



# **Tsolwana**

**MUNICIPALITY**

[These financial statements have not been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2009**

# TSOLWANA MUNICIPALITY

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# TSOLWANA MUNICIPALITY

## MEMBERS OF THE TSOLWANA MUNICIPALITY

### WARD

Proportional  
Proportional  
Proportional  
Proportional  
1  
2  
3  
4  
5

### COUNCILLOR

Marina Bennett - Mayor/Speaker  
Nombuso Meje  
Funiswa Tshambu  
Robert Sparrow  
Sydney Shumani - Recalled  
Mhlangabezi Mangcotywe  
Michael Baleng  
Malungelo Hlahla  
Nomalady Temo  
Khayaletu Nqiqhi

### APPROVAL OF FINANCIAL STATEMENTS

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

\_\_\_\_\_  
*Similo Dayi*  
**Municipal Manager**

\_\_\_\_\_  
**Date**

# TSOLWANA MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### GENERAL INFORMATION

#### NATURE OF BUSINESS

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

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Tsolwana Municipality includes the following areas:

Tarkastad  
Hofmeyer  
Ntabathemba

#### COUNCIL

Marina Bennett - Mayor/Speaker  
Khaya Nqiqhi  
Nombso Meje  
Mhlangabezi Mangcotywa  
Funiswa Tshambu  
Michael Baleng  
Nomalady Temo  
Malungelo Hlahla  
Robert Sparrow

#### MUNICIPAL MANAGER

Similo Dayi

#### CHIEF FINANCIAL OFFICER

*Gerald de Jager*

#### REGISTERED OFFICE

*P.O. Box 21  
TARKASTAD  
5370*

#### AUDITORS

Auditor-General  
East Londen Office

#### PRINCIPLE BANKERS

First National Bank  
16 Murray Street  
Tarkastad  
5370

#### ATTORNEYS

Bowes, McDougall Inc  
27a Prince Alfred Street  
QUEENSTOWN  
5320

**RELEVANT LEGISLATION**

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

TSOLWANA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

|  | Notes | 2009<br>R         | 2008<br>R         |
|--|-------|-------------------|-------------------|
| <b>NET ASSETS AND LIABILITIES</b>                  |       |                   |                   |
| <b>Net Assets</b>                                  |       | <b>60 593 444</b> | <b>55 849 922</b> |
| Housing Development Fund                           | 2     | 45 777            | 45 777            |
| Government Grant Reserve                           |       | -                 | -                 |
| Accumulated Surplus/(Deficit)                      |       | 60 547 667        | 55 804 146        |
| <b>Non-Current Liabilities</b>                     |       | <b>197 115</b>    | <b>234 458</b>    |
| Long-term Liabilities                              | 3     | 197 115           | 234 458           |
| <b>Current Liabilities</b>                         |       | <b>8 279 132</b>  | <b>12 379 276</b> |
| Consumer Deposits                                  | 5     | 81 361            | 79 158            |
| Provisions   | 6     | 1 262 390         | 662 331           |
| Trade and other payables                           | 7     | 2 341 464         | 217 949           |
| Unspent Conditional Government Grants and Receipts | 8     | 4 553 801         | 10 535 224        |
| Taxes  | 9     | -                 | 846 493           |
| Current Portion of Long-term Liabilities           | 3     | 40 117            | 38 120            |
| <b>Total Net Assets and Liabilities</b>            |       | <b>69 069 691</b> | <b>68 463 657</b> |
| <b>ASSETS</b>                                      |       |                   |                   |
| <b>Non-Current Assets</b>                          |       | <b>57 327 259</b> | <b>54 796 921</b> |
| Property, Plant and Equipment                      | 11    | 57 321 778.30     | 54 796 921        |
| Intangible Assets                                  | 14    | 5 480             | -                 |
| <b>Current Assets</b>                              |       | <b>11 742 433</b> | <b>13 666 736</b> |
| Trade Receivables from exchange transactions       | 17    | 532 816           | 322 906           |
| Other Receivables from non-exchange transactions   | 18    | 748 495           | 35 134            |
| Taxes  | 9     | 402 795           | -                 |
| Cash and Cash Equivalents                          | 20    | 10 058 327        | 13 308 696        |
| <b>Total Assets</b>                                |       | <b>69 069 691</b> | <b>68 463 657</b> |

**TSOLWANA MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

|   | Notes | 2009<br>R         | 2008<br>R         |
|---|-------|-------------------|-------------------|
| <b>REVENUE</b>                                      |       |                   |                   |
| <b>Revenue from Non-exchange Transactions</b>       |       | <b>42 761 287</b> | <b>15 824 287</b> |
| <b>Taxation Revenue</b>                             |       | <b>1 048 307</b>  | <b>1 233 547</b>  |
| Property taxes                                      | 21    | 1 048 307         | 1 233 547         |
| <b>Transfer Revenue</b>                             |       | <b>41 504 816</b> | <b>14 519 238</b> |
| Government Grants and Subsidies                     | 22    | 41 504 816        | 14 519 238        |
| <b>Other Revenue</b>                                |       | <b>208 165</b>    | <b>71 502</b>     |
| Fines   |       | 208 165           | 71 502            |
| <b>Revenue from Exchange Transactions</b>           |       | <b>7 649 377</b>  | <b>8 148 535</b>  |
| Service Charges                                     | 24    | 4 028 549         | 5 387 728         |
| Water Services Authority Contribution               | 25    | 1 000 000         | -                 |
| Rental of Facilities and Equipment                  |       | 62 670            | 76 213            |
| Interest Earned - external investments              |       | 1 007 825         | 860 114           |
| Interest Earned - outstanding debtors               |       | 785 367           | 801 481           |
| Licences and Permits                                |       | 179 614           | -                 |
| Income for Agency Services                          |       | 262 668           | 103 415           |
| Other Income  | 26    | 322 684           | 919 584           |
| <b>Total Revenue</b>                                |       | <b>50 410 663</b> | <b>23 972 821</b> |
| <b>EXPENDITURE</b>                                  |       |                   |                   |
| Employee related costs                              | 27    | 9 433 403         | 8 422 728         |
| Remuneration of Councillors                         | 28    | 1 936 427         | 1 677 199         |
| Debt Impairment                                     | 29    | 1 923 873         | 1 480 484         |
| Depreciation and Amortisation                       |       | 3 099 383         | 2 988 545         |
| Impairments   | 30    | -                 | 193 136           |
| Repairs and Maintenance                             |       | 1 035 149         | 642 289           |
| Finance Charges                                     | 31    | 37 613            | 42 619            |
| Bulk Purchases                                      | 32    | 2 648 205         | 2 182 387         |
| Other Operating Grant Expenditure                   |       | 22 322 882        | 4 499 400         |
| General Expenses                                    | 33    | 3 234 594         | 2 758 148         |
| <b>Total Expenditure</b>                            |       | <b>45 671 528</b> | <b>24 886 936</b> |
| <b>Operating Surplus for the Year</b>               |       | <b>4 739 136</b>  | <b>(914 115)</b>  |
| Loss on disposal of Property, Plant and Equipment   |       | -                 | 0                 |
| Gain on disposal of Property, Plant and Equipment   |       | 4 386             | -                 |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>           |       | <b>4 743 522</b>  | <b>(914 115)</b>  |
| Refer to Appendix E(1) for explanation of variances |       |                   |                   |

**TSOLWANA MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

|   | Notes     | 2009<br>R          | 2008<br>R          |
|---|-----------|--------------------|--------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |           |                    |                    |
| Cash receipts from ratepayers, government and other         |           | 45 310 792         | 22 274 520         |
| Cash paid to suppliers and employees                        |           | (43 872 895)       | (20 702 545)       |
| Cash generated/(absorbed) by operations                     | <b>36</b> | 1 437 897          | 1 571 975          |
| Interest Received   |           | 1 007 825          | 860 114            |
| Interest Paid   |           | (37 613)           | (42 619)           |
| <b>Net Cash from Operating Activities</b>                   |           | <b>2 408 110</b>   | <b>2 389 469</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |           |                    |                    |
| Purchase of Property, Plant and Equipment                   |           | (5 629 721)        | (2 693 198)        |
| Proceeds on Disposal of Fixed Assets                        |           | 4 386              |                    |
| <b>Net Cash from Investing Activities</b>                   |           | <b>(5 625 335)</b> | <b>(2 693 198)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |           |                    |                    |
| New loans raised/(repaid)                                   |           | (35 347)           | (31 036)           |
| Increase/(Decrease) in Consumer Deposits                    |           | 2 202              | 4 871              |
| <b>Net Cash from Financing Activities</b>                   |           | <b>(33 144)</b>    | <b>(26 164)</b>    |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |           | <b>(3 250 370)</b> | <b>(329 893)</b>   |
| Cash and Cash Equivalents at the beginning of the year      |           | 13 308 696         | 13 638 589         |
| Cash and Cash Equivalents at the end of the year            | <b>37</b> | 10 058 327         | 13 308 696         |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |           | <b>(3 250 370)</b> | <b>(329 893)</b>   |



**TSOLWANA MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

|  | <b>Pre-GAMAP<br/>Reserves<br/>and Funds</b> | <b>Housing<br/>Development<br/>Fund</b> | <b>Accumulated<br/>Surplus/<br/>(Deficit)</b> | <b>Total</b>      |
|--|---|---|---|-------------------|
|  | <b>R</b>                                    | <b>R</b>                                | <b>R</b>                                      | <b>R</b>          |
| <b>Balance at 1 JULY 2007</b>                  | <b>5 630 620</b>                            | <b>43 247</b>                           | <b>(1 570 440)</b>                            | <b>4 103 426</b>  |
| <b>Correction of error - Note 35.1</b>         |   |   | (2 704 637)                                   | (2 704 637)       |
| <b>Change in accounting policy - Note 34.5</b> | (5 630 620)                                 |   | 60 935 475                                    | 55 304 855        |
| <b>Restated balance</b>                        | <b>-</b>                                    | <b>43 247</b>                           | <b>56 660 398</b>                             | <b>56 703 644</b> |
| Net Surplus/(Deficit) for the year             |   |   | (914 115)                                     | (914 115)         |
| Transfer to Housing Development Fund           |   | 2 530                                   | (2 530)                                       | -                 |
| <b>Balance at 30 JUNE 2008</b>                 | <b>-</b>                                    | <b>45 777</b>                           | <b>55 743 752</b>                             | <b>55 789 529</b> |
| Correction of error - Note 35.1                | -   | -                                       | 60 393  | 60 393            |
| <b>Restated balance</b>                        | <b>-</b>                                    | <b>45 777</b>                           | <b>55 804 146</b>                             | <b>55 849 922</b> |
| Net Surplus/(Deficit) for the year             |   |   | 4 743 522                                     | 4 743 522         |
| <b>Balance at 30 JUNE 2009</b>                 | <b>-</b>                                    | <b>45 777</b>                           | <b>60 547 667</b>                             | <b>60 593 444</b> |

TSOLWANA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009<br>R     | 2008<br>R     |
|--|---------------|---------------|
| <b>2 HOUSING DEVELOPMENT FUND</b>                            |               |               |
| Housing Development Fund                                     | 45 777        | 45 777        |
| Transfer to housing development fund                         | -             | 2 530         |
| Unappropriated Surplus                                       | 45 777        | 43 247        |
| <b>Total Housing Development Fund Assets and Liabilities</b> | <b>45 777</b> | <b>45 777</b> |

|   |                |                |
|---|----------------|----------------|
| <b>3 LONG TERM LIABILITIES</b>  |                |                |
| Annuity Loans - At amortised cost   | 237 231        | 264 686        |
| Prior year adjustment on opening balance - See Note 35.02                                       | 237 231        | 264 686        |
| Adjusted balance  |                | 7 892          |
| <b>Less:</b> Current Portion transferred to Current Liabilities                                 | 40 117         | 38 120         |
| Annuity Loans - At amortised cost   | 40 117         | 38 120         |
|   | 197 115        | 234 458        |
| <b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b> | <b>197 115</b> | <b>234 458</b> |

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Financial instruments: Recognition and measurement (IAS 39). Initially measuring financial assets and financial liabilities at fair value. (SAICA circular 09/06 paragraph 43, AG 79, AG 64 and AG 65 of IAS 39).

