

# **POLOKWANE LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2011**

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**APPROVAL AND CERTIFICATION**

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 42, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

\_\_\_\_\_  
**Ms FL Lamola**  
**MUNICIPAL MANAGER**

DATE \_\_\_\_\_

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

		<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>R</b>	<b>R</b>
<b>NET ASSETS &amp; LIABILITIES</b>			
<b>Net Assets</b>		<b>4 855 748 037</b>	<b>4 763 481 350</b>
Housing development fund	2	11 155 453	10 968 651
Revaluation reserve	3	347 827 216	359 565 517
Accumulated surplus/(deficit)		4 496 765 368	4 392 947 182
<b>Non-current liabilities</b>		<b>257 077 804</b>	<b>54 474 091</b>
Long term liabilities	4	254 480 801	47 907 792
Finance lease liability	39	2 597 004	6 566 299
<b>Current liabilities</b>		<b>594 095 478</b>	<b>508 503 618</b>
Consumer deposits	5	57 596 427	51 836 858
Trade and other payables	6	180 308 585	228 954 075
Provisions	36	158 810 424	142 174 086
Unspent conditional grants and receipts	7	166 832 457	79 021 541
Current portion of long term liabilities	4	26 578 289	2 874 203
Current portion of finance lease liability	39	3 969 296	3 642 856
<b>Total Net Assets and Liabilities</b>		<b><u>5 706 921 319</u></b>	<b><u>5 326 459 059</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>5 197 716 633</b>	<b>5 083 408 329</b>
Property, plant & equipment	8	5 014 406 515	4 896 217 167
Intangibles	8.1	41 185 281	45 641 302
Investment property	31	125 510 500	125 510 500
Investment in municipal entity (THA)	9	8 217 389	8 217 389
Non-current receivables	10	8 396 949	7 821 971
<b>Current assets</b>		<b>509 204 685</b>	<b>243 050 730</b>
Inventory	11	53 879 838	52 629 647
Short-term investments	9	219 993 222	58 999 800
Consumer debtors	12	193 502 139	153 650 081
Other receivables	13	3 616 710	6 033 929
VAT	14	11 599 731	42 750 530
Current portion of long-term receivables	10	21 371 735	24 636 986
Cash and cash equivalents	15	5 241 310	(95 650 243)
<b>Total Assets</b>		<b><u>5 706 921 319</u></b>	<b><u>5 326 459 059</u></b>

**POLOKWANE MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 R	2010 R
<b>REVENUE</b>			
Property rates	16	211 929 612	173 595 064
Service charges	17	620 813 560	533 025 613
Rental of facilities and equipment		4 336 869	6 051 734
Investment Revenue – external investments	20	8 732 113	32 206 208
Interest earned – outstanding debtors		20 190 077	17 101 099
Fines		4 796 811	2 830 817
Licenses and permits		8 065 163	7 793 005
Income for agency services		13 460 412	9 769 284
Government grants and subsidies recognised - operating	18	358 908 609	364 356 044
Government grants and subsidies recognised - capital	18	127 554 532	329 976 994
Public contributions, donated and contributed property, plant and equipment	19	3 528 444	30 217 440
Other revenue	21	72 569 750	64 832 353
<b>Total Revenue</b>		<b><u>1 454 885 953</u></b>	<b><u>1 571 755 656</u></b>
<b>EXPENDITURE</b>			
Employee related costs	22	362 171 819	333 280 791
Remuneration of councillors	23	19 778 889	18 196 402
Bad debts		47 599 029	(2 391 654)
Collection costs		1 463 112	1 692 446
Depreciation		176 460 819	107 768 136
Repairs and maintenance		95 300 758	86 782 166
Finance cost	24	13 072 740	23 626 735
Bulk purchases	25	418 402 194	314 831 255
Grants and subsidies paid	26	240 000	220 000
General expenses	27	239 712 809	250 229 020
<b>Total Expenditure</b>		<b><u>1 374 202 171</u></b>	<b><u>1 134 235 297</u></b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b><u>80 683 783</u></b>	<b><u>437 520 359</u></b>

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

	Note	Housing Fund	Other reserves	Revaluation Reserve	Total	Accumulated Surplus/ (Deficit)	Total
<b>Balance at 30 June 2009</b>		<b>10 900 596</b>	<b>R 0</b>	<b>R 372 882 758</b>	<b>383 783 354</b>	<b>R 4 099 101 437</b>	<b>R 4 482 884 791</b>
Surplus/(deficit) on revaluation of property, plant and equipment					-		-
Net gains and losses not recognised in the statement of financial performance					-	(10 593 584)	(10,593,584)
Transfers to/ from accumulated surplus/(deficit)		68 055		(13 317 241)	(13,249,186)	(133 081 030)	(146,330,216)
Surplus/(deficit) for the period					-	437 520 359	437,520,359
<b>Balance at 30 June 2010</b>		<b>10 968 651</b>	<b>0</b>	<b>359 565 517</b>	<b>370 534 168</b>	<b>4 392 947 182</b>	<b>4 763 481 350</b>
Surplus/(deficit) on revaluation of property, plant and equipment				1 578 940	1,578,940		1,578,940
Net gains and losses not recognised in the statement of financial performance					-		-
Transfers to/ from accumulated surplus/(deficit)		186 802		(13 317 241)	(13,130,439)	23 134 403	10,003,964
Surplus/(deficit) for the period					-	80 683 783	80,683,783
<b>Balance at 30 June 2011</b>		<b>11 155 453</b>	<b>0</b>	<b>347 827 216</b>	<b>358 982 669</b>	<b>4 496 765 368</b>	<b>4 855 748 037</b>

**POLOKWANE MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from ratepayers, government and others		1 460 078 412	1 368 514 994
Cash paid to suppliers and employees		(1163 088 200)	(1034 054 590)
<b>Cash generated from / (utilized in) operations</b>	<b>29</b>	<b>296 990 212</b>	<b>334 460 404</b>
Interest received		28 922 190	49 307 307
Interest paid		(13 072 740)	(23 626 735)
<b>Net cash from operating activities</b>		<b>312 839 662</b>	<b>360 140 976</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Purchase of property, plant and equipment		(276 861 457)	(884 094 104)
Purchase of intangible assets		(11 024 640)	(13 087 200)
Proceeds on disposal of property, plant and equipment		1 847 330	4 768 967
(Increase)/decrease in non-current receivables		2 690 273	(12 330 862)
(Increase)/decrease in non-current investments		0	82 392 981
(Increase)/decrease in current investments		(160 993 422)	213 138 501
<b>Net cash from investment activities</b>		<b>(444 341 916)</b>	<b>(609 211 717)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term loans		230 277 095	(42 540 846)
Increase/(decrease) in deposits		5 759 569	5 620 109
Decrease in finance lease liability		(3 642 856)	10 209 155
<b>Net cash from financing activities</b>		<b>232 393 808</b>	<b>(26 711 582)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>100 891 554</b>	<b>(275 782 322)</b>
Cash and cash equivalents at beginning of the year		(95 650 243)	180 132 081
Cash and cash equivalents at end of the year		5 241 310	(95 650 243)

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

**POLOKWANE MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

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

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

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

**1.3 GOING CONCERN ASSUMPTION**

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

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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

**STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT  
1.5 NOT YET EFFECTIVE**

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

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

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

Impact on the municipality's financial statements once implemented:  
There is no impact on financial statement on implementations



## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

### 2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

**NOTE: There is a contradiction between the asset management policy in terms of measurement of land and buildings, i.e. land is measured at costs and on the other part is measured at valuation roll rates of the municipality. The municipality has accounted all Property, Plant and Equipment in terms of GRAP 17**

### 2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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

**2.4 DEPRECIATION AND IMPAIRMENT**

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

**Infrastructure**

Roads and Paving	30
Pedestrian Malls	5
Electricity	20-30
Water	15-20
Sewerage	15-20
Housing	30
Refuse sites	15

**Community**

Recreational Facilities	20 to 30
Cemeteries	30
Halls	30
Libraries	30
Parks and gardens	10 to 30
Fire services	30
Clinics	30
Sport fields	20 to 30

**Other assets**

Motor vehicles	5
Plant and equipment	2 to 15
Security measures	3 to 10
Buildings	30
IT equipment	3 to 5
Office equipment	3 to 7
Specialised vehicles	10

Land is not depreciated as it is regarded as having an infinite life

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**2.5 DERECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**3 INTANGIBLE ASSETS**

**3.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### **3.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **3.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### **3.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4 INVESTMENT PROPERTY**

### **4.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

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

The cost of self-constructed investment property is the cost at date of completion.

**4.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

## 5 BIOLOGICAL ASSETS

### 5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

### 5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

## 6 NON-CURRENT ASSETS HELD FOR SALE

### 6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year

### SUBSEQUENT

### 6.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## 7 INVENTORIES

### 7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

**7.2 SUBSEQUENT MEASUREMENT**

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

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

## **8 FINANCIAL INSTRUMENTS**

### **8.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **8.2 SUBSEQUENT MEASUREMENT**

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

#### **8.2.1 INVESTMENTS**

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

#### **8.2.2 TRADE AND OTHER RECEIVABLES**

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

#### **8.2.3 TRADE PAYABLES AND BORROWINGS**

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

#### **8.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand,

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

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

**9 INVESTMENTS IN ASSOCIATES**

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

**10 UNAUTHORISED EXPENDITURE**

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

**11 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**12 FRUITLESS AND WASTEFUL EXPENDITURE**

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

**13 PROVISIONS**

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



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

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

**14 LEASES**

**MUNICIPALITY AS LESSEE**

**14.1**

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**MUNICIPALITY AS LESSOR**

**14.2**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to

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

**15 REVENUE**

**15.1 REVENUE FROM EXCHANGE TRANSACTIONS**

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

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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

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

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

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

**15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

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

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

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

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

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

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

**15.3 GRANTS, TRANSFERS AND DONATIONS**

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

**16 BORROWING COSTS**

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

**17 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

**18 CONSTRUCTION CONTRACTS AND RECEIVABLES**

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

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

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

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

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

**19 IMPAIRMENT OF ASSETS**

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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

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



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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>2. HOUSING DEVELOPMENT FUND</b>		
	<b>11 155 453</b>	<b>10 968 651</b>
Unappropriated Surplus	8 175 482	7 988 680
Loans estinguished by Government in April 1998	2 979 971	2 979 971
The Housing Fund is represented by the following assets and liabilities:		
Property, plant and equipment	507 721	507 721
Housing selling scheme loans	2 397 719	2 525 476
Bank and cash	8 250 013	7 935 454
	<b>11 155 453</b>	<b>10 968 651</b>
<b>3. RESERVES</b>		
Revaluation Reserve	347 827 216	359 565 517
<b>4. LONG TERM LIABILITIES</b>		
Local Registered Stock loans	781 995	781 995
Annuity loans	280 277 095	50 000 000
	281 059 090	50 781 995
Less: Current portion transferred to current	(26 578 289)	(2 874 203)
Local Registered Stock loans	( 65 400)	0
Annuity loans	(26 512 889)	(2 874 203)
	<b>254 480 801</b>	<b>47 907 792</b>
Refer to Appendix A for more detail on long term liabilities.		
<b>5. CONSUMER DEPOSITS</b>		
Water and electricity	<b>57 596 427</b>	<b>51 836 858</b>
No interest is paid on consumer deposits.		
Guarantees held in lieu of electricity and water deposits	<b>9 170 371</b>	<b>9 143 371</b>

