



***SETSOTO  
LOCAL  
MUNICIPALITY***

***FINANCIAL  
STATEMENTS  
2008/2009***



**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**General information (continued)**

**Registered Office:** SETSOTO LOCAL MUNICIPALITY

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FICKSBURG  
9730

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**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 41, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**Municipal Manager:**

**R S Kau**

**2009/08/31**

**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

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**SETSOTO LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2009

	Note	2009 R	2008 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	3 484 038	5 938 092
Trade and other receivables from exchange transactions	2	125 085 403	77 513 246
Other receivables from non-exchange transactions	3	1 380 954	707 022
Inventories	4	573 880	551 972
Investments	5	866 378	1 049 476
Current portion of receivables	6	3 573	3 573
VAT receivable	13	2 648 914	7 321 738
<b>Non-current assets</b>			
Non-current receivables	6	15 584	19 157
Investments	7	1 045 353	992 038
Property, plant and equipment	8	310 462 398	292 480 735
Intangible assets	9	1 117 756	-
<b>Total assets</b>		<b>446 684 232</b>	<b>386 577 050</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	10	21 642 527	18 493 650
Consumer deposits	11	1 853 881	1 716 615
VAT payable	12	15 822 044	13 523 903
Current provisions	14	2 251 389	1 917 384
Bank overdraft	1	18 075 933	10 307 200
Current portion of unspent conditional grants and receipts	15	11 475 593	24 672 590
Current portion of borrowings	16	3 198 770	3 371 169
Current portion of finance lease liability	17	2 399 547	1 003 310
<b>Non-current liabilities</b>			
Non-current borrowings	16	14 958 015	17 982 024
Non-current finance lease liability	17	8 543 808	5 984 607
Non-current provisions	18	2 393 859	1 572 513
<b>Total liabilities</b>		<b>102 615 366</b>	<b>100 544 965</b>
<b>Net assets</b>		<b>344 068 865</b>	<b>286 032 085</b>
<b>NET ASSETS</b>			
Housing Development Fund		271 810	271 810
Capital replacement reserve		590 580	590 580
Government grant reserve		276 513 419	259 755 865
Donation and public contribution reserve		47 961	53 633
Accumulated surplus / (deficit)		66 645 097	25 360 198
<b>Total net assets</b>		<b>344 068 866</b>	<b>286 032 085</b>

**SETSOTO LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2009

	Note	2009 R	2008 R
<b>Revenue</b>			
Property rates	19	22 620 321	22 787 497
Service charges	20	81 654 469	67 210 480
Rental of facilities and equipment	21	691 288	549 645
Interest earned - external investments	22	924 400	2 665 725
Interest earned - outstanding receivables	23	19 403 254	14 428 998
Fines		235 823	200 407
Licences and permits		9 330	430
Government grants and subsidies	24	120 667 313	198 237 909
Other income	25	2 325 445	4 807 881
<b>Total revenue</b>		<b>248 531 642</b>	<b>310 888 971</b>
<b>Expenses</b>			
Employee related costs	26	70 036 114	64 923 272
Remuneration of councillors	27	6 921 702	6 505 023
Bad debts		20 800 000	11 810 575
Depreciation and amortisation expense	28	25 845 419	15 589 451
Repairs and maintenance		10 259 543	7 009 852
Finance costs	29	4 178 788	4 654 748
Bulk purchases	30	19 327 475	14 775 478
Grants and subsidies paid	31	13 032 720	9 542 219
General expenses	32	31 234 948	28 821 334
<b>Total expenses</b>		<b>201 636 708</b>	<b>163 631 952</b>
Gain / (loss) on sale of assets	33	-	252 910
<b>Surplus / (deficit) for the period</b>		<b>46 894 934</b>	<b>147 509 930</b>

**SETSOTO LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2009

Note	Housing Development Fund	Capital Replacement Reserve	Government Grant Reserve	Public Donation and Contribution Reserve	Revaluation Reserve	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R	R	R	R	R
<b>Balance at 30 June 2007</b>	<b>271 810</b>	<b>590 580</b>	<b>139 180 665</b>	<b>59 307</b>		<b>140 102 362</b>	<b>(788 005)</b>	141 296 542
Changes in accounting policy						-	-	-
Correction of prior period error						-	(52 638)	(52 638)
<b>Restated balance</b>	<b>271 810</b>	<b>590 580</b>	<b>139 180 665</b>	<b>59 307</b>	-	<b>140 102 362</b>	<b>(840 643)</b>	141 243 904
Surplus / (deficit) on revaluation of property of property, plant and equipment						-	-	-
Property, plant and equipment purchased		(1 484 135)				<b>(1 484 135)</b>	1 484 135	-
Capital grants used to purchase PPE			132 396 431			<b>132 396 431</b>	(132 396 431)	-
Contribution for the year		1 484 135				<b>1 484 135</b>	(1 484 135)	-
Offsetting of depreciation			(11 821 192)	(5 672)		<b>(11 826 864)</b>	11 826 864	-
Net gains and losses not recognised in the statement of financial performance						-	-	-
Transfers to / from accumulated surplus/(deficit)						-	-	-
Surplus / (deficit) for the period						-	147 509 930	147 509 930
<b>Balance at 30 June 2008</b>	<b>271 810</b>	<b>590 580</b>	<b>259 755 904</b>	<b>53 635</b>	-	<b>260 671 929</b>	<b>26 099 720</b>	<b>288 753 834</b>
Changes in accounting policy								-
Correction of prior period error							10 444 105	10 444 105
<b>Restated balance</b>	<b>271 810</b>	<b>590 580</b>	<b>259 755 904</b>	<b>53 635</b>	-	<b>260 671 929</b>	<b>36 543 825</b>	<b>299 197 939</b>
Surplus / (deficit) on revaluation of property of property, plant and equipment						-	-	-
Property, plant and equipment purchased		(2 042 567)				<b>(2 042 567)</b>	2 042 567	-
Capital grants used to purchase PPE			37 777 736			<b>37 777 736</b>	(37 777 736)	-
Contribution for the year		2 042 567				<b>2 042 567</b>	(2 042 567)	-
Offsetting of depreciation			(20 978 600)	(5 672)		<b>(20 984 272)</b>	20 984 272	-
Net gains and losses not recognised in the statement of financial performance						-	-	-
Transfers to / from accumulated surplus/(deficit)						-	-	-
Surplus / (deficit) for the period						-	46 894 934	46 894 934
<b>Balance at 30 June 2009</b>	<b>271 810</b>	<b>590 580</b>	<b>276 555 039</b>	<b>47 963</b>	-	<b>277 465 392</b>	<b>66 645 295</b>	<b>346 092 873</b>

**SETSOTO LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT**  
as at 30 June 2009

	Note	2009 R	2008 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		213 713 555	210 214 269
Taxation			
Sales of goods and services		93 299 801	
Grants		117 945 577	193 119 546
Interest received		14 123	17 094 723
Other receipts		2 454 054	
Payments		219 028 234	68 212 412
Employee costs		43 881 236	
Suppliers		170 968 209	63 557 664
Interest paid		4 178 788	4 654 748
Other payments			
<b>Net cash flows from operating activities</b>	34	<b>(5 314 679)</b>	<b>142 001 857</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(5 800 496)	(140 625 186)
Proceeds from non-current receivables		3 573	3 572
Proceeds from non-current investments		(53 315)	376 501
Proceeds from call investments		183 098	(1 049 450)
<b>Net cash flows from investing activities</b>		<b>(5 667 140)</b>	<b>(141 025 768)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		5 139 560	6 728 734
Repayment of borrowings		(4 380 529)	(3 972 649)
Proceeds from finance lease liability			200 885
Repayment of finance lease liability			
<b>Net cash flows from financing activities</b>		<b>759 031</b>	<b>2 956 971</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>(10 222 788)</b>	<b>3 933 061</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>(4 369 107)</b>	<b>(8 302 168)</b>
<b>Net cash and cash equivalents at end of period</b>	35	<b>(14 591 895)</b>	<b>(4 369 107)</b>

**SETSOTO LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2009

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

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

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

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

**1.2 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED AND EFFECTIVE**

The following GRAP standards have been issued and are effective from the 01 July 2009 and have been adopted by the municipality subject to clause 1.1 above (Transitional provisions)

<b>Reference</b>	<b>Topic</b>
GRAP 1	Presentation of Financial State
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in
GRAP 4	The Effects of Changes in Forei
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Fin
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transa
GRAP 10	Financial Reporting in Hyperini
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Dat
GRAP 15	Financial Instruments

1.3	GRAP 16	Investment Property
	GRAP 17	Property, Plant and Equipment
	GRAP 19	Provisions, Contingent Liabilities
	GRAP 100	Non-current Assets Held for Sale
	GRAP 101	Agriculture
	GRAP 102	Intangible Assets

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. GOING CONCERN ASSUMPTION**

These annual financial statements are prepared on the going concern basis. Although the Council receive Equitable Share from Government, it is being recognised as income to support the poor and indigent households, as part of Government's national guideline

**4. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

**5. RESERVES**

**5.1 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the expected useful lives of the items of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**5.2 Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### 5.3 Capital Replacement Reserve (CRR)

All proceeds on the sales of assets, not financed from Government Grants and Public Contributions, are credited to this fund. In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Budget approval). A corresponding amount is transferred to a designated CRR investment account. The cash in the designated CRR investment account can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

### 6. PROPERTY, PLANT AND EQUIPMENT (PPE)

6.1 The 2008/09 accounting policy regarding property, plant and equipment transactions is consistent with that applied in the 2007/08 financial year, in accordance with the transitional provisions granted according Directive 4.