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

**4 NON-CURRENT PROVISIONS**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Employee Benefits IAS 19. Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [Paragraphs 29, 48 - 119, 120A(c) - (q)]

|          |  |               |               |
|----------|--|---------------|---------------|
| <b>5</b> | <b>CONSUMER DEPOSITS</b>               |               |               |
|          | Water and Electricity                  | 81 361        | 147 443       |
|          | Prior year adjustment - See Note 35.04 | -             | (68 285)      |
|          | <b>Total Consumer Deposits</b>         | <b>81 361</b> | <b>79 158</b> |

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

|          |                         |                  |                |
|----------|-------------------------|------------------|----------------|
| <b>6</b> | <b>PROVISIONS</b>       |                  |                |
|          | Performance Bonuses     | 410 150          | -              |
|          | Staff Leave             | 852 240          | 662 331        |
|          | <b>Total Provisions</b> | <b>1 262 390</b> | <b>662 331</b> |

The movement in current provisions are reconciled as follows:

**Staff Leave**

|                              |                |                |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 662 331        | 713 069        |
| Contribution to provision    | 453 842        | 564 448        |
| Expenditure incurred         | (263 934)      | (615 186)      |
| Balance at end of year       | <b>852 239</b> | <b>662 331</b> |

**Performance Bonuses**

|                              |                |          |
|------------------------------|----------------|----------|
| Balance at beginning of year | -              | -        |
| Contribution to provision    | 410 150        | -        |
| Expenditure incurred         | -              | -        |
| Balance at end of year       | <b>410 150</b> | <b>-</b> |

**TOTAL - CURRENT PROVISIONS**

|                              |                  |                |
|------------------------------|------------------|----------------|
| Balance at beginning of year | 662 331          | 713 069        |
| Transfer from Trade Payables | -                | 564 448        |
| Contribution to provision    | 863 992          | -              |
| Expenditure incurred         | (263 934)        | (615 186)      |
| Balance at end of year       | <b>1 262 389</b> | <b>662 331</b> |

|   | 2009<br>R        | 2008<br>R      |
|---|------------------|----------------|
| <b>7</b>  |                  |                |
| <b>TRADE AND OTHER PAYABLES</b>   |                  |                |
| Trade Payables  | 1 958 836        | 136 171        |
| Payments received in advance  | 199 082          | -              |
| Retentions  | 42 160           | -              |
| Under payment to Councillors  | 37 095           | -              |
| Prior year adjustment - Monies incorrectly paid to the municipality recognised as revenue in the prior year - Note 35 |                  | 80 000         |
| Other Creditors   | 104 290          | 1 778          |
| <b>Total Trade Payables</b>   | <b>2 341 464</b> | <b>217 949</b> |

**8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

**8.1 Conditional Grants from other spheres of Government**

|  |                  |                   |
|--|------------------|-------------------|
| Unspent Grants                               | 4 553 801        | 10 535 224        |
| National and Provincial Government Grants    | 4 553 801        | 10 535 224        |
| <b>Total Conditional Grants and Receipts</b> | <b>4 553 801</b> | <b>10 535 224</b> |

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

|  | 2009<br>R | 2008<br>R |
|--|-----------|-----------|
| <b>9</b>                               |           |           |
| <b>TAXES</b>                           |           |           |
| VAT Payable                            | -         | 1 758 393 |
| Prior year adjustment - See Note 35.01 |           | 911 899   |
| VAT Payable after adjustment           |           | 846 493   |
| VAT Receivable                         | 402 795   | -         |

**10 SHORT-TERM LOANS**

The Municipality has no short term loans.

|    |                                      | 2009<br>R | 2008<br>R |
|----|--------------------------------------|-----------|-----------|
| 11 | <b>PROPERTY, PLANT AND EQUIPMENT</b> |           |           |

[See attached sheet](#)

|    |   | 2009<br>R | 2008<br>R |
|----|---|-----------|-----------|
| 12 | <b>NON-CURRENT ASSETS HELD FOR SALE</b> |           |           |

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Non Current Assets held for sale (IFRS 5). Classification, measurement and disclosure of non-current assets held for sale [paragraph 6 - 14, 15 - 29 (in so far as it relates to non-current assets held for sale), 38 - 42]

13 **INVESTMENT PROPERTY**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Investment Property (IAS 40/GRAP 16). Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79 (e)(i)-(iii)]

14 **INTANGIBLE ASSETS**

**Opening balance**

-Cost

-Accumulated depreciation

Additions

Depreciation

**Closing balance**

-Cost

-Accumulated depreciation

|  |              |   |
|--|--------------|---|
|  | -            | - |
|  | -            | - |
|  | -            | - |
|  | 6 063        | - |
|  | (582)        | - |
|  | <b>5 480</b> | - |
|  | 6 063        | - |
|  | (582)        | - |

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Intangible assets (IAS 38). The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed.

15 **LONG TERM RECEIVABLES**

The Municipality has no long term receivables

16 **INVENTORY**

The Municipality has no inventory.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Inventories (GRAP 12). The entire standard as far as it relates to iovable capital assets inventory that is accounted for in ters of GRAP 17.

17 **TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

|   |                  |                  |
|---|------------------|------------------|
| Water   | 1 075 298        | 891 189          |
| Electricity   | 1 414 895        | 1 052 185        |
| Rental  | 42 350           |                  |
| Refuse  | 1 702 665        | 1 287 049        |
| Sewerage  | 2 661 977        | 2 139 298        |
| Other Arrears   | 1 061 733        | 1 060 113        |
| <b>Total: Trade receivables from exchange transactions (before provision)</b> | <b>7 958 918</b> | <b>6 429 834</b> |
| Provision for Impairments   | (7 426 102)      | (6 106 928)      |
| <b>Total: Trade receivables from exchange transactions (after provision)</b>  | <b>532 816</b>   | <b>322 906</b>   |

The fair value of other receivables approximate their carrying value.

**(Electricity): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 103 956          | 140 501          |
| 31 - 60 Days          | 59 559           | 65 901           |
| 61 - 90 Days          | 62 856           | 36 183           |
| + 90 Days             | 1 188 525        | 809 600          |
| <b>Total</b>          | <b>1 414 895</b> | <b>1 052 185</b> |

**(Water): Ageing**

|                       |                  |                |
|-----------------------|------------------|----------------|
| Current (0 - 30 days) | 3 377            | 42 173         |
| 31 - 60 Days          | 4 177            | 29 437         |
| 61 - 90 Days          | 30 104           | 23 234         |
| + 90 Days             | 1 037 641        | 796 345        |
| <b>Total</b>          | <b>1 075 298</b> | <b>891 189</b> |

**(Refuse): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 36 103           | 44 634           |
| 31 - 60 Days          | 29 565           | 36 365           |
| 61 - 90 Days          | 41 472           | 34 809           |
| + 90 Days             | 1 595 524        | 1 171 241        |
| <b>Total</b>          | <b>1 702 665</b> | <b>1 287 049</b> |

**(Sewerage): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 51 031           | 83 614           |
| 31 - 60 Days          | 40 807           | 68 386           |
| 61 - 90 Days          | 61 630           | 64 177           |
| + 90 Days             | 2 508 508        | 1 923 121        |
| <b>Total</b>          | <b>2 661 977</b> | <b>2 139 298</b> |

|                               | 2009<br>R        | 2008<br>R        |
|-------------------------------|------------------|------------------|
| <b><u>(Other): Ageing</u></b> |                  |                  |
| Current (0 - 30 days)         | 2 741            | 4 604            |
| 31 - 60 Days                  | 2 719            | 6 049            |
| 61 - 90 Days                  | 2 719            | 2 247            |
| + 90 Days                     | 1 095 904        | 1 047 212        |
| <b>Total</b>                  | <b>1 104 082</b> | <b>1 060 112</b> |

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| <b><u>(Total): Ageing</u></b> |                  |                  |
| Current (0 - 30 days)         | 197 208          | 315 526          |
| 31 - 60 Days                  | 136 827          | 206 138          |
| 61 - 90 Days                  | 198 781          | 160 650          |
| + 90 Days                     | 7 426 102        | 5 747 519        |
| <b>Total</b>                  | <b>7 958 918</b> | <b>6 429 833</b> |

**Reconciliation of Provision for Bad Debts**

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Balance at beginning of year  | 6 106 928        | 4 912 544        |
| Contribution to provision     | 1 319 174        | 1 194 384        |
| Bad Debts (written off)       | -                | -                |
| <b>Balance at end of year</b> | <b>7 426 102</b> | <b>6 106 928</b> |

The total amount of this provision is R7 426 102 and consist of:

|  |                  |                  |
|--|------------------|------------------|
| Rates  | -                | -                |
| Other Debtors  | 7 426 102        | 6 106 928        |
| <b>Total Provision for Bad Debts on Trade Receivables from exchange transactions</b> | <b>7 426 102</b> | <b>6 106 928</b> |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered.

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



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

|   |                       |                      |
|---|-----------------------|----------------------|
| Taxes - Rates   | 2 767 922             | 2 063 322            |
| Other Debtors   | 613 460               | -                    |
|   | <u>3 381 382</u>      | <u>2 063 322</u>     |
| <b>Less:</b> Provision for bad debts                          | (2 632 887)           | (2 028 188)          |
| <b>Total Other Receivables from non-exchange transactions</b> | <b><u>748 495</u></b> | <b><u>35 134</u></b> |

The fair value of other receivables approximate their carrying value.

