



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

# Annual Financial Statements

for

## **Ngaka Modiri Molema District Municipality**

**for the year ended 30 June: 2010**

Province:

North West

### **Contact Information:**

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**Ngaka Modiri Molema District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

**General information**

**Members of the Mayoral Committee**

N.R .Mokoto	<b>Executive Mayor</b>
P. Mopalami	Speaker
B. Tshenepe	Chief Whip
K.M Mokgoetsi	Member
G. Mathane	Member
P.J Seabelo	Member
A. Mohoera	Member
T.A Mogatusi	Member
M. Monnane	Member
F. Dilapiso	Member

**Members of the Audit Committee**

Prof A.A.I Bootha Chairperson (External member)  
Adv.O.K Chwaro (External member)  
Mr. A. Kyeren (External member)  
Mr.P. Muthupi (External member)  
Mr.F. Thupaemang (External member)

**Grading of Local Authority**

Grade 10

**Auditors**

Auditor-General

**Bankers**

First National Bank

**Municipal Manager (Acting)**

Mr H. R. UYS

## **SECTION 57 MANAGERS**

### **Administrator**

Mr M.MATLOLE

### **Municipal Manager (Acting)**

Mr H. R. UYS

### **Chief Financial Officer (Acting )**

Ms K. NCHELANG

### **Corporate Services Executive Manager**

Ms C C MALEFO

### **Executive Manager: Technical Services (Acting)**

Mr P NTHUTANG

### **Executive Manager: PMU**

Mr C MALIMABE

### **Exec Manager: Mayor's office**

Mr L MODISE

### **Executive Manager: Community Services Exec Manager**

Ms K S MBALI

### **Audit Executive (Acting)**

Ms T G MOTSWENYANE

## **List of Councillors**

### **ANC**

N.R .Mokoto	Executive Mayor
P. Mopalami	Speaker
B. Tshenepe	Chief Whip
K.M Mokgoetsi	Executive member
G. Mathane	Executive member
P.J Seabelo	Executive member
A. Mohoera	Executive member
T.A Mogatusi	Executive member
M. Monnane	Executive member
F. Dilapiso	Executive member
N.I Khoane	Member
N.Dube	Member

L.B Kotze	Member
L.A Magagane	Member
T.J Makolomakwa	Member
B.C Jabana	Member
G. M	Member
M.K Meko	Member
M.D Mosikare	Member
L.J Bogatsu	Member
T. Mvundisi	Member
M.G Rakgoale	Member
M.P Pilane	Member
M.P Mokotong	Member
B.E Plaatjie	Member
I.O Magagane	Member
J.K Gaobotse	Member
M.E Makhongoana	Member
M.S Mosimane	Member
M.Tlhape	Member
G. Kgomonyane	Member
H.M Moxabase	Member
I.E Lethoko	Member
<b>UCDP</b>	
E.T Seatlholo	Member
C.S Tsile	Member
K.M Tootla	Member
M.P Modisenyane	Member
O.Nare	Member
<b>SAPP</b>	
T.E Nkosi	Member
<b>DA</b>	
M.J Thabeng	Member

<b>Registered Office:</b>	Municipal Offices
<b>Physical address:</b>	Corner Carrington & First Ave Industrial site Mafikeng, 2745
<b>Postal address:</b>	<b>Private Bag x 2167</b> Mafikeng 2745
<b>Telephone number:</b>	018 381 9400
<b>Fax number:</b>	018 381 0561
<b>E-mail address:</b>	<a href="http://www.nmmdm.gov.za">www.nmmdm.gov.za</a>

**Ngaka Modiri Molema District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

**Approval of annual financial statements**

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

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 16 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

**20 October 2010**

**Ngaka Modiri Molema District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
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**Ngaka Modiri Molema District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

During the 2009/10 financial year, the municipality was able to approve the budget and the Intergrated Development Plan (IDP) which were used to implement projects and programmes to provide basic services and promote Local Economic development in a quest to improve the lives of the citizens within the district. Implementation of the financial reforms also continued and the Municipal Financial Management Act to effect day-to-day.

