

# **BUSHBUCKRIDGE LOCAL MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2009**

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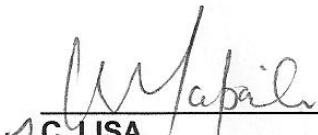
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**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

As Accounting Officer, in terms of section 126(1)(a) of the Municipal Finance Management Act, Act no 56 of 2003, I am responsible for the preparation of the annual financial statements as set out on pages 19 to 37 and which I have signed on behalf of the Bushbuckridge Local Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councilors as disclosed in the notes to the annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the determination by the Minister of Provincial and Local Government in terms of the said Act.

  
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**C. LISA**  
**MUNICIPAL MANAGER**  
26 August 2009

## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### GENERAL INFORMATION

#### 1. COUNCILORS

#	Surname	Names	Position
1	Morema	Milton Jan	Executive Mayor
2	Mashele	Lerato Cythia	Speaker (Ethics Committee)
3	Khumalo	Renias Emmanuel	Chief Whip
4	Mogakane	Sarah	Councilor (Chairperson: Transport & Corporate Services)
5	Nzimande	Jana Lessy	Councilor (Chairperson: Sport, Arts, Culture & Heritage)
6	Moripe	Thulani	Councilor (Chairperson: Social Development)
7	Mashego	Smekie	Councilor (Chairperson: Infrastructure & Technical Services)
8	Shabangu	Thapelo	Councilor (Chairperson: Finance, LED & Tourism)
9	Magopane	Calson	Councilor (Member: Ethics Committee)
10	Mabunda	Dennies	Councilor (Member: Ethics Committee)
11	Mokone	Solly	Councilor (Member: Ethics Committee)
12	Mathebula	Lucy	Councilor (Member: Ethics Committee)
13	Mashaba	Ezekiel	Councilor (Member: Ethics Committee)
14	Khumalo	Selinah	Councilor (Member: Ethics Committee)
15	Makhubela	Remember	Councilor (Member: Ethics Committee)
16	Maphanga	Thandi	Councilor (Member: Ethics Committee)
17	Monareng	Phineas	Councilor (Member: Ethics Committee)
18	Makhubela	Samson	Councilor (Member: Ethics Committee)
19	Mafuyeka	Citylate	Councilor (Member: Sport, Arts, Culture & Heritage)
20	Mashego	Tsakani	Councilor (Member: Sport, Arts, Culture & Heritage)
21	Monareng	Charles	Councilor (Member: Sport, Arts, Culture & Heritage)
22	Godi	Sarah	Councilor (Member: Sport, Arts, Culture & Heritage)
23	Makhubela	Denty	Councilor (Member: Sport, Arts, Culture & Heritage)
24	Morale	Kgaogelo	Councilor (Member: Sport, Arts, Culture & Heritage)
25	Sibuyi	Richard	Councilor (Member: Sport, Arts, Culture & Heritage)
26	Malebe	Reneck	Councilor (Member: Sport, Arts, Culture & Heritage)
27	Khoza	Eunice	Councilor (Member: Sport, Arts, Culture & Heritage)
28	Malatule	Lucky	Councilor (Member: Sport, Arts, Culture & Heritage)

#	Surname	Names	Position
			Heritage)
29	Machitele	Lilian	Councilor (Member: Sport, Arts, Culture & Heritage)
30	Dibakwane	Noel	Councilor (Member: Infrastructure & Technical Services)
31	Mokoena	Boikey	Councilor (Member: Infrastructure & Technical Services)
32	Baloyi	Vicent	Councilor (Member: Infrastructure & Technical Services)
33	Nkuna	Violet	Councilor (Member: Infrastructure & Technical Services)
34	Mokoena	Elly	Councilor (Member: Infrastructure & Technical Services)
35	Lekhuleni	Lizah	Councilor (Member: Infrastructure & Technical Services)
36	Mboweni	Douglas	Councilor (Member: Infrastructure & Technical Services)
37	Nxumalo	Slyvia	Councilor (Member: Infrastructure & Technical Services)
38	Mohlala	Victor	Councilor (Member: Infrastructure & Technical Services)
39	Godi	Zodwa	Councilor (Member: Infrastructure & Technical Services)
40	Khosa	Solly	Councilor (Member: Social development)
41	Ngobeni	Given	Councilor (Member: Social development)
42	Mokoena	Krisjan	Councilor (Member: Social development)
43	Makhubela	Betty	Councilor (Member: Social development)
44	Hlathi	Ernest	Councilor (Member: Social development)
45	Mashile	Noko	Councilor (Member: Social development)
46	Mathebula	Mavis	Councilor (Member: Social development)
47	Sambo	John	Councilor (Member: Social development)
48	Myanga	Busi	Councilor (Member: Social development)
49	Seerane	Rams	Councilor (Member: Transport & Corporate Services)
50	Mokoena	Lena	Councilor (Member: Transport & Corporate Services)
51	Shilane	Michael	Councilor (Member: Personnel Administration & Traffic)
52	Siwela	Florence	Councilor (Member: Personnel Administration & Traffic)
53	Selowe	Enas	Councilor (Member: Personnel Administration & Traffic)
54	Mabunda	Lydia	Councilor (Member: Personnel Administration & Traffic)
55	Mashabane	Difani	Councilor (Member: Personnel Administration & Traffic)
56	Sibulelo	Rodgers	Councilor (Member: Personnel Administration & Traffic)
57	Sibuyi	Follas	Councilor (Member: Personnel Administration

#	Surname	Names	Position
			& Traffic)
58	Theete	Levies	Councilor (Member: Personnel Administration & Traffic)
59	Matsie	Irene	Councilor (Member: Finance, LED, Tourism & Procurement)
60	Malope	Absalom	Councilor (Member: Finance, LED, Tourism & Procurement)
61	Nkuna	Jechoniah	Councilor (Member: Finance, LED, Tourism & Procurement)
62	Mnene	Filda	Councilor (Member: Finance, LED, Tourism & Procurement)
63	Mathebula	Patrick	Councilor (Member: Finance, LED, Tourism & Procurement)
64	Mzimba	Virginia	Councilor (Member: Finance, LED, Tourism & Procurement)
65	Sigudla	Million	Councilor (Member: Finance, LED, Tourism & Procurement)
66	Khoza	Albert	Councilor (Member: Finance, LED, Tourism & Procurement)
67	Mthisi	Robert	Councilor (Member: Finance, LED, Tourism & Procurement)
68	Malatjie	Vincent	Councilor (Member: Finance, LED, Tourism & Procurement)

**2. GRADING OF BUSHBUCKRIDGE LOCAL MUNICIPALITY**

Category 3

**3. AUDITORS**

Office of the Auditor General

**4. BANKERS**

FNB – Hazyview

**5. REGISTERED OFFICE**

Bushbuckridge Municipality Complex  
Graskop Road R533  
Bushbuckridge  
1280

Private Bag X9308  
Bushbuckridge  
1280

Tel: (013) 799 1851

Fax: (013) 799 1865

**6. MUNICIPAL MANAGER**

C. Lisa

**7. CHIEF FINANCIAL OFFICER**

E. Nyalungu

## CHIEF FINANCIAL OFFICER'S REPORT

### 1. ANNUAL FINANCIAL STATEMENTS

To the best of my knowledge and based on the financial records of the Bushbuckridge Local Municipality, the annual financial statements fairly presents the state of affairs of the Municipality, its performance against budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results for the year ended on 30 June 2009 and its financial position as at the end of the financial year ended on 30 June 2009. Amounts disclosed are in accordance with the financial records and the annual financial statements of the Municipality. Information provided does not contradict information disclosed in the annual financial statements.

