

Matzikama

MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2011

MATZIKAMA MUNICIPALITY

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MATZIKAMA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998) and are classified as a medium capacity municipality.

JURISDICTION

The Matzikama Municipality includes the following areas:

Vredendal
Vanrhynsdorp
Klawer
Koekenaap
Lutzville
Ebenhaezer
Strandfontein
Doringbaai

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Delina Goedeman
Deputy Executive Mayor	John Bock
Executive Councillor	Patric Bok
Executive Councillor	Andreas Sindyamba
Speaker	Rhenda Stephan
Councillor	Isaac Julies
Councillor	David Jenner
Councillor	Julia Kriel
Councillor	Maria Witbooi
Councillor	Johan Smith
Councillor	Frans Bam
Councillor	Christoffel van der Westhuis
Councillor	Elias Mjingqi
Councillor	Hennie Nell
Councillor	Jacky Gorden

MUNICIPAL MANAGER

D G I O'Neill

CHIEF FINANCIAL OFFICER

L J Bruwer

REGISTERED OFFICE

37 Church Street, Vredendal, 8160

AUDITORS

Auditor-General, Private Bag X1, Chempet, 7442

PRINCIPLE BANKERS

ABSA Bank

ATTORNEYS

Swanepoel and Swanepoel Attorneys

RELEVANT LEGISLATION

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

MATZIKAMA MUNICIPALITY

MEMBERS OF THE MATZIKAMA MUNICIPALITY

COUNCILLORS

1	Frans Bam
2	Delina Goedeman
3	Elias Mqingqi
4	Patric Bok
5	Rhenda Stephan
6	Isaac Julies
7	Andreas Sindyamba
8	Christoffel van der Westhuis
Proportional	John Bock
Proportional	David Jenner
Proportional	Julia Kriel
Proportional	Maria Witbooi
Proportional	Johan Smith
Proportional	Hennie Nell
Proportional	Jacky Gorden

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2011, which are set out on pages 1 to 63 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2012 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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

D G I O'Neill
Municipal Manager

Date

MATZIKAMA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	Restated 2010 R
NET ASSETS AND LIABILITIES			
Net Assets		269 648 699	258 541 441
Capital Replacement Reserve	2	-	-
Housing Development Fund	2	47 049	464 101
Accumulated Surplus/(Deficit)		269 601 650	258 077 340
Non-Current Liabilities		58 989 092	59 869 533
Long-term Liabilities	3	27 619 884	32 264 867
Employee benefits	4	15 191 487	12 503 505
Non-Current Provisions	5	16 177 721	15 101 161
Current Liabilities		43 890 453	28 974 451
Consumer Deposits	6	2 558 041	2 390 239
Current Employee benefits	7	5 086 309	4 143 694
Provisions	8	2 007 164	1 873 595
Payables from exchange transactions	9	20 523 983	12 763 041
Unspent Conditional Government Grants and Receipts	10	5 104 362	2 337 700
Unspent Public Contributions	11	713 859	-
Taxes	12	1 774 878	994 422
Operating Lease Liability	20	13 632	17 699
Current Portion of Long-term Liabilities	3	6 073 773	4 454 060
Cash and Cash Equivalents	21	34 453	-
Total Net Assets and Liabilities		372 528 244	347 385 427
ASSETS			
Non-Current Assets		342 150 583	309 283 116
Property, Plant and Equipment	13	302 391 379	270 148 712
Investment Property	14	37 235 800	37 235 800
Intangible Assets	15	956 259	1 014 616
Long-Term Receivables	16	1 567 145.53	883 988
Current Assets		30 377 660	38 102 310
Inventory	17	1 946 511	1 916 494
Receivables from exchange transactions	18	14 116 943	16 958 845
Receivables from non-exchange transactions	19	3 179 725	4 167 844
Unpaid Conditional Government Grants and Receipts	10	7 876 066	7 284 925
Operating Lease Asset	20	41 129	36 052
Current Portion of Long-term Receivables	16	1 488 683	2 041 724
Cash and Cash Equivalents	21	1 728 602	5 696 427
Total Assets		372 528 244	347 385 427

MATZIKAMA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	Restated 2010 R	Correction of error R	Previously reported 2010 R
REVENUE					
Revenue from Non-exchange Transactions		84 351 322	75 006 265	-	75 006 265
Taxation Revenue		19 466 226	17 157 089	-	17 157 089
Property taxes	22	19 466 226	17 157 089	-	17 157 089
Transfer Revenue		63 344 698	56 344 528	-	56 344 528
Government Grants and Subsidies - Capital	23	29 855 620	26 098 859	(792 647)	26 891 506
Government Grants and Subsidies - Operating	23	32 442 937	29 453 022	-	29 453 022
Public Contributions and Donations		1 046 141	792 647	792 647	-
Other Revenue		1 540 398	1 504 649	-	1 504 649
Actuarial Gains	4	30 092	-	-	-
Fines		1 510 306	1 504 649	-	1 504 649
Revenue from Exchange Transactions		84 385 720	73 843 357	(314 300)	74 157 658
Service Charges	24	75 097 455	64 320 257	-	64 320 257
Rental of Facilities and Equipment		2 652 454	3 007 533	1 148	3 006 385
Interest Earned - external investments		457 406	736 747	-	736 747
Interest Earned - outstanding debtors		1 358 644	1 554 005	-	1 554 005
Licences and Permits		13 474	9 522	-	9 522
Agency Services		2 449 948	1 636 586	(308 974)	1 945 559
Other Income	25	2 354 239	2 408 981	-	2 408 981
Gain on disposal of Property, Plant and Equipment		2 100	169 726	(6 475)	176 201
Total Revenue		168 737 042	148 849 623	(314 300)	149 163 923
EXPENDITURE					
Employee related costs	26	52 585 924	42 773 760	-	42 773 760
Remuneration of Councillors	27	3 668 332	3 228 052	-	3 228 052
Debt Impairment	28	9 551 162	3 472 291	(878 795)	4 351 086
Collection Cost		119 697	58 983	-	58 983
Depreciation and Amortisation	29	9 490 561	8 035 569	(5 279 412)	13 314 982
Impairments	30	85 669	26 355	26 355	-
Repairs and Maintenance		14 921 361	14 178 447	623 234	13 555 212
Unamortised Discount - Interest		-	-	(1 455 454)	1 455 454
Actuarial losses	4	1 884 335	3 040 884	-	3 040 884
Finance Charges	31	5 839 471	4 515 534	1 309 098	3 206 436
Bulk Purchases	32	39 758 905	30 760 233	-	30 760 233
Contracted services		30 513	700 116	-	700 116
Grants and Subsidies	33	349 043	372 114	-	372 114
Operating Grant Expenditure		5 162 482	6 582 585	(98 578)	6 681 162
General Expenses	34	13 283 029	10 624 446	(5 995)	10 630 441
Loss on disposal of Property, Plant and Equipment		899 301	-	-	-
Total Expenditure		157 629 785	128 369 367	(5 759 547)	134 128 915
NET SURPLUS/(DEFICIT) FOR THE YEAR		11 107 257	20 480 255	5 445 247	15 035 009

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

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2009	807 384	6 040 000	133 122 676	139 970 060
Correction of Error - note 35.16	-	(3 300 000)	101 391 126	98 091 126
Restated Balance at 1 JULY 2009	807 384	2 740 000	234 513 802	238 061 186
Net Surplus for the year	-	-	20 480 255	20 480 255
Expenditure to Housing Development Fund	(343 283)	-	343 283	-
Property, Plant and Equipment Purchased	-	(8 181 398)	8 181 398	-
Contribution to CRR	-	5 441 398	(5 441 398)	-
Restated Balance at 30 JUNE 2010	464 101	-	258 077 340	258 541 441
Net Surplus for the year	-	-	11 107 257	11 107 257
Expenditure to Housing Development Fund	(417 052)	-	417 052	-
Rounding	-	-	1	1
Balance at 30 JUNE 2011	47 049	-	269 601 650	269 648 699

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	Restated 2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		101 834 738	87 517 435
Government - operating		34 618 457	24 655 751
Government - capital		29 855 620	26 098 859
Interest		1 816 051	2 290 753
Payments			
Suppliers and employees		(120 293 303)	(107 742 364)
Transfers and Grants		(349 043)	(372 114)
Finance charges	31	(5 839 471)	(4 515 534)
Net Cash from Operating Activities	36	41 643 048	27 932 786
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(42 631 950)	(43 720 621)
Proceeds on Disposal of Fixed Assets		2 101	169 726
Purchase of Intangible Assets	15	(27 891)	(307 708)
Decrease in Long-term Receivables		(130 117)	(30 971)
Net Cash from Investing Activities		(42 787 856)	(43 889 574)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Long-term Liabilities		(3 025 270)	(3 210 947)
New loans raised		-	15 000 000
Increase in Consumer Deposits		167 802	136 916
Net Cash from Financing Activities		(2 857 469)	11 925 970
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 002 278)	(4 030 818)
Cash and Cash Equivalents at the beginning of the year		5 696 427	9 727 245
Cash and Cash Equivalents at the end of the year	37	1 694 150	5 696 427
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 002 278)	(4 030 818)

MATZIKAMA MUNICIPALITY

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

		2011 R	2010 R
2	NET ASSET RESERVES		
	Capital Replacement Reserve	-	-
	Balance previously reported		3 300 000
	Correction of Error - Refer to note 35.01		(3 300 000)
	Housing Development Fund	47 049	464 101
	Total Net Asset Reserves	47 049	464 101
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	33 693 657	36 718 928
	Current Portion transferred to Current Liabilities	(6 073 773)	(4 454 060)
		27 619 884	32 264 867
	Unamortised charges on loans	-	-
	Balance 1 July	-	-
	Balance previously reported		(4 277 901)
	Correction of Error - Refer to note 35.02		4 277 901
	Adjustment for the period	-	-
	Balance previously reported		1 455 455
	Correction of Error - Refer to note 35.02		(1 455 455)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	27 619 884	32 264 867
	Refer below for maturity dates of long term liabilities:		
	The obligations under annuity loans are scheduled below:		
			Minimum annuity payments
	Amounts payable under annuity loans:		
	Payable within one year	10 205 008	7 795 935
	Payable within two to five years	25 508 789	28 688 666
	Payable after five years	12 849 382	17 312 058
		48 563 179	53 796 659
	Less: Future finance obligations	(14 869 521)	(17 077 731)
	Present value of annuity obligations	33 693 657	36 718 928
	Annuity loans at amortised cost is calculated at 5.70%-11.14% interest rate, with first maturity date of 30 June 2012 and last maturity date of 30 June 2020.		
4	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 4.1	13 101 856	10 640 917
	Long Service Awards - Refer to Note 4.2	2 089 631	1 862 589
	Total Non-current Employee Benefit Liabilities	15 191 487	12 503 506
	<u>Post Retirement Benefits</u>		
	Balance 1 July	11 271 949	9 199 086
	Contribution for the year	290 512	166 222
	Interest Cost	1 000 194	820 582
	Expenditure for the year	(665 502)	(617 200)
	Actuarial Loss/(Gain)	1 884 335	1 703 258
	Total post retirement benefits 30 June	13 781 488	11 271 949
	Less: Transfer of Current Portion - Note 7	(679 632)	(631 032)
	Balance 30 June	13 101 856	10 640 917
	<u>Long Service Awards</u>		
	Balance 1 July	2 005 016	671 621
	Contribution for the year	248 148	101 161
	Interest Cost	177 252	58 302
	Expenditure for the year	(116 293)	(163 694)
	Actuarial Loss/(Gain)	(30 092)	1 337 626
	Total long service 30 June	2 284 031	2 005 016
	Less: Transfer of Current Portion - Note 7	(194 400)	(142 427)
	Balance 30 June	2 089 631	1 862 589

MATZIKAMA MUNICIPALITY

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

	2011	2010
	R	R
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	13 276 965	9 870 707
Contribution for the year	538 660	267 383
Interest cost	1 177 446	878 884
Expenditure for the year	(781 795)	(780 894)
Actuarial Loss/(Gain)	1 854 243	3 040 884
Total employee benefits 30 June	16 065 519	13 276 964
Less: Transfer of Current Portion - Note 7	(874 032)	(773 459)
Balance 30 June	15 191 487	12 503 505

4.1 Post Retirement Benefits	2011	2010
	Employees	Employees
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	81	88
In-service (employee) non-members	59	-
Continuation members (e.g. Retirees, widows, orphans)	30	30
Total Members	170	118

	2011	2010
	R	R
The liability in respect of past service has been estimated to be as follows:		
In-service members	4 243 330	2 576 000
Continuation members	9 538 157	8 695 948
Total Liability	13 781 487	11 271 948

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009	2008	2007
	R	R	R
In-service members	1 769 000	1 825 215	1 748 411
Continuation members	7 430 086	6 918 008	6 626 891
Total Liability	9 199 086	8 743 223	8 375 302

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:	2011	2010
	%	%
i) Rate of interest		
Discount rate	8.43%	9.12%
Health Care Cost Inflation Rate	7.25%	7.20%
Net Effective Discount Rate	1.10%	1.79%

ii) Mortality rates

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

iii) Normal retirement age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

	2011	2010
	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	13 781 487	11 271 948
Net liability/(asset)	13 781 487	11 271 948