**2. BUDGET**

Council approved an operating budget of R292,835,799 and capital budget of R284,834,000 as well as revenue budget of R577,669,799 for the 2009/10 financial year.

**3. CAPITAL EXPENDITURE**

Capital expenditure in the current year amounted to R167,225,419 and R190,679,143 in the previous year.

**4. INVESTMENTS**

On 30 June 2010 investments amounted to R162,915,536 there were no withdrawals in the year under

**5. CASH**

At 30 June 2010 cash and equavalents amounted to R17,542,146.

**6. PROVISIONS**

Provisions of R4,194,169 were made during the year 2009/10 period as stipulated in note 10 of the annual financial statements.

**7. TABLE OF OPERATING RESULTS**

The overall results for Ngaka Modiri Molema District Municipality for the period 30 June 2010

Income	Actual 2009/2010	Variance 2009/10	Actual 2008/2009	Variance Actual/Budget	Budget 2009/2010
Operating Income	445 453 585.58	35%	291 170 054.34	23%	577 669 799.00
	<b>445 453 585.58</b>		<b>291 170 054.34</b>		<b>577 669 799.00</b>
<b>EXPENDITURE</b>					
Operating expenditure	300 224 588.79	15%	255 285 764.00	-3%	292 835 802.00
Closing surplus	145 762 957.00	75%	35 884 290.00		284 833 997.00
	<b>445 987 545.79</b>		<b>291 170 054.00</b>		<b>577 669 799.00</b>

## **REPORT OF THE CHIEF FINANCIAL OFFICER (continued)**

### **8. APPRECIATION**

My appreciation goes to the Executive Mayor, the Speaker, the Chief Whip, Councilors, the Municipal Manager, Executives Managers, Managers and staff for their support and co-operation received during the year.

I wish to convey a special word of appreciation to all staff members who assisted me during the compilation of the Annual Financial Statements for their dedication and hard work, as well as to all staff in the finance for their loyal support and dedication in all operations of the municipality.

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**K. Nchelang**

**Acting Chief Financial Officer**

**20 October 2010**





**Ngaka Modiri Molema District Municipality**  
**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2010

	Note	2010 R	2009 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	17 542 146	-
Inventories	4	4 653 453	3 315 929
Other receivables from non-exchange transactions	2	2 911 121	10 619 460
Investments	3	162 915 536	152 673 671
VAT receivable	8	43 739 553	13 852 096
Prepayments	5	11 858 162	-
<b>Non-current assets</b>			
Property, Plant And Equipment	6	188 124 941	25 735 600
Non-Current Receivables		0	
<b>Total assets</b>		<b>431 744 912</b>	<b>206 196 756</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	7	132 484 398	15 266 676
Current provisions	9	4 194 169	6 366 089
Current portion of unspent conditional grants and receipts	10	20 301 079	19 014 771
Bank Overdraft	1	-	36 012 948
<b>Total liabilities</b>		<b>156 979 646</b>	<b>76 660 484</b>
<b>Net assets</b>		<b>274 765 266</b>	<b>129 536 272</b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		274 765 266	129 536 272
<b>Total net assets</b>		<b>274 765 266</b>	<b>129 536 272</b>

**Ngaka Modiri Molema District Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**

for the year ending 30 June 2010

	Note	2010 R	2009 R
<b>Revenue</b>			
Rental of facilities and equipment	11	15 561	3 603
Interest earned - external investments	12	14 998 780	19 033 302
Government grants and subsidies	13	419 516 459	268 421 993
Other income	14	10 922 786	3 711 157
<b>Total revenue</b>		<b>445 453 586</b>	<b>291 170 054</b>
<b>Expenses</b>			
Employee related costs	15	79 605 010	69 030 096
Remuneration of councillors	16	7 518 291	5 287 659
Fines		12 183	-
Bad debts		-	3 211 030
Depreciation and amortisation expense	17	4 836 078	-
Contracted services	18	15 665 131	10 461 682
Bulk Purchases	19	-	595 146
Grants and subsidies paid	20	51 184 177	-
Repairs and maintenance		18 977 088	23 950 106
General Expenses	21	122 426 631	142 750 045
<b>Total expenses</b>		<b>300 224 589</b>	<b>255 285 764</b>
<b>Surplus / (deficit) for the period</b>		<b>145 228 997</b>	<b>35 884 290</b>

