811555 | Repairs and Maintenance Motor Vehicles | R 63 386.44 |
| 629383173200 | Retention monies | R -59 351.61 |
| 629081002000 | Revaluation surplus | R -16 592 389.18 |
| 288021811475 | Road Maintenance | R 33 375.24 |
| 288101811475 | Road Maintenance | |
| 202020210430 | Salaries | R 7 845 511.65 |
| 202040210430 | Salaries | R 386 565.82 |
| 202060210430 | Salaries | R 181 088.36 |
| 211000210430 | Salaries | R 1 148 851.63 |
| 222220210430 | Salaries | R 1 833 612.22 |
| 233000210430 | Salaries | R 3 211 052.96 |
| 244000210430 | Salaries | R 5 674 832.32 |
| 266000210430 | Salaries | R 2 064 820.44 |
| 288000210430 | Salaries | R 4 181 901.23 |
| 266000210431 | Salaries Mangroove | R 120 000.00 |
| 236102412399 | SDL | R 242 653.63 |
| 629383173000 | SDL | |
| 233002811110 | Security Cost | R 10 383 370.00 |
| 233042811110 | Security Cost | R 129 400.00 |
| 288028012695 | Sidewalk DOT Grant - Provincial | R -956 487.25 |
| 288028112681 | SIDEWALK PROJECT GRANT EXPENDITURE | R 0.00 |
| 202042811115 | Social Responsibility Programmes | R 330 338.21 |
| 244002811115 | Social Responsibility Programmes | R 11 000.00 |
| 629525172100 | Solid Waste Disposal | R 1 137 997.18 |
| 629889770600 | Std Bank - 388554193 - 002 (Revolving Fund) | R 0.00 |
| 233000210223 | Subsistence Allowance | R 52 894.74 |
| 202022811240 | Subsistence & Travel | R 587 085.20 |
| 202042811240 | Subsistence & Travel | R 283 729.47 |
| 211002811240 | Subsistence & Travel | R 1 352.19 |
| 222222811240 | Subsistence & Travel | R 246 864.60 |
| 233002811240 | Subsistence & Travel | R 165 562.12 |
| 233022811240 | Subsistence & Travel | R 11 285.09 |
| 244002811240 | Subsistence & Travel | R 9 520.62 |
| 266002811240 | Subsistence & Travel | R 21 333.01 |
| 266022811240 | Subsistence & Travel | R 1 153.51 |
| 288002811240 | Subsistence & Travel | R 6 368.00 |
| 288022811240 | Subsistence & Travel | R 26 191.24 |
| 202062811240 | Subsistence & Travelling Allowances | R 223 242.92 |
| 233002811159 | Sundries | R 6 132.80 |
| 266048412880 | Sundry Income | R -146 807.81 |
| 388021100800 | Tarred Roads | R 1.00 |
| 202022811180 | Telephone | R 2 710.43 |
| 233002811180 | Telephone | R 270 462.30 |
| 233042811180 | Telephone | R 1 038 419.85 |
| 266108412887 | Tender Documents | R -32 234.56 |
| 629525172200 | Tools | R 1.00 |
| 288021811497 | Tools & Loose Gear | R 83 413.77 |
| 288101811497 | Tools & Loose Gear | R 551.97 |

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|--------------|-----------------------------------|-----------------|
| 266046212191 | Trade Licences | R -10 408.75 |
| 244287412545 | Traffic Fines | R -83 002.28 |
| 233002811220 | Training - External | R 21 491.23 |
| 202020210224 | Travelling allowance | R 1 391 900.00 |
| 629383171900 | UIF | |
| 244002811250 | Uniforms & Protective Clothing | R 306 462.67 |
| 629828001200 | Unspent grants | R -91 875.46 |
| 629424490000 | Vat / Tax Control Account | R 7 333 416.14 |
| 288021811500 | Vehicles | R 5 470.70 |
| 233001811501 | Vehicles & Implements | R 116 750.51 |
| 288021811501 | Vehicles & Implements | R 6 495.35 |
| 629525101600 | Infrastructure - WIP Access Roads | R 28 185 051.32 |
| | | R -0.82 |

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|-----------------------------|-------------------------|---------------|
| Salaries | 26 711 990.33 | |
| Remuneration of Councillors | R 8 108 706.75 | 34 820 697.08 |
| Bad debts | R 6 210 529.44 | |
| depreciation | R 35 054 599.22 | |
| Repairs and maint | 1 143 348.31 | |
| Interest paid | R 468 855.09 | |
| LED | 3 193 633.93 | |
| General expenses | 34 067 926.87 | |
| | <u>R 114 959 589.94</u> | |

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|----------------------|--------------------------|--|
| | R 3 189 986.67 | |
| Revenue | | |
| Property Rates | R -6 708 937.06 | |
| Refuse | R -357 003.73 | |
| Rental of facilities | 324 006.99 | |
| Interest received | R -1 923 420.65 | |
| Grant income | 101 637 056.64 | |
| Fines | R -83 002.28 | |
| Licences and permits | R -10 408.75 | |
| Other income | 725 767.17 | |
| | <u>R -111 769 603.27</u> | |

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|--------------------------------|-----------------------|------------------|
| Disposal of fixed assets | | |
| Net profit | 3 189 986.67 | R -17 798 008.42 |
| Reserves | 359 244 028.9 | 356 054 042.19 |
| Bank Overdraft | R 0.00 | |
| Landfill site | R -167 184.26 | |
| Creditors | 16 813 045.95 | |
| Unspend conditional grants | R -91 875.46 | |
| Payables fair value adjustment | R -468 110.47 | |
| | <u>373 594 258.33</u> | |

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|--------------------------------|-----------------|----------------|
| PPE Cost | 423 220 386.44 | |
| PPE Acc Depr | 78 885 162.62 | 437 243 389.44 |
| Investment Property | R 14 023 003.00 | |
| Intang Assets | | |
| Debtors | 14 145 389.38 | |
| Debtors provision | R -3 881 494.85 | |
| Other Debtors | R 279 379.03 | |
| Stock | R 204 467.76 | |
| Bank bals & Cash | 875 276.43 | |
| VAT | 9 879 275.39 | |
| Call investment | 2 580 950.17 | |
| accumulated impairment debtors | R -8 847 212.62 | |

373 594 257.51

0.82

| | | |
|-------|---------|------------|
| 12500 | 4000 | 4000 |
| 11747 | 3759.04 | 156.626667 |

R 5 263 157.89

**PORT ST JOHNS MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012**

General information

Members of the Council

| | |
|---------------------------|--|
| Councillor D Mangqo | Mayor (Member of the Executive Committee) |
| Councillor T Khukula | Speaker |
| Councillor B Nokanda | Chief whip |
| Councillor ZH Cube | Member of the Executive Committee |
| Councillor NB Mtuku | Member of the Executive Committee |
| Councillor S Mzaza | Member of the Executive Committee |
| Councillor L Ndamase | Member of the Executive Committee |
| Councillor C Nduku/Mazuza | Member of the Executive Committee |
| Councillor L Robobile | Member of the Executive Committee |
| Councillor GF Tobela | Member of the Executive Committee |
| Councillor NF Bokwe | Member |
| Councillor B Daniso | Member |
| Councillor NF Diko | Member |
| Councillor KM Fono | Member |
| Councillor NC Fono | Member |
| Councillor MPJ Kotana | Member |
| Councillor P Langa | Member |
| Councillor MS Mabovana | Member |
| Councillor D Madini | Member |
| Councillor S Madolo | Member |
| Councillor Z Maqina | Member |
| Councillor J S Lobi | Member |
| Councillor N Mbotshwa | Member |
| Councillor VN Mcekisa | Member |
| Councillor Z Mhlabeni | Member |
| Councillor R M Zweni | Member |
| Councillor EZ Mncwati | Member |
| Councillor N Qikani | Member |
| Councillor X Moni | Member |
| Councillor Z Mtiki | Member |
| Councillor N Ndakayi | Member |
| Councillor T Nompaka | Member |
| Councillor MN Sophotela | Member |
| Councillor N Tani | Member |
| Councillor N Tshitshiliza | Member |
| Councillor M Tsili | Member |
| Councillor M Veni | Member |
| Councillor G Tshotho | Member |
| Councillor MN Sotshongaye | Member |