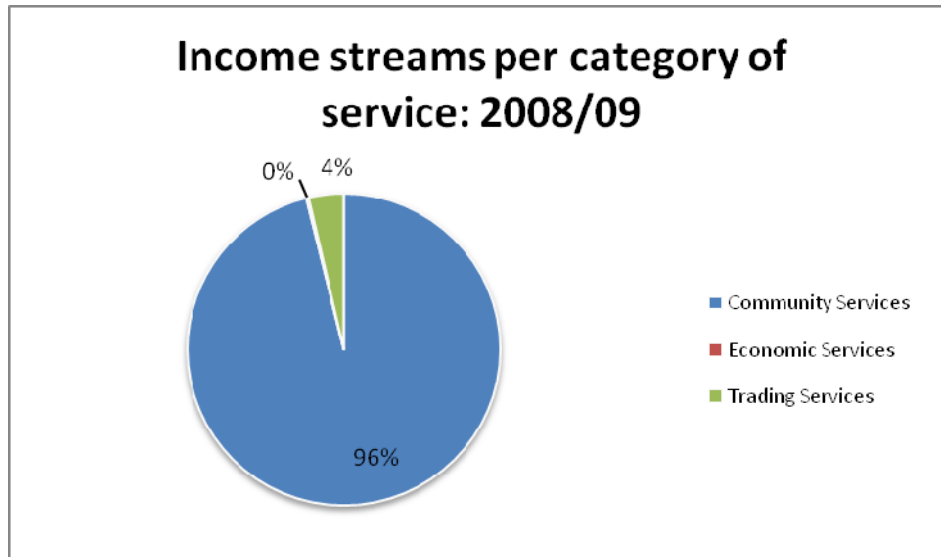
### 2. OPERATING RESULTS

The operating results for the year ended 30 June 2009 disclosed a deficit. The financial year was closed off with a deficit of R 107,983,676 against a deficit of R 54,252,742 for the previous year. The operating results also indicate a deficit of R 107 Million if compared to budget. The main reason for this is the doubtful debt provision of R 51 Million together with the lower than budgeted income of R 84 Million. Although grant income increased from R 297 Million to R 388 Million when compared to the previous year there was a budget shortfall of R 56 Million.

Description	Actual 2008/09 R	Actual 2007/08 R	Variance %	Budget 2008/09 R	Variance Actual/Budget %
Income	436,594,935	352,552,927	23.84%	519,890,500	-16.02%
Expenditure	544,578,611	406,805,669	-33.87%	519,890,500	-4.75%
<b>Surplus / (Deficit)</b>	<b>(107,983,676)</b>	<b>(54,252,742)</b>		-	

### 3. INCOME

The major income streams of the Municipality can best be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the Municipality on grants and subsidies from the State, as income from grants represents 86.39% of total income of the Municipality. Own income generated from the sale of water, the raising of assessment rates and other income represent only 13% of the total income of the Municipality. This percentage indicates a downward trend when compared to the previous year's percentage of 19% and is a matter of serious concern for the Municipality. The generation of own income streams will become more and more important if the current increase in investment in infrastructure is to be continued.



A summary of the income compared to the previous year and budget can be disclosed as follows:

#### 3.1. Rates and General Services

Description	Actual 2008/09 R	Actual 2007/08 R	Variance %	Budget 2008/09 R	Variance Actual/Budget %
Income	420,717,335	313,672,250	34.13%	483,225,500	-12.94%
Expenditure	344,029,548	250,458,457	-37.36%	293,804,702	-17.09%
<b>Surplus / (Deficit)</b>	<b>76,687,787</b>	<b>63,213,793</b>		<b>189,420,798</b>	

Included in the amounts disclosed for income under rates and general services is R 11 Million (2007/08: R 20 Million) for assessment rates and R 205 Million (2007/08: R 163 Million) received in the form of equitable shares from National and Provincial Government.

Although it is good and fair to receive grants from Government, it can also have a negative impact, as the Municipality becomes more and more dependant on Government to fund operational and capital expenditure due to the fact that the Municipality does not sufficiently develop its own sources of income. The dependency on grant income will affect the quality of service delivery to all consumers as poor quality service will not affect grant income. It also becomes difficult to measure the performance of senior employees as grant income tend to hide inefficiencies.

The first valuation roll was implemented and rates and taxes based on the valuation roll were charged. The charging of property rates on privately owned residential properties led to numerous disputes between the community and the Municipality. The Municipality decided to write off property rates on privately owned residential properties and to continue with the compilation of a new valuation roll. The Municipality has appointed a service provider to compile a new valuation roll during the 2008/09 financial year for implementation on 1 July 2009.

### 3.2. Trading Services

Description	Actual 2008/09 R	Actual 2007/08 R	Variance %	Budget 2008/09 R	Variance Actual/Budget %
Income	15,877,600	38,880,677	-59.16%	36,665,000	-56.70%
Expenditure	200,549,063	156,347,212	-28.27%	226,085,798	11.30%
<b>Surplus / (Deficit)</b>	<b>(184,671,463)</b>	<b>(117,466,535)</b>		<b>(189,420,798)</b>	

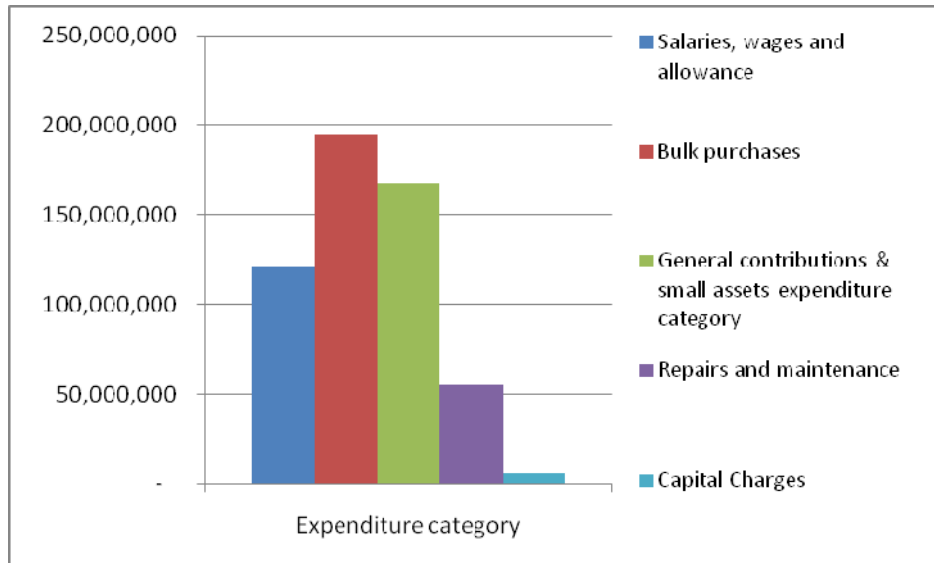
A deficit of R 184 Million has been realized on trading services, measured against a deficit of R 117 Million in 2008. The main reason for the deficit is the additional expenditure on bulk water purchases and capital projects relating to water infrastructure and supply. The development of the water reticulation and infrastructure will contribute to improved service delivery and the possibility of expansion of the future income base of the Municipality.