6.2 PPE is stated:

- \* At cost less accumulated depreciation, or
- \* At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.
- \* Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives.
- \* Similarly, land is not depreciated as it is deemed to have an indefinite life.

6.3 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

6.4 The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

6.5 The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R7 500 per item of PPE. Where the value of bulk purchases of PPE with values of less than R 7 500 per item, these items are recognised as PPE in the Statement of Financial Position.

### 6.6 Depreciation and impairment losses

6.6.1 Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives, calculated on a full month completion:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads	10-30	Buildings	30
Electricity	20-30	Specialist vehicles	20
Water	15-20	Motor vehicles	5-7
Sewerage	15-20	Office equipment	3-7
		Furniture and fittings	7-10
<b>Community</b>		Emergency Equipment	5-15
Buildings	30	Plant and equipment	2-5
Recreational Facilities	20	Specialised plant and equipment	10-15
Security measures	3-5		

6.6.2 Incomplete construction work is stated at historic cost. Depreciation commences when the asset is capitalised.

6.6.3 The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has impaired below the carrying amount. When such an impairment has occurred, the carrying amount is reduced to the recoverable amount. The amount of the impairment is recognised as an expense immediately, unless it reverses a previous revaluation, in which case it is charged to the revaluation non distributable reserve.

#### 6.7 Disposal and retirement of assets

- \* Assets are written off on disposal or retirement.
- \* The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

#### 7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation in respect of buildings. No revaluation of assets was done in 2008/2009 and advantage was taken of the transitional provisions granted in terms of Directive 4.

#### 8. INVENTORIES

The 2008/09 accounting policy regarding inventory transactions is consistent with that applied in the 2007/08 financial year, in accordance with the transitional provisions of Directive 4.

Consumable stores and maintenance materials are valued at the lower of cost, determined on the weighted average cost basis, and net realisable value. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Cost of inventories comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to its present location and condition.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow moving inventories are identified and written down with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

#### 9. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities must initially be recognized at cost.

The 2008/09 accounting policy regarding financial instrument transactions is consistent with that applied in the 2007/08 financial year, in accordance with the transitional provisions of Directive 4.

##### 9.1 Investments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

The municipality may have the following types of financial instruments.

- \* **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity.
- \* **Loans and receivables** are financial assets that are created by providing money, goods or services directly to a debtor.

**INITIAL MEASUREMENT** of financial instruments is **at cost, which is the fair value** of the consideration given. The fair value is usually the transaction price or market price. **Transaction costs** are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

**SUBSEQUENT MEASUREMENT** of financial assets.

**HTM investments and loans and receivables originated by the entity and not held for trading** are subsequently recognised at **amortised cost using the effective interest rate method**. **Amortised cost** is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

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.

## **9.2 Investment in Associate**

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provi

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

## **9.3 Accounts Receivable**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off in accordance with the council credit control policy, during the year in which they are identified.

## **9.4 Trade Creditors**

Trade creditors are stated at their nominal value.

## **9.5 Cash and Cash equivalents**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and cash investments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

## **10. UNUTILISED CONDITIONAL GRANTS**

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following provision is set for the creation and utilisation of this creditor:

- \* Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

**11. VALUE ADDED TAX**

The Council accounts for Value Added Tax on the cash basis.

**12. REVENUE RECOGNITION**

Revenue must initially be recognized at cost.

The 2008/09 accounting policy regarding revenue transactions is consistent with that applied in the 2007/08 financial year, in accordance with the transitional provisions of Directive 4.

Revenue is derived from a variety of sources which include Rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably.

**12.1 Revenue from Exchange Transactions**

Service charges relating to Electricity and Water are based on consumption. Meters are read and billed on a monthly basis and revenue is recognized as these services are used by consumers.

Sanitation charges are levied monthly at a flat rate based on the location of the property and the number of connections using the tariffs approved from Council .

Refuse charges are levied monthly at a flat rate based on the zoning of the site, using the tariffs approved from Council.

Various services are provided on a prepayment basis in which case no formal billing takes place and revenue is accrued when received.

Income in respect of housing rental and instalments are accrued monthly in advance.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the State

- \* Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- \* The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- \* The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- \* The amount of revenue can be measured reliably.
- \* It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- \* The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognized.

## **12.2 Revenue from non-exchange transactions**

Revenue from rates is recognized, when the legal entitlement to this revenue arises. A Differential Rating system is applied. In terms of this system assessment rates are levied on the land and improvements value of property and rebates are granted subject to certain conditions. A composite rating system charging different rate tariffs for different categories of ratepayers is employed.

Collection charges are recognized when such amounts are legally enforceable.

Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected by the Courts. Due to the various legal processes that can apply to summonses and the inadequate information received from the Courts, it is not possible to measure this revenue when the summons is issued.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are available for use.

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

## **13. CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

## **14. PROVISIONS**

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

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### **14.1. Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The accrual is based on the total amount of accumulated leave days due to employees at year end and also on the basic salary of the employee.

**14.2 Provision for bonuses**

The Municipality makes provision for bonuses payable where at year end minimum bonus amounts owing to officials are contractually payable in the next financial year.

**14.3 Provision for the rehabilitation of landfill sites**

No provision for Landfill sites are made by Council, but expensed during the year.

**14.4 Provision for removal of alien vegetation**

No provision for alien vegetation are made by Council during the year.

**15. UNAUTHORISED EXPENDITURE**

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

**16. IRREGULAR EXPENDITURE**

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

**17. 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.

**18 LEASES**

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's 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 accrued on a straight-line basis over the term of the relevant lease.

## 18 RETIREMENT BENEFITS

The 2008/09 accounting policy regarding retirement benefit transactions is consistent with that applied in the 2007/08 financial year, in accordance with the transitional provisions of Directive 4.

### 18.1 Pension / Retirement Fund

The Council and its employees contribute to various Pension and Retirement Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds.

Current contributions are charged against the operating account of the Council at a percentage of the pensionable remuneration paid to employees or councillors.

A provision is made for the best estimate of the current cost of gratuities payable to employees that were not previously members of a pension fund.

A provision is raised as the best estimate of the current cost of paying future pensions to employees who have become disabled as a result of injuries sustained whilst on duty.

### 18.2 Medical Aid: Continued Members

Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which Council is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% or 40% of the medical aid membership fee, and Council for the remaining 70% or 60%. Council adopted a policy whereby the age of staff appointed under the new conditions of service would determine their portion of contribution to the medical aid on retirement.

These contributions are charged to the operating account when paid. In addition Council will contribute annually for the next 15 years towards funding the obligations, which could arise to pay for the future medical costs of employees and retirees.

