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# **POLOKWANE LOCAL MUNICIPALITY**



**CONSOLIDATED ANNUAL FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED**



## **CONTE**

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CASH F

NOTES

## **APPENI**

A

B

C

D

E(1)

E(2)

F

# INDEX

---

## CONTENTS

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VAL AND CERTIFICATION

MENT OF FINANCIAL POSITION

MENT OF FINANCIAL PERFORMANCE

MENT OF CHANGES IN NET ASSETS

LOW STATEMENT

TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## DICES

SCHEDULE OF INTEREST BEARING BORROWINGS

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF MFMA

Page

1

2

3

4

5

6

34

35

36

37

38

39

40

## **APPROVAL AND CERTIFICATION**

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

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

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

**DATE** \_\_\_\_\_





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

	Note	Economic Entity		Polokwane M
		2011	2010	2011
		R	R	R
<b>NET ASSETS &amp; LIABILITIES</b>				
<b>Net Assets</b>		<b>4,870,862,462</b>	<b>4,780,185,795</b>	<b>4,855,748,037</b>
Housing development fund				
	2	11,155,453	10,968,651	11,155,453
Revaluation reserve	3	347,827,216	359,565,517	347,827,216
Share Capital		-	-	
Accumulated surplus/(deficit)		4,511,879,793	4,409,651,627	4,496,765,368
<b>Non-current liabilities</b>		<b>304,172,285</b>	<b>100,667,413</b>	<b>257,077,805</b>
Long term liabilities	4	279,518,532	73,345,964	254,480,801
Deferred revenue	7.1	22,056,749	20,755,150	
Finance lease liability	41	2,597,004	6,566,299	2,597,004
<b>Current liabilities</b>		<b>609,301,685</b>	<b>519,525,684</b>	<b>594,095,478</b>
Consumer deposits	5	57,596,427	51,836,858	57,596,427
Trade and other payables	6	184,393,824	231,861,631	180,308,586
Provisions	38	158,810,424	142,174,086	158,810,424
Unspent conditional grants and receipts	7	166,832,457	79,021,541	166,832,457
Current portion of long term liabilities	4	37,699,258	10,988,712	26,578,289
Current portion of finance lease liability	41	3,969,295	3,642,856	3,969,295
<b>Total Net Assets and Liabilities</b>		<b>5,784,336,431</b>	<b>5,400,378,892</b>	<b>5,706,921,320</b>
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>5,270,038,032</b>	<b>5,155,102,524</b>	<b>5,197,716,635</b>
Property, plant & equipment				
	8	5,015,065,077	4,897,002,332	5,014,406,516
Intangibles	44	41,185,281	45,641,302	41,185,281
Investment property	31	188,045,666	187,963,206	125,510,500
Investment in municipal entity (THA)	9	-	-	8,217,389
Other financial assets		22,471,658	21,170,731	-
Non-current receivables	10	3,270,350	3,324,953	8,396,949
<b>Current assets</b>		<b>514,298,399</b>	<b>245,276,378</b>	<b>509,204,686</b>
Inventory	11	53,879,838	52,629,647	53,879,838
Short-term investments	9	219,993,222	58,999,800	219,993,222
Consumer debtors	12	193,502,139	153,650,081	193,502,139
Other receivables	13	6,477,685	6,536,924	3,616,711
VAT	14	11,599,731	42,750,530	11,599,731
Current portion of long-term receivables	10	21,371,735	24,636,986	21,371,735
Cash and cash equivalents	15	7,474,049	(93,927,590)	5,241,310
<b>Total Assets</b>		<b>5,784,336,432</b>	<b>5,400,378,902</b>	<b>5,706,921,321</b>

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

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unicipality

**2010**

**R**

**4,763,481,350**

10,968,651
359,565,517
4,392,947,182

**54,474,091**

47,907,792
6,566,299

**508,503,619**

51,836,858
228,954,075
142,174,086
79,021,541
2,874,203
3,642,856

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**5,326,459,060**

**5,083,408,330**

4,896,217,168
45,641,302
125,510,500
8,217,389
-
7,821,971

**243,050,730**

52,629,647
58,999,800
153,650,081
6,033,929
42,750,530
24,636,986
(95,650,243)

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**5,326,459,060**

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

	Note	2011 R	2010 R	2011 R
		Economic Entity		Polokwan
<b>REVENUE</b>				
Property rates	16	211,929,612	173,595,064	211 929 612
Service charges	17	620,813,559	533,025,613	620 813 559
Rental of facilities and equipment				4 336 869
		14,406,155	16,367,191	
Investment Revenue – external investments	20	8,104,233	31,689,711	8 732 113
Interest earned – outstanding debtors				20 190 077
		20,190,077	17,101,099	
Fines		4,796,811	2,830,817	4 796 811
Licenses and permits		8,065,163	7,793,005	8 065 163
Income for agency services		13,460,412	9,769,284	13 460 412
Government grants and subsidies recognised - operating				358 908 609
	18	358,908,609	364,356,044	
Government grants and subsidies recognised - capital				127 554 532
	18	127,554,532	329,976,994	
Public contributions, donated and contributed property, plant and equipment		3,528,444	30,217,440	
	19			3 528 444
Other revenue	21	72,593,050	65,194,047	72 569 750
<b>Total Revenue</b>		<b>1,464,350,658</b>	<b>1,581,916,309</b>	<b>1 454 885 952</b>
<b>EXPENDITURE</b>				
Employee related costs	22	365,523,256	336,403,783	362 171 820
Remuneration of councillors	23	19,778,889	18,196,402	19 778 889
Bad debts		49,213,131	(943,801)	47 599 029
Collection costs		1,463,112	1,692,446	1 463 112
Depreciation		176,640,872	107,919,528	176 460 817
Repairs and maintenance		95,571,279	87,656,551	95 300 758
Finance cost	24	16,278,761	27,042,792	13 072 741
Bulk purchases	25	418,402,194	314,831,255	418 402 194
Grants and subsidies paid	26	240,000	220,000	240 000
General expenses	27	242,651,483	253,715,758	239 712 808
<b>Total Expenditure</b>		<b>1,385,762,978</b>	<b>1,146,734,714</b>	<b>1 374 202 169</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>78 587 680</b>	<b>435 181 594</b>	<b>80 683 783</b>

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

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

2010 R
e Municipality
173 595 064
533 025 613
6 051 734
32 206 208
17 101 099
2 830 817
7 793 005
9 769 284
364 356 044
329 976 994
30 217 440
64 832 353
<b>1 571 755 656</b>
333 280 791
18 196 402
(2 391 654)
1 692 446
107 768 134
86 782 166
23 626 735
314 831 255
220 000
250 229 020
<b>1 134 235 295</b>
<b>437 520 360</b>



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



**POLOKWANE MUNICIPALITY**

	Note	Housing Fund	Other reserves	Revaluation Reserve	Share capital	CG Polokwane Municipality	Total	Accumulated Surplus/ (Deficit)	Total
			R	R				R	R
<b>Balance at 30 June 2007</b>		10 736 726	876,781,815	-			887,518,541	639,289,061	1,526,807,602
Changes in accounting policy			(876,781,815)				(876,781,815)	876,781,815	-
Correction of prior period error	28		-				-	141,465,026	<b>141,465,026</b>
<b>Restated balance</b>		<b>10,736,726</b>	-	-			<b>10,736,726</b>	<b>1,657,535,902</b>	<b>1,668,272,628</b>
<b>Issued share capital</b>			-				-	-	-
Unbundling of assets			-	399,517,240			399,517,240	926,652,863	1,326,170,103
Transfers to/ from accumulated surplus/(deficit)		71 495	-	(13,317,241)			(13,245,746)	143,083,572	129,837,826
Surplus/(deficit) for the period							-	589,114,662	589,114,662
<b>Balance at 30 June 2008</b>		<b>10,808,221</b>	-	<b>386,199,999</b>			<b>397,008,220</b>	<b>3,316,386,999</b>	<b>3,713,395,219</b>
Polokwane housing association CG				-			-	-	-
Net gains and losses not recognised in the statement of financial performance							-	-	-
Transfers to/ from accumulated surplus/(deficit)		92 375		(13,317,241)			(13,224,866)	(4,015,973)	(17,240,839)
Provision leave bonuses							-	(10,514,127)	(10,514,127)
Surplus/(deficit) for the period							-	780,581,346	780,581,346
<b>Balance at 30 June 2009</b>		<b>10 900 596</b>	<b>0</b>	<b>372 882 758</b>	<b>0</b>		<b>383 783 354</b>	<b>4 118 869 569</b>	<b>4 502 652 923</b>
Polokwane housing association CG							-	-	-
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							-	434 456 672	434,456,672
<b>Balance at 30 June 2010</b>		<b>10 968 651</b>	<b>0</b>	<b>359 565 517</b>	<b>0</b>	<b>0</b>	<b>370 534 168</b>	<b>4 409 651 627</b>	<b>4 780 185 795 ##</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							-	79 093 762	79,093,762
<b>Balance at 30 June 2011</b>		<b>11 155 453</b>	<b>0</b>	<b>347 827 216</b>	<b>0</b>	<b>0</b>	<b>358 982 669</b>	<b>4 511 879 793</b>	<b>4 870 862 462 ##</b>

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

	Note	2011 R	2010 R	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash received from ratepayers, government and others		1 921 912 780	2 235 092 839	1 902 732 020	2 222 911 346
Cash paid to suppliers and employees		(1594 943 975)	(1870 435 873)	(1587 579 115)	(1861 140 689)
<b>Cash generated from / (utilized in) operations</b>	<b>29</b>	<b>326 968 805</b>	<b>364 656 966</b>	<b>318 166 705</b>	<b>361 770 656</b>
Interest received		8 733 815	32 241 976	8 732 113	32 236 208
Interest paid		(16 908 343)	(27 534 056)	(13 072 741)	(23 626 735)
<b>Net cash from operating activities</b>		<b>318 794 277</b>	<b>369 364 886</b>	<b>313 826 077</b>	<b>370 380 129</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Purchase of property, plant and equipment		(276 968 361)	(897 203 304)	(276 914 909)	(897 181 304)
Proceeds on disposal of property, plant and equipment		( 347 830)	4 777 170	( 347 830)	4 768 967
Purchase of investment property			( 320 840)		
Loans from related parties repaid		629 583	522 265	-	-
Sale of financial assets		(1 300 927)	(21 171 731)	-	-
(Increase)/decrease in non-current receivables		2 690 273	(12 360 862)	2 690 273	(12 360 862)
(Increase)/decrease in non-current investments		-	82,392,981	-	82,392,981
(Increase)/decrease in current investments		(160,993,422)	212,125,501	(160,993,422)	213,138,501
<b>Net cash from investment activities</b>		<b>(436 290 684)</b>	<b>(631 238 820)</b>	<b>(435 565 888)</b>	<b>(609 241 717)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase/(decrease) in long term loans		232 883 114	(40 480 042)	230 277 095	(42 540 846)
Increase/(decrease) in deposits		5 759 569	5 620 109	5 759 569	5 620 109
<b>Net cash from financing activities</b>		<b>238 642 683</b>	<b>(34 859 933)</b>	<b>236 036 664</b>	<b>(36 920 737)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>121 146 276</b>	<b>(296 733 867)</b>	<b>114 296 853</b>	<b>(275 782 324)</b>
Cash and cash equivalents at beginning of the year		(93 927 590)	181 634 546	(95 650 243)	180 132 081
Cash and cash equivalents at end of the year		16 827 186	(115 099 321)	5 241 310	(95 650 243)

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

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**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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 history unless specified otherwise.

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

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.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless otherwise 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 audited annual financial statements.

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

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT 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 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

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

**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 supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition in which it is capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item is not measurable at fair value, its 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 over 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 subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus in the statement of financial position 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 that it reverses a revaluation increase of the same asset previously recognised in surplus or deficit.

**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 cost of the replacement. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits of the asset.

**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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 life. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated at different annual depreciation rates based on the following estimated average asset lives:

<b>Infrastructure</b>	
Roads and Paving	30
Pedestrian Malls	5
Electricity	20-30
Water	15-20
Sewerage	15-20
Housing	30
Refuse sites	15
<b>Community</b>	
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
<b>Other assets</b>	
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 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 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 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 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 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 asset can be measured reliably.

**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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 is 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) it 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 assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determined, the 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 asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised and an annual impairment test is performed.

### **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. 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 is impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down to the 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 expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is 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) that is 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. a barter transaction or a non-monetary exchange), its cost is its fair value as at the date of acquisition.

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 accumulated depreciation and any accumulated impairment losses.

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



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

**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 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 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 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 accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. 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 their sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be evidenced by recognition as a completed sale within one year from the date of classification.

**6.2 SUBSEQUENT MEASUREMENT**

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

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the period in which they arise.

**7 INVENTORIES**

**7.1 INITIAL RECOGNITION**

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

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

**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 replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising from inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction 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 down or otherwise disposed of, unless that cost qualifies for capitalisation to the cost of another asset.

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

**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 carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this category. 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 in 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 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. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial indicators (such as debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting the expected cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current receivables.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the Statement of Financial Performance, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. If a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against 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 and recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments.

**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 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 equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

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

**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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 investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but 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 the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and ceases application of the equity method when it no longer has significant influence over an associate. Investments that are recognised at the start of the reporting period are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or other entities 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. If the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments 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 a grant received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for 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 Public Finance Management Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for 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, the settlement of which will require an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is uncertain, 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).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the effect 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 objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring provisions. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised where the effect is probable.

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

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

- identifying at least:
- (a) The municipality has a detailed formal plan for the re
  - the business or part of a business concerned;
  - the principal locations affected; - the location, fu
  - 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 imp  
announcing its main features to those affected by it.

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

**14 LEASES**

**14.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the 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 at the interest rate that exactly discounts the unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

**14.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as a receivable. The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease payments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

**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, 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 revenue is recognised when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been received, with the interest portion being recognised as revenue when invoiced. Adjustments to provisional estimates are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoice.

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 the property. Tariffs are determined per category of property usage, and are levied monthly based on the record of property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each development. 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.

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 in accordance with 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 buyer.

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

**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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 party 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 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 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. The contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualify first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the conditions, a deferred income (liability) is recognised.

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof by the municipality or 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 are recognised as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. Revenue 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 as part of the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantial progress has been made to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs 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 are recognised when retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are valued on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised when they are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Where actuarial information in respect of individual participating municipalities is unavailable due to centralised administration, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards retirement benefits of its

- 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 the municipality at the reporting date, as measured by *the proportion that contract costs incurred 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 client.

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.

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

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

**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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. The carrying amount is compared with its recoverable amount. This impairment test is performed during the annual period and at the same time as the annual financial statements are prepared.

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 carrying amount.

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. 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 may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are determined.

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 in profit or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.



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

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

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

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

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

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

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

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

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

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

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

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

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**POLOKWANE MUNICIPALITY  
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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE  
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**Economic Entity**

	<b>2011 R</b>	<b>2010 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	347,827,216.00	359,565,517
CG Polokwane Municipality	-	-
	347,827,216.00	359,565,517.00
<b>4. LONG TERM LIABILITIES</b>		
Local Registered Stock loans	781,995	781,995
National Housing Finance Corporation - Held at fair value	36,158,700	33,552,681
Annuity loans	280,277,095	50,000,000
	317,217,790	84,334,676
Less: Current portion transferred to current liabilities	-	-
Local Registered Stock loans	(11,186,369)	(8,114,509)
Annuity loans	(26,512,889)	(2,874,203)
	<b>279,518,532</b>	<b>73,345,964</b>
Refer to Appendix A for more detail on long term liabilities.		
<b>4.1 LOANS FROM RELATED PARTIES</b>		
Polokwane Municipality	-	-
This loans bears no interest and is repayable after 10 years		
<b>5. CONSUMER DEPOSITS</b>		
Water and electricity	57,596,427	51,836,858
No interest is paid on consumer deposits.		
Guarantees held in lieu of electricity and water deposits	9,170,371	9,143,371

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

	2011 R	2010 R
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade Creditors	71,714,016	89,324,097
Amounts received in advance	16,204,708	14,691,930
Deposits received	2,345,395	2,051,550
Employee payables	233,574	-
Other	9,693,472	7,414,170
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>184,393,824</b>	<b>231,861,631</b>

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

Local government restructuring grant	953,927	953,927
Public transport infrastructure and systems grant	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	-	16,191,147
Integrated national electrification programme grant	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	-
Expanded public works programme incentive grant	970,098	-
Local Organising Committee	25,000,000	-
Anglo Platinum	1,296,000	-
	<b>166,832,457</b>	<b>79,021,541</b>

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

166,832,457

**7.1 DEFERRED INCOME**

The deferred revenue of R 22 472 657.96 represent unspent grants received from the Department of Local Government

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

Polokwane Municipality

2011 R	2010 R
<b>11 155 453</b>	<b>10 968 651</b>
8 175 482	7 988 680
2 979 971	2 979 971
507 721	507 721
2 397 719	2 525 476
8 250 013	7 935 454
<b>11 155 453</b>	<b>10 968 651</b>
347,827,216.00	359 565 517
347,827,216.00	359,565,517.00
781 995	781 995
280 277 095	50 000 000
281 059 090	50 781 995
( 65 400)	-
(26 512 889)	(2 874 203)
<b>254 480 801</b>	<b>47 907 792</b>
<b>57 596 427</b>	<b>51 836 858</b>
<b>9 170 371</b>	<b>9 143 371</b>