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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade Creditors	70 842 072	88 834 949
Amounts received in advance	15 568 871	14 372 751
Other	9 694 984	7 366 482
Guarantees	261 795	261 795
Leave bonus (13th cheque)	7 384 390	16 186 755
Staff leave	40 099 206	41 727 104
Retention withheld on projects	36 457 268	60 204 230
	<b>180 308 585</b>	<b>228 954 075</b>

**UNSPENT CONDITIONAL GRANTS FROM  
GOVERNMENT AND PUBLIC DONATIONS**

<b>7.</b>		
Local government restructuring grant	953 927	953 927
Public transport infrastructure and systems	5 250 000	11 528 189
Municipal infrastructure grant	118 520 006	28 927 683
Limpopo Provincial Government	2 949 710	2 949 710
Water services refurbishment grant	0	16 191 147
Integrated national electrification programme	7 992 204	14 680 270
Electricity demand side management grant	257 208	2 767 678
Housing Accreditation Grant	333 424	318 349
Local Government Transition Grant	649 874	649 874
Local Economic Development Grant	54 714	54 714
Neighbourhood development partnership grant	2 605 292	0
Expanded public works programme incentive	970 098	0
Local Organising Committee	25 000 000	0
Anglo Platinum	1 296 000	0
	<b>166 832 457</b>	<b>79 021 541</b>

See note 18 for reconciliation of grants.  
These amounts are invested until utilised.

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

**8 PROPERTY, PLANT & EQUIPMENT**

	<b>Land and Buildings R</b>	<b>Infrastructure  R</b>	<b>Other and Movable R</b>	<b>Heritage  R</b>	<b>Biological  R</b>	<b>Total  R</b>
<b>Carrying values at 30 June 2010</b>	<b>2 159 451 434</b>	<b>2 597 335 397</b>	<b>122 226 825</b>	<b>8 429 127</b>	<b>8 774 385</b>	<b>4 896 217 167</b>
Cost	2 262 465 216	2 767 254 401	154 686 653	8 429 632	8 774 385	5 201 610 287
Accumulated depreciation – cost	(103 013 782)	(169 919 004)	(32 459 828)	( 505)	0	(305 393 119)
Other movements/transfers	2 244 816	9 261 199	( 210 884)	( 316 604)		10 978 527
Acquisitions	6,736,173	96,398,615	20,539,034	275,549		123,949,371
Capital under construction	13,975,322	138,898,448	38,317			152 912 086
Depreciation – based on cost	-61,946,525	-79,342,634	-28,960,556	-1,708,970		(171 958 685)
Revaluation/ Impairment		-861,269			1,578,940	717 671
Carrying value of disposals			-769,868			( 769 868)
Cost/Accumulated depreciation			417,427			417 427
Major spare parts & stand-by equipment		1,942,813				1 942 813
Other movements/transfers	-227,014,338	184,634,304	42,380,040	0		6
Depreciation- movements/transfers	2,752,226	-2,591,932	-160,295			( 0)
<b>Carrying values at 30 June 2011</b>	<b>1,896,199,108</b>	<b>2,945,674,940</b>	<b>155,500,039</b>	<b>6,679,103</b>	<b>10,353,325</b>	<b>5,014,406,515</b>
Cost	2,058,407,189	3,197,528,510	216,663,291	8,388,577	10,353,325	5,491,340,892
Accumulated depreciation – cost	-162,208,080	-251,853,570	-61,163,252	-1,709,475	0	-476,934,377

All assets were revalued by using depreciated replacement values. The effective date of the revaluation was 1 July 2008.

Included under PPE - Land and buidings, are buildings to the amount of R7 554 992 which is regarded as investement property. See note 39.

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

Refer to Appendix B for more detail on property, plant & equipment, including those in the course of construction.

**8.1 Intangible assets**

	<b>Intangible R</b>
<b>Carrying values at 30 June 2010</b>	<b>45 641 302</b>
Cost	48 509 822
Accumulated depreciation – cost	(2 868 520)
Other movements/transfers	(10 978 527)
Acquisitions	7,015,090
Capital under construction	4,009,550
Depreciation – based on cost	-4,502,134
Depreciation- movements/transfers	1
<b>Carrying values at 30 June 2011</b>	<b>41,185,281</b>
Cost	48,555,935
Accumulated depreciation – cost	-7,370,654

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

		<b>2011</b>	<b>2010</b>
		<b>R</b>	<b>R</b>
<b>9.</b>	<b>INVESTMENTS</b>		
	<b>Long Term Investments</b>		
	Investment in municipal entity (PHA)	<u>8 217 389</u>	<u>8 217 389</u>
		<b>8 217 389</b>	<b>8 217 389</b>
	<b>Short Term Fixed Deposits</b>		
	ABSA Bank	80 576 137	0
	First National Bank	20 000 000	0
	Nedbank	40 279 912	0
	Standard Bank	79 137 173	58 999 800
		<u>219 993 222</u>	<u>58 999 800</u>
	<b>Total Investments</b>	<b>228 210 611</b>	<b>67 217 189</b>
	Council's valuation of investments	<u>228 210 611</u>	<u>67 217 189</u>
	No investments have been written off during the year.		
<b>10.</b>	<b>NON CURRENT RECEIVABLES</b>		
	Housing selling scheme loans	2 397 719	2 525 476
	Sport loans	932 016	1 020 215
	Erven loans	21 312 350	24 446 249
	Loan to Subsidiary - Polokwane Housing Association	5 126 599	4 467 017
		<u>29 768 684</u>	<u>32 458 957</u>
	Less: current portion transferred to current receivables	21 371 735	24 636 986
	Housing selling scheme loans	141 686	164 436
	Sport loans	88 200	88 200
	Erven loans	21 141 849	24 384 350
		<u>8 396 949</u>	<u>7 821 971</u>

**Housing selling scheme loans**

These loans have different interest rates and loans were given over a period of 30 years.

**Sport loans**

These loans were given to sporting bodies at an interest rate of 10% repayable over 10 years. These loans are repayable in 2016.

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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>10. NON CURRENT RECEIVABLES (CONT)</b>		
<b>Erven loans</b>		
These loans were granted to the community for the purchase of stands. The loans attract different interest rates.		
<b>Loan to Subsidiary</b>		
An interest free loan was given to the Polokwane Housing Association. The loan is repayable in 2017.		
<b>11. INVENTORY</b>		
<b>Opening balance of inventories</b>	52 629 647	45 162 700
Consumables stores - at cost	48 961 426	40 649 665
Other goods held for resale - at cost	3 246 426	4 230 637
Water	421 795	282 398
<b>Additions</b>	151 414 733	148 648 748
Consumables stores	46 284 461	63 569 497
Other goods held for resale	318 421	
Water	104 811 851	85 079 251
<b>Issued (Expensed)</b>	(144 854 652)	(128 851 641)
Consumables stores	(39 879 910)	(42 927 576)
Other goods held for resale		( 984 211)
Water	(104 974 742)	(84 939 854)
<b>write-down/ (reversal of write-down) to Net replacement Value and stolen</b>	(5 309 890)	(12 330 160)
Consumables stores	(5 309 890)	(12 330 160)
<b>Closing balances of inventories</b>	53 879 838	52 629 647
Consumable stores - at cost	50 056 087	48 961 426
Unsold properties held for resale	3 564 847	3 246 426
Water - at cost	258 904	421 795
Only properties listed under inventory which were sold during the year, were expensed. All purchased water inventory were capitalized, but only purification costs were capitalized i.r.o. non purchased water inventory		
<b>12. CONSUMER DEBTORS</b>		
Consumer Debtors	330 403 419	257 477 810
Sale of water and electricity 15 to 30June	20 058 221	16 084 299
Less Provision for bad debts	(145 856 743)	(106 736 120)
Less contra debtors suspense account	(18 800 341)	(17 980 405)
Plus outstanding RD cheques	7 697 583	4 804 497
	<b>193 502 139</b>	<b>153 650 081</b>
<b>Ageing of consumer debtors</b>		
Current (0-30 days)	101 884 601	76 655 733
31-60 days	29 402 051	12 988 182
61-90 days	13 186 022	10 461 038
91-120 days	12 694 151	7 872 737
120+ days	193 376 760	149 500 120
	<b>350 543 585</b>	<b>257 477 810</b>
<b>Consumer debtors per category</b>		
Government	26 367 371	29 976 730
Business	46 660 282	77 676 476
Individuals	268 128 944	140 838 884
Other	9 386 988	8 985 720
	<b>350 543 585</b>	<b>257 477 810</b>
The analysis and ageing of consumer debtors per service could not be provided as the billing system utilised by the municipality was not set up to generate such reports		
<b>Reconciliation of bad debt provision</b>		
Balance at beginning of year	106 736 120	109 127 774
Contributions to provision	39 120 623	
Bad debts recovered/(written off) against provision		( 319 631)
Over provision previous year		(2 072 023)
<b>Balance at year end</b>	<b>145 856 743</b>	<b>106 736 120</b>

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

		2011	2010
		R	R
<b>13.</b>	<b>OTHER RECEIVABLES</b>		
	Other debtors	3 115 810	5 535 224
	Deposits	500 900	498 705
		<u>3 616 710</u>	<u>6 033 929</u>
<b>14.</b>	<b>VAT</b>		
	Vat refundable	<u>11 599 731</u>	<u>43 055 833</u>
	Vat is payable on an invoice basis.		
<b>15.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	The municipality has the following bank accounts:		
	<b>Current account (primary bank account)</b>		
	Standard Bank: Polokwane		
	Account number: 030172349		
	Bank statement balance at beginning of year	18 314 811	112 670 896
	Bank statement balance at end of year	<u>10 122 899</u>	<u>18 314 811</u>
	Cash book balance at beginning of year	(96 027 207)	49 930 160
	<b>Cash book balance at end of year</b>	<u>4 863 581</u>	<u>(96 027 207)</u>
	<b>2010 Account</b>		
	Standard Bank: Polokwane		
	Account number: 330535250		
	Bank statement balance at beginning of year	( 70)	128 455 604
	Bank statement balance at end of year	<u>0</u>	<u>( 70)</u>
	Cash book balance at beginning of year	( 70)	128 455 004
	<b>Cash book balance at end of year</b>	<u>0</u>	<u>( 70)</u>
	<b>Housing Account</b>		
	Standard Bank: Polokwane		
	Account number: 330535269		
	Bank statement balance at beginning of year	318 349	1 697 284
	Bank statement balance at end of year	<u>333 424</u>	<u>318 349</u>
	Cash book balance at beginning of year	318 349	1 697 284
	<b>Cash book balance at end of year</b>	<u>333 424</u>	<u>318 349</u>
	Other	545	14 925
	Petty cash	43 760	43 760
		<u>5 241 310</u>	<u>(95 650 243)</u>