#### 4. OPERATING RESULTS PER CATEGORY OF EXPENDITURE

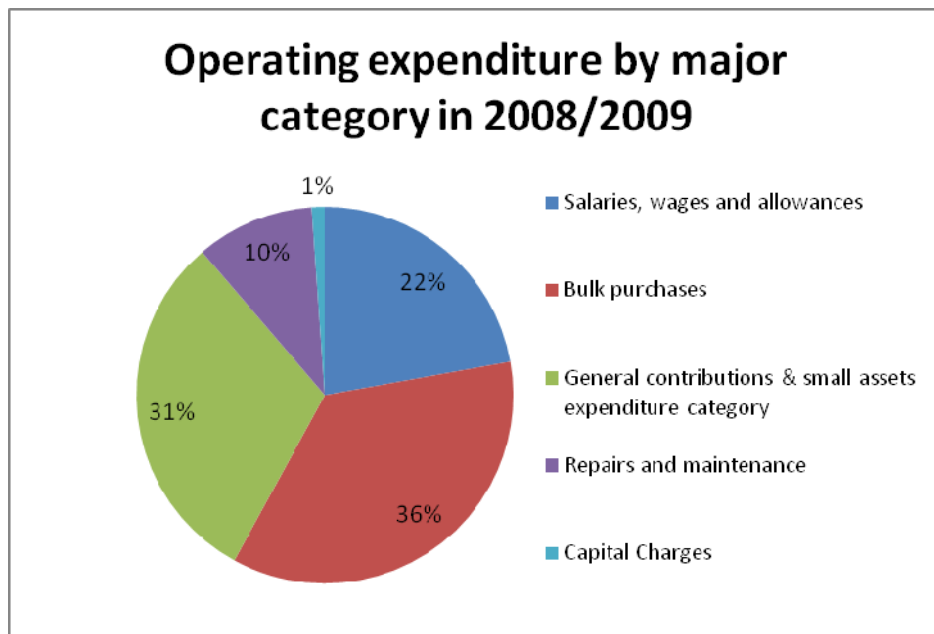
Detail information on the operating results per category is contained in Annexure "D" to the annual financial statements. The following could, however, be highlighted:

1. The total salary expenditure of the Municipality amounts to R 121 Million (2007/08: R83 Million) or 32 % of the total operating expenditure for the year. The generally accepted benchmark is a maximum of 35%. The Municipality is approaching this critical point, mainly as a result of transfer of personnel from the disestablished District Municipality and the Department of Water Affairs. The staffing of the Water Services Division in anticipation of fulfilling the services as the appointed Water Services Authority also contributed towards salary related expenditure.
2. The maintenance expenses for the financial year only amount to R 55 Million (2007/08: R 15 Million) which is approximately 14% of the total operating expenditure. Maintenance has been increased to a level where new infrastructure is maintained to a satisfactory level. The amount spent has increased substantially during the current financial year.
3. Actual capital charges, at R 173 Million, were R 80 Million less than the budgeted amount of R 253 Million. Major capital projects starting later than anticipated, specifically water related projects, have led to the lower than budget capital expenditure. The challenge facing the Municipality in future will be to balance the limited resources available to the municipality with the expectations of consumers and National Government regarding service delivery.

Total operating expenditure can be disclosed as follows:



4. The major expenditure categories can also be presented as a percentage of total operating expenditure as follows:

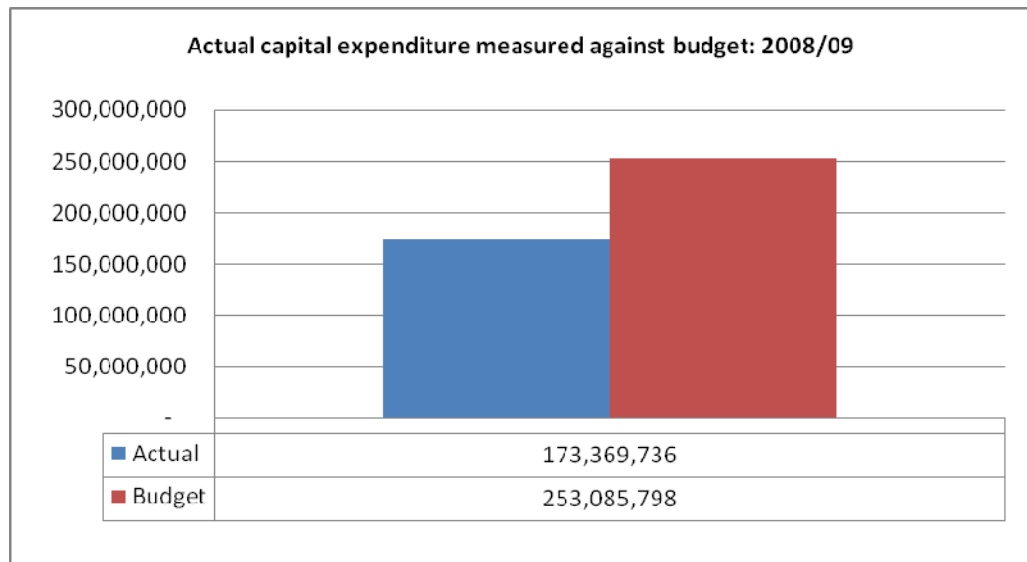


## 5. CAPITAL EXPENDITURE

More detail on capital expenditure is disclosed in Annexure "C".

The Municipality budgeted R 253 Million for capital expenditure in 2009 against R 180 Million in the previous year. However, actual capital expenditure for the year under review is R 173 Million or 28% less than the capital budget but R 5 Million more than the capital expenditure for the previous financial year. The Municipality is also contractually committed for expenditure on existing projects to the value of R 210 Million. The projects relating to these commitments are already underway and the capital expenditure for 2009/10 should be well in excess of R200 Million. The growth in capital expenditure will place enormous pressure on the cash resources of the Municipality and again emphasise the need for own generated income

The following graph discloses the spending of the Municipality on its capital budget:



## 6. EXTERNAL LOANS, INVESTMENTS AND CASH

More information regarding loans and investments are disclosed in notes 4 and 7 to the annual financial statements, as well as in Annexure "B" to the annual financial statements.

### External Loans

No external loans have been taken up during the financial year.

### Investments and cash

Investments and cash at 30 June 2009 decreased to R 36 Million, R 15 million less than the previous year

**7. FUNDS AND RESERVES**

More information regarding funds and reserves are disclosed in the notes 1 to 3 and Annexure "A".

**8. DEBTORS**

Outstanding consumer debtors decreased from R 47 Million on 30 June 2008 to R 19 Million on 30 June 2009. The main reason for the decrease is the increase in the provision for doubtful debts by R 51.55 million. The culture of non payment of consumer accounts is a matter of serious concern. This together with the effect of the downturn in the economy on the payment of consumer accounts necessitated the additional provision. Credit control measures have being implemented to help address this problem and results from credit control actions are expected to contribute towards a better recovery rate during the next financial year. The notes to the annual financial statements deal with the relevant information of consumer debtors in more detail.

A payment level of more than 100% should be maintained to generate sufficient cash flow for the Municipality to be sustainable, to collect long outstanding consumer debt and to be able to set funds aside to back future implementation of infrastructure projects.