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

2011 R	2010 R
70 842 072	88 834 949
15 568 871	14 372 751
9 694 984	7 366 482
261 795	261 795
7 384 390	16 186 755
40 099 206	41 727 104
36 457 268	60 204 230
<b>180 308 586</b>	<b>228 954 075</b>
953,927	953,927
5,250,000	11,528,189
118,520,006	28,927,683
2,949,710	2,949,710
-	16,191,147
7,992,204	14,680,270
257,208	2,767,678
333,424	318,349
649,874	649,874
54,714	54,714
2,605,292	-
970,098	-
25,000,000	-
1,296,000	-
<b>166 832 457</b>	<b>79 021 541</b>

t and Housing for erection of social housing units



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

**8 PROPERTY, PLANT & EQUIPMENT**

**Economic Entity**

	Land and Buildings R	Infrastructure R	Other and Movable R	Heritage R	Biological R	Total R
<b>Carrying values at 1 July 2008</b>	<b>1 302 231 405</b>	<b>1 815 630 862</b>	<b>64 463 587</b>	<b>2 862 537</b>	<b>0</b>	<b>3 185 188 391</b>
Cost	1 330 589 679	1 872 507 111	72 769 291	2 862 537		3 278 728 618
Accumulated depreciation – cost	(28 358 274)	(56 876 249)	(8 305 704)	0	0	(93 540 227)
Revaluation Balance						0
Acquisitions	12 697 842	259 914 010	34 126 081	1 221 338		307 959 271
Capital under construction	513 959 628	199 185 054	210 885	1 044 920		714 400 487
Depreciation – based on cost	(35 279 141)	(60 884 251)	(10 636 810)			(106 800 202)
Game count					8 774 385	8 774 385
Carrying value of disposals	0	0	( 10 001)	0	0	( 10 001)
Cost			( 10 001)			( 10 001)
Accumulated depreciation						0
Other movements						0
<b>Carrying values at 30 June 2009</b>	<b>1 793 609 734</b>	<b>2 213 845 675</b>	<b>88 153 742</b>	<b>5 128 795</b>	<b>8 774 385</b>	<b>4 109 512 331</b>
Cost	1 857 247 149	2 331 606 175	107 096 256	5 128 795	8 774 385	4 309 852 760
Accumulated depreciation – cost	(63 637 415)	(117 760 500)	(18 942 514)	0	0	(200 340 429)
Acquisitions	376 503 883	86 622 058	32 819 060	304 641		496 249 642
Capital under construction	26 196 264	349 024 144	9 650 870	2 995 184		387 866 462
Depreciation – based on cost	(39 376 367)	(52 158 464)	(14 425 174)			(105 960 005)
Landfill site	2 517 920					2 517 920
Prior year adjustments -acquisitions		2,024	1 834 100	1 012		1 837 136
Prior year adjustments -depreciation		-40	( 275 564)	( 505)		( 276 109)
Lease assets			11 594 362			11 594 362
Depreciation – based on cost			(1 562 238)			(1 562 238)
Carrying value of disposals			(7 062 606)			(7 062 606)
Cost			2 285 435			2 285 435
Accumulated depreciation						0
Other movements			2			2
<b>Carrying values at 30 June 2010</b>	<b>2 159 451 434</b>	<b>2 597 335 397</b>	<b>123 011 989</b>	<b>8 429 127</b>	<b>8 774 385</b>	<b>4 897 002 332</b>
Cost	2 262 465 216	2 767 254 401	155 932 044	8 429 632	8 774 385	5 202 855 678
Accumulated depreciation – cost	(103 013 782)	(169 919 004)	(32 920 055)	( 505)	0	(305 853 346)
Other movements	2 244 816	9 261 199	( 210 884)	( 316 604)		10 978 527
Acquisitions	6,736,173	96,398,615	20,592,486	275,549		124,002,823
Capital under construction	13,975,322	138,898,448	38,317			152,912,086
Depreciation – based on cost	-61,946,525	-79,342,634	-29,140,610	-1,708,970		-172,138,739
Revaluation/ Impairment		-861,269	0		1,578,940	717,671
Prior year adjustments -acquisitions		0				0
Prior year adjustments -depreciation		0				0
Carrying value of disposals			-769,868			-769,868
Cost/Accumulated depreciation			417,427			417,427
Major spare parts & standby 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>156,158,601</b>	<b>6,679,103</b>	<b>10,353,325</b>	<b>5,015,065,077</b>
Cost	2,058,407,189	3,197,528,510	217,962,134	8,388,577	10,353,325	5,493,057,169
Accumulated depreciation – cost	-162,208,080	-251,853,570	-61,803,533	-1,709,475	0	-477,992,085

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

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

**POLOKWANE MUNICIPALITY**  
**CONSOLIDATED 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.

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

**8.1 PROPERTY, PLANT & EQUIPMENT**

**Polokwane Municipality**

	Land and Buildings R	Infrastructure R	Other and Movable R	Heritage R	Biological R	Total R
<b>Carrying values at 1 July 2008</b>	<b>1 302 231 405</b>	<b>1 815 630 862</b>	<b>63 721 831</b>	<b>2 862 537</b>	<b>0</b>	<b>3 184 446 635</b>
Cost	1 330 589 679	1 872 507 111	71 883 191	2 862 537		3 277 842 518
Accumulated depreciation – cost	(28 358 274)	(56 876 249)	(8 161 360)	0	0	(93 395 883)
Revaluation Balance						0
Acquisitions	12 697 842	259 914 010	33 770 585	1 221 338		307 603 775
Capital under construction	513 959 628	199 185 054	210 885	1 044 920		714 400 487
Depreciation – based on cost	(35 279 141)	(60 884 251)	(10 472 321)			(106 635 713)
Game count					8 774 385	8 774 385
Carrying value of disposals	0	0	0	0	0	0
Cost						0
Accumulated depreciation						0
Other movements						0
<b>Carrying values at 30 June 2009</b>	<b>1 793 609 734</b>	<b>2 213 845 675</b>	<b>87 230 980</b>	<b>5 128 795</b>	<b>8 774 385</b>	<b>4 108 589 569</b>
Cost	1 857 247 149	2 331 606 175	105 864 661	5 128 795	8 774 385	4 308 621 165
Accumulated depreciation – cost	(63 637 415)	(117 760 500)	(18 633 681)	0	0	(200 031 596)
Acquisitions	376 503 883	86 622 058	32 797 060	304 641		496 227 642
Capital under construction	26 196 264	349 024 144	9 650 870	2 995 184		387 866 462
Depreciation – based on cost	(39 192 577)	(52 158 464)	(14 273 780)			(105 624 821)
Landfill site	2 517 920					2 517 920
Depreciation – based on cost	( 183 790)					( 183 790)
Prior year adjustments -acquisitions		2 024	1 834 100	1 012		1 837 136
Prior year adjustments -depreciation		( 40)	( 275 564)	( 505)		( 276 109)
Leased assets			11 594 362			11 594 362
Depreciation – based on cost			(1 562 238)			(1 562 238)
Carrying value of disposals						0
Cost			(7 054 402)			(7 054 402)
Accumulated depreciation			2 285 435			2 285 435
Other movements		0	2			2
<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>4 896 217 168</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	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
Prior year adjustments -acquisitions						0
Prior year adjustments -depreciation						0
Carrying value of disposals			-769,868			-769,868
Cost/Accumulated depreciation			417,427			417,427
Major parts & standby 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>5,014,406,516</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 buildings, are buildings to the amount of R7 554 992 which is regarded as investment property. See note 39.

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

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

9.	INVESTMENTS	2011 R	2010 R	2011 R	2010 R
	<b>Long Term Investments</b>				
	Investment in municipal entity (THA)	-	-	8,217,389	8,217,389
	Other investments	22,471,658	21,170,731	8,217,389	8,217,389
		<u>22,471,658</u>	<u>21,170,731</u>	<u>8,217,389</u>	<u>8,217,389</u>
	<b>Short Term Fixed Deposits</b>				
	ABSA Bank	80,576,137	-	80,576,137	-
	First National Bank	20,000,000	-	20,000,000	-
	Nedbank	40,279,912	-	40,279,912	-
	Standard Bank	79,137,173	58,999,800	79,137,173	58,999,800
		<u>219,993,222</u>	<u>58,999,800</u>	<u>219,993,222</u>	<u>58,999,800</u>
	<b>Total Investments</b>	<u>228,210,611</u>	<u>67,217,189</u>	<u>228,210,611</u>	<u>67,217,189</u>
	Council's valuation of investments	<u>228,210,431</u>	<u>67,217,189</u>	<u>228,210,431</u>	<u>67,217,189</u>

No investments have been written off during the year.

10.	NON CURRENT RECEIVABLES	2011 R	2010 R	2011 R	2010 R
	Housing selling scheme loans	2,397,719	2,525,476	2,397,719	2,525,476
	Sport loans	932,016	1,020,215	932,016	1,020,215
	Erven loans	21,312,350	24,446,249	21,312,350	24,446,249
	Loan to Subsidiary - Polokwane Housing Association	-	(30,001)	5,126,599	4,467,017
		<u>24,642,085</u>	<u>27,961,939</u>	<u>29,768,684</u>	<u>32,458,957</u>
	Less: current portion transferred to current receivables	21,371,735	24,636,986	21,371,735	24,636,986
	Housing selling scheme loans	141,686	164,436	141,686	164,436
	Sport loans	88,200	88,200	88,200	88,200
	Erven loans	21,141,849	24,384,350	21,141,849	24,384,350
		<u>3,270,350</u>	<u>3,324,953</u>	<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**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R	2011 R	2010 R
<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</b>	<b>52,629,647</b>	<b>45,162,700</b>	<b>52,629,647</b>	<b>45,162,700</b>
Consumable stores - at cost	48,961,426	40,649,665	48,961,426	40,649,665
Other goods held for resale - at cost	3,246,426	4,230,637	3,246,426	4,230,637
Water - at cost	421,795	282,398	421,795	282,398
<b>Additions</b>	<b>151,414,733</b>	<b>148,648,748</b>	<b>151,414,733</b>	<b>148,648,748</b>
Consumable stores	46,284,461	63,569,497	46,284,461	63,569,497
Other goods held for resale	318,421	-	318,421	-
Water	104,811,851	85,079,251	104,811,851	85,079,251
<b>Issued (Expensed)</b>	<b>(144,854,652)</b>	<b>(128,851,641)</b>	<b>(144,854,652)</b>	<b>(128,851,641)</b>
Consumable stores	(39,879,910)	(42,927,576)	(39,879,910)	(42,927,576)
Other goods held for resale	-	(984,211)	-	(984,211)
Water	(104,974,742)	(84,939,854)	(104,974,742)	(84,939,854)
<b>Write-down/(reversal of write-down) to Net replacement value</b>	<b>(5,309,890)</b>	<b>(12,330,160)</b>	<b>(5,309,890)</b>	<b>(12,330,160)</b>
Consumable stores	(5,309,890)	(12,330,160)	(5,309,890)	(12,330,160)
<b>Closing balance of inventories</b>	<b>53,879,838</b>	<b>52,629,647</b>	<b>53,879,838</b>	<b>52,629,647</b>
Consumable stores - at cost	50,056,087	48,961,426	50,056,087	48,961,426
Unsold properties held for resale	3,564,847	3,246,426	3,564,847	3,246,426
Water - at cost	258,904	421,795	258,904	421,795
	<b>53,879,838</b>	<b>52,629,647</b>	<b>53,879,838</b>	<b>52,629,647</b>
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	330,403,419	257,477,810
Sale of water and electricity 15 to 30 June	20,058,221	16,084,299	20,058,221	16,084,299
Less Provision for bad debts	(145,856,743)	(106,736,120)	(145,856,743)	(106,736,120)
Less contra debtors suspense account	(18,800,341)	(17,980,405)	(18,800,341)	(17,980,405)
Plus outstanding RD cheques	7,697,583	4,804,497	7,697,583	4,804,497
	<b>193,502,139</b>	<b>153,650,081</b>	<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	101,884,601	76,655,733
31-60 days	29,402,051	12,988,182	29,402,051	12,988,182
61-90 days	13,186,022	10,461,038	13,186,022	10,461,038
91-120 days	12,694,151	7,872,737	12,694,151	7,872,737
120+ days	193,376,760	149,500,120	193,376,760	149,500,120
	<b>350,543,585</b>	<b>257,477,810</b>	<b>350,543,585</b>	<b>257,477,810</b>
<b>Consumer debtors per category</b>				
Government	26,367,371	29,976,730	26,367,371	29,976,730
Business	46,660,282	77,676,476	46,660,282	77,676,476
Individuals	268,128,944	140,838,884	268,128,944	140,838,884
Other	9,386,988	8,985,720	9,386,988	8,985,720
	<b>350,543,585</b>	<b>257,477,810</b>	<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	108,736,120	111,127,774	106,736,120	109,127,774
Contributions to provision	40,857,320	-	39,120,623	-
Bad debts recovered/(written off) against provision	-	(319,631)	-	(319,631)
Over provision previous year	-	(2,072,023)	-	(2,072,023)
<b>Balance at year end</b>	<b>149,593,440</b>	<b>108,736,120</b>	<b>145,856,743</b>	<b>106,736,120</b>

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

	2011 R	2010 R	2011 R	2010 R
<b>13. OTHER RECEIVABLES</b>				
Rental receivables	6,140,670	2,700,463		
Sundry debtors	12,580	12,580		
Staff loans	8,943	8,943		
Other debtors	3,428,694	5,822,315	3,115,810	5,535,224
Deposits	500,900	498,705	500,900	498,705
Less: Provision for doubtful debts	(3,614,102)	(2,506,082)		
	<u>6,477,685</u>	<u>6,536,924</u>	<u>3,616,710</u>	<u>6,033,929</u>
<b>14. VAT</b>				
Vat refundable	<u>11,599,731</u>	<u>42,750,530</u>	<u>11,599,731</u>	<u>42,750,530</u>
Vat is payable on an invoice basis.				
<b>15. 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	18,314,811	112,670,896
Bank statement balance at end of year	<u>10,122,899</u>	<u>18,314,811</u>	<u>10,122,899</u>	<u>18,314,811</u>
Cash book balance at beginning of year	(96,027,207)	49,930,160	(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>	<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	(70)	128,455,604
Bank statement balance at end of year	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>(70)</u>
Cash book balance at beginning of year	(70)	128,455,004	(70)	128,455,004
<b>Cash book balance at end of year</b>	<u>-</u>	<u>(70)</u>	<u>-</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	318,349	1,697,284
Bank statement balance at end of year	<u>333,424</u>	<u>318,349</u>	<u>333,424</u>	<u>318,349</u>
Cash book balance at beginning of year	318,349	1,697,284	318,349	1,697,284
<b>Cash book balance at end of year</b>	<u>333,424</u>	<u>318,349</u>	<u>333,424</u>	<u>318,349</u>
PHA bank balances	2,231,739	1,722,653		-
PHA cash on hand	1,000	-		-
Other	545	14,925	545	14,925
Petty cash	43,760	43,760	43,760	43,760
	<u>7,474,049</u>	<u>(93,927,590)</u>	<u>5,241,310</u>	<u>(95,650,243)</u>

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

16. PROPERTY RATES	2011 R	2010 R	2011 R	2010 R
Residential	82,154,432	91,730,067	82,154,432	91,730,067
Government	22,876,995	9,885,762	22,876,995	9,885,762
Commercial	85,179,961	68,179,032	85,179,961	68,179,032
Other	21,718,224	3,800,203	21,718,224	3,800,203
	<b>211,929,612</b>	<b>173,595,064</b>	<b>211,929,612</b>	<b>173,595,064</b>
<b>VALUATIONS</b>	<b>R000's</b>	<b>R000's</b>	<b>R000's</b>	<b>R000's</b>
Residential	20,461,205	1,283,668	20,461,205	1,283,668
Government	3,328,973	131,181	3,328,973	131,181
Commercial	12,325,206	723,877	12,325,206	723,877
Municipal	1,878,292	233,884	1,878,292	233,884
Other	6,231,994	573,963	6,231,994	573,963
	<b>44,225,670</b>	<b>2,946,573</b>	<b>44,225,670</b>	<b>2,946,573</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 bussinesses, therefor the decline in revenue of residential properties.

17. SERVICE CHARGES	2011	2010	2011	2010
Sale of electricity	434,520,160	354,547,529	434,520,160	354,547,529
Sale of water	105,647,778	105,586,573	105,647,778	105,586,573
Refuse removal	44,289,851	40,972,883	44,289,851	40,972,883
Sewerage and sanitation charges	36,355,770	31,918,628	36,355,770	31,918,628
	<b>620,813,559</b>	<b>533,025,613</b>	<b>620,813,559</b>	<b>533,025,613</b>

**18. GOVERNMENT SUBSIDIES & GRANTS**

	360,475,959	364,356,044	360,475,959	364,356,044
<b>Operating Grants</b>				
Equitable share	307,859,481	246,638,411	307,859,481	246,638,411
Municipal systems improvement grant	750,000	400,000	750,000	400,000
Water services operating grant	14,667,000	20,806,000	14,667,000	20,806,000
Finance management grant	632,128	445,248	632,128	445,248
Municipal infrastructure grant	-	3,813,643	-	3,813,643
Public transport infrastructure and systems grant	35,000,000	35,930,806	35,000,000	35,930,806
Local Government Housing	-	1,421,935	-	1,421,935
Public partners	1,567,350	100,000	1,567,350	100,000
2010 world cup host city operating grant	-	54,800,000	-	54,800,000
	<b>129,515,626</b>	<b>329,976,994</b>	<b>129,515,626</b>	<b>329,976,994</b>
<b>Capital Grants</b>				
2010 FIFA Wold Cup Stadium grant	-	150,173,972	-	150,173,972
Municipal infrastructural grant	62,236,678	132,967,717	62,236,678	132,967,717
Finance management grant	367,872	304,752	367,872	304,752
Capricorn district municipality	-	2,259,174	-	2,259,174
Integrated national electrification programme grant	14,688,067	-	14,688,067	-
Electricity demand side management grant	14,510,469	-	14,510,469	-
Public transport infrastructure grant	11,528,190	40,912,606	11,528,190	40,912,606
Expanded public works programme incentive grant	2,478,852	1,091,750	2,478,852	1,091,750
Neighbourhood development	5,553,258	-	5,553,258	-
Public partners	1,961,094	-	1,961,094	-
Water services refurbishment grant	16,191,147	2,267,024	16,191,147	2,267,024
	<b>489,991,585</b>	<b>694,333,038</b>	<b>489,991,585</b>	<b>694,333,038</b>

**18. GOVERNMENT SUBSIDIES & GRANTS (CONTINUED)**

**18.1 Equitable Share**

Balance unspent at beginning of year	-	-	-	-
Current year receipts	307,859,481	246,638,411	307,859,481	246,638,411
Conditions met – transferred to revenue	(307,859,481)	(246,638,411)	(307,859,481)	(246,638,411)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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.