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	11 271 948	9 199 086
Total expenses	625 204	369 604
Current service cost	290 512	166 222
Interest Cost	1 000 194	820 582
Benefits Paid	(665 502)	(617 200)
Actuarial (gains)/losses	1 884 335	1 703 258
Present value of fund obligation at the end of the year	13 781 487	11 271 948
Less: Transfer of Current Portion - Note 7	(679 632)	(631 032)
Balance 30 June	13 101 855	10 640 916

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability R	Continuation members liability R	Total liability R
Central Assumptions	4 243 000	9 538 000	13 781 000

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability R	Continuation members liability R	Total liability R	Change %
Health care inflation	1%	5 362 000	10 527 000	15 889 000	15%
Health care inflation	-1%	3 386 000	8 680 000	12 066 000	-12%
Post-retirement mortality	-1 year	4 395 000	9 922 000	14 317 000	4%
Average retirement age	-1 year	4 616 000	9 538 000	14 154 000	3%
Withdrawal Rate	-50%	4 910 000	9 538 000	14 448 000	5%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

2011 Employees	2010 Employees
354	330

Key actuarial assumptions used:

i) Rate of interest

	2011 %	2010 %
Discount rate	7.94%	9.16%
General Salary Inflation (long-term)	6.30%	6.48%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.54%	2.52%

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

	2011 R	2010 R
Present value of fund obligations	2 284 031	2 005 016
Net liability	2 284 031	2 005 016

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2008 R	2007 R
Total Liability	671 621	587 152	510 269

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2 005 016	671 621
Total expenses	309 107	(4 231)
Current service cost	248 148	101 161
Interest Cost	177 252	58 302
Benefits Paid	(116 293)	(163 694)
Actuarial (gains)/losses	(30 092)	1 337 626
Present value of fund obligation at the end of the year	2 284 031	2 005 016
Less: Transfer of Current Portion - Note 7	(194 400)	(142 427)
Balance 30 June	2 089 631	1 862 589

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability R	Change %
Central assumptions	-	2 284 000	-
General salary inflation	+1%	2 488 000	9%
General salary inflation	-1+	2 104 000	-8%
Average retirement age	-2 yrs	2 092 000	-8%
Average retirement age	+2 yrs	2 508 000	10%
Withdrawal rates	-50%	2 812 000	23%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

Contributions paid recognised in the Statement of Financial Performance	<u>17 336</u>	<u>15 628</u>
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CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

Contributions paid recognised in the Statement of Financial Performance	<u>4 429 552</u>	<u>3 586 299</u>
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DEFINED CONTRIBUTION FUNDS

Council contribute to the SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service cost.

Contributions paid recognised in the Statement of Financial Performance		
SAMWU National Provident Fund	<u>827 820</u>	<u>772 110</u>

MATZIKAMA MUNICIPALITY

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

		2011 R	2010 R
5	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites	16 177 721	15 101 161
	Total Non-current Provisions	16 177 721	15 101 161
	<p>In terms of the licensing of the landfill refuse site, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives, estimated to be in 2018 to 2023. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.</p>		
	<u>Landfill Sites</u>		
	Balance 1 July	16 974 756	15 711 111
	Balance previously reported		8 735 250
	Correction of Error - Refer to note 35.03		(8 735 250)
	First time recognition of Capitalised Restoration Cost - At Cost - Refer to note 35.03		15 711 111
	Contribution for the year	1 210 129	1 263 645
	Balance previously reported		2 174 913
	Correction of Error - Refer to note 35.03		(2 174 913)
	Contribution for the year - note 35.03		1 263 645
	Total provision 30 June	18 184 885	16 974 756
	Less: Transfer of Current Portion to Current Provisions - Note 8	(2 007 164)	(1 873 595)
	Balance previously reported		(2 501 346)
	Correction of Error - Refer to note 35.03		2 501 346
	Recognition of Current Portion transferred to Provisions - note 35.03		(1 873 595)
	Balance 30 June	16 177 721	15 101 161

6	CONSUMER DEPOSITS		
	Water and Electricity	2 558 041	2 390 239
	Total Consumer Deposits	2 558 041	2 390 239

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

7	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 4	679 632	631 032
	Current Portion of Long-Service Provisions - Note 4	194 400	142 427
	Provision for Staff Leave	2 280 636	1 614 105
	Provision for Performance Bonuses	460 107	401 640
	Bonuses Accrued	1 435 366	1 198 978
	Pension	36 168	37 397
	2.5% Salary Allowance	-	118 115
	Total Current Employee Benefits	5 086 309	4 143 694

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	1 614 105	1 529 500
Contribution to current portion	922 940	238 336
Expenditure incurred	(256 410)	(153 730)
Balance at end of year	2 280 636	1 614 105

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Provision for Performance Bonuses

Balance at beginning of year	401 640	212 401
Contribution to current portion	480 422	401 640
Expenditure incurred	(421 955)	(212 401)
Balance at end of year	460 107	401 640

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
<u>Bonuses Accrued</u>		
Balance at beginning of year	1 198 978	969 883
Contribution to current portion	2 518 889	1 198 978
Expenditure incurred	(2 282 500)	(969 883)
Balance at end of year	1 435 366	1 198 978

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Pension

Balance at beginning of year	37 397	38 549
Contribution to current portion	-	-
Expenditure incurred	(1 229)	(1 152)
Balance at end of year	36 168	37 397

Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.

2.5% Salary Allowance

Balance at beginning of year	118 115	-
Contribution to current portion	-	118 115
Expenditure incurred	(118 115)	-
Balance at end of year	-	118 115

An agreement was reach on the implementation on financial grading structure with back pay to be paid in the 2010/2011 financial year for nine months of the 2009/2010 financial year. There is no possibility of reimbursement.

8 PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 5	2 007 164	1 873 595
Balance previously reported		2 501 346
Correction of Error - Refer to note 35.04		(2 501 346)
Recognition of Current Portion transferred from Non-Current Provisions - note 35.04		1 873 595
Total Provisions	2 007 164	1 873 595

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	6 507 692	3 193 987
Pre-paid electricity	427 762	241 367
Sundry Creditors	9 278 461	6 282 914
Balance previously reported		6 027 024
Correction of Error - Refer to note 35.05		255 890
Payments received in advance	853 149	661 170
Retentions	3 247 673	1 882 891
Sundry Deposits	209 245	500 712
Total Trade Payables	20 523 983	12 763 041

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	5 104 362	2 337 700
National Government Grants	2 657 047	1 740 546
Provincial Government Grants	2 447 315	340 682
Other Grant Providers	-	256 472
Less: Unpaid Grants	7 876 066	7 284 925
National Government Grants	7 876 066	6 009 273
Provincial Government Grants	-	598 606
Other Grant Providers	-	677 046
Total Conditional Grants and Receipts	(2 771 704)	(4 947 225)
Refer to note 23 for a detail reconciliation of grants.		
11 UNSPENT PUBLIC CONTRIBUTIONS		
Exxaro Namakwa Sands	713 859	-
Total Unspent Public Contributions	713 859	-
Reconciliation of public contributions:		
<u>Exxaro Namakwa Sands</u>		
Opening balance	-	(24 208)
Contributions received	1 760 000	816 854
Conditions met - Transferred to revenue	(1 046 141)	(792 647)
Closing balance	713 859	-
Contributions received from Exxaro Namakwa Sands (mining) is subject to conditions. The contribution was used to utilised community development and infrastructure.		
12 TAXES		
12.1 VAT PAYABLE		
VAT Payable	2 629 826	1 426 451
Balance previously reported		(1 603 190)
Correction of Error - Refer to note 35.06		3 029 640
VAT Output in suspense	1 984 842	1 012 992
VAT Output portion of Allowance for Doubtful Debts - note 28	(780 070)	(878 007)
Balance previously reported		-
Correction of Error - Refer to note 35.06		(878 007)
Total VAT Payable	3 834 598	1 561 436
12.2 VAT RECEIVABLE		
VAT Input in suspense	2 059 720	567 014
Balance previously reported		410 646
Correction of Error - Refer to note 35.06		156 369
Total VAT Receivable	2 059 720	567 014
12.3 NET VAT RECEIVABLE/(PAYABLE)	(1 774 878)	(994 422)
VAT is receivable/payable on the cash basis.		

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
14 INVESTMENT PROPERTY		
Carrying amount at 1 July	37 235 800	37 235 800
Balance previously reported		14 038 290
Correction of Error - Note 35.08		23 197 510
Carrying amount at 30 June	37 235 800	37 235 800
<p>A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.</p>		
15 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	1 014 616	790 285
Cost	1 292 272	984 563.45
Balance previously reported		483 333
Correction of Error - Note 35.09		501 230
Accumulated Amortisation	(277 655)	(194 279)
Balance previously reported		(11 027)
Correction of Error - Note 35.09		(183 252)
Additions	27 891	307 708
Balance previously reported		454 985
Correction of Error - Note 35.09		(147 277)
Amortisation	(86 248)	(83 376)
Balance previously reported		(55 450)
Correction of Error - Note 35.09		(27 926)
Net Carrying amount at 30 June	956 259	1 014 616
Cost	1 320 162	1 292 272
Accumulated Amortisation	(363 903)	(277 655)
16 LONG-TERM RECEIVABLES		
Housing Selling Scheme Loans	713 294	738 902
Receivables subject to repayment arrangements	2 342 535	2 186 810
Balance previously reported		-
Correction of Error - Note 35.10		2 186 810
Less: Current portion transferred to current receivables	3 055 829 (1 488 683)	2 925 712 (2 041 724)
Housing Selling Scheme Loans	(29 782)	(25 950)
Receivables subject to repayment arrangements	(1 458 902)	(2 015 774)
Balance previously reported		-
Correction of Error - Note 35.10		(2 015 774)
Total Long Term Receivables	1 567 146	883 988

Housing loans are not granted to officials of the municipality, it is in respect of the old housing schemes. The outstanding amount relates to prior years and is not collectable. Housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years.

Receivables subject to repayment arrangements are debtors which are repaying their outstanding consumers accounts over a period of more than 12 months.

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
17 INVENTORY		
Consumable Stores - at cost	59 977	47 063
Water - at purification cost	112 899	105 627
Graves - at nett realisable value	73 684	62 400
Niss Wall - at cost	176 800	176 800
Wheelie Bins - at cost	25 200	24 400
Housing Inventory - at cost	1 236 769	1 236 769
Balance previously reported		1 243 244
Correction of Error - Note 35.11		(6 475)
Land Held for Resale - at cost	261 181	263 435
Balance previously reported		263 953
Correction of Error - Note 35.11		(518)
Total Inventory	1 946 511	1 916 494

18 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables	28 665 613	24 101 955
Balance previously reported		28 378 221
Reallocation of Assessment Rates - Note 35.12		(4 276 266)
Electricity	5 068 408	4 634 710
Water	3 981 816	3 179 608
Refuse	3 376 690	2 652 083
Sewerage	5 435 318	4 517 561
Other	10 803 721	9 117 992
Other Receivables	33 425	12 791
Sundry Receivables	33 425	12 791
Balance previously reported		1 943 711
Correction of Error - Note 35.12		255 890
Correction of Error - Note 35.12		(2 186 810)
Total Receivables from Exchange Transactions	28 699 038	24 114 746
Less: Allowance for Doubtful Debts	(14 582 095)	(7 155 900)
Balance previously reported		(8 425 529)
Reallocation of Assessment Rates - Note 35.12		1 269 629
Total Net Receivables from Exchange Transactions	14 116 943	16 958 845

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Receivables to an amount R4 million are pledged as security for financial liabilities.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	8 425 529	7 873 692
Contribution to provision	10 331 232	4 351 086
Bad Debts Written Off	(2 256 469)	(3 799 249)
Balance at end of year	16 500 292	8 425 529
Receivables from Exchange Transactions	14 582 095	7 155 900
Receivables from Non-Exchange Transactions	1 918 197	1 269 629

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

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	3 585 085	3 892 691
31 - 60 Days	222 731	115 597
61 - 90 Days	194 356	88 391
91 - 120 Days	132 204	84 278
+ 120 Days	934 033	453 753
Total	5 068 408	4 634 710
<u>(Water): Ageing</u>		
Current (0 - 30 days)	974 395	1 076 093
31 - 60 Days	237 048	157 138
61 - 90 Days	223 718	121 948
91 - 120 Days	172 182	142 169
+ 120 Days	2 374 473	1 682 260
Total	3 981 816	3 179 608
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	805 193	803 478
31 - 60 Days	176 478	107 336
61 - 90 Days	163 882	94 526
91 - 120 Days	114 862	86 821
+ 120 Days	2 116 274	1 559 923
Total	3 376 690	2 652 083
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 244 161	1 343 130
31 - 60 Days	276 999	187 079
61 - 90 Days	263 090	152 864
91 - 120 Days	178 278	139 737
+ 120 Days	3 472 789	2 694 752
Total	5 435 318	4 517 561
<u>(Other): Ageing</u>		
Current (0 - 30 days)	2 082 079	2 059 118
31 - 60 Days	297 239	543 606
61 - 90 Days	313 426	323 816
91 - 120 Days	253 978	191 811
+ 120 Days	7 856 999	5 999 641
Total	10 803 721	9 117 992
<u>(Total): Ageing</u>		
Current (0 - 30 days)	8 690 913	9 174 510
31 - 60 Days	1 210 495	1 110 756
61 - 90 Days	1 158 473	781 545
91 - 120 Days	851 504	644 815
+ 120 Days	16 754 568	12 390 329
Total	28 665 953	24 101 955