**Ngaka Modiri Molema District Municipality**

**STATEMENT OF CHANGES IN NET ASSETS**

as at 30 June 2010

			<b>Capital Replacement Reserves</b>	<b>Accumulated Surplus/(Deficit)</b>	<b>Total: Net Assets</b>
		<b>Note</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 30 June</b>	<b>2008</b>		<b>89 049 644</b>	<b>69 017 350</b>	<b>158 066 994</b>
Prior year appropriations			-	437 060	437 060
Changes in accounting policy		<b>24</b>	(89 049 644)	23 663 610	(65 386 034)
Correction of Error		<b>25</b>		533 960	533 960
<b>Restated Balance</b>			<b>-</b>	<b>93 651 979</b>	<b>93 651 979</b>
Surplus / (deficit) for the period				35 884 290	35 884 290
<b>Restated Balance at 30 June</b>	<b>2009</b>		<b>(89 049 644)</b>	<b>129 536 269</b>	<b>40 486 625</b>
Surplus / (deficit) for the period			-	145 228 996	145 228 996
<b>Balance at 30 June</b>	<b>2010</b>		<b>(89 049 644)</b>	<b>274 765 265</b>	<b>185 715 621</b>

**Ngaka Modiri Molema District Municipality**

**CASH FLOW STATEMENT**

as at 30 June 2010

	Note	2010 R	2009 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		410 078 782	403 741 432
Sales of goods and services		15 561	3 603
Grants		419 516 459	268 421 993
Earmarked Funds			131 543 472
Working Capital Movements		(35 374 804)	(18 972 094)
Interest received		14 998 780	19 033 302
Other receipts		10 922 786	3 711 157
Payments		179 056 400	251 525 880
Employee costs		87 123 301	74 317 755
Working Capital Movements		(116 332 110)	(3 938 306)
Suppliers		208 265 210	181 583 520
Prior year retained earnings adjustment		-	(3 648 089)
Non-casflow adjustment			3 211 000
Interest paid		-	-
Other payments		-	-
<b>Net cash flows from operating activities</b>	<b>22</b>	<b>231 022 382</b>	<b>152 215 552</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(167 225 420)	(190 679 143)
Proceeds from sale of investments		-	11 941 461
<b>Net cash flows from investing activities</b>		<b>(167 225 420)</b>	<b>(178 737 682)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings			3 909 862
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>3 909 862</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>63 796 962</b>	<b>(22 612 268)</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>116 660 722</b>	<b>139 272 990</b>
<b>Net cash and cash equivalents at end of period</b>	<b>23</b>	<b>180 457 684</b>	<b>116 660 722</b>



**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

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

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) including any interpretation and directives issued by the accounting standards board.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

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

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET**

**1.5 EFFECTIVE**

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

GRAP 18 - Segment Reporting

GRAP 21 - Impairment of non-cash-generating assets

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET  
1.5 EFFECTIVE (continued)**

GRAP 24 - Presentation of Budget Information in Financial Statements  
GRAP 25 - Employee Benefits  
GRAP 26 - Impairment of cash-generating assets  
GRAP 103 - Heritage Assets  
GRAP 104 - Financial Instruments

**2 PROPERTY, PLANT AND EQUIPMENT**

**2.1 INITIAL RECOGNITION**

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

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

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

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

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

**2.2 SUBSEQUENT MEASUREMENT - COST MODEL**

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

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**2.3 DEPRECIATION AND IMPAIRMENT**