**18.2 Restructuring Grant**

Balance unspent at beginning of year	953,927	953,927	953,927	953,927
Current year receipts	-	-	-	-
Conditions met – transferred to revenue	-	-	-	-
<b>Unspent amount transferred to liabilities</b> (see note 7)	<b>953,927</b>	<b>953,927</b>	<b>953,927</b>	<b>953,927</b>

The grant was used for various restructuring initiatives.

**18.3 Finance Management Grant**

Balance unspent at beginning of year	-	-	-	-
Current year receipts	1,000,000	750,000	1,000,000	750,000
Conditions met – transferred to revenue	(1,000,000)	(750,000)	(1,000,000)	(750,000)
<b>Unspent amount transferred to liabilities</b> (see note 7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	2011 R	2010 R	2011 R	2010 R
<b>18.4 Water Services Operating Subsidy Grant</b>				
Current year receipts	14,667,000	20,806,000	14,667,000	20,806,000
Conditions met – transferred to revenue	(14,667,000)	(20,806,000)	(14,667,000)	(20,806,000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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 Grant</b>				
Balance unspent at beginning of year	11,528,189	27,225,601	11,528,189	27,225,601
Current year receipts	40,250,000	61,146,000	40,250,000	61,146,000
Conditions met – transferred to revenue	(46,528,189)	(76,843,412)	(46,528,189)	(76,843,412)
<b>Unspent amount transferred to liabilities</b>	<b>5,250,000</b>	<b>11,528,189</b>	<b>5,250,000</b>	<b>11,528,189</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	-	-	-	-
Current year receipts	750,000	400,000	750,000	400,000
Conditions met – transferred to revenue	(750,000)	(400,000)	(750,000)	(400,000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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 Grant</b>				
Balance unspent at beginning of year	-	128,455,004	-	128,455,004
Current year receipts	-	21,718,968	-	21,718,968
Conditions met – transferred to revenue	-	(150,173,972)	-	(150,173,972)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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	28,927,683	35,906,043
Current year receipts	151,829,000	129,803,000	151,829,000	129,803,000
Conditions met – transferred to revenue	(62,236,678)	(136,781,360)	(62,236,678)	(136,781,360)
<b>Unspent amount transferred to liabilities</b>	<b>118,520,005</b>	<b>28,927,683</b>	<b>118,520,005</b>	<b>28,927,683</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	2,949,710	2,949,710
Current year receipts	-	-	-	-
Conditions met – transferred to revenue	-	-	-	-
<b>Unspent amount transferred to liabilities</b>	<b>2,949,710</b>	<b>2,949,710</b>	<b>2,949,710</b>	<b>2,949,710</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	16,191,147	8,621,171
Current year receipts	-	9,837,000	-	9,837,000
Conditions met – transferred to revenue	(16,191,147)	(2,267,024)	(16,191,147)	(2,267,024)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>16,191,147</b>	<b>-</b>	<b>16,191,147</b>
(see note 7)				
The grant was utilised to subsidize 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	-	54,800,000	-	54,800,000
Conditions met – transferred to revenue	-	(54,800,000)	-	(54,800,000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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	318,349	1,697,284
Current year receipts	15,075	43,840	15,075	43,840
Conditions met – transferred to revenue	-	(1,422,775)	-	(1,422,775)
<b>Unspent amount transferred to liabilities</b>	<b>333,424</b>	<b>318,349</b>	<b>333,424</b>	<b>318,349</b>
(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	649,874	649,874
Current year receipts	-	-	-	-
Conditions met – transferred to revenue	-	-	-	-
<b>Unspent amount transferred to liabilities</b>	<b>649,874</b>	<b>649,874</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**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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

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

	2011 R	2010 R	2011 R	2010 R
<b>18.17</b>				
<b>Expanded Public Works Programme Incentive Grant</b>				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	3,448,950	-	3,448,950	-
Conditions met – transferred to revenue	(2,478,852)	-	(2,478,852)	-
<b>Unspent amount transferred to liabilities</b>	<b>970,098</b>	<b>-</b>	<b>970,098</b>	<b>-</b>
(see note 7)				
The grant was used to fund projects in order to maximise job creation and skills development .				
<b>18.18</b>				
<b>Electricity Demand Side Management Grant</b>				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	8,158,550	-	8,158,550	-
Conditions met – transferred to revenue	(5,553,258)	-	(5,553,258)	-
<b>Unspent amount transferred to liabilities</b>	<b>2,605,292</b>	<b>-</b>	<b>2,605,292</b>	<b>-</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</b>				
<b>Loc/Eskom/Dept of Transport and Anglo Platinum</b>				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	29,824,444	-	29,824,444	-
Conditions met – transferred to revenue	(3,528,444)	-	(3,528,444)	-
<b>Unspent amount transferred to liabilities</b>	<b>26,296,000</b>	<b>-</b>	<b>26,296,000</b>	<b>-</b>
(see note 7)				
The grant was utilised to install electricity and road infrastructure.				
<b>20.</b>				
<b>INVESTMENT REVENUE</b>				
<b>EXTERNAL INVESTMENTS</b>				
Current account	3,025,438	7,062,574	3,023,736	7,056,806
External investments	5,078,795	24,627,137	5,078,795	24,627,137
Investment in PHA	-	-	629,582	522,265
	<b>8,104,233</b>	<b>31,689,711</b>	<b>8,732,113</b>	<b>32,206,208</b>
<b>21.</b>				
<b>OTHER REVENUE</b>				
Building plan fees	3,190,319	2,705,133	3,190,319	2,705,133
Consumer Connection fees	6,300,114	8,056,747	6,300,114	8,056,747
Sale of erven	21,430,899	24,882,191	21,430,899	24,882,191
Surcharge excess	20,605,785	4,970,327	20,605,785	4,970,327
Royalties Silicon	2,192,792	1,060,369	2,192,792	1,060,369
Services contributions	2,217,622	2,728,010	2,217,622	2,728,010
Reconnection and notice fees	5,471,096	5,992,267	5,471,096	5,992,267
Refund Seta levy	1,196,154	423,837	1,196,154	423,837
Labotatory tests	3,508,172	1,445,333	3,508,172	1,445,333
Stock gains	-	2,492,979	-	2,492,979
Fair value adjustment of investment property	-	-	-	-
Game sales	-	1,876,301	-	1,876,301
Sundry income	6,480,096	8,560,552	6,456,796	8,198,858
	<b>72,593,050</b>	<b>65,194,047</b>	<b>72,569,750</b>	<b>64,832,353</b>
<b>22.</b>				
<b>EMPLOYEE RELATED COSTS</b>				
Employee related cost - Salaries and wages	224,968,984	202,729,886	221,617,548	199,606,894
Employee related cost - Social contributions	56,140,565	52,848,614	56,140,565	52,848,614
Travel, motor car, accomodation & other allowances	22,269,567	19,054,783	22,269,567	19,054,783
Housing benefits and allowances	8,458,689	7,949,324	8,458,689	7,949,324
Overtime benefits	43,026,019	36,409,059	43,026,019	36,409,059
Leave reserve provision	5,372,469	16,067,534	5,372,469	16,067,534
Long term service awards	5,286,963	1,344,583	5,286,963	1,344,583
	<b>365,523,256</b>	<b>336,403,783</b>	<b>362,171,820</b>	<b>333,280,791</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	496,734	456,826
Allowances	139,188	112,000	139,188	112,000
Council Contributions	122,074	120,457	122,074	120,457
	<b>757,996</b>	<b>689,283</b>	<b>757,996</b>	<b>689,283</b>
The position was vacant for 4 months of the year.				
<b>Chief Financial Officer</b>				
Annual remuneration	807,095	727,560	807,095	727,560
Allowances	72,000	72,000	72,000	72,000
Council Contributions	181,809	173,039	181,809	173,039
	<b>1,060,904</b>	<b>972,599</b>	<b>1,060,904</b>	<b>972,599</b>

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

	2011 R	2010 R	2011 R	2010 R
<b>Director Planning</b>				
Annual remuneration	402,265	517,518	402,265	517,518
Allowances	84,000	168,000	84,000	168,000
Council Contributions	71,261	128,628	71,261	128,628
	<u>557,526</u>	<u>814,146</u>	<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	-	200,045	-
Allowances	63,280	-	63,280	-
Council Contributions	58,561	-	58,561	-
	<u>321,886</u>	<u>-</u>	<u>321,886</u>	<u>-</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	508,375	462,583
Allowances	216,000	216,000	216,000	216,000
Council Contributions	148,569	139,792	148,569	139,792
	<u>872,944</u>	<u>818,375</u>	<u>872,944</u>	<u>818,375</u>
<b>Director Corporate Services</b>				
Annual remuneration	272,940	-	272,940	-
Allowances	54,240	-	54,240	-
Council Contributions	644	-	644	-
	<u>327,824</u>	<u>-</u>	<u>327,824</u>	<u>-</u>
The position was vacant for 7 months of the year.				
<b>Director 2010</b>				
Annual remuneration	576,428	520,938	576,428	520,938
Allowances	168,000	168,000	168,000	168,000
Council Contributions	149,614	144,093	149,614	144,093
	<u>894,042</u>	<u>833,031</u>	<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	745,004	710,756
Speaker	599,569	558,605	599,569	558,605
Chief Whip	485,433	524,855	485,433	524,855
Mayoral Committee members	3,816,886	3,601,267	3,816,886	3,601,267
Councillors	14,131,997	12,800,919	14,131,997	12,800,919
	<u>19,778,889</u>	<u>18,196,402</u>	<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	88,199	32,692
Finance leases	759,800	-	759,800	-
Annuity loans	15,430,762	27,010,100	12,224,742	23,594,043
	<u>16,278,761</u>	<u>27,042,792</u>	<u>13,072,741</u>	<u>23,626,735</u>
<b>25. BULK PURCHASES</b>				
Electricity	313,590,343	229,752,004	313,590,343	229,752,004
Water	104,811,851	85,079,251	104,811,851	85,079,251
	<u>418,402,194</u>	<u>314,831,255</u>	<u>418,402,194</u>	<u>314,831,255</u>

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

	2011 R	2010 R	2011 R	2010 R
<b>26. GRANT AND SUBSIDIES PAID</b>				
Animal care : SPCA	240,000	220,000	240,000	220,000
	<u>240,000</u>	<u>220,000</u>	<u>240,000</u>	<u>220,000</u>
<b>27. GENERAL EXPENSES</b>				
Free basic services	16,139,113	13,346,554	16,139,113	13,346,554
Printing and stationery	4,063,399	3,032,641	4,049,696	3,018,491
Rental equipment	5,959,090	9,135,889	5,908,477	9,051,080
Stores and material	2,844,529	3,594,450	2,844,529	3,594,450
Meter reading	4,200,976	3,366,107	4,200,976	3,366,107
Research and development	1,679,953	2,532,440	1,679,953	2,532,440
Training	2,532,235	1,939,045	2,491,358	1,927,322
Postage and telegram	1,967,339	1,862,380	1,966,669	1,862,380
Legal expenses	3,027,894	3,743,313	2,159,657	2,712,444
Subsistence and travelling	4,122,542	4,769,239	4,088,123	4,729,772
Security services	18,841,465	12,204,920	17,780,759	11,080,346
Telephone costs	5,245,454	5,726,426	5,087,758	5,500,128
Garden services	4,955,221	2,250,028	4,955,221	2,250,028
Awareness campaigns	67,685	59,270	67,685	59,270
Insurance	7,504,287	9,487,994	7,345,025	9,336,419
Levy Seta training	2,966,776	2,552,117	2,966,776	2,552,117
Street cleaning	7,795,615	7,843,641	7,795,615	7,843,641
Cost of unsold property	-	984,211	-	984,211
Provision for rehabilitation of landfill sites	276,971	251,792	276,971	251,792
Fuel and oil	5,896,419	8,955,203	5,896,419	8,955,203
Bank charges	3,295,650	1,646,330	3,213,987	1,419,852
Stock losses	1,000,494	-	1,000,494	-
Loss on disposal of assets	131,631	1,204	131,631	-
Festivals	-	1,554,808	-	1,554,808
2010 Operating expenses	53,458,437	95,656,135	53,458,437	95,656,135
Subscription fees	2,699,670	2,473,135	2,687,032	2,426,556
Medical aid contributions continued members	22,631,323	3,093,780	22,631,323	3,093,780
Valuation roll	2,084,093	7,011,477	1,988,333	7,011,477
Waste disposal	6,853,970	4,605,931	6,853,970	4,605,931
Other	50,409,253	40,035,299	50,046,822	39,506,287
	<u>242,651,483</u>	<u>253,715,758</u>	<u>239,712,808</u>	<u>250,229,020</u>
<b>28. CORRECTION OF ERROR</b>				
<b>28.1</b>	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 amounts have been restated as follows to conform to the accounting standards.			
<b>Provisions</b>				
Adjustments on Post-employment health benefits		(124,945,775)		(124,945,775)
Adjustment on long service awards		(8,873,872)		(8,873,872)
Adjustment ex-gratia benefits		(5,584,727)		(5,584,727)
Adjustment on landfill site		(2,769,712)		(2,769,712)
Net effect on accumulated surplus opening balance		<u>(142,174,086)</u>		<u>(142,174,086)</u>
<b>Trade and other payables</b>				
Deferred income		(3,018,047)		(3,018,047)
Adjustment on leave bonuses (13th cheque)		16,186,755		16,186,755
Net effect on accumulated surplus opening balance		<u>13,168,708</u>		<u>13,168,708</u>
<b>Long-term liabilities</b>				
Adjustment on finance leases		(10,209,155)		(10,209,155)
Net effect on accumulated surplus opening balance		<u>(10,209,155)</u>		<u>(10,209,155)</u>
<b>28.2</b>	The correction of the errors results in adjustments of rental income			
	The effect on prior year balances is as follows:			
Retained income	2,182,733	37,913,600	-	-
Previously stated		<u>35,730,867</u>	-	-
<b>29. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>				
<b>Net surplus for the year</b>	86,103,552	436,720,809	79,093,762	439,271,615
Adjustment for:				
Correction of prior year error	10,003,964	(24,774,464)	10,003,964	(24,774,464)
Depreciation charges	176,683,061	107,943,732	176,460,817	107,768,136
Interest received	(8,733,815)	(32,241,976)	(8,732,113)	(32,236,208)
Loss on disposal of property, plant and equipment	-	1,204	-	-
Interest paid	16,908,343	27,534,056	13,072,741	23,626,735
<b>Operating surplus before working capital changes</b>	<b>280,965,105</b>	<b>515,183,361</b>	<b>269,899,171</b>	<b>513,655,814</b>
(Increase)/decrease in inventories	(1,250,191)	(7,466,947)	(1,250,191)	(7,466,947)
(Increase)/decrease in debtors	(41,336,159)	(32,868,717)	(39,852,058)	(31,178,530)
(Increase)/decrease in other debtors	2,417,218	(1,385,489)	2,417,218	(1,385,489)
Increase/(decrease) in conditional grants	87,810,916	(136,859,349)	87,810,916	(136,859,349)
Increase/(decrease) in creditors	(47,946,594)	9,405,774	(48,645,489)	9,551,354
Increase/(decrease) in Deferred income	1,301,598	3,194,529	-	-
Increase/(decrease) in provisions	16,869,912	2,728,801	16,636,338	2,728,801
(Increase)/decrease in VAT	31,150,799	12,725,002	31,150,799	12,725,002
<b>Cash generated by operations</b>	<u><b>329,982,605</b></u>	<u><b>364,656,966</b></u>	<u><b>318,166,705</b></u>	<u><b>361,770,656</b></u>
<b>30. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>				
<b>30.1 Contribution to SALGA</b>				
Council membership fees payable	1,877,425	1,685,865	1,877,425	1,685,865
Amount paid current year	(1,877,425)	(1,685,865)	(1,877,425)	(1,685,865)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30.2 Audit Fees</b>				
Current year audit fee	3,302,872	1,643,418	3,101,941	1,510,210
Amount paid current year	(3,302,872)	(1,643,418)	(3,101,941)	(1,510,210)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2011 R	2010 R	2011 R	2010 R
<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	47,486,008	39,109,530
Amount paid current year	(47,486,008)	(39,109,530)	(47,486,008)	(39,109,530)
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30.5 Unemployment Insurance Fund (UIF)</b>				
Current payroll deductions	3,883,679	3,589,908	3,883,679	3,589,908
Amount paid current year	(3,883,679)	(3,589,908)	(3,883,679)	(3,589,908)
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>	<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	24,467,420	20,461,936
Amount paid current year	(24,467,420)	(20,461,936)	(24,467,420)	(20,461,936)
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30.7 Pension Fund</b>				
Current payroll deductions	56,534,057	50,329,279	56,534,057	50,329,279
Amount paid current year	(56,534,057)	(50,329,279)	(56,534,057)	(50,329,279)
<b>Balance unpaid</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31. INVESTMENT PROPERTY</b>				
Cost	187,963,206	204,404,523	125,510,500	125,510,500
Correction of error	-	-	-	-
Change in accounting policy	-	-	-	-
Acquisitions	82,460	320,840	-	-
Disposal	-	-	-	-
Fair value adjustments	-	(16,762,157)	-	-
<b>TOTAL</b>	<u>188,045,666</u>	<u>187,963,206</u>	<u>125,510,500</u>	<u>125,510,500</u>
<b>RECONCILIATION OF INVESTMENT PROPERTY</b>				
<b>Opening balance 1 July</b>	187,963,206	204,404,523	125,510,500	125,510,500
Additions	82,460	320,840	-	-
Disposal	-	-	-	-
Fair value adjustment	-	(16,762,157)	-	-
Impairment	-	-	-	-
<b>Closing balance at 30 June</b>	<u>188,045,666</u>	<u>187,963,206</u>	<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	302,802,000	420,576,696	302,802,000	420,576,696
The expenditure will be financed from:				
- Capital Replacement Reserve	166,185,733	137,110,130	166,185,733	137,110,130
- Government and other Grants	136,616,267	283,466,566	136,616,267	283,466,566
	<u>302,802,000</u>	<u>420,576,696</u>	<u>302,802,000</u>	<u>420,576,696</u>