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

		2011	2010
		R	R
<b>16.</b>	<b>PROPERTY RATES</b>		
	Residential	82 154 432	91 730 067
	Government	22 876 995	9 885 762
	Commercial	85 179 961	68 179 032
	Other	<u>21 718 224</u>	<u>3 800 203</u>
		<b><u>211 929 612</u></b>	<b><u>173 595 064</u></b>
	<b>VALUATIONS</b>		
		<b>R000's</b>	<b>R000's</b>
	Residential	20 461 205	1 283 668
	Government	3 328 973	131 181
	Commercial	12 325 206	723 877
	Municipal	1 878 292	233 884
	Other	<u>6 231 994</u>	<u>573 963</u>
		<b><u>44 225 670</u></b>	<b><u>2 946 573</u></b>
	Valuations on land are performed every four years and the last general valuation come into effect on 1 July 2010. The basic rate for 2010/11 was .020284c in the Rand on land. Different rebates are granted to owners dependent on the land value of the property. An additional rebate of 20% was granted to pensioners.		
	With the implementation of the new valuation roll, many residential properties were found to exercise illegal landuse rights. These properties were treated as businesses, therefore the decline in revenue of residential properties.		
<b>17.</b>	<b>SERVICE CHARGES</b>		
	Sale of electricity	434 520 160	354 547 529
	Sale of water	105 647 778	105 586 573
	Refuse removal	44 289 851	40 972 883
	Sewerage and sanitation charges	<u>36 355 770</u>	<u>31 918 628</u>
		<b><u>620 813 560</u></b>	<b><u>533 025 613</u></b>
<b>18.</b>	<b>GOVERNMENT SUBSIDIES &amp; GRANTS</b>		
	<b>Operating Grants</b>	<b>360 475 959</b>	<b>364 356 044</b>
	Equitable share	307 859 481	246 638 411
	Municipal systems improvement grant	750 000	400 000
	Water services operating grant	14 667 000	20 806 000
	Finance management grant	632 128	445 248
	Municipal infrastructure grant	0	3 813 643
	Public transport infrastructure and systems grant	35 000 000	35 930 806
	Local Government Housing	0	1 421 935
	Public partners	1 567 350	100 000
	2010 world cup host city operating grant	<u>0</u>	<u>54 800 000</u>
	<b>Capital Grants</b>	<b>129 515 626</b>	<b>329 976 994</b>
	2010 FIFA World Cup Stadium grant	0	150 173 972
	Municipal infrastructural grant	62 236 678	132 967 717
	Finance management grant	367 872	304 752
	Capricorn district municipality	0	2 259 174
	Integrated national electrification programme grant	14 688 067	0
	Electricity demand side management grant	14 510 469	0
	Public transport infrastructure grant	11 528 190	40 912 606
	Expanded public works programme incentive grant	2 478 852	1 091 750
	Neighbourhood development	5 553 258	0
	Public partners	1 961 094	0
	Water services refurbishment grant	<u>16 191 147</u>	<u>2 267 024</u>
	<b>Total Government Grants &amp; Subsidies</b>	<b><u>489 991 585</u></b>	<b><u>694 333 038</u></b>
<b>18.</b>	<b>GOVERNMENT SUBSIDIES &amp; GRANTS (CONTINUED)</b>		
<b>18.1</b>	<b>Equitable Share</b>		
	Balance unspent at beginning of year	0	0
	Current year receipts	307,859,481	246,638,411
	Conditions met – transferred to revenue	<u>(307 859 481)</u>	<u>(246 638 411)</u>
		<b><u>0</u></b>	<b><u>0</u></b>
	This grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a maximum monthly subsidy of R141.00 (2010: R130.50) which is funded from this grant.		
<b>18.2</b>	<b>Restructuring Grant</b>		
	Balance unspent at beginning of year	953 927	953 927
	Current year receipts	-	-



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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
Conditions met – transferred to revenue	0	0
<b>Unspent amount transferred to liabilities</b>	<u>953 927</u>	<u>953 927</u>
(see note 7)		
The grant was used for various restructuring initiatives.		
<b>18.3 Finance Management Grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	1 000 000	750 000
Conditions met – transferred to revenue	<u>(1 000 000)</u>	<u>(750 000)</u>
<b>Unspent amount transferred to liabilities</b>	<u>0</u>	<u>0</u>
(see note 7)		
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		

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

	2011 R	2010 R
<b>18.4 Water Services Operating Subsidy Grant</b>		
Current year receipts	14 667 000	20 806 000
Conditions met – transferred to revenue	<u>(14 667 000)</u>	<u>(20 806 000)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>
(see note 7)		
The grant was utilised to subsidize salaries of staff and repair and maintenance of water schemes transferred by DWAF.		
<b>18.5 Public Transport Infrastructure and Systems</b>		
Balance unspent at beginning of year	11 528 189	27 225 601
Current year receipts	40 250 000	61 146 000
Conditions met – transferred to revenue	<u>(46 528 189)</u>	<u>(76 843 412)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>5 250 000</u></b>	<b><u>11 528 189</u></b>
(see note 7)		
The grant was used for public transport and non motorised transport infrastructure.		
<b>18.6 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	750 000	400,000.0
Conditions met – transferred to revenue	<u>( 750 000)</u>	<u>-400,000.0</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>0</u></b>	<b><u>0</u></b>
(see note 7)		
The purpose of the grant is for institutional systems. The grant was utilised.		
<b>18. GOVERNMENT SUBSIDIES &amp; GRANTS (CONTINUED)</b>		
<b>18.7 2010 FIFA World Cup Stadium Development</b>		
Balance unspent at beginning of year	0	128 455 004
Current year receipts	0	21 718 968
Conditions met – transferred to revenue	<u>0</u>	<u>(150 173 972)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>0</u></b>	<b><u>0</u></b>
(see note 7)		
This grant was utilised to construct a new 2010 stadium for the 2010 FIFA soccer World Cup. The conditions of the grant were met and no funds have been withheld.		
<b>18.8 Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	28 927 683	35 906 043
Current year receipts	151 829 000	129 803 000
Conditions met – transferred to revenue	<u>(62 236 678)</u>	<u>(136 781 360)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>118 520 005</u></b>	<b><u>28 927 683</u></b>
(see note 7)		
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met and no funds have been withheld.		
<b>18.9 Limpopo Provincial Government</b>		
Balance unspent at beginning of year	2 949 710	2 949 710
Current year receipts	0	0
Conditions met – transferred to revenue	<u>0</u>	<u>0</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>2 949 710</u></b>	<b><u>2 949 710</u></b>
(see note 7)		
The grant was used to plan the construction of the convention centre.		
<b>18.10 Water Services Refurbishment Grant</b>		
Balance unspent at beginning of year	16 191 147	8 621 171
Current year receipts	0	9 837 000
Conditions met – transferred to revenue	<u>(16 191 147)</u>	<u>(2 267 024)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>0</u></b>	<b><u>16,191,147</u></b>
(see note 7)		
The grant was utilised to subsidise water schemes transferred by DWAF.		
<b>18.11 2010 World Cup Host City Operating Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	0	54 800 000
Conditions met – transferred to revenue	<u>0</u>	<u>(54 800 000)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>0</u></b>	<b><u>0</u></b>
(see note 7)		
The grant was utilised to cover operational expenses associated with the hosting of the 2010 FIFA World Cup competition.		
<b>18.12 Limpopo Local Government &amp; Housing</b>		
Balance unspent at beginning of year	318 349	1 697 284
Current year receipts	15 075	43 840
Conditions met – transferred to revenue	<u>0</u>	<u>(1 422 775)</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>333 424</u></b>	<b><u>318 349</u></b>

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

	2011	2010
	R	R
(see note 7)		
The grant was used to fund the housing accreditation process		
<b>18.13 Local Government Transition Grant</b>		
Balance unspent at beginning of year	649 874	649 874
Current year receipts	0	0
Conditions met – transferred to revenue	0	0
<b>Unspent amount transferred to liabilities</b>	<b>649 874</b>	<b>649 874</b>
(see note 7)		
The grant was used to fund the local government transitional phase		

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

	2011	2010
	R	R
<b>18.14 Local Economic Development Grant</b>		
Balance unspent at beginning of year	54 714	54 714
Current year receipts	0	0
Conditions met – transferred to revenue	0	0
<b>Unspent amount transferred to liabilities</b>	<u>54 714</u>	<u>54 714</u>
(see note 7)		
The grant was used to fund local economic development processes .		
<b>Integrated National Electrification Programme Grant</b>		
<b>18.15 Grant</b>		
Balance unspent at beginning of year	14 680 271	7 058 388
Current year receipts	8 000 000	37 607 000
Conditions met – transferred to revenue	<u>(14 688 067)</u>	<u>(29 985 117)</u>
<b>Unspent amount transferred to liabilities</b>	<u>7 992 204</u>	<u>14 680 271</u>
(see note 7)		
The grant was used to fund projects to address electrification backlogs in rural areas .		
<b>18.16 Electricity Demand Side Management Grant</b>		
Balance unspent at beginning of year	2 767 678	0
Current year receipts	12 000 000	3 000 000
Conditions met – transferred to revenue	<u>(14 510 470)</u>	<u>( 232 322)</u>
<b>Unspent amount transferred to liabilities</b>	<u>257 208</u>	<u>2 767 678</u>
(see note 7)		
The grant was used to fund projects in order to mitigate the risk of load shedding and supply interruptions .		

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

	2011 R	2010 R
<b>18.17 Expanded Public Works Programme Incentive Grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	3 448 950	0
Conditions met – transferred to revenue	<u>(2 478 852)</u>	<u>0</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>970 098</u></b>	<b><u>-</u></b>
(see note 7)		
The grant was used to fund projects in order to maximise job creation and skills development .		
<b>18.18 Neighbourhood Development Partnership Grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	8 158 550	0
Conditions met – transferred to revenue	<u>(5 553 258)</u>	<u>0</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>2 605 292</u></b>	<b><u>-</u></b>
(see note 7)		
The grant was used to fund projects in order to provide community infrastructure to improve quality of life of residents in townships .		
<b>PUBLIC CONTRIBUTIONS, DONATED &amp; CONTRIBUTED PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>19 Loc/Eskom/Dept of Transport and Anglo Platinum</b>		
Balance unspent at beginning of year	-	-
Current year receipts	29 824 444	0
Conditions met – transferred to revenue	<u>(3 528 444)</u>	<u>0</u>
<b>Unspent amount transferred to liabilities</b>	<b><u>26 296 000</u></b>	<b><u>0</u></b>
(see note 7)		
The grant was utilised to install electricity and road infrastructure.		
<b>20. INVESTMENT REVENUE EXTERNAL INVESTMENTS</b>		
Current account	3 023 736	7 056 806
External investments	5 078 795	24 627 137
Investment in PHA	<u>629 582</u>	<u>522 265</u>
	<b><u>8 732 113</u></b>	<b><u>32 206 208</u></b>
<b>21. OTHER REVENUE</b>		
Building plan fees	3 190 319	2 705 133
Consumer Connection fees	6 300 114	8 056 747
Sale of erven	21 430 899	24 882 191
Surcharge excess	20 605 785	4 970 327
Royalties Silicon	2 192 792	1 060 369
Services contributions	2 217 622	2 728 010
Reconnection and notice fees	5 471 096	5 992 267
Refund Seta levy	1 196 154	423 837
Labotatory tests	3 508 172	1 445 333
Stock gains	0	2 492 979
Game sales	0	1 876 301
Sundry income	6 456 796	8 198 858
	<b><u>72 569 750</u></b>	<b><u>64 832 353</u></b>
<b>22. EMPLOYEE RELATED COSTS</b>		
Employee related cost - Salaries and wages	221 617 548	198 817 334
Employee related cost - Social contributions	56 140 565	52 848 614
Travel, motor car, accommodation & other allowances	22 269 567	19 054 783
Housing benefits and allowances	8 458 689	7 949 324
Overtime benefits	43 026 019	36 409 059
Leave reserve provision	5 372 469	16 067 534
Long term service awards	5 286 963	1 344 583
	<b><u>362 171 819</u></b>	<b><u>332 491 231</u></b>
There were no advances paid to employees. Loans to employees is set out in Note 10.		
<b>Municipal Manager</b>		
Annual remuneration	496 734	456 826
Allowances	139 188	112 000
Council Contributions	<u>122 074</u>	<u>120 457</u>
	<b><u>757 996</u></b>	<b><u>689 283</u></b>
The position was vacant for 4 months of the year.		
<b>Chief Financial Officer</b>		
Annual remuneration	807 095	727 560