MATZIKAMA MUNICIPALITY

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

	2011 R	2010 R
19 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	3 770 854	4 276 266
Balance previously reported		-
Reallocation of Assessment Rates - Note 35.13		4 276 266
Other Receivables	1 327 068	1 161 206
Electricity Deposits	182 165	131 433
Suspense Debtors	1 144 904	1 029 773
Balance Previously Reported		1 020 470
Correction of Error - Refer to note 35.13		9 303
Total Receivables from Non-Exchange Transactions	5 097 923	5 437 472
Less: Allowance for Doubtful Debts	(1 918 197)	(1 269 629)
Balance previously reported		-
Reallocation of Assessment Rates - Note		(1 269 629)
Total Net Receivables from Non-Exchange Transactions	3 179 725	4 167 844
Ageing of Receivables from Non-Exchange Transactions:		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	1 479 047	1 543 814
31 - 60 Days	167 892	137 736
61 - 90 Days	135 648	128 169
91 - 120 Days	104 163	113 888
+ 120 Days	1 884 104	2 352 658
Total	3 770 854	4 276 266
20 OPERATING LEASE ARRANGEMENTS		
20.1 The Municipality as Lessee (Liability)		
Balance on 1 July	17 699	77 753
Movement during the year	(4 067)	(60 053)
Balance Previously Reported		(22 985)
Correction of Error - Refer to note 35.14		(37 069)
Balance on 30 June	13 632	17 699
At the Statement of Financial Position date, where the Municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	78 799	72 293
1 to 5 Years	20 115	98 914
More than 5 Years	-	-
Total Operating Lease Arrangements	98 914	171 207
Matzikama Municipality is leasing a community centre at Klawer, from Transnet (Pty) Ltd for 5 year during the period October 2007 to September 2012 with a escalation of 9% per year.		
20.2 The Municipality as Lessor (Asset)		
Balance on 1 July	36 052	29 291
Balance Previously Reported		30 250
Correction of Error - note 35.15		(959)
Movement during the year	5 078	6 761
Balance Previously Reported		(16 155)
Correction of Error - note 35.15		22 916
Balance on 30 June	41 129	36 052
At the Statement of Financial Position date, where the Municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	94 444	89 542
1 to 5 Years	199 144	249 787
More than 5 Years	36 920	80 722
Total Operating Lease Arrangements	330 509	420 050

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

Matzikama Municipality is leasing land and buildings to different rate payers for periods ranging from 36-60 months with escalations of between 6% and 10% per year.

The leases are in respect of land and buildings being leased out for previous ranging until 2013.

2011

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MATZIKAMA MUNICIPALITY

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

21

CASH AND CASH EQUIVALENTS

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Assets

Bank Accounts	1 722 252	5 690 677
Cash Floats	6 350	5 750
Total Cash and Cash Equivalents - Assets	1 728 602	5 696 427

Liabilities

Bank Accounts	34 453	-
Total Cash and Cash Equivalents - Liabilities	34 453	-

The Municipality has the following bank accounts:

Current Accounts - Assets

ABSA Bank - Account Number 40-5057-5029	1 567 937	5 670 615
ABSA Bank - Account Number 40-7513-2844	-	1 900
ABSA Bank - Account Number 40-7512-9982	121	17 747
ABSA Bank - Account Number 40-7554-5657	-	415
ABSA Bank - Account Number 40-7670-7628	154 194	-
	1 722 252	5 690 677

Current Accounts - Liabilities

ABSA Bank - Account Number 4550-1900-3588-9018	34 453	-
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ABSA Bank - Account Number 40-5057-5029

Cash book balance at beginning of year	5 670 615	9 721 495
Cash book balance at end of year	1 567 937	5 670 615
Bank statement balance at beginning of year	6 625 173	12 911 831
Bank statement balance at end of year	1 522 302	6 625 173

ABSA Bank - Account Number 40-7513-2844

Cash book balance at beginning of year	1 900	-
Cash book balance at end of year	-	1 900
Bank statement balance at beginning of year	1 900	-
Bank statement balance at end of year	-	1 900

ABSA Bank - Account Number 40-7512-9982

Cash book balance at beginning of year	17 747	-
Cash book balance at end of year	121	17 747
Bank statement balance at beginning of year	17 747	-
Bank statement balance at end of year	121	17 747

ABSA Bank - Account Number 40-7554-5657

Cash book balance at beginning of year	415	-
Cash book balance at end of year	-	415
Bank statement balance at beginning of year	415	-
Bank statement balance at end of year	-	415

ABSA Bank - Account Number 40-7670-7628

Cash book balance at beginning of year	-	-
Cash book balance at end of year	154 194	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	154 194	-

ABSA Bank - Account Number 4550-1900-3588-9018

Cash book balance at beginning of year	-	-
Cash book balance at end of year	(34 453)	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	(34 453)	-

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

22 PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State	19 466 226	17 157 089
Total Assessment Rates	19 466 226	17 157 089

Rates:

Residential	0.0080 c/R	0.0073 c/R
Commercial	0.0080 c/R	0.0073 c/R
Agricultural (2010 - less 65% rebate)	0.0020 c/R	0.0073 c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share	26 618 310	22 064 236
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Conditional Grants

	35 680 247	33 487 645
Altech Autopage Cellular	-	2 000
CDW's	200 000	192 000
Department of Mineral Resources	2 933 100	1 513 448
Department of Sport and Culture	156 733	-
Doringbaai Lobster Holdings	61 623	802 707
DOW: Vanrhynsdorp	4 165 833	3 018 836
DWAF - Masibane Projects	-	338 947
Flood Damages	-	2 680 520
FMG	2 902 315	1 799 088
Food Security	-	121 344
Hoodia Project	-	198 750
Housing	10 645 211	8 959 187
Housing Consumer Education	26 517	56 115
Library Services	426 000	381 000
Lotto	(37 379)	-
Masibambane Centre	-	153 330
MIG	12 085 296	11 213 794
MSIG	956 182	1 288 896
Neighbourhood Development	350 399	178 007
Sport & Recreation Facilities	-	269 298
Taxi Terminus	551 945	168 851
West Coast Community Trust	256 472	151 528

Total Government Grants and Subsidies	62 298 557	55 551 881
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Government Grants and Subsidies - Capital	29 855 620	26 098 859
Government Grants and Subsidies - Operating	32 442 937	29 453 022

	62 298 557	55 551 881
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The Municipality does not expect any significant changes to the level of grants.

23.1 Equitable share

Opening balance	(4 718 000)	-
Grants received	31 336 310	17 346 236
Conditions met - Operating	(26 618 310)	(22 064 236)
Conditions met - Capital	-	-
Grant Expenditure to be recovered	-	(4 718 000)

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by the National Treasury.

23.2 Local Government Financial Management Grant (FMG)

Opening balance	(451 098)	347 990
Grants received	1 000 000	1 000 000
Conditions met - Operating	(2 552 315)	(1 799 088)
Conditions met - Capital	(350 000)	-
Grant Expenditure to be recovered	(2 353 413)	(451 098)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

2011 R 2010 R

MATZIKAMA MUNICIPALITY

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

23.3 Municipal Systems Improvement Grant

Opening balance	(680 380)	(141 484)
Grants received	750 000	750 000
Conditions met - Operating	(805 598)	(944 999)
Conditions met - Capital	(150 584)	(343 897)
	<hr/>	<hr/>
Grant Expenditure to be recovered	<u>(886 562)</u>	<u>(680 380)</u>

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.4 Municipal Infrastructure Grant (MIG)

Opening balance	(159 794)	-
Grants received	7 609 000	11 054 000
Conditions met - Operating	-	-
Conditions met - Capital	(12 085 296)	(11 213 794)
	<hr/>	<hr/>
Grant Expenditure to be recovered	<u>(4 636 090)</u>	<u>(159 794)</u>

The grant was used to upgrade infrastructure in previously disadvantaged areas.

23.5 Housing Grants

Opening balance	26 517	52 632
Grants received	11 044 623	8 989 187
Conditions met - Operating	(26 517)	(2 214 093)
Conditions met - Capital	(10 645 211)	(6 801 209)
	<hr/>	<hr/>
Conditions still to be met	<u>399 412</u>	<u>26 517</u>

Housing grants was utilised for the development of erven and the erection of top structures.

23.6 Departement of Mineral Resources

Opening balance	1 518 552	-
Grants received	2 000 000	3 032 000
Conditions met - Operating	(909 803)	-
Conditions met - Capital	(2 023 297)	(1 513 448)
	<hr/>	<hr/>
Conditions still to be met	<u>585 452</u>	<u>1 518 552</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.7 Other Grants

Opening balance	(483 021)	(409 091)
Grants received	10 734 144	8 583 187
Conditions met - Operating	(1 567 773)	(2 430 606)
Conditions met - Capital	(4 601 232)	(6 226 511)
Write off - Irrecoverable grant expenditure	37 379	-
	<hr/>	<hr/>
Conditions still to be met/(Grant Expenditure to be recovered)	<u>4 119 497</u>	<u>(483 021)</u>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant).

23.8 Total Grants

Opening balance	(4 947 225)	(149 954)
Grants received	64 474 077	50 754 610
Conditions met - Operating	(32 480 315)	(29 453 022)
Conditions met - Capital	(29 855 620)	(26 098 859)
Write off - Irrecoverable grant expenditure	37 379	-
	<hr/>	<hr/>
Conditions still to be met/(Grant expenditure to be recovered)	<u>(2 771 704)</u>	<u>(4 947 225)</u>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	5 104 362	2 337 700
Unpaid Conditional Government Grants and Receipts	(7 876 066)	(7 284 925)
	<hr/>	<hr/>
	<u>(2 771 704)</u>	<u>(4 947 225)</u>

2011	2010
R	R

MATZIKAMA MUNICIPALITY

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

Electricity	51 253 522	43 054 379
Service Charges	51 949 528	43 675 441
Less: Rebates	(696 006)	(621 061)
Water	9 562 843	8 904 832
Service Charges	11 099 403	10 529 855
Less: Rebates	(1 536 560)	(1 625 022)
Refuse removal	5 656 646	4 757 372
Service Charges	8 121 378	7 042 285
Less: Rebates	(2 464 732)	(2 284 913)
Sewerage and Sanitation Charges	8 624 443	7 603 673
Service Charges	12 339 835	11 399 423
Less: Rebates	(3 715 392)	(3 795 750)
Total Service Charges	75 097 455	64 320 257

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25 OTHER INCOME

Advertising	3 102	2 352
Application Fees - Town Planning	32 235	21 760
Building Plan Fees	198 135	113 854
Cemetery	426 087	379 566
Cemetery Digging	23 914	16 974
Driveways	6 963	2 899
Encroachments	61 457	30 981
Housing Redeemed	147 913	101 858
Photocopies	22 315	19 528
Refuse Bags	246	169
Roadworthy Certificates	609 569	472 224
Subscription Fees	175	-
Sundry Income - Finance	720 225	1 077 654
Valuation Certificates	61 199	169 162
Land Sales	40 704	-
Total Other Income	2 354 239	2 408 981

26 EMPLOYEE RELATED COSTS

Bonus	1 895 473	1 600 618
Contributions for UIF, pensions and medical aids	8 705 915	6 819 219
Housing Subsidy	199 087	204 568
Provision for Leave	922 940	238 336
Long service awards	248 148	101 161
Overtime	1 959 299	1 530 577
Post Employment Health	290 512	166 222
Salaries and Wages	35 614 148	29 605 342
Travel, motor car, telephone, assistance and other allowances	2 750 402	2 507 718
Total Employee Related Costs	52 585 924	42 773 760

KEY MANAGEMENT PERSONNEL

2011	2010
R	R

MATZIKAMA MUNICIPALITY

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

Municipal Manager is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of the contract period. All other Directors are permanently appointed.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	951 180	876 829
Performance Bonuses	122 756	94 647
Total	1 073 936	971 476

Remuneration of the Acting Director Technical Services (2011 - 10 months)

Annual Remuneration	521 858	626 229
Performance Bonuses	63 360	31 624
Total	585 218	657 853

Remuneration of the Director Technical Services (2011 - 2 months)

Annual Remuneration	105 579	-
Performance Bonuses	-	-
Total	105 579	-

Remuneration of the Director Corporate Services (2011 - 3 months)

Annual Remuneration	138 819	508 500
Performance Bonuses	71 190	39 288
Total	210 009	547 788

Remuneration of the Acting Director Corporate Services (2011 - 7 months)

Annual Remuneration	193 066	-
Performance Bonuses	-	-
Total	193 066	-

Remuneration of the Director Corporate Services (2011 - 2 months)

Annual Remuneration	95 627	-
Performance Bonuses	-	-
Total	95 627	-

Remuneration of the Director Community Services

Annual Remuneration	597 408	550 705
Performance Bonuses	77 099	56 835
Total	674 507	607 540

Remuneration of the Director Financial Services

Annual Remuneration	678 384	625 356
Performance Bonuses	87 550	64 942
Total	765 934	690 298

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REMUNERATION OF COUNCILLORS

Mayor	1 July 2010 - 26 May 2011	542 577	572 108
Mayor	30 May 2011 - 30 June 2011	53 289	-
Deputy Mayor	1 July 2010 - 26 May 2011	437 303	415 100
Deputy Mayor	30 May 2011 - 30 June 2011	42 949	-
Speaker	1 July 2010 - 15 March 2011	342 358	461 105
Speaker	28 March 2011 - 31 March 2011	77 391	-
Speaker	30 May 2011 - 30 June 2011	42 949	-
Mayoral Committee Members	1 July 2010 - 26 May 2011	410 986	433 355
Mayoral Committee Members	30 May 2011 - 30 June 2011	40 365	-
Councillors		1 678 165	1 346 384
Total Councillors' Remuneration		3 668 332	3 228 052

In-kind Benefits

The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.