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

33.	CONTINGENT LIABILITIES	2011 R	2010 R	2011 R	2010 R
33.1	<b>Oscon Domestic Installations</b> Dispute regarding awarding of tender.	300,000	300,000	300,000	300,000
33.2	<b>K Yendall</b>  Seeks payment for alleged outstanding pension benefits	 160,000	 160,000	 160,000	 160,000
33.3	<b>Blue Sands Trading</b> Claim for payment in terms of session.	1,300,000	1,300,000	1,300,000	1,300,000
33.4	<b>OA International</b> Claim of alleged arrear consulting fees	100,000	279,900	100,000	279,900

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

	Economic Entity		Polokwane
<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND 35 WASTEFUL EXPENDITURE DISALLOWED</b>	<b>2,011</b>	<b>2,010</b>	<b>2,011</b>
<b>35.1 Unauthorised expenditure</b>			
Reconciliation of unauthorised expenditure			
Opening balance	182,218,767	151,281,000	182,218,767
Unauthorised expenditure current year	89,849,171	30,937,767	89,849,171
Approved by Council or condoned	-	-	-
Transfer to receivables for recovery	-	-	-
	<u>272,067,938</u>	<u>182,218,767</u>	<u>272,067,938</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	909,100
Fruitless and wasteful expenditure current year	-	-	-
Condoned or written off by Council	-	-	-
To be recovered – contingent asset	-	-	-
	<u>909,100</u>	<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	325,184
Mayor over payment	-	-	-
Fruitless and wasteful expenditure current - Traditional leaders	-	92,077	-
Non-compliance with SCM policy/tender and quotation procedures	10,902,313	-	10,902,313
Non-compliance with SCM policy/awards to persons employed by the state	2,996,025	-	2,996,025
Non-compliance with SCM policy/awards to persons employed by the municipality	104,347	-	104,347
Overpayment S57 Managers	-	-	-
Condoned or written off by Council	-	(92,019)	-
Transfer to receivables for recovery – not condoned	-	-	-
	<u>14,327,869</u>	<u>325,184</u>	<u>14,327,869</u>

Section 81(5)(a)(i) and (ii) of the Municipal structures Act 117 of 1998, which deals with

the participation of traditional leaders states:

Traditional leader who participate in the proceedings of a municipal council is entitled to

payment of out of pocket expenses in respect of such participation; the municipality remunerated five traditional leaders a total amount of R 92 019 during 2008/9 and

R 92 077 during the 2009/10 financial year. Such expenditure is deemed to be irregular

in terms of section 1 of the MFMA. There was also over and underpayment of councilors remuneration as disclosed above.

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

These increases 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	2,769,712
Additions during the year	276,971	251,792	276,971
Reductions during the year	-	-	-
Carrying amount at end of year	<u>3,046,683</u>	<u>2,769,712</u>	<u>3,046,683</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 13 years



### 36.2 Post-Employment Health Care Benefits

Fair value of plan assets	-	-	-
Accrued liability	138,685,784	124,945,775	138,685,784
<b>Unfunded Accrued Liability</b>	<b>138,685,784</b>	<b>124,945,775</b>	<b>138,685,784</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>	<b>138,685,784</b>

#### Reconciling and projecting the unfunded accrued liability

##### Unfunded Accrued Liability

Opening balance	124,945,775	124,463,553	124,945,775
Current-service cost	6,813,415	5,985,580	6,813,415
Interest cost	11,372,251	11,217,998	11,372,251
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)	(4,445,656)
Employer prefunding contributions	-	-	-
<b>Closing Balance</b>	<b>138,685,785</b>	<b>124,945,775</b>	<b>138,685,785</b>

#### Net liability to reflect in the balance sheet

Opening balance	124,945,775	-	124,945,775
Current-service cost	6,813,415	5,985,580	6,813,415
Interest	11,372,251	11,217,998	11,372,251
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-alloc Cost Recognised in P&amp;L</b>	<b>143,131,441</b>	<b>4,129,084</b>	<b>143,131,441</b>
Actual employer benefits payments	(4,445,656)	(3,646,862)	(4,445,656)
Transitional liability payments	-	-	-
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>	<b>138,685,785</b>

The following assumptions has been used for current and prior year

Discount rate	9%	11%	9%
Health care cost inflation rate	10%	8%	10%

### 36.3 Long Service Awards

Fair value of plan assets	-	-	-
Accrued liability	10,891,471	8,873,872	10,891,471
<b>Unfunded Accrued Liability</b>	<b>10,891,471</b>	<b>8,873,872</b>	<b>10,891,471</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>	<b>10,891,471</b>

#### Reconciling and projecting the unfunded accrued liability

##### Unfunded Accrued Liability

Opening balance	8,873,872	6,944,166	8,873,872
Current-service cost	1,822,778	1,161,279	1,822,778
Interest cost	604,072	574,893	604,072
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)	(409,251)

Employer prefunding contributions  
**Closing Balance**

-	-	-
<u>10,891,471</u>	<u>8,873,872</u>	<u>10,891,471</u>

*Net liability to reflect in the balance sheet*

Opening balance	8,873,872	-	8,873,872
Current-service cost	1,822,778	1,161,279	1,822,778
Interest	604,072	574,893	604,072
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 Prelioc Cost Recognised in P&amp;L</b>	<b>11,300,722</b>	<b>2,242,156</b>	<b>11,300,722</b>
Actual employer benefits payments	(409,251)	(312,450)	(409,251)
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>	<b>10,891,471</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	6,186,486
<b>Unfunded Accrued Liability</b>	<b>6,186,486</b>	<b>5,584,727</b>	<b>6,186,486</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>	<b>6,186,486</b>

*Reconciling and projecting the unfunded accrued liability*

**Unfunded Accrued Liability**

Opening balance	5,584,727	4,838,110	5,584,727
Current-service cost	428,348	466,926	428,348
Interest cost	512,861	558,551	512,861
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>	<b>(339,450)</b>
Employer prefunding contributions	-	-	-
<b>Closing Balance</b>	<b>6,186,486</b>	<b>5,584,727</b>	<b>6,186,486</b>

*Net liability to reflect in the balance sheet*

Opening balance	5,584,727	-	5,584,727
Current-service cost	428,348	466,926	428,348
Interest	512,861	558,551	512,861
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 Prelioc Cost Recognised in P&amp;L</b>	<b>6,525,936</b>	<b>1,004,324</b>	<b>6,525,936</b>

Expected employer benefits payments	(339,450)	(257,707)	(339,450)
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><u>6,186,486</u></b>	<b><u>5,584,727</u></b>	<b><u>6,186,486</u></b>
Total Provisions	<b><u>158,810,424</u></b>	<b><u>142,174,086</u></b>	<b><u>158,810,424</u></b>

### 37.4 RISK MANAGEMENT

#### 40.1 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	219,993,222
Trade and other receivables	195,995,316	138,574,859	193,502,139
	<u>415,988,538</u>	<u>197,574,659</u>	<u>413,495,361</u>

These balances represent the maximum exposure to credit risk.

#### 40.2 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	295,735,101	85,884,823	254,480,801
Trade and other payables	183,915,046	212,656,835	180,308,586
	<u>479,650,147</u>	<u>298,541,658</u>	<u>434,789,387</u>

#### 40.4 Ratification of deviations from 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.

	<u>13,868,634</u>	<u>171,577,853</u>	<u>13,868,634</u>
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#### 41 Finance lease commitments

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

	Minimum lease payments	Finance costs
<b>2011</b>		
Due within one year	4,421,714	452,419
Due between one year and five years	2,690,373	93,369
	<u>7,112,087</u>	<u>545,788</u>
	Minimum lease payments	Finance costs
<b>2010</b>		
Due within one year	4,456,819	813,963
Due between one year and five years	7,112,087	545,788
	<u>11,568,906</u>	<u>1,359,751</u>

The implicit interest rate embedded on a lease is 9.5%. The lease expires in February 2013 (Itec Meso)

**42 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*

**43 DISTRIBUTION LOSSES**

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

Water distibution losses In KL

5,331,204

Electricity distribution losses kWh

91,669,634

97,000,838

Municipality

2,010

151,281,000  
30,937,767  
-

---

**182,218,767**

909,100

-

---

**909,100**

325,126  
-

92,077

-

-

-

(92,019)

-

---

**325,184**

2,517,920  
251,792  
-

---

**2,769,712**



-  
124,945,775  
**124,945,775**  
-  
-  
**124,945,775**

124,463,553  
5,985,580  
11,217,998  
-  
(13,074,494)  
-  
-  
(3,646,862)  
-  
**124,945,775**

-  
5,985,580  
11,217,998  
-  
-  
(13,074,494)  
-  
-  
**4,129,084**  
(3,646,862)  
-  
-  
124,463,553  
-  
**124,945,775**

11%  
8%

-  
8,873,872  
**8,873,872**  
-  
-  
-  
**8,873,872**

6,944,166  
1,161,279  
574,893  
-  
505,984  
-  
-  
(312,450)

-  
8,873,872

-  
1,161,279  
574,893  
-  
-  
505,984  
-  
-  

---

**2,242,156**  
(312,450)  
-  
-  
6,944,166  
-  

---

**8,873,872**

-  

---

5,584,727  
**5,584,727**  
-  
-  
-  

---

**5,584,727**

4,838,110  
466,926  
558,551  
-  
(21,153)  
-  
-  
(257,707)  
-  

---

**5,584,727**

-  
466,926  
558,551  
-  
-  
(21,153)  
-  
-  

---

**1,004,324**

(257,707)

-

-

4,838,110

-

---

**5,584,727**

---

**142,174,086**

---

58,999,800
137,565,782
<hr/>
<b>196,565,582</b>

47,866,125
209,749,270
<hr/>
<b>257,615,395</b>

**171,577,853**

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**Present value**

3,969,295
2,597,004
<hr/>
<b>6,566,299</b>

**Present value**

3,642,856
6,566,299
<hr/>
<b>10,209,155</b>

5,279,506  
40,730,798  

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**46,010,304**

**44 INTANGIBLE ASSETS**

**Economic Entity**

	<b>Intangible R</b>	<b>Total R</b>
<b>Carrying values at 1 July 2008</b>	<b>6 145 224</b>	<b>6 145 224</b>
Cost	6 175 109	6 175 109
Accumulated depreciation – cost	( 29 885)	( 29 885)
Acquisitions	16 541 440	16 541 440
Capital under construction	12 705 061	12 705 061
Depreciation – based on cost	( 694 815)	( 694 815)
<b>Carrying values at 30 June 2009</b>	<b>34 696 910</b>	<b>34 696 910</b>
Cost	35 421 610	35 421 610
Accumulated depreciation – cost	( 724 700)	( 724 700)
Acquisitions	12 074 918	12 074 918
Capital under construction	1 012 282	1 012 282
Depreciation – based on cost	(2 143 315)	(2 143 315)
Prior year adjustments -acquisitions	1,012	1,012
Prior year adjustments -depreciation	-505	-505
<b>Carrying values at 30 June 2010</b>	<b>45 641 302</b>	<b>45 641 302</b>
Cost	48 509 822	48 509 822
Accumulated depreciation – cost	(2 868 520)	(2 868 520)
Other movements	(10 978 527)	(10 978 527)
Acquisitions	7,015,090	7,015,090
Capital under construction	4,009,550	4,009,550
Depreciation – based on cost	-4,502,134	-4,502,134
Depreciation- movements/transfers	1	1
<b>Carrying values at 30 June 2011</b>	<b>41,185,281</b>	<b>41,185,281</b>
Cost	48,555,935	48,555,935
Accumulated depreciation – cost	-7,370,654	-7,370,654

#### 44.1 INTANGIBLE ASSETS

##### Polokwane Municipality

	<b>Intangible R</b>	<b>Total R</b>
<b>Carrying values at 1 July 2008</b>	<b>6 145 224</b>	<b>6 145 224</b>
Cost	6 175 109	6 175 109
Accumulated depreciation – cost	( 29 885)	( 29 885)
Acquisitions	16 541 440	16 541 440
Capital under construction	12 705 061	12 705 061
Depreciation – based on cost	( 694 815)	( 694 815)
<b>Carrying values at 30 June 2009</b>	<b>34 696 910</b>	<b>34 696 910</b>
Cost	35 421 610	35 421 610
Accumulated depreciation – cost	( 724 700)	( 724 700)
Acquisitions	12 074 918	12 074 918
Capital under construction	1 012 282	1 012 282
Depreciation – based on cost	(2 143 315)	(2 143 315)
Prior year adjustments -acquisitions	1,012	1,012
Prior year adjustments -depreciation	-505	-505
<b>Carrying values at 30 June 2010</b>	<b>45 641 302</b>	<b>45 641 302</b>
Cost	48 509 822	48 509 822
Accumulated depreciation – cost	(2 868 520)	(2 868 520)
Other movements	(10 978 527)	(10 978 527)
Acquisitions	7,015,090	7,015,090
Capital under construction	4,009,550	4,009,550
Depreciation – based on cost	-4,502,134	-4,502,134
Depreciation- movements/transfers	1	1
<b>Carrying values at 30 June 2011</b>	<b>41,185,281</b>	<b>41,185,281</b>
Cost	48,555,935	48,555,935
Accumulated depreciation – cost	-7,370,654	-7,370,654



**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%	61000907	2019/20	50 000 000		2 874 203	47 125 797
ANNUITY LOAN @ 8.875%	61006782	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			
	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>249,707,150</b>	<b>175,476</b>	<b>278,717</b>	<b>0</b>	<b>250,161,343</b>	<b>0</b>	<b>1,089,959</b>	<b>0</b>	<b>1,089,959</b>
Land	249,707,150	175,476	278,717		250,161,343		1,089,959		1,089,959
<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>
Dwellings	31,751,200	549,119			32,300,319	3,214,606	1,075,941		4,290,547
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
<b>INFRASTRUCTURE</b>	<b>2,776,513,576</b>	<b>280,312,023</b>	<b>138,898,448</b>	<b>0</b>	<b>3,195,724,047</b>	<b>169,918,964</b>	<b>81,934,605</b>	<b>0</b>	<b>251,853,569</b>
Electricity reticulation	670,998,833	126,820,712	24,106,033		821,925,578	40,873,731	20,029,657		60,903,388
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
Water reservoirs & reticulation	440,968,675	118,253,340	31,907,660		591,129,675	20,911,456	15,687,236		36,598,692
Sewerage purification & reticulation	281,377,500	10,166,760	33,726,407		325,270,667	12,498,986	5,514,329		18,013,315
Solid Waste	8,380,007	356,561			8,736,568	56,704	167,949		224,653
Cemetaries	2,409,483	63,563	305,985		2,779,031	301,401	120,312		421,713
<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>
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
Furniture & Equipment	12,876,537	9,574,383		12,528	22,438,392	4,637,537	3,217,974	7,847	7,847,664
Computer Equipment	7,563,240	2,469,592		298,778	9,734,054	3,106,595	1,638,080	225,784	4,518,891
Transport Vehicles	57,060,822	5,581,015		303,256	62,338,581	12,869,084	6,404,515	143,985	19,129,614
<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>
Heritage assets	8,112,016	276,561			8,388,577		1,709,475		1,709,475
<b>BIOLOGICAL ASSETS</b>	<b>8,774,385</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,774,385</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Biological Assets	8,774,385		0		8,774,385				0
<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>
Intangible Assets	37,530,283	7,016,103	4,009,550		48,555,936	2,868,014	4,502,640		7,370,654
<b>TOTAL</b>	<b>5,234,169,677</b>	<b>131,941,346</b>	<b>156,921,636</b>	<b>769,868</b>	<b>5,522,262,791</b>	<b>306,238,997</b>	<b>172,688,856</b>	<b>417,427</b>	<b>478,510,426</b>

	<b>Carrying Value</b>
	<b>R</b>
<b>#</b>	<b>249,071,384</b>
	249,071,384
<b>#</b>	<b>1,644,839,035</b>
	28,009,772
	1,616,829,263
<b>#</b>	<b>2,943,870,478</b>
	761,022,190
	1,310,190,720
	554,530,983
	307,257,352
	8,511,915
	2,357,318
<b>#</b>	<b>149,332,699</b>
	86,317,841
	14,590,728
	5,215,163
	43,208,967
<b>#</b>	<b>6,679,102</b>
	6,679,102
<b>#</b>	<b>8,774,385</b>
	8,774,385
<b>#</b>	<b>41,185,282</b>
	41,185,282
<b>#</b>	<b>5,043,752,365</b>