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

	2011	2010
	R	R
Allowances	72 000	72 000
Council Contributions	181 809	173 039
	<u>1 060 904</u>	<u>972 599</u>

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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>Director Planning</b>		
Annual remuneration	402 265	517 518
Allowances	84 000	168 000
Council Contributions	71 261	128 628
	<u>557 526</u>	<u>814 146</u>
The position was vacant for 5 months of the year.		
<b>Director Technical Services</b>		
Annual remuneration	200 045	
Allowances	63 280	
Council Contributions	58 561	
	<u>321 886</u>	<u>0</u>
The position was vacant for 7 months of the year.		
<b>22. EMPLOYEE RELATED COSTS (CONT)</b>		
<b>Director Community Services</b>		
Annual remuneration	508 375	462 583
Allowances	216 000	216 000
Council Contributions	148 569	139 792
	<u>872 944</u>	<u>818 375</u>
<b>Director Corporate Services</b>		
Annual remuneration	272 940	
Allowances	54 240	
Council Contributions	644	
	<u>327 824</u>	<u>0</u>
The position was vacant for 7 months of the year.		
<b>Director 2010</b>		
Annual remuneration	576 428	520 938
Allowances	168 000	168 000
Council Contributions	149 614	144 093
	<u>894 042</u>	<u>833 031</u>
No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.		
<b>23. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	745 004	710 756
Speaker	599 569	558 605
Chief Whip	485 433	524 855
Mayoral Committee members	3 816 886	3 601 267
Councillors	14 131 997	12 800 919
	<u>19 778 889</u>	<u>18 196 402</u>
The Executive Mayor, Speaker and certain Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle.		
<b>24. FINANCE COST</b>		
Local Registered Stock loans	88 199	32 692
Finance leases	759 800	
Annuity loans	12 224 742	23 594 043
	<u>13 072 740</u>	<u>23 626 735</u>
<b>25. BULK PURCHASES</b>		
Electricity	313 590 343	229 752 004
Water	104 811 851	85 079 251
	<u>418 402 194</u>	<u>314 831 255</u>

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

		2011 R	2010 R
<b>26.</b>	<b>GRANT AND SUBSIDIES PAID</b>		
	Animal care : SPCA	240 000	220 000
		<u>240 000</u>	<u>220 000</u>
<b>27.</b>	<b>GENERAL EXPENSES</b>		
	Free basic services	16 139 113	13 346 554
	Printing and stationery	4 049 696	3 018 491
	Rental equipment	5 908 477	9 051 080
	Stores and material	2 844 529	3 594 450
	Meter reading	4 200 976	3 366 107
	Research and development	1 679 953	2 532 440
	Training	2 491 358	1 927 322
	Postage and telegram	1 966 669	1 862 380
	Legal expenses	2 159 657	2 712 444
	Subsistence and travelling	4 088 123	4 729 772
	Security services	17 780 759	11 080 346
	Telephone costs	5 087 758	5 500 128
	Garden services	4 955 221	2 250 028
	Awareness campaigns	67 685	59 270
	Insurance	7 345 025	9 336 419
	Levy Seta training	2 966 776	2 552 117
	Street cleaning	7 795 615	7 843 641
	Cost of unsold property	0	984 211
	Provision for rehabilitation of landfill sites	276 971	251 792
	Fuel and oil	5 896 419	8 955 203
	Bank charges	3 213 987	1 419 852
	Stock losses	1 000 494	0
	Loss on disposal of assets	131 631	0
	Festivals	0	1 554 808
	2010 Operating expenses	53 458 437	95 656 135
	Subscription fees	2 687 032	2 426 556
	Medical aid contributions continued members	22 631 323	3 093 780
	Valuation roll	1 988 333	7 011 477
	Waste disposal	6 853 970	4 605 931
	Other	50 046 822	39 506 287
		<u>239 712 809</u>	<u>250 229 020</u>

**28. CORRECTION OF ERROR**

During the year ended 30 June 2011 and previous years provisions, trade and other payables, Long term liabilities and Property, Plant and Equipment were incorrectly recognised.

The comparative amount has been restated as follows:

**Provisions**

Adjustment on Post-employment health care benefits	(124 945 775)
Adjustment on long service awards	(8 873 872)
Adjustment ex-gratia benefits	(5 584 727)
Adjustment on leave bonuses (13th cheque)	0
Adjustment on landfill site	(2 769 712)
	<u>(142 174 086)</u>

Net effect on statement on Accumulated surplus opening balance (142 174 086)

**Trade and other payables**

Deferred income	(3 018 047)
Adjustment on leave bonuses (13th cheque)	16 186 755
	<u>13 168 708</u>

Net effect on statement on Accumulated surplus opening balance 13 168 708

**Long term liabilities**

Adjustment on finance leases	(10 209 155)
	<u>(10 209 155)</u>

Net effect on statement on Accumulated surplus opening balance (10 209 155)

**Assets**

Adjustment on property plant & equipment	<u>0</u>
Adjustment on Intangible assets	<u>0</u>
Net effect on statement on Accumulated surplus opening balance	<u>0</u>

Total Net effect on Statement of Financial Position (139 214 533)

Total Net effect on statement on Accumulated surplus opening balance (133 081 030)



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

		2011	2010
		R	R
29.	<b>CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
	<b>Net surplus for the year</b>	80 683 783	441 663 269
	Adjustment for:		
	Correction of prior year error	0	(27 166 118)
	Depreciation charges	176 460 819	107 768 136
	Interest received	(8 732 113)	(32 236 208)
	Interest paid	13 072 740	23 626 735
	<b>Operating surplus before working capital changes</b>	<b>261 485 229</b>	<b>513 655 814</b>
	(Increase)/decrease in inventories	(1 250 191)	(7 466 947)
	(Increase)/decrease in debtors	(39 852 058)	(31 178 530)
	(Increase)/decrease in other debtors	2 417 219	(1 385 489)
	Increase/(decrease) in conditional grants	87 810 916	(136 859 349)
	Increase/(decrease) in creditors	(48 645 490)	9 551 354
	Increase/(decrease) in provisions	16 636 338	2 728 801
	(Increase)/decrease in VAT	31 150 799	12 725 002
	<b>Cash generated by operations</b>	<b><u>309 752 763</u></b>	<b><u>361 770 656</u></b>
30.	<b>ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>		
30.1	<b>Contribution to SALGA</b>		
	Council membership fees payable	1 877 425	1 685 865
	Amount paid current year	<u>(1 877 425)</u>	<u>(1 685 865)</u>
	<b>Balance unpaid (included in creditors)</b>	<b><u>-</u></b>	<b><u>-</u></b>
30.2	<b>Audit Fees</b>		
	Current year audit fee	3 101 941	1 510 210
	Amount paid current year	<u>(3 101 941)</u>	<u>(1 510 210)</u>
	<b>Balance unpaid (included in creditors)</b>	<b><u>-</u></b>	<b><u>-</u></b>

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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>30.3 VAT</b>		
VAT is payable on the invoice basis. VAT input receivables and VAT output receivable are shown in note 14. All VAT returns have been submitted by the due date throughout the year.		
<b>30.4 Pay as You Earn (PAYE)</b>		
Current payroll deductions	47 486 008	39 109 530
Amount paid current year	<u>(47 486 008)</u>	<u>(39 109 530)</u>
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>
<b>30.5 Unemployment Insurance Fund (UIF)</b>		
Current payroll deductions	3 883 679	3 589 908
Amount paid current year	<u>(3 883 679)</u>	<u>(3 589 908)</u>
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>
<b>30. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (CONT)</b>		
<b>30.6 Medical Aid</b>		
Current payroll deductions	24 467 420	20 461 936
Amount paid current year	<u>(24 467 420)</u>	<u>(20 461 936)</u>
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>
<b>30.7 Pension Fund</b>		
Current payroll deductions	56 534 057	50 329 279
Amount paid current year	<u>(56 534 057)</u>	<u>(50 329 279)</u>
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>
<b>31. INVESTMENT PROPERTY</b>		
Cost	125,510,500	125,510,500
Correction of error	-	-
Change in accountintg policy	-	-
Acquisitions	-	-
Disposal	-	-
Impairment	-	-
<b>TOTAL</b>	<u>125,510,500</u>	<u>125,510,500</u>
<b>RECONCILIATION OF INVESTMENT PROPERTY</b>		
Opening balance 1 July	125,510,500	125,510,500
Additions	-	-
Disposal	-	-
Impairment	-	-
<b>Closing balance at 30 June</b>	<u>125,510,500</u>	<u>125,510,500</u>
The rental income generated from the investment property is R 4.8 million		
The investment property comprises mostly land leased for agricultural purposes		
<b>32. COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
Approved and contracted for	<u>302 802 000</u>	<u>420 576 696</u>
The expenditure will be financed from:		
- Capital Replacement Reserve	166 185 733	137 110 130
- Government and other Grants	<u>136 616 267</u>	<u>283 466 566</u>
	<u>302 802 000</u>	<u>420 576 696</u>

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

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>33. CONTINGENT LIABILITIES</b>		
<b>33.1 Oscon Domestic Installations</b>		
Dispute regarding awarding of tender.	300,000	300,000
<b>33.2 K Yendall</b>		
Seeks payment for alleged outstanding pension benefits	160,000	160,000
<b>33.3 Blue Sands Trading</b>		
Claim for payment in terms of session.	1,300,000	1,300,000
<b>33.4 OA International</b>		
Claim of alleged arrear consulting fees	279,900	279,900

The above legal matters are ongoing and have not yet been finalised.