**(Rates): Ageing**

|                       |                         |                         |
|-----------------------|-------------------------|-------------------------|
| Current (0 - 30 days) | 18 080                  | 33 372                  |
| 31 - 60 Days          | 43 220                  | 49 219                  |
| 61 - 90 Days          | 73 735                  | 48 494                  |
| + 90 Days             | 2 632 887               | 1 932 237               |
| <b>Total</b>          | <b><u>2 767 922</u></b> | <b><u>2 063 322</u></b> |

**Reconciliation of Provision for Bad Debts**

|                              |                         |                         |
|------------------------------|-------------------------|-------------------------|
| Balance at beginning of year | 2 028 188               | 1 742 088               |
| Contribution to provision    | 604 699                 | 286 100                 |
| Bad Debts (written off)      | -                       | -                       |
| Balance at end of year       | <b><u>2 632 887</u></b> | <b><u>2 028 188</u></b> |

The total amount of this provision is R 2 632 887 and consist of:

|   |                         |                         |
|---|-------------------------|-------------------------|
| Taxes   | 2 632 887               | 2 028 188               |
| Other   | -                       | -                       |
| Total Provision for Bad Debts on Other Receivables from non-exchange transactions | <b><u>2 632 887</u></b> | <b><u>2 028 188</u></b> |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. All account balances were assessed for impairment.

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

**19 OPERATING LEASE ARRANGEMENTS**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Leases (IAS 17). Recognising operating lease payments/receipts on a straightline basis if the amounts are recognised on the basis of the cash flows in the lease agreement. (SAICA circular 12/06. Paragraphs 8 - 11 and paragraphs 33, 34, 50, 51 of Ias 117).

## CASH AND CASH EQUIVALENTS

Assets

|   | 2009<br>R         | 2008<br>R         |
|---|-------------------|-------------------|
| Call Investments Deposits                       | 7 550 512         | 12 868 948        |
| Primary Bank Account                            | 2 502 725         | 434 658           |
| Cash Floats                                     | 5 090             | 5 090             |
| <b>Total Cash and Cash Equivalents - Assets</b> | <b>10 058 327</b> | <b>13 308 696</b> |

The investments are held to fund the unspent conditional grants as per Appendix F.

The municipality has the following bank accounts:

Current Accounts

|   |                  |                |
|---|------------------|----------------|
| First National Bank - Tarkastad Branch - Account number 53852257262 | 2 502 725        | 434 658        |
|   | <b>2 502 725</b> | <b>434 658</b> |

**First National Bank - Tarkastad Branch - Account number 53852257262**

|   |           |         |
|---|-----------|---------|
| Cash book balance at beginning of year      | 434 658   | 77 640  |
| Cash book balance at end of year            | 2 502 725 | 434 658 |
| Bank statement balance at beginning of year | 466 104   | 300 251 |
| Bank statement balance at end of year       | 2 686 348 | 466 104 |

| 21 | <b>PROPERTY RATES</b>              | <b>2009<br/>R</b> | <b>2008<br/>R</b> |
|----|------------------------------------|-------------------|-------------------|
|    | <u>Actual</u>                      |                   |                   |
|    | <b>Rateable Land and Buildings</b> | 1 265 942         | 1 233 547         |
|    | <b>Less: Rebates</b>               | (217 636)         | -                 |
|    | <b>Total Assessment Rates</b>      | <u>1 048 307</u>  | <u>1 233 547</u>  |

A General Valuation was performed during the year effective from 1 July 2009. No interim valuations were performed.

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 1989 for Hofmeyer and 1 July 1992 for Tarkastad. A Valuation was performed during 2004, however this was never approved and therefore not implemented.

A rate in the rand of R0.0495 for all land and buildings in Hofmeyer and R0.342 was charged on the total valuation of the land and buildings in Tarkastad.

Rates of Indigent Households are subsidized 95% of the account, whilst government departments receives a rebate of 20%.

Rates are levied monthly or annually which ever option was taken by the consumer. This is payable by the end of the following month for those who opted the monthly option and end of September of each year for those who opted the annual payment option.

| 22 | <b>GOVERNMENT GRANTS AND SUBSIDIES</b>       |                   |                   |
|----|--|-------------------|-------------------|
|    | Equitable Share                              | 12 080 087        | 9 068 250         |
|    | Other - Operating Grants                     | 23 409 929        | 2 052 656         |
|    | Other - Capital Grants                       | 6 014 800         | 3 398 332         |
|    | <b>Total Government Grants and Subsidies</b> | <u>41 504 816</u> | <u>14 519 238</u> |

The municipality does not expect any significant changes to the level of grants.

### 23 PUBLIC CONTRIBUTIONS AND DONATIONS

The municipality had no public contributions and donations

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**SERVICE CHARGES**

|  |                  |                  |
|--|------------------|------------------|
| <b>Electricity</b>                           | <b>2 725 799</b> | <b>2 563 696</b> |
| Service Charges                              | 2 725 799        | 2 563 696        |
| <b>Water</b>                                 | <b>946 191</b>   | <b>1 962 290</b> |
| Service Charges                              | 946 191          | 1 962 290        |
| <b>Refuse Removal</b>                        | <b>775 518</b>   | <b>866 012</b>   |
| Service Charges                              | 775 518          | 866 012          |
| <b>Sewerage and Sanitation Charges</b>       | <b>1 256 129</b> | <b>1 362 890</b> |
| Service Charges                              | 1 256 129        | 1 362 890        |
| <b>Other Service Charges - Private Works</b> | <b>13 924</b>    | <b>36 432</b>    |
| Less: Income foregone                        | (1 689 012)      | (1 403 592)      |
| <b>Total Service Charges</b>                 | <b>4 028 549</b> | <b>5 387 728</b> |

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice.

Revenue (GRAP 9): Initial measurement of fair value is discounting all future receipts using an imputed rate of interest. [SAICA Circular 09/2006 and paragraph 12]

25

**WATER SERVICES AUTHORITY CONTRIBUTION**

|   |                  |          |
|---|------------------|----------|
| Chris Hani District Municipality - Water and Sewerage functions | 1 000 000        | -        |
|   | <b>1 000 000</b> | <b>-</b> |

26

**OTHER INCOME**

|  |                |                |
|--|----------------|----------------|
| Sundry Income  | 322 684        | 999 584        |
| Prior year adjustment - Monies incorrectly paid to the municipality recognised as revenue in the prior year- Note 35 |                | (80 000)       |
| <b>Total Other Income</b>  | <b>322 684</b> | <b>919 584</b> |

**EMPLOYEE RELATED COSTS**

|   | 2009<br>R                    | 2008<br>R                    |
|---|------------------------------|------------------------------|
| Employee Related Costs - Salaries and Wages                               | 6 938 850                    | 5 405 010                    |
| Employee Related Costs - Contributions for UIF, Pensions and Medical Aids | 1 361 210                    | 1 399 567                    |
| Travel, Motor Car, Accommodation, Subsistence and Other Allowances        | 650 892                      | 1 002 966                    |
| Provision for leave   | 482 450                      | 615 186                      |
|   | <hr/> 9 433 403              | <hr/> 8 422 728              |
| <b>Less:</b> Employee Costs allocated elsewhere                           | -                            |                              |
| <b>Total Employee Related Costs</b>                                       | <hr/> <b>9 433 403</b> <hr/> | <hr/> <b>8 422 728</b> <hr/> |

**KEY MANAGEMENT PERSONNEL**

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL*****Remuneration of the Municipal Manager***

|   |                            |                            |
|---|----------------------------|----------------------------|
| Annual Remuneration                             | 342 403                    | 319 677                    |
| Traveling Allowance                             | 160 417                    | 153 119                    |
| Performance Bonus                               | 29 088                     | 32 124                     |
| Telephone Allowance                             | 15 600                     | 15 600                     |
| Contributions to UIF, Medical and Pension Funds | 94 562                     | 87 619                     |
| <b>Total</b>                                    | <hr/> <b>642 071</b> <hr/> | <hr/> <b>608 139</b> <hr/> |

***Remuneration of the Chief Finance Officer***

|   |                            |                            |
|---|----------------------------|----------------------------|
| Annual Remuneration                             | 304 107                    | 283 492                    |
| Car Allowance                                   | 116 580                    | 120 000                    |
| Performance Bonus                               | 22 786                     | 3 800                      |
| Telephone allowance                             | 9 600                      | 9 600                      |
| Contributions to UIF, Medical and Pension Funds | 56 281                     | 48 285                     |
| <b>Total</b>                                    | <hr/> <b>509 354</b> <hr/> | <hr/> <b>465 177</b> <hr/> |

**Remuneration of Director : Technical Services**

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Annual Remuneration                   | 298 646        | 278 401        |
| Car Allowance                         | 108 839        | 104 256        |
| Performance Bonus                     | -              | 16 815         |
| Telephone allowance                   | 9 600          | 9 600          |
| Contributions - UIF, Medical, Pension | 63 556         | 59 325         |
| <b>Total</b>                          | <b>480 641</b> | <b>468 396</b> |

**Remuneration of Director : Community and Social Services**

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Annual Remuneration                   | 298 646        | 278 401        |
| Car Allowance                         | 115 098        | 104 256        |
| Performance Bonus                     | -              | 22 420         |
| Telephone allowance                   | 9 600          | 9 600          |
| Contributions - UIF, Medical, Pension | 62 558         | 57 852         |
| <b>Total</b>                          | <b>485 902</b> | <b>472 529</b> |

**Remuneration of Director : Corporate and Support Services**

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Annual Remuneration                   | 298 646        | 278 401        |
| Car Allowance                         | 94 759         | 104 256        |
| Performance Bonus                     | -              | 22 420         |
| Telephone allowance                   | 9 600          | 9 600          |
| Contributions - UIF, Medical, Pension | 62 558         | 57 852         |
| <b>Total</b>                          | <b>465 563</b> | <b>472 529</b> |

28

**REMUNERATION OF COUNCILLORS**

|  |                  |                  |
|--|------------------|------------------|
| Mayor/Speaker                          | 391 493          | 408 572          |
| Councillors                            | 1 544 934        | 1 268 627        |
| <b>Total Councillors' Remuneration</b> | <b>1 936 427</b> | <b>1 677 199</b> |

**In-kind Benefits**

The Mayor/Speaker is a full-time Councillor. The Mayor/Speaker may utilise official Council transportation when engaged in official duties.

