Annual Financial Statements

for

Ikwezi Local Municipality

for the year ended 30 June:	**June 2010**
Province:	**Eastern Cape**
AFS rounding:	**to the nearest R 1,00**

Contact Information:

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IKWEZI LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2010

General Information

Legal form of entity	Local Municipality
Type of Municipality	Plenary
Mayor	Mngwevu S.A
Councillors	Bester J
	Ferreira S.G
	Lizwane A
	Vanda N.P
Grading of local authority	Grade 1
Auditors	Auditor General
Bankers	ABSA Bank - Jansenville
Registered office	34 Main Street Jansenville 6266
Municipal Manager	Mnyimba T.T
Chief Finance Officer (CFO)	Bomvane N
Postal address	PO Box 12 Jansenville 6265

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa.

Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out pages 4 to 36 in terms of Section 126(1) of the Municipal Finance Management Act which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

Mnyimba T.T
Municipal Manager

Statement of Financial Position

Figures in Rand	2010	2009
Assets		
Current Assets		
Other financial assets	12 710 592	4 355 138
Trade and other receivables from non exchange transactions	1 547 243	2 250 364
VAT receivable	883 328	574 285
Trade and other receivables from exchange transactions	343 475	505 720
Cash and cash equivalents	336 507	833 220
	15 821 145	**8 518 727**
Non-Current Assets		
Property Plant and Equipment	110 785 559	97 547 347
Intangible assets	3 903	3 903
	110 789 462	**97 551 250**
Total Assets	**126 610 607**	**106 069 977**
Liabilities		
Current Liabilities		
Finance lease obligation	127 006	137 901
Trade and other payables from exchange transactions	2 207 652	2 655 269
Unspent conditional grants and receipts	12 921 976	5 955 017
Provisions	812 762	934 080
	16 069 396	**9 682 267**
Non-Current Liabilities		
Finance lease obligation	42 997	170 005
Total Liabilities	**16 112 393**	**9 852 272**
Net Assets	**110 498 214**	**96 217 705**
Net Assets		
Housing Fund Reserve	36 480 058	29 545 358
Accumulated surplus	74 018 156	66 672 347
Total Net Assets	**110 498 214**	**96 217 705**

Detailed Income statement

Figures in Rand		2010	2009
Revenue			
Revenue from exchange transactions			
Interest received - outstanding debtors		1 057 176	1 276 854
Other income		3 182 063	193 942
Rental Income	29	256 345	31 045
Service charges	15	5 964 655	5 054 091
Revenue from non exchange transactions			
Government grants	21	24 157 738	10 907 684
Licences and permits		136 005	97 849
Property rates	19	1 135 117	1 125 522
Public contributions and donations	20	-	15 200 000
Interest received - external investment		706 809	591 025
Total Revenue		**36 595 908**	**34 478 012**
Expenditure			
Employee costs	27	8 885 906	6 236 713
Remuneration of councillors	28	706 121	823 160
Finance costs	17	31 362	43 361
Repairs and maintenance		808 538	447 921
General Expenses	24	18 802 705	6 567 812
Total Expenditure		**29 234 632**	**14 118 967**
Surplus for the year		**7 361 276**	**20 359 045**

Statement of Changes in Net Assets

Figures in Rand	Housing Fund Reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	-	(2 891 735)	(2 891 735)
Changes in Accounting Policy (Refer to Note 2)	20 599 035	50 766 214	50 766 214
Balance at 01 July 2008 as restated	**-**	**47 874 479**	**47 874 479**
Changes in net assets			
Surplus for the year	-	20 359 045	20 359 045
Appropriations - 2008 Audit Adjustments	8 946 323	(1 561 177)	7 385 146
Total changes	8 946 323	18 797 868	27 744 191
Balance at 01 July 2009	**29 545 358**	**66 442 170**	**95 987 528**
Changes in net assets			
Appropiations - 2009 Audit Adjustments	-	214 710	214 710
Net income (losses) recognised directly in net assets	-	214 710	214 710
Surplus for the year	-	7 361 276	7 361 276
Total recognised income and expenses for the year	-	7 575 986	7 575 986
Contributions introduced	6 934 700	-	6 934 700
Total changes	6 934 700	7 575 986	14 510 686
Balance at 30 June 2010	**36 480 058**	**74 018 156**	**110 498 214**
Note(s)	25	2	