**UNAUTHORISED, IRREGULAR,  
FRUITLESS AND WASTEFUL  
35 EXPENDITURE DISALLOWED**

	2011	2010
<b>35.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balance	182,218,767	151,281,000
Unauthorised expenditure current year	89,849,171	30,937,767
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>272,067,938</u>	<u>182,218,767</u>

Actual expenditure exceeded the budget by R89 849 171 -refer to Appendix E1

**35.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure		
Opening balance -	909,100	909,100
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonem	<u>909,100</u>	<u>909,100</u>

This relate to the amount paid to Linchi property consultants for preparation of valuation roll

**35.3 Irregular expenditure**

Reconciliation of irregular expenditure		
Opening balance	325,184	325,126
Mayor over payment	-	-
Fruitless and wasteful expenditure current - Traditional leaders	-	92,077
Fruitless and wasteful expenditure current year-council	-	-
Overpayment Councillors	-	-
Underpayment Councillors	-	-
Overpayment S57 Managers	-	-
Non compliance with SCM policy/tender and quotation procedures	10,902,313	-
Non compliance with SCM policy/awards to persons employed by the state	2,996,025	-
Non compliance with SCM policy/awards to persons employed by the Municipality	104,347	-
Condoned or written off by Council	-	(92,019)
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	<u>14,327,869</u>	<u>325,184</u>

Section 57 Managers received increases during the year without signing performance contracts.

During the year, goods and/or services to the amount off R10 902 313 were acquired with out following SCM policy.

During the year, payments for goods and/or services to the amount of R2 996 025 were made to persons who are employed by the state

During the year, payments for goods and/or services to the amount of R104 347 were made to persons who are employed by the Municipality

These expenditure deemed to be irregular expenditure.

**36 PROVISIONS**

**36.1 Provision for rehabilitation of landfill sites**

Carrying amount at beginning of year	2,769,712	2,517,920
Additions during the year	276,971	251,792
Reductions during the year	0	0
Carrying amount at end of year	<u>3,046,683</u>	<u>2,769,712</u>

The Weltevreden Landfill Site is a permitted facility in terms of Section 20 of the Environmental Conservation Act (Act 73 of 1989) and is located on portion 4 of the farm Weltevreden 746 LS - District Polokwane. The expected life span of the site is a further 12 years

**Post-Employment Health Care**  
**36.2 Benefits**

Fair value of plan assets	-	-
Accrued liability	138,685,784	124,945,775
<b>Unfunded Accrued Liability</b>	<b>138,685,784</b>	<b>124,945,775</b>
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
Miscellaneous item	-	-
Net Liability in Balance Sheet	<b>138,685,784</b>	<b>124,945,775</b>

*Reconciling and projecting the unfunded accrued liability*

**Unfunded Accrued Liability**

Opening balance	124,945,775	124,463,553
Current-service cost	6,813,415	5,985,580
Interest cost	11,372,251	11,217,998
Expected return on plan assets	-	-
<b>Actuarial (Gain)/Loss</b>	-	(13,074,494)
Past-service cost	-	-
Effect of curtailment/settlement	-	-
<b>Actual employer benefit payments</b>	(4,445,656)	(3,646,862)
Employer prefunding contributions	-	-
<b>Closing Balance</b>	<b>138,685,785</b>	<b>124,945,775</b>

*Net liability to reflect in the balance sheet*

Opening balance	124,945,775	-
Current-service cost	6,813,415	5,985,580
Interest	11,372,251	11,217,998
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (Gain)/loss recognised in P&L	-	(13,074,494)
Past-service cost recognised	-	-
Effect of curtailment/settlement	-	-
<b>Net Pre-dioic Cost Recognised in P&amp;L</b>	<b>143,131,441</b>	<b>4,129,084</b>
Actual employer benefits payments	(4,445,656)	(3,646,862)
Transitional liability recognised	-	-
Employer prefunding contributions	-	-
Transitional liability recognised P&L	-	124,463,553
Actuarial (Gain)/loss recognised outside P&L	-	-
<b>Closing Balance</b>	<b>138,685,785</b>	<b>124,945,775</b>

The following assumptions has been used for current and prior year

Discount rate	9.14%	10.81%
Health care cost inflation rate	9.65%	7.89%

**36.3 Long Service Awards**

Fair value of plan assets	-	-
Accrued liability	10,891,471	8,873,872
<b>Unfunded Accrued Liability</b>	<b>10,891,471</b>	<b>8,873,872</b>
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
Miscellaneous item	-	-
Net Liability in Balance Sheet	<b>10,891,471</b>	<b>8,873,872</b>

*Reconciling and projecting the unfunded accrued liability*

**Unfunded Accrued Liability**

Opening balance	8,873,872	6,944,166
Current-service cost	1,822,778	1,161,279
Interest cost	604,072	574,893
Expected return on plan assets	-	-
<b>Actuarial (Gain)/Loss</b>	-	505,984
Past-service cost	-	-

Effect of curtailment/settlement	-	-
<b>Actual employer benefit payments</b>	(409,251)	(312,450)
Employer prefunding contributions	-	-
<b>Closing Balance</b>	<b>10,891,471</b>	<b>8,873,872</b>

*Net liability to reflect in the balance sheet*

Opening balance	8,873,872	-
Current-service cost	1,822,778	1,161,279
Interest	604,072	574,893
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (Gain)/loss recognised in P&L	-	505,984
Past-service cost recognised	-	-
Effect of curtailment/settlement	-	-
<b>Net Prediic Cost Recognised in P&amp;L</b>	<b>11,300,722</b>	<b>2,242,156</b>
Actual employer benefits payments	(409,251)	(312,450)
Transitional liability recognised	-	-
Employer prefunding contributions	-	-
Transitional liability recognised outside P&L	-	6,944,166
Actuarial (Gain)/loss recognised outside P&L	-	-
<b>Closing Balance</b>	<b>10,891,471</b>	<b>8,873,872</b>

Employees qualify for the following long service awards:

- After 10 years of continuous service an amount of R581 (adjusted annually) per each year of service
- After 20 years of continuous service a watch to the value of R5 253 (adjusted annually)
- Additional 10,20 and 30 leave days for 10,15 and each 5 years after 15 years of service respectively

**36.4 Ex-gratia benefits**

Fair value of plan assets	-	-
Accrued liability	6,186,486	5,584,727
<b>Unfunded Accrued Liability</b>	<b>6,186,486</b>	<b>5,584,727</b>
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
Miscellaneous item	-	-
Net Liability in Balance Sheet	<b>6,186,486</b>	<b>5,584,727</b>

*Reconciling and projecting the unfunded accrued liability*

**Unfunded Accrued Liability**

Opening balance	5,584,727	4,838,110
Current-service cost	428,348	466,926
Interest cost	512,861	558,551
Expected return on plan assets	-	-
<b>Actuarial (Gain)/Loss</b>	-	(21,153)
Past-service cost	-	-
Effect of curtailment/settlement	-	-
<b>Actual employer benefit payments</b>	<b>(339,450)</b>	<b>(257,707)</b>
Employer prefunding contributions	-	-
<b>Closing Balance</b>	<b>6,186,486</b>	<b>5,584,727</b>

*Net liability to reflect in the balance sheet*

Opening balance	5,584,727	-
Current-service cost	428,348	466,926
Interest	512,861	558,551
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (Gain)/loss recognised in P&L	-	(21,153)
Past-service cost recognised	-	-
Effect of curtailment/settlement	-	-
<b>Net Prediic Cost Recognised in P&amp;L</b>	<b>6,525,936</b>	<b>1,004,324</b>
Expected employer benefits payments	(339,450)	(257,707)
Transitional liability recognised	-	-
Employer prefunding contributions	-	-
Transitional liability recognised outside P&L	-	4,838,110
Actuarial (Gain)/loss recognised outside P&L	-	-
<b>Closing Balance</b>	<b>6,186,486</b>	<b>5,584,727</b>
<b>Total Provisions</b>	<b>158,810,424</b>	<b>142,174,086</b>



### 37 RISK MANAGEMENT

#### 37.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets exposed to credit risk at year end were as follows:

Investment in Banks	219,993,222	58,999,800
Trade and other receivables	193,502,139	137,565,782
	<b>413,495,361</b>	<b>196,565,582</b>

These balances represent the maximum exposure to credit risk.

#### 37.2 Liquidity risk

The municipality'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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Borrowings	254,480,801	47,866,125
Trade and other payables	180,308,585	209,749,270
	<b>434,789,386</b>	<b>257,615,395</b>

#### Ratification of deviations from

#### 38 breaches in procurement processes

Prescribed procurement processes were not followed but was approved by the Municipal Manager in terms of delegated powers and in accordance with Supply Chain Management Regulations and Policy. Valid reasons for deviations were recorded in all instances.

	<b>13,868,634</b>	<b>171,577,853</b>
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#### 39 Finance lease commitments

The municipality future lease commitments on printing equipment and their present values are as follows:

	Minimum lease payments	Finance costs	Present value
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**2011**

## Current

Due within one year	4,421,714	452,419	3,969,296
Due between one and five years	2,690,373	93,369	2,597,004
	<b>7,112,087</b>	<b>545,788</b>	<b>6,566,299</b>

## 2010

Due within one year	4,456,819	813,963	3,642,856
Due between one and five years	7,112,087	545,788	6,566,299
	<b>11,568,907</b>	<b>1,359,751</b>	<b>10,209,155</b>

The implicit interest rate embedded on a lease is 9.5%. The lease expires in February 2013 (Itec Meso) and the other one is Konica Minolta which expires in 28 February 2012

**40 RELATED PARTIES**

## Members of key management

No other payments are paid outside contractual employment payments from employment. Refer to note 22 for remuneration.

## Compensation to councillors and other key management

Payments to councillors are for allowances as gazetted. No other payments are made to councillors. Refer to note 23 for remuneration of councillors.