Municipal Manager

Bankers

N Jakuja ABSA

Acting Chief Financial Officer

Physical address

C Mbilini 257 Main street , Port St Johns

Grading of Local Authority

Postal address

Grade 2 P O Box 2, Port St Johns ,5120

Auditors

Telephone :047-564-1207

Fax :047-564-1206

**PORT ST JOHNS MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012**

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**PORT ST JOHNS MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012**

Approval of Annual Financial Statements

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 48, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework as envisaged in Section 219 of the constitution read with the Remuneration of Public office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

PORT ST JOHNS MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2012

2012
R

2011
R

| | Notes | | |
|---|-------|--------------------|--------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | 356 054 042 | 293 805 471 |
| Accumulated surplus / (deficit) | | 356 054 042 | 293 805 471 |
| Non-current liabilities | | | |
| Non-current provisions | 1 | 167 184 | 152 097 |
| Current liabilities | | | |
| Trade and other Payables | 3 | 17 281 156 | 49 393 127 |
| Unspent conditional grants and receipts | 4 | 91 875 | 3 137 541 |
| Total Reserves and Liabilities | | 373 594 258 | 346 512 370 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 344 335 224 | 318 644 828 |
| Investment properties carried at cost | 6 | 14 023 003 | 14 023 003 |
| Current assets | | | |
| Inventory | 7 | 204 468 | 244 030 |
| Consumer debtors | 8 | 1 416 682 | 2 779 613 |
| Other debtors | | 279 379 | 58 833 |
| VAT | 9 | 9 879 275 | 10 409 612 |
| Call investment deposits | 10 | 2 580 950 | 12 418 |
| Bank balances and cash | 11 | 875 276 | 315 899 |
| Total Assets | | 373 594 258 | 346 512 370 |

PORT ST JOHNS MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2012

2012
R

2011
R

| | Notes | | |
|--|--------------|--------------------|---------------------|
| REVENUE | | | |
| Property rates | 12 | 6 708 937 | 4 956 875 |
| Service charges - refuse | 13 | 357 004 | 330 657 |
| Rental of facilities | | 324 007 | 333 509 |
| Interest earned | 15 | 1 923 421 | 2 687 302 |
| Fines | | 83 002 | 22 800 |
| Licences and permits | | 10 409 | 14 148 |
| Government grants and subsidies | 14 | 101 637 057 | 73 381 919 |
| Other income | 15 | 725 767 | 402 314 |
| Total Revenue | | 111 769 603 | 82 129 525 |
| EXPENDITURE | | | |
| Employee related costs | 16 | 26 711 990 | 23 197 988 |
| Remuneration of Councillors | 17 | 8 108 707 | 6 566 154 |
| Bad debts | | 6 210 529 | 2 037 |
| Depreciation | | 35 054 599 | 26 420 503.36 |
| Repairs and maintenance | | 1 143 348 | 1 846 003 |
| Interest paid | 18 | 468 855 | 746 641 |
| General expenses | 24 | 37 261 561 | 41 079 201 |
| Total expenditure | | 114 959 590 | 99 858 527 |
| Gain /(loss) on sale of assets | | - | - |
| (Impairment loss) / Reversals of impairment loss | | - | - |
| Profit /(loss) on value adjustment | | - | - |
| Inventories : (Write-down)/reversal of write-down to net realisable value | | - | - |
| Surplus /(deficit) for the period | | (3 189 987) | (17 729 002) |



PORT ST JOHNS MUNICIPALITY
STATEMENT OF CHANGES TO NET ASSETS
For the year ended 30 June 2012

Page 3

| | Revaluation Reserves | Other Reserves | Total Reserves | (Accumulated Deficit) / Accumulated Surplus | Total |
|---|----------------------|--------------------|--------------------|---|--------------------|
| Balance at 01 July 2010 Restated | 17 699 570 | 292 240 746 | 309 940 316 | 11 460 548 | 321 400 864 |
| Surplus for the period | - | - | - | (17 729 002) | (17 729 002) |
| Adjustment to revaluation reserve | (1 081 200) | (8 785 190) | (9 866 390) | - | (9 866 390) |
| Balance as at 30 June 2011 | 16 618 370 | 283 455 556 | 300 073 926 | (6 268 454) | 293 805 472 |
| Current year movements | (25 981) | 44 588 062 | 44 562 081 | 20 876 475 | 65 438 556 |
| Surplus for the period | | | | (3 189 987) | (3 189 987) |
| Balance as at 30 June 2012 | 16 592 389 | 328 043 618 | 344 636 007 | 11 418 035 | 356 054 042 |

PORT ST JOHNS MUNICIPALITY
STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

2012
R

2011
R

| | Notes | 2012 R | 2011 R |
|---|-----------|----------------------------|----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | 109 846 183 | 79 442 223 |
| Cash paid to suppliers and employees | | <u>(52 619 554)</u> | <u>(45 769 177)</u> |
| Cash generated by / (utilised in) operations | 19 | 57 226 629 | 33 673 046 |
| Interest received | 15 | 1 923 421 | 2 687 302 |
| Interest paid | 18 | (468 855) | (746 641) |
| NET CASH FROM OPERATING ACTIVITIES | | <u>58 681 195</u> | <u>35 613 707</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 5 | (52 987 425) | (35 356 909) |
| Acquisition of investments | | (2 580 950) | |
| NET CASH FROM INVESTING ACTIVITIES | | <u>(55 568 375)</u> | <u>(35 356 909)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase /(Decrease) in non-current provisions | | 15 087 | 27 592 |
| NET CASH FROM FINANCING ACTIVITIES | | <u>15 087</u> | <u>27 592</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | <u>3 127 906</u> | <u>284 390</u> |
| Cash and cash equivalents at the beginning of the period | | 328 320 | 43 929 |
| Cash and cash equivalents at the end of the period | 20 | <u>3 456 227</u> | <u>328 320</u> |

PORT ST JOHNS MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

1. BASIS OF ACCOUNTING

1.1 Basis of presentation

The financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) the Municipal Finance Management Act, (Act No 56 of 2003) 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 financial statements and accounting for controlled entities |
| GRAP 7 | Accounting for Investments in Associates |
| GRAP 8 | Financial Reporting of Interests in Joint Ventures |
| GRAP 9 | Revenue from Exchange Transactions |
| GRAP 10 | Financial reporting in hyperinflationary economies |
| 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 |

Where there is no equivalent standard of GRAP or IPSAS an International Financial Reporting Standard (IFRS) that is effective forms part of the GRAP reporting framework. This applies to the accounting standards detailed below

| | |
|------------------|---|
| IAS 12 (AC102) | Income Taxes |
| IAS 14 (AC 115) | Segment reporting |
| IAS19 (AC 116) | Employee benefits |
| IAS20 (AC 134) | Accounting for government grants and disclosure of government assistance |
| IAS24 (AC 126) | Related party disclosures |
| IAS26 (AC 136) | Accounting and rereporting by retirement benefit plans |
| IAS29 (AC 124) | Financial reporting in hyperinflationary economies |
| IAS 30 (AC 120) | Disclosures in the financial statements of banks and similar financial institutions |
| IAS 32 (AC 125) | Financial instruments: Disclosure and presentation |
| IAS 33 (AC 104) | Earnings per share |
| IAS 34 (AC 127) | Interim Financial Reporting |
| IAS 36 (AC 128) | Impairment of assets |
| IAS 39 (AC 133) | Financial instruments: Recognition and measurement |
| IFRS 02 (AC 139) | Share-based payment |
| IFRS 03 (AC 140) | Business combinations |
| IFRS 04 (AC 141) | Insurance contracts |
| IFRS 06 (AC 143) | Exploration for and evaluation of mineral resources |
| IFRS 07 (AC 144) | Financial Instruments: Disclosures |

Exemptions from these standards as they relate to the interim arrangements on the implementation of GRAP are detailed under each relevant accounting policy note below as they apply to the municipality.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

1.2 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 Going concern assumption

These financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Comparative information

Budget information in accordance with GRAP 1 and 24 has been provided in an annexure to these financial statements

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable and the prior year comparatives are restated accordingly.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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:

Trade receivables classified as loans and receivables

The Municipality assesses its receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to adjust stock to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The judgement is made to an allowance account for obsolete inventory.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

Fair value estimation

The fair value of financial instruments traded in active markets(such as trading and available for sale securities) is based on quoted market prices at the financial position date. The quoted market price used for financial assets held by the Municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting, where material, the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimated are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

A provision is recognised when the Municipality has a present obligation (legal/ constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Contributions are made to or from the provisions to reflect the current best estimate. Expenditure relating to provisions is charged to the provision when incurred.