**9. POST BALANCE SHEET EVENTS**

No known material transactions or events occurred after year end that could have a material influence on the financial position of the Municipality as disclosed in the Balance Sheet at 30 June 2009

**10. EXPRESSION OF APPRECIATION**

I am grateful to the Mayor, the Speaker and members of the Executive Committee, Councilors, the Municipal Manager and Heads of Departments for the support they have given me.

I special word of thanks to the staff of my Directorate, for without their loyalty and hard work the Council's financial administration would not be possible.

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**E NYALUNGU**  
**CHIEF FINANCIAL OFFICER**  
Bushbuckridge Local Municipality  
26 August 2009

**BUSHBUCKRIDGE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. BASIS OF PRESENTATION**

- 1.1 These Annual financial statements have been prepared in order to conform to the standards laid down by the Institute of Municipal Finance Officers in its code of practice (1997) and Report on Published Annual Financial Statements. (Second edition - January 1996)
- 1.2 The Annual financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 4. The accounting policies are consistent with those of the previous year, except if otherwise indicated.
- 1.3 In terms of Statement 4.5 of the Code of Accounting Practice for Local Authorities in S.A. the accrual basis of accounting is being used. This means that all income must be recorded when measurable and available.

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the going concern basis.

**4. FIXED ASSETS**

- 4.1 Fixed assets are stated:  
at historical cost; or  
at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief financial Officer.
- 4.2 Depreciation
- 4.2.1 The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in Annexure "C" is tantamount to a provision for depreciation. Assets are acquired through:
- Appropriations from income, where full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
  - Grants, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account
- 4.2.2 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and internal advances are repaid within the estimated lives of the assets. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

**5. SURPLUSES AND DEFICITS**

Any surpluses or deficits arising from operations are transferred to Rates and General services

**BUSHBUCKRIDGE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**6. INVESTMENTS**

**Investments in Financial Instruments**

Investments are disclosed at the lower of cost or market value if a permanent decline in value occurred. Investments are made in terms of the Council's investment policy

**Investment in Municipal Entities**

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated Annual financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

**7. CAPITAL DEVELOPMENT FUND**

The Local Authorities Capital Development Fund Ordinance Number 9 of 1978 requires a minimum contribution of 1% of the defined revenue of the council for the immediately preceding financial year.

**8. PROVISIONS AND RESERVES**

- Reserves have previously been established where considered necessary and are reflected in detail in the Provision and Reserve Statements.
- Provisions are created for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

**9. INVENTORIES**

Inventory (stores and materials) is valued at lower of cost, determined on the weighted average basis, and net realizable value. Where necessary, provision is made for slow moving and/or obsolete stock.

**10. RETIREMENT BENEFITS**

The Municipality provides retirement benefits for its employees and councilors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating local authorities.

**BUSHBUCKRIDGE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**11. REVENUE RECOGNITION**

*11.1 Revenue from Exchange Transactions*

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

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. Revenue from the sale of goods is recognised when the risk is passed to the consumer.

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 recognised.

*11.2 Revenue from Non-Exchange Transactions*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when fines are 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 are recognised when such items of property, plant and equipment are brought into 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 from the responsible councilors or officials is virtually certain.

**BUSHBUCKRIDGE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**12. LEASES**

- 12.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the local authority.
- 12.2 Assets subject to finance lease agreements are capitalized at their cash cost equivalent and the corresponding liabilities are raised. Lease payments are allocated between lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.
- 12.3 All other leases are treated as operating leases and the relevant rentals are charged to the operating account as and when incurred.

**13. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. Provision for bad debts is based on 70% of all non government outstanding debtors older than 90 days at year end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current assets. During the previous year the provision for bad debts was based on all outstanding debtors older than 90 days at year end.

**14. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Bank overdrafts are recorded based on the actual amount of the facility utilized. Finance charges on bank overdrafts are expensed as and when incurred. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdraft.

**15. TRADE CREDITORS**

Trade creditors are stated at their nominal value.

**16. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

**BUSHBUCKRIDGE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**17. CONDITIONAL GRANTS AND RECEIPTS**

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

**18. COMPARATIVE INFORMATION**

- Current year comparatives:  
Budgeted amounts have been included in the annual financial statements for the current financial year only.
  
- Prior year comparatives:  
When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for reclassification are disclosed.

**19. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted and expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state. Unauthorised expenditure is accounted for as an expense in the Income Statement and where recovered, it is subsequently accounted for as revenue in the Income Statement.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2009 R	2008 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		2,093,155	1,537,550
Statutory Funds	1	2,093,155	1,537,550
RETAINED (DEFICIT) / SURPLUS	23	(172,669,998)	(64,130,717)
		(170,576,843)	(62,593,167)
TRUST FUNDS	2	-	-
LONG TERM LIABILITIES	3	-	-
		(170,576,843)	(62,593,167)
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	4	-	-
LONG TERM DEBTORS	5	12,505	-
NET CURRENT ASSETS (LIABILITIES)		(170,589,348)	(62,593,167)
CURRENT ASSETS		74,186,392	120,938,912
Consumer Debtors	6	19,224,834	47,579,795
Other debtors	7	1,199,779	541,478
Deposits	8	415,489	406,274
Inventory	9	479,796	1,184,547
VAT	10	17,185,548	19,989,326
Deposits on Call	11	849,802	28,686,274
Bank and Cash	12	34,831,144	22,551,218
CURRENT LIABILITIES		244,775,740	183,532,079
Provisions	13	7,946,398	4,944,718
Creditors	14	196,480,224	138,034,201
Unspent conditional grants	15	40,349,118	40,553,160
		(170,576,843)	(62,593,167)

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**BUSHBUCKRIDGE LOCAL MUNICIPALITY**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

2008	2008	2008		2009	2009	2009	2009
Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R	Budget Surplus/ (Deficit) R
313,672,250	250,458,457	63,213,793	<b>RATES AND GENERAL SERVICES</b>	<b>420,717,335</b>	<b>344,029,548</b>	<b>76,687,787</b>	<b>189,420,798</b>
313,364,405	249,981,306	63,383,099	Community Services	419,685,123	342,038,997	77,646,126	192,760,798
-	-	-	Subsidised Services	-	-	-	-
307,845	477,151	(169,306)	Housing Services	1,032,212	1,990,551	(958,339)	(3,340,000)
-	-	-	Economic Services	-	-	-	-
38,880,677	156,347,212	(117,466,535)	<b>TRADE SERVICES</b>	<b>15,877,600</b>	<b>200,549,063</b>	<b>(184,671,463)</b>	<b>(189,420,798)</b>
352,552,927	406,805,669	(54,252,742)	<b>TOTAL</b>	<b>436,594,935</b>	<b>544,578,611</b>	<b>(107,983,676)</b>	<b>-</b>
		(482,717)	Appropriations for the year (Refer to note 23)			(555,605)	
		(54,735,459)	<b>Net surplus / (deficit) for the year</b>			(108,539,281)	
		(13,386,458)	Accumulated surplus / (deficit) beginning of the year			(64,130,717)	
		3,991,200	Restatement of balances (Refer to note 31.1)			-	
		(64,130,717)	<b>ACCUMULATED SURPLUS / (DEFICIT) END OF THE YEAR</b>			<b>(172,669,998)</b>	