## Post employment benefit plan for employees of municipality and/or other related parties

Refer to note 36.2

## Other related party relationships

Polokwane Housing Association. Refer to note 10

**41 DISTRIBUTION LOSSES**

The municipality has incurred the following distribution losses as result of supply of Electricity and Water

Water distribution losses In KL	5,331,204	5,279,506
Electricity distribution losses kWh	91,669,634	40,730,798

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

External Loans	Loan No.	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed or written off during the period	Balance at 30 June 2011
			R	R	R	R
<b>LONG TERM LOANS</b>						
Stock Loan@10%	508	2011/12	15 400			15 400
Stock Loan@10%	509	2011/12	41 667			41 667
Stock Loan@10%	513	2011/12	8 333			8 333
Stock Loan@10%	510	2013/14	53 333			53 333
Stock Loan@10%	511	2013/14	30 000			30 000
Stock Loan@10%	512	2013/14	30 000			30 000
Stock Loan@10%	514	2014/15	100 000			100 000
Stock Loan@10%	515	2014/15	10 000			10 000
Stock Loan@10%	516	2014/15	22 000			22 000
Stock Loan@10%	517	2014/15	83 333			83 333
Stock Loan@10%	523	2014/15	14 667			14 667
Stock Loan@10%	518	2015/16	7 799			7 799
Stock Loan@10%	519	2015/16	8 633			8 633
Stock Loan@10%	520	2015/16	40 000			40 000
Stock Loan@10%	522	2015/16	6 829			6 829
Stock Loan@10%	524	2015/16	90 000			90 000
Stock Loan@10%	525	2015/16	200 000			200 000
Stock Loan@10%	527	2016/17	20 000			20 000
			<b>781 995</b>	<b>0</b>	<b>0</b>	<b>781 995</b>
<b>ANNUITY LOAN</b>						
ANNUITY LOAN @ 11.52	6.1E+07	2019/20	50 000 000		2 874 203	47 125 797
ANNUITY LOAN @ 8.875	6.1E+07	2020/21		233 151 298		233 151 298
			<b>50 000 000</b>	<b>233 151 298</b>	<b>2 874 203</b>	<b>280 277 095</b>
<b>Total External Loans</b>			<b>50 781 995</b>	<b>233 151 298</b>	<b>2 874 203</b>	<b>281 059 090</b>

**APPENDIX B  
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2011**

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
<b>LAND</b>	<b>252,225,070</b>	<b>175,476</b>	<b>278,717</b>	<b>0</b>	<b>252,679,263</b>	<b>183,790</b>	<b>1,273,749</b>	<b>0</b>	<b>1,457,539</b>	<b>251,221,724</b>
Land	252,225,070	175,476	278,717		252,679,263	183,790	1,273,749		1,457,539	251,221,724
<b>BUILDINGS</b>	<b>2,012,484,962</b>	<b>-220,591,989</b>	<b>13,696,604</b>	<b>0</b>	<b>1,805,589,577</b>	<b>102,829,992</b>	<b>57,920,550</b>	<b>0</b>	<b>160,750,542</b>	<b>1,644,839,035</b>
Dwellings	31,751,200	549,119			32,300,319	3,214,606	1,075,941		4,290,547	28,009,772
Non Residential	1,980,733,762	-221,141,108	13,696,604		1,773,289,258	99,615,386	56,844,609		156,459,995	1,616,829,263
<b>INFRASTRUCTURE</b>	<b>2,788,107,938</b>	<b>282,254,836</b>	<b>138,898,448</b>	<b>0</b>	<b>3,209,261,222</b>	<b>171,481,202</b>	<b>85,799,392</b>	<b>0</b>	<b>257,280,594</b>	<b>2,951,980,627</b>
Electricity reticulation	682,593,195	128,763,525	24,106,033		835,462,753	42,435,969	23,894,444		66,330,413	769,132,339
Roads, pavements, bridges & stormwater	1,372,379,078	24,651,087	48,852,363		1,445,882,528	95,276,686	40,415,122		135,691,808	1,310,190,720
Water reservoirs & reticulation	440,968,675	118,253,340	31,907,660		591,129,675	20,911,456	15,687,236		36,598,692	554,530,983
Sewerage purification & reticulation	281,377,500	10,166,760	33,726,407		325,270,667	12,498,986	5,514,329		18,013,315	307,257,352
Solid Waste	8,380,007	356,561			8,736,568	56,704	167,949		224,653	8,511,915
Cemetaries	2,409,483	63,563	305,985		2,779,031	301,401	120,312		421,713	2,357,318
<b>MOVABLE &amp; OTHER ASSETS</b>	<b>141,047,305</b>	<b>64,753,173</b>	<b>38,317</b>	<b>769,868</b>	<b>205,068,926</b>	<b>30,622,027</b>	<b>25,531,629</b>	<b>417,427</b>	<b>55,736,227</b>	<b>149,332,699</b>
Machinery & equipment	63,546,706	47,128,183	38,317	155,306	110,557,899	10,008,811	14,271,060	39,812	24,240,058	86,317,841
Furniture & Equipment	12,876,537	9,574,383		12,528	22,438,392	4,637,537	3,217,974	7,847	7,847,664	14,590,728
Computer Equipment	7,563,240	2,469,592		298,778	9,734,054	3,106,595	1,638,080	225,784	4,518,891	5,215,163
Transport Vehicles	57,060,822	5,581,015		303,256	62,338,581	12,869,084	6,404,515	143,985	19,129,614	43,208,967
<b>HERITAGE ASSETS</b>	<b>8,112,016</b>	<b>276,561</b>	<b>0</b>	<b>0</b>	<b>8,388,577</b>	<b>0</b>	<b>1,709,475</b>	<b>0</b>	<b>1,709,475</b>	<b>6,679,102</b>
Heritage assets	8,112,016	276,561			8,388,577		1,709,475		1,709,475	6,679,102
<b>BIOLOGICAL ASSETS</b>	<b>8,774,385</b>	<b>1,578,940</b>	<b>0</b>	<b>0</b>	<b>10,353,325</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,353,325</b>
Biological Assets	8,774,385	1,578,940	0		10,353,325				0	10,353,325
<b>INTANGIBLE ASSETS</b>	<b>37,530,283</b>	<b>7,016,103</b>	<b>4,009,550</b>	<b>0</b>	<b>48,555,936</b>	<b>2,868,014</b>	<b>4,502,640</b>	<b>0</b>	<b>7,370,654</b>	<b>41,185,282</b>
Intangible Assets	37,530,283	7,016,103	4,009,550		48,555,936	2,868,014	4,502,640		7,370,654	41,185,282
<b>TOTAL</b>	<b>5,248,281,959</b>	<b>135,463,099</b>	<b>156,921,636</b>	<b>769,868</b>	<b>5,539,896,826</b>	<b>307,985,025</b>	<b>176,737,433</b>	<b>417,427</b>	<b>484,305,031</b>	<b>5,055,591,795</b>

**APPENDIX C  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2011**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	
<b>EXECUTIVE COUNCIL</b>	<b>1 059 060</b>	<b>149 980</b>	-	-	<b>1 209 040</b>	<b>368 632</b>	<b>53 554</b>	-	<b>422 186</b>	<b>786 854</b>	
Executive Council	1 059 060	149 980			1 209 040	368 632	53 554		422 186	786 854	
<b>BUDGET &amp; TREASURY OFFICE</b>	<b>(3 187 869)</b>	<b>10 365 520</b>	<b>2 709 680</b>	<b>618 953</b>	<b>9 268 378</b>	<b>(178 011)</b>	<b>3 004 366</b>	<b>378 454</b>	<b>2 447 901</b>	<b>6 820 477</b>	
Finance	(3 187 869)	10 365 520	2 709 680	618 953	9 268 378	(178 011)	3 004 366	378 454	2 447 901	6 820 477	
<b>CORPORATE SERVICES</b>	<b>353 975 992</b>	<b>(19 954 378)</b>	<b>2 061 229</b>	<b>150 916</b>	<b>335 931 928</b>	<b>25 252 855</b>	<b>9 771 296</b>	<b>38 973</b>	<b>34 985 178</b>	<b>300 946 749</b>	
Human Resources	853 524	438 564			1 292 088	407 622	2 223		409 845	882 243	
IT Services	5 740 766	14 780 292	1 299 870		21 820 928	1 049 281	6 670 908		7 720 189	14 100 738	
Property Services	269 850 512	1 121 209	761 359		271 733 080	12 677 507	3 947 052		16 624 559	255 108 521	
Other Admin	77 531 190	(36 294 442)		150 916	41 085 832	11 118 445	(848 887)	38 973	10 230 585	30 855 247	
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	<b>149 389 170</b>	<b>7 068 459</b>	<b>305 985</b>	-	<b>156 763 614</b>	<b>18 705 945</b>	<b>9 246 654</b>	-	<b>27 952 599</b>	<b>128 811 015</b>	
Libraries & archives	41 168 606	2 114 237			43 282 843	5 213 055	3 318 841		8 531 896	34 750 947	
Museums	84 719 572	973 509			85 693 081	11 677 178	4 704 047		16 381 225	69 311 856	
Community halls & facilities	4 181 331	1 122 328			5 303 659	37 527	313 509		351 036	4 952 623	
Cemeteries & crematoriums	2 742 773	2 926 093	305 985		5 974 851	417 084	619 809		1 036 893	4 937 958	
Other Social Services	16 576 888	(67 708)			16 509 180	1 361 101	290 448		1 651 549	14 857 631	
<b>SPORT &amp; RECREATION</b>	<b>1520 776 928</b>	<b>11 139 503</b>	<b>6 030 993</b>	-	<b>1537 947 424</b>	<b>35 768 566</b>	<b>60 106 619</b>	-	<b>95 875 185</b>	<b>1442 072 239</b>	
Sport & recreation	1520 776 928	11 139 503	6 030 993		1 537 947 424	35 768 566	60 106 619		95 875 185	1 442 072 239	
<b>PUBLIC SAFETY</b>	<b>52 358 524</b>	<b>23 654 304</b>	-	-	<b>76 012 828</b>	<b>9 650 635</b>	<b>7 638 917</b>	-	<b>17 289 552</b>	<b>58 723 276</b>	
Police	29 546 141	(1 310 795)			28 235 346	5 520 636	3 432 451		8 953 087	19 282 259	
Fire	21 651 328	23 026 690			44 678 018	4 096 515	4 148 587		8 245 102	36 432 916	
Street lighting	1 161 055	1 938 409			3 099 464	33 484	57 879		91 363	3 008 101	
<b>HOUSING</b>	<b>4 353 352</b>	<b>133 145</b>	-	-	<b>4 486 497</b>	<b>412 686</b>	<b>197 926</b>	-	<b>610 612</b>	<b>3 875 885</b>	
Housing	4 353 352	133 145			4 486 497	412 686	197 926		610 612	3 875 885	
<b>HEALTH</b>	<b>2 436 142</b>	<b>(111 151)</b>	-	-	<b>2 324 991</b>	<b>629 302</b>	<b>63 628</b>	-	<b>692 930</b>	<b>1 632 061</b>	
Clinics	2 436 142	(111 151)			2 324 991	629 302	63 628		692 930	1 632 061	
<b>PLANNING &amp; DEVELOPMENT</b>	<b>96 537 740</b>	<b>5 427 578</b>	<b>6 274 744</b>	-	<b>108 240 062</b>	<b>1 856 168</b>	<b>3 402 831</b>	-	<b>5 258 999</b>	<b>102 981 063</b>	
Economic development	19 882 084	269 525	5 996 027		26 147 636	1 046 387	555 209		1 601 596	24 546 040	
Town Planning	76 191 620	5 028 914	278 717		81 499 251	587 272	2 758 843		3 346 115	78 153 136	
Licensing & Regulation	464 036	129 139			593 175	222 509	88 779		311 288	281 887	
<b>ROAD TRANSPORT</b>	<b>1379 720 196</b>	<b>31 888 137</b>	<b>49 015 079</b>	-	<b>1 460 623 412</b>	<b>97 505 557</b>	<b>42 859 276</b>	-	<b>140 364 833</b>	<b>1 320 258 579</b>	
Roads	1379 638 996	31 865 426	49 015 079		1 460 519 501	97 482 528	42 844 929		140 327 457	1 320 192 044	
Vehicle licensing & testing	81 200	22 711			103 911	23 029	14 347		37 376	66 535	
<b>ENVIRONMENTAL PROTECTION</b>	<b>11 039 413</b>	<b>1 834 617</b>	-	-	<b>12 874 030</b>	<b>345 867</b>	<b>122 956</b>	-	<b>468 823</b>	<b>12 405 207</b>	
Pollution Control	26 176	4 167			30 343	11 183	1 571		12 754	17 589	
Game Reserve	11 013 237	1 830 450			12 843 687	334 684	121 385		456 069	12 387 618	
<b>ELECTRICITY</b>	<b>618 090 793</b>	<b>116 934 835</b>	<b>24 140 789</b>	-	<b>759 166 417</b>	<b>43 479 484</b>	<b>17 465 228</b>	-	<b>60 944 712</b>	<b>698 221 705</b>	
Electricity distribution	618 090 793	116 934 835	24 140 789		759 166 417	43 479 484	17 465 228		60 944 712	698 221 705	
<b>WATER</b>	<b>583 162 206</b>	<b>(54 707 037)</b>	<b>34 873 294</b>	-	<b>563 328 463</b>	<b>24 016 452</b>	<b>10 380 354</b>	-	<b>34 396 806</b>	<b>528 931 657</b>	
Water distribution	445 857 495	(56 869 624)	34 834 977		423 822 848	15 785 438	6 911 528		22 696 966	401 125 882	
Water storage	137 304 711	2 162 587	38 317		139 505 615	8 231 014	3 468 826		11 699 840	127 805 775	
<b>WASTE WATER MANAGEMENT</b>	<b>426 676 272</b>	<b>10 662 819</b>	<b>31 509 843</b>	-	<b>468 848 934</b>	<b>43 464 674</b>	<b>10 680 773</b>	-	<b>54 145 447</b>	<b>414 703 487</b>	
Sewerage	420 106 750	10 662 819	31 509 843		462 279 412	43 147 191	10 549 329		53 696 520	408 582 892	
Stormwater	6 561 202	-			6 561 202	316 929	131 166		448 095	6 113 107	
Public toilets	8 320	-			8 320	554	278		832	7 488	
<b>WASTE MANAGEMENT</b>	<b>37 781 758</b>	<b>5 089 050</b>	-	-	<b>42 870 808</b>	<b>4 960 185</b>	<b>3 489 083</b>	-	<b>8 449 268</b>	<b>34 421 540</b>	
Solid waste	37 781 758	5 089 050			42 870 808	4 960 185	3 489 083		8 449 268	34 421 540	
<b>TOTAL</b>	<b>5 234 169 677</b>	<b>149 575 382</b>	<b>156 921 636</b>	<b>769 868</b>	<b>5 539 896 826</b>	<b>306 238 997</b>	<b>178 483 462</b>	<b>417 427</b>	<b>484 305 031</b>	<b>5 055 591 795</b>	