28

DEBT IMPAIRMENT

2011 R 2010 R

MATZIKAMA MUNICIPALITY

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

	10 331 232	4 351 086
Trade Receivables from exchange transactions - Note 18		
VAT Portion of Provision - note 12	(780 070)	(878 795)
Balance Previously Reported		-
Correction of Error - Refer to note 35.17		(878 795)
Total Contribution to Debt Impairment	9 551 162	3 472 291
29 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	9 404 313	7 952 193
Balance Previously Reported		13 259 532
Correction of Error - Refer to note 35.17		(5 307 339)
Intangible Assets	86 248	83 376
Balance Previously Reported		55 450
Correction of Error - Refer to note 35.17		27 926
Total Depreciation and Amortisation	9 490 561	8 035 569
30 IMPAIRMENTS		
Property Plant & Equipment	85 669	26 355
Total Impairments	85 669	26 355
31 FINANCE CHARGES		
Long-term Liabilities	3 451 896	2 327 552
Landfill Sites	1 210 129	1 263 645
Balance Previously Reported		-
Correction of Error - Refer to note 35.17		1 263 645
Creditors	-	45 453
Balance Previously Reported		-
Correction of Error - Refer to note 35.17		45 453
Post Employment Health	1 000 194	820 582
Long service awards	177 252	58 302
Total Finance Charges	5 839 471	4 515 534
32 BULK PURCHASES		
Electricity	37 066 162	27 986 100
Water	2 692 743	2 774 134
Total Bulk Purchases	39 758 905	30 760 233
33 GRANTS AND SUBSIDIES		
Contribution: Namakwa Huisgenoot Fees	42 799	-
Contribution: Rittelfees	-	60 000
Donations General	146 250	149 999
Housing Loans Written Off	-	30 972
Life Guards	121 553	104 512
Poverty Alleviation	38 441	26 631
Total Grants and Subsidies	349 043	372 114
34 GENERAL EXPENSES	2011	2010
	R	R

MATZIKAMA MUNICIPALITY

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

Advertisements	301 995	412 553
Audit Committee Fees	22 337	26 592
Audit Fees	1 346 223	899 422
Bank Charges	302 171	272 268
Cleaning Material	80 887	65 012
Commission Paid	111 689	106 998
Computer Charges	1 102 622	699 144
Consulting fees	164 737	179 335
Contributions	176 164	249 550
Development Programmes	9 089	181 334
Embellishment of Towns	16 207	58 717
Entertainment Costs	59 752	66 563
Gas	65 983	76 251
Information Signs	64 765	45 975
Insurance	1 230 833	927 847
LED Process Implementation Plan	130 646	42 346
Balance Previously Reported		43 120
Correction of Error - Refer to note 35.17		(774)
Other	1 286 707	806 318
Balance Previously Reported		811 425
Correction of Error - Refer to note 35.17		(5 107)
Penalties: SARS	-	46 820
Balance Previously Reported		-
Correction of Error - Refer to note 35.17		46 820
Photocopies	39 789	28 316
Postage	30 483	21 951
Printing and Stationary	727 864	666 170
Balance Previously Reported		667 881
Correction of Error - Refer to note 35.17		(1 711)
Public Entertainment	221 027	195 966
Rental	119 190	382 568
Balance Previously Reported		425 318
Correction of Error - Refer to note 35.17		(42 750)
Risk Analysis	-	26 400
Security Costs	581 797	355 855
Service Connection Fees	659 397	240 413
Services	230 972	257 444
Subscription Fees	310 223	343 995
Survey Costs	2 120	23 209
Telephone	1 383 217	1 130 273
Training Costs	19 467	80 146
Balance Previously Reported		82 619
Correction of Error - Refer to note 35.17		(2 473)
Travel and Subsistence	1 382 259	1 566 975
Valuatin Costs	1 102 418	141 720
General Expenses	13 283 029	10 624 446

35 CORRECTION OF ERROR IN TERMS OF GRAP 3

**2010
R**

35.01 Net Asset Reserves

Balance previously reported

3 764 101

Derecognition of Capital Replacement Reserve for 2009/2010 - at Cost - note 35.16

(3 300 000)

Total

464 101

Capital Replacement Reserve was not cash-backed as prescribed the Funds and Reserves Policy.

35.02 Long-Term Liabilities

**2010
R**

MATZIKAMA MUNICIPALITY

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

	Balance previously reported	29 442 421
	Correction of Unamortised discount on Loans on 2008/2009 - note 35.16	4 277 901
	Correction of Unamortised discount on Loans on 2009/2010 - note 35.17	(1 455 455)
	Total	32 264 867
	Unamortised discount on loans calculated incorrectly in prior year due to incorrect effective rate used.	
35.03	Non-Current Provisions	
	Balance previously reported	8 408 817
	Reversal of opening balance previously reported - note 35.16	(8 735 250)
	Reversal of contribution previously reported - note 35.17	(2 174 913)
	First time recognition of Landfill Site Provision - Derecognised Assets - note 35.16	496 207
	First time recognition of Landfill Site Provision - Recognised Assets - note 35.16	4 901 329
	Recognition of Interest Cost on Non-current Provisions up to 30 June 2009 - note 35.16	10 313 575
	Recognition of Interest Cost on Non-current Provisions for 2009/2010 - note 35.17	1 263 645
	Reversal of current portion previously reported - note 35.04	2 501 346
	Recognition of Current Portion transferred to Provisions - note 35.04	(1 873 595)
	Total	15 101 161
	The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all provisions relating to Property, Plant and Equipment. These provisions are now retrospectively measured for the first time.	
35.04	Provisions	
	Balance previously reported	2 501 346
	Reversal of current portion previously reported - note 35.03	(2 501 346)
	Recognition of Current Portion transferred from Non-Current Provisions - note 35.03	1 873 595
	Total	1 873 595
	The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all provisions relating to Property, Plant and Equipment. These provisions are now retrospectively measured for the first time.	
35.05	Payables from Exchange Transactions	
	Balance previously reported	12 507 151
	Unallocated receipts incorrectly included in Receivables from Exchange Transactions - note 35.12	255 890
	Total	12 763 041
	Unallocated receipts previously included as part of Receivables. Should be recorded and disclosed as part of Payables from exchange transactions as it remains refundable until identified and allocated.	
35.06	Taxes	
	Balance previously reported	1 000 843
	Recognition of Taxes input not claimed on creditors' payments for 2008/2009 - note 35.16	44 428
	Recognition of Taxes input not claimed on creditors' payments for 2009/2010 - note 35.17	111 940
	Correction of Taxes payable to SARS on 1 July 2008 - note 35.16	(1 229 289)
	Correction of Taxes payable to SARS on 1 July 2009 - note 35.16	(1 381 233)
	Recognition of rental debtors not accrued for on 30 June 2009 - note 35.13	(3 444)
	Recognition of rental debtors not accrued for on 30 June 2010 - note 35.13	(452)
	Recognition of rental debtors accrued for on 30 June 2010 - note 35.13	3 108
	Recognition of Interest payable on Taxes - note 35.17	(45 453)
	Recognition of Penalties payable on Taxes - note 35.17	(46 820)
	Recognition of Taxes claimed on PAWK payments for 2009/2010 - note 35.17	(308 974)
	Correction of Taxes incorrectly calculated on Other Assets - note 35.07	(17 871)
	Correction of Vat on receivables from exchange transactions - note 35.17	878 795
	Total	(994 422)
	SARS conducted a VAT audit during October 2010 which resulted in material misstatements which were retrospectively rectified.	
35.07	Property, Plant and Equipment	

MATZIKAMA MUNICIPALITY

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

Balance previously reported	179 131 656
Correction of Taxes incorrectly calculated on Other Assets - note 35.06	17 871
Recognition of Depreciation on Other Assets for 2009/2010 - note 35.17	(2 878)
Reallocation of Other Assets from Intangible Assets to PPE for 2009/2010 - at Cost - note 35.09	175 000
Reallocation of Depreciation on Other Assets from Intangible Assets to PPE for 2009/2010 - at Cost - note 35.17	(14 865)
Reallocation of Repairs and Maintenance from Infrastructure to Expenditure for 2008/2009 - at Cost - note 35.16	(5 223 476)
Reallocation of Repairs and Maintenance from Infrastructure to Expenditure for 2009/2010 - at Cost - note 35.17	(2 801 445)
Reallocation of Computer Software from Other Assets to Intangible Assets 2008/2009 - at Cost - note 35.09	(501 230)
Reallocation of Computer Software from Other Assets to Intangible Assets 2009/2010 - at Cost - note 35.09	(27 723)
Reallocation of Accumulated Depreciation on Computer Software from Other Assets to Intangible Assets - note 35.09	477 748
Reallocation of Depreciation on Computer Software from Other Assets to Intangible Assets - note 35.17	1 131
Derecognition of Land included as PPE for 2008/2009 - note 35.16	(2 901 788)
Recognition of Other Assets not accrued for 2008/2009 - note 35.16	2 674 086
Derecognition of Accumulated Depreciation on Infrastructure for 2008/2009 - note 35.16	51 271 277
Derecognition of Depreciation on Infrastructure for 2009/2010 - note 35.17	9 149 356
Recognition of Accumulated Depreciation on Infrastructure for 2008/2009 - note 35.16	(48 184 726)
Recognition of Depreciation on Infrastructure for 2009/2010 - note 35.17	(5 161 651)
Derecognition of Infrastructure for 2008/2009 - at Cost - note 35.16	(56 788 222)
Recognition of Infrastructure for 2008/2009 - at Cost - note 35.16	24 220 705
Derecognition of Infrastructure for 2009/2010 - at Cost - note 35.16	(7 916 310)
Recognition of Infrastructure for 2009/2010 - at Cost - note 35.16	27 912 605
Derecognition of Infrastructure under Construction for 2009/2010 - at Cost - note 35.16	(15 942 585)
Recognition of Infrastructure under Construction for 2009/2010 - at Cost - note 35.16	23 136 377
Derecognition of Accumulated Depreciation on Other Assets for 2008/2009 - note 35.16	13 102 266
Derecognition of Depreciation on Other Assets for 2009/2010 - note 35.17	2 921 774
Derecognition of Accumulated Depreciation on Land and Buildings for 2008/2009 - note 35.16	3 699 739
Derecognition of Depreciation on Land and Buildings for 2009/2010 - note 35.17	708 221
Derecognition of Accumulated Depreciation on Community Assets for 2008/2009 - note	3 877 467
Derecognition of Depreciation on Community Assets for 2009/2010 - note 35.17	494 433
Reallocation of Other Assets under Construction to Expenditure for 2008/2009 - at Cost - note 35.16	(41 801)
Derecognition of Community Assets for 2008/2009 - at Cost - note 35.16	(1 014 879)
Recognition of Community Assets for 2008/2009 - at Cost - note 35.16	71 276 800
Derecognition of Other Assets for 2008/2009 - at Cost - note 35.16	(86 135)
Recognition of Land for 2008/2009 - at Cost - note 35.16	10 804 000
Recognition of Buildings for 2008/2009 - at Cost - note 35.16	2 614 500
Derecognition of Buildings for 2008/2009 - at Cost - note 35.16	(26 874)
Recognition of Accumulated Depreciation on Community Assets for 2008/2009 - note 35.16	(1 250 753)
Recognition of Depreciation on Community Assets for 2009/2010 - note 35.17	(353 295)
Recognition of Accumulated Depreciation on Other Assets for 2008/2009 - note 35.16	(6 466 791)
Recognition of Depreciation on Other Assets for 2009/2010 - note 35.17	(1 979 784)
Recognition of Accumulated Depreciation on Buildings for 2008/2009 - note 35.16	(1 006 865)
Recognition of Depreciation on Buildings for 2009/2010 - note 35.17	(161 598)
Depreciation not previously recognised on Civic Buildings - 1 July 2009 - note 35.16	(489 814)
Depreciation not previously recognised on Civic Buildings - 2009/2010 - note 35.17	(64 096)
First time recognition of Landfill Sites - At Cost - note 13	4 901 329
First time recognition fo Landfill Sites - Backlog Depreciation - note 13	(3 754 279)
Recognition of depreciation for 2009/2010 for Landfill Sites - note 13	(229 410)
Recognition of impairments for 2009/2010 for Landfill Sites - note 13	(26 355)
Total	270 148 713
<p>The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all Property, Plant and Equipment required as per GRAP 17. These assets are now restrospectively measured for the first time.</p>	
35.08 Investment Property	
Balance previously reported	14 038 290
Correction of Investment Property not previously recognised - note 35.16	23 197 510
Total	37 235 800
<p>The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all Investment Property as required per GRAP 16. These assets are now restrospectively measured for the first time.</p>	
35.09 Intangible Assets	
Balance previously reported	871 841
Reallocation of Other Assets from Intangible Assets to PPE for 2009/2010 - at Cost - note 35.07	(175 000)
Reallocation of Depreciation on Other Assets from Intangible Assets to PPE for 2009/2010 - at Cost - note 35.17	14 865
Reallocation of Computer Software from Other Assets to Intangible Assets 2008/2009 - at Cost - note 35.07	501 230
Reallocation of Computer Software from Other Assets to Intangible Assets 2009/2010 - at Cost - note 35.07	27 723
Reallocation of Accumulated Depreciation on Computer Software from Other Assets to Intangible Assets 2008/2009 - note 35.07	(477 748)
Derecognition of Accumulated Depreciation on Intangible Assets for 2008/2009 - note 35.16	294 497
Reallocation of Depreciation on Computer Software from Other Assets to Intangible Assets - note 35.17	(1 131)
Recognition of Depreciation on Intangible Assets for 2009/2010 - note 35.17	(41 660)
Total	1 014 616
<p>The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all Intangible Assets as required per GRAP 102. These assets are now restrospectively measured for the first time.</p>	
35.10 Long-Term Receivables	2010 R
Balance previously reported	712 953