Effective interest rate

The municipality used the prime interest rate as basis to discount future cash flows.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services and for administrative purposes and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be a provisional amount.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the provisional amount.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.

2.2

Subsequent measurement - revaluation model (Land and Buildings)

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3

Depreciation and impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets

2.4 less the residual value. The annual depreciation rates are based on the following estimated asset lives:-

| | Years | Other | Years |
|-------------------------|---------|------------------------------------|---------|
| Infrastructure | | | |
| Roads and Paving | 30 | Buildings | 30 |
| Pedestrian Malls | 30 | Specialist vehicles | 10 |
| Electricity | 20 - 30 | Other vehicles | 5 |
| Water | 15 - 20 | Office equipment | 3 - 7 |
| Sewerage | 15 - 20 | Furniture and Fittings | 7 - 10 |
| Housing | 30 | Watercraft | 15 |
| | | Bins and containers | 5 |
| Community | | Specialist plant and equipment | 10 - 15 |
| Buildings | 30 | Other items of plant and equipment | 2 - 5 |
| Recreational Facilities | 20 - 30 | Landfill sites | 15 |
| Security | 5 | | |
| Other | | | |

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

PROPERTY, PLANT AND EQUIPMENT (Cont.)

Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. 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.

3.

INVESTMENT PROPERTY

3.1

Initial recognition

Investment property includes property (land or a building, or a part of a building, or both land or buildings held under an operating lease) held to earn rentals and / or for capital appreciation, rather than held to meet service delivery objectives, production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment properties are initially recognised as assets on acquisition date and are initially recorded at cost

Where an investment property is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be a provisional amount.

Where an investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the provisional amount

3.2

Subsequent measurement - (Investment property)

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made when and only when there is a change in use.

3.3

Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
0 For the year ended 30 June 2012

3.

INVESTMENT PROPERTY (Cont.)

3.4

Derecognition

Items of Investment Property are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. 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.

INVENTORIES

4.1

Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

4.2

Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, working-in-progress and finished goods, are valued at the lower of cost and the net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

5 FINANCIAL INSTRUMENTS

5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

5.2

SUBSEQUENT MEASUREMENT

Financial assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

5.3. INVESTMENTS

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. 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. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

5.4

TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

5.5 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

5.6. CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three 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, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on the bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

6. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (this for example applies in the case of obligations for the rehabilitation of the landfill site).

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is removed. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of the provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

7. LEASES

7.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the payments which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating leases are accrued and accounted for on a straight-line basis over the term of the relevant lease, this on the basis of the cash flows in the lease agreement. The principle of smoothing the current and future lease payments has not been applied. Notwithstanding the exemptions on the recognition of operating lease agreements, the municipality has early adopted IAS 17 (AC 105).

7.2 Municipality as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

8. CONDITIONAL GRANTS AND RECEIPTS

Revenue 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

9. REVENUE

9.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

9.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognised when payment is received, together with an estimate of spot fines and summons that will be received based on past experience of amounts collected.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

9.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS (Continued)

Revenue from public contributions and donations is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

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

10. GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

11. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, 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.

12. 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), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. 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.

13. 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.

PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

14. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15. RETIREMENT BENEFITS

The municipality operates a defined contribution plan in the form of a provident fund scheme covering employees. The assets of the scheme are held separately from those of the municipality and are administered by the scheme's trustees. Contributions to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to contributions

16 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by [the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work]

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

17 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

**PORT ST JOHNS LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012**

**18
Related party transactions**

Port St Johns Municipality treats all the transactions between Port St Johns Municipality and Port St John Development Agency as related party transactions. Details have been disclosed under notes to the financial statements

**19
EVENTS AFTER THE REPORTING DATE**

The municipality considers events that occur after the reporting date for inclusion in the financial statements. Events that occur after the reporting date (30 June 2012) and the date on which the audit of the financial statements is completed (30 November 2012) are considered for inclusion in the annual financial statements.

PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

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1 NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill sites

Total Non-Current Provisions

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 4.2 over an average period of 10 years.

The movement in the non-current provision is reconciled as follows: -

Provision for rehabilitation of landfill sites:

| | | |
|--|----------------|----------------|
| Balance at the beginning of year | 152 097 | 124 506 |
| Contributions to provision | 15 087 | 27 592 |
| Expenditure incurred | | - |
| Decrease in provision due to discounting | | - |
| Transfer to current provisions | | - |
| Balance at the end of year | <u>167 184</u> | <u>152 097</u> |

2 CURRENT PROVISIONS

| | | |
|--|----------|----------|
| | - | - |
| | <u>-</u> | <u>-</u> |

With regards to the provision for Landfill sites: It is stated in the Department of water affairs and Forestry "Minimum Requirements for Waste Disposal by Landfill" Second Edition 1998, Chapter 2.3.4, that "all landfills except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be considered closed. Closure will involve, inter alia, the application of final cover, top-soiling, vegetation, drainage maintenance and leachate management." Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 20 years. The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current rehabilitation cost to an estimated future cost which was then discounted to present value.

Assumption used:

Interest rate used is the weighted average cost of capital of 8.0% (2009/10: 9.6%) based on the Risk Free Model (i.e. treasury/government bonds - R154)

PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

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3 Trade and other Payables

| | | |
|---------------------------------------|-------------------|-------------------|
| Trade creditors and accruals | 13 526 747 | 40 164 112 |
| Sars Creditor | 1 797 791 | 5 202 412 |
| Provision for Leave Pay | 853 213 | 739 588 |
| Provision for Bonuses (13th cheque) | 514 943 | 396 826 |
| Short term loan | - | 1 929 023 |
| Retention Monies | 59 352 | 551 995 |
| Deposits | 61 000 | 60 500 |
| Payables fair value adjustment | 468 110 | 348 670 |
| Balance at the end of the year | 17 281 156 | 49 393 127 |

4 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

| | | |
|--------------------------------------|---------------|------------------|
| Municipal Finance Management Grant | 91 875 | - |
| MSIG Grant | - | - |
| MIG Grant | - | - |
| MSP Grant | - | - |
| Department of Transport Intervention | - | 3 137 541 |
| | 91 875 | 3 137 541 |

See note 15 for reconciliation of grants from other spheres of government.

PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

5 PROPERTY, PLANT AND EQUIPMENT

At 30 June 2012

5.1 Reconciliation of Carrying Value

| Description | Land and buildings | Infrastructure | Community assets | Other assets | Total |
|--|--------------------|--------------------|-------------------|-------------------|--------------------|
| | R | R | R | R | R |
| Carrying values at 1 July 2011 | 58 767 751 | 235 506 835 | 12 214 189 | 12 156 051 | 318 644 826 |
| Cost | 58 795 509 | 283 756 803 | 13 055 758 | 14 624 894 | 370 232 964 |
| Correction of error | - | - | - | - | - |
| Revaluation | - | - | - | - | - |
| Accumulated depreciation: | 27 758 | 48 249 968 | 841 569 | 2 468 843 | 51 588 138 |
| - Cost | 27 758 | 48 249 968 | 841 569 | 2 468 843 | 51 588 138 |
| - Correction of error | - | - | - | - | - |
| - Revaluation | - | - | - | - | - |
| Current year movement | 446 026 | 52 758 040 | | 1 119 918 | 54 323 985 |
| Capital under construction | - | - | - | - | - |
| Increases/decreases in revaluation | - | - | - | - | - |
| Depreciation: | 128 925 | 25 274 858 | 483 195 | 1 507 852 | 27 394 831 |
| - based on cost | 128 925 | 25 274 858 | 483 195 | 1 507 852 | 27 394 831 |
| - based on revaluation | - | - | - | - | - |
| Carrying value of disposals: | - | 1 213 491 | | 25 263 | 1 238 754 |
| Cost/revaluation | - | 1 260 131 | - | 76 428 | 1 336 559 |
| Accumulated depreciation | - | 46 640 | - | 51 165 | 97 805 |
| Impairment loss | - | - | - | - | - |
| Cost/revaluation | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - |
| Other movements | - | - | - | - | - |
| Carrying values at 30 June 2012 | 59 084 852 | 261 729 886 | 11 730 994 | 11 742 853 | 344 335 225 |
| Cost | 59 241 535 | 335 254 712 | 13 055 758 | 15 668 384 | 423 220 389 |
| Revaluation | - | - | - | - | - |
| Accumulated depreciation: | 156 683 | 73 524 826 | 1 324 764 | 3 925 530 | 78 885 164 |
| - Cost | 156 683 | 73 524 826 | 1 324 764 | 3 925 530 | 78 885 164 |
| - Revaluation | - | - | - | - | - |



PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

| 6 INVESTMENT PROPERTIES CARRIED AT NOMINAL VALUE | Total Municipal Properties | |
|---|---------------------------------------|-------------------|
| Opening balance | - | - |
| Transfer from Property, Plant and Equipment | 14 023 003 | 14 023 003 |
| Closing balance | <u>14 023 003</u> | <u>14 023 003</u> |

The three municipal properties representing investment properties are in accordance with the accounting policy carried at nominal value.

6.1 Reconciliation of Carrying Value

| Description | Investment Property | Total |
|--|------------------------|-------------------|
| Carrying values at 30 June 2012 | 14 023 003 | 14 023 003 |
| Cost | 14 023 003 | 14 023 003 |
| Revaluation | - | - |
| Accumulated depreciation: | (243 083) | (243 083) |
| - Cost | 121 296 | 121 296 |
| - Revaluation | (364 379) | (364 379) |
| - Correction of error | - | - |
| - Revaluation | - | - |
| Acquisitions | - | - |
| Capital under construction | - | - |
| Increases/decreases in revaluation | - | - |
| Depreciation: | - | - |
| - based on cost | - | - |
| - based on revaluation | - | - |
| Carrying value of disposals: | - | - |
| Cost/revaluation | - | - |
| Accumulated depreciation | - | - |
| Impairment loss | - | - |
| Cost/revaluation | - | - |
| Accumulated depreciation | - | - |
| Reclassification | - | - |
| Carrying values at 30 June 2011 | 14 023 003 | 14 023 003 |
| Cost | 14 023 003 | 14 023 003 |
| Revaluation | - | - |
| Accumulated depreciation: | -364 379 | -364 379.00 |
| - Cost | - | - |
| - Revaluation | (364 379) | (364 379) |

| 7 INVENTORY | | |
|---------------------------|-----------------------|----------------|
| Consumable stores at cost | 204 468 | 244 030 |
| | <u>204 468</u> | <u>244 030</u> |

PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

8. CONSUMER DEBTORS

| | <u>Gross balance</u> | <u>Provision for bad debts</u> | <u>Provision for impairment</u> | <u>Net balances</u> |
|---------------------------|--------------------------|------------------------------------|-------------------------------------|-------------------------|
| As at 30 June 2012 | | | | |
| Service debtors | | | | |
| Rates | 11 160 577 | 3 062 462 | 6 681 433 | 1 416 682 |
| Refuse | 2 836 649 | 778 376 | 2 058 272 | - |
| Property lease | 148 164 | 40 656 | 107 508 | - |
| | <u>14 145 389</u> | <u>3 881 495</u> | <u>8 847 213</u> | <u>1 416 682</u> |

Rates: Ageing

| | <u>2012</u> | <u>2011</u> |
|--------------|-------------------|-------------------|
| Current | -1 243 761 | 262 788 |
| 0 - 30 days | 3 730 298 | 777 814 |
| 31 - 60 days | 833 467 | 92 983 |
| 61 - 90 days | 1 747 734 | 189 787 |
| 91 -120 days | 6 092 839 | 9 015 334 |
| Total | <u>11 160 577</u> | <u>10 338 706</u> |

Refuse: Ageing

| | | |
|--------------|------------------|------------------|
| Current | (20 389) | (26 682) |
| 0 - 30 days | 59 674 | 251 999 |
| 31 - 60 days | 349 927 | 203 174 |
| 61 - 90 days | 79 603 | 122 924 |
| 91 -120 days | 2 367 834 | 2 304 176 |
| Total | <u>2 836 649</u> | <u>2 855 591</u> |

PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

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8. CONSUMER DEBTORS (Cont.)

Property Lease: Ageing

| | | |
|--------------|----------------|------------------|
| Current | - | - |
| 0 - 30 days | - | -174 272 |
| 31 - 60 days | 56 167 | - |
| 61 - 90 days | - | - |
| 91 -120 days | 91 997 | 1 606 182 |
| Total | 148 164 | 1 431 910 |

Grand-total consumer debtors

14 145 390 **1 431 910**

Councillors and staff owing 90 days and above:

| | <u>Rates</u> | <u>Refuse</u> | <u>Total</u> |
|------------|--------------|---------------|--------------|
| Mtambeki Z | 537 | 720 | 1257 |
| | <u>537</u> | <u>720</u> | <u>1 257</u> |

9 VAT

Vat receivable

9 879 275 **10 409 612**

VAT is payable on a receipt basis. Only once payment is received from debtors is VAT paid over to SARS.



PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

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10 CALL INVESTMENT DEPOSITS

Financial instruments

| | | |
|----------------------------------|--------------------|---------------|
| Meeg Bank - FMG 9269486056 | R 92 876 | - |
| Meeg Bank - LED - 9269487159 | R 7 646 | - |
| Meeg Bank - MIG -9269486187 | R 569 686 | - |
| Meeg Bank - MSP Pr - 9106340870 | R 2 265 | 2123 |
| Meeg Bank - Mun - 9084721344 | R 1 461 | 1432 |
| Meeg Bank - Salaries -9269487272 | R 1 907 017 | |
| Standard Bank Revolving Fund | - | 8766 |
| MIG Cheque Account | - | 98 |
| Investment call accounts | R 2 580 950 | 12 419 |

11 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

11.1 Current Account (Primary Bank Account)

| | | |
|--|----------------|----------------|
| Meeg Bank - Port St Johns Branch - Account Number Account Number 4052439958 | | - |
| Cash book balance at the beginning of the period - overdrawn | 339 997 | (25 116) |
| Current year movement | 535 274 | 365 113 |
| Cash book balance at the end of the period | 875 271 | 339 997 |
| Bank statement balance at the end of the period | 875 271 | 339 997 |

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11 BANK, CASH AND OVERDRAFT BALANCES (Cont.)

| | | |
|--------------------------------|----------------|----------------|
| 11.3 Petty cash balance | <u>6</u> | <u>36</u> |
| Bank and cash balance | <u>875 276</u> | <u>340 033</u> |

12 PROPERTY RATES

Actual

| | | |
|-------------|------------------|------------------|
| Residential | 1 160 478 | 1 088 128 |
| Commercial | 1 959 495 | 1 866 285 |
| State | <u>3 983 330</u> | <u>2 349 500</u> |

| | | |
|-------------------------------|-------------------------|-------------------------|
| Total assessment rates | 7 103 303 | 5 303 913 |
| Fair value Adjustment | <u>(394366)</u> | <u>(347038)</u> |
| Net Realisable Value | <u>6 708 937</u> | <u>4 956 875</u> |

Property valuations

| | | |
|----------------------------------|---------------------------|---------------------------|
| Residential | 102 583 700 | 100 409 650 |
| Commercial | 180 032 500 | 207 380 000 |
| State | 351 360 500 | 157 055 000 |
| Municipal | 105 052 550 | 110 352 100 |
| Farms | 18 679 000 | 23 733 500 |
| Churches | 5 109 000 | 5 109 000 |
| Vacant plots | <u>19 881 000</u> | <u>28 550 000</u> |
| Total property valuations | <u>782 698 250</u> | <u>632 589 250</u> |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 01 July 2009. The interim valuations are processed annually to take into account the individual property values due to alterations. The general rate of 1cent in a rand is applied to determine the assessment rates, rebates of 30% are granted to state properties. Rates are levied on annual bases on property owners.