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

	HISTORICAL COST					ACCUMULATED DEPRECIATION				
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value
	R	R		R	R	R	R	R	R	R
<b>EXECUTIVE COUNCIL</b>	<b>1 059 060</b>	<b>149 980</b>	<b>-</b>	<b>-</b>	<b>1 209 040</b>	<b>368 632</b>	<b>53 554</b>	<b>-</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>(31 548 739)</b>	<b>2 061 229</b>	<b>150 916</b>	<b>324 337 566</b>	<b>25 252 855</b>	<b>4 344 271</b>	<b>38 973</b>	<b>29 558 153 #</b>	<b>294 779 413</b>
Human Resources	853 524	438 564			1 292 088	407 622	2 223		409 845	882 243
IT Services	5 740 766	3 185 930	1 299 870		10 226 566	1 049 281	1 243 883		2 293 164	7 933 402
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>-</b>	<b>156 763 614</b>	<b>18 705 945</b>	<b>9 246 654</b>	<b>-</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>-</b>	<b>1537 947 424</b>	<b>35 768 566</b>	<b>60 106 619</b>	<b>-</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>-</b>	<b>-</b>	<b>76 012 828</b>	<b>9 650 635</b>	<b>7 638 917</b>	<b>-</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>-</b>	<b>-</b>	<b>4 486 497</b>	<b>412 686</b>	<b>197 926</b>	<b>-</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>-</b>	<b>-</b>	<b>2 324 991</b>	<b>629 302</b>	<b>63 628</b>	<b>-</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>-</b>	<b>108 240 062</b>	<b>1 856 168</b>	<b>3 402 831</b>	<b>-</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>-</b>	<b>1 460 623 412</b>	<b>97 505 557</b>	<b>42 859 276</b>	<b>-</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>255 677</b>	<b>-</b>	<b>-</b>	<b>11 295 090</b>	<b>345 867</b>	<b>122 956</b>	<b>-</b>	<b>468 823 #</b>	<b>10 826 267</b>
Pollution Control	26 176	4 167			30 343	11 183	1 571		12 754	17 589
Game Reserve	11 013 237	251 510			11 264 747	334 684	121 385		456 069	10 808 678
<b>ELECTRICITY</b>	<b>618 090 793</b>	<b>114 992 022</b>	<b>24 140 789</b>	<b>-</b>	<b>757 223 604</b>	<b>43 479 484</b>	<b>17 465 228</b>	<b>-</b>	<b>60 944 712</b>	<b>696 278 892</b>
Electricity distribution	618 090 793	114 992 022	24 140 789		757 223 604	43 479 484	17 465 228		60 944 712	696 278 892
<b>WATER</b>	<b>583 162 206</b>	<b>(54 707 037)</b>	<b>34 873 294</b>	<b>-</b>	<b>563 328 463</b>	<b>24 016 452</b>	<b>10 380 354</b>	<b>-</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>-</b>	<b>468 848 934</b>	<b>43 464 674</b>	<b>10 680 773</b>	<b>-</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>2 571 130</b>	<b>-</b>	<b>-</b>	<b>40 352 888</b>	<b>4 960 185</b>	<b>3 121 503</b>	<b>-</b>	<b>8 081 688</b>	<b>32 271 200</b>
Solid waste	37 781 758	2 571 130			40 352 888	4 960 185	3 121 503		8 081 688	32 271 200

TOTAL	5 234 169 677	131 941 346	156 921 636	769 868	5 522 262 791	306 238 997	172 688 856	417 427	478 510 426 ##	5 043 752 365
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**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
R	R	R		R	R
-	<b>130,440,082</b>	<b>(130,440,082)</b>	<b>Executive &amp; Council</b>	-	<b>163,053,229</b>
	31,247,003	(31,247,003)	Council general expenses		96,878,897
	103,324	(103,324)	Municipal Manager		2,039,218
	98,117,886	(98,117,886)	2010		56,282,160
	971,869	(971,869)	Secretariat & Records		7,852,954
<b>952,838,781</b>	<b>134,884,999</b>	<b>817,953,782</b>	<b>Finance &amp; Admin</b>	<b>750,455,637</b>	<b>193,687,053</b>
			<b>Finance</b>		
724,550,478		724,550,478	Intergovernmental transfers	489,991,585	
	3,431,418	(3,431,418)	Mankweng/Sebayeng		3,087,441
51,015,717	22,721,133	28,294,584	Financial services	30,230,469	49,177,794
173,595,064	16,723,210	156,871,854	Assessment rates	211,929,612	2,842,010
	579,825	(579,825)	<b>Human Resources</b>		
	19,709,484	(19,709,484)	O & W		1,242,573
	1,257,642	(833,805)	Personnel		14,890,664
423,837	363,562	(363,562)	Training	1,196,154	7,428,812
	379,641	(273,066)	Labour relations		3,073,866
106,575	208,853	(208,853)	Occupational Health	22,863	883,460
			<b>IT</b>	67	16,917,299
	8,216,557	(8,216,557)	<b>Property Services</b>		
	655,939	(655,939)	Administration		8,776,528
			Civic Centre		7,760,473
	748,464	(748,464)	<b>Other Admin</b>		
	56,881	(56,881)	Com & public participation		9,863,175
	3,828,637	(3,828,637)	Security & risk management		636,194
	68,693	(68,693)	Project Management		5,179,328
	2,196,051	(2,196,051)	Internal audit		1,209,212
	8,287,016	(8,287,016)	Technical depot		1,214,868
	19,083,122	(19,083,122)	Transport workshop		8,698,272
	4,864,952	(4,864,952)	Community security		36,433,055
	21,503,918	(18,356,808)	Legal Services		5,525,687
3,147,110			Procurement	17,084,888	8,846,343
<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>
30,759,876	4,796,167	25,963,709	Land use management	23,497,868	4,003,506
219,920	5,895,090	(5,675,170)	Spatial Planning	180,398	7,159,763
2,833,382	5,387,419	(2,554,037)	Building inspections	3,374,870	4,608,462
	2,719,142	(2,719,142)	Local economic development		1,547,350
	1,455,470	(1,455,470)	Community development		1,721,493
	525,505	(525,505)	Investment promotion		947,326



**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
R	R	R		R	R
	2,573,160	(2,573,160)	Economic planning		2,609,264
	3,038,858	(3,038,858)	IDP		3,465,376
<b>-</b>	<b>6,805,929</b>	<b>(6,805,929)</b>	<b>Health</b>	<b>-</b>	<b>4,094,001</b>
	3,513,634	(3,513,634)	Clinics		1,867,743
	3,292,295	(3,292,295)	Health inspection		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>
323,277	13,735,003	(13,411,726)	Libraries	324,785	13,830,223
	1,146,779	(1,146,779)	<b>Museums</b>		
89,036	9,585,880	(9,496,844)	Art Museum		777,648
251,912	2,661,612	(2,409,700)	Museum	110,988	9,889,369
591,389	3,810,203	(3,218,814)	Community centres	272,839	1,953,370
			Cemeteries	634,997	4,755,832
4,154,694	6,197,323	(2,042,629)	<b>Other Community</b>		
93,920	1,626,988	(1,533,068)	Game Reserve	1,841,015	5,775,398
	2,721,019	(2,721,019)	Showgrounds	141,956	1,302,616
<b>97,262</b>	<b>6,674,876</b>	<b>(6,577,614)</b>	Cultural desk		1,100,071
	6,671,620	(6,671,620)	<b>Housing</b>	<b>62,815</b>	<b>5,067,347</b>
92,894	2,786	90,108	Administration		5,064,776
4,368	471	3,897	Assisted schemes	58,783	2,136
<b>13,468,746</b>	<b>65,827,920</b>	<b>(52,359,174)</b>	Letting schemes	4,032	434
3,406,143	31,619,496	(28,213,353)	<b>Public Safety</b>	<b>18,964,697</b>	<b>69,919,407</b>
272,409	22,935,637	(22,663,228)	Traffic	5,215,764	31,703,351
	2,832,266	(2,832,266)	Fire fighting	244,705	22,567,489
9,788,584	5,898,818	3,889,766	Disaster management		2,784,196
1,610	2,541,702	(2,540,092)	Licensing	13,492,424	5,078,918
<b>777,934</b>	<b>71,779,228</b>	<b>(71,001,294)</b>	Municipal control centre	11,805	7,785,453
1,588	1,977,506	(1,975,918)	<b>Parks &amp; Recreation</b>	<b>1,029,916</b>	<b>113,266,380</b>
95,169	24,969,484	(24,874,315)	Nursery	15,017	1,599,249
420,868	40,470,535	(40,049,667)	Parks	133,707	29,254,628
260,309	4,361,703	(4,101,394)	Sport & recreation	514,686	78,723,460
			Swimming pools	366,506	3,689,043
<b>-</b>	<b>780,308</b>	<b>(780,308)</b>	<b>Environmental Protection</b>	<b>-</b>	<b>510,173</b>
	780,308	(780,308)	Air pollution		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>54,081,389</b>
40,972,883	40,038,949	933,934	Refuse Removal	44,289,584	46,744,999
	8,038,329	(8,038,329)	Street & side walking cleaning		7,336,390

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

<b>2010 Actual Income</b>	<b>2010 Actual Expenditure</b>	<b>2010 Actual Surplus/ (Deficit)</b>	<b>2011 Actual Income</b>	<b>2011 Actual Expenditure</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</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
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>
1,445,333	26,644,142	(25,198,809)	Sewer purification	3,508,172	26,790,152
32,876,506	9,021,684	23,854,822	Sewer reticulation	37,530,248	7,325,036
	6,053,106	(6,053,106)	Stormwater		4,806,384
	2,162,580	(2,162,580)	Public toilets		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>
	56,315,299	(56,315,299)	Roads & streets		74,023,560
7,830,567	2,667,854	5,162,713	Vehicle licensing & testing	8,061,177	3,587,386
<b>116,276,917</b>	<b>163,593,034</b>	<b>(47,316,117)</b>	<b>Water distribution</b>	<b>139,691,142</b>	<b>180,662,280</b>
116,276,917	49,958,599	66,318,318	Water Distribution	139,691,142	47,952,389
	101,532,221	(101,532,221)	Water provision		119,527,165
	12,102,215	(12,102,215)	Water Purification		13,182,726
<b>369,182,671</b>	<b>333,806,552</b>	<b>35,376,119</b>	<b>Electricity</b>	<b>448,401,873</b>	<b>397,928,582</b>
	7,759,510	(7,759,510)	Workshop		7,883,995
369,182,671	316,043,543	53,139,128	Distribution	448,401,873	379,278,406
	10,003,499	(10,003,499)	Street Lighting		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>
24,000	35,247	(11,247)	Airport	24,000	223,219
<b>1,575,109,006</b>	<b>1,133,445,737</b>	<b>441,663,269</b>	<b>Total</b>	<b>1,482,398,978</b>	<b>1,367,015,335</b>

**2011  
Actual  
Surplus/  
(Deficit)  
R**

**(163,053,229)**

(96,878,897)  
(2,039,218)  
(56,282,160)  
(7,852,954)

**556,768,584**

489,991,585  
(3,087,441)  
(18,947,325)  
209,087,602

(1,242,573)  
(14,890,664)  
(6,232,657)  
(3,073,866)  
(860,597)  
(16,917,232)

(8,776,528)  
(7,760,473)

(9,863,175)  
(636,194)  
(5,179,328)  
(1,209,212)

(1,214,868)  
(8,698,272)

(36,433,055)  
(5,525,687)

8,238,545

**990,595**

19,494,362  
(6,979,365)  
(1,233,593)  
(1,547,350)  
(1,721,493)  
(947,326)

2011 Actual Surplus/ (Deficit) R
(2,609,264)
(3,465,376)
<b>(4,094,001)</b>
(1,867,743)
(2,226,258)
<b>(36,057,946)</b>
(13,505,438)
(777,648)
(9,778,381)
(1,680,530)
(4,120,835)
(3,934,383)
(1,160,659)
(1,100,071)
<b>(5,004,531)</b>
(5,064,776)
56,647
3,597
<b>(50,954,710)</b>
(26,487,588)
(22,322,784)
(2,784,196)
8,413,506
(7,773,648)
<b>(112,236,464)</b>
(1,584,233)
(29,120,921)
(78,208,773)
(3,322,537)
<b>(510,173)</b>
(510,173)
<b>(9,791,805)</b>
(2,455,415)
(7,336,390)

2011  
Actual  
Surplus/  
(Deficit)  
R

**2011  
Actual  
Surplus/  
(Deficit)  
R**

**(425,844)**

(23,281,979)

30,205,212

(4,806,384)

(2,542,693)

**(69,549,768)**

(74,023,560)

4,473,792

**(40,971,138)**

91,738,753

(119,527,165)

(13,182,726)

**50,473,291**

(7,883,995)

69,123,467

(10,766,181)

**(199,219)**

(199,219)

**115,383,643**

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

	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %
<b>REVENUE</b>				
Property rates	211 929 612	185 000 000	26 929 612	14.56
Service charges	620 813 559	577 303 500	43 510 059	7.54
Rental of facilities and equipment	4 336 869	4 321 900	14 969	0.35
Interest earned – external investments	8 732 113	3 000 000	5 732 113	191.07
Interest earned – outstanding debtors	20 190 077	19 400 100	789 977	4.07
Fines	4 796 811	3 105 700	1 691 111	54.45
Licensing & permits	8 065 163	8 092 300	( 27 137)	(0.34)
Revenue for agency services	13 460 412	13 000 000	460 412	3.54
Government grants & subsidies – operating	358 908 609	388 740 650	(29 832 041)	(7.67)
Government grants & subsidies – capital	127 554 532	196 113 906	(68 559 374)	(34.96)
Public contributions, donated and contributed property, plant	3 528 444	3 528 444	0	0.00
Other revenue	72 569 750	80 994 500	(8 424 750)	(10.40)
<b>Total Revenue</b>	<b>1 454 885 952</b>	<b>1 482 601 000</b>	<b>(27 715 048)</b>	<b>(1.87)</b>
<b>EXPENDITURE</b>				
Employee related costs	362 171 820	379 426 680	(17 254 860)	(4.55)
Remuneration of councillors	19 778 889	19 996 455	( 217 566)	(1.09)
Bad debts	47 599 029	11 000 000	36 599 029	332.72
Collection costs	1 463 112	2 200 000	( 736 888)	(33.49)
Depreciation	176 460 817	112 694 000	63 766 817	56.58
Repairs & maintenance	95 300 758	109 648 905	(14 348 147)	(13.09)
Finance costs	13 072 741	5 800 000	7 272 741	125.39
Bulk purchases	418 402 194	413 700 000	4 702 194	1.14
Grants & subsidies paid	240 000	240 000	0	-
General expenses	239 712 808	229 646 960	10 065 848	4.38
<b>Total Expenditure</b>	<b>1374 202 169</b>	<b>1 284 353 000</b>	<b>89 849 169</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>	
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**Explanations of significant variances greater than 10% versus budget**

More collected than anticipated  
More collected than anticipated  
More collected than anticipated  
More collected than anticipated  
More collected than anticipated  
More collected than anticipated  
On target  
More collected than anticipated  
All grants were not spent in full  
All grants were not spent in full  
On target  
More collected than anticipated

All vacancies were not filled  
On target  
Provision insufficient-Debtors increased by R94 million  
  
Under collection of anticipated revenue  
Under budgeted due to completion of 2010 infrastructure projects including stadium  
Under spending of available funds  
Under budgeted - External loan taken up  
Under budgeted  
On target  
Due to several actuarial valuations, contributions had to be made to provisions which were not budgeted for.