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	<b>130,440,082</b>	<b>(130,440,082)</b>	<b>Executive &amp; Council</b>	-	<b>171,531,635</b>	<b>(171,531,635)</b>
	31,247,003	(31,247,003)	Council general expenses		105,357,303	(105,357,303)
	103,324	(103,324)	Municipal Manager		2,039,218	(2,039,218)
	98,117,886	(98,117,886)	2010		56,282,160	(56,282,160)
	971,869	(971,869)	Secretariat & Records		7,852,954	(7,852,954)
<b>952,808,781</b>	<b>135,674,560</b>	<b>817,134,221</b>	<b>Finance &amp; Admin</b>	<b>740,826,403</b>	<b>192,395,482</b>	<b>548,430,920</b>
			<b>Finance</b>			
724,550,478		724,550,478	Intergovernmental transfers	489,991,585		489,991,585
	3,431,418	(3,431,418)	Mankweng/Sebayeng		3,087,441	(3,087,441)
50,985,717	22,721,133	28,264,584	Financial services	30,558,540	50,245,847	(19,687,307)
173,595,064	16,723,210	156,871,854	Assessment rates	211,929,612	2,842,010	209,087,602
			<b>Human Resources</b>			
	579,825	(579,825)	O & W		1,242,573	(1,242,573)
	20,499,045	(20,499,045)	Personnel		13,714,909	(13,714,909)
423,837	1,257,642	(833,805)	Training	1,196,154	7,428,812	(6,232,657)
	363,562	(363,562)	Labour relations		3,073,866	(3,073,866)
106,575	379,641	(273,066)	Occupational Health	22,863	883,460	(860,597)
	208,853	(208,853)	<b>IT</b>	67	16,509,057	(16,508,990)
			<b>Property Services</b>			
	8,216,557	(8,216,557)	Administration		8,776,528	(8,776,528)
	655,939	(655,939)	Civic Centre		7,760,473	(7,760,473)
			<b>Other Admin</b>			
	748,464	(748,464)	Com & public participation		9,863,175	(9,863,175)
	56,881	(56,881)	Security & risk management		636,194	(636,194)
	3,828,637	(3,828,637)	Project Management		5,179,328	(5,179,328)
	68,693	(68,693)	Internal audit		1,209,212	(1,209,212)
	2,196,051	(2,196,051)	Technical depot		1,214,868	(1,214,868)
	8,287,016	(8,287,016)	Transport workshop		8,698,272	(8,698,272)
	19,083,122	(19,083,122)	Community security		36,433,055	(36,433,055)
	4,864,952	(4,864,952)	Legal Services		5,525,687	(5,525,687)
3,147,110	21,503,918	(18,356,808)	Procurement	7,127,582	8,070,716	(943,134)
<b>33,813,178</b>	<b>26,390,811</b>	<b>7,422,367</b>	<b>Planning &amp; Development</b>	<b>27,053,135</b>	<b>26,062,540</b>	<b>990,595</b>
30,759,876	4,796,167	25,963,709	Land use management	23,497,868	4,003,506	19,494,362
219,920	5,895,090	(5,675,170)	Spatial Planning	180,398	7,159,763	(6,979,365)
2,833,382	5,387,419	(2,554,037)	Building inspections	3,374,870	4,608,462	(1,233,593)
	2,719,142	(2,719,142)	Local economic development		1,547,350	(1,547,350)
	1,455,470	(1,455,470)	Community development		1,721,493	(1,721,493)
	525,505	(525,505)	Investment promotion		947,326	(947,326)
	2,573,160	(2,573,160)	Economic planning		2,609,264	(2,609,264)
	3,038,858	(3,038,858)	IDP		3,465,376	(3,465,376)

**APPENDIX D  
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	<b>6,805,929</b>	<b>(6,805,929)</b>	<b>Health</b>	-	<b>4,094,001</b>	<b>(4,094,001)</b>
	3,513,634	(3,513,634)	Clinics		1,867,743	(1,867,743)
	3,292,295	(3,292,295)	Health inspection		2,226,258	(2,226,258)
<b>5,504,228</b>	<b>41,484,806</b>	<b>(35,980,578)</b>	<b>Community Services</b>	<b>3,326,580</b>	<b>39,384,526</b>	<b>(36,057,946)</b>
323,277	13,735,003	(13,411,726)	Libraries	324,785	13,830,223	(13,505,438)
	1,146,779	(1,146,779)	<b>Museums</b>			
89,036	9,585,880	(9,496,844)	Art Museum		777,648	(777,648)
251,912	2,661,612	(2,409,700)	Museum	110,988	9,889,369	(9,778,381)
591,389	3,810,203	(3,218,814)	Community centres	272,839	1,953,370	(1,680,530)
			Cemeteries	634,997	4,755,832	(4,120,835)
			<b>Other Community</b>			
4,154,694	6,197,323	(2,042,629)	Game Reserve	1,841,015	5,775,398	(3,934,383)
93,920	1,626,988	(1,533,068)	Showgrounds	141,956	1,302,616	(1,160,659)
	2,721,019	(2,721,019)	Cultural desk		1,100,071	(1,100,071)
<b>97,262</b>	<b>6,674,876</b>	<b>(6,577,614)</b>	<b>Housing</b>	<b>62,815</b>	<b>5,067,347</b>	<b>(5,004,531)</b>
	6,671,620	(6,671,620)	Administration		5,064,776	(5,064,776)
92,894	2,786	90,108	Assisted schemes	58,783	2,136	56,647
4,368	471	3,897	Letting schemes	4,032	434	3,597
<b>13,468,746</b>	<b>65,827,920</b>	<b>(52,359,174)</b>	<b>Public Safety</b>	<b>18,964,697</b>	<b>69,919,407</b>	<b>(50,954,710)</b>
3,406,143	31,619,496	(28,213,353)	Traffic	5,215,764	31,703,351	(26,487,588)
272,409	22,935,637	(22,663,228)	Fire fighting	244,705	22,567,489	(22,322,784)
	2,832,266	(2,832,266)	Disaster management		2,784,196	(2,784,196)
9,788,584	5,898,818	3,889,766	Licensing	13,492,424	5,078,918	8,413,506
1,610	2,541,702	(2,540,092)	Municipal control centre	11,805	7,785,453	(7,773,648)
<b>777,934</b>	<b>71,779,228</b>	<b>(71,001,294)</b>	<b>Parks &amp; Recreation</b>	<b>1,029,916</b>	<b>114,111,031</b>	<b>(113,081,114)</b>
1,588	1,977,506	(1,975,918)	Nursery	15,017	1,599,249	(1,584,233)
95,169	24,969,484	(24,874,315)	Parks	133,707	30,099,278	(29,965,572)
420,868	40,470,535	(40,049,667)	Sport & recreation	514,686	78,723,460	(78,208,773)
260,309	4,361,703	(4,101,394)	Swimming pools	366,506	3,689,043	(3,322,537)
-	<b>780,308</b>	<b>(780,308)</b>	<b>Environmental Protection</b>	-	<b>510,173</b>	<b>(510,173)</b>
	780,308	(780,308)	Air pollution		510,173	(510,173)
<b>40,972,883</b>	<b>48,077,278</b>	<b>(7,104,395)</b>	<b>Waste Management</b>	<b>44,289,584</b>	<b>53,236,738</b>	<b>(8,947,154)</b>
40,972,883	40,038,949	933,934	Refuse Removal	44,289,584	45,900,348	(1,610,764)
	8,038,329	(8,038,329)	Street & side walking cleaning		7,336,390	(7,336,390)

