



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2010

TSOLWANA MUNICIPALITY

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TSOLWANA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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	Michael Baleng
Khaya Nqiqhi	Nomalady Temo
Nombso Meje	Malungelo Hlahla
Mhlangabezi Mangcotywa	Robert Sparrow
Funiswa Tshambu	Nkosinathi Seteni

MUNICIPAL MANAGER

SJ Dayi

CHIEF FINANCIAL OFFICER

GP De Jager

REGISTERED OFFICE

P.O. Box 21
TARKASTAD
5370

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Bowes, McDougall Inc

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

MEMBERS OF THE TSOLWANA MUNICIPALITY

WARD

Proportional
Proportional
Proportional
Proportional
Proportional
1
2
3
4
5

COUNCILLOR

Marina Bennett - Mayor/Speaker
Nombuso Meje
Funiswa Tshambu
Robert Sparrow
Nkosinathi Seteni
Mhlangabezi Mangcotywa
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 1 to 40 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

SJ Dayi
Municipal Manager

Date

TSOLWANA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net Assets		115 835 178	100 163 921
Housing Development fund	2	45 777	45 777
Accumulated Surplus/(Deficit)		115 789 401	100 118 144
Non-Current Liabilities		2 438 026	1 215 531
Long-term Liabilities	3	151 026	135 164
Employee benefits	4	2 287 000	1 080 367
Current Liabilities		10 512 436	8 553 679
Consumer Deposits	5	87 099	76 564
Current Employee benefits	6	1 010 759	1 026 043
Trade and other payables	7	1 804 713	3 730 708
Unspent Conditional Government Grants and Receipts	8	7 135 689	3 690 611
Taxes	9	371 041	-
Cash and Cash Equivalents	17	58 996	-
Current Portion of Long-term Liabilities	3	44 139	29 753
Total Net Assets and Liabilities		128 785 640	109 933 132
ASSETS			
Non-Current Assets		108 330 878	96 890 612
Property, Plant and Equipment	10	108 118 133	96 884 550
Intangible Assets	11	212 745	6 063
Current Assets		20 454 762	13 042 519
Inventory	13	34 288	-
Trade Receivables from exchange transactions	14	5 845 562	2 475 601
Other Receivables from non-exchange transactions	15	246 115	104 555
Operating Lease Asset	16.02	1 172	1 034
Taxes	9	-	403 003
Cash and Cash Equivalents	17	14 327 625	10 058 327
Total Assets		128 785 640	109 933 132

TSOLWANA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
REVENUE			
Revenue from Non-exchange Transactions		58 073 036	42 564 094
Taxation Revenue		222 463	1 048 307
Property taxes	18	222 463	1 048 307
Transfer Revenue		57 485 323	41 474 320
Government Grants and Subsidies	19	57 485 323	41 474 320
Other Revenue		365 250	41 468
Actuarial Gains		-	41 468
Fines		4 391	-
Reduction in carrying amount of provision/Access provision	24	360 859	-
Revenue from Exchange Transactions		4 887 338	5 268 197
Property Rates - penalties imposed and collection charges		-	-
Service Charges	20	3 615 850	2 966 832
Rental of Facilities and Equipment		70 475	94 037
Interest Earned - external investments		799 617	957 170
Interest Earned - outstanding debtors		71 199	677 877
Agency Services		215 518	108 892
Other Income	21	114 678	463 389
Total Revenue		62 960 374	47 832 291
EXPENDITURE			
Employee related costs	22	6 873 528	6 014 082
Remuneration of Councillors	23	1 741 602	1 937 227
Debt Impairment	24	-	1 621 328
Repairs and Maintenance		894 684	923 112
Actuarial losses	4	1 190 443	-
Finance Charges	25	57 089	17 146
Bulk Purchases	26	3 866 623	2 671 396
Other Operating Grant Expenditure		28 898 404	22 241 794
General Expenses	27	3 766 744	2 312 583
Total Expenditure		47 289 117	37 738 666
Operating Surplus for the Year		15 671 257	10 093 625
Gain on disposal of Property, Plant & Equipment/Investment Property		-	4 386
NET SURPLUS/(DEFICIT) FOR THE YEAR		15 671 257	10 098 011

TSOLWANA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 JULY 2008	45 777	90 200 695	90 246 472
Correction of error - See Note 29.04		(180 926)	(180 926)
Change in accounting policy - See Note 28.03		363	363
Restated Balance at 1 JULY 2008	45 777	90 020 133	90 065 910
Net Surplus/(Deficit) for the year	-	10 098 011	10 098 011
Transfer from CRR	-	-	-
Property, Plant and Equipment purchased	-	-	-
Offsetting of depreciation	-	-	-
Balance at 30 JUNE 2009	45 777	100 118 144	100 163 921
Change in accounting policy - See Note 28.03	-	-	-
Restated Balance at 1 JULY 2009	45 777	100 118 144	100 163 921
Net Surplus/(Deficit) for the year	-	15 671 257	15 671 257
Transfer to CRR	-	-	-
Revaluation of Property, Plant and Equipment	-	-	-
Property, Plant and Equipment purchased	-	-	-
Capital Grants used to purchase PPE	-	-	-
Contribution to Social Contribution Reserve	-	-	-
Transfer to Housing Development Fund	-	-	-
Asset Disposals	-	-	-
Offsetting of depreciation	-	-	-
Rounding	-	-	-
Balance at 30 JUNE 2010	45 777	115 789 401	115 835 178

TSOLWANA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other - Exchange Transactions		442 390	1 119 807
Cash receipts from ratepayers, government and other - Non-Exchange Transactions		61 851 301	35 622 085
Cash payments to suppliers and employees		(48 271 677)	(33 957 267)
Cash receipts and payments on VAT transactions		774 044	(1 249 496)
Cash generated/(absorbed) by operations	30	14 796 058	1 535 128
Interest Received		870 816	957 170
Interest Paid		(57 089)	(17 146)
Net Cash from Operating Activities		15 609 785	2 475 152
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(11 233 583)	(5 890 965)
Proceeds on Disposal of Fixed Assets		-	4 386
Purchase of Intangible Assets		(206 682)	(6 063)
Net Cash from Investing Activities		(11 440 266)	(5 892 641)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		65 940	178 600
New loans (repaid)		(35 692)	(13 683)
Increase/(Decrease) in Consumer Deposits		10 535	2 202
Net Cash from Financing Activities		40 782	167 120
NET INCREASE/(DECREASE) IN CASH AND CASH-EQUIVALENTS		4 210 302	(3 250 369)
Cash and Cash Equivalents at the beginning of the year		10 058 327	13 308 696
Cash and Cash Equivalents at the end of the year	31	14 268 629	10 058 327
NET INCREASE/(DECREASE) IN CASH AND CASH-EQUIVALENTS		4 210 302	(3 250 369)

INSERT ACCOUNTING POLICY

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
2		
NET ASSET RESERVES		
RESERVES	45 777	45 777
Housing Development fund	45 777	45 777
Total Net Asset Reserve and Liabilities	45 777	45 777
	2010 R	2009 R
3		
LONG-TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	195 165	164 917
Change in Accounting Policy - Note 28.01	-	178 600
Effect of Change in Accounting Policy on 30 June 2009	-	(13 683)
Effect of Change in Accounting Policy - movement for the year ending 30 June 2009	195 165	164 917
Less: Current Portion transferred to Current Liabilities	(44 139)	(29 753)
Capitalised Lease Liability - At amortised cost	44 139	29 753
Total Long-term Liabilities - At amortised cost using the effective interest rate method	151 026	135 164
	151 026	135 164
The obligations under finance leases are scheduled below:		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	70 625	45 826
Payable within two to five years	243 241	217 787
	313 866	263 614
Less: Future finance obligations	(118 701)	(98 696)
Present value of lease obligations	195 165	164 917
	195 165	164 917
Leases are secured by property, plant and equipment - Note 10		
4		
EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	2 149 979	931 652
Long Service Awards - Refer to Note 3.2	137 021	148 715
Total Non-current Employee Benefit Liabilities	2 287 000	1 080 367
	2 287 000	1 080 367
<u>Post Retirement Benefits</u>		
Balance 1 July	1 011 116	995 752
Contribution for the year	116 749	129 767
Expenditure for the year	(79 464)	(72 288)
Actuarial Loss/(Gain)	1 181 042	(42 115)
Total post retirement benefits 30 June	2 229 443	1 011 116
Less: Transfer of Current Portion - Note 6	(79 464)	(79 464)
Balance 30 June	2 149 979	931 652
	2 149 979	931 652
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
<u>Long Service Awards</u>		
Balance 1 July	167 136	151 739
Contribution for the year	64 867	49 212
Expenditure for the year	(40 131)	(34 462)
Actuarial Loss/(Gain)	9 401	647
Total long service 30 June	201 273	167 136
Less: Transfer of Current Portion - Note 6	(64 252)	(18 421)
Balance 30 June	137 021	148 715
	137 021	148 715

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	1 178 252	1 147 491
Contribution for the year	181 616	178 979
Expenditure for the year	(119 595)	(106 750)
Actuarial Loss/(Gain)	1 190 443	(41 468)
Total employee benefits 30 June	2 430 716	1 178 252
Less: Transfer of Current Portion - Note 6	(143 716)	(97 885)
Balance 30 June	2 287 000	1 080 367

4.01 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	16	7
Continuation members (e.g. Retirees, widows, orphans)	3	3
Total Members	19	10

The liability in respect of past service has been estimated to be as follows:

In-service members	1 280 123	60 745
Continuation members	949 320	950 371
Total Liability	2 229 443	1 011 116

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
LA Health
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 147 591, whereas the Interest Cost for the next year is estimated to be R 201 955.