13 SERVICE CHARGES

| | | |
|-----------------------------|-----------------------|-----------------------|
| Refuse removal | 474 076 | 525 819 |
| Fair value adjustment | <u>-117 072</u> | <u>-97 581</u> |
| Net realisable value | <u>357 003</u> | <u>428 238</u> |

PORT ST JOHNS MUNICIPALITY
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14 GOVERNMENT GRANTS AND SUBSIDIES

| | | |
|--|--------------------|-------------------|
| Equitable share | 59 537 000 | 44 714 355 |
| Municipal Support Programme - Various | - | 847 497 |
| Municipal Finance Management Grant | 1 908 125 | 2 000 000 |
| MIG Grant | 20 254 000 | 10 761 963 |
| MSIG Grant | 790 000 | 750 000 |
| Department of Transport Special Grant | 8 181 054 | 11 134 592 |
| LED Project Grant | 183 857 | 110 000 |
| EPWP | 467 000 | 656 000 |
| Independent Electoral Commission Grant | - | 1 364 000 |
| Department of Transport Sidewalk grant | 956 487 | 1 043 513 |
| O.R.Tambo Intervention | 9 359 534 | |
| Total government grants and subsidies | 101 637 057 | 73 381 919 |

14.1 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. As part of this service, the municipality provides free basic electricity through a formalised mechanism through Eskom.

14.2 Municipal Support Programme - Various

| | | |
|--|----------|-----------|
| Balance unspent at the beginning of the year | - | 847 497 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | (847 497) |
| Conditions still to be met - transferred to liabilities | - | - |

14.3 Municipal Finance Management Grant

| | | |
|--|---------------|-------------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 2 000 000 | 2 000 000 |
| Conditions met - transferred to revenue | (1 908 125) | (2 000 000) |
| Conditions still to be met - transferred to liabilities | 91 875 | - |

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14 GOVERNMENT GRANTS AND SUBSIDIES (continued)

14.4 MIG Grant

| | | |
|--|--------------|--------------|
| Balance unspent at the beginning of the year | - | 2 621 963 |
| Current year receipts | 20 254 000 | 8 140 000 |
| Conditions met - transferred to revenue | (20 254 000) | (10 761 963) |
| Conditions still to be met - transferred to liabilities | - | - |

This is an infrastructure support grant. Conditions has been met are that the municipality will reconcile the admin portion

14.6 MSIG Grant

| | | |
|--|-----------|-----------|
| Balance unspent at the beginning of the year | - | - |
| Transfer from accum surplus | - | - |
| Current year receipts | 790 000 | 750 000 |
| Conditions met - transferred to revenue | (790 000) | (750 000) |
| Conditions still to be met - transferred to liabilities | - | - |

This is a systems development / capacity building grant intended to support the municipality as a whole.

14.7 Provincial Department of Transport Special Grant

| | | |
|--|-------------|------------------|
| Balance unspent at the beginning of the year | 2 181 053 | - |
| Current year receipts | 4 000 000 | 13 315 645 |
| Conditions met - transferred to revenue | (6 181 053) | (11 134 592) |
| Conditions still to be met - transferred to liabilities | - | 2 181 053 |

14.8 Department of Transport Sidewalk grant

| | | |
|--|----------|----------------|
| Balance unspent at the beginning of the year | 956 487 | - |
| Current year receipts | - | 2 000 000 |
| Conditions met - transferred to revenue | -956 487 | -1 043 513 |
| Conditions still to be met - transferred to liabilities | - | 956 487 |

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14 GOVERNMENT GRANTS AND SUBSIDIES (continued)

14.9 Independent Electoral Commission Grant

| | | |
|--|----------|------------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | - | 1 364 000 |
| Conditions met - transferred to revenue | - | -1 364 000 |
| Conditions still to be met - transferred to liabilities | <u>-</u> | <u>-</u> |

14.10 LED Programmes Grant

| | | |
|--|----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 183 857 | 110 000 |
| Conditions met - transferred to revenue | -183 857 | -110 000 |
| Conditions still to be met - transferred to liabilities | <u>-</u> | <u>-</u> |

14.12 EPWP

| | | |
|--|----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 467 000 | 656 000 |
| Conditions met - transferred to revenue | -467 000 | -656 000 |
| Conditions still to be met - transferred to liabilities | <u>-</u> | <u>-</u> |

15 Other Income

| | | |
|--------------------------------|----------------|----------------|
| Donation received | 193 845 | - |
| Greenest town award | 200 000 | 300 000 |
| Insurance Claims received | 33 988 | 15 772 |
| Plan fees and tender Documents | 65 621 | 18 699 |
| Sundry Income | 232 314 | 67 843 |
| | <u>725 767</u> | <u>402 314</u> |

15.1 Interest Income

| | | |
|--------------------------------------|------------------|----------------|
| Interest from Investments | 126 461 | |
| Interest from fair value adjustments | 511 439 | 2687302 |
| Interest from Debtors | 1 285 521 | |
| | <u>1 923 421</u> | <u>2687302</u> |



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16 EMPLOYEE RELATED COSTS

| | | |
|--|------------|------------|
| Employee related costs - Salaries and wages | 18 709 472 | 16 495 312 |
| Employee related costs - Contributions for UIF, Provident Fund, Medical Aids and SDL | 302 196 | 798 239 |
| Provision for Leave Pay | 6 332 168 | 5 821 831 |
| Provision for Bonus | 853 212 | 77 255 |
| | 514 943 | 5 352 |

| | | |
|-------------------------------------|-------------------|-------------------|
| Total employee related costs | 26 711 990 | 23 197 988 |
|-------------------------------------|-------------------|-------------------|

Remuneration of the Municipal Manager

| | | |
|---------------------------------------|------------------|----------------|
| Annual remuneration | 720 000 | 596 378 |
| Car allowance | 240 000 | 172 287 |
| Other allowances | 241 200 | 87 551 |
| Contribution to UIF and related items | 1 497 | 1 806 |
| Acting allowance | 184 068 | |
| Settlement agreement | 285 405 | |
| | 1 386 765 | 858 021 |

Remuneration of the Chief Finance Officer

| | | |
|---------------------------------------|------------------|----------------|
| Annual remuneration | 550 571 | 509 411 |
| Car allowance | 183 375 | 169 666 |
| Other allowances | 46 821 | 43 321 |
| Contribution to UIF and related items | 1 497 | 1 806 |
| Acting allowance | 53 912 | |
| Settlement agreement | 322 069 | |
| | 1 158 245 | 724 204 |

Remuneration of the Manager - Corporate Services

| | | |
|---------------------------------------|----------------|----------------|
| Annual remuneration | 550 571 | 509 411 |
| Car allowance | 183 375 | 169 666 |
| Other allowances | 46 821 | 43 321 |
| Contribution to UIF and related items | 1 497 | 1 806 |
| | 782 264 | 724 204 |