Cash Flow Statement

Figures in Rand	2010	2009
Cash flows from operating activities		
Receipts		
Sale of goods and services	13 287 601	14 442 755
Grants	31 092 438	10 907 684
Interest income	706 809	591 025
	45 086 848	25 941 464
Payments		
Employee costs	(9 592 027)	(7 059 333)
Suppliers	(21 147 828)	(7 465 731)
Finance costs	(128)	(10 385)
	(30 739 983)	(14 535 449)
Net cash flows from operating activities	**14 346 865**	**11 406 015**
Cash flows from investing activities		
Purchase of property plant and equipment	(13 238 213)	(12 418 533)
Proceeds from sale of financial assets	-	(4 355 138)
Net cash flows from investing activities	**(21 593 667)**	**(16 773 671)**
Cash flows from financing activities		
Unspent conditional grant	6 966 969	5 955 017
Vat debtor	(47 743)	58 700
Finance lease payments	(169 137)	274 930
Net cash flows from financing activities	**6 750 089**	**6 288 647**
Net increase/(decrease) in cash and cash equivalents	**(496 713)**	**920 991**
Cash and cash equivalents at the beginning of the year	833 220	(87 771)
Cash and cash equivalents at the end of the year	**336 507**	**833 220**

Accounting Policies

1. Basis of preparation of the Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3.These accounting policies and the applicable disclosures have been based on the Generally Recognised Accounting Practices (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

Accounting Policies

1.1 Presentation of currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the Municipality's functional currency.

1.2 Going concern assumption

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

1.3 Standards, amendments to standards and interpretations issued but not yet effective

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

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

1.4 Change in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have not been applied retrospectively as is required by GRAP 3. Refer to note 2 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 2 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

1.5 Property Plant and Equipment

Accounting Policies

1.5 Property Plant and Equipment (continued)

1.5.1 Initial recognition

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

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

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

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

1.5.2 Subsequent Measurement - Cost Model

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

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

1.5.3 Depreciation and Impairment

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

Infrastructure Assets		***Other Assets***	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
Community Assets		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years

Finance Lease Assets	
Office equipment	4 years

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

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

Ikwezi Local Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of property , plant and equipment as set out in paragraph 73 to 83.

Accounting Policies

1.5 Property Plant and Equipment (continued)

1.5.4 Derecognition

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation method applied to an asset is reviewed at each reporting date.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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Transitional provision

The municipality changed its accounting policy for property plant and equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.6 Intangible assets

1.6.1 Initial recognition

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

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

1.6 Intangible assets (continued)
• the municipality intends to complete the intangible asset for use or sale;
• it is technically feasible to complete the intangible asset;
• the municipality has the resources to complete the project; and
• it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

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

1.6.2 Subsequent measurement - cost model

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

1.6.3 Amortisation and impairment

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

Computer software	5 years

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

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

Ikwezi Local Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118.

1.7 Investment property

1.7.1 Initial recognition

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

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

1.7.2 Subsequent measurement - cost model

Investment property is measured using the cost model and a revaluation will be performed once every five years. Under the cost model, investment property is carried at its depreciated revalued amount less impairments at the reporting date. Any gain or loss arising from the revaluation is included in revaluation reserve.
The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.
The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set

1.7 Investment property (continued)

out in Directive 4 issued in March 2009 as follows :

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A
GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13 Leases - paragraphs 55-60
GRAP 16 Investment property - paragraphs 63-70
GRAP 17 Property, Plant and Equipment - paragraphs 73-83
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.8 Non - current assets held for sale

1.7.1 Initial recognition

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

1.7.2 Subsequent measurement

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

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

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

1.9 Financial instruments

The Municipality has types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities

1.9.1 Initial recognition

Financial instruments are initially recognised at fair value.

1.9.2 Subsequent measurement

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

1.9.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the

1.9 Financial instruments (continued)

carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.9.2.2 Trade and other receivables

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

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.9.2.3 Trade and other payables from exchange transactions

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

1.9.2.4 Cash and cash equivalents

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

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

1.10 Unauthorised expenditure

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

1.11 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality’s or Municipal Entities’ supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance.

1.12 Fruitless and wasteful expenditure

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

1.13 Provisions

Accounting Policies

1.13 Provisions (continued)

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

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected; -
the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The municipality changed its accounting policy for provisions in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A
GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13 Leases - paragraphs 55-60
GRAP 16 Investment property - paragraphs 63-70
GRAP 17 Property, Plant and Equipment - paragraphs 73-83
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102 Intangible Assets - paragraph 110-118

Due to the impact of Directive 4 being adopted and the core criteria of all provisions being exempt for measurement, for and including the next three financial years provisional values will be considered.