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

	2011 Actual R	2011 Budget R	2011 Variance R	2010 Variance %	Explanations of significant variances greater than 5% versus budget
<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>	(60.97)	
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>	(71.52)	
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>	(68.79)	
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>	(58.30)	
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 SERVICES</b>	<b>2,248,986</b>	<b>3,255,655</b>	<b>(1,006,669)</b>	(30.92)	
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 PROTECTION</b>	<b>35,392</b>	<b>28,066</b>	<b>7,326</b>	26.10	
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>	(5.74)	
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>	(34.63)	
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>	(22.47)	
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>	(16.54)	
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>	(62.36)	
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>	(35.80)	
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>	(52.78)	

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 \ withheld	Gazette amount Municipal year
	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
Public transport infrastructure and systems grant			40 250 000		40 250 000			35 000 000		35 000 000	No	40 250 000
Integrated national electrification programme grant		6 000 000	2 000 000		8 000 000			7 796		7 796	No	8 000 000
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
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
Neighbourhood development partnership grant				8 158 550	8 158 550				5 553 258	5 553 258	No	12 000 000
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
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
Municipal systems improvement grant	750 000				750 000		750 000			750 000	No	750 000
	<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>

Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act Yes / No	Reason for non-compliance
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable
Yes	Not Applicable

POLOKWANE MUNICIPALITY

Account	Dr	2010/2011	2010/2011	2010/2011	2010/2011
		Original Budget	Adjustments	Adjustment	Closing Balance
				Budget	30June 2011
<b>Revenue Accounts</b>					
<b>Property Rates</b>					
ASSESSMENT RATES	70050000	185,000,000		185,000,000	211,929,611.96
<b>Service charges</b>					
<b>Electricity</b>					
Sales 15 to 30 June					15,164,857.00
SALES - PRIVATE ELEC	70662600	303,704,000		303,704,000	304,676,712.45
SALES - DEPART. ELEC	70660800	8,088,045		8,088,045	10,909,280.23
SALES - PRIVATE CASH	70662610	65,310,000		65,310,000	104,621,222.67
		<b>377,102,045</b>	<b>0</b>	<b>377,102,045</b>	<b>435,372,072</b>
<b>Water</b>					
Sales 15 to 30 June					4,893,364.00
SALES - DEPART. WATE	70660850	3,648,250		3,648,250	3,127,017.55
SALES - PRIVATE WATE	70662650	99,467,000		99,467,000	95,763,979.71
SALES PRIVATE WATER	70662700	18,000,000		18,000,000	4,413,030.65
		<b>121,115,250</b>	<b>0</b>	<b>121,115,250</b>	<b>108,197,392</b>
<b>Refuse removal</b>					
FEES - DEPARTMENT RE	70080900	178,310		178,310	189,308.40
FEES - PRIVATE REFUS	70082600	40,823,000		40,823,000	42,755,950.30
FEES - REMOVAL COSTS	70083800	2,140,000		2,140,000	1,344,592.74
		<b>43,141,310</b>	<b>0</b>	<b>43,141,310</b>	<b>44,289,851</b>
<b>Sewer</b>					
FEES INDUSTRIAL AFFL	70080120	5,992,000		5,992,000	4,932,180.35
FEES - DEPARTMENT SE	70080950	804,895		804,895	778,914.00
FEES - PRIVATE SEWER	70082650	29,148,000		29,148,000	30,644,675.24
		<b>35,944,895</b>	<b>0</b>	<b>35,944,895</b>	<b>36,355,770</b>
<b>Rental</b>					
RENTAL - MISCELLANEO	70190100			0	49,252.36
RENTAL - BUILDINGS	70190300	479,000		479,000	920,330.60
RENTAL - LAPA	70190305	133,700		133,700	165,337.40
RENTAL - LAND	70190400	1,071,500		1,071,500	641,292.68
RENTAL - CAMPING SIT	70190700	200,000		200,000	153,109.42
RENTAL - QUARRY	70190900	23,000		23,000	19,837.32
RENTAL - RONDAVELS	70290500	950,000		950,000	921,170.22
RENTAL - ANNUAL SHOW	70290580	61,000		61,000	58,450.00
RENTAL - ARENA	70290590	42,000		42,000	50,216.83
RENTAL - HALLS	70290600	89,500		89,500	142,743.47
RENTAL - COMM CENTRE	70290601	137,000		137,000	110,438.28
RENTAL - COMM CENTRE	70290602	48,000		48,000	80,345.00
RENTAL - COMM CENTRE	70290603	29,000		29,000	35,578.00
RENTAL - COMM CENTRE	70290604	50,000		50,000	44,038.00
RENTAL-COMMUNITY CEN	70290605	1,500		1,500	2,440.00
RENTAL - HAWKER FACI	70290650	424,000		424,000	350,199.00
RENTAL SPORTING BODI	70290700	212,000		212,000	136,703.58
RENTAL - SPORTING BO	70290701	78,000		78,000	157,809.90
RENTAL - SPORTING BO	70290702	16,000		16,000	22,627.00
RENTAL - SPORTING BO	70290703	140,000		140,000	183,233.00
RENTAL - S/BODIES -	70290704	16,000		16,000	10,710.00
RENTAL - S/BODIES -	70290705	3,500		3,500	2,553.00
RENTAL - TEA ROOM PO	70300100	0		0	
RENTAL - DWELLINGS	70300300	75,200		75,200	57,620.83
RENTAL - CARAVAN PAR	70300400	42,000		42,000	20,833.40
RENTAL - R293	70300500			0	
		<b>4,321,900</b>	<b>0</b>	<b>4,321,900</b>	<b>4,336,869</b>
<b>Interest investments</b>					
INTEREST ON INVESTME	70460400	3,000,000		3,000,000	8,467,657
<b>Interest outstanding debtors</b>					
INTEREST - ARREARS	70460100	19,000,000		19,000,000	20,189,042.60
INTEREST - SUNDRY LO	70460300	100		100	
INTEREST SELLING OF	70460500	400,000		400,000	111,113.21
		<b>19,400,100</b>	<b>0</b>	<b>19,400,100</b>	<b>20,300,156</b>
<b>Fines</b>					
FINES	70020000	3,105,700		3,105,700	4,796,810.50
<b>Licence &amp; Permits</b>					
APPLICATION DRIVERS	70080050	5,050,000		5,050,000	5,075,163.30
ISSUE DRIVERS LICENC	70080060	2,962,000		2,962,000	2,939,031.20
LICENCES - TRADE & GENERA	70440300	200		200	
LICENCES - DOGS	70440400	100		100	460.00
LICENCES - FLAMMABLE	70440600	80,000		80,000	50,508.90
		<b>8,092,300</b>	<b>0</b>	<b>8,092,300</b>	<b>8,065,163</b>
<b>Income for agency service</b>					
LICENCES - MOTORS	70440500	13,000,000		13,000,000	13,460,412.42
<b>Government grants - operating</b>					
GRANT EQUITABLE SHAR	70000001	307,859,000		307,859,000	307,859,481.00
RESTRUCTURING GRANT	70000003			0	
MSIP	70000004	750,000		750,000	750,000.00
DWAF	70000008			0	
GRANT - LG FIN MANAG	70000010	1,000,000		1,000,000	632,128.19
CDM	70000012			0	
GRANT - LIMPOPO PROV	70000013			0	
WTER SERVICES OPERAT	70000016	17,861,000	1,271,000	19,132,000	14,667,000.00
LACAL GOVT HOUSING	70000015			0	
PTIF	70000014		35,000,000	35,000,000	35,000,000.00
MIG	70000017			0	
2010 OPERATING GRANT	70000018	14,000,000	-14,000,000	0	
PUBLIC PARTNERS	70000020		26,567,000	26,567,000	1,567,350.00
		<b>341,470,000</b>	<b>48,838,000</b>	<b>390,308,000</b>	<b>360,475,959</b>
<b>Government grants - capital</b>					
GRANT - SPORT & RECR	70000006	20,000,000	-20,000,000	0	
EPWP	70000007	7,035,000		7,035,000	2,478,852.00
DWAF	70000008			0	
GRANT - NER	70000009	20,000,000		20,000,000	29,198,535.67
GRANT - LG FIN MANAG	70000010			0	367,871.81
CDM	70000012			0	

Account	Dr	Original Budget	Adjustments	Adjustment	Closing Balance
				Budget	30June 2011
GRANT - LIMPOPO PROV	70000013			0	
PTIF	70000014	20,000,000	-14,750,000	5,250,000	11,528,189.53
WTER SERVICES OPERAT	70000016			0	16,191,147.47
MIG	70000017	151,829,000		151,829,000	62,236,677.72
Neighbourhood development	70000019	12,000,000		12,000,000	5,553,257.62
Public partners	70000020		1,961,000	1,961,000	1,961,093.53
		<b>230,864,000</b>	<b>-32,789,000</b>	<b>198,075,000</b>	<b>129,515,625</b>
<b>Donations</b>					
GRANT - NER	70000009				
<b>Other revenue</b>					
ADMINISTRATION COSTS	70010000	9,000		9,000	7,164.50
ADMINISTRATION COSTS	70010050	20,000		20,000	14,070.00
ADMINISTRATION COSTS	70010100	5,000		5,000	660.00
FEES - FUNERAL SERVI	70016000	35,000		35,000	47,491.00
REFUND SETA LEVY	70065100	1,250,000		1,250,000	1,196,154.24
FEES REFUND ENTRANCE	70065200	2,500		2,500	11,805.10
FEES REFUND COID	70065300	6,200		6,200	22,862.75
FEES CONSUMER CONNEC	70080100	7,105,000		7,105,000	6,300,114.47
FEES MISCELLANEOUS	70080150	175,000		175,000	1,535,653.10
SEVICE CONTRIBUTIONS	70290350	730,000		730,000	680,926.09
FEES - LAB TESTS	70080300	96,300		96,300	3,508,172.21
FEES - INCENERATION	70080350			0	
FEES - BURIAL SERVIC	70080400	580,000		580,000	585,960.91
FEES - BUILDING PLAN	70080600	2,662,000		2,662,000	3,190,319.22
FEES - FIRE FIGHTING	70080700	100,000		100,000	91,527.15
FEES - TOWN PLANNING	70081100	150,000		150,000	180,398.00
FEES - TOMBSTONE APP	70081150	13,700		13,700	49,035.63
FEES - RECONNECTION	70081300	5,881,200		5,881,200	5,471,096.30
FEES - RE INSPECTION	70081400	20,000		20,000	26,697.00
FEES - INSTRUCTOR CERT	70081625	5,300		5,300	8,084.00
FEES - NOTICES	70081675	1,005,000		1,005,000	1,125,591.33
FEES - MASS WEIGH BR	70081900	5,400		5,400	17,282.50
FEES - NIGHT DRIVES	70082120	500		500	1,307.02
FEES - OCCUPATION CE	70082200	103,000		103,000	146,637.30
FEES - TRAINING	70082350	181,500		181,500	73,452.00
FEES - PARKING METERS	70082400	1,000		1,000	
FEES - PARKING AREAS	70082500	5,500		5,500	
FEES - PARKING - EMP	70082510			0	
FEES - SEWERAGE PLAN	70082900	3,000		3,000	900.00
FEES - CD'S	70083100	3,000		3,000	1,034.50
FEES - ADMISSION - P	70083300	622,700		622,700	673,505.90
FEES - ADMISSION - N	70083301	80,000		80,000	36,037.60
FEES - ADMISSION WES	70083302	37,000		37,000	25,305.00
FEES - ADMISSION SESHEGO	70083303	0		0	106,592.00
FEES - TESTING OF ME	70083400	1,500		1,500	511.28
FEES - CLEARANCE CER	70083500	52,000		52,000	67,140.05
FEES - DECORATION	70083600	5,000		5,000	15,016.52
FEES - FURNISHING IN	70083700	57,700		57,700	51,482.94
FEES - GRAZING	70084300	276,100		276,100	261,962.50
DEBTORS REBATE	70085005			0	
FEES - SPECIAL METER	70090000	600		600	18.00
SALES - MATERIALS	70091000	55,000		55,000	75,880.45
SERVICE CONTRIBUTION	70290100	226,000		226,000	370,375.38
FEES - MAINTENANCE A	70290150	24,000		24,000	24,000.00
FEES - MAINTENANCE SI	70290200	895,000		895,000	
FEES-ROYALTIES SILIC	70290210	990,000		990,000	2,192,792.15
SERVICES CONTRIBUTIO	70290250	2,002,000		2,002,000	1,166,320.59
SERVICE CONTRIBUTION	70290300	200,000		200,000	
ADVERTS - PETER MOKA	70290800	1,100		1,100	1,050.00
FEES - SUBSCRIPTIONS	70430000	150,000		150,000	146,648.00
APPLICATION - ROADWO	70444100	58,000		58,000	41,037.50
ISSUE ROADWOR	70444200	1,200		1,200	
FEES - PAMPHLETS	70445000	300,000		300,000	47,506.00
WAYLEAVE CONT	70440550	10,000		10,000	
FEES - JOBBING	70450000	25,000		25,000	6,341.22
SURPLUS CASH	70570000	10,400		10,400	658.91
FEES - TENDER DEPOSI	70575000	530,000		530,000	736,610.85
STOCK GAINS	70585000	2,000		2,000	16,355,589.65
SALES-SELLING OF ERV	70663700	50,000,000		50,000,000	21,430,898.64
SALES - MISCELLANEOU	70660100			0	
SALES - GRASS AND RE	70661400	100		100	514.01
SALES-WOOD	70661600	1,000		1,000	1,085.97
SALES - BLUE PRINT	70662500	1,000		1,000	9,433.00
SURCHARGE - EXCESS C	70662620	3,200,000		3,200,000	28,689,765.13
SALES - TROPHY AND C	70663200	10,000		10,000	
SALES - SUNDRIES	70663600			0	67.00
SALES - GAME LIVE	70663900	1,000,000		1,000,000	
FEES - LOST BOOKS	70770000	15,000		15,000	7,084.80
OBSOLETE CHEQUES	70790000	1,000		1,000	
		<b>80,994,500</b>	<b>0</b>	<b>80,994,500</b>	<b>96,835,627</b>
		<b>1,466,552,000.00</b>	<b>16,049,000.00</b>	<b>1,482,601,000.00</b>	<b>1,482,398,977.59</b>
<b>EXPENSE ACCOUNTS</b>					
<b>Employee related cost - Salaries and wages</b>					
SALARIES SECONDED PERSONNEL	1004000				
SALARIES	1005000	209,335,490	660,000	209,995,490	193,028,341.28
SALARIES DIRECTORS	1005010	4,163,965		4,163,965	2,958,298.55
SALARIES MANAGERS	1005020	10,770,330		10,770,330	7,337,732.90
REDEMPTION OF LEAVE	1080000			0	42,203.20
LEAVE BONUSES	1030000	16,186,755		16,186,755	15,959,877.86
PROTECTIVE CLOTHING	1100000	4,732,250		4,732,250	1,940,880.95
STUDENTS HOLIDAY WOR	1165000	90,000		90,000	



Account	Dr	Original Budget	Adjustments	Adjustment	Closing Balance
				Budget	30 June 2011
SALARIES COUNCILLORS	1005000			0	-494,437.69
		<b>245,278,790</b>	<b>660,000</b>	<b>245,938,790</b>	<b>220,772,897</b>
<b>Employee related cost - Social contributions</b>					
CONTRIBUTION MEDICAL	1120000	15,162,160		15,162,160	14,799,363.98
CONTRIBUTION PENSION	1140000	48,324,975		48,324,975	41,377,977.96
GROUP INSURANCE	1180000	736,875		736,875	670,613.88
ADM LEVY INDUSTRIAL	1190000	84,980		84,980	69,564.70
INSURANCE - UNEMPLOY	2895000	1,854,645		1,854,645	1,941,093.42
COUNCIL CONTRIBUTION MEDICAL	1120000	-1,292,535		-1,292,535	-1,026,184.58
COUNCIL CONTRIBUTION PENSION	1140000	-1,980,445		-1,980,445	-1,691,864.85
		<b>66,565,655</b>	<b>0</b>	<b>62,890,655</b>	<b>56,140,564.51</b>
<b>Travel, motor car, accomodation, subsistence &amp; other allowances</b>					
LOCOMOTION ALLOWANCE	1290000	15,140,135		15,140,135	16,063,172.03
LOCOMOTION ALLOWANCE	1290100	7,413,940		7,413,940	6,206,394.99
		<b>22,554,075</b>	<b>0</b>	<b>22,554,075</b>	<b>22,269,567.02</b>
<b>Housing benefits and allowances</b>					
HOUSING SUBSIDIES	1220000	1,751,245		1,751,245	1,592,395.64
HOUSING AID	1240000	2,195,945		2,195,945	2,307,984.60
STANDBY ALLOWANCES	1260000	3,572,290		3,572,290	3,712,172.04
TOOL ALLOWANCES	1280000	81,100		81,100	80,300.46
TELEPHONE ALLOWANCE	1285000	63,700		63,700	52,531.20
OPERATIONAL ALLOWANC	1295000	780,500		780,500	713,305.44
		<b>8,444,780</b>	<b>0</b>	<b>8,444,780</b>	<b>8,458,689.38</b>
<b>Overtime</b>					
OVERTIME	1060000	36,176,100		36,176,100	43,026,018.79
<b>Leave reserve provision</b>					
LEAVE RESERVE FUND	2391000	3,000,000		3,000,000	5,372,469.25
<b>Long service awards</b>					
LONG SERVICE LEAVE R	1040000			0	494,239.30
LONG SERVICE BONUS	1050000	22,280		22,280	1,956,622.29
LONG SERVICE BONUS	2392000			0	1,175,755.00
LONG SERVICE AWARDS	2390000	400,000		400,000	2,836,101.28
		<b>422,280</b>	<b>0</b>	<b>422,280</b>	<b>6,462,717.87</b>
<b>Councillors remuneration</b>					
SALARY EX/MAYOR FULL	1005100	509,725		509,725	232,466.61
SPEAKER PART TIME	1005200	405,095		405,095	474,860.26
MAYORAL COMMITTEE FULL	1005300	1,894,690		1,894,690	
MAYORAL COMMITTEE PA	1005400	1,220,695		1,220,695	2,454,690.05
COUNCILLORS PART TIM	1005500	8,675,820		8,675,820	8,448,158.41
TELEPHONE ALLOWANCE	1285100	34,250		34,250	17,696.00
TELEPHONE ALLOWANCE	1285200	17,100		17,100	24,078.00
TELEPHONE ALLOWANCE	1285300	149,510		149,510	173,364.10
TELEPHONE ALLOWANCE	1285400	640,080		640,080	683,715.52
TRAVEL ALLOWANCE EX/	1290200	127,430		127,430	78,594.42
TRAVEL ALLOWANCE SPE	1290300	101,275		101,275	210,804.42
TRAVEL ALLOWANCE MAY	1290400	778,850		778,850	842,853.46
TRAVEL ALLOWANCE COU	1290600	2,168,955		2,168,955	2,925,120.44
COUNCIL CONTRIBUTION MEDICAL	1120000	1,292,535		1,292,535	1,026,184.58
COUNCIL CONTRIBUTION PENSION	1140000	1,980,445		1,980,445	1,691,864.85
SALARIES COUNCILLORS	1005000			0	494,437.69
		<b>19,996,455</b>	<b>0</b>	<b>19,996,455</b>	<b>19,778,888.81</b>
<b>Bad debts</b>					
DOUBTFUL DEBT	2084000	30,000,000	-19,000,000	11,000,000	39,120,623.00
<b>Collection costs</b>					
LEGAL EXPENSES	2550000	2,200,000		2,200,000	1,463,112.09
<b>Depreciation</b>					
DEPRECIATION	4020000	112,694,000		112,694,000	172,412,242.00
<b>Repairs &amp; maintenance</b>					
IRRIGATION SYSTEMS	3005000	287,000		287,000	216,398.49
BOOKS	3010000	52,500		52,500	34,462.62
FIRE ALARM SYSTEM	3015000	20,000		20,000	16,808.00
ARLAMS AND EQUIPMENT	3016000	8,000		8,000	
FIRE HYDRANTS - EXTI	3020000	80,000		80,000	
BUILDINGS AND EQUIPM	3040000	3,756,275		3,756,275	3,314,672.97
BUILD & EQUIPMENT CE	3040001	2,100,000		2,100,000	1,869,254.25
BUILD & EQUIPMENT -	3040003	5,000		5,000	
BUILD & EQUIPMENT -	3040004	10,000		10,000	
TOOLS	3045000	18,450		18,450	9,252.00
TOMBSTONES	3045800	4,000		4,000	
GROUNDNS AND FENCES	3050000	3,147,200		3,147,200	1,841,472.01
RESEALING STREETS	3055000		10,686,000	10,686,000	
MAINS	3060000	3,034,650		3,034,650	2,175,747.94
OFFICE MACHINES AND	3070000	367,075		367,075	805,137.07
WORKS OF ART	3085000	10,000		10,000	
PLANT AND EQUIPMENT	3090000	5,639,850		5,639,850	5,157,799.60
METERS	3200000	357,930		357,930	320,247.95
FURNITURE AND FITTIN	3210000	50,500		50,500	13,239.80
MUSEUM ITEMS	3215000	8,925		8,925	
DISTRIBUTION SYSTEM-	3225000	15,503,000		15,503,000	13,726,690.79
DISTRIBUTION SYSTEM	3230000	26,400,000		26,400,000	26,697,536.26
EMERGENCY CALL POINT	3235000	10,000		10,000	1,462.14
RESERVOIRS	3240000	168,000		168,000	64,966.60