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

<b>Infrastructure</b>	
Roads and Lights	10-40
<b>Community</b>	
Buildings	30
Recreational Facilities	30
Cemeteries	30
Halls	30
Libraries	30
Civic Buildings	30
Other assets	15-30
<b>Other</b>	
Buildings	30
Office equipment	5-7
Furniture and fittings	5-10
Emergency equipment	5
Computer equipment	5
Motor Vehicles	7-10
Other assets	4-10

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

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

**2.4 DERECOGNITION**

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**3 INTANGIBLE ASSETS**

**3.1 INITIAL RECOGNITION**

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

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

> Intangible assets are initially recognised at cost.

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

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

**3.2 SUBSEQUENT MEASUREMENT - COST MODEL**

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

**3.3 AMORTISATION AND IMPAIRMENT**

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

Computer software	5
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**3.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**4 INVESTMENT PROPERTY**

**4.1 INITIAL RECOGNITION**

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

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

The cost of self-constructed investment property is the cost at date of completion.

**4.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

Investment property (Buildings)	30
Land	Not depreciated

**5 NON-CURRENT ASSETS HELD FOR SALE**

**5.1 INITIAL RECOGNITION**

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

**5.2 SUBSEQUENT MEASUREMENT**

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**5 NON-CURRENT ASSETS HELD FOR SALE (continued)**

**5.2 SUBSEQUENT MEASUREMENT**

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

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

**6 INVENTORIES**

**6.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

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

**6.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**7 FINANCIAL INSTRUMENTS**

**7.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**7 FINANCIAL INSTRUMENTS (continued)**

**7.2 SUBSEQUENT MEASUREMENT**

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

**7.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**7.2.2 TRADE AND OTHER RECEIVABLES**

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

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

**7.2.3 TRADE PAYABLES AND BORROWINGS**

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**7.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, readily available deposits with banks, net of bank overdrafts.

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

**8 UNAUTHORISED EXPENDITURE**

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

**9 IRREGULAR EXPENDITURE**

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

**10 FRUITLESS AND WASTEFUL EXPENDITURE**

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

**11 PROVISIONS**

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

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



**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**11 PROVISIONS (continued)**

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

**12 LEASES**

**12.1 MUNICIPALITY AS LESSEE**

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

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

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**12 LEASES (continued)**

**12.2 MUNICIPALITY AS LESSOR**

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**13 REVENUE**

**13.1 REVENUE FROM EXCHANGE TRANSACTIONS**

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

Interest revenue is recognised on a time proportion basis.

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

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

**13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

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

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

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

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**13 REVENUE (continued)**

**13.3 GRANTS, TRANSFERS AND DONATIONS**

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

#### **14 BORROWING COSTS**

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

#### **15 RETIREMENT BENEFITS**

##### **Defined Contribution Plan**

The municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions.

#### **16 IMPAIRMENT OF ASSETS**

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

**Ngaka Modiri Molema District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

#### **17 IMPAIRMENT OF ASSETS**

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		-	-
Cash at bank		17 542 146	(36 012 948)
		<u>17 542 146</u>	<u>(36 012 948)</u>
The Municipality has the following bank accounts: -			
<b><u>Current Account (Primary Bank Account)</u></b>			
First National Bank : Account Number 529 100 867 95			
Cash book balance at beginning of year		(36 012 948)	(1 459 220)
Cash book balance at end of year		17 542 146	(36 012 948)
Bank statement balance at beginning of year		22 556	-
Bank statement balance at end of year		17 765 008	22 556
<b><u>Cash on hand</u></b>		-	-
Total cash and cash equivalents		17 542 146	(36 012 948)
Total bank overdraft			(36 012 948)
<b>2 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>			
Other debtors		3 970 778	13 830 490
Provision for doubtful debts		(1 059 658)	(3 211 030)
<b>Total Other Debtors</b>		<u>2 911 121</u>	<u>10 619 460</u>
<b><u>Reconciliation of the doubtful debt provision</u></b>			
Balance at beginning of the year		(3 211 030)	(22 087 920)
Contributions to provision		-	
Doubtful debts written off against provision		-	
Reversal of provision		2 151 372	18 876 890
<b>Balance at end of year</b>		<u>(1 059 658)</u>	<u>(3 211 030)</u>