Remuneration of the Engineering Manager

| | | |
|---------------------------------------|----------------|----------------|
| Annual remuneration | 550 571 | 509 411 |
| Car allowance | 183 375 | 169 666 |
| Other allowances | 46 821 | 43 321 |
| Contribution to UIF and related items | 1 497 | 1 806 |
| | 782 264 | 724 204 |

Remuneration of the Local Economic Development Manager

| | | |
|---------------------------------------|----------------|----------------|
| Annual remuneration | 550 571 | 509 411 |
| Car allowance | 183 375 | 169 666 |
| Other allowances | 46 821 | 43 321 |
| Contribution to UIF and related items | 1 497 | 1 806 |
| | 782 264 | 724 204 |

Remuneration of the Community Services Manager

| | | |
|---------------------------------------|--|--|
| Annual remuneration | | |
| Car allowance | | |
| Other allowances | | |
| Contribution to UIF and related items | | |

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17 REMUNERATION OF COUNCILLORS

| | | |
|--|-------------------------|-------------------------|
| Mayor | 572 948 | 545 665 |
| Speaker | 458358 | 438 591 |
| Chief Whip | 441471 | 420 120 |
| Exco members | 1687063 | 1 375 207 |
| Councillors | 4948867 | 3 786 571 |
| Total councillors' remuneration | <u>8 108 707</u> | <u>6 566 154</u> |

18 INTEREST PAID

| | | |
|--|-----------------------|-----------------------|
| Interest on accounts payable | 468 855 | 348 670 |
| Bank overdraft | | 58 469 |
| Outstanding payments | | <u>339 502</u> |
| Total interest on external borrowings | <u>468 855</u> | <u>746 641</u> |



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19 CASH GENERATED BY OPERATIONS

| | | |
|--|-------------------|-------------------|
| Surplus for the period | (3 189 987) | (17 729 002) |
| Adjustment for: | | |
| Loss / (gain) on disposal of property, plant and equipment | - | - |
| Change in accounting policy | - | - |
| Prior year adjustments | 65 438 556 | - |
| Fair value adjustments | 511 439 | 444 619 |
| Depreciation | 27 378 577 | 26 420 503 |
| Interest earned | (1 923 421) | (2 687 302) |
| Interest paid | 468 855 | 746 641 |
| bad debts | 6 210 529 | 2 037 |
| Vat adjustments | -3 146 807 | |
| Operating surplus / (deficit) before working capital changes: | 91 747 742 | 7 197 497 |
| (Increase)/decrease in inventories | 39 562 | (128 895) |
| (Increase)/decrease in consumer debtors | 1 362 931 | -1 150 927 |
| Decrease / (increase) in other debtors | (220 546) | - |
| Increase/(decrease) in unspent conditional grants and receipts | (3 045 665) | (333 518) |
| Increase/(decrease) in creditors | (32 111 970) | 30 918 591 |
| Decrease / (increase) in provisions | (15 087) | 274 537 |
| Increase in VAT refundable | (530 337) | (3 104 239) |
| Decrease in current portion of long-term receivables | | |
| (Decrease) / Increase in current portion of long-term liabilities | | |
| Cash generated by / (utilised in) operations | 57 226 629 | 33 673 046 |

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PORT ST JOHNS MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

2012
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2011
R

20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

| | | |
|--|------------------|----------------|
| Bank balances and cash | 875 276 | 340 036 |
| Call investment deposits | 2 580 950 | 12 419 |
| Credit card | - | (24 134) |
| Total cash and cash equivalents | 3 456 227 | 328 320 |

21 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

21.1 Fruitless and wasteful expenditure

The Municipality has failed to make its statutory payments to the South African Receiver of Revenue and other Creditors and thus resulting in Penalties and interest on the Municipality.

Reconciliation of fruitless and wasteful expenditure:

| | | |
|---|------------|-----------|
| Opening balance | 2 379 790 | 1 513 727 |
| Fruitless and wasteful expenditure current year | 660 880 | 866 063 |
| Approved by Council or condoned | -2 379 790 | - |
| Transfer to receivables for recovery | - | - |
| Fruitless and wasteful expenditure awaiting authorisation | 660 880 | 2 379 790 |

| Incident | Disciplinary steps / criminal proceedings | |
|--|--|--|
| The municipality has been facing financial difficulties for the last few years. As a result, defaulting on payment terms has been un-avoidable. However the municipality has taken some steps to meet its obligation. An arrangement has been made with SARS whereby all the municipality's VAT refunds will be set off against PAYE and the Municipality has committed to paying R1 million per month as from November 2011 towards the reduction of the sars debt | None. | |

21.2 Unauthorised expenditure

The Municipality has failed to seek council approval of an amount that has been overspent on the budget. These were a results at year end when comparing the budgeted operating expenditure to the actual

| | | |
|--|---|-----------|
| | | 3 137 542 |
| | - | 5 635 287 |
| | - | 8 772 829 |

21.3 Deviations with SCM

Supply Chain Management deviations rectified by the Accounting Officer as a result of deviations with 36(1) of the SCM Regulations

| | | |
|--|----------------|----------------|
| | 801 880 | 799 336 |
| | 801 880 | 799 336 |

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21.3 Irregular Expenditure

| | | |
|---|------------------|------------------|
| Opening balance | 5 813 884 | 194 895 |
| Add: Irregular Expenditure – current year | 1 049 074 | 5 618 989 |
| Less: Amounts written off by Council | | |
| Less: Amounts condoned | -5 813 884 | - |
| Less: Amounts recoverable (not condoned) | - | - |
| Less: Amounts not recoverable (not condoned) | - | - |
| Irregular Expenditure awaiting condonation | 1 049 075 | 5 813 884 |

Analysis of expenditure awaiting condonation per age classification

| | | |
|--------------|------------------|------------------|
| Current year | 1 049 074 | 5 618 989 |
| Prior years | | 194 895 |
| Total | 1 049 074 | 5 813 884 |

Details of Irregular Expenditure – Current year

| Incident | Disciplinary steps taken/criminal proceedings | Amount | Amount |
|---|---|------------------|------------------|
| Non-compliance with SCM regulations by not advertising quotations greater than R30 000 but less than R200 000 | None | 434 111 | 644 277 |
| Non-compliance with SCM regulations by not obtaining the required 3 quotations | | 614 963 | 1 528 660 |
| Salaries paid in excess of the SALGA approved % increase | | 0 | 3 446 052 |
| | | <u>1 049 074</u> | <u>5 618 989</u> |

Details of Irregular Expenditure - written off by Council

| Incident | Amount |
|--|------------------|
| Salaries paid in excess of the SALGA approved % increase | 3 446 052 |
| | <u>3 446 052</u> |

Details of Irregular Expenditure recoverable (not condoned)

| | Amount |
|---|------------------|
| Non-compliance with SCM regulations by not advertising quotations greater than R30 000 but less than R200 000 | 644 277 |
| Non-compliance with SCM regulations by not obtaining the required 3 quotations | 1 528 660 |
| | <u>-</u> |
| | <u>2 172 937</u> |

Details of Irregular Expenditure not recoverable (not condoned)

| Incident | Amount |
|----------|----------|
| | <u>-</u> |
| | <u>-</u> |



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**22 ADDITIONAL DISCLOSURES IN TERMS OF
MUNICIPAL FINANCE MANAGEMENT ACT**

22.1 Contributions to organised local government

| | | |
|------------------------------|----------------|----------------|
| Opening balance | 473 526 | 473 526 |
| Council subscriptions | 480 466 | - |
| Amount paid - current year | -473 526 | - |
| Amount paid - previous years | - | - |
| Balance | 480 466 | 473 526 |

22.2 Audit fees

| | | |
|---|------------------|------------------|
| Opening balance | 2 729 371 | 2 899 878 |
| Current year audit fee | 3 078 471 | 2 316 524 |
| Amount paid - current year | | -1 500 000 |
| Amount paid - previous years | -1 585 870 | -987 031 |
| Balance unpaid (included in creditors) | 4 221 972 | 2 729 371 |

22.3 VAT

VAT input receivables are shown in note 9.