**Certification by the Municipal Manager**

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

.....  
Signed: **Municipal Manager**

|  | 2009<br>R                   | 2008<br>R        |
|--|-----------------------------|------------------|
| <b>29 DEBT IMPAIRMENT</b>                                  |                             |                  |
| Trade Receivables from exchange transactions - Note 17     | 1 319 174                   | 1 194 384        |
| Other Receivables from non-exchange transactions - Note 18 | 604 699                     | 286 100          |
| <b>Total Contribution to Bad Debts Provision</b>           | <b>1 923 873</b>            | <b>1 480 484</b> |
| <b>30 IMPAIRMENTS</b>                                      |                             |                  |
| Property Plant and equipment                               | -                           | 193 136          |
|  | <u>                    </u> | <u>193 136</u>   |
| <b>31 FINANCE CHARGES</b>                                  |                             |                  |
| Long-term Liabilities                                      | 37 592                      | 42 619           |
| Overdraft Facilities                                       | 21                          | -                |
| <b>Total finance charges</b>                               | <b>37 613</b>               | <b>42 619</b>    |
| <b>32 BULK PURCHASES</b>                                   |                             |                  |
| Electricity  | 2 648 205                   | 2 182 387        |
| <b>Total Bulk Purchases</b>                                | <b>2 648 205</b>            | <b>2 182 387</b> |
| <b>33 GENERAL EXPENSES</b>                                 |                             |                  |
| General Expenses   | <b>3 234 594</b>            | <b>2 758 148</b> |

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

## CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP

2008  
R2007  
R

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

## 34.1 Statutory Funds

**Balance previously reported:**

|                 |          |                  |
|-----------------|----------|------------------|
| Revolving fund  | -        | 2 454 355        |
| Working capital | -        | 2 463 196        |
| <b>Total</b>    | <b>-</b> | <b>4 917 551</b> |

**Implementation of GRAP**

|   |          |                  |
|---|----------|------------------|
| Transfer to Accumulated Surplus/(Deficit) - Note 34.5 | -        | 4 917 551        |
| <b>Total</b>  | <b>-</b> | <b>4 917 551</b> |

## 34.2 Loans Redeemed and Other Capital Receipts

**Balance previously reported:**

|   |          |                     |
|---|----------|---------------------|
|   | -        | 63 026 547          |
| Transfer to Accumulated Surplus/(Deficit) - Note 34.5 | -        | (63 026 547)        |
| <b>Total</b>  | <b>-</b> | <b>(63 026 547)</b> |

## 34.3 Property, Plant and Equipment - GRAP 17

**Balance previously reported**

|   |          |                      |
|---|----------|----------------------|
|   | -        | 65 033 860           |
| <b>Implementation of GRAP</b>                                       |          |                      |
| Property, Plant and Equipment not previously recognised - Note 34.5 | -        | 26 258 169           |
| <b>Total</b>  | <b>-</b> | <b>91 292 029.04</b> |

## 34.4 Accumulated Depreciation - GRAP 17

**Balance previously reported**

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

**Implementation of GRAP**

|   |   |               |
|---|---|---------------|
|   | - | 33 266 791    |
| Backlog Depreciation: Land and Buildings              | - | 21 332 483.80 |
| Backlog Depreciation: Infrastructure                  | - | 10 554 906.01 |
| Backlog Depreciation: Other                           | - | 1 379 401.61  |
| Transfer to Accumulated Surplus/(Deficit) - Note 34.5 | - | 33 266 791    |



**34.5 Accumulated Surplus/(Deficit)****Implementation of GRAP**

|   |          |                   |
|---|----------|-------------------|
| Transfer from Statutory Funds - Note 34.1                           | -        | 4 917 551         |
| Transfer from Loans Redeemed and Other Capital Receipts - Note 34.2 | -        | 63 026 547        |
| Property, Plant and Equipment not previously recognised - Note 35.3 | -        | 26 258 169        |
| Backlog Depreciation - Note 34.4                                    | -        | (33 266 791)      |
| <b>Total</b>  | <b>-</b> | <b>60 935 475</b> |

**35 CORRECTION OF ERROR IN TERMS OF GRAP 3****35.01 Taxes**

|  |                  |   |
|--|------------------|---|
| <b>Balance previously reported</b>                               | <b>1 758 393</b> | - |
| VAT on grants not previously transferred to revenue - Note 35.03 | (911 899)        | - |
|  | <b>846 493</b>   | - |

**35.02 Long term liabilities**

|   |                |   |
|---|----------------|---|
| <b>Balance previously reported</b>                              | <b>264 686</b> | - |
| Adjustment on long term liabilities opening balance - Note 35.1 | <b>7 892</b>   | - |
|   | <b>272 578</b> | - |

**35.03 Unspent Conditional Government Grants and Receipts**

|   |                   |               |
|---|-------------------|---------------|
| <b>Balance previously reported</b>  | <b>9 623 325</b>  | -             |
| Adjustments due to incorrect treatment of monies received in previous years - Note 35.1 | -                 | <b>74 697</b> |
| VAT on grants not previously transferred to revenue - Note 35.01                        | 911 899           | -             |
|   | <b>10 535 224</b> | <b>74 697</b> |

**35.04 Consumer deposits**

|   |                |             |
|---|----------------|-------------|
| <b>Balance previously reported</b>  | <b>147 443</b> | -           |
| Consumer deposits not previously transferred to appropriation account - Note 35.1 | 68 285         | -           |
|   | <b>68 285</b>  | -           |
|   | <b>2008</b>    | <b>2007</b> |
|   | <b>R</b>       | <b>R</b>    |

**35.05 Trade receivables from exchange transactions**

|   |   |                  |
|---|---|------------------|
| <b>Balance previously reported</b>                    | - | <b>6 034 121</b> |
| Adjustment debited to Accumulated Surplus - Note 35.1 | - | <b>(39 501)</b>  |
|   | - | <b>5 994 620</b> |

|              |   |                   |                    |
|--------------|---|-------------------|--------------------|
| <b>35.06</b> | <b>Accumulated depreciation</b>   |                   |                    |
|              | <b>Balance previously reported</b>  | 33 208 119        | 33 266 791         |
|              | Transfer of assets to Chris Hani District Municipality - Note 35.1  | -                 | (58 673)           |
|              | Transfer of assets to Chris Hani District Municipality (general expenditure) - Note 35.1                                    | (178 078)         | -                  |
|              |   | <u>33 030 041</u> | <u>33 208 119</u>  |
| <b>35.07</b> | <b>Property Plant and equipment</b>   |                   |                    |
|              | <b>Balance previously reported</b>  | 87 595 252        | 90 393 758         |
|              | Transfer of assets to Chris Hani District Municipality - Note 35.1  | -                 | (2 798 506)        |
|              |   | <u>87 595 252</u> | <u>87 595 252</u>  |
| <b>35.08</b> | <b>Trade Payables</b>   |                   |                    |
|              | <b>Balance previously reported</b>  | 216 171           | -                  |
|              | Amount incorrectly paid into the Municipalities bank account during 2007/2008, recognised as revenue - Note 7               | 80 000            | -                  |
|              |   | <u>296 171</u>    | <u>-</u>           |
| <b>35.09</b> | <b>Other income</b>   |                   |                    |
|              | <b>Balance previously reported</b>  | 999 584           | -                  |
|              | Amount incorrectly paid into the Municipalities bank account during 2007/2008, recognised as revenue - Note 26              | (80 000)          | -                  |
|              |   | <u>919 584</u>    | <u>-</u>           |
| <b>35.10</b> | <b>Accumulated Surplus/(Deficit)</b>  |                   |                    |
|              | Adjustment on long term liabilities opening balance - Note 35.02  | 7 892             | -                  |
|              | Consumer deposits not previously transferred to revenue - Note 35.04  | (68 285)          | -                  |
|              | Adjustment in housing control accounts debited to Accumulated Surplus - Note 35.05  | -                 | (39 501)           |
|              | Adjustment due to incorrect treatment of monies received in previous years - Note 35.03                                     | -                 | 74 697             |
|              | Transfer of assets to Chris Hani District Municipality (cost) - Note 35.07  | -                 | (2 798 506)        |
|              | Transfer of assets to Chris Hani District Municipality (Accumulated depreciation) - Note 35.06                              | -                 | 58 673             |
|              | Amount incorrectly paid into the Municipalities bank account during 2007/2008, recognised as revenue - Note 35.08 and 35.09 | -                 | -                  |
|              |   | <u>(60 393)</u>   | <u>(2 704 637)</u> |

**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

|   |                  |                  |
|---|------------------|------------------|
| Surplus/(Deficit) for the year  | 4 743 522        | (914 115)        |
| <b>Adjustments for:</b>   |                  |                  |
| Depreciation and amortisation   | 3 099 383        | 2 988 545        |
| (Gain)/Loss on disposal of property, plant and equipment                  | (4 386)          | 193 136          |
| Contribution to provisions – current                                      | 863 992          | 564 448          |
| Contribution to provisions – current - Expenditure incurred               | (263 934)        | (615 186)        |
| Contribution to provisions – Bad debt                                     | 1 923 873        | 1 480 484        |
| Investment income   | (1 007 825)      | (860 114)        |
| Interest paid   | 37 613           | 42 619           |
| Operating Surplus/(Deficit) before changes in working capital             | 9 392 238        | 2 879 819        |
| Changes in working capital  | (7 954 340)      | (1 307 844)      |
| Increase/(Decrease) in Trade and Other Payables                           | 2 123 515        | (356 158)        |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts | (5 981 423)      | (113 498)        |
| Increase/(Decrease) in Taxes  | (1 249 288)      | (151 419)        |
| (Increase)/Decrease in Trade Receivables from exchange transactions       | (1 529 084)      | (395 713)        |
| (Increase)/Decrease in Other Receivables from non-exchange transactions   | (1 318 061)      | (291 056)        |
| <b>Cash generated/(absorbed) by operations</b>                            | <b>1 437 897</b> | <b>1 571 975</b> |

**2009**  
**R**

**2008**  
**R**

**CASH AND CASH EQUIVALENTS**

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

|  |                   |                   |
|--|-------------------|-------------------|
| Call Investments Deposits - Note 20    | 7 550 512         | 12 868 948        |
| Cash Floats - Note 20                  | 5 090             | 5 090             |
| Bank - Note 20                         | 2 502 725         | 434 658           |
| <b>Total cash and cash equivalents</b> | <b>10 058 327</b> | <b>13 308 696</b> |

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

**38.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

|   |                  |                |
|---|------------------|----------------|
| Opening balance                                 | 295 227          | -              |
| Unauthorised expenditure current year           | 2 054 303        | 295 227        |
| Approved by Council or condoned                 | -                | -              |
| Transfer to receivables for recovery            | -                | -              |
| Unauthorised expenditure awaiting authorisation | <b>2 349 530</b> | <b>295 227</b> |

| Incident  | Disciplinary steps/criminal proceedings |
|---|---|
| <i>Reason for over expenditure is the depreciation for 2008/2009.</i> | <i>None</i>                             |