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 R	2008 R
<b>OPERATING ACTIVITIES</b>		<b>156,926,063</b>	169,872,883
Cash generated by operations	16	(277,963,997)	(145,962,368)
Investment Income	17	8,475,147	7,260,905
Increase / (Decrease) in Working Capital	18	38,705,133	11,581,871
		<b>(230,783,717)</b>	(127,119,592)
Less: External interest paid		-	-
<b>Cash retained from operations</b>		<b>(230,783,717)</b>	(127,119,592)
Cash contributions from public and state - Grants and subsidies		<b>387,709,780</b>	296,992,475
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
	4	(172,482,609)	(168,392,474)
Investment in fixed assets		(173,369,736)	(168,392,474)
Net proceeds from Sale of Fixed Assets		887,127	-
<b>Net cash flow for the year</b>		<b>(15,556,546)</b>	1,480,409
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase / (decrease) in long term loans	19	-	-
(Increase) / decrease in cash investments	20	27,836,472	(2,453,874)
(Increase) / decrease in cash	21	(12,279,926)	973,465
<b>Net cash utilised for the year</b>		<b>15,556,546</b>	(1,480,409)

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009 R	2008 R
<b>1 STATUTORY FUNDS</b>		
Capital Development Fund - Opening Balance	1,537,550	1,054,833
Transferred from Accumulated Funds (Annexure "A")	555,605	482,717
	<b>2,093,155</b>	1,537,550
<b>2 TRUST FUNDS</b>		
Total (Annexure "A")	-	-
<b>3 LONG TERM LIABILITIES</b>		
Installment sale agreement	-	-
Less: Current portion transferred to Current liabilities (Annexure "B")	-	-
	-	-
<b>4 FIXED ASSETS</b>		
Fixed Assets at the beginning of the year	373,199,242	204,806,768
Capital Expenditure during the year	173,369,736	168,392,474
Less: Assets written off or disposed of during the year	(887,127)	-
<b>TOTAL FIXED ASSETS</b>	545,681,851	373,199,242
Less: Loans redeemed and other capital receipts	545,681,851	373,199,242
<b>NET FIXED ASSETS</b>	-	-

(Annexure "C")

No information of fixed assets transferred from disestablished organs of state have been received. The value of these fixed assets are therefore not included in the fixed assets account.

<b>5 LONG TERM DEBTORS</b>		
Housing	2,601,804	2,601,804
Less: Bad Debt Provision.	2,589,299	2,601,804
	<b>12,505</b>	-

	Gross Balances	Provision for Bad debts	Net Balances
	R	R	R
<b>As at 30 June 2009</b>			
Service debtors	<b>119,224,834</b>	<b>100,000,000</b>	<b>19,224,834</b>
Rates	50,082,764	42,006,990	8,075,774
Water	34,759,825	29,154,853	5,604,972
Refuse	6,735,184	5,649,145	1,086,039
Sewerage	2,941,520	2,467,204	474,316
Other	24,705,541	20,721,808	3,983,733
<b>As at 30 June 2008</b>			
Service debtors	96,079,795	48,500,000	47,579,795
Rates	41,139,645	20,000,000	21,139,645
Water	27,930,627	14,030,641	13,899,986
Refuse	4,936,711	2,489,249	2,447,462
Sewerage	5,257,259	2,650,879	2,606,380
Other	16,815,553	9,329,231	7,486,322

(Refer note 32.2 for restatement of prior year debtors)

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009 R	2008 R
<b><u>Reconciliation of the bad debt provision</u></b>		
Balance at beginning of the year	48,500,000	28,500,000
Contributions to provision	51,500,000	20,000,000
Bad debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	<b>100,000,000</b>	48,500,000

Bad debts to the amount of R NIL (2008: R 8,741,382) was written off during the year.

### 7 OTHER DEBTORS

Other	715,217	243,992
Debtors - Traffic Summons	2,282,440	2,658,500
Less: Bad Debt Provision - Traffic Summons - Current year	1,797,878	2,361,014
	<b>1,199,779</b>	541,478

### 8 DEPOSITS

Eskom - Electricity	415,489	406,274
	<b>415,489</b>	406,274

### 9 INVENTORY

Inventory represent consumable stores, raw materials and finished goods. Specific provision is made for obsolete stock

**The Categories of Inventory are represented as follows:**

Finished Goods

	<b>479,796</b>	1,184,547
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## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009	2008
	R	R
<b>10 VAT</b>		
VAT refundable	26,088,148	26,922,112
VAT payable	(8,902,600)	(6,932,786)
	<b>17,185,548</b>	19,989,326

VAT is payable on the payment basis.  
 VAT becomes payable once payment is received from debtors  
 (Refer note 31.4 for restatement of VAT)

<b>11 DEPOSITS ON CALL</b>		
First National Bank - call deposits	849,802	28,686,274
	<b>849,802</b>	28,686,274

**12 BANK AND CASH**  
 The Municipality has the following bank accounts:  
 (Call accounts disclosed as "Deposits on Call")

**First National Bank - Business Current Cheque Account**

Branch: Hazyview  
 Account number: 62032953847

Cash book balance at beginning of year	22,013,115	23,248,409
Cash book balance at end of year	28,698,087	22,013,115
Bank statement balance at beginning of year	34,405,260	34,405,260
Bank statement balance at end of year	34,983,936	28,135,001

The Municipality does not have any overdraft facilities.

**First National Bank - Business Call Account**

Branch: Hazyview  
 Account number: 62056013007

Cash book balance at beginning of year	783,097	723,936
Cash book balance at end of year	848,024	783,097
Bank statement balance at beginning of year	783,097	723,936
Bank statement balance at end of year	848,024	783,097

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009	2008
	R	R
<b>First National Bank - Business Call Account</b>		
Branch: Hazyview		
Account number: 62033151829		
Cash book balance at beginning of year	27,903,177	25,508,464
Cash book balance at end of year	1,778	27,903,177
Bank statement balance at beginning of year	27,903,177	25,508,464
Bank statement balance at end of year	1,778	27,903,177

**Standard Bank - Business Current Account**

Branch: Hazyview

Account number: 330305832

Cash book balance at beginning of year	500,406	271,347
Cash book balance at end of year	6,080,871	500,406
Bank statement balance at beginning of year	500,406	271,347
Bank statement balance at end of year	6,075,942	500,136

**Cash on Hand**

	52,186	37,697
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**Total Bank and Cash (Deposits on Call included)**

- Bank and Cash
- Deposits on Call

	<b>35,680,946</b>	51,237,492
- Bank and Cash	34,831,144	22,551,218
- Deposits on Call	849,802	28,686,274

**13 PROVISIONS**

Accrued staff leave

	<b>7,946,398</b>	4,944,718
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Provision for accrued staff leave is based on 100% of the Rand value of leave not yet taken at year end.