Key actuarial assumptions used:

i) Rate of interest

	%	%
Discount rate	9.22%	8.93%
Health Care Cost Inflation Rate	7.27%	7.37%
Net Effective Discount Rate	1.82%	1.45%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost components	14%	-12%
Effect on the defined benefit obligation	15%	-12%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 229 443	1 011 116
Net liability/(asset)	2 229 443	1 011 116

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 011 116	995 752
Total expenses	37 285	57 479
Current service cost	29 950	24 026
Interest Cost	86 799	105 741
Benefits Paid	(79 464)	(72 288)
Actuarial (gains)/losses	1 181 042	(42 115)
Present value of fund obligation at the end of the year	2 229 443	1 011 116
Less: Transfer of Current Portion - Note 6	(79 464)	(79 464)
Balance 30 June	2 149 979	931 652

TSOLWANA MUNICIPALITY

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

		2010 R	2009 R		
4	EMPLOYEE BENEFITS (CONTINUE)				
Sensitivity Analysis on the Accrued Liability					
Assumption		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		1.28	0.949	2.229	
The effect of movements in the assumptions are as follows:					
Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	1.526	1.034	2.560	15%
Health care inflation	-1%	1.084	0.874	1.958	-12%
Post-retirement mortality	-1 yr	1.319	0.987	2.306	3%
Average retirement age	-1 yr	1.399	0.949	2.348	5%
Withdrawal Rate	-50%	1.395	0.949	2.344	5%
Sensitivity Analysis on the Current Service cost and interest cost					
Assumption		Current Service cost	Interest cost	Total	% change
Central Assumptions		30 000	86 800	116 800	
The effect of movements in the assumptions are as follows:					
Assumption	Change	Current Service cost	Interest cost	Total	% change
Health care inflation	1%	38 500	95 100	133 600	14%
Health care inflation	-1%	23 500	79 600	103 100	-12%
Post-retirement mortality	-1 yr	30 900	90 400	121 300	4%
Average retirement age	-1 yr	33 700	87 400	121 100	4%
Withdrawal Rate	-50%	38 300	88 000	126 300	8%
4.02	Long Service Bonuses				
The Long Service Bonus plans are defined benefit plans. As at year end, 69 employees were eligible for Long Service Bonuses.					
The Future-service Cost for the ensuing year is estimated to be R47 439, whereas the Interest Cost for the next year is estimated to be R 15 136.					
Key actuarial assumptions used:					
			%	%	
i) Rate of interest					
Discount rate			8.91%	9.01%	
General Salary Inflation (long-term)			6.33%	6.62%	
Net Effective Discount Rate applied to salary-related Long Service Bonuses			2.43%	2.24%	
The amounts recognised in the Statement of Financial Position are as follows:					
Present value of fund obligations			201 273	167 136	
Net liability/(asset)			201 273	167 136	
Reconciliation of present value of fund obligation:					
Present value of fund obligation at the beginning of the year			167 136	151 739	
Total expenses			24 736	14 750	
Current service cost			64 867	49 212	
Benefits Paid			(40 131)	(34 462)	
Actuarial (gains)/losses			9 401	647	
Present value of fund obligation at the end of the year			201 273	167 136	
Less: Transfer of Current Portion - Note 6			(64 252)	(18 421)	
Balance 30 June			137 021	148 715	

TSOLWANA MUNICIPALITY

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

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Central Assumptions

Liability
(Rm)
0.201

The effect of movements in the assumptions are as follows:

Assumption	Change	Liability (Rm)	% change
Health care inflation	1%	0.211	5%
Health care inflation	-1%	0.193	-4%
Post-retirement mortality	-2 yr	0.194	-4%
Average retirement age	-2 yr	0.222	10%
Withdrawal Rate	-50%	0.234	16%

Sensitivity Analysis on the Current Service cost and interest cost

Assumption

Central Assumptions

Current Service cost	Interest cost	Total
28 910	14 247	43 157

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service cost	Interest cost	Total	% change
Health care inflation	1%	30 500	15 028	45 528	5%
Health care inflation	-1%	27 461	13 527	40 988	-5%
Post-retirement mortality	-2 yr	27 542	13 425	40 967	-5%
Average retirement age	-2 yr	31 395	16 353	47 748	11%
Withdrawal Rate	-50%	34 745	16 548	51 293	19%

Assumption

Mortality during employment
General salary inflation
Average retirement age

SA85-90	SA85-90
6.33%	6.62%
60	60

Withdrawal rates

Age	Female	Male
20	2.40%	1.60%
30	1.50%	1.00%
40	0.60%	0.60%
50	0.20%	0.20%
55	0.00%	0.00%

4.03 Retirement funds

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of IAS 19, multi-employer plans are defined as defined benefit plans. IAS 19 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in IAS 19.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2008 - 106.5%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2009 financial year. Refer to Contingent Liabilities - note 37

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
<u>CAPE JOINT RETIREMENT FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2008 - 103.3%).		
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. 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.		
5	CONSUMER DEPOSITS	
	87 099	81 361
		(4 797)
	87 099	76 564
	Guarantees held in lieu of Electricity and Water Deposits	-
	-	-
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.		
6	CURRENT EMPLOYEE BENEFITS	
	79 464	79 464
	64 252	18 421
	346 279	298 578
	86 100	-
	434 664	629 580
	1 010 759	1 026 043
The movement in current employee benefits are reconciled as follows:		
<u>Staff Bonuses and Performance bonuses</u>		
	298 578	207 155
	406 890	298 578
	(359 189)	(207 155)
	346 279	298 578
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
<u>Staff Leave</u>		
	629 580	662 331
	(149 240)	231 183
	(45 676)	(263 934)
	434 664	629 580
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		

TSOLWANA MUNICIPALITY

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

7	TRADE AND OTHER PAYABLES	2010 R	2009 R
	Other Payables	199 593	1 958 836
	Total restatement - on opening balance 1 July 2008	-	185 722
	Recognition of creditor due to under payment made in prior years to Councillors pension fund - Note 29.04 and 29.02	-	174 420
	Recognition of creditor due to double payment received previously - Note 29.02 and 29.04	-	8 777
	Recognition of creditor due to long outstanding monies to SARS - Refer to note 29.02 and 29.04	-	2 525
	Sundry Creditors	35 036	37 836
	Payments received in advance	163 239	166 325
	Retentions	259 783	102 726
	Suspense accounts in credit	483 052	444 858
	Water Service Authority payable	664 010	834 404
	Total Trade Payables	1 804 713	3 730 708

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

8	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	7 135 689	3 690 611
	National and Provincial Government Grants	7 135 689	3 690 611
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	7 135 689	3 690 611

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.

8.01	Equitable share		
	Opening balance	-	-
	Received during the year	15 627 893	11 595 363
	Operating expenditure	(15 627 893)	(11 595 363)
	Closing balance	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

(See Appendix "F" for a reconciliation of all grants).

8.02	Other Property Refund Bhisio		
	Opening balance	13 012	13 012
	Received during the year	-	-
	Interest received	-	-
	Operating expenditure	-	-
	Capital expenditure	-	-
	Correction of error	-	-
	Closing balance	13 012	13 012

8.03	Rudimentary Infrastructure		
	Opening balance	639	639
	Received during the year	-	-
	Interest received	-	-
	Operating expenditure	-	-
	Capital expenditure	-	-
	Correction of error	-	-
	Closing balance	639	639