## 19 GRANTS-IN-AID

The Municipality annually awards grants to individuals and organisations based on merit. When making these transfers, Council does not:

- \* Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- \* Expect to be repaid in future; or
- \* Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

## 20 ROUNDING

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

	Note	2009 R	2008 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		8 796	8 796
Cash at bank		(18 075 933)	(10 307 200)
Call deposits		3 475 242	5 929 296
		<u>(14 591 894)</u>	<u>(4 369 108)</u>
The Municipality has the following bank accounts: -			
<b><u>Current Account (Primary Bank Account)</u></b>			
First National Bank - Ficksburg Branch: Account Number 62048092647			
Cash book balance at beginning of year		(10 307 200)	(12 751 578)
Cash book balance at end of year		(18 075 933)	(10 307 200)
Bank statement balance at beginning of year		(4 438 556)	(7 072 035)
Bank statement balance at end of year		(12 411 248)	(4 438 556)
<b><u>Savings Account</u></b>			
First National Bank - Ficksburg Branch: Account Number 62049046205			
Cash book balance at beginning of year		5 929 296	4 441 015
Cash book balance at end of year		3 475 242	5 929 296
Bank statement balance at beginning of year		4 441 015	4 160 252
Bank statement balance at end of year		3 475 242	4 441 015
<b><u>Cash on hand</u></b>			
Total cash and cash equivalents		<u>3 484 038</u>	<u>5 938 092</u>
Total bank overdraft		<u>18 075 933</u>	<u>10 307 200</u>

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
<b><u>Trade receivables</u></b>			
<b>as at 30 June 2009</b>			
Service debtors			
Rates	19 091 017	(7 183 795)	11 907 222
Electricity	6 344 781	(2 387 490)	3 957 291
Water	40 552 336	(15 259 516)	25 292 820
Sewerage	27 367 717	(10 298 251)	17 069 466
Refuse	37 477 733	(14 102 568)	23 375 165
Current Debtors (Other)	69 717 612	(26 234 173)	43 483 438
<b>Total</b>	<b><u>200 551 196</u></b>	<b><u>(75 465 793)</u></b>	<b><u>125 085 403</u></b>
<b>as at 30 June 2008</b>			
Service debtors			
Rates	9 492 525	(4 468 971)	5 023 554
Electricity	11 547 881	(5 436 609)	6 111 272
Water	22 818 335	(10 742 608)	12 075 727
Sewerage	53 917 829	(25 383 891)	28 533 938
Refuse			-
Current Debtors (Other)	48 692 730	(22 923 975)	25 768 755
<b>Total</b>	<b><u>146 469 300</u></b>	<b><u>(68 956 054)</u></b>	<b><u>77 513 246</u></b>

**SETSOTO LOCAL MUNICIPALITY**  
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Note	2009 R	2008 R
<b>2 Rates: Ageing</b>		
Current (0 – 30 days)	675 247	812 337
31 - 60 Days	385 425	353 639
61 - 90 Days	350 711	338 038
91 - 120 Days	326 724	316 240
121 - 365 Days	17 352 910	7 672 952
<b>Total</b>	<b>19 091 017</b>	<b>9 493 206</b>

**Electricity, Water, Refuse and Sewerage: Ageing**

Current (0 – 30 days)	5 581 661	4 274 645
31 - 60 Days	11 919 685	1 273 291
61 - 90 Days	2 796 845	1 149 261
91 - 120 Days	2 674 315	1 339 855
121 - 365 Days	88 770 061	24 390 149
<b>Total</b>	<b>111 742 567</b>	<b>32 427 201</b>

**Summary of Debtors by Customer Classification**

	Consumers R	Industrial / Commercial R	National and Provincial Government R
<b>as at 30 June 2009</b>			
Current (0 – 30 days)	5 557 017	688 718	11 173
31 - 60 Days	11 929 385	203 577	172 148
61 - 90 Days	2 858 404	105 512	183 640
91 - 120 Days	2 817 928	46 895	136 216
121 - 365 Days	98 291 083	1 159 374	6 672 514
Sub-total	<b>121 453 817</b>	<b>2 204 076</b>	<b>7 175 691</b>
Less: Provision for doubtful debts	(74 586 027)	(879 765)	
<b>Total debtors by customer classification</b>	<b>46 867 790</b>	<b>1 324 311</b>	<b>7 175 691</b>
<b>as at 30 June 2008</b>			
Current (0 – 30 days)	9 014 204	647 834	158 710
31 - 60 Days	2 878 368	134 687	100 420
61 - 90 Days	2 280 278	55 792	30 040
91 - 120 Days	2 441 566	57 813	22 588
121 - 365 Days	76 827 649	838 068	378 455
Sub-total	<b>93 442 065</b>	<b>1 734 194</b>	<b>690 213</b>
Less: Provision for doubtful debts	(66 549 214)	(1 235 089)	(491 568)
<b>Total debtors by customer classification</b>	<b>26 892 851</b>	<b>499 105</b>	<b>198 645</b>

**2 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	68 956 054	68 716 039
Contributions to provision	20 800 000	11 810 575
Doubtful debts written off against provision	(14 290 262)	(11 570 560)
Reversal of provision		
<b>Balance at end of year</b>	<b>75 465 792</b>	<b>68 956 054</b>

**3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Subsidies	187 331	187 331
Other debtors	1 045 613	454 607
Prepayments (if not material)	148 010	65 084
<b>Total Other Debtors</b>	<b>1 380 954</b>	<b>707 022</b>

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2009 R	2008 R
<b>4 INVENTORIES</b>			
<b>Closing balance of inventories:</b>		<b>573 880</b>	<b>551 972</b>
Consumable stores		29 647	253 460
Maintenance materials: Water		261 330	132 262
Maintenance materials: Electricity		282 903	166 250

Slow moving inventory is included in the total inventory as these inventory items are regarded as emergency inventory and is not regularly available in the open

**5 INVESTMENTS**

Deposits		866 378	1 049 476
		<b>866 378</b>	<b>1 049 476</b>

**6 NON-CURRENT RECEIVABLES**

Sport Club loans		19 157	22 730
		19 157	22 730
Less : Current portion transferred to current receivables		(3 573)	(3 573)
Sport Club loans		(3 573)	(3 573)
<b>Total</b>		<b>15 584</b>	<b>19 157</b>

**SPORT CLUB LOANS**

A Loan was granted to the Squash Club for the purpose of erecting the facility and is repayable on an annual basis at 0% interest. This loan was granted before the implementation of the MFMA.

**7 INVESTMENTS**

**Financial Instruments**

Fixed Deposits		1 045 353	992 038
		<b>1 045 353</b>	<b>992 038</b>
Pledged Investments			

**SETSOTO LOCAL MUNICIPALITY**  
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**8 PROPERTY, PLANT AND EQUIPMENT**

The Municipality did not review the useful life or the depreciation method used on the asset recognised in the annual financial statements for the 2008/2009 financial year due to transitional provisions granted in terms of Directive 4.

Due to the process of identifying any asset that may be impaired for reporting purposes on the carrying value of the different asset categories included above could not be determined and as a result no impairment loss has been recognised in the 2008/2009 financial year. This is also due to the application of transitional provisions in terms of Directive 4.

Included in land and buildings are items that may meet the definition of investment property but have been included as Property, plant and equipment because the process of identifying investment property for reporting purposes. These items will be transferred to investment property once they have been identified as investment property in terms of IAS 40.

Included in Property, plant and equipment are items that meet the definition of inventory but have been included as Property, plant and equipment because the process of identifying inventory for reporting purposes. These items will be transferred to inventory once they have been identified as inventory in terms of GAMAP 12.

8.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2008</b>	<b>1 797 999</b>	<b>25 609 073</b>	<b>246 716 358</b>	<b>2 468 522</b>	-	<b>3 401 235</b>	<b>12 487 548</b>	<b>292 480 735</b>
Cost/Revaluation	1 797 999	35 682 383	385 151 981	7 246 067	-	8 797 115	20 121 599	458 797 144
Correction of error	-	-	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	10 073 310	138 435 623	4 777 545	-	5 395 880	7 634 051	166 316 410
Acquisitions	-	-	37 883 794	-	-	361 969	5 596 346	43 842 109
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	1 568 146	20 458 287	208 820	-	945 967	2 664 198	25 845 418
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
<b>as at 30 June 2009</b>	<b>1 797 999</b>	<b>24 049 086</b>	<b>264 141 866</b>	<b>2 259 702</b>	-	<b>2 817 236</b>	<b>15 419 694</b>	<b>310 485 583</b>
Cost/Revaluation	1 797 999	35 656 432	423 035 775	7 246 067	-	9 159 084	25 717 944	502 613 301
Accumulated depreciation and impairment losses	-	11 607 346	158 893 909	4 986 366	-	6 341 848	10 298 249	192 127 718

Refer to Appendix B for more detail on property, plant and equipment

**SETSOTO LOCAL MUNICIPALITY**  
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8.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2007</b>	<b>1 797 999</b>	<b>25 912 534</b>	<b>127 333 009</b>	<b>2 680 110</b>	-	<b>3 204 806</b>	<b>6 542 393</b>	<b>167 470 851</b>
Cost/Revaluation	1 797 999	34 481 810	254 278 707	7 246 067	-	7 811 457	12 545 753	318 161 793
Correction of error								-
Change in accounting policy								-
Accumulated depreciation and impairment losses	-	8 569 276	126 945 698	4 565 958	-	4 606 651	6 003 361	150 690 942
Acquisitions	-	1 174 622	130 873 274	-	-	985 658	7 575 846	140 609 400
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	1 468 018	11 489 925	211 588	-	789 230	1 630 691	15 589 451
Carrying value of disposals	-	<b>61 967</b>	-	-	-	-	-	<b>61 967</b>
Cost/Revaluation	-	25 951	-	-	-	-	-	25 951
Accumulated depreciation and impairment losses	-	36 016	-	-	-	-	-	36 016
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
<b>as at 30 June 2008</b>	<b>1 797 999</b>	<b>25 609 073</b>	<b>246 716 358</b>	<b>2 468 522</b>	-	<b>3 401 235</b>	<b>12 487 548</b>	<b>292 480 735</b>
Cost/Revaluation	1 797 999	35 682 383	385 151 981	7 246 067	-	8 797 115	20 121 599	458 797 144
Accumulated depreciation and impairment losses	-	10 073 310	138 435 623	4 777 545	-	5 395 880	7 634 051	166 316 410

Refer to Appendix B for more detail on property, plant and equipment

8.2 Other information	Note	2009 R	2008 R
Fully depreciated property, plant and equipment still in use at cost.		94 783 211	92 995 191
		<u>94 783 211</u>	<u>92 995 191</u>

The Municipality has taken advantage of the transitional provisions set out in GRAP 17 and Directive 4. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed within the time frame set in Directive 4. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done with in the time frame set in Directive 4.