Account	Dr	Original Budget	Adjustments	Adjustment	Closing Balance
				Budget	30June 2011
ROADS, STREETS, CULV	3250000	12,311,500		12,311,500	17,131,193.34
CLEAN-UP & UPGRADING	3250002	800,000		800,000	778,205.00
RADIO'S	3260000	25,750		25,750	12,282.53
CLEANING OF ERVEN	3265000	100,000		100,000	97,610.05
RAILWAY LINES X 1,2,	3270000	100,800		100,800	87,749.73
RAILWAY LINES X 8	3270100	78,750		78,750	70,417.50
RAILWAY LINES X 12	3270200	68,250		68,250	45,360.00
ATHLETIC EQUIPMENT	3280100	10,000		10,000	9,299.50
SPORTS FIELDS	3280800	1,050,000		1,050,000	790,622.18
PORTABLE SKID UNITS	3290000	33,600		33,600	24,399.72
STREET LIGHTS	3295000	2,000,000		2,000,000	2,293,407.20
SIDEWALKS	3300000	630,000		630,000	2,017,679.73
TRAFFIC LIGHTS AND S	3310000	508,250		508,250	435,894.49
TRAFFIC LIGHTS ELEC.	3310100	1,000,000		1,000,000	854,376.33
STORMWATER DRAINAGE	3320000	1,050,000		1,050,000	873,089.53
VEHICLES	3330000	13,685,900		13,685,900	10,214,700.75
FIREBREAKS	3340000	936,750		936,750	407,397.18
SOFTWARE	3350000	3,535,000		3,535,000	2,891,924.82
LABOUR COSTS	3400000			0	
		<b>98,962,905</b>	<b>10,686,000</b>	<b>109,648,905</b>	<b>95,300,758.07</b>
<b>Finance cost</b>					
INTEREST LOANS EXTER	2346000	<b>5,800,000</b>		5,800,000	<b>12,258,777.02</b>
<b>Bulk purchases</b>					
PURCHASE OF ELECTRIC	2010000	302,700,000	14,000,000	316,700,000	313,590,342.85
PURCHASING OF WATER	2016000	55,000,000	3,000,000	58,000,000	43,670,631.53
PURCHASE OF WATER	2015000	35,000,000	4,000,000	39,000,000	61,141,219.61
		<b>392,700,000</b>	<b>21,000,000</b>	<b>413,700,000</b>	<b>418,402,193.99</b>
<b>Grants and subsidies paid</b>					
GRANTS	2270000	<b>240,000</b>		240,000	<b>240,000.00</b>
<b>General expenses</b>					
PROJECT MANAGEMENT U	2010500			0	
ESCOM CONNECTION	2015100		46,492,000	46,492,000	
INFECTIONOUS DECEASES	2020000	2,000		2,000	
ADMIN. CHARGES - DEP	2030000	147,280,910		147,280,910	31,658.38
ADMIN. CHARGES - HOU	2040000	2,035		2,035	1,744.50
ADVERTISEMENTS	2060000	1,106,850		1,106,850	809,284.37
ASSET VERIFICATION	2065000	700,000		700,000	71,025.99
PAUPER BURIALS	2070000	10,000		10,000	
BANK CHARGES	2080000	1,720,000		1,720,000	2,959,896.83
FEES - EASYPAY SYSTE	2080100	900,000		900,000	836,479.25
HANDLING - ILEGAL L	2081000	1,230,000		1,230,000	1,261,317.48
FREE BASIC SERVICES	2082000	11,761,800		11,761,800	16,139,113.40
DRIVING/DIVING PERMI	2088000	17,100		17,100	5,502.00
BOOKS AND PERIODICAL	2100000	330,385		330,385	246,542.89
TREES	2110000	50,000		50,000	467.11
SPONSORSHIP SPORTING	2115000	150,000		150,000	137,738.13
2010 EVENTS	2116000	100,000		100,000	
2010 INSURANCE	2117000	900,000		900,000	148,000.00
2010 TRAINING VENUES	2117001			0	
2010 FAN PARK & MILE	2117002			0	3,208,281.54
2010 STADIUM MANAGEMENT	2117003	14,000,000		14,000,000	25,313,487.93
2010 MARKETING & COMMUNICATION	2117004			0	5,756,710.86
2010 FIFA EVENTS	2117005			0	
2010 VOLUNTEER PROGRAMME	2117006			0	1,630,182.79
2010 MASTER PLAN	2117007			0	3,838,033.62
2010 TRANSPORT OPERATIONS	2117008			0	10,093,706.39
2010 WASTE MANAGEMENT	2117009			0	1,599,846.74
2010 FAN MILE	2117010			0	
2010 PUBLIC HEALTH	2117011			0	
2010 CITY DRESSING	2117012			0	1,870,186.98
2010 RIGHTS PROTECTION	2117014			0	
FUEL AND OIL	2120000	6,780,690		6,780,690	5,896,418.62
WATER RESEARCH LEVY	2130000	810,000		810,000	1,510,665.95
CHEMICALS	2160000	1,197,500		1,197,500	893,485.29
ANIMALS	2170000	23,100		23,100	18,883.03
AMMUNITION	2180000	84,000		84,000	72,198.59
TOWN PLANNING	2200000	400,000		400,000	11,444.63
PRINTING AND STATION	2210000	5,257,935		5,257,935	4,049,695.91
EXTERNAL PRINTING	2210001	125,000		125,000	27,291.58
CORPORATE PUBLICITY	2210004	2,050,000		2,050,000	1,784,139.75
FESTIVALS	2212000	1,600,000		1,600,000	
DEPT. CHARGES - ELEC	2220000	8,088,045		8,088,045	11,024,809.44
CHARGES - ELECTRICIT	2220500	624,650		624,650	768,583.26
DICIPLINARY COMMITEE	2222000	1,500,000		1,500,000	1,410,283.37
ENERGY FORUM	2230000	10,000		10,000	831.31
CASH HANDLING	2240000	435,300		435,300	446,974.28
GRAVE DIGGING	2245500	600,000		600,000	573,185.81
TOURISM MANAGEMENT	2251000			0	
SMME MANAGEMENT	2254000	350,000		350,000	415,313.20
LEVY - SITA TRAINING	2260500	2,743,685		2,743,685	2,966,776.41
RETEST DRIVERS LICEN	2261000	4,000		4,000	2,784.00
GRANTS - ASSESSMENT	2267000	333,900		333,900	622,798.26
GRANT - USER CHARGES	2268000	866,385		866,385	583,271.91
GRANTS - MISCELLANEO	2270000	160,000		160,000	8,000.00
GRANT HOUSING ASSOCIATION	2270100			0	
RENTAL - LAND	2280000	975		975	825.90
RENTAL ALARMS	2285000	108,500		108,500	108,131.79
ADMINISTRATION CHARG	2290000	6,360,945		6,360,945	23,151.51

Account	Dr	Original Budget	Adjustments	Adjustment	Closing Balance
				Budget	30June 2011
RENTAL - OFFICES/BUI	2290100	399,000		399,000	225,233.25
RENTAL - EQUIPMENT	2300000	8,872,375		8,872,375	10,365,296.61
DATA COMMUNICATION	2300100	584,000		584,000	560,394.64
IDP AND HEARINGS	2345000	1,000,000		1,000,000	1,177,030.31
DEBTORS REBATE	2360000			0	1,033,297.22
CONFERENCES/CONGRESS	2380000	1,537,200		1,537,200	143,734.32
CASHIER DEFICIT	2382000	400		400	
CONSULTING FEES	2385000	1,000,000		1,000,000	1,944,974.57
SUBSCRIPTION FEES	2400000	3,042,310		3,042,310	2,687,031.68
LICENCES - SAMRO	2410000	10,500		10,500	7,872.17
LICENCES - RADIO	2410100	150,200		150,200	13,599.75
LICENCES - ALARMSRADIO	2410300	10,000		10,000	
STOCK LOSSES	2417000	100,000		100,000	1,907,751.63
LICENCES - VEHICLES	2419000	763,350		763,350	757,730.10
STORES AND MATERIAL	2420000	3,711,550		3,711,550	3,689,180.01
MEDICINE AND MATERIA	2430000			0	
MEDICAL CONTINUED ME	2430005	3,675,000		3,675,000	22,631,322.52
MEDICAL EXAMINATIONS	2430100	25,000		25,000	9,980.12
MANUALS	2431000	3,000		3,000	
METER READING SERVIC	2435000	3,177,600		3,177,600	4,200,976.34
SAMPLE TESTS	2440000	10,000		10,000	1,091.51
ADMINISTRATION CHARG	2441000	4,143,180		4,143,180	2,010.00
COMMUNITY PROGRAMS	2445000	500,000		500,000	594,691.83
RESEARCH & DEVELOPME	2460000	10,300,000		10,300,000	1,679,953.16
EMERGENCY DISASTER RELIEF	2460300	150,000		150,000	24,704.00
MAYORS BOSBERAAD	2470000	800,000		800,000	536,470.94
WEED CONTROL	2475500	122,250		122,250	61,251.90
MARKETING	2480000	549,000		549,000	451,901.52
RECEPTIONS - CIVIC	2480100	101,250		101,250	51,238.13
SPECIAL EVENTS	2480200	920,000		920,000	828,692.53
TRAINING	2500000	2,560,000		2,560,000	2,491,357.85
TRAINING - WARD COMM	2500200	500,000		500,000	
STAFF BUSSARY	2500400	210,000		210,000	69,486.93
STUDENT BURSARY	2500500	210,000		210,000	23,168.60
AUDIT FEES	2510000	1,600,000		1,600,000	3,101,941.43
FEES AUDIT COMMITTEE	2512000	70,000		70,000	182,933.11
AUDIT FEES - OUTSOUR	2515000	700,000		700,000	4,704.00
SPECIAL INVESTIGATIO	2518000	250,000		250,000	172,826.00
PENSIONS AND GRATUIT	2520000	180,000		180,000	1,281,427.07
POINT DUTY	2522000	858,030		858,030	800,681.34
POSTAGE AND TELEGRAM	2530000	2,112,700		2,112,700	1,966,669.07
LIBRARY PROGRAMS	2535000	120,000		120,000	104,135.86
STREET CLEANING	2535005	3,400,000		3,400,000	3,195,699.49
HOLIDAY PROGRAM	2536000			0	
PROGRAMS CLINIC	2536100	5,000		5,000	4,996.00
EAP PROGRAMME	2536200	35,000		35,000	51,251.08
PROGRAMMING	2540000	360,500		360,500	275,445.00
RATIONS	2541000	21,000		21,000	1,805.60
LEGAL EXPENSES	2550000	4,250,000		4,250,000	2,159,656.77
STREET SWEEPING	2555000	2,700,000		2,700,000	2,538,546.19
CLEANING SERVICES	2555500	2,075,010		2,075,010	2,061,369.00
SUBSIST & TRAVELLING	2560000	5,359,550		5,359,550	3,817,266.31
SUBSIST & TRAVEL (AB	2560100	150,000		150,000	270,857.00
ADMINISTRATION CHARG	2565000	15,783,865		15,783,865	112,437.00
PUBLICITY	2570000	78,000		78,000	71,316.84
SPORT & RECREATION P	2570500	388,500		388,500	366,792.50
FILMS AND DEVELOPMEN	2580000	1,000		1,000	
RISK MANAGEMENT	2585000	56,000		56,000	24,125.42
ROAD SHOWS	2586000			0	60,200.00
SEEDS PLANTS	2590000	5,000		5,000	4,332.62
DEPARTMENT CHARGES -	2600000	1,003,205		1,003,205	1,002,213.40
SANITATION - DRAININ	2600020	351,750		351,750	404,227.01
CYLINDERS FIRE FIGHT	2610000	48,300		48,300	42,563.39
SECURITY CONTROL	2615000	180,000		180,000	168,283.90
ADMINISTRATION CHARG	2620000	12,977,950		12,977,950	419,798.14
SECURITY SERVICES	2620100	382,000		382,000	124,818.42
CELL PHONES	2622000	558,875		558,875	426,363.14
CLEAN UP ACTION	2625000	20,000		20,000	1,200.00
CLEANING SERVICES	2630000	310,000		310,000	118,407.81
FORESTRY EXPENSES	2630500	10,000		10,000	
CLEANING-UP ACTION	2630505	525,000		525,000	418,696.72
REHAB LANDFILL SITES	2635500	100,000		100,000	276,971.00
DEMOLITION OF STRUCT	2660000	10,000		10,000	
SPECIAL SERVICES	2665000	10,000		10,000	
GUARD SERVICES RENTA	2665100	13,300,000		13,300,000	17,780,759.31
COURIER SERVICES	2670000	14,500		14,500	
PROMOTIONS	2675000	850,000		850,000	1,046,855.42
2010 EVENTS	2680000			0	
TERMINATION OF SERVI	2685000	1,315,000		1,315,000	1,426,381.66
PUBLIC CONSULTATION	2690000			0	
EPWP EXPENSES	2700300			0	
SWIMMING SUPERVISION	2735500	504,000		504,000	311,320.00
TELEPHONE	2740000	5,926,365		5,926,365	4,661,394.51
TELEMETRIC SYSTEMS	2741000	7,350		7,350	
TITLE DEEDS CENTRAL	2744000	8,400		8,400	7,445.56
ENTRANCE CONTROL	2745000	373,800		373,800	176,390.00
PRESTIGE AWARDS	2750000	100,000		100,000	
DISCRET. VOTE - EX/M	2790000	100,000		100,000	126,145.00

Account	Dr	Original Budget	Adjustments	Adjustment	Closing Balance
				Budget	30June 2011
GARDEN SERVICES	2835500	2,513,000		2,513,000	4,955,220.79
EXHIBITIONS	2840000	45,750		45,750	32,384.21
CAPTURING OF GAME	2841000			0	
OFF LOADING OF DRYIN	2843000	60,000		60,000	18,550.00
HOLIDAY PROGRAMS	2845000	5,000		5,000	3,040.00
VETERINARY SERVICES	2850000	12,000		12,000	
COST OF SALES	2855000			0	
AWARENESS CAMPAIGNS	2855000	223,500		223,500	67,685.47
REMOVAL COSTS	2857000	50,000		50,000	29,696.50
LOST BOOKS	2865000	13,800		13,800	8,988.47
INSURANCE - WORKMENS	2880000	1,255,395		1,255,395	1,255,395.00
INSURANCE - OTHER	2900000	6,089,630		6,089,630	6,089,630.00
DECORATION - OFFICIA	2910000	11,000		11,000	9,602.36
REFRESHMENTS	2910500	210,475		210,475	100,615.30
REFRESHMENTS - MEETI	2910600	360,000		360,000	351,771.74
TRANSLATIONS	2915000	303,000		303,000	129,066.29
WORKSHOPS	2930000	102,000		102,000	75,705.38
AIDS PATIENTS - AID	2933000	48,300		48,300	16,760.00
FEEDING - CLINIC	2935010	21,000		21,000	19,591.25
FEEDING OF ANIMALS	2935120			0	
REFUSE BINS	2940000	48,560		48,560	13,362.27
REFUSE REMOVAL SERVI	2940100	3,150,000		3,150,000	3,125,822.91
VALUATION ROLL	2950000	2,000,000		2,000,000	1,988,332.66
VALUATIONS - INTERIM	2955000	400,000		400,000	230,879.04
LAUNDRY	2960000	10,550		10,550	3,426.49
BY LAWS	2965000	500,000		500,000	
DEPARTMENT CHARGES -	2970000	3,648,250		3,648,250	3,194,826.24
WASTE DISPOSAL - REC	2970100	5,000,000		5,000,000	3,728,147.12
CHARGES - WATER	2970500	86,100		86,100	87,847.59
RECRUITING EXPENSES	2980000	1,500,000		1,500,000	701,094.79
SHOP STOCK - MUSEUMS	2981000	8,000		8,000	
WARD COMMITTEE MEETI	2982000	1,105,000		1,105,000	376,150.00
CONTR HOUSING	6000015			0	
CONTR FREEBASIC SERVICES	6030000			0	
CONT CRR	6400000			0	
		<b>378,238,815.00</b>	<b>46,492,000.00</b>	<b>424,730,815.00</b>	<b>245,535,816.08</b>
ADMIN RECHARGED					
RE CHARGED - REVENUE	7000100	-186,546,850		-186,546,850	
RE CHARGED - CAPITAL	7000200			0	
RE CHARGED - OTHER	7000300	-8,537,005		-8,537,005	
		<b>-195,083,855</b>	<b>0</b>	<b>-195,083,855</b>	<b>0.00</b>
<b>Total expenditure</b>		<b>1,228,190,000</b>	<b>59,838,000</b>	<b>1,284,353,000</b>	<b>1,367,015,334.93</b>
		<b>238,362,000.00</b>	<b>-43,789,000.00</b>	<b>198,248,000.00</b>	<b>115,383,642.66</b>