**14 CREDITORS**

- Trade creditors
- Other creditors
- Retention creditors
- Surety creditors

Trade creditors	128,945,959	91,030,062
Other creditors	41,476,719	29,468,312
Retention creditors	25,049,722	16,487,121
Surety creditors	1,007,824	1,048,705
	<b>196,480,224</b>	138,034,201

(Refer note 31.3 for restatement of Creditors)

## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009	2008
	R	R
<b>15 UNSPENT CONDITIONAL GRANTS</b>		
Department of Roads & Transport Grant	3,229,265	6,518,307
Municipal Infrastructure Grant	35,476,853	34,034,853
Theta Internship Grant	1,643,000	-
	<b>40,349,118</b>	40,553,160
<b>16 CASH GENERATED BY OPERATIONS</b>		
Deficit for the year	(107,983,677)	(54,252,742)
Interest on Investments	(8,475,147)	(7,260,905)
	<b>(116,458,824)</b>	(61,513,647)
Adjustments against operating income:	<b>227,091,734</b>	212,543,754
- Appropriations for the year	-	-
- Leave pay provision	3,001,680	1,774,224
- Unspent Conditional Grants & Receipts	(204,042)	20,016,042
- Provision for bad debt	50,924,360	22,361,014
- Fixed assets	173,369,736	168,392,474
Redemption on External Loans	-	-
Grants and subsidies from public and state	(387,709,780)	(296,992,475)
Proceeds from sales of fixed assets	(887,127)	-
	<b>(277,963,997)</b>	(145,962,368)
<b>17 FINANCE TRANSACTIONS</b>		
Total external interest earned and paid		
- Interest earned	8,475,147	7,260,905
- Interest paid	-	-
Capital charges (External) debited to operating Account:		
- Interest	-	-
- Redemption	-	-
<b>18 INCREASE / (DECREASE) IN WORKING CAPITAL</b>		
(Increase) / Decrease in Inventory	704,751	251,285
(Increase) / Decrease in Debtors	(23,240,204)	(25,456,934)
(Increase) / Decrease in Deposits made	(9,215)	(2,750)
(Increase) / Decrease in VAT refundable	2,803,778	(4,497,671)
Increase / (Decrease) in Creditors	58,446,023	41,287,941
	<b>38,705,133</b>	11,581,871
<b>19 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)</b>		
Loans Raised	-	-
Loans Repaid	-	-
	-	-

## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009 R	2008 R
<b>20 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments Realised	27,836,472	-
Investments Made	-	(2,453,874)
	<b>27,836,472</b>	<b>(2,453,874)</b>
<b>21 (INCREASE) / DECREASE IN CASH</b>		
Cash Balance at the beginning of the year	22,551,218	23,524,683
Less: Cash Balance at the end of the year	34,831,144	22,551,218
	<b>(12,279,926)</b>	<b>973,465</b>
<b>22 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating the financial position:		
Bank balances	34,778,958	22,513,521
Cash on hand	52,186	37,697
Total cash and cash equivalents	<b>34,831,144</b>	<b>22,551,218</b>
<b>23 APPROPRIATIONS</b>		
<b>Appropriation account</b>		
Accumulated surplus at beginning of the year	<b>(64,130,717)</b>	(13,386,458)
Operating surplus / (defecit) for the year	<b>(107,983,676)</b>	(54,252,742)
Appropriations for the year	<b>(555,605)</b>	3,508,483
- Restatement of prior year debtors	-	104,873
- Other prior year adjustments	-	3,886,327
- Transfer to CDF	(555,605)	(482,717)
	<b>(172,669,998)</b>	<b>(64,130,717)</b>
<b>Accumulated surplus / (deficit) at end of the year</b> (Refer note 31.3 of restatement of opening balances)		
<b>24 PROPERTY RATES</b>		
<b><u>Actual</u></b>		
Residential	-	8,741,382
Commercial	528,230	528,230
State	10,183,159	10,493,707
<b>Total Assessment Rates</b>	<b>10,711,389</b>	<b>19,763,319</b>
Note: Commercial property rates include an adjustment for the correction of certain valuations		
<b><u>Property Valuations</u></b>		
Residential	436,686,870	436,686,870
Commercial	10,564,500	10,564,500
State	209,874,140	209,874,140
<b>Total Property Valuations</b>	<b>657,125,510</b>	<b>657,125,510</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004 and will be effective until 30 June 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of 5 cent in the rand on land and improvements is applied to property valuations to determine assessment rates. A Council resolution was taken to write off all residential property rates as at 30 June 2008.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009 R	2008 R
<b>25 SERVICE CHARGES</b>		
Sale of water	15,868,509	12,442,901
Refuse removal	1,293,891	2,253,458
Sewerage and sanitation charges	2,103,533	4,069,999
<b>Total Service Charges</b>	<b>19,265,933</b>	<b>18,766,358</b>
<b>26 COUNCILOR REMUNERATION</b>		
<b>Normal Remuneration</b>		
Mayor's allowance	488,713	501,731
Speaker	390,970	415,408
6 Full time Exco members / Mayoral Committee members	2,199,981	2,343,385
60 Part time Councilors	10,398,286	9,740,164
	<b>13,477,950</b>	<b>13,000,688</b>
<b>Back - Pay Remuneration</b>		
Mayor's allowance	29,984	16,302
Speaker	23,988	13,041
6 Full time Exco members / Mayoral Committee members	131,033	73,959
60 Part time Councilors	1,471,586	295,812
	<b>1,656,591</b>	<b>399,114</b>
<b>Total Councilor Remuneration</b>		
Mayor's allowance	518,697	518,033
Speaker	414,958	428,449
6 Full time Exco members / Mayoral Committee members	2,331,014	2,417,344
60 Part time Councilors	11,869,872	10,035,976
	<b>15,134,541</b>	<b>13,399,802</b>
<b>27 AUDITOR'S REMUNERATION</b>		
Current Year	<b>578,293</b>	505,057
<b>28 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
Approved and contracted for	210,171,956	133,716,373
This expenditure will be financed from:		
Government Grants - MIG,DWAF	154,312,830	133,716,373
Internal sources - EQS	55,859,126	-
	<b>210,171,956</b>	<b>133,716,373</b>
<b>29 CONTINGENT LIABILITIES</b>		
The following known contingent liabilities existed at year end:		
29.1 Bakgorosi Civil Projects		
- Dispute on professional services rendered by above service provider.	<b>1,782,480</b>	1,758,165
29.2 Obed Sibuyi		
- Damages allegedly caused by municipal employees	<b>140,000</b>	100,000
29.3 Lwati Communication		
- Continuation of project started by former Bothlabela District Municipality	<b>7,450,000</b>	7,000,000
29.4 Sobek Engineering (Pty) Ltd		
- Dispute on professional service rendered by above service provider	<b>1,059,405</b>	809,405
29.5 Various private individuals		
- Eviction from road reserve of the R40 road	<b>420,000</b>	-

## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009	2008
	R	R
29.6 Road Agency		
- Dispute with the Municipality	90,000	-
29.7 Gaza Homes & Civils		
- Dispute on services rendered	490,000	-
29.8 Eric Mokoena		
- Dispute with the Municipality	105,000	-

The Municipality is defending all the claims instituted.

### 30 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

#### 30.1 Contributions to organized Local Government (SALGA)

Opening Balance	-	-
Current year contribution	630,270	172,902
Amount paid - Current year	630,270	172,902
Closing Balance	-	-

#### 30.2 Skills development levies paid

	823,848	592,019
--	---------	---------

#### 30.3 Contributions by the Municipality towards

- Pension funds of employees	13,546,819	9,747,931
- Medical aid funds of employees	2,888,492	1,794,382
- Pension funds of councilors	1,403,314	1,327,449
- Medical aid funds of councilors	95,716	61,854
	<b>17,934,341</b>	12,931,616

No contributions by the Municipality on pension funds were outstanding at the end of the financial year.