Clinic assets to the book value of R911 008 are included and will be removed from the asset register once the title deed of the assets are formally transferred to Dept. of Health. Once the municipality receives the title deed of Erf 636, Senekal as a donation from the Dept. of Public Works, the amount of R1 188 000 will be added to the asset register.

**SETSOTO LOCAL MUNICIPALITY**  
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	Note	2009 R	2009 R
<b>9 INTANGIBLE ASSETS</b>			
<b>9.1 Reconciliation of carrying value</b>			
		<b>Valuation Roll R</b>	<b>Total R</b>
<b>as at 1 July 2008</b>		-	-
Cost		-	-
Accumulated amortisation and impairment losses		-	-
Acquisitions		1 117 756	1 117 756
Amortisation		-	-
Carrying value of disposals		-	-
Cost		-	-
Accumulated amortisation		-	-
Impairment loss/Reversal of impairment loss		-	-
Transfers		-	-
Other movements		-	-
<b>as at 30 June 2009</b>		<b>1 117 756</b>	<b>1 117 756</b>
Cost		1 117 756	1 117 756
Accumulated amortisation and impairment losses		-	-
		<b>2008 R</b>	<b>2008 R</b>
<b>9.1 Reconciliation of carrying value</b>			
		<b>Valuation Roll R</b>	<b>Total R</b>
<b>as at 1 July 2007</b>		-	-
Cost		-	-
Accumulated amortisation and impairment losses		-	-
Acquisitions		-	-
Amortisation		-	-
Carrying value of disposals		-	-
Cost		-	-
Accumulated amortisation		-	-
Impairment loss/Reversal of impairment loss		-	-
Transfers		-	-
Other movements		-	-
<b>as at 30 June 2008</b>		-	-
Cost		-	-
Accumulated amortisation and impairment losses		-	-

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	12 151 466	10 147 955
Payments received in advance	870 679	955 049
Staff leave accrual	6 462 958	5 104 304
Other creditors	2 157 424	2 286 342
<b>Total creditors</b>	<b>21 642 527</b>	<b>18 493 650</b>
The fair value of trade and other payables approximates their carrying amounts.		
<b>11 CONSUMER DEPOSITS</b>		
Electricity and Water	1 853 881	1 716 615
<b>Total consumer deposits</b>	<b>1 853 881</b>	<b>1 716 615</b>
<b>12 VAT PAYABLE</b>		
VAT payable	15 822 044	13 523 903
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>13 VAT RECEIVABLE</b>		
VAT receivable	2 648 914	7 321 738
VAT 201 claims was submitted to SARS and expect refunds from SARS in due course.		
<b>14 PROVISIONS</b>		
Performance bonus	1 907 446	1 639 120
Current portion of long-service provision (see note 18)	343 944	278 265
<b>Total Provisions</b>	<b>2 251 389</b>	<b>1 917 384</b>
Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.		
Other disclosure Provision for Long Service Bonus has been made for employees qualifying according the years of service.		
The movement in current provisions are reconciled as follows: -		
	<b>Performance Bonus</b>	
<b>as at 1 July 2008</b>	1 639 120	
Contributions to provision	268 326	
Expenditure incurred		
<b>as at 30 June 2009</b>	<b>1 907 446</b>	-
<b>as at 1 July 2007</b>	1 470 715	
Contributions to provision	3 921 298	
Expenditure incurred	(3 752 893)	
<b>as at 30 June 2008</b>	<b>1 639 120</b>	-

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>15.1 Unspent Conditional Grants from other spheres of Government</b>		
MIG Grants	(27 173 267)	(28 562 889)
LED Grants	725 816	432 636
District Municipal Grants	15 232 932	15 092 476
MSIG Grants	-	(203 463)
<b>15.2 Other Unspent Conditional Grants and Receipts</b>		
Provincial Grants	(259 074)	(11 674 598)
Other Grants	(2 000)	243 249
<b>Total Unspent Conditional Grants and Receipts</b>	<b>(11 475 593)</b>	<b>(24 672 590)</b>
<b>Non-current unspent conditional grants and receipts</b>		
<b>Current portion of unspent conditional grants and receipts</b>	<b>(11 475 593)</b>	<b>(24 672 590)</b>

See Note 24 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

**16 BORROWINGS**

Long-term Loans	14 948 379	17 856 753
Annuity Loans	9 636	125 271
	<b>14 958 015</b>	<b>17 982 024</b>
Less : Current portion transferred to current liabilities	3 198 770	3 371 169
Long-term Loans	3 083 135	3 255 534
Annuity Loans	115 635	115 635
<b>Total borrowings</b>	<b>18 156 785</b>	<b>21 353 193</b>

Refer to Appendix A for more detail on borrowings.

**17 FINANCE LEASE LIABILITY**

**2009**

Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	3 537 880	1 138 333	2 399 547
Within two to five years	10 009 142	1 465 334	8 543 808
	<b>13 547 022</b>	<b>2 603 667</b>	<b>10 943 355</b>
Less: Amount due for settlement within 12 months (current portion)			2 399 547
			<b>8 543 808</b>

The average lease term is 5 years and the average effective borrowing rate is 14.65%. Some leases have fixed repayment terms and other escalate with 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

**2008**

Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	1 912 292	908 982	1 003 310
Within two to five years	7 215 084	1 230 477	5 984 607
	<b>9 127 376</b>	<b>2 139 459</b>	<b>6 987 917</b>
Less: Amount due for settlement within 12 months (current portion)			1 003 310
			<b>5 984 607</b>

The average lease term is 5 years and the average effective borrowing rate is 14.65%. Some leases have fixed repayment terms and other escalate with 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Note	2009 R	2008 R
<b>18 NON-CURRENT PROVISIONS</b>		
Provision for rehabilitation of landfill sites	1 479 132	739 566
Provision for long-service awards	914 728	832 947
<b>Total Non-Current Provisions</b>	<b>2 393 859</b>	<b>1 572 513</b>
<p>The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 6%, over an average period of 30 years.</p> <p>The first long-service award is payable after 10 years of continuous service, there after at every 5 years of continuous service. The provision is an estimate of the long-service based on staff component as at 30 June 2009.</p> <p>The movement in the non-current provision is reconciled as follows: -</p>		
<b>Provision for rehabilitation of landfill sites:</b>		
<b>Balance at the beginning of year</b>	739 566	-
Contributions to provision	739 566	739 566
<b>Balance at the end of year</b>	<b>1 479 132</b>	<b>739 566</b>
<b>Provision for long-service awards:</b>		
<b>Balance at the beginning of year</b>	832 947	723 363
Contributions to provision	147 460	160 271
Reversal previous year current provision	278 265	227 578
Transfer to current provisions	(343 944)	(278 265)
<b>Balance at the end of year</b>	<b>914 728</b>	<b>832 947</b>
<b>19 PROPERTY RATES</b>		
<b>Actual</b>		
Residential / Commercial	13 677 615	13 999 259
State	8 942 705	8 788 238
<b>Total</b>	<b>22 620 321</b>	<b>22 787 497</b>
<b>Valuations</b>		
	<b>July 2008</b>	<b>July 2007</b>
	<b>R000's</b>	<b>R000's</b>
Residential	400 723	394 682
Commercial	157 898	157 052
State	159 023	159 023
Municipal		
<b>Total Property Valuations</b>	<b>717 644</b>	<b>710 757</b>
<p>Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2003. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations.</p> <p>A general rate of R0.02927 (2008) is applied to property valuations to determine assessment rates. Rebates of 20% are granted to state property owners. Rates are levied on a monthly basis on property owners.</p> <p>Interest at prime plus 1% per annum is levied on outstanding rates.</p>		
<b>20 SERVICE CHARGES</b>		
Sale of electricity	27 720 782	24 332 856
Sale of water	24 677 142	16 279 936
Refuse removal	15 813 208	14 704 979
Sewerage and sanitation charges	12 986 549	11 790 026
Other Services	456 788	102 682
<b>Total Service Charges</b>	<b>81 654 469</b>	<b>67 210 480</b>
<b>21 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	602 838	468 254
Rental of equipment	2 395	684
Other rentals	86 055	80 707
<b>Total rentals</b>	<b>691 288</b>	<b>549 645</b>