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>3 INVESTMENTS</b>			
Call Investments		162 915 536	152 673 671
		<b>162 915 536</b>	<b>152 673 671</b>
<i>Detail of Investments</i>			
Nedbank: Account no 7881001518		15 842 449	14 970 078
FNB 1: Account no 62103688969		27 765 004	26 308 328
FNB 2: Account no 62046444741		507 344	487 776
ABSA 1: Account no 62046444741		89 770	86 122
ABSA 2: Account no 7064362660		675 799	645 714
ABSA 3: Account no 160432-2201-01		196 773	184 789
AIMS: Account no 27004		1 398 984	1 324 270
Momentum 1: Account no PP022502593		21 652 566	20 375 197
Momentum 2: Account no PP022502587		94 786 761	88 291 330
		<b>162 915 449</b>	<b>152 673 604</b>

No investments were pledged as security for any funding facilities of the Council

**4 INVENTORIES**

<b>Opening balance of inventories:</b>	<b>3 315 929</b>	<b>513 462</b>
Consumable stores - at cost	235 466	235 466
Maintenance materials - at cost	3 080 463	277 996
<b>Movement for the year:</b>	<b>1 337 524</b>	<b>2 802 467</b>
Consumable stores	211 146	0
Maintenance materials	1 126 378	2 802 467
<b>Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):</b>		
	-	-
Consumable stores	-	-
Maintenance materials	-	-
<b>Closing balance of inventories:</b>	<b>4 653 453</b>	<b>3 315 929</b>
Consumable stores	446 613	235 466
Maintenance materials	4 206 840	3 080 463

*No inventory was pledged as security*  
*Where necessary specific provision is made for obsolete stock*

**5 PREPAYMENTS**

Prepaid expenses		11 858 162	0
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A prepaid deposit was paid on movable assets, delivery will only take place after year-end

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

**6 PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Total
	R	R	R	R	R	R	R
<b>6.1 Reconciliation of Carrying Value</b>							
<b>as at 1 July 2009</b>	-	-	-	-	-	<b>25 735 600</b>	<b>25 735 600</b>
Cost/Revaluation	-	-	-	-	-	25 735 600	25 735 600
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	3 826 053	3 826 053
Capital under Construction	-	2 122 483	160 118 221	1 158 663	-	-	163 399 366
Other Movements*	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(4 836 078)	(4 836 078)
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
<b>as at 30 June 2010</b>	-	<b>2 122 483</b>	<b>160 118 221</b>	<b>1 158 663</b>	-	<b>24 725 575</b>	<b>188 124 941</b>
Cost/Revaluation	-	2 122 483	160 118 221	1 158 663	-	29 561 653	192 961 020
Accumulated depreciation and impairment losses	-	-	-	-	-	(4 836 078)	(4 836 078)

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

*The Municipality has taken advantage of the transitional provisions set out in GRAP 17 - Directive 4. These transitional provisions are applied on all infrastructure, community assets and other assets previously not recognised as well as the relevant capital commitments. The municipality is in the process of valuing all these assets and capital commitments identified (not yet measured) and will recalculate the total value and accumulated depreciation once this exercise has been completed by 30 June 2012 to ensure compliance with the measurement criteria set out in GRAP 17. At present the value of these assets and capital commitments are included at provisional amounts.*

*In terms of GRAP 17 management assessed the residual value and useful life of all property, plant and equipment. For the period under review the residual values of all property, plant and equipment (except for motor vehicles) were assessed at zero, as the economic life of these assets are greater than the useful life.*