**38.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

|   |                |                |
|---|----------------|----------------|
| Opening balance   | 507 331        | -              |
| Fruitless and wasteful expenditure current year         | -              | 507 331        |
| Condoned or written off by Council                      | -              | -              |
| Transfer to receivables for recovery - not condoned     | -              | -              |
| Fruitless and wasteful expenditure awaiting condonement | <b>507 331</b> | <b>507 331</b> |

| Incident    | Disciplinary steps/criminal proceedings |
|-------------|---|
| <i>None</i> | <i>None</i>                             |

**38.3 Irregular expenditure**

Reconciliation of irregular expenditure:

|   |                  |                  |
|---|------------------|------------------|
| Opening balance                                     | 1 730 201        | -                |
| Irregular expenditure current year                  | 3 000            | 1 730 201        |
| Condoned or written off by Council                  | -                | -                |
| Transfer to receivables for recovery - not condoned | -                | -                |
| Irregular expenditure awaiting condonement          | <b>1 733 201</b> | <b>1 730 201</b> |

| Incident                                   | Disciplinary steps/criminal proceedings |
|--|---|
| <i>Sufficient quotations not attached.</i> | <i>None</i>                             |

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

|   |          |          |
|---|----------|----------|
| Opening balance                               | -        | -        |
| Council subscriptions                         | 43 048   | 53 123   |
| Amount paid - current year                    | (43 048) | (53 123) |
| Amount paid - previous years                  |          |          |
| <b>Balance unpaid (included in creditors)</b> | <b>-</b> | <b>-</b> |

39.2 **Audit fees - [MFMA 125 (1)(b)]**

|   |           |           |
|---|-----------|-----------|
| Opening balance                               | -         | -         |
| Current year audit fee                        | 366 740   | 181 662   |
| Audit fees                                    | 366 740   | 181 662   |
| Amount paid - current year                    | (366 740) | (181 662) |
| Amount paid - previous year                   |           |           |
| <b>Balance unpaid (included in creditors)</b> | <b>-</b>  | <b>-</b>  |

39.3 **VAT - [MFMA 125 (1)(b)]**

|  |                |                  |
|--|----------------|------------------|
| Opening balance                          | (846 493)      |                  |
| Amounts received - current year          | (177 446)      |                  |
| Amounts claimed - current year (payable) | 2 184 355      |                  |
| Amount due for creditors (claimable)     | 23 864         |                  |
| Amount for outstanding debtors           | (781 486)      |                  |
| <b>Closing balance</b>                   | <b>402 795</b> | <b>(846 493)</b> |

39.4 **PAYE and UIF - [MFMA 125 (1)(b)]**

|   |              |             |
|---|--------------|-------------|
| Opening balance                               | -            | -           |
| Current year payroll deductions               | 1 280 858    | 1 167 907   |
| Amount paid - current year                    | (1 275 221)  | (1 167 907) |
| <b>Balance unpaid (included in creditors)</b> | <b>5 637</b> | <b>-</b>    |

|  | 2009<br>R   | 2008<br>R   |
|--|-------------|-------------|
| <b>39.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b> |             |             |
| Opening balance  | -           |             |
| Current year payroll deductions and Council Contributions          | 2 127 016   | 1 955 956   |
| Amount paid - current year   | (2 127 016) | (1 955 956) |
| Amount paid - previous year  |             |             |
| <b>Balance unpaid (included in creditors)</b>                      | <u>-</u>    | <u>-</u>    |

**39.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]**

None of the councillors of the municipality had arrear accounts outstanding form more than 90 days as at 30 June 2009 or at any given time during the financial year.

**39.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act**

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

|   | Less than R30,000 |
|---|-------------------|
| Payment made without obtaining 3 (three) quotations | <u>3 000</u>      |
|   | <u>3 000</u>      |

**40 CAPITAL COMMITMENTS**

The municipality had no capital commitments at year end.

**41 RETIREMENT BENEFIT INFORMATION**

Council employees contribute to the Cape Joint Municipal Pension Fund, SALA and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuations was done on 30 June 2008.

**FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Interest Rate Risk**

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

**(c) Credit Risk**

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

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non- payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

**(d) Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**(e) Other Risks**

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:

|   |                   |                   |
|---|-------------------|-------------------|
| Trade receivables from exchange transactions      | 7 958 918         | 6 429 834         |
| Other receivables from non-exchange transactions  | 3 381 382         | 2 063 322         |
| Other Debtors                                     | 402 795           | -                 |
| Bank and Cash Balances                            | 10 058 327        | 13 308 696        |
| <b>Maximum Credit and Interest Risk Exposures</b> | <b>21 801 422</b> | <b>21 801 852</b> |



**FINANCIAL INSTRUMENTS**2009  
R2008  
R

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

| <u>Financial Assets</u>                          | <u>Classification</u>     |                          |                          |
|--|---------------------------|--------------------------|--------------------------|
| <b>Investments</b>                               |                           |                          |                          |
| Fixed Deposits                                   | Held to maturity          | -                        | -                        |
| <b>Long-term Receivables</b>                     |                           |                          |                          |
| Staff Loans                                      | Loans and Receivables     | -                        | -                        |
| <b>Consumer Debtors</b>                          |                           |                          |                          |
| Trade receivables from exchange transactions     | Loans and Receivables     | 7 958 918                | 6 429 834                |
| Other receivables from non-exchange transactions | Loans and Receivables     | 3 381 382                | 2 063 322                |
| <b>Other Debtors</b>                             |                           |                          |                          |
| Payments made in Advance                         | Loans and Receivables     | -                        | -                        |
| VAT  | Loans and Receivables     | 402 795                  | -                        |
| Government Subsidies and Grants                  | Loans and Receivables     | -                        | -                        |
| <b>Current Portion of Long-term Receivables</b>  |                           |                          |                          |
| Staff Loans                                      | Loans and Receivables     | -                        | -                        |
| <b>Short-term Investment Deposits</b>            |                           |                          |                          |
| Call Deposits                                    | Held to maturity          | -                        | -                        |
| <b>Bank Balances and Cash</b>                    |                           |                          |                          |
| Bank Balances                                    | Held to maturity          | 10 053 237               | 13 303 606               |
| Cash Floats and Advances                         | Held to maturity          | 5 090                    | 5 090                    |
| <b>SUMMARY OF FINANCIAL ASSETS</b>               |                           |                          |                          |
| <b>Held to maturity:</b>                         |                           |                          |                          |
| Bank Balances                                    |                           | 10 053 237               | 13 303 606               |
| Cash Floats and Advances                         |                           | 5 090                    | 5 090                    |
|  |                           | <u>10 058 327</u>        | <u>13 308 696</u>        |
| <b>Loans and Receivables</b>                     |                           |                          |                          |
| Long-term Receivables                            | Staff Loans               | -                        | -                        |
| Consumer Debtors                                 | Exchange transactions     | 7 958 918                | 6 429 834                |
| Consumer Debtors                                 | Non-exchange transactions | 3 381 382                | 2 063 322                |
| Current Portion of Long-term Receivables         | Staff Loans               | -                        | -                        |
| VAT  | VAT                       | 402 795                  | -                        |
|  |                           | <u>11 743 095</u>        | <u>8 493 156</u>         |
| <b>Total Financial Assets</b>                    |                           | <u><u>21 801 422</u></u> | <u><u>21 801 852</u></u> |

**44 EVENTS AFTER THE REPORTING DATE**

The Municipality is not aware of any events after the reporting date.

**45 PRIVATE PUBLIC PARTNERSHIPS**

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

**46 COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

**47 CONTINGENT LIABILITY**

The municipality is not aware of any claim against the municipality.

**48 RELATED PARTIES**

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

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. The municipality does not grant any employee loans.

**48.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. No loans were granted to any councillor and senior management employees.

**48.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

**48.4 Other related party transactions**

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

| <u>Councillor/Staff Member</u> | <u>Entity</u> |
|--------------------------------|---------------|
| None                           | None          |

**49 Exemptions taken according to those gazetted in Government Notice No. 30013 of 29 June 2007.**

The following exemptions were taken when compiling the 2008/2009 Annual financial statements:

**49.1 Financial instruments - IAS 39**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Financial instruments: Recognition and measurement (IAS 39). Initially measuring financial assets and financial liabilities at fair value. (SAICA circular 09/06 paragraph 43, AG 79, AG 64 and AG 65 of IAS 39).

**49.2 Employee Benefits - IAS 19**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Employee Benefits IAS 19. Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [Paragraphs 29, 48 - 119, 120A(c) - (q)]

**49.3 Non-Current Assets held for sale**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Non Current Assets held for sale (IFRS 5). Classification, measurement and disclosure of non-current assets held for sale [paragraph 6 - 14, 15 - 29 (in so far as it relates to non-current assets held for sale), 38 - 42]

#### **49.4 Investment Property - GRAP 16**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Investment Property (IAS 40/GRAP 16). Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79 (e)(i)-(iii)]

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

#### **49.5 Intangible assets - GRAP 102**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Intangible assets (IAS 38). The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed.

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

#### **49.6 Inventory - GRAP 12**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Inventories (GRAP 12). The entire standard as far as it relates to movable capital assets inventory that is accounted for in terms of GRAP 17.

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

#### **49.7 Leases - GRAP 13**

Exemptions taken according to the exemptions gazetted in terms of Government Notice No 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Leases (IAS 17). Recognising operating lease payments/receipts on a straightline basis if the amounts are recognised on the basis of the cash flows in the lease agreement. (SAICA circular 12/06. Paragraphs 8 - 11 and paragraphs 33, 34, 50, 51 of IAS 117).

The municipality is currently in a process of identifying all leases that must be straightline and recognised in terms of GRAP 13 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

#### 49.8 Property Plant and Equipment - GRAP 17

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice. Property, Plant and Equipment (GRAP 17).

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

#### 49.9 Revenue

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 4 (2)(b) of the notice.

Revenue (GRAP 9): Initial measurement of fair value is discounting all future receipts using an imputed rate of interest. [SAICA Circular 09/2006 and paragraph 12]

**It is the intention of the municipality to impliment all of the above excemptions taken during this financial year by end of 2011/2012 financial year.**

#### **Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP)**

50

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2010. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix G.