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>22 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	924 400	2 665 725
<b>Total interest</b>	<b>924 400</b>	<b>2 665 725</b>
<b>23 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
Debtors	19 403 254	14 428 998
<b>Total interest</b>	<b>19 403 254</b>	<b>14 428 998</b>
<b>24 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	81 654 577	64 634 663
MIG Grant	37 777 736	129 366 805
Other Government Grants and Subsidies	1 235 000	4 236 441
<b>Total Government Grant and Subsidies</b>	<b>120 667 313</b>	<b>198 237 909</b>
<b>24.1 Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R167.90 (2008; R154.96), which is funded from the grant.		
<b>24.2 MIG Grant</b>		
<b>Balance unspent at beginning of year</b>	13 241 241	13 241 241
Current year receipts	36 291 000	129 366 805
Conditions met - transferred to revenue	(38 056 648)	(129 366 805)
<b>Conditions still to be met - remain liabilities (see note 15)</b>	<b>11 475 593</b>	<b>13 241 241</b>
<b>24.3 Other Government Grants and Subsidies</b>		
<b>Balance unspent at beginning of year</b>	11 431 350	11 431 350
Current year receipts	1 235 000	4 236 441
Conditions met - transferred to revenue	(12 405 276)	(4 236 441)
<b>Conditions still to be met - remain liabilities (see note 15)</b>	<b>261 074</b>	<b>11 431 350</b>
<b>24.4 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2007), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>25 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>25.1 Other income</b>		
Other Income	2 325 445	2 833 907
Sale of Land - Housing	-	1 973 974
<b>Total Other Income</b>	<b>2 325 445</b>	<b>4 807 881</b>
<b>26 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	46 504 543	42 975 514
Employee related costs - Contributions for UIF, pensions and medical aids	10 728 400	9 054 825
Travel, motor car, accommodation, subsistence and other allowances	4 832 033	4 298 446
Housing benefits and allowances	311 813	281 586
Overtime payments	2 640 330	2 302 670
Performance and other bonuses	3 660 340	3 921 306
Long-service awards	1 358 654	2 088 925
<b>Total Employee Related Costs</b>	<b>70 036 114</b>	<b>64 923 272</b>

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>26 Remuneration of the Municipal Manager</b>		
Annual Remuneration	556 353	909 269
Performance- and other bonuses	-	195 240
Travel, motor car, accommodation, subsistence and other allowances	195 159	207 343
Contributions to UIF, Medical and Pension Funds	38 019	
<b>Total</b>	<b>789 531</b>	<b>1 311 852</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	245 146	913 106
Performance- and other bonuses		174 288
Travel, motor car, accommodation, subsistence and other allowances	62 505	166 342
Contributions to UIF, Medical and Pension Funds	53 270	
<b>Total</b>	<b>360 921</b>	<b>1 253 736</b>

	Community Services		
	Technical Services R	Corporate Services R	R
<b>2009</b>			
Annual Remuneration	566 758	541 544	560 149
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	122 147	140 042	157 306
Contributions to UIF, Medical and Pension Funds	184 212	155 449	128 029
<b>Total</b>	<b>873 117</b>	<b>837 035</b>	<b>845 484</b>

	Community Services		
	Technical Services R	Corporate Services R	R
<b>2008</b>			
Annual Remuneration	971 431	733 600	362 174
Performance- and other bonuses	150 683	150 605	
Travel, motor car, accommodation, subsistence and other allowances	131 442	161 335	127 824
Contributions to UIF, Medical and Pension Funds			
<b>Total</b>	<b>1 253 556</b>	<b>1 045 540</b>	<b>489 998</b>

**27 REMUNERATION OF COUNCILLORS**

Executive Mayor	404 761	350 472
Speaker	323 968	280 377
Executive Committee Members	1 009 643	867 420
Councillors	2 989 631	2 640 415
Councillors' pension and medical aid contributions	424 830	662 641
Councillors' Telephone allowance	318 529	306 291
Councillors' Travelling allowances	1 450 340	1 397 406
<b>Total Councillors' Remuneration</b>	<b>6 921 702</b>	<b>6 505 023</b>

**In-kind Benefits**

The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has one full-time driver.

**28 DEPRECIATION AND AMORTISATION EXPENSE**

Property, plant and equipment	25 845 419	15 589 451
<b>Total Depreciation and Amortisation</b>	<b>25 845 419</b>	<b>15 589 451</b>

**29 FINANCE COSTS**

Borrowings	3 633 295	3 710 812
Bank overdrafts	545 493	943 936
<b>Total Finance Costs</b>	<b>4 178 788</b>	<b>4 654 748</b>

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>30 BULK PURCHASES</b>		
Electricity	19 327 475	14 775 478
<b>Total Bulk Purchases</b>	<b>19 327 475</b>	<b>14 775 478</b>
<b>31 GRANTS AND SUBSIDIES PAID</b>		
Grant/subsidy to Indigent consumers	8 026 101	7 007 502
Grant/subsidy to free basic Electricity	5 006 619	2 534 717
	<b>13 032 720</b>	<b>9 542 219</b>
<b>32 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Analysis	15 084	-
Advertising	353 392	214 718
Audit fees	1 850 675	1 796 901
Bank charges	146 892	241 096
Casualty Insurance	2 506	410 588
Chemicals	3 801 826	3 154 802
Cleaning	82 209	75 985
Collection cost	13 821	16 404
Conferences and delegations	40 752	65 321
Departmental consumption	2 332 126	3 390 543
Entertainment	219 986	164 780
Fuel and oil	3 148 038	2 715 901
Furniture and Equipment	382 490	150 924
IDP, LDO establishment	39 641	285 533
Industrial Council Levies	26 057	23 484
Insurance	1 936 330	1 546 273
Legal expenses	1 014 352	143 119
Licence fees - (Computers, Radio's & Vehicles)	872 494	723 281
Manuring, weed control, plants and Seeds	22 552	8 562
Magazines & Subscription fees	3 716	-
Medical contribution old employees	618 038	607 751
Meter reading cost	48 697	54 271
Office expenditure	859 907	845 985
Other	119 733	77 256
Pauper and Indigent Burials	63 512	84 990
Postage	653 267	520 880
Printing and stationery	1 210 980	1 343 706
Publicity	360 402	235 435
Refreshments	148 442	128 632
Rental of office equipment	1 553 990	1 952 851
Salga	428 781	203 982
Security costs	60 669	38 684
Skills development levies	742 096	575 161
Software changes	140 317	93 589
Stocks and material	81 798	37 920
Streetlight consumption	1 533 399	1 521 851
Telephone cost	1 355 267	1 186 887
Testing of equipment	4 650	-
Townplanning	101 515	368 776
Training	1 345 380	833 350
Travel and subsistence	844 017	1 224 877
Uniforms & overalls	668 350	161 438
Valuation costs	-	800 000
Ward committee	680 553	334 840
Water research	7 188	134 000
Youth expenditure	559 493	326 008
Landfill site provision	739 566	-
	<b>31 234 948</b>	<b>28 821 334</b>
<b>33 GAIN / (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment	-	252 910
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>-</b>	<b>252 910</b>

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>34 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	46 894 934	147 509 930
Adjustment for:-		
Depreciation and amortisation	25 845 419	15 589 451
(Gain) / loss on sale of assets	-	(252 910)
Contribution to provisions - non-current	821 346	109 583
Contribution to provisions - current	334 005	219 093
Contribution to Bad debt provision	6 509 738	240 015
Finance costs	4 178 788	4 654 748
Interest earned	(20 327 653)	(17 094 723)
Other non-cash item	(11 790 287)	
Other non-cash item	(63 342)	
<b>Operating surplus before working capital changes:</b>	<b>52 402 948</b>	<b>150 975 186</b>
(Increase)/decrease in inventories	(21 907)	(275 966)
(Increase)/decrease in trade receivables	(54 081 895)	(32 439 077)
(Increase)/decrease in other receivables	(673 932)	(384 592)
(Increase)/decrease in VAT receivable	4 672 824	
Increase/(decrease) in conditional grants and receipts	(13 196 998)	(1 500 249)
Increase/(decrease) in trade payables	3 148 877	11 262 632
Increase/(decrease) in consumer deposits	137 267	
Increase/(decrease) in VAT payable	2 298 141	1 923 948
<b>Cash generated by/(utilised in) operations</b>	<b>(5 314 676)</b>	<b>129 561 882</b>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	3 484 038	5 938 092
Bank overdrafts	(18 075 933)	(10 307 200)
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>(14 591 894)</b>	<b>(4 369 108)</b>
<b>36 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 16)	18 156 785	21 353 193
Used to finance property, plant and equipment – at cost	(18 156 785)	(21 353 193)
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		
<b>37 CORRECTION OF ERROR</b>		
The comparative amount has been restated as follows:		
Provision for Landfill sites not account in 2007/08 financial year	(739 522)	
Correction of Unconditional Grants disclosed as conditional grants previously.		
Approval received from National and Provincial Treasury for correction	11 183 627	
<b>Net effect on surplus/(deficit) for the year</b>	<b>10 444 105</b>	<b>-</b>