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.04 New Hall SDR		
Opening balance	3 731	3 731
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Correction of error	-	-
Closing balance	<u>3 731</u>	<u>3 731</u>
8.05 671 Housing Scheme		
Opening balance	104 113	104 113
Received during the year	-	-
Interest received	27 707	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	752 819	-
Closing balance	<u>884 640</u>	<u>104 113</u>
8.06 Bulk Sewer		
Opening balance	199 091	199 091
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>199 091</u>	<u>199 091</u>
8.07 671 Housing Fund CMIP		
Opening balance	1 588	1 531
Received during the year	-	-
Interest received	-	57
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(1 588)	-
Closing balance	<u>-</u>	<u>1 588</u>
8.08 Housing Site Fund		
Opening balance	43 445	43 445
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>43 445</u>	<u>43 445</u>
8.09 671 Housing Estab Grant		
Opening balance	2 320	2 237
Received during the year	-	-
Interest received	-	83
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(2 320)	-
Closing balance	<u>-</u>	<u>2 320</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.10 Unidentified funds		
Opening balance	4 321	4 321
Received during the year	-	-
Interest received	-	-
Operating expenditure	(4 321)	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>4 321</u>
8.11 Transition Operation Costs		
Opening balance	2 924	2 924
Received during the year	-	-
Interest received	-	-
Operating expenditure	(2 924)	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>2 924</u>
8.12 Free Basic Services		
Opening balance	31 763	31 763
Received during the year	-	-
Interest received	-	-
Operating expenditure	(31 289)	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>474</u>	<u>31 763</u>
8.13 Systems Improvement		
Opening balance	58 839	674 410
Received during the year	735 000	735 000
Interest received	-	-
Operating expenditure	(680 325)	(1 350 571)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>113 513</u>	<u>58 839</u>
8.14 CHDM - Equitable Share Refunds		
Opening balance	43 615	51 785
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(8 170)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>43 615</u>	<u>43 615</u>
8.15 Spatial Development Framework		
Opening balance	6 894	21 894
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(15 000)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>6 894</u>	<u>6 894</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.16 Luxolweni Plan Fund		
Opening balance	140 686	140 686
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>140 686</u>	<u>140 686</u>
8.17 HR Related Projects		
Opening balance	173 590	161 985
Received during the year	-	70 000
Interest received	-	-
Operating expenditure	-	(58 395)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>173 590</u>	<u>173 590</u>
8.18 Valuations Tarkastad		
Opening balance	146 987	146 987
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>146 987</u>	<u>146 987</u>
8.19 1004 Housing Fund		
Opening balance	1 768	1 705
Received during the year	-	-
Interest received	-	63
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>1 768</u>	<u>1 768</u>
8.20 1400 Houses		
Opening balance	134 772	124 899
Received during the year	-	-
Interest received	-	9 873
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(134 772)	-
Closing balance	<u>-</u>	<u>134 772</u>
8.21 1400 Housing Estab Fund		
Opening balance	1 419	1 368
Received during the year	-	-
Interest received	-	51
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(1 419)	-
Closing balance	<u>-</u>	<u>1 419</u>
8.22 1004 Houses		
Opening balance	8 350	8 052
Received during the year	-	-
Interest received	-	298
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(8 350)	-
Closing balance	<u>-</u>	<u>8 350</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.23 Hofmeyr 1000 Top Structure		
Opening balance	224 824	1 404 965
Received during the year	-	716 564
Interest received	-	71 599
Operating expenditure	-	(1 968 304)
Capital expenditure	-	-
Transfer	(224 824)	-
Closing balance	-	224 824
8.24 Hofmeyr 1000 Infrastructure		
Opening balance	210 397	194 984
Received during the year	-	-
Interest received	-	15 413
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(210 397)	-
Closing balance	-	210 397
8.25 1400 Thornhill Housing		
Opening balance	3 249	200 905
Received during the year	4 697 116	2 247 199
Interest received	554	6 068
Operating expenditure	(4 679 656)	(2 450 922)
Capital expenditure	-	-
Transfer	-	-
Closing balance	21 263	3 249
8.26 671 Tarka housing No2		
Opening balance	26 189	699 302
Received during the year	4 827 025	3 994 445
Interest received	3 576	25 527
Operating expenditure	(4 739 978)	(4 693 085)
Capital expenditure	-	-
Transfer	-	-
Closing balance	116 813	26 189
8.27 1000 Tarka housing No2		
Opening balance	88 838	258 168
Received during the year	6 726 895	3 180 213
Interest received	1 892	8 724
Operating expenditure	(6 690 088)	(3 358 267)
Capital expenditure	-	-
Transfer	-	-
Closing balance	127 537	88 838
8.28 1000 Hofmeyer Housing		
Opening balance	31 030	907 179
Received during the year	8 730 357	3 380 186
Interest received	5 890	34 819
Operating expenditure	(8 656 594)	(4 754 551)
Capital expenditure	-	-
Reallocation	66 418	463 396
Closing balance	177 100	31 030
8.29 Mapping Tsolwana		
Opening balance	583 649	583 649
Received during the year	-	-
Interest received	-	-
Operating expenditure	(528 504)	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	55 145	583 649

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.30 Tourism Sector Plan		
Opening balance	-	108 000
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(108 000)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>-</u>
8.31 Development Plan		
Opening balance	18 943	38 342
Received during the year	-	125 000
Interest received	-	-
Operating expenditure	-	(144 398)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>18 943</u>	<u>18 943</u>
8.32 Rightsizing		
Opening balance	65 875	290 788
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(224 913)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>65 875</u>	<u>65 875</u>
8.33 Transitional Grant		
Opening balance	30 192	141 062
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(110 870)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>30 192</u>	<u>30 192</u>
8.34 Management Support Programme		
Opening balance	378 275	798 390
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(415 700)
Capital expenditure	(9 067)	(4 415)
Transfer	-	-
Closing balance	<u>369 209</u>	<u>378 275</u>
8.35 Municipal Finance Management Grant		
Opening balance	65 399	24 123
Received during the year	2 750 000	1 250 000
Interest received	-	-
Operating expenditure	(2 359 936)	(1 208 724)
Capital expenditure	(455 463)	-
Transfer	-	-
Closing balance	<u>-</u>	<u>65 399</u>
8.36 Financial Statements		
Opening balance	2 985	7 035
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	(4 050)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>2 985</u>	<u>2 985</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.37 Dawn Park Plan Fees		
Opening balance	5 546	5 546
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>5 546</u>	<u>5 546</u>
8.38 Water Meters Zola		
Opening balance	10 939	10 939
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>10 939</u>	<u>10 939</u>
8.39 Service Site Pilot Scheme		
Opening balance	11 709	11 709
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>11 709</u>	<u>11 709</u>
8.40 Electricity Zola/vanlew		
Opening balance	10 312	10 312
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>10 312</u>	<u>10 312</u>
8.41 Schaapkraal		
Opening balance	112 697	75 133
Transferred from Note 9.47	-	37 565
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>112 697</u>	<u>112 697</u>
8.42 Library Extention		
Opening balance	17	17
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>17</u>	<u>17</u>
8.43 671 Housing		
Opening balance	149 787	149 787
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(149 787)	-
Closing balance	<u>-</u>	<u>149 787</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.44 Sport Facilities		
Opening balance	250	250
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>250</u>	<u>250</u>
8.45 1004 Housing		
Opening balance	19 363	19 363
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	(19 363)	-
Closing balance	<u>-</u>	<u>19 363</u>
8.46 National Electricity Escom		
Opening balance	58 525	58 525
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>58 525</u>	<u>58 525</u>
8.47 Water Scheme Ntathemba		
Opening balance	-	37 565
Received during the year	-	-
Interest received	-	-
Transferred out to Schaapkraal Note 9.41	-	(37 565)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>-</u>
8.48 Midford Community hall		
Opening balance	1 124	1 124
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>1 124</u>	<u>1 124</u>
8.49 Stormwater Hofmeyr		
Opening balance	23 908	23 908
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>23 908</u>	<u>23 908</u>
8.50 Tarkastad upgrade		
Opening balance	2 499	2 499
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>2 499</u>	<u>2 499</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.51 Ekwezi Community Hall		
Opening balance	990	990
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>990</u>	<u>990</u>
8.52 Water Dawn Park		
Opening balance	15 784	15 784
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>15 784</u>	<u>15 784</u>
8.53 Twinsville Electricity Hofmeyr		
Opening balance	14 398	14 398
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>14 398</u>	<u>14 398</u>
8.54 Municipal Infrastructure Grant		
Opening balance	50 925	-
Received during the year	7 012 000	4 375 000
Interest received	-	-
Operating expenditure	(81 061)	-
Capital expenditure	(5 774 033)	(4 324 075)
Correction of error	-	-
Closing balance	<u>1 207 831</u>	<u>50 925</u>
8.55 Beccles Farm Bridge		
Opening balance	-	-
Received during the year	-	937 440
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	(937 440)
Transfer	-	-
Closing balance	<u>-</u>	<u>-</u>
8.56 Vlekpoort: LED Project		
Opening balance	24 533	-
Received during the year	-	300 000
Interest received	-	-
Operating expenditure	(2 450)	(275 468)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>22 083</u>	<u>24 533</u>
8.57 Provincial Library subsidy		
Opening balance	-	-
Received during the year	-	469 207
Interest received	-	-
Operating expenditure	-	(469 207)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>-</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.58 CHDM - Rehabilitation of internal roads		
Opening balance	-	-
Received during the year	1 516 345	777 656
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	(1 407 071)	(777 656)
Transfer	-	-
Closing balance	<u>109 274</u>	<u>-</u>
8.59 CHDM - Disaster Housing		
Opening balance	-	-
Received during the year	-	867 587
Interest received	-	-
Operating expenditure	-	(867 587)
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>-</u>
8.60 Housing		
Opening balance	181 663	475 664
Received during the year	48 150	-
Interest received	-	30 505
Operating expenditure	(48 150)	(324 506)
Capital expenditure	-	-
Correction of error	(66 418)	-
Closing balance	<u>115 245</u>	<u>181 663</u>
8.61 LED Brickmakers Programme		
Opening balance	2 979	2 979
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>2 979</u>	<u>2 979</u>
8.62 Emerging Water		
Opening balance	138 945	138 945
Received during the year	-	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>138 945</u>	<u>138 945</u>
8.63 VAT on Grant expenditure previously shown as taxes		
Opening balance	-	-
Received during the year	-	112 786
Interest received	-	-
Operating expenditure	-	(1 024 685)
Capital expenditure	-	-
Transfer	-	911 899
Closing balance	<u>-</u>	<u>-</u>
8.64 DME - Electrification of Tarkastad		
Opening balance	-	-
Received during the year	7 500 000	-
Interest received	-	-
Operating expenditure	-	-
Capital expenditure	(4 986 519)	-
Transfer	-	-
Closing balance	<u>2 513 481</u>	<u>-</u>

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
8.65 Indigent policy funding - CHDM		
Opening balance	-	-
Received during the year	600 000	-
Interest received	-	-
Operating expenditure	(600 000)	-
Capital expenditure	-	-
Transfer	-	-
Closing balance	<u>-</u>	<u>-</u>
8.66 HIV assistance		
Opening balance	-	-
Received during the year	120 000	-
Interest received	-	-
Operating expenditure	(120 000)	-
Capital expenditure	-	-
Correction of error	-	-
Closing balance	<u>-</u>	<u>-</u>
9 TAXES		
VAT Payable	1 204 788	781 486
VAT Receivable	<u>833 747</u>	<u>1 184 489</u>
	(371 041)	403 003

VAT is payable/receivable on the cash basis.