22.4 PAYE and UIF

| | | |
|---|------------------|------------------|
| Opening balance | 9 315 339 | 6 583 130 |
| Current year payroll deductions | 4 744 694 | 3 482 209 |
| Amount paid - current year | -4 369 349 | - |
| Amount paid - previous years | -4 746 086 | -750 000 |
| Adjustments | -3 146 807 | - |
| Balance unpaid (included in creditors) | 1 797 791 | 9 315 339 |

22.5 CAPITAL COMMITMENTS

| | | |
|--|-------------------|-------------------|
| Approved and Contracted for Infrastructure | 3 216 336 | 9 469 368 |
| Approved but not yet contracted Infrastructure | 21 871 000 | 10 784 632 |
| Unspent Provincial Department of Transport Special Grant | - | 2 181 053 |
| Unspent Department of Transport Sidewalk grant | - | 956 487 |
| Total | 25 087 336 | 23 391 540 |

This expenditure will be financed from:

| | | |
|--------------------------|-------------------|-------------------|
| Government Grants | 24 569 000 | 20 254 000 |
|--------------------------|-------------------|-------------------|



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**22 ADDITIONAL DISCLOSURES IN TERMS OF
MUNICIPAL FINANCE MANAGEMENT ACT**

22.6 OPERATING LEASES

At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

| | | |
|---------------------------------------|-----------------------|-----------------------|
| Within one year | 82 033 | 82 033 |
| In the second to third year inclusive | 82 033 | 164 066 |
| After five years | | |
| Total | <u>164 066</u> | <u>246 099</u> |

Operating leases consists of the following:

Operating lease payments represents rentals payable by the municipality for various units of office equipment . Leases for office equipment are negotiated for an average term of 3 years and the rental payable is generally fixed.

Operating leases - lessor

Minimum lease payments due

| | | |
|---------------------------------------|----------------------|----------------------|
| Within one year | 44 520 | 84 000 |
| In the second to fifth year inclusive | - | |
| After five years | | |
| Total | <u>44 520</u> | <u>84 000</u> |

Operating Leases consists of the following:

The Municipality's investment property is primarily held to generate rental income. Lease agreements are renewed and are renewable on an annual basis.

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**ADDITIONAL DISCLOSURES IN TERMS OF
MUNICIPAL FINANCE MANAGEMENT ACT (continued)**

22.7 Pension and Medical Aid Deductions

| | | |
|---|-------------|----------------|
| Opening balance | 995 752 | 2 172 171 |
| Current year payroll deductions and council contributions | 6 118 940 | 5 756 928 |
| Amount paid - current year | (6 118 940) | (4 726 968) |
| Amount paid - previous years | (995 752) | (1 866 877) |
| Interest on arrears | - | (339 502) |
| Balance to be paid | - | 995 752 |

23.1 RETIREMENT BENEFIT INFORMATION

The municipality has a retirement contribution plan to which all qualifying employees belong.

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24 GENERAL EXPENSES

| | | |
|---|-------------|-----------|
| Advertising | 488 628 | 265 217 |
| Audit Committee fees | R 60 465 | 71 551 |
| Audit Fees | R 3 078 471 | 1 335 155 |
| Bank Charges | R 62 433 | 51 952 |
| Books & Publications | R 17 359 | 3 797 |
| Bursary | | 2 200 |
| Capital Projects | R 0 | 100 931 |
| Casual wages | R 170 200 | 392 905 |
| Catering | | 14 235 |
| Cleaning Material | R 61 574 | 79 454 |
| Community Participation & Roadshows | | 572 751 |
| Computers | 9 033 | 11 658 |
| Computers & accessories | 15 388 | 30 243 |
| Conference Fees | 11 534 | 6 816 |
| Consultants & Professional Fees | 1 307 434 | 1 290 085 |
| Consumables & Beverages | 44 259 | 96 369 |
| Discount allowed :rates | R 169 841 | 1 257 944 |
| Discount allowed Refuse | R 23 342 | 271 327 |
| Electricity & Water | 511 716 | 1 007 958 |
| Electricity FBE | 1 322 021 | 623 509 |
| Employee Welfare | R 11 071 | 14 717 |
| Equipment | | 2 935 |
| Fire Extinguishers | | 8 719 |
| FMG-GRANT EXPENDITURE | R 414 609 | 509 589 |
| Fuel & Oil | R 1 701 909 | 1 010 408 |
| Grant - Provincial Dept Of transp expendi | R 5 263 158 | 0 |
| Grant NT- MSIG EXPENDITURE | 0 | 195 600 |

| | | |
|---------------------------------------|-------------------|-------------------|
| MIG | R 0.00 | |
| Hire - External Transport | 7 120 | 3 947 |
| Hire Charges - Office Equipment | 7 030 | 73 627 |
| Hire Charges - Vehicle | 363 542 | 166 359 |
| Insurance - General | R 455 190 | 412 793 |
| Kitchenware | 0 | 214 |
| LED Programmes | 3 193 634 | 22 068 394 |
| Legal Fees | R 1 362 870 | 852 071 |
| Levy - SALGA | R 512 466 | 366 131 |
| Licence Fees | R 179 464 | 124 940 |
| Mayor Discretionary Fund | R 7 200 | 23 550 |
| Meals & Entertainment | 144 397 | 273 351 |
| Membership Fees | 5 574 | 16 529 |
| MSP grant Expenditure | 0.0 | 1 599 155 |
| Pensioners Rebates | 3 980 | 1 635 |
| Postage & Courier Costs | 0 | 52 |
| Printing & Stationary | 265 864 | 233 740 |
| Protective Clothing | R 306 463 | 6 624 |
| Provision for landfill site rehab | R 15 087 | 27 592 |
| Public Participation Costs | R 47 240 | 1 745 |
| Public Participation Costs :Elections | 0.00 | 157 895 |
| Publications & marketing material | R 101 530 | 0 |
| Refuse Bags & Bins | R 28 137 | 34 814 |
| Sidewalk grant | R 0 | |
| Rent - Equipment | R 168 520 | 216 907 |
| Salaries Mangroove | R 120 000 | 143 000 |
| Security Cost | R 10 512 770 | 2 146 337 |
| Social Responsibility Programmes | R 341 338 | 171 455 |
| Subsistance and Travel | R 3 028 483 | 1 601 618 |
| Sundries | 6 133 | |
| Telephone | 1 311 593 | 1 087 381 |
| Training | 21 491 | |
| Workman's Compensation | 0 | 39 321 |
| | <u>37 261 561</u> | <u>41 079 201</u> |

PORT ST JOHNS MUNICIPALITY
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25 PRIOR YEAR ADJUSTMENTS

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the full compliance of GRAP Standards. Details of which are as follows:

| | | |
|--|----------------------------|--------------------------|
| PPE | (14184385) | 17 884 628 |
| Receivables incorrectly recognised | 1 807 092 | 1 136 267 |
| Revision of prior year provisions | (12 316 086) | (1 700 978) |
| Credditor paid by the department of transport directly | (20 018 473) | |
| Creditor overstated/understated | (2 633) | (1 174 679) |
| Other adjustments | 136 868 | |
| Net effect on Statement of Financial Position | <u>(44 577 617)</u> | <u>16 145 239</u> |
| Net effect on Accumulated surplus opening balance | <u>(44 577 617)</u> | <u>16 145 239</u> |

Property, Plant and Equipment, Intangible Assets and Investment Properties:

During the year the municipality started measuring its Property, plant and equipment and Investment Properties so as to comply more fully with GRAP 17 - Property, Plant and Equipment. The useful lives of assets were reviewed and fair valued. Depreciation is calculated for the first time using the straight line method.