MATZIKAMA MUNICIPALITY

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

	Reallocate receivables with payment arrangements from Receivables from Exchange Transactions to Long-Term Receivables - note 16 & 18	2 186 810
	Current portion of receivables with payment arrangements - note 16 & 18	(2 015 774)
	Total	883 988
	Receivables with payment arrangements was reallocated to Long-Term Receivables.	
35.11	Inventory	
	Balance previously reported	1 923 487
	Correction of inventory sold 2008/2009 - note 35.16	(518)
	Correction of housing inventory sold 2009/2010 - note 35.17	(6 475)
	Total	1 916 494
	Inventory sold were not derecognised in the prior years.	
35.12	Receivables form Exchange Transactions	
	Balance previously reported	21 896 403
	Reallocation of Rates from Exchange Transactions to Non-Exchange Transactions - note 35.13	(4 276 266)
	Reallocation of Allowance for Doubtful Debts from Exchange Transactions to Non-Exchange Transactions - note 35.13	1 269 629
	Unallocated receipts incorrectly included in Receivables from Exchange Transactions - note 18	255 890
	Current portion of receivables with payment arrangements - note 16 & 18	(2 186 810)
	Total	16 958 845
	In the prior year receivables relating to rates were incorrectly disclosed as Receivables from Exchange Transactions. Accordingly the rates receivables with the allowance for doubtful debts are now disclosed as Receivables from Non-Exchange Transactions. There were also receivables with arrangements for repayment longer than 12 months which were not recognised as Long-term Receivables.	
35.13	Receivables form Non-Exchange Transactions	
	Balance previously reported for Other Receivables	1 151 903
	Recognition of rental debtors not accrued for on 30 June 2009 - note 35.16	28 044
	Recognition of rental debtors not accrued for on 30 June 2010 - note 35.17	6 569
	Recognition of rental debtors accrued for on 30 June 2010 - note 35.17	(25 311)
	Balance previously reported for Rates	-
	Reallocation of Rates from Exchange Transactions to Non-Exchange Transactions - note 35.12	4 276 266
	Reallocation of Allowance for Doubtful Debts from Exchange Transactions to Non-Exchange Transactions - note 35.12	(1 269 629)
	Total	4 167 844
	In the prior year receivables relating to rates were incorrectly disclosed as Receivables from Exchange Transactions. Accordingly the rates receivables with the allowance for doubtful debts are now disclosed as Receivables from Non-Exchange Transactions.	
35.14	Operating Lease Liability	
	Balance previously reported	54 768
	Correction of movement on operating lease liability incorrectly calculated - note 35.17	(37 069)
	Total	17 699
	Operating Lease Liability was incorrectly calculated in prior years.	
35.15	Operating Lease Assets	
	Balance previously reported	14 095
	Recognition of Operating Lease Assets on 30 June 2009 - note 35.16	22 592
	Correction on Operating Lease Assets incorrectly calculated 2008/2009 - note 35.16	(23 551)
	Recognition of Operating Lease Assets on 30 June 2010 - note 35.17	7 968
	Correction of movement on Operating Lease Assets incorrectly calculated 2009/2010 - note 35.17	14 948
	Total	36 052
	Operating Lease Asset was incorrectly calculated in prior years.	
35.16	Accumulated Surplus/(Deficit)	2010 R
	Balance previously reported	133 122 676

MATZIKAMA MUNICIPALITY

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

Reversal of opening balance previously reported - note 35.03	8 735 250
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - note 35.03	(3 754 279)
First time recognition of Landfill Site Provision - Derecognised Assets - note 35.03	(496 207)
Recognised of Interest Cost on Non-current Provisions up to 30 June 2009 - note 35.03	(10 313 575)
Recognition of Taxes input not claimed on creditors' payments - note 35.06	44 428
Correction of Taxes payable to SARS on 1 July 2008 - note 35.06	(1 229 289)
Correction of Taxes payable to SARS on 1 July 2009 - note 35.06	(1 381 233)
Recognition of rental debtors not accrued for on 30 June 2009 - note 35.13	24 600
Recognition of Operating Lease Assets on 30 June 2009 - note 35.15	22 592
Correction on Operating Lease Assets incorrectly calculated 2008/2009 - note 35.15	(23 551)
Reallocation of Repairs and Maintenance from Infrastructure to Expenditure for 2008/2009 - at Cost - note 35.07	(5 223 476)
Correction of inventory sold 2008/2009 - note 35.11	(518)
Derecognition of Land included as PPE for 2008/2009 - note 35.07	(2 901 788)
Recognition of Other Assets not accrued for 2008/2009 - note 35.07	2 674 086
Derecognition of Accumulated Depreciation on Infrastructure for 2008/2009 - note 35.07	51 271 277
Recognition of Accumulated Depreciation on Infrastructure for 2008/2009 - note 35.07	(48 184 726)
Derecognition of Infrastructure for 2008/2009 - at Cost - note 35.07	(56 788 222)
Recognition of Infrastructure for 2008/2009 - at Cost - note 35.07	24 220 705
Correction of Unamortised charges on Loans on 2008/2009 - note 35.02	(4 277 901)
Derecognition of Accumulated Depreciation on Intangible Assets for 2008/2009 - note 35.09	294 497
Derecognition of Accumulated Depreciation on Other Assets for 2008/2009 - note 35.07	13 102 266
Derecognition of Accumulated Depreciation on Land and Buildings for 2008/2009 - note 35.07	3 699 739
Derecognition of Accumulated Depreciation on Community Assets for 2008/2009 - note 35.07	3 877 467
Reallocation of Other Assets under Construction to Expenditure for 2008/2009 - at Cost - note 35.08	(41 801)
Correction of Investment Property not previously recognised - note 35.08	23 197 510
Derecognition of Community Assets for 2008/2009 - at Cost - note 35.07	(1 014 879)
Recognition of Community Assets for 2008/2009 - at Cost - note 35.07	71 276 800
Derecognition of Other Assets for 2008/2009 - at Cost - note 35.07	(86 135)
Recognition of Land for 2008/2009 - at Cost - note 35.07	10 804 000
Recognition of Buildings for 2008/2009 - at Cost - note 35.07	2 614 500
Derecognition of Buildings for 2008/2009 - at Cost - note 35.07	(26 874)
Recognition of Accumulated Depreciation on Community Assets for 2008/2009 - note 35.07	(1 250 753)
Recognition of Accumulated Depreciation on Other Assets for 2008/2009 - note 35.07	(6 466 791)
Recognition of Accumulated Depreciation on Buildings for 2008/2009 - note 35.07	(1 006 865)
Derecognition of Infrastructure for 2009/2010 - at Cost - note 35.07	(7 916 310)
Recognition of Infrastructure for 2009/2010 - at Cost - note 35.07	27 912 605
Derecognition of Infrastructure under Construction for 2009/2010 - at Cost - note 35.07	(15 942 585)
Recognition of Infrastructure under Construction for 2009/2010 - at Cost - note 35.07	23 136 377
Derecognition of Capital Replacement Reserve for 2009/2010 - at Cost - note 35.01	3 300 000
Depreciation not previously recognised on Civic Buildings - 1 July 2009 - note 35.07	(489 814)
Total	234 513 800

The corrections in Accumulated Surplus/(Deficit) was due to corrections as described in notes 35.01 to 35.15

35.17 Statement of Financial Performance

Balance previously reported	15 035 009
Recognition of Depreciation for 2009/2010 - note 38.9	(229 410)
Recognition of Depreciation on Property, Plant and Equipment for 2009/2010 - note 35.07	(2 878)
Recognition of impairments for 2009/2010 - note 13	(26 355)
Recognition of Interest Cost on Non-Current Provisions for 2009/2010 - note 35.03	(1 263 645)
Recognition of rental debtors not accrued for on 30 June 2010 - note 35.13	6 116
Recognition of Taxes input not claimed on creditors' payments for 2009/2010 - note 35.06	111 940
Reversal of contribution previously reported - note 35.03	2 174 913
Recognition of Interest payable on Taxes - note 35.06	(45 453)
Recognition of Penalties payable on Taxes - note 35.06	(46 820)
Correction of movement on operating lease liability incorrectly calculated - note 35.14	37 069
Recognition of Taxes claimed on PAWK payments for 2009/2010 - note 35.06	(308 974)
Recognition of rental debtors accrued for on 30 June 2010 - note 35.13	(22 202)
Recognition of Operating Lease Assets on 30 June 2010 - note 35.15	7 968
Correction of movement on Operating Lease Assets incorrectly calculated 2009/2010 - note 35.15	14 948
Reallocation of Depreciation on Other Assets from Intangible Assets to PPE - at Cost - note 35.09	14 865
Reallocation of Depreciation on Other Assets from Intangible Assets to PPE - at Cost - note 35.07	(14 865)
Reallocation of Repairs and Maintenance from Infrastructure to Expenditure for 2009/2010 - at Cost - note 35.07	(2 801 445)
Reallocation of Depreciation on Computer Software from Other Assets to Intangible Assets - note 35.07	1 131
Reallocation of Depreciation on Computer Software from Other Assets to Intangible Assets - note 35.09	(1 131)
Correction of housing inventory sold 2009/2010 - note 35.11	(6 475)
Derecognition of Depreciation on Infrastructure for 2009/2010 - note 35.07	9 149 356
Recognition of Depreciation on Infrastructure for 2009/2010 - note 35.07	(5 161 651)
Correction of Unamortised charges on Loans on 2009/2010 - note 35.02	1 455 455
Recognition of Depreciation on Intangible Assets for 2009/2010 - note 35.07	(41 660)
Derecognition of Depreciation on Other Assets for 2009/2010 - note 35.07	2 921 774
Derecognition of Depreciation on Land and Buildings for 2009/2010 - note 35.07	708 221
Derecognition of Depreciation on Community Assets for 2009/2010 - note 35.07	494 433
Correction of Vat on receivables from exchange transactions - note 35.06	878 795
Recognition of Depreciation on Community Assets for 2009/2010 - note 35.07	(353 295)
Recognition of Depreciation on Other Assets for 2009/2010 - note 35.07	(1 979 784)
Recognition of Depreciation on Buildings for 2009/2010 - note 35.07	(161 598)
Reclassification of Exxaro Namakwa Sands from Government Grants and Subsidies to Public Contributions and Donations	(792 647)
Reclassification of Exxaro Namakwa Sands from Government Grants and Subsidies to Public Contributions and Donations	792 647
Depreciation not previously recognised on Civic Buildings - 2009/2010 - note 35.07	(64 096)
Total	20 480 258

The corrections in Statement of Financial Performance was due to corrections as described in notes 35.01 to 35.15

	2011 R	2010 R
36 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATION:		
Surplus/(Deficit) for the year	11 107 257	20 480 255

MATZIKAMA MUNICIPALITY

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

Adjustments for:

Depreciation and Amortisation	9 490 561	8 035 569
Gain on disposal of property, plant and equipment	(2 100)	(169 726)
Debt Impairment	10 331 232	4 351 086
Bad Debts Written off	(2 256 469)	(3 799 249)
Contribution from/to employee benefits - non-current	1 716 106	1 146 267
Contribution from/to employee benefits - non-current - expenditure incurred	(781 795)	(780 894)
Actuarial Losses	1 884 335	3 040 884
Actuarial Gains	(30 092)	-
Contribution to employee benefits – current	3 922 250	1 957 068
Contribution to employee benefits – current - expenditure incurred	(3 080 208)	(1 337 166)
Contribution to provisions – non-current	1 210 129	1 263 645
Impairment written off	85 669	26 355
Operating lease income accrued	(5 078)	(6 761)
Operating lease expenses accrued	(4 067)	(60 054)
Loss on disposal of Property, Plant and Equipment	899 301	-
Operating Surplus before changes in working capital	34 487 030	34 147 281
Changes in working capital	7 156 017	(6 214 495)
Increase in Payables from Exchange Transactions	7 760 942	1 777 485
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 766 662	(1 504 598)
Increase in Unspent Public Contributions	713 859	-
Increase/(Decrease) in Taxes	780 456	(282 340)
(Increase)/Decrease in Inventory	(30 017)	118 359
(Increase)/Decrease in Receivables from Exchange Transactions	(4 584 292)	(1 893 727)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	339 550	(1 161 206)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(591 141)	(3 268 467)
Cash generated/(absorbed) by operations	41 643 048	27 932 786