2010 R	2009 R
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10 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
11 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	6 063	-
Cost	6 063	-
Acquisitions	206 682	6 063
Net Carrying amount at 30 June	212 745	6 063
Cost	212 745	6 063

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 47.04

GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible assets financed by way of finance leases;
Intangible assets transferred as a result of the transfer of functions; and
Servitudes.

The municipality is currently in a process of measuring 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.

No intangible asset were assessed having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual contractual commitments for the acquisition of intangible assets

12 LONG-TERM RECEIVABLES

The Municipality has no long term receivables

13 INVENTORY

Consumable Stores - Stationery and materials - At cost

	34 288	-
Total Inventory	34 288	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 47.05

14 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	1 886 633	1 414 895
Rentals	38 458	42 350
Refuse	2 008 011	1 702 665
Other	905 924	924 334
Reallocation of Cashier shortage toe Other receivables to non-exchange transactions - Note15	-	(618)
Water Service Authority receivable	5 196 756	2 368 925

Chris Hani District Municipality (Water Services Authority) - Balance previously reported
Correction on prior year Sanitation income due to incorrect Refuse income recognition as Sanitation - Refer tot Note 29.01

	5 196 756	2 260 331
Total Service Receivables	10 035 781	6 452 551
Less: Allowance for Doubtful Debts	(4 195 221)	(4 004 930)
Net Service Receivables	5 840 560	2 447 621

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
Other Receivables		
Sundry Receivables	123 299	132 399
Other deposits	5 000	5 000
Total Other Receivables	128 299	137 399
Less: Allowance for Doubtful Debts	(123 297)	(109 419)
Net Other Receivables	5 002	27 980
Total Net Receivables from Exchange Transactions	5 845 562	2 475 601
Ageing of Receivables from Exchange Transactions		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	228 412	103 956
31 - 60 Days	87 929	59 559
61 - 90 Days	92 001	62 856
+ 90 Days	1 478 290	1 188 525
Total	1 886 633	1 414 895
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	38 437	36 103
31 - 60 Days	32 510	29 565
61 - 90 Days	29 004	41 472
+ 90 Days	1 908 060	1 595 524
Total	2 008 011	1 702 665
<u>(Other): Ageing</u>		
Current (0 - 30 days)	2 741	2 741
31 - 60 Days	2 719	2 719
61 - 90 Days	2 719	2 719
+ 90 Days	1 064 502	1 095 285
Total	1 072 681	1 103 464

15 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables		
Rates	2 386 775	2 767 922
Other Debtors	148 392	99 813
Reallocation of Cashier shortage to Other receivables from exchange transactions - Note 14	-	618
Total Service Receivables	2 535 167	2 868 354
Less: Allowance for Doubtful Debts	(2 289 052)	(2 763 799)
Net Service Receivables	246 115	104 555
Total Net Receivables from Non-Exchange Transactions	246 115	104 555
Ageing of Receivables from Non-Exchange Transactions		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	5 370	18 080
31 - 60 Days	29 741	43 220
61 - 90 Days	25 309	73 735
+ 90 Days	2 326 355	2 632 887
Total	2 386 775	2 767 922

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
Trade and other receivables impaired		
2010		
	Exchange Transactions R's	Non-Exchange Transactions R's
		Total R's
Total	<u>(4 318 518)</u>	<u>(2 289 052)</u>
		<u>(6 607 570)</u>
2009		
	Exchange Transactions R's	Non-Exchange Transactions R's
		Total R's
Total	<u>(4 114 348)</u>	<u>(2 763 799)</u>
		<u>(6 878 148)</u>

Debts are required to be settled after 30 days, interest is charged after this date. The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	6 878 148	5 256 820
Contributions to provision	(270 577)	1 621 328
Balance at end of year	<u>6 607 570</u>	<u>6 878 148</u>

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

16 OPERATING LEASE ARRANGEMENTS

16.01 The Municipality as Lessee

Tsolwana Municipality does not lease any property, plant and equipment.

16.02 The Municipality as Lessor

Balance on 1 July - Change in accounting policy	1 034	363
Operating Lease Asset previously not recognised - Note 28.05 and Note 28.04	-	671
Restated Balance on 1 July	<u>1 034</u>	<u>1 034</u>
Operating Lease Asset for the current year	137	-
Balance on 30 June	<u><u>1 172</u></u>	<u><u>1 034</u></u>

Tsolwana Municipality is leasing 2 office spaces to different rate payers for a period of 36 months with escalations of 10% per annum.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	11 416	11 913
1 to 5 Years	5 091	16 507
Total Operating Lease Arrangements	<u><u>16 507</u></u>	<u><u>28 420</u></u>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income. The leases are in respect of land and buildings being leased out for previous ranging until 2013

Reconciliation

Amount previously recorded (Through change in accounting policy)		
Balance on 1 July 2008	1 034	363
Change in accounting policy - Note 28.040	-	671
Movement during the year	137	-
Balance on 30 June	<u><u>1 172</u></u>	<u><u>1 034</u></u>

TSOLWANA MUNICIPALITY

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

		2010 R	2009 R
17	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits	13 096 379	6 576 489
	Primary Bank Account	-	2 502 725
	Capital Bank Account	947 773	792 361
	Housing Bank account	278 383	181 663
	Cash Floats	5 090	5 090
	Total Cash and Cash Equivalents - Assets	14 327 625	10 058 327
	Liabilities		
	Primary Bank Account	58 996	-
	Total Cash and Cash Equivalents - Liabilities	58 996	-
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	Call Investments Deposits to an amount of R7 135 689 are held to fund the Unspent Conditional Grants (2008: R3 690 611).		
	The municipality has the following bank accounts:		
	Current Accounts		
	First National Bank - Tarkastad Branch - Account number 53852257262 - Operating	(58 996)	2 502 725
	First National Bank - Tarkastad Branch - Account number 53850009219 - Housing	278 383	181 663
	First National Bank - Tarkastad Branch - Account number 62023697157 - Capital	947 773	792 361
		1 167 160	3 476 748
	First National Bank - Tarkastad Branch - Account number 53852257262 - Operating		
	Cash book balance at beginning of year	2 502 725	434 658
	Cash book balance at end of year	(58 996)	2 502 725
	Bank statement balance at beginning of year	2 686 348	466 104
	Bank statement balance at end of year	396 464	2 686 348
	First National Bank - Tarkastad Branch - Account number 62023697157 - Capital		
	Cash book balance at beginning of year	792 361	1 038 901
	Cash book balance at end of year	947 773	792 361
	Bank statement balance at beginning of year	881 694	595 077
	Bank statement balance at end of year	1 326 211	881 694
	First National Bank - Tarkastad Branch - Account number 53850009219 - Housing		
	Cash book balance at beginning of year	181 663	475 664
	Cash book balance at end of year	278 383	181 663
	Bank statement balance at beginning of year	213 625	448 375
	Bank statement balance at end of year	386 002	213 625
18	PROPERTY RATES		
	Actual		
	Rateable Land and Buildings	1 374 854	1 265 942
	Residential, Commercial Property, State	1 374 854	1 265 942
	Less: Income foregone - Rates	(1 152 392)	(217 636)
	Total Assessment Rates	222 463	1 048 307

TSOLWANA MUNICIPALITY

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

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R15 000 on the valuation is exempted.

Rebates on Income - Basic Rate:

Residential
Commercial
Industrial, Agricultural and Casino

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

19

GOVERNMENT GRANTS AND SUBSIDIES

	2010 R	2009 R
Unconditional Grants	15 627 893	11 595 363
Equitable Share - Refer to Note 8.01	15 627 893	11 595 363
Conditional Grants	41 857 430	29 878 958
Unidentified Funds	4 321	-
Transition Operation Costs	2 924	-
Free Basic Services	31 289	-
Systems Improvement	680 325	1 350 571
CHDM - Equitable Share Refunds	-	8 170
Spatial Development Framework	-	15 000
HR Related Projects	-	58 395
Hofmeyr 1000 Top Structure	-	1 968 304
1400 Thornhill Housing	4 679 656	2 450 922
671 Tarka housing No2	4 739 978	4 693 085
1000 Tarka housing No2	6 690 088	3 358 267
1000 Hofmeyer Housing	8 656 594	4 754 551
Mapping Tsolwana	528 504	-
Tourism Sector Plan	-	108 000
Development Plan	-	144 398
Rightsizing	-	224 913
Transitional Grant	-	110 870
Management Support Programme	9 067	420 115
Municipal Finance Management Grant	2 815 399	1 208 724
Financial Statements	-	4 050
Municipal Infrastructure Grant	5 855 094	4 324 075
Beccles farm bridge	-	937 440
Viekpoot: LED Project	2 450	275 468
Provincial Library subsidy	-	469 207
CHDM - Rehabilitation of internal roads	1 407 071	777 656
CHDM - Disaster Housing	-	867 587
Housing	48 150	324 506
VAT on Grant expenditure previously shown as taxes	-	1 024 685
DME - Electrification of Tarkastad	4 986 519	-
Indigent policy funding - CHDM	600 000	-
HIV assistance	120 000	-
Total Government Grants and Subsidies	57 485 323	41 474 321

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

19.01 Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

(See Appendix "F" for a reconciliation of all grants).