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1.14 Leases

1. The Municipality as Lessee

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

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

Accounting Policies

1.14 Leases (continued)
costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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

The municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.
The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A
GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13 Leases - paragraphs 55-60
GRAP 16 Investment property - paragraphs 63-70
GRAP 17 Property, Plant and Equipment - paragraphs 73-83
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where leasehold asset was acquired through a transfer of functions, the municipality is not required to measure that leasehold asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

2. The Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.15 Revenue recognition

1.15.1 Revenue from exchange transactions

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

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

Accounting Policies

1.15 Revenue recognition (continued)

1.15.2 Revenue from non-exchange transactions

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

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

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

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

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

1.15.3 Grants, transfer and donations

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

1.16 Borrowing costs

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

1.17 Retirement benefits

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the South African Municipal Workers Union (SAMWU) and to the Cape Joint Providend Fund (CJPF) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

1.18 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the municipality also:
'- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

Accounting Policies

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

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

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
'- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.
The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A
GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13 Leases - paragraphs 55-60
GRAP 17 Property, Plant and Equipment - paragraphs 73-83
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.19 Transitional Provisions

Ikwezi Local Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 102	Intangible Assets - paragraph 110-118

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

2. Changes in accounting policy

The following adjustments were made to **amounts in previously reported annual financial statements** of the municipality arising from the implementation of new accounting policies and changes to existing policies:

Statement of financial position

	2010	2009
Property Plant and Equipment		
Balance previously stated	-	-
Reversal of loans redeemed and capital receipts to retained earnings	-	69 661 848
Additions	-	18 535 524
Raising of finance lease asset	-	403 652
Housing costs capitalized	-	8 946 323
	-	**97 547 347**
Intangible Assets		
Balance previously stated	-	-
Adjustment to opening balance	-	3 903
	-	**3 903**
Finance Lease Liability		
Balance previously stated	-	-
Raising of finance lease under GRAP	-	266 965
Additions for the period	-	136 687
Total repayments	-	(95 746)
	-	**307 906**
Unspent Conditional Grants		
Balance previously stated	-	-
Recognition of unspent conditional grants under GRAP	-	2 629 174
Conditional grants received	-	17 929 243
Conditional grants utilised	-	(14 603 399)
	-	**5 955 018**
Statutory Funds		
Balance previously stated	-	1 027 050
Reversal of opening balance to retained earnings	-	(1 027 050)
	-	**-**
Trust Funds		
Balance previously stated	-	5 955 018
Reversal of opening balance to retained earnings	-	(2 629 174)
Funds received transferred to unspent conditional grants	-	(17 929 243)
Conditional grants utilised accounted for against unspent conditional grants	-	14 603 399
	-	**-**
Reserves		
Balance previously stated	-	1 194 072
Reversal of opening balances	-	(1 254 037)
Contributions reversed	-	(139 837)
Operating expenditure reversed	-	55 448
Capital expenditure reversed	-	144 354
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

2. Changes in accounting policy (continued)

Accumulated Surplus

Balance previously stated	-	(2 891 734)
Reversal of loans redeemed and other capital receipts at 30 June 2008	-	69 661 848
Reversal of 2008 Trust Funds	-	2 629 174
Reversal of Statutory Funds	-	1 027 049
Reversal of Reserves	-	1 254 037
Raising of 2008 Finance Leases	-	19 311
Raising of Intangible Assets	-	3 903
Reversal of Provision of Audit Costs	-	250 000
Raising of Audit Cost Accrual	-	(250 000)
Reversal of Unspent Conditional Grants	-	(2 629 174)
Reversal of Provision for Leave Pay	-	(600 899)
Surplus for the period	-	20 359 042
Appropiations for the period	-	(1 561 177)
Reversal of provision for bad debts	-	(9 270 986)
Raising of impairment of debtors	-	9 270 986
Housing Fund Reserve	-	(20 599 035)
Provision for audit cost	-	230 000
	-	**66 902 345**

Included in the value of Accumulated Surplus is Loans Redeemed and Capital Receipts that will be ringfenced for future depreciation on asset taken across on conversion. The value of the ringfenced reserve is R 49 062 813.

Provision for Bad Debts

Balance previously stated	-	(10 679 562)
Reversal of opening balances	-	9 270 986
Movement to Impairment of Debtors	-	1 408 576
	-	**-**

Provision for Leave Pay

Balance previously stated	-	-
Reversal of opening balances	-	(600 899)
Increase in provision for the period	-	(84 389)
	-	**(685 288)**

Provision for Audit Costs

Balance previously stated	-	(230 000)
Movement	-	(20 000)
Reversal of opening balance	-	250 000
	-	**-**

Impairment of Debtors

Balance previously stated	-	-
Restatement of opening balance	-	(9 270 986)
Increase in impairment for the period	-	(1 408 576)
	-	**(10 679 562)**

Housing Fund Reserve

Opening balance restated	-	20 599 035

Statement of financial performance

Reconciliation of Profit

Profit as previously stated	-	1 661 741

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

2. Changes in accounting policy (continued)

	2010	2009
Recognition the donation of the farm	-	15 200 000
Reversal of contributions to fixed assets	-	17 936
Recognition of revenue from grants and subsidies utilised	-	3 173 232
Reversal of bad debts provision	-	1 408 576
Raising of impairment of debtors	-	(1 408 576)
Reversing effects of movement in audit costs	-	230 000
Reversal of lease payments previously expensed	-	109 109
recognition of finance of the leases	-	(32 976)
	-	**20 359 042**

3. Other financial assets

Name of bank	Account No.	Type of investment	2010	2009
Absa Bank	9137635959	Money Market Deposit	4 380 532	2 690 777
Absa Bank	9101589574	Savings Deposit	5 304	5 300
Absa Bank	9118667183	Call Deposit	71 171	70 048
Standard Bank	288865537-001	Money Market Deposit	1 692 569	1 589 013
Standard Bank	288865537-002		6 561 016	-
			12 710 592	**4 355 138**

	2010	2009
Current assets		
Investments	12 710 592	4 355 138

Management's valuation of Unlisted Investments R 12 710 592 (2009 : R 4 355 138).