37 CASH AND CASH EQUIVALENTS

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

Cash Floats - Note 21	6 350	5 750
Bank - Note 21	1 722 252	5 690 677
Bank Overdraft - Note 21	(34 453)	-
Total cash and cash equivalents	1 694 150	5 696 427

38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 37	1 694 150	5 696 427
Less:	8 938 959	3 899 136
Unspent Committed Conditional Grants - Note 10	5 104 362	2 337 700
VAT Payable - Note 12	3 834 598	1 561 436
Net cash resources available for internal distribution/(resources utilised for internal distribution)	(7 244 810)	1 797 291

39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	27 619 884	32 264 867
Used to finance property, plant and equipment - at cost	(27 619 884)	(32 264 867)
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

40 BUDGET COMPARISONS	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%) (Variance)
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MATZIKAMA MUNICIPALITY

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

40.1 Operational

Revenue by source

Property Rates	19 466 226	23 010 000	(3 543 774)	-15%
Government Grants and Subsidies - Capital	29 855 620	43 442 580	(13 586 960)	-31%
Government Grants and Subsidies - Operating	32 442 937	33 274 690	(831 753)	-2%
Public Contributions and Donations	1 046 141	660 000	386 141	59%
Actuarial Gains	30 092	-	30 092	100%
Fines	1 510 306	1 215 000	295 306	24%
Service Charges	75 097 455	72 835 000	2 262 455	3%
Rental of Facilities and Equipment	2 652 454	2 575 000	77 454	3%
Interest Earned - external investments	457 406	700 000	(242 594)	-35%
Interest Earned - outstanding debtors	1 358 644	1 500 000	(141 356)	-9%
Licences and Permits	13 474	11 100	2 374	21%
Agency Services	2 449 948	2 255 000	194 948	9%
Other Income	2 354 239	2 399 600	(45 361)	-2%
Gain on disposal of Property, Plant and Equipment	2 100	505 000	(502 900)	-100%
	<u>168 737 042</u>	<u>184 382 970</u>	<u>(15 645 928)</u>	<u>-8%</u>

Expenditure by nature

Employee Related Costs	52 585 924	55 067 014	2 481 090	-5%
Remuneration of Councillors	3 668 332	3 918 100	249 768	-6%
Debt Impairment	9 551 162	2 000 000	(7 551 162)	378%
Collection Cost	119 697	100 000	(19 697)	20%
Depreciation and Amortisation	9 490 561	14 195 200	4 704 639	-33%
Impairments	85 669	-	(85 669)	-100%
Repairs and Maintenance	14 921 361	15 562 000	640 639	-4%
Actuarial losses	1 884 335	-	(1 884 335)	-100%
Finance Charges	5 839 471	4 197 500	(1 641 971)	39%
Bulk Purchases	39 758 905	37 300 000	(2 458 905)	7%
Contracted services	30 513	30 000	(513)	2%
Grants and Subsidies	349 043	415 000	65 957	-16%
Operating Grant Expenditure	5 162 482	2 392 000	(2 770 482)	116%
General Expenses	13 283 029	15 712 300	2 429 271	-15%
Loss on disposal of Property, Plant and Equipment	899 301	-	(899 301)	-100%
	<u>157 629 785</u>	<u>150 889 114</u>	<u>(6 740 671)</u>	<u>4%</u>
Net Surplus for the year	<u>11 107 257</u>	<u>33 493 856</u>	<u>(22 386 599)</u>	<u>-67%</u>

40.2 Expenditure by Vote

Biodiversity and Landscape	152 296	270 864	(118 568)	-44%
Budget and Treasury Office	22 465 350	14 976 771	7 488 579	50%
Cemeteries and Crematoriums	1 079 408	1 272 317	(192 909)	-15%
Community Halls and Facilities	1 368 436	1 840 631	(472 195)	-26%
Economic Planning and Development	2 471 568	2 059 442	412 126	20%
Electricity Distribution	46 149 042	43 375 763	2 773 279	6%
Housing	755 236	826 453	(71 217)	-9%
Human Resources	7 573 581	3 968 227	3 605 354	91%
Information Technology	3 463 159	4 129 087	(665 928)	-16%
Libraries and Archives	2 121 447	2 299 254	(177 807)	-8%
Mayor and Council	5 820 276	7 000 861	(1 180 585)	-17%
Municipal Manager	2 887 421	3 110 371	(222 950)	-7%
Other	9 684 451	9 683 385	1 066	0%
Other Admin	3 787 886	3 374 186	413 700	12%
Property Services	4 058 453	4 734 858	(676 405)	-14%
Roads	11 157 490	10 192 283	965 207	9%
Sewerage	7 315 689	8 957 321	(1 641 632)	-18%
Solid Waste	5 414 153	5 311 505	102 648	2%
Sport and Recreation	5 928 861	6 705 609	(776 748)	-12%
Storm Water Management	2 349 477	2 526 107	(176 630)	-7%
Street Lightning	174 413	285 000	(110 587)	-39%
Tourism	447 718	702 510	(254 792)	-36%
Town Planning/Building Enforcement	463 674	1 412 079	(948 405)	-67%
Vehicle Licensing and Testing	809 543	804 920	4 623	1%
Water Distribution	9 730 757	11 069 310	(1 338 553)	-12%
	<u>157 629 785</u>	<u>150 889 114</u>	<u>6 740 671</u>	<u>4%</u>

40.3 Capital expenditure by GFS

Budget and Treasury	3 268 750	2 350 000	918 750	39%
Community and Social Services	716 964	276 300	440 664	159%
Corporate Services	231 976	1 836 837	(1 604 861)	-87%
Electricity	564 537	4 181 945	(3 617 408)	-87%
Executive and Council	444 020	4 600 000	(4 155 980)	-90%
Housing	11 100 892	14 119 000	(3 018 108)	-21%
Other: Tourism	43 365	61 000	(17 635)	-29%
Planning and Development	22 849	174 000	(151 151)	-87%
Public Safety	367 466	379 650	(12 184)	-3%
Road Transport	2 711 221	4 996 185	(2 284 964)	-46%
Sport and Recreation	755 131	2 410 000	(1 654 869)	-69%
Waste Water Management	17 140 448	23 046 649	(5 906 201)	-26%
Water	5 264 374	6 706 113	(1 441 739)	-21%
	<u>42 631 993</u>	<u>65 137 679</u>	<u>(22 505 686)</u>	<u>-35%</u>

41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

41.1 Unauthorised expenditure

2011 R 2010 R

MATZIKAMA MUNICIPALITY

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

Reconciliation of unauthorised expenditure:

Opening balance	10 225 214	63 604 568
Unauthorised expenditure current year - capital	1 359 414	-
Unauthorised expenditure current year - operating	23 011 392	10 225 214
Written off by council	(9 106 024)	(63 604 568)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	25 489 995	10 225 214

Incident	Disciplinary steps/criminal proceedings		
<i>Over expenditure on votes</i>	<i>None</i>	17 125 995	10 225 214
<i>Utilisation of grant monies for operational expenditure</i>	<i>None</i>	7 244 810	-
		24 370 805	10 225 214

41.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	92 273	-
Fruitless and wasteful expenditure current year	520 916	92 273
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	613 189	92 273

Incident	Disciplinary steps/criminal proceedings		
<i>Interest and penalties on late payment of creditors</i>	<i>None</i>	-	45 453
<i>SARS interest and penalties relating to VAT</i>	<i>None</i>	520 916	46 820
		520 916	92 273

41.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	28 557 375	1 016 174
Irregular expenditure current year	15 056 941	28 557 375
Written off by council	(10 340 631)	(1 016 174)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	33 273 685	28 557 375

Incident	Disciplinary steps/criminal proceedings		
<i>Purchases made without tax clearance certificates</i>	<i>None</i>	-	9 835 910
<i>Additional payments made to employees i.r.o. Essential Motor Scheme</i>	<i>None</i>	278 075	272 443
<i>Payments to Ebenhaezer Farm</i>	<i>None</i>	351 591	232 278
<i>Members of State - refer to 42.10</i>	<i>None</i>	14 427 275	18 216 743
		15 056 941	28 557 375

41.4 Material Losses

Water distribution losses

- Kilo litres disinfected/purified/purchased	4 182 796	3 764 100
- Kilo litres lost during distribution	1 350 715	799 019
- Percentage lost during distribution	32.29%	21.23%

Electricity distribution losses

- Units purchased (Kwh)	70 609 150	73 215 842
- Units lost during distribution (Kwh)	13 360 195	8 658 893
- Percentage lost during distribution	18.92%	11.83%

	2011	2010
	R	R
42	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT AC1	
42.01	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS	

MATZIKAMA MUNICIPALITY

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

Opening balance	-	44 230
Council subscriptions	282 535	231 912
Amount paid - current year	(282 535)	(276 142)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
42.02 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year audit fee	1 368 560	926 014
External Audit - Auditor-General	1 346 223	899 422
Audit Committee	22 337	26 592
Amount paid - current year	(1 368 560)	(926 014)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
42.03 VAT - [MFMA 125 (1)(b)]		
Opening balance	(1 426 451)	(1 434 173)
Amounts received - current year	(2 732 499)	(3 307 135)
Amounts paid - current year	220 155	49 240
Amounts received - previous years	(1 603 020)	(557 429)
Amounts claimed - current year	2 911 989	3 823 047
Closing balance - Payable	(2 629 826)	(1 426 451)
VAT in suspense due to cash basis of accounting		
Input VAT	2 059 720	567 014
Output VAT	(1 204 771)	(134 985)
Claimable	854 949	432 029
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
42.04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	5 489 906	4 519 890
Amount paid - current year	(5 489 906)	(4 519 890)
Balance unpaid (included in creditors)	-	-
42.05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	10 532 259	7 590 645
Amount paid - current year	(10 532 259)	(7 590 645)
Balance unpaid (included in creditors)	-	-
42.06 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]	Outstanding more than 90 days	Outstanding more than 90 days
The following Councillors had arrear accounts for more than 90 days as at 30 June:		
Councillor Frans Bam	4 233	-
Councillor Hennie Nell	81 922	-
Councillor Elias Mqingqi	54 470	-
Councillor M J Smith	3 216	-
Total Councillor Arrear Consumer Accounts	143 841	-
42.07 Other non-compliance (MFMA 125(2)(e))		
The Municipality did not submit their financial statements within two months after the end of the financial year as required by Section 126 of the MFMA.		
42.08 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation (36)(1)(a) & (b)		
	Single Supplier R	Impractical R
		Emergency R
		Total R
July 2010	493 369	35 494
		305 228
		834 091

MATZIKAMA MUNICIPALITY

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

August 2010	1 035 774	270 355	110 777	1 416 906
September 2010	677 454	139 159	132 394	949 007
October 2010	906 517	185 292	346 019	1 437 828
November 2010	1 274 660	160 099	850 711	2 285 470
December 2010	1 543 749	186 711	921 031	2 651 491
January 2011	773 615	99 140	207 855	1 080 610
February 2011	527 513	161 115	277 456	966 085
March 2011	968 767	103 786	746 081	1 818 635
April 2011	371 143	52 977	614 912	1 039 032
May 2011	411 339	113 770	809 537	1 334 647
June 2011	998 453	164 431	2 249 571	3 412 454
	9 982 353	1 672 331	7 571 572	19 226 257

42.09 Non compliance with Section 13(c)(i) of the Supply Chain Management Regulations

The following supplier did not indicate that a member is in service of the state:

Service Provider: The Institute of Internal Auditors SA
 Name of Member: JB Hlatsh Wayo
 State Department: Department of Agriculture and Fisheries
 Contract Value: R 18 366

42.10 No declaration by suppliers as required in Section 13(c) of the Supply Chain Management Regulations

The contract values of suppliers who did not indicate on the registration forms that members are in service of the state or has been in service of the state in the previous twelve months, are as follow:

R 10 000 – R 99 999	12 767 782	10 806 743
Greater than R 200 000	1 659 493	7 410 000
	14 427 275	18 216 743

43 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure	11 165 343	18 289 261
Housing	-	464 051
Land and Buildings	-	40 106
	11 165 343	18 793 418

This expenditure will be financed from:

Government Grants	11 165 343	18 753 312
Own Resources	-	40 106
	11 165 343	18 793 418

44 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk

**2011
R** **2010
R**

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

management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The Municipality does not engage in foreign currency transactions.

(b) Price risk

The Municipality is not exposed to price risk.