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R	
<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE</b>			
<b>38 MANAGEMENT ACT</b>			
<b>38.1 Contributions to organised local government</b>			
Opening balance	50 380	58 380	
Council subscriptions	384 805	203 982	
Amount paid - current		(211 982)	
<b>Balance unpaid (included in payables)</b>	<b>435 185</b>	<b>50 380</b>	
The balance unpaid represents the fee for the year and was paid during the 2009/2010 financial year.			
<b>38.2 Audit fees</b>			
Opening balance			
Current year audit fee	1 850 675	1 796 901	
Amount paid - current year	(1 525 776)	(1 796 901)	
<b>Balance unpaid (included in payables)</b>	<b>324 899</b>	<b>-</b>	
<b>38.3 VAT</b>			
VAT input receivables and VAT output payables are shown in note 12 & 13. All VAT returns have been submitted by the due date throughout the year.			
<b>38.4 PAYE and UIF</b>			
Opening balance			
Current year payroll deductions	6 041 155	6 408 268	
Amount paid - current year	(6 041 155)	(6 408 268)	
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>	
<b>38.5 Pension and Medical Aid Deductions</b>			
Opening balance	-		
Current year payroll deductions and Council Contributions	17 255 537	13 638 992	
Amount paid - current year	(17 255 537)	(13 638 992)	
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>	
<b>38.6 Councillor's arrear consumer accounts</b>			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -			
	<b>Total</b>	<b>Outstanding less than 90 days</b>	<b>Outstanding more than 90 days</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>as at 30 June 2009</b>			
No Councillor was in arrears at year-end	-	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>as at 30 June 2008</b>			
No Councillor was in arrears at year-end	-	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
During the year the following Councillors had arrear accounts outstanding for more than 90 days.			
	<b>Highest Amount Outstanding</b>	<b>Ageing Days</b>	
	<b>R</b>		
<b>as at 30 June 2009</b>			
No Councillor was in arrears during the year.			
<b>as at 30 June 2008</b>			
No Councillor was in arrears during the year.			
<b>39 CAPITAL COMMITMENTS</b>			
<b>Commitments in respect of capital expenditure</b>			
<b>- Approved and contracted for</b>	<b>24 298 078</b>	<b>10 383 171</b>	
Infrastructure	21 434 000	6 276 367	
Community	117 534	117 534	
Other	2 746 544	3 989 270	
<b>- Approved but not yet contracted for</b>	<b>-</b>	<b>-</b>	
Infrastructure			
Other			
<b>Total</b>	<b>24 298 078</b>	<b>10 383 171</b>	
This expenditure will be financed from:			
- Government Grants	21 551 534	6 393 901	
- Own resources	2 746 544	3 989 270	
	<b>24 298 078</b>	<b>10 383 171</b>	

**SETSOTO LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

Note	2009 R	2008 R
<b>40 RETIREMENT BENEFIT INFORMATION</b>		
<b>40.1 Defined contribution plan</b>		
The following are defined contribution plans: National Fund for Municipal Workers, SAMWU Provident Fund, Freestate Provident Fund and SALA. These contributions have been expensed.		
<b>40.2 Defined benefit plan</b>		
The following are defined benefit plans Free State Pension Fund. These are not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.		
An amount of R10 548 175 (2008 : R9 541 796) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.		
<b>41 CONTINGENT LIABILITY</b>		
<b>41.1</b>		
Gaurentees to Builing Society and Banks in respect of housing loans to employees	37 133	37 133
<b>41.2</b>		
Sanitation agreement - Beosumar vs Setsoto Municipality	1 278 831	1 278 831
Sanitation services contract was cancelled and a claim was forwarded to Council. The matter is at High Court level.		
<b>41.3</b>		
LED - Project, Biofresh vs Setsoto Municipality	13 041 285	13 041 285
<b>41.4</b>		
Claims for damages	89 250	89 250
SALA claim against Setsoto for the short deduction/increase in contribution rate, results to a possible High Court ruling	681 933	
<b>42 CONTINGENT ASSET</b>		
<b>42.1</b>		
Legal Fees - Former Senekal T L C Councillors A High court ruling rules that former Senekal TLC Councillors be responsible for the legal fees in the said case. It is doubtful if this amount will be recovered	610 424	610 424
<b>42.2</b>		
Councillors have been paid in excess of the upper limits set for the year 2007/08. Recovering of this amount is still pending, based on negotiations to condone the over payment	687 587	687 587
<b>42.3</b>		
Councillors have been paid in excess of the upper limits set for the year 2008/09. Recovering of this amount is still pending, based on negotiations to condone the over payment	173 820	
<b>43 IN-KIND DONATIONS AND ASSISTANCE</b>		
The Municipality did not receive any in-kind donations and assistance during the financial year		
<b>45 EVENTS AFTER THE REPORTING DATE</b>		
No significant matters to report after reporting date		
<b>46 COMPARISON WITH THE BUDGET</b>		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)		

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2009

EXTERNAL LOANS	Interest Rate	Loan number	Redeemable Date	Balance at 30 June 2008	Received during the period	Redeemed / written off during the period	Balance at 30 June 2009	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
				R	R	R	R	R	R
<b>LONG-TERM LOANS</b>									
DBSA	14.55%	100	31/12/2014	4 086 164	-	719 241	3 366 923	-	-
DBSA	14.55%	101	30/06/2015	736 325	-	129 607	606 718	-	-
DBSA	14.55%	200	31/07/2015	2 474 404	-	435 541	2 038 863	-	-
DBSA	15.00%	201	30/09/2010	46 558	-	16 409	30 149	-	-
DBSA	16.75%	301	30/06/2020	2 231 721	-	66 321	2 165 400	-	-
DBSA	14.55%	404	31/03/2010	697 950	-	122 852	575 098	329 576	-
DBSA	11.36%	525	30/06/2025	6 950 936	-	161 944	6 788 992	3 284 042	-
DBSA	11.43%	526	30/06/2010	3 267 799	-	808 428	2 459 371	4 807 503	-
Inca	16.50%	102	30/04/2009	620 430	-	620 430	0	735 176	-
<b>Total long-term loans</b>				21 112 287	-	3 080 772	18 031 514	9 156 297	-
<b>ANNUITY LOAN</b>									
Sanlam	0.00%	409	31/07/2010	240 906	-	115 635	125 271	470 142	-
<b>Total Annuity Loans</b>				240 906	-	115 635	125 271	470 142	-
<b>FINANCE LEASE</b>									
Bankfin	11.15%	524	01/12/2008	36 818	-	36 818	(0)	96 690	-
Bateman	16.84%	527	01/03/2009	80 345	-	80 345	(0)	256 043	-
Wesbank	15.89%	528	31/10/2009	39 303	-	26 228	13 075	21 715	-
Wesbank	17.12%	529	01/09/2011	31 345	-	12 169	19 176	14 597	-
Wesbank	16.01%	530	01/09/2011	31 265	-	12 506	18 759	14 947	-
Wesbank	15.07%	531	01/09/2011	93 112	-	38 177	54 935	42 642	-
Wesbank	15.31%	532	01/10/2011	58 788	-	22 879	35 909	28 154	-
Wesbank	14.50%	533	01/10/2011	60 619	-	23 088	37 531	30 031	-
Wesbank	14.50%	534	01/10/2011	60 619	-	23 088	37 531	30 031	-
Wesbank	13.00%	535	31/12/2012	2 184 978	-	257 145	1 927 834	2 228 244	-
Wesbank	13.00%	536	31/12/2012	4 310 726	-	507 318	3 803 407	2 594 016	-
Bankfin	14.00%	537	30/04/2014	-	1 834 480	77 367	1 757 113	1 773 331	-
Bankfin	14.00%	538	30/04/2014	-	3 305 080	66 994	3 238 086	3 194 911	-
<b>Total Finance Lease</b>				6 987 917	5 139 560	1 184 122	10 943 355	10 325 349	-
<b>TOTAL EXTERNAL LOANS</b>				28 341 109	5 139 560	4 380 529	29 100 140	19 951 788	-