Average Rate of Return on Investments 2010 : 6.60% (2009 : 9%).

Funds are invested according to Circular No C/46/1994 issued by the Provincial Administration Community Services Branch with the approved Banking Institutions.

No investments were pledged as security.

4. Trade and other receivables from non exchange transactions

	2010	2009
Accumulated interest - Investments	61 460	15 991
Fuel deposit	20 000	20 000
Government subsidies	716 627	992 977
Housing Rental	16 936	-
Sundry Debtors	71 962	348 790
Vat - Debtors	660 258	872 607
	1 547 243	**2 250 365**

5. Trade and other receivables from exchange transactions

	2010	2009
Gross balances		
Rates	2 436 871	2 821 255
Electricity	162 403	167 386
Water	2 015 948	2 549 856
Sewerage	1 886 450	2 544 953
Refuse	1 962 701	2 588 211
Other - Sundry Interest	307 366	513 618
	8 771 739	**11 185 279**
Less: Impairment of debtors		
Rates	3 844 975	4 871 392
Electricity	85 968	109 170

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

5. Trade and other receivables from exchange transactions (continued)

Water	1 501 074	1 901 970
Sewerage	1 488 431	1 885 993
Refuse	1 507 816	1 911 036
	8 428 264	**10 679 561**

Net balance

Rates	(1 408 104)	(2 050 137)
Electricity	76 435	58 218
Water	514 874	647 886
Sewerage	398 019	658 960
Refuse	454 885	677 175
Other - Sundry Interest	307 366	513 618
	343 475	**505 720**

Rates

Current (0 -30 days)	21 242	32 061
31 - 60 days	14 716	26 574
61 - 90 days	14 437	18 956
91 - 120 days	14 014	17 898
121 - 365 days	2 372 462	2 725 765
	2 436 871	**2 821 254**

Electricity

Current (0 -30 days)	28 708	22 201
31 - 60 days	8 990	5 307
61 - 90 days	4 003	2 514
91 - 120 days	4 379	3 715
121 - 365 days	116 322	133 649
	162 402	**167 386**

Water

Current (0 -30 days)	40 834	50 834
31 - 60 days	37 152	47 207
61 - 90 days	35 375	51 767
91 - 120 days	34 437	51 513
121 - 365 days	1 868 151	2 348 534
	2 015 949	**2 549 855**

Sewerage

Current (0 -30 days)	31 530	41 473
31 - 60 days	30 325	39 679
61 - 90 days	29 303	43 557
91 - 120 days	29 164	42 941
121 - 365 days	1 766 128	2 424 167
	1 886 450	**2 591 817**

Refuse

Current (0 -30 days)	36 389	43 876
31 - 60 days	33 270	41 620
61 - 90 days	32 700	46 241
91 - 120 days	32 363	46 211
121 - 365 days	1 827 979	2 410 263
	1 962 701	**2 588 211**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

6. VAT receivable

VAT	883 328	574 285

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	336 507	833 220

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2010	30 June 2009	30 June 2008	30 June 2010	30 June 2009	30 June 2008
ABSA Bank : Current Account : Account Number - 4053099797	472 364	1 047 915	182 974	336 507	833 320	(87 771)
ABSA Bank : Current Account : Account Number - 2520141122	4 387	10 712	1 105	-	-	-
Total	**476 751**	**1 058 627**	**184 079**	**336 507**	**833 320**	**(87 771)**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

8. Property Plant and Equipment

	2010			2009		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Land and Buildings	52 182 457	-	52 182 457	46 888 877	-	46 888 877
Leasehold property	403 652	-	403 652	403 652	-	403 652
Infrastructure	46 022 236	-	46 022 236	38 632 349	-	38 632 349
Community	9 213 942	-	9 213 942	8 946 323	-	8 946 323
Other	2 963 272	-	2 963 272	2 676 146	-	2 676 146
Total	**110 785 559**	**-**	**110 785 559**	**97 547 347**	**-**	**97 547 347**

Reconciliation of property plant and equipment - 2010

	Opening balance	**Additions**	**Total**
Land and Buildings	46 888 877	5 293 580	52 182 457
Leasehold property	403 652	-	403 652
Infrastructure	38 632 349	7 389 887	46 022 236
Community	8 946 323	267 619	9 213 942
Other	2 676 146	287 127	2 963 273
	97 547 347	**13 238 213**	**110 785 560**

Reconciliation of property plant and equipment - 2009

	Opening balance	**Additions**	**Transfers**	**Total**
Land and Buildings	31 682 378	6 499	15 200 000	46 888 877
Leasehold property	266 965	136 687	-	403 652
Infrastructure	35 651 611	2 980 739	-	38 632 350
Community	-	8 946 323	-	8 946 323
Other	2 327 860	348 285	-	2 676 145
	69 928 814	**12 418 533**	**15 200 000**	**97 547 347**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the municipality.