The comparative statements for the 2010 year have been restated to conform to the applied standard. The effects of the changes are detailed below:

| | | |
|-------------------------------------|---------|----------------------|
| Investment Properties | | |
| Balance previously reported - | | 3 |
| Restated balance | | 14 023 003 |
| Depreciation adjustment - 2009/10 - | | - |
| | <u></u> | <u>14 023 003</u> |
| Property, Plant, & Equipment | | |
| Balance previously reported - | | 51 388 812 |
| Restated balance | | 360 364 136 |
| Depreciation adjustment - 2009/10 - | | 25 957 272 |
| | <u></u> | <u>283 018 053</u> |
| Accumulated Surplus | | |
| Balance previously reported | | (35 678 433) |
| derecognising infrastructure assets | | 66 050 731 |
| Opening Depreciation | | 25 957 279 |
| Depreciation on valuation | | 789 644 |
| Current year Fair value amounts | | (601 291) |
| Opening cost assets | | (363 335 159) |
| | <u></u> | <u>(306 817 229)</u> |

26 RELATED PARTIES

Port St Johns Development Agency (section 21 company registration no. 1999/009129/08)

The Municipality has advanced the Port St Johns Development Agency with an amount of R 220 546 a loan during the current financial year.

At 30 June 2012 an amount of R220 546 is still outstanding appearing under debtors.

27 RISK MANAGEMENT

Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any counter-party. No credit rating is done on trade receivables, however an assessment is done on customers for affordability through indigent registration process. No major financial assets are exposed to credit risk at year end except for investment accounts held with ABSA Bank.

28 Liquidity risk

The municipality's risk to liquidity is a result of funds availability to cover future commitments. At present we do not have any finance lease obligations or long term borrowings. The commitments we have are trade and other payables which are managed through an ongoing review process.





PORT ST JOHNS MUNICIPALITY
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Sensitivity Analysis of Market risk

| | % | Present value at year end | discounted value at current rate |
|---|----|------------------------------|--|
| Effect of a 1% change in the prime rate | | | |
| Trade and other receivables | 11 | 14 145 389 | 1 416 682 |
| NB: the management of PSJ Municipality is of the opinion that it is not necessary to discount the outstanding lease rentals because the whole amount is being impaired (fair valuing the debtors based on collectibility %) | | | |
| Trade and other payables | 11 | 16 813 046 | 17 281 156 |

29.2 Interest rate risk

The municipality has no significant interest bearing assets. The municipality's income and operating cashflows are independent of changes in market interest rates.

30 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Municipality to continue as a going is dependant on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations of the Municipality.

However the municipality is facing financial constraints. This is evident that the majority of our creditors are more than 90 days overdue.

31 EVENTS AFTER THE REPORTING DATE

There are no events subsequent to the reporting date that require reporting.

32 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance performance with that budgeted is set out in Appendix E(1).

33 CONTINGENT LIABILITIES

Port St Johns Local Municipality is a defendant in a litigation by two service providers of which the outcome of the case cannot be reliably estimated as at 30 June 2012.

| | 2012 | 2011 |
|------------------------------|--------------------------|--------------------------|
| Estimated financial exposure | <u><u>11 120 000</u></u> | <u><u>10 000 000</u></u> |

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

| | Cost / Revaluation | | | | Accumulated Depreciation | | | | | Carrying Value | |
|------------------------------|--------------------|-------------------------|----------------------|---------------------|--------------------------|-------------------|-------------------|-------------|---------------|-------------------|--------------------|
| | Opening Balance | Additions / Revaluation | Under Construction | Transfer / Disposal | Closing Balance | Opening Balance | Additions | Adjustments | Disposals | | Closing Balance |
| Land and Buildings | | | | | | | | | | | |
| Land | 52 285 914 | - | - | - | 52 285 914 | - | - | - | - | - | 52 285 914 |
| Land and buildings | 6 509 595 | 446 026 | - | - | 6 955 621 | 27 758 | 128 925 | - | - | 156 683 | 6 798 938 |
| | 58 795 509 | 446 026 | - | - | 59 241 535 | 27 758 | 128 925 | - | - | 156 683 | 59 084 852 |
| Infrastructure | | | | | | | | | | | |
| Roads, stormwater, bridges | 282 618 806 | 24 572 989 | 28 185 051 | 1 260 131 | 334 116 715 | 48 145 140 | 25 274 858 | - | 46 640 | 73 373 358 | 260 743 357 |
| Landfill site | 1 137 997 | - | - | - | 1 137 997 | 104 828 | - | - | - | 104 828 | 1 033 169 |
| | 283 756 803 | 24 572 989 | 28 185 051 | 1 260 131 | 335 254 712 | 48 249 968 | 25 274 858 | - | 46 640 | 73 478 186 | 261 776 526 |
| Community assets | 13 055 758 | - | - | - | 13 055 758 | 841 569 | 483 195 | - | - | 1 324 764 | 11 730 994 |
| Investment Property | 14 023 003 | - | - | - | 14 023 003 | - | - | - | - | - | 14 023 003 |
| | 27 078 761 | - | - | - | 27 078 761 | 841 569 | 483 195 | - | - | 1 324 764 | 25 753 997 |
| Other assets | | | | | | | | | | | |
| Furniture and fittings | 421 090 | - | - | 1570 | 419 520 | 127 640 | 53 257 | - | 359 | 180 538 | 238 982 |
| Plant and equipment | 10 536 176 | 23 227 | - | 2500 | 10 556 903 | 1 144 459 | 896 171 | - | 598 | 2 040 031 | 8 516 872 |
| Motor vehicles | 2 584 671 | 804 055 | - | - | 3 388 726 | 769 952 | 347 981 | - | - | 1 117 933 | 2 270 793 |
| Office and traffic equipment | 199 922 | 56 311 | - | 20399 | 235 834 | 36 757 | 31 135 | - | 6 578 | 61 314 | 174 520 |
| Computer equipment | 883 035 | 236 325 | - | 51960 | 1 067 401 | 390 035 | 179 308 | - | 43629 | 525 714 | 541 687 |
| | 14 624 894 | 1 119 918 | - | 76 428.47 | 15 668 384 | 2 468 843 | 1 507 852 | - | 51 165 | 3 925 530 | 11 742 853 |
| | 384 255 967 | 26 138 934 | 28 185 051.00 | 1 336 559.47 | 437 243 392 | 51 588 138 | 27 394 831 | - | 97 805 | 78 885 164 | 358 358 228 |

PORT ST JOHNS MUNICIPALITY
APPENDIX E(1): UNAUDITED
Actual versus budget (Revenue and expenditure)

For the year ended 30 June 2012

| REVENUE | 2012 Actual | 2012 Budget | 2012 Variance | 2012 Variance % |
|---|------------------------|------------------------|--------------------------|----------------------------|
| Property rates | 6 708 937 | 9 200 000 | 2 491 063 | 27% |
| Service charges - refuse | 357 004 | 474 328 | 117 324 | 25% |
| Rental of facilities | 324 007 | 264 455 | (59 552) | -23% |
| Interest earned on external investments | 1 923 421 | - | (1 923 421) | 100% |
| Fines | 83 002 | 32 075 | (50 927) | -159% |
| Licences and permits | 10 409 | 14 782 | 4 373 | 30% |
| Government grants and subsidies | 101 637 057 | 82 931 000 | (18 706 057) | -23% |
| Other income | 725 767 | 80 000 | (645 767) | 100% |
| Total Revenue | 111 769 603 | 92 996 640 | (18 772 963) | -20% |
| EXPENDITURE | | | | |
| Executive and Council | 12 538 656 | 13 859 015 | 1 320 359 | 10% |
| Accounting Officer | 5 060 603 | 7 423 802 | 2 363 199 | 32% |
| Corporate Services | 21 079 665 | 11 046 083 | -10 033 582 | -91% |
| Budget and Treasury | 12 854 100 | 11 949 303 | -904 797 | -8% |
| Local Economic Development | 7 027 218 | 6 372 549 | -654 669 | -10% |
| Engineering and planning | 12 878 127 | 30 372 985 | 17 494 858 | 58% |
| Community and Social services | 8 978 059 | 11 972 904 | 2 994 845 | 25% |
| Total Expenditure | 80 416 429 | 92 996 641 | 12 580 212 | 14% |
| NET SURPLUS FOR THE YEAR | 31 353 174 | (1) | (31 353 175) | -100% |