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value	
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance				
	R	R	R	R	R	R	R	R	R	R				
<b>Land</b>														
Land	1 797 999				1 797 999	-				-				1 797 999
Landfill Sites	-				-	-				-				-
Quarries	-				-	-				-				-
	<u>1 797 999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 797 999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 797 999</u>
<b>Buildings</b>	35 656 432	-	-	-	35 656 432	10 039 200	1 568 146	-	-	11 607 346	-	-	-	24 049 086
<b>Infrastructure</b>														
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	60 104 914	18 227 889	-	-	78 332 802	37 819 827	2 642 928	-	-	40 462 756	-	-	-	37 870 047
Sewerage Mains & Purification	212 271 374	19 395 085	-	-	231 666 459	31 821 455	13 034 044	-	-	44 855 498	-	-	-	186 810 961
Electricity Mains	24 508 504	140 456	-	-	24 648 960	15 932 852	619 313	-	-	16 552 165	-	-	-	8 096 795
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	88 267 189	120 364	-	-	88 387 553	52 861 488	4 162 002	-	-	57 023 490	-	-	-	31 364 063
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>385 151 981</u>	<u>37 883 794</u>	<u>-</u>	<u>-</u>	<u>423 035 775</u>	<u>138 435 623</u>	<u>20 458 287</u>	<u>-</u>	<u>-</u>	<u>158 893 909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264 141 866</u>
<b>Community Assets</b>														
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	3 177 756	-	-	-	3 177 756	2 687 827	81 984	-	-	2 769 811	-	-	-	407 945
Civic Buildings	4 068 311	-	-	-	4 068 311	2 089 718	126 836	-	-	2 216 555	-	-	-	1 851 756
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>7 246 067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 246 067</u>	<u>4 777 545</u>	<u>208 820</u>	<u>-</u>	<u>-</u>	<u>4 986 366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2 259 702</u>
<b>Heritage Assets</b>														
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total carried forward</b>	<u>429 852 480</u>	<u>37 883 794</u>	<u>-</u>	<u>-</u>	<u>467 736 274</u>	<u>153 252 368</u>	<u>22 235 253</u>	<u>-</u>	<u>-</u>	<u>175 487 621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292 248 653</u>

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	429 852 480	37 883 794	-	-	467 736 274	153 252 368	22 235 253	-	-	175 487 621	-	-	292 248 653
<b>Other Assets</b>													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	3 382 161	361 969	-	-	3 744 130	1 515 354	545 375	-	-	2 060 729	-	-	1 683 401
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	2 313 678	-	-	-	2 313 678	1 847 847	180 079	-	-	2 027 926	-	-	285 752
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2 293 626	-	-	-	2 293 626	1 815 443	170 846	-	-	1 986 289	-	-	307 337
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	807 650	-	-	-	807 650	217 236	49 667	-	-	266 903	-	-	540 746
	8 797 115	361 969	-	-	9 159 084	5 395 880	945 967	-	-	6 341 848	-	-	2 817 236
<b>Finance Lease Assets</b>													
Office Equipment	12 703 373	5 596 346	-	-	18 299 719	4 037 445	2 097 532	-	-	6 134 976	-	-	12 164 742
Other Assets	7 418 225	-	-	-	7 418 225	3 596 607	566 666	-	-	4 163 273	-	-	3 254 952
	20 121 598	5 596 346	-	-	25 717 944	7 634 051	2 664 198	-	-	10 298 249	-	-	15 419 694
<b>Total</b>	<b>458 771 193</b>	<b>43 842 109</b>	<b>-</b>	<b>-</b>	<b>502 613 301</b>	<b>166 282 300</b>	<b>25 845 418</b>	<b>-</b>	<b>-</b>	<b>192 127 718</b>	<b>-</b>	<b>-</b>	<b>310 485 583</b>

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2008

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
<b>Land</b>													
Land	1 797 999	-			1 797 999	-				-			1 797 999
Landfill Sites					-					-			-
Quarries					-					-			-
	<u>1 797 999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 797 999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 797 999</u>
<b>Buildings</b>	34 481 810	1 174 622	25 951	-	35 682 383	8 569 276	1 468 018	36 016	-	10 073 310	-	-	25 609 073
<b>Infrastructure</b>													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	48 909 035	11 195 878	-	-	60 104 914	36 073 378	1 746 450	-	-	37 819 827	-	-	22 285 086
Sewerage Mains & Purification	92 976 694	119 294 680	-	-	212 271 374	26 851 699	4 969 756	-	-	31 821 455	-	-	180 449 919
Electricity Mains	24 440 413	68 091	-	-	24 508 504	15 315 537	617 315	-	-	15 932 852	-	-	8 575 652
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	87 952 565	314 625	-	-	88 267 189	48 705 083	4 156 405	-	-	52 861 488	-	-	35 405 701
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>254 278 707</u>	<u>130 873 274</u>	<u>-</u>	<u>-</u>	<u>385 151 981</u>	<u>126 945 698</u>	<u>11 489 925</u>	<u>-</u>	<u>-</u>	<u>138 435 623</u>	<u>-</u>	<u>-</u>	<u>246 716 358</u>
<b>Community Assets</b>													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	3 177 756	-	-	-	3 177 756	2 603 076	84 751	-	-	2 687 827	-	-	489 929
Civic Buildings	4 068 311	-	-	-	4 068 311	1 962 882	126 836	-	-	2 089 718	-	-	1 978 593
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>7 246 067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 246 067</u>	<u>4 565 958</u>	<u>211 588</u>	<u>-</u>	<u>-</u>	<u>4 777 545</u>	<u>-</u>	<u>-</u>	<u>2 468 522</u>
<b>Heritage Assets</b>													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	<u>297 804 583</u>	<u>132 047 896</u>	<u>25 951</u>	<u>-</u>	<u>429 878 430</u>	<u>140 080 931</u>	<u>13 169 531</u>	<u>36 016</u>	<u>-</u>	<u>153 286 478</u>	<u>-</u>	<u>-</u>	<u>276 591 952</u>

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2008

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	297 804 583	132 047 896	25 951	-	429 878 430	140 080 931	13 169 531	36 016	-	153 286 478	-	-	276 591 952
<b>Other Assets</b>													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2 396 503	985 658	-	-	3 382 161	1 201 140	314 214	-	-	1 515 354	-	-	1 866 808
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	2 313 678	-	-	-	2 313 678	1 618 501	229 346	-	-	1 847 847	-	-	465 831
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2 293 626	-	-	-	2 293 626	1 619 440	196 003	-	-	1 815 443	-	-	478 183
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	807 650	-	-	-	807 650	167 570	49 667	-	-	217 236	-	-	590 413
	7 811 457	985 658	-	-	8 797 115	4 606 651	789 230	-	-	5 395 880	-	-	3 401 235
<b>Finance Lease Assets</b>													
Office Equipment	5 127 528	7 575 846	-	-	12 703 374	2 999 518	1 037 927	-	-	4 037 445	-	-	8 665 929
Other Assets	7 418 225	-	-	-	7 418 225	3 003 843	592 764	-	-	3 596 607	-	-	3 821 619
	12 545 753	7 575 846	-	-	20 121 599	6 003 361	1 630 691	-	-	7 634 051	-	-	12 487 548
<b>Total</b>	<b>318 161 793</b>	<b>140 609 400</b>	<b>25 951</b>	<b>-</b>	<b>458 797 144</b>	<b>150 690 942</b>	<b>15 589 451</b>	<b>36 016</b>	<b>-</b>	<b>166 316 410</b>	<b>-</b>	<b>-</b>	<b>292 480 735</b>

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council	6 123 246	5 323 400			11 446 646	2 209 557	1 029 718		3 239 275	8 207 371
Finance & Admin	38 467 558	26 413			38 493 972	10 715 469	2 561 945		13 277 414	25 216 557
Planning & Development					-				-	-
Health	2 337 523				2 337 523	1 268 148	66 591		1 334 739	1 002 785
Community & Social Services	3 117 450				3 117 450	1 858 899	228 401		2 087 300	1 030 150
Housing	5 076 063				5 076 063	1 834 493	205 421		2 039 914	3 036 149
Public Safety	667 709	87 500			755 209	546 119	58 995		605 114	150 095
Sport & Recreation	8 367 143				8 367 143	4 346 270	321 093		4 667 363	3 699 780
Environmental Protection	32 931				32 931	7 684	1 098		8 782	24 150
Waste Management	215 809 633	19 395 085			235 204 718	34 109 228	13 277 010		47 386 237	187 818 481
Road Transport	65 504 515	18 262 397			83 766 912	40 212 034	3 073 406		43 285 439	40 481 473
Water	88 536 944	606 857			89 143 801	53 020 065	4 338 959		57 359 024	31 784 777
Electricity	24 671 702	140 456			24 812 158	16 095 560	682 783		16 778 343	8 033 814
Other	58 775				58 775	58 775			58 775	-
<b>Total</b>	<b>458 771 193</b>	<b>43 842 109</b>	<b>-</b>	<b>-</b>	<b>502 613 302</b>	<b>166 282 300</b>	<b>25 845 419</b>	<b>-</b>	<b>192 127 719</b>	<b>310 485 583</b>