(c) Interest Rate Risk

As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The Municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2010 - 0.5%) Increase in interest rates	(320 059)	(155 141)
0.5% (2010 - 0.5%) Decrease in interest rates	160 029	155 141

(d) Credit Risk

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

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Receivables of R4 million are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

	2011 %	2011 R	2010 %	2010 R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
<u>Non-Exchange Receivables</u>				

MATZIKAMA MUNICIPALITY

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

Rates	11.63%	1 918 197	15.07%	1 269 629
<u>Exchange Receivables</u>				
Electricity	15.63%	2 578 251	16.33%	1 376 051
Water	12.28%	2 025 512	11.20%	944 030
Refuse	10.41%	1 717 690	9.35%	787 407
Sewerage	16.76%	2 764 894	15.92%	1 341 270
Other	33.31%	5 495 749	32.13%	2 707 143
	<u>100.00%</u>	<u>16 500 292</u>	<u>84.93%</u>	<u>8 425 529</u>

Bad debts written off per debtor class:

Non-Exchange Receivables

Rates	11.63%	262 320	15.07%	572 502
<u>Exchange Receivables</u>				
Electricity	15.63%	352 584	16.33%	620 491
Water	12.28%	276 995	11.20%	425 683
Refuse	10.41%	234 900	9.35%	355 058
Sewerage	16.76%	378 108	15.92%	604 807
Other	33.31%	751 562	32.13%	1 220 708
	<u>100.00%</u>	<u>2 256 469</u>	<u>100.00%</u>	<u>3 799 249</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables, Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.

	2011 R	2010 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	3 055 829	2 925 712
Receivables from exchange transactions	14 116 943	16 958 845
Receivables from non-exchange transactions	3 179 725	4 167 844
Cash and Cash Equivalents	1 728 602	5 696 427
Unpaid conditional grants and subsidies	7 876 066	7 284 925
	<u>29 957 165</u>	<u>37 033 753</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years
2011				
Long Term liabilities	10 205 008	25 508 789	12 849 382	-
Payables from Exchange Transactions	19 243 071	-	-	-
Unspent conditional government grants and receipts	5 104 362	-	-	-
	<u>34 552 440</u>	<u>25 508 789</u>	<u>12 849 382</u>	<u>-</u>
2010				
Long Term liabilities	7 795 935	28 688 666	17 312 058	-
Trade and Other Payables	11 860 504	-	-	-
Unspent conditional government grants and receipts	2 337 700	-	-	-
	<u>21 994 139</u>	<u>28 688 666</u>	<u>17 312 058</u>	<u>-</u>

45 FINANCIAL INSTRUMENTS

Financial instruments of the Municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

MATZIKAMA MUNICIPALITY

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

45.1 Financial Assets

Financial instruments at amortised cost

Long-Term Receivables	1 567 146	883 988
Receivables from exchange transactions	14 116 943	16 958 845
Receivables from non-exchange transactions	3 179 725	4 167 844
Unpaid Conditional Government Grants and Receipts	7 876 066	7 284 925
Current Portion of Long-term Receivables	1 488 683	2 041 724
Cash and Cash Equivalents	1 728 602	5 696 427

Total carrying amount of financial assets

29 957 165	37 033 753
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45.2 Financial Liability

Financial instruments at amortised cost

Long-term Liabilities	27 619 884	32 264 867
Payables from exchange transactions	20 523 983	12 763 041
Unspent Conditional Government Grants and Receipts	5 104 362	2 337 700
Unspent Public Contributions	713 859	-
Current Portion of Long-term Liabilities	6 073 773	4 454 060
Cash and Cash Equivalents	34 453	-

60 070 313	51 819 669
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46 EVENTS AFTER THE REPORTING DATE

From 1 July 2011 the former WCDMA1 area is included as part of Matzikama Municipality per Provincial Gazette: 6825.

The following towns are included:

Bitterfontein, Kliprand, Molsvlei, Nuwerus, Putsekloof, Rietpoort and Stofkraal

47 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

48 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

49 CONTINGENT LIABILITY

A claim has been lodged by DevCoast Properties (Pty) Ltd against the Municipality in relation with the cancellation of a contract with the complainant. The claim is estimated at R350 000 and a trial date is set in April 2012.

50 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers/residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

50.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 16 to the Annual Financial Statements.

50.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements

50.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

<i>Supplier</i>	<i>Relationship</i>	<i>Department</i>	<i>Amount</i>
Autopage Cellular	Owner: Husband - Lize Kleinhans	Budget & Treasury	335 271
H D Meyer	Owner: Husband - Heleen Meyer	Budget & Treasury	26 288
K C Verkoeling	Owner: Husband - Liefie van Wyk	Budget & Treasury	130 938
Olifantsrivier Paints & Hardware BK	Member	Councillor	6 975
Total			499 472

MATZIKAMA MUNICIPALITY

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

13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value

	COST						Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	33 520 954	1 617 260	1 945 145	-	-	37 083 358	1 168 463	221 804	-	-	1 390 266	35 693 092
Land	11 185 000	964 923	-	-	-	12 149 923	-	-	-	-	-	12 149 923
Buildings	22 335 954	652 337	1 945 145	-	-	24 933 435	1 168 463	221 804	-	-	1 390 266	23 543 169
Infrastructure	193 063 644	30 597 739	4 942 849	-	-	228 604 232	57 391 537	6 327 981	-	85 669	63 805 187	164 799 045
Stormwater and Roads	50 077 815	1 383 398	362 698	-	-	51 823 912	12 547 482	1 987 673	-	-	14 535 154	37 288 758
Sewerage	63 204 539	13 868 295	3 546 088	-	-	80 618 922	12 522 176	2 019 601	-	-	14 541 777	66 077 144
Electricity	29 934 019	564 537	-	-	-	30 498 556	6 341 136	806 397	-	-	7 147 533	23 351 023
Water	44 688 081	14 781 509	1 034 063	-	-	60 503 654	21 909 341	1 275 405	-	-	23 184 746	37 318 907
Solid Waste Disposal	199 887	-	-	-	-	199 887	26 652	13 326	-	-	39 977	159 910
Landfill Sites	4 959 302	-	-	-	-	4 959 302	4 044 751	225 579	-	85 669	4 355 999	603 303
Community Assets	83 647 058	146 565	-	-	-	83 793 623	2 157 958	417 909	-	-	2 575 867	81 217 756
Parks and Gardens	23 269 179	146 565	-	-	-	23 415 744	16 965	5 650	-	-	22 615	23 393 129
Libraries	880 861	-	-	-	-	880 861	71 521	9 970	-	-	81 491	799 370
Recreation Grounds	31 126 949	-	-	-	-	31 126 949	1 050 046	183 163	-	-	1 233 209	29 893 739
Civic Buildings	8 950 569	-	-	-	-	8 950 569	618 259	85 526	-	-	703 785	8 246 784
Taxi Ranks & Parking Areas	5 187 500	-	-	-	-	5 187 500	31 754	10 575	-	-	42 329	5 145 171
Cemetries	680 500	-	-	-	-	680 500	631	210	-	-	841	679 659
Community Buildings	13 551 500	-	-	-	-	13 551 500	368 781	122 815	-	-	491 596	13 059 904
Other Assets	29 081 589	3 382 392	-	-	(2 600 518)	29 863 463	8 446 575	2 436 619	(1 701 217)	-	9 181 978	20 681 486
Office Equipment	1 631 067	-	-	-	-	1 631 067	415 238	138 286	-	-	553 524	1 077 543
Furniture & Fittings	1 207 704	513 448	-	-	(100 751)	1 620 401	214 297	129 137	(33 287)	-	310 147	1 310 255
Bins and Containers	26 820	-	-	-	-	26 820	11 527	1 341	-	-	12 868	13 952
Motor vehicles	14 504 465	1 465 294	-	-	(207 217)	15 762 542	3 222 118	977 556	(114 316)	-	4 085 358	11 677 184
Plant & Equipment	7 540 338	1 143 306	-	-	(395 969)	8 287 675	2 681 424	753 979	(235 257)	-	3 200 146	5 087 528
Computer equipment	4 171 195	260 344	-	-	(1 896 581)	2 534 958	1 901 971	436 320	(1 318 357)	-	1 019 934	1 515 024
	339 313 245	35 743 956	6 887 994	-	(2 600 518)	379 344 677	69 164 533	9 404 313	(1 701 217)	85 669	76 953 298	302 391 379

The property, plant and equipment were restated with effect 1 July 2009 to reflect the prior period errors. This had an effect that infrastructure and other assets were restated to reflect the correct depreciation for 2010 and prior periods. The effect of the prior period errors are further disclosed in note 35.7.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

MATZIKAMA MUNICIPALITY

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

30 JUNE 2010

Reconciliation of Carrying Value

	COST						Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	26 012 891	7 105 701	6 942 522	(6 540 160)	-	33 520 954	1 006 865	161 598	-	-	1 168 463	32 352 491
Land	10 804 000	-	-	381 000	-	11 185 000	-	-	-	-	-	11 185 000
Balance Previously Reported	2 901 788	-	-	-	-	2 901 788	26 110	12 825	-	-	38 935	2 862 853
Correction of Error - Refer to note 35.07	7 902 212	-	-	381 000	-	8 283 212	(26 110)	(12 825)	-	-	(38 935)	8 322 147
Buildings	15 208 891	7 105 701	6 942 522	(6 921 160)	-	22 335 954	1 006 865	161 598	-	-	1 168 463	21 167 491
Balance Previously Reported	12 836 371	7 105 701	6 942 522	-	-	26 884 594	3 673 629	695 648	-	-	4 369 277	22 515 317
Correction of Error - Refer to note 35.07	2 372 520	-	-	(6 921 160)	-	(4 548 640)	(2 666 764)	(534 050)	-	-	(3 200 814)	(1 347 826)
Infrastructure	138 766 799	23 662 217	23 136 377	7 498 250	-	193 063 644	51 971 762	5 393 421	-	26 355	57 391 537	135 672 107
Stormwater and Roads	39 415 555	3 336 903	7 325 358	-	-	50 077 815	10 852 279	1 695 203	-	-	12 547 482	37 530 334
Balance Previously Reported	60 185 671	3 237 219	3 798 041	-	-	67 220 931	14 958 406	3 283 938	-	-	18 242 344	48 978 587
Correction of Error - Refer to note 35.07	(20 770 116)	99 684	3 527 317	-	-	(17 143 116)	(4 106 127)	(1 588 735)	-	-	(5 694 862)	(11 448 253)
Sewerage	34 625 873	9 104 729	11 864 837	7 609 100	-	63 204 539	10 967 504	1 554 672	-	-	12 522 176	50 682 363
Balance Previously Reported	33 514 124	4 100 659	10 178 248	-	-	47 793 031	10 464 882	2 279 562	-	-	12 744 444	35 048 587
Correction of Error - Refer to note 35.07	1 111 749	5 004 070	1 686 589	7 609 100	-	15 411 508	502 622	(724 890)	-	-	(222 268)	15 633 776
Electricity	16 717 356	10 834 309	2 493 204	(110 849)	-	29 934 019	5 694 676	646 460	-	-	6 341 136	23 592 883
Balance Previously Reported	24 805 259	2 723 212	-	-	-	27 528 471	6 409 796	1 369 141	-	-	7 778 937	19 749 534
Correction of Error - Refer to note 35.07	(8 087 903)	8 111 097	2 493 204	(110 849)	-	2 405 548	(715 120)	(722 681)	-	-	(1 437 800)	3 843 349
Water	42 848 826	386 276	1 452 979	-	-	44 688 081	20 657 751	1 251 591	-	-	21 909 341	22 778 740
Balance Previously Reported	46 722 503	656 665	1 966 296	-	-	49 345 464	19 438 193	2 216 716	-	-	21 654 908	27 690 556
Correction of Error - Refer to note 35.07	(3 873 677)	(270 389)	(513 317)	-	-	(4 657 383)	1 219 558	(965 125)	-	-	254 433	(4 911 816)
Solid Waste Disposal	199 887	-	-	-	-	199 887	13 326	13 326	-	-	26 652	173 235
Balance Previously Reported	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error - Refer to note 35.07	199 887	-	-	-	-	199 887	13 326	13 326	-	-	26 652	173 235
Landfill Sites	4 959 302	-	-	-	-	4 959 302	3 786 226	232 169	-	26 355	4 044 751	914 552
Balance Previously Reported	57 973	-	-	-	-	57 973	32 757	2 360	-	-	35 117	22 856
Correction of Error - Refer to note 35.07	4 901 329	-	-	-	-	4 901 329	3 753 469	229 809	-	26 355	4 009 634	891 696

Continued on next page...