	Vote	Closing Balance 30/06/2010	
<b>Note 2</b>	<b>Housing Development Fund</b>		
	Housing	90216005	10,968,650.87
<b>Note 3</b>	<b>Reserves</b>		
	Revaluation reserve	90219005	0.00
			<b>0.00</b>
	Accumulated surplus		
	Surplus/deficit	90164005	2,622,016,341.65
	Retained earnings	RETEARN	2,264,396,948.00
			<b>4,886,413,289.65</b>
			<b>0.00</b>
<b>Note 4</b>	<b>Long term liabilities</b>		
	Outstanding loans	90504005	50,781,994.81
<b>Note 5</b>	<b>Consumer deposits</b>		
	Consumer deposits	90166011	51,836,857.73
<b>Note 6</b>	<b>Trade &amp; other payables</b>		
	<b>Trade creditors</b>		
	Accounts payable	ACCPAY	39,527,881.02
	Accounts payable	ACCPAY1	46,438,785.76
	Goods received not paid	GRNYI	2,868,282.28
			<b>88,834,949.06</b>
			<b>0.00</b>
	Amounts received in advance	90166006	14,372,750.78
	<b>Other</b>		
	Licenses prov govt	90171011	444,651.03
	Insurance coïd	90171016	
	Housing Seshego	90171017	2,575,891.00
	Water control account	90171033	421,794.50
	Salaries	90171025	0.00
			955.00
	Fire services	90166015	830,561.38
	Legal costs	90171030	74,581.74
			<b>4,348,434.65</b>
			<b>0.00</b>
	Gaurantees	90166016	261,795.36
	Staff leave	90022004	41,727,104.00
	Retension money	90166014	60,204,229.61
			<b>209,749,263.46</b>
			<b>0.00</b>
<b>Note 7</b>	<b>Unspent conditional grants</b>		
	EPWP	90089004	0.00
	Loc	90088004	0.00
	NDPG	90090004	0.00
	Local Government Restructuring grant	90091004	953,926.67
	Local Government Transitional grant	90092004	649,873.88
	Provincial LED projects	90096004	54,714.19
	DWAF refurbishment	90097004	16,191,147.47
	NERSA	90098004	17,447,947.97
	Anglo Platinum	90100004	0.00
	Limpopo Provincial Government	90102004	2,949,709.53
	PTIF	90103004	11,528,189.53
	Housing Accreditation grant	90105004	318,348.76
	Municipal infrastructure grant	90106004	28,927,683.47
			<b>79,021,541.47</b>
			<b>0.00</b>
<b>Note 8</b>	<b>Assets</b>		
		90107005	2,159,362,120.08
		90108005	2,606,594,611.15
		90109005	110,425,279.08
		90110005	8,112,016.05
		90111005	8,774,385.00

		90112005	34,662,268.95	
			<b>4,927,930,680.31</b>	<b>0.00</b>

<b>Note 9</b>	<b>Investments</b>			
	Investments External	90503005	67,217,189.00	
<b>Note 10</b>	<b>Non current receivables</b>			
	Motor car loans	90167016	0.00	
	<b>Housing selling scheme loans</b>			
	Sundry debtors buyers	90243005	13,957.02	
	Sundry debtors profit	90245005	5,985.13	
	Sundry debtors	90247005	151,337.36	
	Sundry debtors	90979004	412,258.87	
	Sundry debtors	90979004	0.00	
	Sundry debtors	90255005	2,096.85	
	Sundry debtors	90259005	734,215.87	
	Sundry debtors	90262005	104,030.21	
	Sundry debtors	90270005	115,209.33	
	Sundry debtors	90294005	5,810.05	
	Sundry debtors	90306005	980,575.88	
			<b>2,525,476.57</b>	<b>0.00</b>
	Sport loans	90167013	1,020,215.02	
	<b>Erven loans</b>			
	Sundry debtors	90705004	14,548,310.90	
	Sundry debtors	90907004	560,514.00	
	Sundry debtors	90922004	1,645,960.64	
	Sundry debtors	90979004	0.00	
	Sundry debtors	91019004	7,691,463.00	
	Sundry debtors		<b>24,446,248.54</b>	<b>0.00</b>
	Electrical connection	90167009		
	Loan to Polokwane Housing Association	90167020	4,497,017.00	
			<b>32,488,957.13</b>	<b>0.00</b>
<b>Note 11</b>	<b>Inventory</b>			
	Stock control	STCKCNTL	48,961,426.35	
	Inventory unsold erven	90001004	3,246,425.93	
	Water at cost	90002006	421,794.50	
			<b>52,629,646.78</b>	<b>0.00</b>
<b>Note 12</b>	<b>Consumer debtors</b>			
	Consumer debtors	90167018	273,562,109.25	
	Provision for bad debt	90016004	-106,736,120.00	
	Consumer debtors/sundry	90171008	-17,980,405.28	
	RD Cheques	90169023	4,804,497.29	
			<b>153,650,081.26</b>	<b>0.00</b>
<b>Note 13</b>	<b>Other receivables</b>			
	Other Debtors			
	Investec	90170025		
	Absa	90170030	0.00	
	Standard	90170031	0.00	
	Nedbank	90170034	0.00	
	ENB	90170037	0.00	
	Donations	90171007		
	Defer compensation	90171006	0.00	
	Salaries	90171023	175,195.00	
	Eson pre-paid sales	90171040	5,360,028.87	
			<b>5,535,223.87</b>	<b>0.00</b>
	Deposits Eskom	90167007	498,704.99	
			<b>6,033,928.86</b>	<b>0.00</b>
<b>Note 14</b>	<b>VAT</b>	90171036	43,055,833.02	
<b>Note 15</b>	<b>Cash</b>			
	<b>Current account</b>			
	Bank account	BANK	-96,234,164.33	
	Bank error	90169021	961.00	

	Underbanking	90169029	205,996.33	
			<b>-96,027,207.00</b>	<b>0.00</b>



	2010 Account	90169009	-70.00	
	Housing account	90169011	318,348.76	
	Mayors account	90169008	14,925.39	
	Petty cash	90169007	43,760.00	
			<b>-95,650,242.85</b>	<b>0.00</b>
<b>Note 38</b>	<b>Provisions</b>			
	Rahabilitation Landfill sites	90025004	2,769,712.00	
	Long service awards	90026004	5,138,500.00	
	Provisional Health Care	90027004		
	Ex Gratia payments	90028004		
	Leave bonuses	90021004	16,186,755.00	
			<b>24,094,967.00</b>	<b>0.00</b>
<b>Note 39</b>	<b>Investment property</b>	90113005	125,510,500.00	

Closing Balance  
30/06/2011

11,155,452.94
<b>0.00</b>
2,506,181,414.90
2,363,697,074.00
<b>4,869,878,488.90</b>
281,059,089.71
57,596,426.71
109,175,561.76
-39,363,887.05
1,030,397.27
<b>70,842,071.98</b>
15,568,870.79
201,243.27
2,085,416.23
2,559,186.08
258,904.00
5,488.76
598,819.08
115,967.20
<b>5,825,024.62</b>
261,795.36
40,099,206.00
36,457,268.02
<b>169,054,236.77</b>
970,098.00
25,000,000.00
2,605,292.38
953,926.67
649,873.88
54,714.19
0.00
8,249,412.30
1,296,000.00
2,949,709.53
5,250,000.00
333,424.02
118,520,005.75
<b>166,832,456.72</b>
1,894,048,768.46
2,943,732,125.91
149,332,701.62
6,679,102.58
8,774,385.00

41,185,281.54
<b>5,043,752,365.11</b>

228,210,611.44
12,846.77
5,471.99
<b>120,829.53</b>
<b>409,606.24</b>
1,960.96
679,665.38
86,349.59
108,064.60
4,319.69
968,604.56
<b>2,397,719.31</b>
932,015.54
13,242,977.73
560,514.00
1,198,012.39
<b>6,310,846.11</b>
<b>21,312,350.23</b>
5,126,599.00
<b>29,768,684.08</b>
67,320,237.37
3,564,846.98
258,904.00
<b>71,143,988.35</b>
350,543,584.84
-145,856,743.00
-18,800,340.87
7,697,582.65
<b>193,584,083.62</b>
347,692.33
204,079.06
168,844.56
82,191.78
77,130.27
493,401.45
1,359,690.43
<b>2,733,029.88</b>
500,899.99
<b>3,233,929.87</b>
11,245,572.61
4,591,464.53
961.00

271,155.88
<b>4,863,581.41</b>

333,424.01
545.05
43,760.00
<b>5,241,310.47</b>
3,046,683.00
10,891,470.72
138,685,784.48
6,186,486.19
17,362,510.00
<b>176,172,934.39</b>
125,510,500.00

**Err:504**  
**APPENDIX E**  
**STATEMENT OF COMPARATIVE AND**

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)
	1	2
	R	R
<b>Financial Performance</b>		
Property Rates	185,000,000	
Service Charges	577,303,500	
Investment Revenue	22,400,100	
Transfers Recognised - Operational	341,470,000	48,838,000
Other Own Revenue	109,514,400	
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	1,235,688,000	48,838,000
Employee Costs	382,441,680	660,000
Remuneration Of Councillors	19,996,455	
Debt Impairment	30,000,000	-19,000,000
Depreciation & Asset Impairment	112,694,000	
Finance Charges	5,800,000	
Materials & Bulk Purchases	491,662,905	31,686,000
Transfers & Grants	240,000	
Other Expenditures	185,354,960	46,492,000
<b>Total Expenditure</b>	1,228,190,000	59,838,000
<b>Surplus/(Deficit)</b>	7,498,000	-11,000,000
Transfers Recognised - Capital	230,864,000	-32,789,000
Contributions Recognised - Capital & Contributed Assets		
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	238,362,000	-43,789,000
Share Of Surplus/(Deficit) Of Associate		
<b>Surplus/(Deficit For The Year)</b>	238,362,000	-43,789,000
<b>Capital Expenditure &amp; Funds Sources</b>		
<b>Capital Expenditure</b>		
Transfers Recognised - Capital	353,200,640	-54,382,308

Public Contributions & Donations		
Borrowing		
Internally Generated Funds	486,289,360	-175,373,692
<b>Total Sources Of Capital Funds</b>	<b>839,490,000</b>	<b>-229,756,000</b>
<b>Cash flows</b>		
Net Cash From (Used) Operating		
Net Cash From (Used) Investing		
Net Cash From (Used) Financing		
<b>Cash/Cash Equivalents At The Year End</b>	<b>0</b>	<b>0</b>

**RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS**

<b>Performance</b>	
Net Surplus/Deficit Per The Statement Of Financial Performance	80,683,783
Adjusted For:	
Fair Value Adjustments	
Impairments Recognised/Reversed	
Surplus/Deficit On The Sale Of Assets	
Increases/Decreases In Provisions	
<i>List other relevant adjustments here</i>	
<b>Net Surplus/Deficit Per Approved Budget</b>	



**ACTUAL INFORMATION**

Virement (i.t.o. Council Approved By-law)	Final Budget	Actual Income	Unauthorise d Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
3	4	5	6	7	8	9
R	R	R	R	R	R	R
	185,000,000	211,929,612				
	577,303,500	620,813,559				
	22,400,100	28,922,190				
	390,308,000	358,908,609				
	109,514,400	103,229,006				
0	1,284,526,000	1,323,802,976	0	0	0	0
	383,101,680	362,171,820				
	19,996,455	19,778,889				
	11,000,000	47,599,029				
	112,694,000	176,460,817				
	5,800,000	13,072,741				
	523,348,905	513,702,952				
	240,000	240,000				
	231,846,960	241,175,921				
0	1,288,028,000	1,374,202,169	0	0	0	0
0	-3,502,000	-50,399,193	0	0	0	0
	198,075,000	127,554,532				
	0	3,528,444				
0	194,573,000	80,683,783	0	0	0	0
0	194,573,000	80,683,783	0	0	0	0
	298,818,332	121,955,775				

**Notes to t**

**Column 1:** Fir

**Column 3:** M  
policy appr  
that the tot

**Column 4:** =

**Column 6:** Do  
because overs

**Column 7:** =

**Column 8:** = (

**Column 9:** (5

*A municipality  
statement. Th  
containing suc*

	0					
	0					
	310,915,668	165,930,322				
0	609,734,000	287,886,097	0	0	0	0
		313,826,077				
		-435,565,888				
		236,036,664				
0	0	114,296,853	0	0	0	0

**the user:**

st budget for the year
ay only be populated if the municipality has a virement oved by the council. Virements must offset each other so al equals nil.
$1 + (2 - 1) + 3$
oes not necessarily equal the difference between column 5 and 4 pending is not the only reason for unauthorised expenditure
$5 - 4$
$(5 / 4) * 100$
$( / 1) * 100$
<i>may include narrative reasons for variances as part of the notes tot his e municipality may also refer the user to other public documentation ch explanations.</i>



### TRAIL BALANCE

Inventory unsold erven	90001004	3,564,846.98
Water at cost	90002006	258,904.00
Provision for bad debt	90016004	-145,856,743.00
Leave bonuses	90021004	-17,362,510.00
Staff leave	90022004	-40,099,206.00
Rahabilitation Landfill sites	90025004	-3,046,683.00
Long service awards	90026004	-10,891,470.72
Provisional Health Care	90027004	-138,685,784.48
Ex Gratia payments	90028004	-6,186,486.19
Loc	90088004	-25,000,000.00
EPWP	90089004	-970,098.00
NDPG	90090004	-2,605,292.38
Local Government Restructuring grant	90091004	-953,926.67
Local Government Transitional grant	90092004	-649,873.88
Provincial LED projects	90096004	-54,714.19
NERSA	90098004	-8,249,412.30
Anglo Platinum	90100004	-1,296,000.00
Limpopo Provincial Government	90102004	-2,949,709.53
PTIF	90103004	-5,250,000.00
Housing Accreditation grant	90105004	-333,424.02
Municipal infrastructure grant	90106004	-118,520,005.75
Assets	90107005	1,894,048,768.46
Assets	90108005	2,943,732,125.91
Assets	90109005	149,332,701.62
Assets	90110005	6,679,102.58
Assets	90111005	8,774,385.00
Assets	90112005	41,185,281.54
Investment property	90113005	125,510,500.00

Amounts received in advance	90166006	-15,568,870.79
Consumer deposits	90166011	-57,596,426.71
Retension money	90166014	-36,457,268.02
Fire services	90166015	-598,819.08
Gaurantees	90166016	-261,795.36
Deposits Eskom	90167007	500,899.99
Sport loans	90167013	932,015.54
Consumer debtors	90167018	350,543,584.84
Loan to Polokwane Housing Association	90167020	5,126,599.00
Petty cash	90169007	43,760.00
Mayors account	90169008	545.05
Housing account	90169011	333,424.01
Bank error	90169021	961.00
RD Cheques	90169023	7,697,582.65
Underbanking	90169029	271,155.88
Absa	90170030	347,692.33
Standard	90170031	204,079.06

Nedbank	90170034	168,844.56
ENB	90170037	82,191.78
Donations	90171007	77,130.27
Consumer debtors/sundry	90171008	-18,800,340.87
Licenses prov govt	90171011	-201,243.27
Insurance coid	90171016	-2,085,416.23
Housing Seshego	90171017	-2,559,186.08
Salaries	90171023	493,401.45
Salaries	90171025	-5,488.76
Legal costs	90171030	-115,967.20
Water control account	90171033	-258,904.00
VAT	90171036	11,245,572.61
Eson pre-paid sales	90171040	1,359,690.43
Housing	90216005	-11,155,452.94
Sundry debtors buyers	90243005	12,846.77
Sundry debtors profit	90245005	5,471.99
Sundry debtors	90247005	120,829.53
Sundry debtors	90255005	1,960.96
Sundry debtors	90259005	679,665.38
Sundry debtors	90262005	86,349.59
Sundry debtors	90270005	108,064.60
Sundry debtors	90294005	4,319.69
Sundry debtors	90306005	968,604.56
Investments External	90503005	228,210,611.44
Outstanding loans	90504005	-281,059,089.71
Sundry debtors	90705004	13,242,977.73
Sundry debtors	90907004	560,514.00
Sundry debtors	90922004	1,198,012.39
Sundry debtors	90979004	409,606.24
Sundry debtors	91019004	6,310,846.11
Accounts payable	ACCPAY	-109,175,561.76
Accounts payable	ACCPAY1	39,363,887.05
Bank account	BANK	4,591,464.53
Goods received not paid	GRNYI	-1,030,397.27
Surplus/deficit	90164005	-2,506,181,414.90
Retained earnings	RETEARN	-2,343,639,033.41
Stock control	STCKCNTL	67,320,237.37
<b>Balance</b>		<b>0.00</b>



-4,849,820,448.31