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2009

2008	2008	2008		2009	2009	2009
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
29 361 324	(33 551 652)	(4 190 328)	Executive & Council	19 316 372	(46 403 982)	(27 087 610)
42 263 382	(20 316 739)	21 946 643	Finance & Admin	45 172 087	(18 327 260)	26 844 827
110 185	(152 588)	(42 403)	Health	-	(132 823)	(132 823)
1 973 974	(2 476 033)	(502 059)	Housing	-	(2 562 334)	(2 562 334)
398 133	(4 928 494)	(4 530 361)	Community & Social Services	393 866	(4 295 413)	(3 901 547)
195 546	(3 618 508)	(3 422 963)	Public Safety	230 185	(4 282 404)	(4 052 219)
55 755	(6 272 719)	(6 216 964)	Sport & Recreation	81 693	(8 212 317)	(8 130 624)
-	(27 238)	(27 238)	Environmental Protection	-	(35 604)	(35 604)
164 739 205	(25 980 258)	138 758 947	Waste Management	65 817 120	(44 343 384)	21 473 736
16 313 032	(12 926 971)	3 386 061	Road Transport	31 542 541	(14 739 417)	16 803 124
27 085 777	(24 625 691)	2 460 086	Water	38 596 124	(30 463 768)	8 132 356
28 645 570	(26 737 653)	1 907 917	Electricity	47 381 654	(36 824 553)	10 557 101
-	(2 017 408)	(2 017 408)	Other	-	(1 686 181)	(1 686 181)
<b>311 141 882</b>	<b>(163 631 952)</b>	<b>147 509 930</b>		<b>248 531 642</b>	<b>(212 309 440)</b>	<b>36 222 202</b>
	6 985 035	6 985 035	Less: Inter-Department Charges		10 672 533	10 672 533
<b>311 141 882</b>	<b>(156 646 917)</b>	<b>154 494 965</b>	Total	<b>248 531 642</b>	<b>(201 636 907)</b>	<b>46 894 735</b>

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX E (1)**  
**ACTUAL VERSUS BUDGET**  
for the year ended 30 June 2009

	<u>2009</u> <u>Actual</u> R	<u>2009</u> <u>Budget</u> R	<u>2009</u> <u>Variance</u> R	<u>2009</u> <u>Variance</u> %	<u>Explanation of Significant Variances</u>  <u>greater than 10% versus Budget</u>
<b>REVENUE</b>					
Property rates	22 620 321	23 422 278	(801 957)	-3.42%	
Property rates - penalties imposed and collection charges			-	0.00%	
Service charges	81 654 469	72 822 180	8 832 290	12.13%	
Regional Services Levies - turnover			-	0.00%	
Regional Services Levies - remuneration			-	0.00%	
Rental of facilities and equipment	691 288	666 148	25 140	3.77%	
Interest earned - external investments	924 400	750 000	174 400	23.25%	
Interest earned - outstanding debtors	19 403 254	17 500 000	1 903 254	10.88%	
Dividends received			-	0.00%	
Fines	235 823	211 600	24 223	11.45%	
Licences and permits	9 330	8 000	1 330	16.63%	
Income for agency services			-	0.00%	
Government grants and subsidies	120 667 313	112 630 945	8 036 368	7.14%	
Other income	2 325 445	2 154 846	170 600	7.92%	
Public contributions, donated/contributed PPE			-	0.00%	
Gains on disposal of property, plant and equipment			-	0.00%	
<b>Total Revenue</b>	<b>248 531 642</b>	<b>230 165 997</b>	<b>18 365 646</b>	<b>7.98%</b>	
<b>EXPENDITURE</b>					
Employee related costs	(70 036 114)	(71 497 092)	1 460 978	-2.04%	
Remuneration of Councillors	(6 921 702)	(7 051 842)	130 140	-1.85%	
Bad debts	(20 800 000)	(20 800 000)	-	0.00%	
Collection costs			-	0.00%	
Depreciation	(25 845 419)	(17 929 000)	(7 916 419)	44.15%	
Repairs and maintenance	(10 259 543)	(10 409 689)	150 146	-1.44%	
Interest on external borrowings	(4 178 788)	(6 769 083)	2 590 294	-38.27%	
Bulk purchases	(19 327 475)	(19 358 213)	30 738	-0.16%	
Contracted services			-	0.00%	
Grants and subsidies paid	(13 032 720)	(14 936 025)	1 903 305	-12.74%	
General expenses - other	(31 235 147)	(34 742 324)	3 507 177	-10.09%	
Loss on disposal of property, plant and equipment			-	0.00%	
<b>Total Expenditure</b>	<b>(201 636 907)</b>	<b>(203 493 268)</b>	<b>1 856 361</b>	<b>-0.91%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>46 894 735</b>	<b>26 672 729</b>	<b>20 222 006</b>	<b>75.82%</b>	

**SETSOTO LOCAL MUNICIPALITY**  
**APPENDIX E (1)**  
**ACTUAL VERSUS BUDGET**  
for the year ended 30 June 2008

	<u>2008</u> <u>Actual</u> R	<u>2008</u> <u>Budget</u> R	<u>2008</u> <u>Variance</u> R	<u>2008</u> <u>Variance</u> %	<u>Explanation of Significant Variances</u>  <u>greater than 10% versus Budget</u>
<b>REVENUE</b>					
Property rates	22 787 497	22 315 979	471 517	2.11%	
Property rates - penalties imposed and collection charges	-	-	-	0.00%	
Service charges	67 225 861	66 865 007	360 855	0.54%	
Regional Services Levies - turnover	-	-	-	0.00%	
Regional Services Levies - remuneration	-	-	-	0.00%	
Rental of facilities and equipment	549 645	515 025	34 620	6.72%	
Interest earned - external investments	2 665 725	550 000	2 115 725	384.68%	External Investment increase, thus the additional interest
Interest earned - outstanding debtors	14 428 998	9 000 000	5 428 998	60.32%	
Dividends received	-	-	-	0.00%	
Fines	200 407	233 000	(32 593)	-13.99%	Fines reduced by Dept of Justice
Licences and permits	430	550	(120)	-21.82%	
Income for agency services	-	-	-	0.00%	
Government grants and subsidies	198 237 909	208 728 838	(10 490 929)	-5.03%	
Other income	4 792 499	2 062 190	2 730 309	132.40%	
Public contributions, donated/contributed PPE	-	-	-	0.00%	
Gains on disposal of property, plant and equipment	252 910	-	252 910	0.00%	
<b>Total Revenue</b>	<b>311 141 882</b>	<b>310 270 589</b>	<b>871 293</b>	<b>0.28%</b>	
<b>EXPENDITURE</b>					
Employee related costs	(64 923 272)	(64 415 332)	(507 940)	0.79%	
Remuneration of Councillors	(6 505 023)	(6 267 105)	(237 918)	3.80%	
Bad debts	(11 810 575)	(11 810 575)	-	0.00%	
Collection costs	-	-	-	0.00%	
Depreciation	(15 589 451)	(12 578 993)	(3 010 458)	23.93%	Additional PPE purchase
Repairs and maintenance	(7 009 852)	(11 598 300)	4 588 448	-39.56%	
Interest on external borrowings	(4 654 748)	(4 100 250)	(554 497)	13.52%	Additional utilization of Overdraft facility
Bulk purchases	(14 775 478)	(16 000 000)	1 224 522	-7.65%	
Contracted services	-	-	-	0.00%	
Grants and subsidies paid	(7 008 192)	(8 001 000)	992 808	-12.41%	Less indigent registrations
General expenses - other	(31 355 361)	(26 261 365)	(5 093 996)	19.40%	
Loss on disposal of property, plant and equipment	-	-	-	0.00%	
<b>Total Expenditure</b>	<b>(163 631 952)</b>	<b>(161 032 920)</b>	<b>(2 599 032)</b>	<b>1.61%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>147 509 930</b>	<b>149 237 669</b>	<b>(1 727 739)</b>	<b>-1.16%</b>	