TSOLWANA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

| Reconciliation of Carrying Value             | Land and Buildings<br>R | Infrastructure<br>R | Community<br>R | Other<br>R  | Total<br>R   |
|--|-------------------------|---------------------|----------------|-------------|--------------|
| <b>Carrying value at 1 JULY 2008</b>         | 48 048 196              | 5 381 828           | -              | 1 366 897   | 54 796 921   |
| <b>Cost</b>                                  | 71 610 179              | 16 195 075          | -              | 3 188 330   | 90 993 585   |
| Original Cost                                | 71 610 179              | 16 195 075          | -              | 3 188 330   | 90 993 585   |
| Correction of error - Note 35.07             | -                       | -                   | -              | -           | -            |
| <b>Accumulated Depreciation</b>              | (23 561 983)            | (10 813 247)        | -              | (1 821 434) | (36 196 664) |
| Original cost                                | (23 561 983)            | (10 813 247)        | -              | (1 821 434) | (36 196 664) |
| Correction of error - Note 35.06             | -                       | -                   | -              | -           | -            |
| <b>Capital under construction</b>            | 576 920                 | -                   | 86 523         | -           | 663 443      |
| <b>Acquisitions</b>                          | 802 613                 | 2 840 920           | 1 166 767      | 149 915     | 4 960 216    |
| <b>Depreciation</b>                          | (2 223 400)             | (452 707)           | -              | (422 694)   | (3 098 801)  |
| Normal Depreciation                          | (2 223 400)             | (452 707)           | -              | (422 694)   | (3 098 801)  |
| Backlog Depreciation previously not recorded | -                       | -                   | -              | -           | -            |
| <b>Carrying value at 30 JUNE 2009</b>        | 47 204 329              | 7 770 041           | 1 253 290      | 1 094 118   | 57 321 778   |
| <b>Cost</b>                                  | 72 989 713              | 19 035 995          | 1 253 290      | 3 338 246   | 96 617 243   |
| Original Cost                                | 72 989 713              | 19 035 995          | 1 253 290      | 3 338 246   | 96 617 243   |
| <b>Accumulated Depreciation</b>              | (25 785 383)            | (11 265 954)        | -              | (2 244 128) | (39 295 465) |
| Original Cost                                | (25 785 383)            | (11 265 954)        | -              | (2 244 128) | (39 295 465) |

30 JUNE 2008

| Reconciliation of Carrying Value             | Land and Buildings<br>R | Infrastructure<br>R | Community<br>R | Other<br>R  | Total<br>R   |
|--|-------------------------|---------------------|----------------|-------------|--------------|
| <b>Carrying value at 1 JULY 2007</b>         | 50 277 696              | 3 264 602           | -              | 1 743 107   | 55 285 404   |
| <b>Cost</b>                                  | 71 610 179              | 13 760 835          | -              | 3 122 509   | 88 493 523   |
| Original Cost                                | 71 610 179              | 16 559 341          | -              | 3 122 509   | 91 292 029   |
| Correction of error - Note 35.07             | -                       | (2 798 506)         | -              | -           | (2 798 506)  |
| <b>Accumulated Depreciation</b>              | (21 332 484)            | (10 496 233)        | -              | (1 379 402) | (33 208 119) |
| Original Cost                                | (21 332 484)            | (10 554 906)        | -              | (1 379 402) | (33 266 791) |
| Correction of error - Note 35.06             | -                       | 58 673              | -              | -           | 58 673       |
| <b>Capital under construction</b>            | -                       | 2 434 240           | -              | 258 958     | 2 693 198    |
| <b>Acquisitions</b>                          | (2 229 499)             | (317 014)           | -              | (442 032)   | (2 988 545)  |
| <b>Depreciation</b>                          | (2 229 499)             | (317 014)           | -              | (442 032)   | (2 988 545)  |
| Normal Depreciation                          | (2 229 499)             | (317 014)           | -              | (442 032)   | (2 988 545)  |
| Backlog Depreciation previously not recorded | -                       | -                   | -              | -           | -            |
| <b>Impairment losses</b>                     | -                       | -                   | -              | (193 136)   | (193 136)    |
| Cost   | -                       | -                   | -              | (193 136)   | (193 136)    |
| <b>Carrying value at 30 JUNE 2008</b>        | 48 048 196              | 5 381 828           | -              | 1 366 897   | 54 796 921   |
| <b>Cost</b>                                  | 71 610 179              | 16 195 075          | -              | 3 188 330   | 90 993 585   |
| Original Cost                                | 71 610 179              | 16 195 075          | -              | 3 188 330   | 90 993 585   |
| <b>Accumulated Depreciation</b>              | (23 561 983)            | (10 813 247)        | -              | (1 821 434) | (36 196 664) |
| Original Cost                                | (23 561 983)            | (10 813 247)        | -              | (1 821 434) | (36 196 664) |

The leased property, plant and equipment is secured as set out in Note 3.

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities**

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

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

**APPENDIX A**  
**TSOLWANA MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009**

| EXTERNAL LOANS              | Rate   | Loan Number            | Redeemable | 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 the MFMA |
|-----------------------------|--------|------------------------|------------|-------------------------|----------------------------|--|-------------------------|---|---|
| <b>ANNUITY LOANS</b>        |        |                        |            |                         |                            |  |                         |   |   |
| DBSA - Water                | 15.34% | Loan 101, Lalf15496.13 | 2015/06/30 | 202 044                 | -                          | 17 755                                 | 184 290                 | -   | -                                       |
| DBSA - Sewer Reticulation   | 10.75% | Loan 101, Lalf15496.9  | 2011/12/31 | 70 534                  | -                          | 17 592                                 | 52 942                  | -   | -                                       |
| <b>Total Annuity Loans</b>  |        |                        |            | <b>272 578</b>          | <b>-</b>                   | <b>35 347</b>                          | <b>237 231</b>          | <b>-</b>                                      | <b>-</b>                                |
| <b>TOTAL EXTERNAL LOANS</b> |        |                        |            | <b>272 578</b>          | <b>-</b>                   | <b>35 347</b>                          | <b>237 231</b>          | <b>-</b>                                      | <b>-</b>                                |

The loans are in respect of functions transferred to Chris Hani District Municipality. Servicing costs of the loans are expended.

APPENDIX B

TSOLWANA : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

|                              | Cost/Revaluation  |                                |                  |                          |                    |           |                          | Accumulated Depreciation |                   |                  |                  | Carrying Value    |                   |
|------------------------------|-------------------|--------------------------------|------------------|--------------------------|--------------------|-----------|--------------------------|--------------------------|-------------------|------------------|------------------|-------------------|-------------------|
|                              | Opening Balance   | Residual Value Opening Balance | Additions        | Residual Value Additions | Under Construction | Disposals | Residual Value Disposals | Closing Balance          | Opening Balance   | Additions        | Disposals income |                   | Closing Balance   |
| <b>Land and Buildings</b>    |                   |                                |                  |                          |                    |           |                          |                          |                   |                  |                  |                   |                   |
| Land                         | 4 908 064         | -                              | -                | -                        | -                  | -         | -                        | 4 908 064                | -                 | -                | -                | -                 | 4 908 064         |
| Buildings                    | 66 702 115        | -                              | 802 613          | -                        | 576 920            | -         | -                        | 68 081 649               | 23 561 983        | 2 223 400        | -                | 25 785 383        | 42 296 265        |
|                              | <b>71 610 179</b> | <b>-</b>                       | <b>802 613</b>   | <b>-</b>                 | <b>576 920</b>     | <b>-</b>  | <b>-</b>                 | <b>72 969 713</b>        | <b>23 561 983</b> | <b>2 223 400</b> | <b>-</b>         | <b>25 785 383</b> | <b>47 204 329</b> |
| <b>Infrastructure</b>        |                   |                                |                  |                          |                    |           |                          |                          |                   |                  |                  |                   |                   |
| Main: Roads                  | 9 409 465         | -                              | 1 673 924        | -                        | -                  | -         | -                        | 11 083 389               | 8 535 080         | 136 828          | -                | 8 671 908         | 2 411 481         |
| Main: Electricity            | 6 785 611         | -                              | 1 166 996        | -                        | -                  | -         | -                        | 7 952 606                | 2 278 166         | 315 879          | -                | 2 594 046         | 5 358 560         |
|                              | <b>16 195 075</b> | <b>-</b>                       | <b>2 840 920</b> | <b>-</b>                 | <b>-</b>           | <b>-</b>  | <b>-</b>                 | <b>19 035 995</b>        | <b>10 813 247</b> | <b>452 707</b>   | <b>-</b>         | <b>11 265 954</b> | <b>7 770 041</b>  |
| <b>Community Assets</b>      |                   |                                |                  |                          |                    |           |                          |                          |                   |                  |                  |                   |                   |
| Recreation Grounds           | -                 | -                              | 1 166 767        | -                        | -                  | -         | -                        | 1 166 767                | -                 | -                | -                | -                 | 1 166 767         |
| Cemetery                     | -                 | -                              | -                | -                        | 86 523             | -         | -                        | 86 523                   | -                 | -                | -                | -                 | 86 523            |
|                              | <b>-</b>          | <b>-</b>                       | <b>1 166 767</b> | <b>-</b>                 | <b>86 523</b>      | <b>-</b>  | <b>-</b>                 | <b>1 253 290</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>1 253 290</b>  |
| <b>Heritage Assets</b>       |                   |                                |                  |                          |                    |           |                          |                          |                   |                  |                  |                   |                   |
|                              | -                 | -                              | -                | -                        | -                  | -         | -                        | -                        | -                 | -                | -                | -                 | -                 |
| <b>Total carried forward</b> | <b>87 805 254</b> | <b>-</b>                       | <b>4 810 300</b> | <b>-</b>                 | <b>663 443</b>     | <b>-</b>  | <b>-</b>                 | <b>93 278 998</b>        | <b>34 375 230</b> | <b>2 676 107</b> | <b>-</b>         | <b>37 051 337</b> | <b>56 227 660</b> |