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
20 SERVICE CHARGES		
Electricity	3 175 558	2 479 529
Service Charges	3 406 193	2 732 235
Less: Rebates	(230 635)	(252 706)
Refuse removal	440 292	487 304
Service Charges	1 148 337	775 518
Correction of error - Refuse income was allocated against Sanitation income in previous year, therefore the CHDM debtor was understated and the refuse income was also understated - Refer to Note 14 and 29.05	-	108 594
Less: Rebates	(708 045)	(396 809)
Total Service Charges	3 615 850	2 966 833
21 OTHER INCOME		
Other income represents sundry income such as administration income, building plans and legal income.	114 678	463 389
Total Other Income	114 678	463 389
22 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	4 607 894	3 896 290
Employee related costs - Contributions for UIF, pensions and medical aids	1 040 935	933 481
Bonus	313 005	303 833
Housing Subsidy	6 600	7 866
Leave Reserve Fund	-	146 714
Overtime	322 124	122 015
Travel, motor car, telephone, assistance and other allowances	480 818	531 653
Contribution to provision - Long Service Awards - Note	64 867	14 750
Contribution to provision - Post Retirement Medical - Note	37 285	57 479
Total Employee Related Costs	6 873 528	6 014 082
KEY MANAGEMENT PERSONNEL		
Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager		
Annual Remuneration	427 525	342 403
Performance Bonuses	-	29 088
Car Allowance	158 203	160 417
Telephone allowance	15 600	15 600
Contributions to UIF, Medical and Pension Funds	110 123	94 562
Total	711 452	642 071
Remuneration of the Director Infrastructure and Technical Services		
Annual Remuneration	386 418	298 646
Travelling Allowance	93 490	108 839
Telephone allowance	9 600	9 600
Contributions to UIF, Medical and Pension Funds	74 007	63 556
Total	563 515	480 641
Remuneration of the Director Corporate Services		
Annual Remuneration	386 418	298 646
Travelling Allowance	93 490	94 759
Telephone allowance	9 600	9 600
Contributions to UIF, Medical and Pension Funds	74 007	62 558
Total	563 515	465 563
Remuneration of the Director Financial Services		
Annual Remuneration	395 512	304 107
Performance Bonuses	-	22 786
Car Allowance	92 657	116 580
Telephone allowance	9 600	9 600
Contributions to UIF, Medical and Pension Funds	65 769	56 281
Total	563 537	509 354
Remuneration of the Director Community and Social Services		
Annual Remuneration	385 280	298 646
Car Allowance	94 628	115 098
Telephone allowance	9 600	9 600
Contributions to UIF, Medical and Pension Funds	74 007	62 558
Total	563 515	485 902

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
23 REMUNERATION OF COUNCILLORS		
Mayor	421 260	391 493
Councillors	1 320 343	1 544 934
Total Councillors' Remuneration	1 741 602	1 936 427
<i>In-kind Benefits</i>		
The Mayor is the only full-time employee of the Municipality. She is provided with secretarial support and an office at the cost of the Council.		
24 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 14	204 170	885 716
Trade Receivables from non-exchange transactions - Note 14	(474 747)	735 611
Total Contribution to Impairment Provision	(270 577)	1 621 328
25 FINANCE CHARGES		
Finance leases	57 089	21
Effect of Change in accounting policy - Implementation of GRAP 13 - Finance leases - Refer to Note 28.05	-	17 125
Total finance charges	57 089	17 146
26 BULK PURCHASES		
Electricity	3 866 623	2 671 396
Total Bulk Purchases	3 866 623	2 671 396
27 GENERAL EXPENSES		
Audit Fees	1 343 610	111 687
Bank Charges	118 183	88 031
Computer charges	38 315	46 616
Consulting fees	236 458	68 520
Fuel Cost	175 865	187 351
Insurance	313 839	138 942
Postage	8 803	10 549
Printing and stationery	117 435	94 367
Telephone	188 713	264 246
Travel and subsistence	465 993	317 566
Other	759 531	1 015 515
Effect of Change in accounting policy - Implementation of GRAP 13 - Finance leases - Refer to Note	-	(30 808)
General Expenses	3 766 744	2 312 583

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.

TSOLWANA MUNICIPALITY

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

		2009	2008
		R	R
28	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3		
28.01	Long-term Liabilities		
	Finance Leases moved from operating to Liabilities as they are required by GRAP.		
	Balance previously reported:	-	-
	Implementation of IAS 39 - Financial Instruments	164 917	-
	Finance Lease liability previously not recognised - Note and	178 600	-
	Capital redemption on finance lease liability recognised against accumulated surplus - Note	(13 683)	-
	Total	164 917	-
28.02	Property, Plant and Equipment - GRAP 17		
	Property, Plant and Equipment recorded as they are required by GRAP.		
	Balance previously reported	96 705 950	-
	Property, Plant and Equipment financed through leases previously not recognised - Note 10 and 28.01	178 600	-
	Total	96 884 550	-
28.03	Accumulated Surplus/(Deficit)		
	Movements on Accumulated Surplus recorded as they are required by GRAP.		
	Implementation of GRAP		
	Operating Lease Asset previously not recognised - Note 28.04	-	363
	Total	-	363
28.04	Operating Lease Assets		
	Operating Lease Assets recorded as they are required by GRAP.		
	Balance previously reported	363	-
	Implementation of GRAP		
	Operating Lease Asset previously not recognised for opening balance - Note 16.02 and Note 28.03	671	-
	Operating Lease Asset previously not recognised for 2007-08 - Note 16.02 and Note 28.05	-	363
	Total	1 034	363
		2009	2008
		R	R
28.05	Changes to Statement of Financial Performance		
	Movements on Operating account recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Operating lease Asset movement not recognised before - Note 28.04	671	-
	Capital redemption on finance lease liability recognised against accumulated surplus - Note 28.01	(13 683)	-
	Interest portion on finance leases recognised in the statement of Financial Performance - Note 25	17 125	-
	Decrease in general expenditure due to the implementation of GRAP 13 - Note 27	(30 808)	-
	Total	(13 011)	-
			2009
			R
29	CORRECTION OF ERROR IN TERMS OF GRAP 3		
29.01	Trade Receivables from exchange transactions		
	Balance previously reported - Water Service Authority		2 260 331
	Recognition of refuse income previously recorded as Sanitation income that relates to the Chris Hani District Municipality (Service authority) - Refer note 14 and 29.05		108 594
	Total		2 368 925
29.02	Trade and other Payables		
	Balance previously reported		1 958 836
	Recognition of creditor due to under payment made in prior years to Councillors pension fund - Note 7 and 29.0		174 420
	Recognition of creditor due to double payment received previously - Note 7 and 29.04		8 777
	Recognition of creditor due to long outstanding monies to SARS - Refer to note 7 and		2 525
	Total		2 144 559
29.03	Consumer Deposits		
	Balance previously reported		79 158
	Correction of error on the initial list of consumer deposits compiled from available information - Note 29.04 and 5		(4 797)
	Total		74 362