Transitional provisions

Property, plant and equipment recognised at provisional amounts

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the

8. Property Plant and Equipment (continued)

Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment, fair value, componentisation, residual values and depreciation assessments will not be considered.

Property, plant and equipment with a carrying value of R 110 785 560 (2009: R 97 547 347) was recognised at provisional amounts.

The steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17, is as follows:

The Municiality is in the process of appointing suitably qualified consultants to perform a complete valuation of all assets during the next financial year.

The Municiality is in the process of appointing suitably qualified consultants to perform a complete valuation of all assets during the next financial year. A detailed analysis of the fair value, residual value, componentisation, amotisation and impairment and will be performed over the exemption period.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

9. Intangible assets

	2010			2009		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Performance Mangement System	1	-	1	1	-	1
Website Development Costs	3 900	-	3 900	3 900	-	3 900
Vuku Fleet Management	1	-	1	1	-	1
SAMRAS System	1	-	1	1	-	1
Total	**3 903**	**-**	**3 903**	**3 903**	**-**	**3 903**

Reconciliation of intangible assets - 2010

	Opening balance	**Total**
Performance Management System	1	1
Website Development Costs	3 900	3 900
Vuku Fleet Management	1	1
SAMRAS System	1	1
	3 903	**3 903**

Reconciliation of intangible assets - 2009

	Opening balance	**Total**
Performance Management System	1	1
Website Development Costs	3 900	3 900
Vuku Fleet Management	1	1
SAMRAS System	1	1
	3 903	**3 903**

Transitional Provisions

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

9. Intangible assets (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that intangible asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Intangible assets with a carrying value of R 3 903 (2009: R 3 903) was recognised at provisional amounts.
The steps taken to establish the values of intangible assets recognised at provisional amounts due to the initial adoption of GRAP 102, is as follows:

The Municiality is in the process of appointing suitably qualified consultants to perform a complete valuation of all intangible assets during the next financial year. A detailed analysis of the impairment and amortisation wil be performed over the exemption period.

The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

10. Trade and other payables from exchange transactions

Trade payables	(4)	3
	4 477	113 744
Sundry creditors	12 903	2 212
Deposits received	312	-
Trade creditors	1 165 510	821 084
Service charges paid in advance	-	113 744
Other Creditors	(150 037)	(109 064)
Other Creditors	41 357	-
Other Creditors	60 949	-
Retention	109 715	818 549
Vat - Income raised not yet paid by debtors	660 034	872 607
PAYE/UIF in arrears for years 2000 - 2004	-	22 390
Service charges paid in advance	152 399	-
Other Creditors	150 037	-
	2 207 652	**2 655 269**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Conditional grants and receipts		
HIV Aids Program	39 631	60 000
Kliplaat Housing Project	82 999	81 877
IDP Funds	-	1 498
LED - Ostrich Project	-	235 698
Housing Kliplaat (210)	92 059	543 338
General Valuation	17 697	39 030
LED - General Co-ordination	1 842	13 838
PMS	-	19 466
CIP Funds	199 725	199 725
LED Expert Cacadu	328 345	263 912
MIG Water Purification	29 411	2 083 860
Communal Water House	-	14 134
Cacadu Grant - Survey	41 158	147 000
IEC Infrastructure Grant	10 559	30 000
MDE: Electrcity upgrading (j/ville)	7 450 070	1 995 212
MIG: WWTW - Phase 2	(425 435)	-
MIG: PMU	102 602	-
LED Special Grant Funding	2 115 623	-
MIG: High Mast Lights	1 681 782	-
MIG: Road and Storm Water	1 120 336	-
Jansenville Townhall	33 572	-
CMIP - Bucket erradication	-	11 448
Rainwater Harvest	-	214 981
	12 921 976	**5 955 017**

Movement during the year

Balance at the beginning of the year	5 955 017	2 629 174
Additions during the year	25 682 970	17 929 242
Income recognition during the year	(18 716 011)	(14 603 399)
	12 921 976	**5 955 017**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

12. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for Landfill Site	-	-	-	-	-
Workmens Compensation	149 711	-	-	(149 711)	-
Performance Bonuses: Section 57 emplyees	99 081	168 239	-	(99 081)	168 239
Provision for leave pay	685 288	-	(40 765)	-	644 523
	934 080	**168 239**	**(40 765)**	**(248 792)**	**812 762**

Reconciliation of provisions - 2009

	Opening Balance	Movements	Reversed during the year	Total
Provision for Landfill Site	-	-	-	-
Audit costs	250 000	(20 000)	(230 000)	-
Workman's Compensation	-	149 711	-	149 711
Performance Bonuses : Section 57 employees	78 400	20 681	-	99 081
Provision for Leave Pay	600 899	139 837	(55 448)	685 288
	929 299	**290 229**	**(285 448)**	**934 080**

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where Provisions were to be raised through actual work performed by engineers, the municipality is not required to measure that provision for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Landfill site provisions with a carrying value of R nil was recognised at provisional amounts.The steps taken to establish the values of intangible assets recognised at provisional amounts due to the initial adoption of GRAP 19, is as follows: The Municiality is in the process of appointing suitably qualified consultants to perform a complete valuation of all intangible assets during the next financial year.

The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

13. Finance lease obligation

Minimum lease payments due		
- within one year	138 050	169 134
- in second to fifth year inclusive	45 020	183 070
	183 070	352 204
less: future finance charges	(13 067)	(44 298)
Present value of minimum lease payments	**170 003**	**307 906**
Present value of minimum lease payments due		
- within one year	127 006	137 901
- in second to fifth year inclusive	42 997	170 005
	170 003	**307 906**
Non-current liabilities	42 997	170 005
Current liabilities	127 006	137 901
	170 003	**307 906**

It is municipality policy to lease certain telecommunications and equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 13,67% (2009: 13,67%).

Interest rates are linked to prime at the contract date.

The municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A
GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13 Leases - paragraphs 55-60
GRAP 16 Investment property - paragraphs 63-70
GRAP 17 Property, Plant and Equipment - paragraphs 73-83
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where leasehold asset was acquired through a transfer of functions, the municipality is not required to measure that leasehold asset and leasehold liability for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets and liabilities being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Leasehold assets with a carrying value of R 982 649 (2009: R 982 649) was recognised at provisional amounts.
The steps taken to establish the values of leasehold assets and leasehold liabilitiesare recognised at provisional amounts due to the initial adoption of GRAP 102, is as follows:

The Municiality is in the process of appointing suitably qualified consultants to perform a complete valuation of all leased assets and liabilities during the next financial year.

The date at which full compliance with GRAP 13 is expected, is 30 June 2012.

14. Revenue

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

14. Revenue (continued)

Property rates	1 135 117	1 125 522
Service charges	5 964 655	5 054 091
Rental of facilities & equipment	256 345	31 045
Public contributions and donations	-	15 200 000
Licences and permits	136 005	97 849
Government grants	24 157 738	10 907 684
	31 649 860	**32 416 191**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	5 964 655	5 054 091
Rental of facilities & equipment	256 345	31 045
Licences and permits	136 005	97 849
	6 357 005	**5 182 985**

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	1 135 117	1 125 522
Public contributions and donations	-	15 200 000
Government grants	24 157 738	10 907 684
	25 292 855	**27 233 206**

15. Service charges

Sale of electricity	3 414 635	2 678 666
Sale of water	932 773	886 066
Sewerage and sanitation charges	763 550	703 436
Refuse removal	853 697	785 923
	5 964 655	**5 054 091**

16. Other income

Other income	3 182 063	193 942

17. Finance costs

Finance leases	31 234	32 976
Other interest paid	128	10 385
	31 362	**43 361**

18. Retirement benefits

Defined contribution plan

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the SAMWU, SALA and Imatu to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

19. Property rates

Rates received

Residential	1 135 117	1 125 522

Valuations

Residential	54 140 150	54 140 150
Commercial	8 451 600	8 451 600
State	17 495 700	17 495 700
Small holdings and farms	454 028 900	454 028 900
	534 116 350	**534 116 350**

Valuations on land and buildings are performed every four (4) years. The last general valuation came into effect on 1 July 2006. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2011.

20. Donations and public contributions

Donation - Karoo Vlakte farm	-	15 200 000

21. Government grants and subsidies

Municipal Infrastructure Grant	5 388 096	-
Equitable Share Allocation	9 260 790	7 133 765
Financial Management Grant	1 000 000	-
Municipal System Improvement Grant	500 000	-
Other government grants	8 008 852	3 773 919
	24 157 738	**10 907 684**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

22. Cash generated from operations

Surplus	7 361 276	20 359 045
Adjustments for:		
Finance costs - Finance leases	31 234	32 976
Movements in provisions	(121 318)	934 080
Asset donated	-	(15 200 000)
Changes in working capital:		
Trade and other receivables from non exchange transactions	865 366	(2 756 084)
Trade and other payables from exchange transactions	(447 610)	2 655 266
VAT	(309 043)	(574 285)
Unspent conditional grants and receipts	6 966 960	5 955 017
	14 346 865	**11 406 015**

23. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

24. General expenses

Advertising	179 494	32 349
Amount charged out	(1 208 743)	(531 738)
Auditors remuneration	519 289	163 128
Bad debts written off	4 459 304	-
Bank charges	99 150	72 641
Books and Publications	5 075	988
Chemicals	322 768	137 427
Congress Fees	87 076	9 280
Consumables	39 320	29 558
Courier Services	2 385	57
Deeds Office Returns	10 065	1 339
Departmental Charges/Consumption	1 198 743	350 303
Electricity purchased	2 940 224	2 243 398
Entertainment	115 642	65 892
Feedlot / Ostrich Project	197 765	-
Fuel and oil	309 301	293 206
Indigent - Free Services	1 606 006	604 657
Insurance	137 579	99 758
Inventory items	621	25 865
Legal Expenses	932 333	163 412
Licenses	8 033	31 095
Marketing	905 026	9 715
Motor vehicle expenses	-	5 743
Pauper Burial	5 310	6 915
Postage	52 821	64 903
Printing and stationery	209 763	137 019
Project maintenance costs	621 272	56 267
Promotions	3 754 367	-
Refuse	5 179	2 337
Rentals	22 235	10 080
Staff Accomodation	-	6 650
Subscriptions	102 397	32 477
Subsistence and Travel	423 566	303 639
Sundry Expenses	6 828	14 595
Telephone and Internet	510 533	427 658
Tourism	20 247	33 857
Training	147 797	91 887
Unemployment Insurance Fund	23 083	-
Uniforms/Protective Clothing	30 851	20 489
Water Usage	-	2 554
Working Capital/Bad Debts	-	1 548 412
	18 802 705	**6 567 812**

25. Auditors' remuneration

Audit fees	519 289	163 128

26. Housing development fund

Housing Development Fund (Reserve)	36 480 058	29 545 358

The housing development fund is represented by the following assets and liabilities

Housing selling scheme loans	36 480 058	29 545 358

Figures in Rand	2010	2009

26. Housing development fund (continued)

Amounts for the reserve relating to housing development fund will be realised upon transfer of houses to Ikwezi residents.

27. Employee related costs

Employee related costs - Salaries, Wages and Councillors Allowances	6 546 249	4 464 207
Travel allowances	421 404	206 500
Medical aid contributions	229 779	174 317
Overtime payments	353 948	345 249
Bonuses	611 659	378 075
Skills Development Levy	82 083	62 151
Housing benefits and allowances	14 295	-
Other Allowances	55 299	74 311
Standby Allowances	12 335	-
Bargaining Council Levy	2 921	2 270
Pension Fund	493 764	437 504
Unemployment Insurance Fund (UIF)	62 170	43 129
Workmens Compensation	-	49 000
	8 885 906	**6 236 713**

Remuneration of Municipal Manager

Annual Remuneration	393 256	350 745
Car Allowance	72 000	72 000
Performance Bonuses (still to be approved - see provisions)	70 148	63 483
Public office allowance	12 000	12 000
Subsistence allowance	-	12 000
	547 404	**510 228**

Remuneration of Chief Finance Officer

Annual Remuneration	242 493	160 068
Car Allowances	84 000	58 500
Performance Bonuses (still to be approved - see provisions)	49 000	28 478
	375 493	**247 046**

Remuneration of the Technical Manager

Annual Remuneration	321 144	110 854
Car Allowance	-	40 000
Performance Bonuses (still to be approved - see provisions)	49 000	7 120
Leave payout (Former Technical Manager)	-	10 010
	370 144	**167 984**

28. Remuneration of councillors

Mayor/Speaker	254 531	217 444
Councillors	451 590	605 716
	706 121	**823 160**

29. Rental of facilities and equipment

Premises

Premises	172 749	8 333

Figures in Rand	2010	2009

29. Rental of facilities and equipment (continued)

Facilities		
Facilities	83 596	22 712
	256 345	**31 045**

30. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	3 814 266	259 117
• Other	-	12 407 670
	3 814 266	**12 666 787**

Not yet contracted for and authorised by accounting officer		
• Infrastructure	-	3 276 107

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

31. Contingencies

There were no known liabilities against the Ikwezi Local Municipality as at balance sheet date.

32. Related parties

The son of councillor NP Vanda, Mr. M Vanda, is one of two managers in charge of the LED project, Ikhala Sewing Factory. The total expenditure for this for the 2008/2009 bookyear was an amount of R 2 504, which has been treated as a donation by the Municipality.

33. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

34. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2010.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

35. Unauthorised expenditure

Unauthorised expenditure	-	232 971

There were no unauthorised expenditure incurred for the period.

36. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	-	98 064

There were no fruitless and wasteful expenditure incurred for the period.

37. Additional disclosure in terms of Municipal Finance Management Act

VAT

VAT receivable	883 328	574 285

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2010:

30 June 2010	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor: A Lizwane	46	-	46
Councillor: JJ Bester	83	8 804	8 887
	129	**8 804**	**8 933**

30 June 2009	Outstanding less than 90 days	Outstanding more than 90 days	Total
Speaker: SA Mngwevu	-	2 859	2 859
Councillor: JJ Bester	-	4 516	4 516
Councillor: A Lizwane	-	9 080	9 080
	-	**16 455**	**16 455**

APPENDIX C
IKWEZI LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost / Revaluation					Accumulated Depreciation						
	Opening balance	Additions		Disposals	Closing balance	Opening balance	Additions		Disposals	Closing balance	Impairment	Carrying Value
Community Assets												
Led Projects	5 279 983	-		-	5 279 983	-	-		-	-	-	5 279 983
Sub economic housing	20 599 035	5 293 580		-	25 892 615	-	-		-	-	-	25 892 615
Servicing of 120 sites				-	-	-	-		-	-	-	-
	25 879 018	5 293 580		-	31 172 598	-	-		-	-	-	31 172 598
												-
Infrastructure												-
Road Construction	1 750 426	622 511		-	2 372 937	-	-		-	-	-	2 372 937
Water works	6 629 219	196 993		-	6 826 212	-	-		-	-	-	6 826 212
Township Development	159 909			-	159 909	-	-		-	-	-	159 909
Electricity Installations	441 360	564 610		-	1 005 970	-	-		-	-	-	1 005 970
Waste Management	29 811 345	5 567 359		-	35 378 704	-	-		-	-	-	35 378 704
Cemetaries		267 619		-	267 619	-	-		-	-	-	267 619
Bucket eradication		438 413			438 413	-	-		-	-	-	438 413
Refuse Removal	234 550				234 550							
	39 026 809	7 657 504		-	46 684 313	-	-		-	-	-	46 684 313
Land												
Land	21 487 748			-	21 487 748	-	-		-	-	-	21 487 748
	21 487 748	-		-	21 487 748	-	-		-	-	-	21 487 748
Buildings												
Buildings		-		-	-	-	-		-	-	-	-
	-	-		-	-	-	-		-	-	-	-
Motor vehicles												
Motor vehicles				-	-	-	-		-	-	-	-
Plant & Equipment					-	-	-		-	-	-	-
	-	-		-	-	-	-		-	-	-	-
Other												
Computer Equipment		89 331		-	89 331	-	-		-	-	-	89 331
Equipment		109 806			109 806							109 806
Furniture and Fittings	285 298	87 991		-	373 288	-	-		-	-	-	373 288
Admin	1 518 498				1 518 498							1 518 498
Finance Lease Assets	403 652			-	403 652	-	-		-	-	-	403 652
	2 207 448	287 127		-	2 494 575	-	-		-	-	-	2 494 575
	88 601 023	13 238 212		-	101 839 234	-	-		-	-	-	101 839 234

	Cost / Revaluation					Accumulated Depreciation						
	Opening balance	Additions	Transfer	Disposals	Closing balance	Opening balance	Additions	Transfer	Disposals	Closing balance	Impairment	Carrying Value
												-
Intangible assets												-
Computer Software		-		-	-	-	-		-	-	-	-
	-	-		-	-	-	-		-	-	-	-
	88 601 023	13 238 212		-	101 839 234	-	-		-	-	-	101 839 234

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Ikwezi Local Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009 Actual Income R'000	2009 Actual Expenditure R'000	2009 Surplus / (Deficit) R'000		2010 Actual Income R'000	2010 Actual Expenditure R'000	2010 Surplus / (Deficit) R'000	Budgeted Surplus
`							
362 000	1 258 427	(896 427)	**Executive & Council**	-625 481.63	1 493 122	867 640	851 950.00
8 588 652	4 095 179	4 493 473	**Finance & Admin**	-20 504 040.60	15 879 744	(4 624 297)	(4 566 090.00)
2 443 602	2 806 803	(363 201)	**Planning & Development**	-14 062 847.42	9 671 627	(4 391 221)	1 875 820.00
4 596 468	5 793 352	(1 196 884)	**Community & Social Services**	-2 319 627.27	2 319 635	7	707 910.00
114 056	489 276	(375 220)	**Corprate Services**	-94 888.49	881 483	786 595	858 790.00
			Other	-197 765.06	197 765	-	-
16 104 778	**14 443 037**	**1 661 741**		**(37 804 650)**	**30 443 375**	**(7 361 275)**	**(271 620)**
			Less: Departmental charges	**(1 208 743)**	**1 208 743**		
16 104 778	**14 443 037**	**1 661 741**		**(36 595 907)**	**29 234 632**		