**APPENDIX D  
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
<b>34,321,839</b>	<b>43,881,512</b>	<b>(9,559,673)</b>	<b>Waste water management</b>	<b>41,038,421</b>	<b>41,464,264</b>	<b>(425,844)</b>
1,445,333	26,644,142	(25,198,809)	Sewer purification	3,508,172	26,790,152	(23,281,979)
32,876,506	9,021,684	23,854,822	Sewer reticulation	37,530,248	7,325,036	30,205,212
	6,053,106	(6,053,106)	Stormwater		4,806,384	(4,806,384)
	2,162,580	(2,162,580)	Public toilets		2,542,693	(2,542,693)
<b>7,830,567</b>	<b>58,983,153</b>	<b>(51,152,586)</b>	<b>Road Transport</b>	<b>8,061,177</b>	<b>77,610,946</b>	<b>(69,549,768)</b>
	56,315,299	(56,315,299)	Roads & streets		74,023,560	(74,023,560)
7,830,567	2,667,854	5,162,713	Vehicle licensing & testing	8,061,177	3,587,386	4,473,792
<b>116,276,917</b>	<b>163,593,034</b>	<b>(47,316,117)</b>	<b>Water distribution</b>	<b>129,057,548</b>	<b>180,662,280</b>	<b>(51,604,732)</b>
116,276,917	49,958,599	66,318,318	Water Distribution	129,057,548	47,952,389	81,105,159
	101,532,221	(101,532,221)	Water provision		119,527,165	(119,527,165)
	12,102,215	(12,102,215)	Water Purification		13,182,726	(13,182,726)
<b>369,182,671</b>	<b>333,806,552</b>	<b>35,376,119</b>	<b>Electricity</b>	<b>441,151,677</b>	<b>397,928,582</b>	<b>43,223,095</b>
	7,759,510	(7,759,510)	Workshop		7,883,995	(7,883,995)
369,182,671	316,043,543	53,139,128	Distribution	441,151,677	379,278,406	61,873,271
	10,003,499	(10,003,499)	Street Lighting		10,766,181	(10,766,181)
<b>24,000</b>	<b>35,247</b>	<b>(11,247)</b>	<b>Other</b>	<b>24,000</b>	<b>223,219</b>	<b>(199,219)</b>
24,000	35,247	(11,247)	Airport	24,000	223,219	(199,219)
<b>1,575,079,006</b>	<b>1,134,235,298</b>	<b>440,843,708</b>	<b>Total</b>	<b>1,454,885,953</b>	<b>1,374,202,171</b>	<b>80,683,783</b>



**APPENDIX E (1)**  
**ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
<b>REVENUE</b>					
Property rates	211 929 612	185 000 000	26 929 612	14.56	More collected than anticipated
Service charges	620 813 560	577 303 500	43 510 060	7.54	More collected than anticipated
Rental of facilities and equipment	4 336 869	4 321 900	14 969	0.35	More collected than anticipated
Interest earned – external investments	8 732 113	3 000 000	5 732 113	191.07	More collected than anticipated
Interest earned – outstanding debtors	20 190 077	19 400 100	789 977	4.07	More collected than anticipated
Fines	4 796 811	3 105 700	1 691 111	54.45	More collected than anticipated
Licensing & permits	8 065 163	8 092 300	( 27 137)	(0.34)	On target
Revenue for agency services	13 460 412	13 000 000	460 412	3.54	More collected than anticipated
Government grants & subsidies – operating	358 908 609	388 740 650	(29 832 041)	(7.67)	All grants were not spent in full
Government grants & subsidies – capital	127 554 532	196 113 906	(68 559 374)	(34.96)	All grants were not spent in full
Public contributions, donated and contributed	3 528 444	3 528 444	0	0.00	On target
Other revenue	72 569 750	80 994 500	(8 424 750)	(10.40)	More collected than anticipated
<b>Total Revenue</b>	<b>1 454 885 953</b>	<b>1 482 601 000</b>	<b>(27 715 047)</b>	<b>(1.87)</b>	
<b>EXPENDITURE</b>					
Employee related costs	362 171 819	379 426 680	(17 254 861)	(4.55)	All vacancies were not filled
Remuneration of councillors	19 778 889	19 996 455	( 217 566)	(1.09)	On target
Bad debts	47 599 029	11 000 000	36 599 029	332.72	Provision insufficient-Debtors increased by R94 million
Collection costs	1 463 112	2 200 000	( 736 888)	(33.49)	Under collection of anticipated revenue
Depreciation	176 460 819	112 694 000	63 766 819	56.58	Under budgeted due to completion of 2010 infrastructure projects including stadium
Repairs & maintenance	95 300 758	109 648 905	(14 348 147)	(13.09)	Under spending of available funds
Finance costs	13 072 740	5 800 000	7 272 740	125.39	Under budgeted - External loan taken up
Bulk purchases	418 402 194	413 700 000	4 702 194	1.14	Under budgeted
Grants & subsidies paid	240 000	240 000	0	-	On target
General expenses	239 712 809	229 646 960	10 065 849	4.38	Due to several actuarial valuations, contributions had to be made to provisions which were not budgeted for.
<b>Total Expenditure</b>	<b>1374 202 171</b>	<b>1 284 353 000</b>	<b>89 849 171</b>	<b>7.00</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>80 683 783</b>	<b>198 248 000</b>	<b>(117 564 217)</b>		

**APPENDIX E (2)  
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2011	2011	2010	Explanations of significant variances greater than 5% versus budget
	Actual R	Budget R	Variance R	Variance %	
<b>EXECUTIVE &amp; COUNCIL</b>	-	-	-	-	
Executive & Council	-	-	-	-	
<b>BUDGET &amp; TREASURY OFFICE</b>	<b>2,763,204</b>	<b>7,080,000</b>	<b>(4,316,796)</b>	<b>(60.97)</b>	
Finance	2,763,204	7,080,000	(4,316,796)	(60.97)	Underspending
<b>CORPRATE SERVICES</b>	<b>13,353,985</b>	<b>46,887,027</b>	<b>(33,533,042)</b>	<b>(71.52)</b>	
Human Resources	565,860	1,000,000	(434,140)	(43.41)	Underspending/ contract less than budget amount
Information Technology	5,364,701	10,720,777	(5,356,076)	(49.96)	Underspending/ contract less than budget amount
Property Services	3,299,832	4,581,679	(1,281,847)	(27.98)	Underspending/ contract less than budget amount
Other & Admin	4,123,592	30,584,571	(26,460,979)	(86.52)	Underspending/ contract less than budget amount
<b>PLANNING &amp; DEVELOPMENT</b>	<b>12,238,417</b>	<b>39,216,759</b>	<b>(26,978,342)</b>	<b>(68.79)</b>	
Planning & Development	12,238,417	39,216,759	(26,978,342)	(68.79)	Underspending/ contract less than budget amount
<b>ROAD TRANSPORT</b>	<b>72,818,086</b>	<b>174,611,658</b>	<b>(101,793,572)</b>	<b>(58.30)</b>	
Vehicle Licensing & Testing	-	-	-	-	Underspending/ contract less than budget amount
Roads & Stormwater	72,818,086	174,611,658	(101,793,572)	(58.30)	Underspending/ contract less than budget amount
<b>COMMUNITY &amp; SOCIAL</b>	<b>2,248,986</b>	<b>3,255,655</b>	<b>(1,006,669)</b>	<b>(30.92)</b>	
Libraries & Archives	386,620	429,787	(43,167)	(10.04)	Underspending/ contract less than budget amount
Museums	349,868	349,869	(1)	(0.00)	Underspending/ contract less than budget amount
Community Halls & Facilities	1,142,950	1,223,690	(80,740)	(6.60)	Underspending/ contract less than budget amount
Cemeteries & Crematoriums	369,548	1,252,309	(882,761)	(70.49)	Underspending/ contract less than budget amount
<b>ENVIRONMENTAL</b>	<b>35,392</b>	<b>28,066</b>	<b>7,326</b>	<b>26.10</b>	
Biodiversity & landscape	35,392	28,066	7,326	26.10	Underspending/ contract less than budget amount
<b>PUBLIC SAFETY</b>	<b>6,995,973</b>	<b>7,422,178</b>	<b>(426,205)</b>	<b>(5.74)</b>	
Police	1,118,306	1,465,515	(347,209)	(23.69)	Underspending/ contract less than budget amount
Fire	5,077,370	5,155,975	(78,605)	(1.52)	Underspending/ contract less than budget amount
Street Lighting	800,297	800,688	(391)	(0.05)	Underspending/ contract less than budget amount
<b>SPORT &amp; RECREATION</b>	<b>13,717,217</b>	<b>20,983,062</b>	<b>(7,265,845)</b>	<b>(34.63)</b>	
Sport & Recreation	13,717,217	20,983,062	(7,265,845)	(34.63)	Underspending/ contract less than budget amount
<b>WASTE WATER MANAGEMENT</b>	<b>38,995,089</b>	<b>50,297,968</b>	<b>(11,302,879)</b>	<b>(22.47)</b>	
Sewerage	38,995,089	50,297,968	(11,302,879)	(22.47)	Underspending/ contract less than budget amount
<b>WASTE MANAGEMENT</b>	<b>628,865</b>	<b>753,503</b>	<b>(124,638)</b>	<b>(16.54)</b>	
Solid Waste	628,865	753,503	(124,638)	(16.54)	Underspending/ contract less than budget amount
<b>WATER</b>	<b>59,959,315</b>	<b>159,303,038</b>	<b>(99,343,723)</b>	<b>(62.36)</b>	
Water Distribution	59,959,315	159,303,038	(99,343,723)	(62.36)	Underspending/ contract less than budget amount
<b>ELECTRICITY</b>	<b>64,131,569</b>	<b>99,895,086</b>	<b>(35,763,517)</b>	<b>(35.80)</b>	
Electricity Distribution	64,131,569	99,895,086	(35,763,517)	(35.80)	Underspending/ contract less than budget amount
<b>TOTAL</b>	<b>287,886,097</b>	<b>609,734,000</b>	<b>(321,847,903)</b>	<b>(52.78)</b>	

**APPENDIX F  
DISCLOSURE OF GRANTS AND SUBSIDIES**

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

Name of Grants	Quarterly receipts					Quarterly Expenditure for the Year					Delay \ withh	Gazette amount Municipal year	Did your municipality comply with	Reason for non-compliance
	Sep	Dec	March	June	Total	Sep	Dec	March	June	Total				
Equitable Share	128 274 712	102 619 769	76 965 000		307 859 481	76 964 870	76 964 870	76 964 870	76 964 871	307 859 481	No	307 859 481	Yes	Not Applicable
Public transport infrastructure and systems grant			40 250 000		40 250 000			35 000 000		35 000 000	No	40 250 000	Yes	Not Applicable
Integrated national electrification programme grant		6 000 000	2 000 000		8 000 000			7 796		7 796	No	8 000 000	Yes	Not Applicable
Electricity demand side management grant		3 700 000	8 300 000		12 000 000	1 444 948	407 203	9 527 754	362 887	11 742 792	No	12 000 000	Yes	Not Applicable
Municipal infrastructure grant	50 075 000	70 000 000	31 754 000		151 829 000		5 700 041	7 949 343	19 659 611	33 308 995	No	151 829 000	Yes	Not Applicable
Neighbourhood development partnership grant				8 158 550	8 158 550				5 553 258	5 553 258	No	12 000 000	Yes	Not Applicable
Local government financial management grant	1 000 000				1 000 000	184 062	132 306	132 306	551 326	1 000 000	No	1 000 000	Yes	Not Applicable
Water services operating grant	4 465 000		10 202 000		14 667 000	4 464 997		10 202 003		14 667 000	No	19 132 000	Yes	Not Applicable
Municipal systems improvement gra	750 000				750 000		750 000			750 000	No	750 000	Yes	Not Applicable
	<b>184 564 712</b>	<b>182 319 769</b>	<b>169 471 000</b>	<b>8 158 550</b>	<b>544 514 031</b>	<b>83 058 877</b>	<b>83 954 420</b>	<b>139 784 072</b>	<b>103 091 953</b>	<b>409 889 322</b>	-	<b>552 820 481</b>		