TSOLWANA MUNICIPALITY

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

		2009	
		R	
29.04	Accumulated Surplus/(Deficit)		90 200 695
	Recognition of creditor due to under payment made in prior years to Councillors pension fund - Note 7 and 29.0:		(174 420)
	Recognition of creditor due to double payment received previously - Note 29.02 and 7		(8 777)
	Recognition of creditor due to long outstanding monies to SARS - Refer to note 29.02 and 7		(2 525)
	Correction of error on the initial list of consumer deposits compiled from available information - Note 29.03 and 5		4 797
	Total		90 019 770
29.05	Statement of financial performance		9 975 063
	Recognition of refuse income previously recorded as Sanitation income that relates to the Chris Hanani District Municipality (Service authority) - Refer note 29.01		108 594
	Total		10 083 657
		2010	2009
		R	R
30	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus/(Deficit) for the year	15 671 257	10 098 011
	Adjustments for:		
	(Gain)/Loss on disposal of property, plant and equipment	-	(4 386)
	Contribution from/to employee benefits - non-current	181 616	178 979
	Contribution from/to employee benefits - non-current - expenditure incurred	(119 595)	(106 750)
	Contribution from/to employee benefits - non-current - actuarial losses	1 190 443	-
	Contribution from/to employee benefits - non-current - actuarial gains	-	(41 468)
	Contribution to employee benefits - current	343 751	529 761
	Contribution to employee benefits - current - expenditure incurred	(404 865)	(471 089)
	Contribution to provisions - bad debt	(270 577)	1 621 328
	Operating lease income accrued	(137)	(671)
	Interest income	(870 816)	(957 170)
	Interest expense	57 089	17 146
	Operating Surplus/(Deficit) before changes in working capital	15 778 164	10 863 691
	Changes in working capital	(982 106)	(9 328 563)
	Increase/(Decrease) in Trade and Other Payables	(1 925 995)	2 054 163
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 445 078	(6 137 595)
	Increase/(Decrease) in Taxes	774 044	(1 249 496)
	(Increase)/Decrease in Inventory	(34 288)	-
	(Increase)/Decrease in Trade Receivables from exchange transactions	(3 574 131)	(3 191 220)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	333 187	(804 414)
	Cash generated/(absorbed) by operations	14 796 058	1 535 128
31	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 17	13 096 379	6 576 489
	Cash Floats - Note 17	5 090	5 090
	Capital bank account - Note 17	947 773	792 361
	Housing bank account - Note 17	278 383	181 663
	Bank - Note 17	-	2 502 725
	Bank overdraft - Note 17	(58 996)	-
	Total cash and cash equivalents	14 268 629	10 058 327
32	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 31	14 268 629	10 058 327
	Investments - Note	-	(4 797)
		14 268 629	10 053 530
	Less:	7 552 507	3 736 388
	Unspent Committed Conditional Grants - Note 8	7 135 689	3 690 611
	VAT - Note 9	371 041	-
	Cash Portion of Housing Development Fund - Note 2	45 777	45 777
	Net cash resources available for internal distribution	6 716 123	6 317 142
	Resources available for working capital requirements	6 716 123	6 317 142
33	UTILISATION OF LONG-TERM LIABILITIES		
	Loan amounts outstanding at reporting date:		
		<u>Interest rate:</u>	<u>Redeemable:</u>
			202 756
			237 231
	DBSA - Water	15.34%	2015/06/30
	DBSA - Sewer Reticulation	10.75%	2011/12/31
			163 707
			184 290
			39 049
			52 942

The long term liability (DBSA loan) has been transferred to Chris Hanani District Municipality in terms of Government Gazette 851. Payments are made by Tsolwana Municipality on the loans and claimed back from Chris Hanani District Municipality as the loan is currently in the name of Tsolwana Municipality.

TSOLWANA MUNICIPALITY

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

34 BUDGET COMPARISONS

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
34.01 Operational				
Revenue by source				
Property Rates	222 463	1 520 000	(1 297 537)	-85%
Government Grants and Subsidies	57 485 323	61 860 678	(4 375 355)	-7%
Fines	4 391	5 000	(609)	-12%
Service Charges	3 815 850	4 192 200	(576 350)	-14%
Rental of Facilities and Equipment	70 475	77 000	(6 525)	-8%
Interest Earned - external investments	799 617	820 000	(20 383)	-2%
Interest Earned - outstanding debtors	71 199	80 000	(8 801)	-11%
Licences and Permits	-	-	-	0%
Reduction in carrying amount of provision/Access provision	360 859	-	360 859	100%
Agency Services	215 518	200 000	15 518	8%
Other Income	114 678	114 530	149	0%
	62 960 374	68 869 408	(5 909 034)	-9%
Expenditure by nature				
Employee Related Costs	(6 873 528)	(7 282 739)	409 211	-6%
Remuneration of Councillors	(1 741 602)	(1 649 387)	(92 215)	6%
Debt Impairment	-	(950 000)	950 000	-100%
Repairs and Maintenance	(894 684)	(963 650)	68 966	-7%
Actuarial losses	(1 190 443)	-	(1 190 443)	100%
Finance Charges	(57 089)	(140 000)	82 911	-59%
Bulk Purchases	(3 866 623)	(3 900 000)	33 377	-1%
Operating Grant Expenditure	(28 898 404)	(31 936 502)	3 038 097	-10%
General Expenses	(3 766 744)	(3 227 550)	(539 194)	17%
	(47 289 117)	(50 049 828)	10 864 866	-19%
Net Surplus for the year	15 671 257	12 993 425	2 677 832	0

Details of material variances

See Appendix E(1)

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
34.02 Expenditure by Vote				
Finance & Administration	(9 368 565)	(9 216 163)	(152 402)	2%
Council	(1 956 278)	(2 030 987)	74 709	-4%
Executive	(2 095 253)	(2 480 616)	385 363	-16%
Community & Social (Libraries)	(355 929)	(401 055)	45 126	-11%
Community & Social (Cemeteries)	(124 318)	(146 905)	22 587	-15%
Public Safety	(1 828)	(6 500)	4 673	-72%
Planning & Development	(26 947 294)	(28 843 970)	1 896 676	-7%
Sport & Recreational	(183 194)	(249 000)	65 806	-26%
Waste Management (Refuse)	(1 451 671)	(1 863 710)	412 039	-22%
Road Transport	(37 560)	(34 000)	(3 560)	10%
Electricity (Distribution)	(4 767 227)	(4 776 922)	9 695	0%
	(47 289 117)	(50 049 828)	2 760 711	-6%

Details of material variances

See Appendix E(1)

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
34.03 Capital expenditure by vote				
Finance & Administration	(714 474)	(897 300)	182 826	-20%
Executive	(22 347)	(41 000)	18 654	-45%
Community & Social (Cemeteries)	(115 948)	(284 000)	168 052	-59%
Planning & Development	(25 274)	-	(25 274)	100%
Sport & Recreational	(2 016 137)	(2 555 628)	539 491	-21%
Road Transport	(3 352 312)	(2 866 920)	(485 392)	17%
Electricity (Distribution)	(5 193 773)	(8 777 815)	3 584 042	-41%
	(11 440 266)	(15 422 663)	3 982 397	(0)

Details of material variances

See Appendix E (1)

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
35.01 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	-	295 227
Unauthorised expenditure current year - capital	510 666	53 416
Unauthorised expenditure current year - operating	3 368	111 294
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>514 034</u>	<u>459 937</u>
Incident	Disciplinary steps/criminal proceedings	
Overexpenditure on votes	None	
35.02 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	507 442	507 331
Fruitless and wasteful expenditure current year	7 036	111
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>514 478</u>	<u>507 442</u>
Incident	Disciplinary steps/criminal proceedings	
Interest paid on late payment	None	
35.03 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	3 583 007	1 730 201
Irregular expenditure current year	-	1 852 806
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<u>3 583 007</u>	<u>3 583 007</u>
35.04 Material Losses		
Electricity distribution losses		
Kwh purchased	-	6 040 854
Kwh sold	-	5 562 855
Kwh losses	0.00%	477 999
% Losses		7.91%
36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
36.01 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	114 500	43 048
Amount paid - current year	(114 500)	(43 048)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
36.02 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year audit fee	1 343 610	366 740
External Audit - Auditor-General	<u>1 343 610</u>	<u>366 740</u>
Amount paid - current year	(1 330 486)	(366 740)
Balance unpaid (included in creditors)	<u>13 124</u>	<u>-</u>
36.03 VAT - [MFMA 125 (1)(b)]		
VAT	<u>371 041</u>	<u>403 003</u>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		

TSOLWANA MUNICIPALITY

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

	2010 R	2009 R
36.04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	5 637	-
Current year payroll deductions and Council Contributions	1 466 071	1 280 858
Amount paid - current year	(1 466 071)	(1 275 221)
Balance unpaid (included in creditors)	5 637	5 637
36.05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1 019 095	2 127 016
Amount paid - current year	(1 019 095)	(2 127 016)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

36.06 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]
None of the councillors accounts were outstanding for 90 day or more during the year.

36.07 Quotations awarded - Supply Chain Management

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

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Executive & Council	-	-	-	-
Corporate Services	-	-	-	-
Development Services	-	-	-	-
Financial Services	-	-	-	-
Technical Services	-	-	-	-
Electrical Services	-	-	-	-
	-	-	-	-

37 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	4 133 838	-
Infrastructure	2 464 771	-
Community	1 669 067	-
Total	4 133 838	-
This expenditure will be financed from:		
Government Grants	4 133 838	-
	4 133 838	-

38 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) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2010 R	2009 R
0.5% (2009 - 0.5%) Increase in interest rates	64 362	
0.5% (2009 - 0.5%) Decrease in interest rates	(64 362)	

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

(d) 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 a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade 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. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. 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. 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.