#### 30.4 PAYE / SITE deducted and paid over

- Deducted from employees	9,901,123	6,845,636
- Paid over to SARS	(9,771,996)	(6,716,547)
	<b>129,127</b>	129,089

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

2009  
R

2008  
R

### 30.5 Remuneration of senior managers

	Salary & Allow	Bonus	Paid in 2009	Paid in 2008
Municipal Manager	906,000	109,725	1,015,725	998,817
Chief Financial Officer	520,438	50,459	570,897	659,542
Director Corporate Services	584,341	31,688	616,029	701,093
Director Economic Dev. and Planning	581,754	26,688	608,412	261,906
Director Water Services	572,115	10,675	582,790	305,000
Director Community Services	581,740	7,116	588,856	424,908
Deputy Director Transversal Affairs	373,134	21,525	394,659	-
Director Internal Audit	559,609	64,050	623,659	687,816
Director Municipal Works	565,413	10,675	576,088	101,667
	<b>5,244,544</b>	<b>332,601</b>	<b>5,577,145</b>	<b>4,140,749</b>

### 30.6 Intergovernmental and other allocations received

#### - From organs of the State on National level

Equitable share	205,211,801	161,650,835
Municipal Systems Improvement Grant	735,000	884,000
Municipal Infrastructure Grant	127,297,000	123,569,652
Finance Management Grant	500,000	250,000
Organs of State WSA grant	46,914,000	22,670,897
Theta Internship grant	3,873,000	-
	<b>384,530,801</b>	<b>309,025,384</b>

#### - From organs of the State on Provincial level

Department Roads and Transport	-	6,909,054
District Municipality	2,794,837	1,074,077
	<b>2,794,837</b>	<b>7,983,131</b>

The Municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the Municipality.

The unspent portion of conditional allocations are disclosed as Creditors on the face value of the Balance Sheet. No funds destined for the Municipality in terms of the Division of Revenue Act were delayed or withheld during the financial year.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

	2009	2008
	R	R
<b>30.7 Unauthorised, irregular and fruitless and wasteful expenditure</b>		
The following known material unauthorized, irregular and fruitless and wasteful expenditure was paid during the year:		
- Interest to SARS on PAYE of previous years not paid over	-	-
- Penalties charged by SARS on above PAYE deducted but not paid over	-	-
- Storage fees for a grader standing at a service provider for 445 days. The equipment was removed without any repairs being done.	-	54,290
	-	54,290
	-	54,290

### 30.8 Compliance with MFMA

No known material non-compliance with the MFMA occurred during the year. The Municipality is in process of implementing the requirements of the MFMA in line with the phased in approach proposed by National Treasury. However, the implementation has not been completed and the following areas still need attention:

- Delegation of powers in terms of MFMA
- Performance Management System
- Asset Management Policy
- Credit control and debt collection policy
- Cash management policy
- Investment policy
- Inclusion of preferential procurement principles in SCM policy
- Tariff policy

### 30.9 Comparison with budget

The actual performance measured against budgeted performance is set out in the annexures to the annual financial statements.

### 31 Prior year adjustment

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from:

- The correction of opening balances:

#### 31.1 Accumulated Surplus/(Deficit)

Balance Previously reported: 30 June 2008	(68,121,917)
Add: Nett restatement of opening balances	3,991,200
- Less: VAT input adjustment (VAT provision on creditor)	(542,901)
- Add: VAT output adjustment	8,460
- Add: Debtor balances from previous year	104,873
- Add: Opening balance adjustment - Bushbuckridge Water Board	4,420,768
Total: Restated Accumulated Surplus/(Deficit)	<b>(64,130,717)</b>

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

### 31.2 Consumer Debtors

<b>Balance Previously reported: 30 June 2008</b>	95,974,922
- Add: Debtor balances from previous year	104,873
<b>Total: Restated balance of consumer debtors</b>	<b>96,079,795</b>

### 31.3 Trade Creditors

<b>Balance Previously reported: 30 June 2008</b>	(95,450,830)
- Add: Opening balance adjustment - Bushbuckridge Water Board	4,420,768
<b>Total: Restated balance of Trade Creditors</b>	<b>(91,030,062)</b>

### 31.4 VAT

<b>Balance Previously reported: 30 June 2008</b>	20,523,767
- Less: VAT input adjustment (VAT provision on creditor)	(542,901)
- Add: VAT output adjustment	8,460
<b>Total: Restated balance of VAT</b>	<b>19,989,326</b>

### 32 SUBSEQUENT EVENTS

No known material events took place subsequent to year-end that could have any influence on the annual financial statements.

### 33 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been compiled utilising the IMFO model although certain notes have been disclosed in line with the specimen issued by National Treasury in February 2006. Annexure "F" in terms of the IMFO model requires the disclosure of certain statistics. Most of these are not readily available and has therefore not been disclosed. Annexure "F" now discloses information on Grants as required in terms of the specimen mentioned above.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## ANNEXURE A

### STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	R	R	R	R	R	R	R
	Balance at 30 June 2008	Written off to Appropriations this year	Transferred to Conditional Grants	Other Income	Transferred from Accumulated Surplus	Capital expenditure during the year	Balance at 30 June 2009
<b>STATUTORY FUNDS</b>							
Capital Development Fund	1,537,550	-	-	-	555,605	-	2,093,155
	<u>1,537,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,605</u>	<u>-</u>	<u>2,093,155</u>
<b>TRUST FUNDS</b>							
Services Grant	-	-	-	-	-	-	-
Local Government Transition	-	-	-	-	-	-	-
Municipal Systems Improvements	-	-	-	-	-	-	-
Transitional grant	-	-	-	-	-	-	-
Local Economic Development Fund	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## ANNEXURE B

### EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 30 June 2008	Received during year	Redeemed or written off during year	Balance at 30 June 2009
<b>EXTERNAL LOANS</b>	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## ANNEXURE C

### ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2009

Expenditure 2008 R	Services	Budget 2009 R	Balance at 30 June 2008 R	Expenditure 2009 R	Written off, transformed, redeemed, or disposed of during year R	Balance at 30 June 2009 R
<b>RATES AND GENERAL SERVICES</b>						
54,141,519	<b>Community Services</b>	<b>68,500,000</b>	<b>149,617,698</b>	<b>42,479,485</b>	<b>(887,127)</b>	<b>192,097,183</b>
15,789,966	Public works	41,710,000	80,785,457	25,043,534	(887,127)	104,941,864
3,188,371	Council general	2,370,000	19,341,051	1,165,071	-	20,506,122
2,759,937	Corporate Service	2,900,000	7,626,623	4,704,999	-	12,331,622
32,018	Town treasurer	-	476,292	-	-	476,292
15,304,173	LED Planning & Tourism	9,900,000	22,883,371	5,478,939	-	28,362,310
17,067,054	Community Support	11,620,000	18,504,904	6,086,942	-	24,591,846
12,294,798	<b>Economic Services</b>	<b>8,700,000</b>	<b>25,300,836</b>	<b>3,801,717</b>	-	<b>29,102,553</b>
12,144,273	Sanitation	8,700,000	23,115,424	3,801,717	-	26,917,141
150,525	Refuse	-	2,185,412	-	-	2,185,412
101,956,157	<b>Trading services</b>	<b>175,885,798</b>	<b>198,280,708</b>	<b>127,088,534</b>	-	<b>325,369,242</b>
101,956,157	Water	175,885,798	198,280,708	127,088,534	-	325,369,242
<u>168,392,474</u>	<b>Total Fixed Assets</b>	<u><b>253,085,798</b></u>	<u><b>373,199,242</b></u>	<u><b>173,369,736</b></u>	<u><b>(887,127)</b></u>	<u><b>545,681,851</b></u>
<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>						
168,392,474	Loans redeemed and advances repaid		373,199,242	173,369,736	(887,127)	545,681,851
-	Contributions from operating income		643,926	-	-	643,926
5,275,301	Grants and subsidies		32,839,030	6,094,280	(887,127)	38,046,183
163,117,173	Public contributions		339,716,286	167,275,456	-	506,991,742
-			-	-	-	-
<u>-</u>	<b>NET FIXED ASSETS</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## ANNEXURE D

### ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 R		Actual 2009 R	Budget 2009 R
<b>INCOME</b>			
296,992,475	<b>Grants and subsidies</b>	<b>387,709,780</b>	<b>443,430,500</b>
283,931,649	- Central government	382,752,942	443,430,500
11,986,748	- Provincial government	2,230,000	-
1,074,078	- District Council	2,726,838	-
55,560,452	<b>Operating income</b>	<b>48,885,155</b>	<b>76,460,000</b>
18,779,768	- Water and services levies	19,265,933	42,665,000
19,763,319	- Rates & Taxes	10,711,389	10,990,000
9,756,460	- Other income	10,432,686	9,805,000
7,260,905	- Interest received	8,475,147	13,000,000
<u>352,552,927</u>	<b>Total income</b>	<u>436,594,935</u>	<u>519,890,500</u>
<b>EXPENDITURE</b>			
83,205,669	<b>Salaries and Wages</b>	<b>120,526,004</b>	<b>105,022,600</b>
139,834,107	<b>General Expenses</b>	<b>195,190,627</b>	<b>126,257,102</b>
65,201,549	- Water and electricity	89,096,939	71,366,500
74,632,558	- Other	106,093,688	54,890,602
163,117,173	<b>Project expenditure</b>	<b>167,275,456</b>	<b>248,195,798</b>
101,956,157	- Water reticulation	127,088,535	175,885,798
14,121,594	- Roads and bridges	20,247,512	31,790,000
47,039,422	- Other	19,939,409	40,520,000
15,373,419	<b>Repairs and Maintenance</b>	<b>55,492,245</b>	<b>35,525,000</b>
-	<b>Finance charges</b>	-	-
5,275,301	<b>Contributions to fixed assets</b>	<b>6,094,280</b>	<b>4,890,000</b>
<u>406,805,669</u>	<b>Total expenditure</b>	<u>544,578,612</u>	<u>519,890,500</u>

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

## ANNEXURE E

### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus / (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus / (Deficit) R	2009 Budget Surplus / (Deficit) R
<b>RATES AND GENERAL SERVICES</b>							
313,364,405	249,981,306	63,383,099	<b>Community Services</b>	<b>419,685,123</b>	<b>342,038,997</b>	<b>77,646,126</b>	<b>192,760,798</b>
19,763,319	64,429,225	(44,665,906)	Public Works	10,706,379	90,631,490	<b>(79,925,111)</b>	(92,205,500)
278,216,094	108,912,117	169,303,977	Council General	392,366,294	148,824,854	<b>243,541,440</b>	325,478,100
8,124,087	4,490,552	3,633,535	Municipal Manager	8,137,303	4,458,559	<b>3,678,744</b>	3,950,000
7,260,905	39,048,763	(31,787,858)	Town Treasurer	8,475,147	62,643,716	<b>(54,168,569)</b>	(995,802)
-	15,999,260	(15,999,260)	Community Support Services	-	24,229,538	<b>(24,229,538)</b>	(24,066,000)
-	17,101,389	(17,101,389)	LED, Planning & Tourism	-	11,250,840	<b>(11,250,840)</b>	(19,400,000)
307,845	<b>477,151</b>	(169,306)	<b>Housing services</b>	<b>1,032,212</b>	<b>1,990,551</b>	<b>(958,339)</b>	<b>(3,340,000)</b>
38,880,677	156,347,212	(117,466,535)	<b>Trade Services</b>				
38,880,677	156,347,212	(117,466,535)	Water	<b>15,877,600</b>	<b>200,549,063</b>	<b>(184,671,463)</b>	<b>(189,420,798)</b>
<u>352,552,927</u>	<u>406,805,669</u>	<u>(54,252,742)</u>	<b>TOTAL</b>	<u><b>436,594,935</b></u>	<u><b>544,578,611</b></u>	<u><b>(107,983,676)</b></u>	<u>-</u>
		(482,717)	Appropriation for the year (Refer to note 23)			<b>(555,605)</b>	
		(54,735,459)	<b>Net surplus / (deficit) for the year</b>			<b>(108,539,281)</b>	
		(13,386,458)	Accumulated surplus / (deficit) beginning of the year			<b>(64,130,717)</b>	
		3,991,200	Restatement of balances (Refer to note 31.1)				
		<u>(64,130,717)</u>	<b>ACCUMULATED SURPLUS / (DEFICIT) END OF THE YEAR</b>			<u><b>(172,669,998)</b></u>	

## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### ANNEXURE F

DISCLOSURES IN TERMS OF SECTION 123 OF MFMA OF GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2009

#### Grants and Subsidies Received

Name of Grant	Name of organ of state or municipal entity	Roll over	Quarterly receipts					Quarterly expenditure					Delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance	
			September	December	March	June	TOTAL	September	December	March	June	TOTAL					
MIG	DPLG	34,034,853	40,253,000	42,874,000	44,170,000		127,297,000	20,628,664	32,588,933	31,145,873	41,491,530		125,855,000	No	Not applicable	Yes	N/a
FMG	DPLG		-	500,000	-	-	500,000	125,000	125,000	125,000	125,000		500,000	No	Not applicable	Yes	N/a
MSIG	DPLG		735,000				735,000	183,750	183,750	183,750	183,750		735,000	No	Not applicable	Yes	N/a
DWAF - WSA	DWAF		15,925,000	2,248,696	19,664,304	9,076,000	46,914,000	10,000,000	10,000,000	10,000,000	16,914,000		46,914,000	No	Not applicable	Yes	N/a
Equitable share	DPLG		66,191,235	49,643,426	89,377,140		205,211,801	51,302,950	51,302,950	51,302,950	51,302,950		205,211,801	No	Not applicable	Yes	N/a
Theta internship	DPLG		-	2,700,000		1,173,000	3,873,000			560,000	1,670,000		2,230,000	No	Not applicable	Yes	N/a
Department:Roads & Trans	DPLG	6,518,307					-		1,953,081	839,001	496,960		3,289,042	No	Not applicable	Yes	N/a
District Mun Contribution	DISTRICT		2,114,112				2,114,112	2,114,112					2,114,112	No	Not applicable	Yes	N/a
District Mun Contribution	DISTRICT		150,725			380,000	680,725	170,181	170,181	170,181	170,181		680,725	No	Not applicable	Yes	N/a
		<b>40,553,160</b>	<b>125,369,072</b>	<b>97,966,122</b>	<b>153,361,444</b>	<b>10,629,000</b>	<b>387,325,638</b>	<b>84,524,658</b>	<b>96,323,896</b>	<b>94,326,756</b>	<b>112,354,372</b>		<b>387,529,680</b>				