APPENDIX B

TSOLWANA MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

|  | Cost                 |          |                  |          |                    |           | Accumulated Depreciation |                   |                   |                  | Carrying Value |                   |                   |
|--|----------------------|----------|------------------|----------|--------------------|-----------|--------------------------|-------------------|-------------------|------------------|----------------|-------------------|-------------------|
|  | Opening Balance      |          | Additions        |          | Under Construction | Disposals | Closing Balance          | Opening Balance   | Additions         | Disposals        |                | Closing Balance   |                   |
| <b>Total brought forward</b>               | <b>87 805 254</b>    | <b>-</b> | <b>4 810 300</b> | <b>-</b> | <b>663 443</b>     | <b>-</b>  | <b>-</b>                 | <b>93 278 998</b> | <b>34 375 230</b> | <b>2 676 107</b> | <b>-</b>       | <b>37 051 337</b> | <b>56 227 660</b> |
| <b>Housing Rental Stock</b>                |                      |          |                  |          |                    |           |                          |                   |                   |                  |                |                   |                   |
|  | -                    | -        | -                | -        | -                  | -         | -                        | -                 | -                 | -                | -              | -                 | -                 |
| <b>Leased Assets (Infrastructure)</b>      |                      |          |                  |          |                    |           |                          |                   |                   |                  |                |                   |                   |
|  | -                    | -        | -                | -        | -                  | -         | -                        | -                 | -                 | -                | -              | -                 | -                 |
| <b>Other Assets</b>                        |                      |          |                  |          |                    |           |                          |                   |                   |                  |                |                   |                   |
| Motor Vehicles                             | 508 172              | -        | 79 596           | -        | -                  | -         | -                        | 587 768           | 466 648           | 47 499           | -              | 514 147           | 73 621            |
| Plant & Equipment                          | 108 048              | -        | -                | -        | -                  | -         | -                        | 108 048           | 88 006            | 7 523            | -              | 95 530            | 12 518            |
| Office Equipment                           | -                    | -        | 11 782           | -        | -                  | -         | -                        | 11 782            | -                 | 1 212            | -              | 1 212             | 10 569            |
| Furniture & Fittings                       | 301 501              | -        | 30 344           | -        | -                  | -         | -                        | 331 845           | 256 811           | 13 813           | -              | 270 624           | 61 221            |
| Computer Equipment                         | 301 641              | -        | 28 193           | -        | -                  | -         | -                        | 329 834           | 172 118           | 36 738           | -              | 208 857           | 120 978           |
| Specialised Vehicles                       | 1 968 968            | -        | -                | -        | -                  | -         | -                        | 1 968 968         | 837 850           | 315 909          | -              | 1 153 758         | 815 210           |
|  | <b>3 188 330</b>     | <b>-</b> | <b>149 915</b>   | <b>-</b> | <b>-</b>           | <b>-</b>  | <b>-</b>                 | <b>3 338 246</b>  | <b>1 821 434</b>  | <b>422 694</b>   | <b>-</b>       | <b>2 244 128</b>  | <b>1 094 118</b>  |
| <b>Total Property, Plant and Equipment</b> | <b>90 993 585</b>    | <b>-</b> | <b>4 960 216</b> | <b>-</b> | <b>663 443</b>     | <b>-</b>  | <b>-</b>                 | <b>96 617 243</b> | <b>36 196 664</b> | <b>3 098 801</b> | <b>-</b>       | <b>39 295 465</b> | <b>57 321 778</b> |
| <b>Investment Property</b>                 |                      |          |                  |          |                    |           |                          |                   |                   |                  |                |                   |                   |
|  | -                    | -        | -                | -        | -                  | -         | -                        | -                 | -                 | -                | -              | -                 | -                 |
| <b>Intangible Assets</b>                   |                      |          |                  |          |                    |           |                          |                   |                   |                  |                |                   |                   |
| Computer Software                          | -                    | -        | 6 063            | -        | -                  | -         | -                        | 6 063             | -                 | 582              | -              | 582               | 5 480             |
|  | <b>-</b>             | <b>-</b> | <b>6 063</b>     | <b>-</b> | <b>-</b>           | <b>-</b>  | <b>-</b>                 | <b>6 063</b>      | <b>-</b>          | <b>582</b>       | <b>-</b>       | <b>582</b>        | <b>5 480</b>      |
| <b>Total</b>                               | <b>90 993 584.84</b> | <b>-</b> | <b>4 966 278</b> | <b>-</b> | <b>663 443</b>     | <b>-</b>  | <b>-</b>                 | <b>96 623 306</b> | <b>36 196 664</b> | <b>3 099 383</b> | <b>-</b>       | <b>39 296 047</b> | <b>57 327 259</b> |



APPENDIX C

TSOLWANA SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

|                                  | Cost              |                  |                    |           | Accumulated Depreciation |                   |                  |           | Carrying Value    |                   |
|----------------------------------|-------------------|------------------|--------------------|-----------|--------------------------|-------------------|------------------|-----------|-------------------|-------------------|
|                                  | Opening Balance   | Additions        | Under Construction | Disposals | Closing Balance          | Opening Balance   | Additions        | Disposals |                   | Closing Balance   |
| Council & Executive              | 71 707 217        | 1 098            | -                  | -         | 71 708 315               | 23 641 404        | 2 228 334        | -         | 25 869 738        | 45 838 577        |
| Budget & Treasury Services       | 520 282           | 72 318           | -                  | -         | 592 600                  | 384 708           | 71 463           | -         | 456 171           | 136 429           |
| Technical & Engineering Services | 17 392 196        | 4 892 861        | 576 920            | -         | 22 861 976               | 11 576 416        | 627 125          | -         | 12 203 541        | 10 658 435        |
| Community & Social Services      | 1 373 890         | -                | 86 523             | -         | 1 460 413                | 594 135           | 172 461          | -         | 766 597           | 693 816           |
| <b>TOTAL</b>                     | <b>90 993 585</b> | <b>4 966 276</b> | <b>663 443</b>     | <b>-</b>  | <b>96 623 304</b>        | <b>36 196 664</b> | <b>3 099 383</b> | <b>-</b>  | <b>39 296 047</b> | <b>57 327 257</b> |

**APPENDIX D**  
**TSOLWANA MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**  
**MUNICIPAL VOTES CLASSIFICATION**

| <b>2008<br/>Actual<br/>Income<br/>R</b> | <b>2008<br/>Actual<br/>Expenditure<br/>R</b> | <b>2008<br/>Surplus/<br/>(Deficit)<br/>R</b> |                                 | <b>2009<br/>Actual<br/>Income<br/>R</b> | <b>2009<br/>Actual<br/>Expenditure<br/>R</b> | <b>2009<br/>Surplus/<br/>(Deficit)<br/>R</b> |
|---|--|--|---------------------------------|---|--|--|
| 7 144 085                               | 8 390 138                                    | (1 246 052)                                  | Finance & Administration        | 8 597 877                               | (5 683 722)                                  | 2 914 155                                    |
| -                                       | -  | -  | Council                         | 2 083 627                               | (2 136 094)                                  | (52 467)                                     |
| 3 232 788                               | 7 552 190                                    | (4 319 403)                                  | Executive                       | 1 805 344                               | (3 937 768)                                  | (2 132 424)                                  |
| -                                       | -  | -  | Administration/Human Resources  | 2 075 827                               | (2 351 081)                                  | (275 254)                                    |
| -                                       | -  | -  | Comm & Soc (Libraries)          | 469 207                                 | (260 533)                                    | 208 674                                      |
| 116 550                                 | 377 596                                      | (261 046)                                    | Comm & Soc (Halls & Faciliti    | -                                       | -  | -  |
| -                                       | -  | -  | Comm & Soc (Cemeteries)         | 116 080                                 | (93 826)                                     | 22 254                                       |
| 157 838                                 | 118  | 157 721                                      | Public Safety                   | 544 442                                 | (5 596)                                      | 538 845                                      |
| -                                       | -  | -  | Planning & Development          | 19 953 838                              | (20 262 790)                                 | (308 952)                                    |
| 10 829                                  | 52 367                                       | (41 538)                                     | Sport & Recreational            | 2 982 631                               | (25 166)                                     | 2 957 465                                    |
| 2 930 506                               | 3 082 631                                    | (152 125)                                    | Waste Water Management          | 1 382 232                               | (2 923 869)                                  | (1 541 637)                                  |
| -                                       | -  | -  | Waste Management (Refuse)       | 1 896 889                               | (1 311 708)                                  | 585 181                                      |
| 618 741                                 | 1 249 623                                    | (630 881)                                    | Road Transport                  | 2 051 528                               | (467 746)                                    | 1 583 781                                    |
| 5 039 614                               | 1 589 154                                    | 3 450 460                                    | Water                           | 1 353 107                               | (2 245 184)                                  | (892 077)                                    |
| 4 721 870                               | 2 593 120                                    | 2 128 750                                    | Electricity (Distribution)      | 5 102 421                               | (3 966 442)                                  | 1 135 979                                    |
| <b>23 972 821</b>                       | <b>24 886 936</b>                            | <b>(914 115)</b>                             | <b>Sub Total</b>                | <b>50 415 049</b>                       | <b>(45 671 528)</b>                          | <b>4 743 522</b>                             |
| -                                       | -  | -  | Less Inter-Departmental Charges | -                                       | -  | -  |
| <b>23 972 821</b>                       | <b>24 886 936</b>                            | <b>(914 115)</b>                             | <b>Total</b>                    | <b>50 415 049</b>                       | <b>(45 671 528)</b>                          | <b>4 743 522</b>                             |

The municipality restructured its Macro Organisational Structure in 2008/2009.

**APPENDIX D**  
**TSOLWANA MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| <b>2008<br/>Actual<br/>Income<br/>R</b> | <b>2008<br/>Actual<br/>Expenditure<br/>R</b> | <b>2008<br/>Surplus/<br/>(Deficit)<br/>R</b> |                                 | <b>2009<br/>Actual<br/>Income<br/>R</b> | <b>2009<br/>Actual<br/>Expenditure<br/>R</b> | <b>2009<br/>Surplus/<br/>(Deficit)<br/>R</b> |
|---|--|--|---------------------------------|---|--|--|
| 3 232 788                               | 7 552 190                                    | (4 319 403)                                  | Executive & Council             | 3 888 971                               | (6 073 863)                                  | (2 184 891)                                  |
| 8 547 677                               | 9 793 730                                    | (1 246 052)                                  | Budget & Treasury               | 8 597 877                               | (5 683 722)                                  | 2 914 155                                    |
| -                                       | -  | -  | Corporate Services              | 2 075 827                               | (2 351 081)                                  | (275 254)                                    |
| -                                       | -  | -  | Planning & Development          | 19 953 838                              | (20 262 790)                                 | (308 952)                                    |
| 116 550                                 | 377 596                                      | (261 046)                                    | Community & Social Services     | 585 287                                 | (354 360)                                    | 230 928                                      |
| 157 838                                 | 118  | 157 721                                      | Public Safety                   | 544 442                                 | (5 596)                                      | 538 845                                      |
| 10 829                                  | 52 367                                       | (41 538)                                     | Sport & Recreation              | 2 982 631                               | (25 166)                                     | 2 957 465                                    |
| 2 930 506                               | 3 082 631                                    | (152 125)                                    | Waste Management                | 1 896 889                               | (1 311 708)                                  | 585 181                                      |
| 618 741                                 | 1 249 623                                    | (630 881)                                    | Road Transport                  | 2 051 528                               | (467 746)                                    | 1 583 781                                    |
| 5 039 614                               | 1 589 154                                    | 3 450 460                                    | Water                           | 1 353 107                               | (2 245 184)                                  | (892 077)                                    |
| 4 721 870                               | 2 593 120                                    | 2 128 750                                    | Electricity                     | 5 102 421                               | (3 966 442)                                  | 1 135 979                                    |
| 25 376 413                              | 26 290 528                                   | (914 115)                                    | Sub Total                       | 50 415 049                              | (45 671 528)                                 | 4 743 522                                    |
| -                                       | -  | -  | Less Inter-Departmental Charges | -                                       | -  | -  |
| 25 376 413                              | 26 290 528                                   | (914 115)                                    | <b>Total</b>                    | 50 415 049                              | (45 671 528)                                 | 4 743 522                                    |

The municipality restructured its Macro Organisational Structure in 2008/2009.