All rates and services are payable within 30 days from invoice date. Refer to note 14 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 14 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 14 of the financial statements is an approximation of its fair value.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

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.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables and other receivables	6 091 676	2 580 155
Cash and Cash Equivalents	14 327 625	10 058 327
	<u>20 419 302</u>	<u>12 638 482</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2010				
Trade and Other Payables	459 376	-	-	-
Unspent conditional government grants and receipts	7 135 689	-	-	-
	<u>7 595 065</u>	<u>-</u>	<u>-</u>	<u>-</u>
2009				
Trade and Other Payables	2 070 340	-	-	-
Unspent conditional government grants and receipts	3 690 611	-	-	-
	<u>5 760 951</u>	<u>-</u>	<u>-</u>	<u>-</u>

TSOLWANA MUNICIPALITY

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

		2010 R	2009 R
39	FINANCIAL INSTRUMENTS		
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
39.01	<u>Financial Assets</u>		
	<u>Classification</u>		
	Consumer Debtors		
	Trade receivables from exchange transactions	10 035 781	6 452 551
	Other receivables from exchange transactions	128 299	137 399
	Other receivables from non-exchange transactions	2 535 167	2 868 354
	Short-term Investment Deposits		
	Call Deposits	13 096 379	6 576 489
	Bank Balances and Cash		
	Bank Balances	-	2 502 725
	Cash Floats and Advances	5 090	5 090
		25 800 716	18 542 606
	SUMMARY OF FINANCIAL ASSETS		
	Loans and Receivables	25 800 716	18 542 606
39.02	<u>Financial Liability</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Capitalised Lease Liability	151 026	-
	Trade Payables		
	Trade creditors	199 593	1 958 836
	Retentions	259 783	102 726
	Deposits	-	-
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government	7 135 689	3 690 611
	Current Portion of Long-term Liabilities		
	Capitalised Lease Liability	44 139	29 753
		7 790 230	5 781 927
	SUMMARY OF FINANCIAL LIABILITY		
	At amortised cost	7 790 230	5 781 927
40	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2009/2010.		
41	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
42	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
43	CONTINGENT LIABILITY		
	Council has not contingent liability as at 30 June 2010 which is known to management		
44	RELATED PARTIES		
	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. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
44.01	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.		
45	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES		
45.01	GRAP 19 - Provisions, contingent liabilities and contingent Assets		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.		
	* Refuse tip-sites financed by way of a provision		

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

The municipality is currently in a process of measuring all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

45.02 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.

45.03 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties.

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

45.04 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following:

- * Computer Software;
- * Intangible assets financed by way of finance leases;
- * Intangible assets transferred as a result of the transfer of functions; and
- * Servitudes.

The municipality is currently in the process of measuring 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.

45.05 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:

Land held for sale
Other (list).

The municipality is currently in the 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.

Since the previous reporting date the following inventories were measured in accordance with GRAP 12 and resta

	2010 R	2009 R
Other (list).	<u>34 288</u>	<u>-</u>

46 Process to comply fully with the implementation of General Recognised Accounting

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 2011. The municipality adopted GRAP, however, took advantage of the transitional provisions in Directive 4 and 5 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

TSOLWANA MUNICIPALITY

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

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value

	Opening Balance R	Cost Additions R	WIP R	Closing Balance R	Carrying Value R
Land and Buildings	73 019 780	48 998	-	73 068 778	73 068 778
Land	4 908 064	-	-	4 908 064	4 908 064
Buildings	68 111 716	48 998	-	68 160 714	68 160 714
Infrastructure	19 066 493	8 546 086	-	27 612 579	27 612 579
Main: Roads	11 083 389	3 352 312	-	14 435 701	14 435 701
Main: Electricity	7 983 105	5 193 773	-	13 176 878	13 176 878
Community Assets	1 281 431	2 132 085	-	3 413 516	3 413 516
Recreation Grounds	1 166 767	2 016 137	-	3 182 904	3 182 904
Cemetery	114 663	115 948	-	230 612	230 612
Lease Assets	178 600	65 940	-	244 540	244 540
Office Equipment	178 600	65 940	-	244 540	244 540
Heritage Assets	-	-	-	-	-
Buildings	-	-	-	-	-
Other Assets	3 338 246	440 474	-	3 778 720	3 778 720
Motor Vehicles	587 768	180 899	-	768 667	768 667
Plant & Equipment	108 048	-	-	108 048	108 048
Office Equipment	11 782	28 245	-	40 026	40 026
Furniture & Fittings	331 845	-	-	331 845	331 845
Loose Equipment	-	-	-	-	-
Computer Equipment	329 834	231 331	-	561 165	561 165
Specialised Vehicles	1 968 968	-	-	1 968 968	1 968 968
	-	-	-	-	-
	96 884 550	11 233 583	-	108 118 133	108 118 133

TSOLWANA MUNICIPALITY

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

30 JUNE 2009

Reconciliation of Carrying Value

	Opening Balance	Cost	WIP	Closing Balance	Carrying Value
	R	R	R	R	R
Land and Buildings	71 610 179	802 613	606 987	73 019 780	73 019 780
Land	4 908 064	-	-	4 908 064	4 908 064
Buildings	66 702 115	802 613	606 987	68 111 716	68 111 716
Buildings	-	-	-	-	-
Infrastructure	16 195 075	2 871 418	-	19 066 493	19 066 493
Main: Roads	9 409 465	1 673 924	-	11 083 389	11 083 389
Main: Electricity	6 785 611	1 197 494	-	7 983 105	7 983 105
	-	-	-	-	-
Community Assets	-	1 166 767	114 663	1 281 431	1 281 431
Recreation Grounds	-	1 166 767	-	1 166 767	1 166 767
Cemetery	-	-	114 663	114 663	114 663
Lease Assets	-	-	-	178 600	178 600
Office Equipment	-	178 600	-	178 600	178 600
Heritage Assets	-	-	-	-	-
Buildings	-	-	-	-	-
Other Assets	3 188 330	149 915	-	3 338 246	3 338 246
Motor Vehicles	508 172	79 596	-	587 768	587 768
Plant & Equipment	108 048	-	-	108 048	108 048
Office Equipment	-	11 782	-	11 782	11 782
Furniture & Fittings	301 501	30 344	-	331 845	331 845
Loose Equipment	-	-	-	-	-
Computer Equipment	301 641	28 193	-	329 834	329 834
Specialised Vehicles	1 968 968	-	-	1 968 968	1 968 968
	-	-	-	-	-
	90 993 585	4 990 714	721 651	96 884 550	96 884 550

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

10 PROPERTY, PLANT AND EQUIPMENT

ASSETS PLEDGED AS SECURITY:

No assets are pledged as security.

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases

Property, Plant and Equipment financed by way of provisions

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality therefore did not utilise the transitional provision in the following area:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

**APPENDIX A - Unaudited
TSOLWANA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

EXTERNAL LOANS	Loan Number	Balance at 30 JUNE 2009	Balance at 30 JUNE 2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2010
LEASE LIABILITY						
Finance Leases	Various	164 917	164 917	65 940	35 692	195 165
Total Lease Liabilities		164 917	164 917	65 940	35 692	195 165
TOTAL EXTERNAL LOANS		164 917	164 917	65 940	35 692	195 165

**APPENDIX B - Unaudited
TSOLWANA MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings					
Land	4 908 064	-	-	4 908 064	4 908 064
Buildings	68 111 716	48 998	-	68 160 714	68 160 714
	73 019 780	48 998	-	73 068 778	73 068 778
Infrastructure					
Main: Roads	11 083 389	3 352 312	-	14 435 701	14 435 701
Main: Electricity	7 983 105	5 193 773	-	13 176 878	13 176 878
	19 066 493	8 546 086	-	27 612 579	27 612 579
Community Assets					
Recreation Grounds	1 166 767	2 016 137	-	3 182 904	3 182 904
Cemetery	114 663	115 948	-	230 611	230 611
	1 281 431	2 132 085	-	3 413 516	3 413 516
Heritage Assets					
Historical Buildings	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-
	-	-	-	-	-
Total carried forward	93 367 704	10 727 169	-	103 864 261	103 864 261

**APPENDIX B - Unaudited
TSOLWANA MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	93 367 704	10 727 169	-	103 864 261	103 864 261
Leased Assets					
Office Equipment (Lease)	178 600	65 940	-	244 540	244 540
	178 600	65 940	-	244 540	244 540
Biological Assets					
Game	-	-	-	-	-
	-	-	-	-	-
Other Assets					
Motor Vehicles	587 768	180 899	-	768 667	768 667
Plant & Equipment	108 048	-	-	108 048	108 048
Office Equipment	11 782	28 245	-	40 026	40 026
Furniture & Fittings	331 845	-	-	331 845	331 845
Loose Equipment	-	-	-	-	-
Computer Equipment	329 834	231 331	-	561 165	561 165
Specialised Vehicles	1 968 968	-	-	1 968 968	1 968 968
Security Items	-	-	-	-	-
Non-Capital	-	-	-	-	-
Other	-	-	-	-	-
	3 338 246	440 474	-	3 778 720	3 778 720
Total Property, Plant and Equipment	96 884 550	11 233 583	-	107 887 521	107 887 521
	-	-	-	-	-
Intangible Assets					
Computer Software	6 063	206 682	-	212 745	212 745
	6 063	206 682	-	212 745	212 745
Total	96 890 612.35	11 440 266	-	108 100 266	108 100 266

**APPENDIX C - Unaudited
TSOLWANA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010
GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	71 708 315	22 347	-	71 730 662	71 730 662
Budget & Treasury	771 200	714 474	-	1 485 674	1 485 674
Corporate Services	-	-	-	-	-
Planning & Development	503 738	25 274	-	529 012	529 012
Health	-	-	-	-	-
Community & Social Services	1 488 553	115 948	-	1 604 502	1 604 502
Housing	-	-	-	-	-
Public Safety	-	-	-	-	-
Sport & Recreation	-	2 016 137	-	2 016 137	2 016 137
Environmental Protection	-	-	-	-	-
Waste Management	-	-	-	-	-
Waste Water Management	-	-	-	-	-
Road Transport	14 435 701	3 352 312	-	17 788 013	17 788 013
Water	-	-	-	-	-
Electricity	7 983 105	5 193 773	-	13 176 878	13 176 878
	96 890 612	11 440 266	-	108 330 878	108 330 878