MATZIKAMA MUNICIPALITY

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

30 JUNE 2010 (continued)

Reconciliation of Carrying Value

	COST						Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Community Assets	83 181 826	358 181	-	107 051	-	83 647 058	1 740 567	417 391	-	-	2 157 958	81 489 100
Parks and Gardens	23 269 179	-	-	-	-	23 269 179	11 315	5 650	-	-	16 965	23 252 214
Balance Previously Reported	757 278	-	-	-	-	757 278	111 502	8 229	-	-	119 731	637 547
Correction of Error - Refer to note 35.07	22 511 901	-	-	-	-	22 511 901	(100 187)	(2 579)	-	-	(102 766)	22 614 667
Libraries	880 861	-	-	-	-	880 861	61 551	9 970	-	-	71 521	809 340
Balance Previously Reported	360 361	-	-	-	-	360 361	126 008	10 812	-	-	136 820	223 541
Correction of Error - Refer to note 35.07	520 500	-	-	-	-	520 500	(64 457)	(842)	-	-	(65 299)	585 799
Recreation Grounds	30 661 716	358 181	-	107 051	-	31 126 949	867 402	182 645	-	-	1 050 046	30 076 902
Balance Previously Reported	5 363 486	358 181	-	-	-	5 721 667	1 985 135	242 355	-	-	2 227 490	3 494 177
Correction of Error - Refer to note 35.07	25 298 230	-	-	107 051	-	25 405 282	(1 117 733)	(59 710)	-	-	(1 177 444)	26 582 725
Civic Buildings	8 950 569	-	-	-	-	8 950 569	532 733	85 526	-	-	618 259	8 332 310
Balance Previously Reported	6 491 856	-	-	-	-	6 491 856	1 654 822	216 172	-	-	1 870 994	4 620 862
Correction of Error - Refer to note 35.07	2 458 713	-	-	-	-	2 458 713	(1 122 089)	(130 646)	-	-	(1 252 735)	3 711 448
Taxi Ranks and Parking Areas	5 187 500	-	-	-	-	5 187 500	21 179	10 575	-	-	31 754	5 155 746
Balance Previously Reported	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error - Refer to note 35.07	5 187 500	-	-	-	-	5 187 500	21 179	10 575	-	-	31 754	5 155 746
Cemeteries	680 500	-	-	-	-	680 500	421	210	-	-	631	679 869
Balance Previously Reported	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error - Refer to note 35.07	680 500	-	-	-	-	680 500	421	210	-	-	631	679 869
Community Buildings	13 551 500	-	-	-	-	13 551 500	245 966	122 815	-	-	368 781	13 182 719
Balance Previously Reported	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error - Refer to note 35.07	13 551 500	-	-	-	-	13 551 500	245 966	122 815	-	-	368 781	13 182 719
Other Assets	24 691 410	5 455 321	-	(1 065 142)	-	29 081 589	6 466 791	1 979 784	-	-	8 446 575	20 635 014
Office Equipment	1 631 067	1 125 216	-	(1 125 216)	-	1 631 067	276 952	138 287	-	-	415 238	1 215 829
Balance Previously Reported	9 276 496	1 125 216	-	-	-	10 401 712	5 267 654	1 205 784	-	-	6 473 438	3 928 274
Correction of Error - Refer to note 35.07	(7 645 429)	-	-	(1 125 216)	-	(8 770 645)	(4 990 702)	(1 067 497)	-	-	(6 058 200)	(2 712 445)
Furniture & Fittings	988 755	233 908	-	(14 959)	-	1 207 704	134 764	79 533	-	-	214 297	993 407
Balance Previously Reported	630 904	233 908	-	-	-	864 812	168 052	138 298	-	-	306 350	558 462
Correction of Error - Refer to note 35.07	357 851	-	-	(14 959)	-	342 892	(33 288)	(58 765)	-	-	(92 053)	434 945
Bins and Containers	26 820	-	-	-	-	26 820	10 186	1 341	-	-	11 527	15 293
Balance Previously Reported	26 820	-	-	-	-	26 820	20 358	2 682	-	-	23 040	3 780
Correction of Error - Refer to note 35.07	-	-	-	-	-	-	(10 172)	(1 341)	-	-	(11 513)	11 513
Emergency Equipment	-	1 045 075	-	(1 045 075)	-	-	-	-	-	-	-	-
Balance Previously Reported	1 953 415	1 045 075	-	-	-	2 998 490	1 126 481	207 257	-	-	1 333 738	1 664 752
Correction of Error - Refer to note 35.07	(1 953 415)	-	-	(1 045 075)	-	(2 998 491)	(1 126 481)	(207 257)	-	-	(1 333 738)	(1 664 753)
Motor vehicles	11 532 522	2 506 653	-	465 290	-	14 504 465	2 474 934	747 184	-	-	3 222 118	11 282 347
Balance Previously Reported	7 240 826	2 313 782	-	-	-	9 554 608	3 529 005	867 566	-	-	4 396 571	5 158 037
Correction of Error - Refer to note 35.07	4 291 696	192 871	-	465 290	-	4 949 857	(1 054 071)	(120 382)	-	-	(1 174 453)	6 124 310
Plant & Equipment	6 804 094	-	-	736 244	-	7 540 338	2 055 673	625 751	-	-	2 681 424	4 858 914
Balance Previously Reported	1 327 266	-	-	-	-	1 327 266	381 912	103 969	-	-	485 881	841 385
Correction of Error - Refer to note 35.07	5 476 828	-	-	736 244	-	6 213 072	1 673 761	521 782	-	-	2 195 543	4 017 529
Computer equipment	3 708 152	544 469	-	(81 425)	-	4 171 195	1 514 282	387 689	-	-	1 901 971	2 269 224
Balance Previously Reported	4 043 127	572 192	-	-	-	4 615 319	3 086 553	396 218	-	-	3 482 771	1 132 548
Correction of Error - Refer to note 35.07	(334 975)	(27 723)	-	(81 425)	-	(444 124)	(1 572 271)	(8 530)	-	-	(1 580 800)	1 136 676
	272 652 925	36 581 420	30 078 899	-	-	339 313 245	61 185 985	7 952 193	-	26 355	69 164 533	270 148 712

**APPENDIX A - Unaudited
MATZIKAMA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Balance at 30 JUNE 2010 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS								
DBSA - Water	10.00%	10096	2015	993 713	993 713	-	205 943	787 770
DBSA - Capital Works 2002	7.08%	100035	2012	871 613	871 613	-	180 989	690 624
DBSA - Capital Works 2003/2004	10.80%	101025	2014	2 469 550	2 469 550	-	254 059	2 215 490
DBSA - Capital Works 2004/2005	9.92%	101953	2015	2 309 501	2 309 501	-	183 168	2 126 333
DBSA - Capital Works 2007/2008	5.70%	102857	2018	3 555 556	3 555 556	-	222 222	3 333 333
DBSA - Infrastructure 1	6.75%	103143(1)	2016	1 267 773	1 267 773	-	196 097	1 071 677
DBSA - Infrastructure 2	6.75%	103143(2)	2018	2 089 359	2 089 359	-	187 413	1 901 946
DBSA - Infrastructure 2	11.14%	103749	2020	15 000 000	15 000 000	-	421 148	14 578 852
						-		-
INCA - Water and Sewerage	9.75%	3156	2015	1 988 562	1 988 562	-	323 826	1 664 737
						-		-
ABSA - Water Scheme	9.77%	40-6255-0510	2015	1 857 991	1 857 991	-	303 089	1 554 901
ABSA - Capital Works 2005/2006	9.15%	40-6512-9293	2016	2 518 296	2 518 296	-	336 315	2 181 981
ABSA - Capital Works 2008/2009	Prime - 2%	40-7292-9600	2018	1 797 014	1 797 014	-	211 000	1 586 014
Total Annuity Loans				36 718 928	36 718 928	-	3 025 270	33 693 657

**APPENDIX B - Unaudited
MATZIKAMA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 537 474	(3 694 826)	(2 157 353)	Municipal Manager	856 182	(2 887 421)	(2 031 239)
563 348	(5 550 041)	(4 986 694)	Mayor and Council	1 084 732	(5 820 276)	(4 735 543)
1 001 457	(1 700 871)	(699 413)	Economic Development/Planning	1 418 313	(2 471 568)	(1 053 255)
-	(619 718)	(619 718)	Tourism	750	(447 718)	(446 968)
187 858	(3 342 584)	(3 154 727)	Other Admin	168 536	(3 787 886)	(3 619 349)
164 960	(6 015 435)	(5 850 475)	Human Resources	503 338	(7 573 581)	(7 070 243)
646 415	(2 326 355)	(1 679 940)	Property Services	694 177	(4 058 453)	(3 364 276)
62 790 437	(15 636 751)	47 153 687	Budget and Treasury Office	70 878 231	(22 465 350)	48 412 881
-	(2 524 063)	(2 524 063)	Information Technology	-	(3 463 159)	(3 463 159)
166 595	(427 555)	(260 960)	Town Planning/Building Enforcement	291 827	(463 674)	(171 847)
401 680	(1 969 798)	(1 568 119)	Libraries and Archives	451 332	(2 121 447)	(1 670 115)
454 216	(1 707 906)	(1 253 690)	Community Halls and Facilities	410 966	(1 368 436)	(957 470)
396 540	(1 027 723)	(631 183)	Cemeteries & Crematoriums	450 002	(1 079 408)	(629 406)
2 471 769	(2 817 509)	(345 739)	Housing	338 183	(755 236)	(417 052)
1 498 017	(9 098 034)	(7 600 017)	Other	1 503 486	(9 684 451)	(8 180 966)
1 709 310	(6 123 003)	(4 413 693)	Sport and Recreation	1 636 312	(5 928 861)	(4 292 549)
3 498	(202 499)	(199 001)	Biodiversity & Landscape	5 546	(152 296)	(146 750)
7 042 545	(4 987 969)	2 054 576	Solid Waste	8 121 756	(5 414 153)	2 707 603
11 399 423	(4 863 775)	6 535 648	Sewerage	12 339 835	(7 315 689)	5 024 146
-	(2 205 535)	(2 205 535)	Storm Water Management	-	(2 349 477)	(2 349 477)
99 975	(9 754 962)	(9 654 987)	Roads	565 288	(11 157 490)	(10 592 202)
2 108 811	(650 821)	1 457 990	Vehicle Licensing and Testing	3 059 516	(809 543)	2 249 974
10 529 855	(8 623 287)	1 906 567	Water Distribution	11 099 403	(9 730 757)	1 368 646
43 603 867	(32 874 031)	10 729 835	Electricity Distribution	52 859 331	(46 149 042)	6 710 289
71 574	(162 816)	(91 241)	Street Lightning	-	(174 413)	(174 413)
148 849 624	(128 907 867)	19 941 757	Total	168 737 042	(157 629 785)	11 107 257

**APPENDIX C - Unaudited
MATZIKAMA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
2 100 822	(9 396 396)	(7 295 574)	Executive & Council	1 940 915	(8 707 697)	(6 766 782)
62 790 437	(15 636 751)	47 153 687	Budget & Treasury	70 878 231	(22 465 350)	48 412 881
999 232	(14 208 437)	(13 209 205)	Corporate Services	1 366 052	(18 883 079)	(17 517 027)
1 168 053	(2 131 652)	(963 599)	Planning & Development	1 710 891	(2 935 242)	(1 224 352)
-	(616 491)	(616 491)	Other	-	(447 718)	(447 718)
1 252 435	(4 553 900)	(3 301 464)	Community & Social Services	1 312 300	(4 569 291)	(3 256 991)
2 471 769	(2 817 509)	(345 739)	Housing	338 183	(755 236)	(417 052)
1 492 766	(3 550 725)	(2 057 959)	Public Safety	1 494 171	(4 142 520)	(2 648 349)
1 709 310	(6 123 003)	(4 413 693)	Sport & Recreation	1 636 312	(5 928 861)	(4 292 549)
3 498	(202 499)	(199 001)	Environmental Protection	5 546	(152 296)	(146 750)
7 060 833	(5 116 258)	1 944 575	Waste Management	8 128 183	(5 468 641)	2 659 541
11 381 135	(4 755 141)	6 625 995	Waste Water Management	12 333 408	(7 261 201)	5 072 207
2 214 037	(18 138 973)	(15 924 936)	Road Transport	3 634 119	(19 858 442)	(16 224 323)
10 529 855	(8 623 287)	1 906 567	Water	11 099 403	(9 730 757)	1 368 646
43 675 441	(33 036 847)	10 638 594	Electricity	52 859 331	(46 323 454)	6 535 877
						-
148 849 623	(128 907 867)	19 941 756	Total	168 737 042	(157 629 785)	11 107 257

**APPENDIX D - Unaudited
MATZIKAMA MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2010	Contributions during the year	Transferred	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2011	Unspent 30 JUNE 2011 (Creditor)	Unpaid 30 JUNE 2011 (Debtor)
	R	R	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS								
CDW's	-	200 000	-	(200 000)	-	-	-	-
Department of Mineral Resources	1 518 552	2 000 000	-	(909 803)	(2 023 297)	585 452	585 452	-
Department of Sport and Culture	274 636	1 930 000	-	(71 733)	(85 000)	2 047 903	2 047 903	-
Doringbaai Lobster Holdings	39 529	45 606	-	(61 623)	-	-	-	-
DOW: Vanrhynsdorp	(575 093)	4 740 926	-	-	(4 165 833)	-	-	-
Equitable Share	(4 718 000)	31 336 310	-	(26 618 310)	-	-	-	-
FMG	(451 098)	1 000 000	-	(2 552 315)	(350 000)	(2 353 413)	-	(2 353 413)
Hoodia Project	(23 513)	-	23 513	-	-	-	-	-
Housing	-	11 044 623	-	-	(10 645 211)	399 412	399 412	-
Housing Consumer Education	26 517	-	-	(26 517)	-	-	-	-
Library Services	-	426 000	-	(426 000)	-	-	-	-
Lotto	(677 046)	639 667	-	37 379	-	-	-	-
MIG	(159 794)	7 609 000	-	-	(12 085 296)	(4 636 090)	-	(4 636 090)
MSIG	(680 380)	750 000	-	(805 598)	(150 584)	(886 562)	-	(886 562)
Neighbourhood Development	221 993	2 200 000	-	-	(350 399)	2 071 594	2 071 594	-
Taxi Terminus	-	551 945	-	(551 945)	-	-	-	-
West Coast Community Trust	256 472	-	-	(256 472)	-	-	-	-
Total	(4 947 225)	64 474 077	-	(32 442 937)	(29 855 620)	(2 771 704)	5 104 362	(7 876 066)