**APPENDIX E(1)**  
**TSOLWANA MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009**  
**MUNICIPAL VOTES CLASSIFICATION**

|   | 2009<br>Actual (R)  | 2009<br>Budget (R)   | 2009<br>Variance (R) | 2009<br>Variance (%) | Explanation of Significant Variances<br>greater than 10% versus Budget  |
|---|---------------------|----------------------|----------------------|----------------------|---|
| <b>REVENUE</b>                          |                     |                      |                      |                      |   |
| Property Rates                          | 1 048 307           | 1 249 915            | (201 608)            | -16.13%              | Due to rebates given during the year not included in the budgeted amount.   |
| Government Grants and Subsidies         | 41 504 816          | 79 133 447           | (37 628 631)         | -47.55%              | Not all housing money received as budgeted.   |
| Fines                                   | 208 165             | 274 567              | (66 402)             | -24.18%              | Decreased fines by provincial authorities   |
| Service Charges                         | 4 028 549           | 6 100 580            | (2 072 031)          | -33.96%              | Income foregone budgeted as expenditure - must be offset against revenue i.t.o. GRAP  |
| Water Services Authority Contribution   | 1 000 000           | 5 682 106            | (4 682 106)          | -82.40%              | Not all money received as budgeted for.   |
| Rental of Facilities and Equipment      | 62 670              | 58 706               | 3 964                | 6.75%                |   |
| Interest Earned - External Investments  | 1 007 825           | 710 939              | 296 886              | 41.76%               | More interest received than budgeted due to more grants received.   |
| Interest Earned - Outstanding Debtors   | 785 367             | 571 319              | 214 048              | 37.47%               | Increase in debtors outstanding therefore increase in interest raised.  |
| Licences and Permits                    | 179 614             | 177 866              | 1 748                | 0.98%                |   |
| Agency Services                         | 262 668             | 469 207              | (206 539)            | -44.02%              | Re-allocation i.t.o. GRAP   |
| Other Revenue                           | 322 684             | 8 837 451            | (8 514 767)          | -96.35%              | Re-allocation i.t.o. GRAP   |
| <b>Total Revenue</b>                    | <b>50 415 049</b>   | <b>103 266 103</b>   | <b>(52 851 054)</b>  | <b>-51.18%</b>       |   |
| <b>EXPENDITURE</b>                      |                     |                      |                      |                      |   |
| Finance & Administration Council        | (5 683 722)         | (7 107 042)          | 1 423 320            | -20.03%              | Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense and not all post were filled as budgeted for. |
| Executive                               | (3 937 768)         | (1 994 760)          | (1 943 008)          | 97.41%               | Over expenditure due to depreciation for the year.  |
| Administration/Human Resources          | (2 351 081)         | (2 804 151)          | 453 070              | -16.16%              | Under utilisation of budgeted expenditure.  |
| Comm & Soc (Libraries)                  | (260 533)           | (456 124)            | 195 591              | -42.88%              | Saving on the budgeted.   |
| Comm & Soc (Cemeteries)                 | (93 826)            | (362 951)            | 269 125              | -74.15%              | Saving on the budgeted.   |
| Public Safety                           | (5 596)             | (17 658)             | 12 062               | -68.31%              | Saving on the budgeted.   |
| Planning & Development                  | (20 262 790)        | (64 734 012)         | 44 471 222           | -68.70%              | Not all capital projects were finalised during the year and the budgeted figure include capital projects.   |
| Sport & Recreational                    | (25 166)            | (3 064 460)          | 3 039 294            | -99.18%              | Not all capital projects were finalised during the year and the budgeted figure include capital projects.   |
| Waste Water Management                  | (2 923 869)         | (3 948 185)          | 1 024 316            | -25.94%              | Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense.  |
| Waste Management (Refuse)               | (1 311 708)         | (2 043 922)          | 732 214              | -35.82%              | Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense.  |
| Road Transport                          | (467 746)           | (2 721 584)          | 2 253 838            | -82.81%              | Not all capital projects were finalised during the year and the budgeted figure include capital projects.   |
| Water                                   | (2 245 184)         | (6 187 311)          | 3 942 127            | -63.71%              | Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense.  |
| Electricity (Distribution)              | (3 966 442)         | (5 772 567)          | 1 806 125            | -31.29%              | Not all capital projects were finalised during the year and the budgeted figure include capital projects.   |
| <b>Total Expenditure</b>                | <b>(45 671 528)</b> | <b>(103 239 527)</b> | <b>57 567 999</b>    | <b>-55.76%</b>       |   |
| <b>SURPLUS / (DEFICIT) FOR THE YEAR</b> | <b>4 743 522</b>    | <b>26 576</b>        | <b>4 716 946</b>     | <b>(1)</b>           |   |

**APPENDIX E(1)**  
**TSOLWANA MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

|   | 2009<br>Actual (R)  | 2009<br>Budget (R)   | 2009<br>Variance (R) | 2009<br>Variance (%) | Explanation of Significant Variances<br>greater than 10% versus Budget   |
|---|---------------------|----------------------|----------------------|----------------------|--|
| <b>REVENUE</b>                          |                     |                      |                      |                      |  |
| Property Rates                          | 1 048 307           | 1 249 915            | (201 608)            | -16.13%              | Due to rebates given during the year not included in the budgeted amount.  |
| Government Grants and Subsidies         | 41 504 816          | 79 133 447           | (37 628 631)         | -47.55%              | Not all housing money received as budgeted.  |
| Fines                                   | 208 165             | 274 567              | (66 402)             | -24.18%              | Decreased fines by provincial authorities  |
| Service Charges                         | 4 028 549           | 6 100 580            | (2 072 031)          | -33.96%              | Income foregone budgeted as expenditure - must be offset against revenue i.t.o. GRAP   |
| Water Services Authority Contribution   | 1 000 000           | 5 682 106            | (4 682 106)          | -82.40%              | Not all money received as budgeted for.  |
| Rental of Facilities and Equipment      | 62 670              | 58 706               | 3 964                | 6.75%                |  |
| Interest Earned - External Investments  | 1 007 825           | 710 939              | 296 886              | 41.76%               | More interest received than budgeted due to more grants received.  |
| Interest Earned - Outstanding Debtors   | 785 367             | 571 319              | 214 048              | 37.47%               | Increase in debtors outstanding therefore increase in interest raised.   |
| Licences and Permits                    | 179 614             | 177 866              | 1 748                | 0.98%                |  |
| Agency Services                         | 262 668             | 469 207              | (206 539)            | -44.02%              | Re-allocation i.t.o. GRAP  |
| Other Revenue                           | 322 684             | 8 837 451            | (8 514 767)          | -96.35%              | Re-allocation i.t.o. GRAP  |
| <b>Total Revenue</b>                    | <b>50 415 049</b>   | <b>103 266 103</b>   | <b>(52 851 054)</b>  | <b>-51.18%</b>       |  |
| <b>EXPENDITURE</b>                      |                     |                      |                      |                      |  |
| Executive & Council                     | (6 073 863)         | (4 019 560)          | (2 054 303)          | 51.11%               | Over expenditure due to depreciation for the year.   |
| Budget & Treasury                       | (5 683 722)         | (7 107 042)          | 1 423 320            | -20.03%              | Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense and not all post were filled as budgeted for.  |
| Corporate Services                      | (2 351 081)         | (2 804 151)          | 453 070              | -16.16%              | Under utilisation of budgeted expenditure. Not all capital projects were finalised during the year and the budgeted figure include capital projects. |
| Planning & Development                  | (20 262 790)        | (64 734 012)         | 44 471 222           | -68.70%              | include capital projects.  |
| Community & Social Services             | (354 360)           | (819 075)            | 464 715              | -56.74%              | Saving on the budgeted.  |
| Public Safety                           | (5 596)             | (17 658)             | 12 062               | -68.31%              | Saving on the budgeted.  |
| Sport & Recreation                      | (25 166)            | (3 064 460)          | 3 039 294            | -99.18%              | Budgeted figure include capital projects. Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense.     |
| Waste Management                        | (1 311 708)         | (2 043 922)          | 732 214              | -35.82%              | Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense.   |
| Waste Water Management                  | (2 923 869)         | (3 948 185)          | 1 024 316            | -25.94%              |  |
| Road Transport                          | (467 746)           | (2 721 584)          | 2 253 838            | -82.81%              | Budgeted figure include capital projects. Indigent expenditure were set off against income, ito GRAP although it was budgeted for as an expense.     |
| Water                                   | (2 245 184)         | (6 187 311)          | 3 942 127            | -63.71%              |  |
| Electricity                             | (3 966 442)         | (5 772 567)          | 1 806 125            | -31.29%              | Budgeted figure include capital projects.  |
| <b>Total Expenditure</b>                | <b>(45 671 528)</b> | <b>(103 239 527)</b> | <b>57 567 999</b>    | <b>-55.76%</b>       |  |
| <b>SURPLUS / (DEFICIT) FOR THE YEAR</b> | <b>4 743 522</b>    | <b>26 576</b>        | <b>4 716 946</b>     | <b>(1)</b>           |  |

**APPENDIX E (2)**  
**TSOLWANA MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**MUNICIPAL VOTES CLASSIFICATION**

|                               | <b>2009<br/>Actual</b> | <b>2009<br/>Under<br/>Construction</b> | <b>2009<br/>Total<br/>Additions</b> | <b>2009<br/>Budget</b> | <b>2009<br/>Variance</b> | <b>2009<br/>Variance</b> | <b>Explanation of Significant Variances<br/>greater than 5% versus Budget</b>           |
|-------------------------------|------------------------|--|-------------------------------------|------------------------|--------------------------|--------------------------|---|
|                               | <b>R</b>               | <b>R</b>                               | <b>R</b>                            | <b>R</b>               | <b>R</b>                 | <b>%</b>                 |   |
| Finance & Administration      | 72 318                 | -                                      | 72 318                              | 20 000                 | 52 318                   | 261.59%                  | Budgeted for housing projects under capital - Housing expenditure were not capitalized. |
| Community and Social services | -                      | 86 523                                 | 86 523                              | 66 193 068             | (66 106 545)             | -99.87%                  |   |
| Technical & Engineering       | 4 892 861              | 576 920                                | 5 469 781                           | 9 365 639              | (3 895 858)              | -41.60%                  | All capital projects not yet finalised.   |
| <b>Total</b>                  | <b>4 965 178</b>       | <b>663 443</b>                         | <b>5 628 621</b>                    | <b>75 578 707</b>      | <b>(69 950 086)</b>      | <b>-0.925526364</b>      |   |