**APPENDIX D - Unaudited
TSOLWANA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION**

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
10 674 393	(7 880 819)	2 793 574	Finance & Administration	10 229 359	(9 048 744)	1 180 615
2 083 627	(2 136 094)	(52 467)	Council	2 343 478	(1 956 278)	387 200
1 805 344	(1 598 282)	207 062	Executive	2 013 353	(2 089 905)	(76 552)
469 207	(256 342)	212 865	Community & Social (Libraries)	-	(350 531)	(350 531)
144 866	(85 432)	59 433	Community & Social (Cemeteries)	234 337	(123 489)	110 848
92 249	(6 240)	86 009	Public Safety	102 988	(1 828)	101 160
20 523 583	(20 250 295)	273 288	Planning & Development	26 999 184	(26 930 990)	68 194
2 982 631	(25 166)	2 957 465	Sport & Recreational	2 511 856	(183 194)	2 328 662
2 005 483	(1 449 323)	556 159	Waste Management (Refuse)	2 297 469	(1 438 706)	858 763
2 051 528	(330 919)	1 720 609	Road Transport	3 810 935	(37 368)	3 773 567
5 003 767	(3 719 753)	1 284 014	Electricity (Distribution)	12 056 556	(4 767 227)	7 289 329
47 836 677	(37 738 666)	10 098 011	Sub Total	62 599 515	(46 928 258)	15 671 257
-	-	-	Less Inter-Departmental Charges	-	-	-
47 836 677	(37 738 666)	10 098 011	Total	62 599 515	(46 928 258)	15 671 257

**APPENDIX D - Unaudited
TSOLWANA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
3 888 971	(3 734 376)	154 595	Executive & Council	4 356 831	(4 046 183)	310 648
8 598 566	(5 635 014)	2 963 552	Budget & Treasury	6 014 456	(5 918 940)	95 516
2 075 827	(2 245 805)	(169 978)	Corporate Services	4 214 904	(3 129 804)	1 085 100
20 523 583	(20 250 295)	273 288	Planning & Development	26 999 184	(26 930 990)	68 194
614 073	(341 774)	272 299	Community & Social Services	234 337	(474 020)	(239 682)
92 249	(6 240)	86 009	Public Safety	102 988	(1 828)	101 160
2 982 631	(25 166)	2 957 465	Sport & Recreation	2 511 856	(183 194)	2 328 662
2 005 483	(1 449 323)	556 160	Waste Management	2 297 469	(1 438 706)	858 763
2 051 528	(330 919)	1 720 609	Road Transport	3 810 935	(37 368)	3 773 567
5 003 767	(3 719 753)	1 284 014	Electricity	12 056 556	(4 767 227)	7 289 329
47 836 677	(37 738 666)	10 098 012	Sub Total	62 599 515	(46 928 258)	15 671 257
-	-	-	Less Inter-Departmental Charges	-	-	-
47 836 677	(37 738 666)	10 098 012	Total	62 599 515	(46 928 258)	15 671 257

**APPENDIX E(1) - Unaudited
TSOLWANA MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION**

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	222 463	367 000	(144 537)	-39.38%	MPRA implementation
Government Grants and Subsidies	57 485 323	61 860 678	(4 375 355)	-7.07%	
Fines	4 391	5 000	(609)	-12.18%	Receive from Justice dept. Have no control over it
Service Charges	3 615 850	4 400 200	(784 350)	-17.83%	
Rental of Facilities and Equipment	70 475	77 000	(6 525)	-8.47%	
Interest Earned - External Investments	799 617	820 000	(20 383)	-2.49%	
Interest Earned - Outstanding Debtors	71 199	90 000	(18 801)	-20.89%	Decrease as Water and Sanitation is transferred to C
Agency Services	215 518	200 000	15 518	7.76%	
Other Revenue	114 678	114 530	149	0.13%	
Total Revenue	62 599 515	67 934 408	(5 334 893)		
EXPENDITURE					
Finance & Administration	(9 048 744)	(9 216 163)	167 419	-1.82%	
Council	(1 956 278)	(2 030 987)	74 709	-3.68%	
Executive	(2 089 905)	(2 480 616)	390 711	-15.75%	Saving on the budgeted and no depreciation charges
Community & Social (Libraries)	(350 531)	(401 055)	50 524	-12.60%	Saving on the budgeted and no depreciation charges
Community & Social (Cemeteries)	(123 489)	(146 905)	23 416	-15.94%	Saving on the budgeted and no depreciation charges
Public Safety	(1 828)	(6 500)	4 673	-71.88%	Saving on the budgeted and no depreciation charges
Planning & Development	(26 930 990)	(28 843 970)	1 912 980	-6.63%	Saving on the budgeted and no depreciation charges
Sport & Recreational	(183 194)	(249 000)	65 806	-26.43%	Saving on the budgeted and no depreciation charges
Waste Management (Refuse)	(1 438 706)	(1 863 710)	425 004	-22.80%	Saving on the budgeted and no depreciation charges
Road Transport	(37 368)	(34 000)	(3 368)	9.90%	
Electricity (Distribution)	(4 767 227)	(4 776 922)	9 695	-0.20%	
Less: Interdepartmental Charges	-	-			
Total Expenditure	(46 928 258)	(50 049 828)	3 121 569		
SURPLUS / (DEFICIT) FOR THE YEAR	15 671 257	17 884 580	(2 213 323)		

**APPENDIX E(1) - Unaudited
TSOLWANA MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	222 463	367 000	(144 537)	-39.38%	New Property rates act implementation
Government Grants and Subsidies	57 485 323	61 860 678	(4 375 355)	-7.07%	
Fines	4 391	5 000	(609)	-12.18%	Decreased in fines received from provincial authorities
Service Charges					Income foregone budgeted as expenditure - must be offset against revenue i.t.o. GRAP and water and sanitation transferred to Chris Hani District Municipality
	3 615 850	4 400 200	(784 350)	-17.83%	
Rental of Facilities and Equipment	70 475	77 000	(6 525)	-8.47%	
Interest Earned - External Investments	799 617	820 000	(20 383)	-2.49%	
Interest Earned - Outstanding Debtors					Water and sanitation to CHDM therefore decrease in interest raised.
	71 199	90 000	(18 801)	-20.89%	
Agency Services	215 518	200 000	15 518	7.76%	
Other Revenue	114 678	114 530	149	0.13%	
Total Revenue	62 599 515	67 934 408	(5 334 893)		
EXPENDITURE					
					Saving on the budgeted and no depreciation charges
Executive & Council	(4 046 183)	(4 511 603)	465 420	-10.32%	
Budget & Treasury	(5 918 940)	(5 553 569)	(365 371)	6.58%	
Corporate Services	(3 129 804)	(3 662 594)	532 790	-14.55%	Under utilisation of budgeted expenditure.
Planning & Development	(26 930 990)	(28 843 970)	1 912 980	-6.63%	
					Saving on the budgeted and no depreciation charges
Community & Social Services	(474 020)	(547 960)	73 940	-13.49%	
Public Safety	(1 828)	(6 500)	4 673	-71.88%	
					Saving on the budgeted and no depreciation charges
Sport & Recreation	(183 194)	(249 000)	65 806	-26.43%	
					Saving on the budgeted and no depreciation charges
Waste Management	(1 438 706)	(1 863 710)	425 004	-22.80%	
Road Transport	(37 368)	(34 000)	(3 368)	9.90%	For improvement in service delivery
Electricity	(4 767 227)	(4 776 922)	9 695	-0.20%	
Total Expenditure	(46 928 258)	(50 049 828)	3 121 569		
SURPLUS / (DEFICIT) FOR THE YEAR	15 671 257	17 884 580	(2 213 323)	-	

**APPENDIX E (2) - Unaudited
TSOLWANA MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
MUNICIPAL VOTES CLASSIFICATION**

	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Finance & Administration	714 474	897 300	(182 826)	-20.38%	Not all for budgeted implemented
Executive	22 347	41 000	(18 654)	-45.50%	Not all for budgeted implemented
Community & Social (Cemeteries)	115 948	284 000	(168 052)	-59.17%	Not all for budgeted implemented
Planning & Development	25 274	-	25 274	0.00%	
Sport & Recreational	2 016 137	2 555 628	(539 491)	-21.11%	Project not yet finish
Road Transport	3 352 312	2 866 920	485 392	16.93%	Service provider overpaid
Electricity (Distribution)	5 193 773	8 777 815	(3 584 042)	-40.83%	Project not yet finish
Total	<u>11 440 266</u>	<u>15 422 663</u>	<u>(3 982 397)</u>	<u>-25.82%</u>	

**APPENDIX E (2) - Unaudited
TSOLWANA MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	22 347	41 000	(18 654)	-45.50%	Not all for budgeted implemented
Budget & Treasury	714 474	897 300	(182 826)	-20.38%	Not all for budgeted implemented
Planning & Development	25 274	-	25 274	0.00%	
Community & Social Services	115 948	284 000	(168 052)	-59.17%	Not all for budgeted implemented
Sport & Recreation	2 016 137	2 555 628	(539 491)	-21.11%	Extention of Halls Project not yet finish
Road Transport	3 352 312	2 866 920	485 392	16.93%	Service provider overpaid
Electricity	5 193 773	8 777 815	(3 584 042)	-40.83%	Project not yet finish
Total	<u>11 440 266</u>	<u>15 422 663</u>	<u>(3 982 397)</u>	<u>-25.82%</u>	