**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2009

<b>6.2 Reconciliation of Carrying Value</b>	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Heritage</b>	<b>Other Assets</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>as at 1 July 2008</b>	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-
<b>as at 30 June 2009</b>	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-

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

*\*\* Due to the first time implementation from IMFO to GRAP the opening balances and movement for 2008/09 was not available to reconstruct this*

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>TRADE AND OTHER PAYABLES FROM EXCHANGE</b>			
<b>7 TRANSACTIONS</b>			
Trade creditors		116 581 528	15 266 676
Other creditors		381 689	-
Retentions		15 521 181	-
<b>Total creditors</b>		<b>132 484 398</b>	<b>15 266 676</b>

The fair value of trade and other payables approximates their carrying amounts.

**8 VAT RECEIVABLE**

VAT receivable	43 739 553	13 852 096
<b>Total VAT receivables</b>	<b>43 739 553</b>	<b>13 852 096</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**9 PROVISIONS**

Provision for Leave	2 445 644	5 096 518
Provision for Bonus	1 748 525	1 269 571
<b>Total Provisions</b>	<b>4 194 169</b>	<b>6 366 089</b>

The movement in current provisions are reconciled as follows:

	Provision for Leave	Provision for Bonus
<b>as at 1 July 2009</b>	5 096 518	1 269 571
Contributions to provision	-	478 954
Expenditure incurred	(2 650 874)	-
<b>as at 30 June 2010</b>	<b>2 445 644</b>	<b>1 748 525</b>
<b>as at 1 July 2008</b>	3 437 538	-
Contributions to provision	1 658 980	1 269 571
Expenditure incurred	-	-
<b>as at 30 June 2009</b>	<b>5 096 518</b>	<b>1 269 571</b>

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>			
<b>Unspent Conditional Grants from other spheres of</b>			
<b>10.1 Government</b>			
Finance Management Grant (FMG)		-	136 899
Municipal Systems Improv. Grant (IDP)		689 582	394 571
Water (DWAF)		-	2 239 700
Municipal Infrastructure Grant		13 571 705	12 573 168
SETA		397 316	-
DPLG		-	-1.00
Provincial Local Government and Housing		-	-
Popo Molefe Hall		2 254 897	2 254 897
DBSA Bucket Eradication Programme		1 415 538	1 415 538
Drought Relief		-	-
DPLG (Fire Vehicle)		1 817 043	-
Disaster Management		154 998	-
		-	-
<b>Total Unspent Conditional Grants and Receipts</b>		<b>20 301 079</b>	<b>19 014 771</b>
<b>Non-current unspent conditional grants and receipts</b>		-	-
<b>Current portion of unspent conditional grants and receipts</b>		<b>20 301 079</b>	<b>19 014 771</b>
See Note 13 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.			
<b>11 RENTAL OF FACILITIES AND EQUIPMENT</b>			
Rental of Facilities		-	3 603
Rental of Equipment		15 561	-
<b>Total rentals</b>		<b>15 561</b>	<b>3 603</b>
<b>12 INTEREST EARNED - EXTERNAL INVESTMENTS</b>			
External Investments		14 998 780	19 033 302
<b>Total interest</b>		<b>14 998 780</b>	<b>19 033 302</b>
<i>The interest includes interest received on investment accounts and the main bank account</i>			

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>13 GOVERNMENT GRANTS AND SUBSIDIES</b>			
Equitable Share	13.1	259 788 135	131 408 410
Finance Management Grant	13.2	1 136 899	363 101
Municipal Systems Improv. Grant (IDP)	13.3	1 004 989	690 429
Water (DWAF)	13.4	36 515 200	52 063 081
Municipal Infrastructure Grant	13.5	118 055 463	83 652 320
SETA	13.6	-	244 652
Disaster Management Grant	13.7	172 501	-
DPLG (Fire Vehicle)	13.8	1 682 957	-
DDLG & TA (DBSA)	13.9	884 615	-
Public Works Incentive Grant	13.10	275 700	-
Popo Molefe Hall	13.11	-	-
Bucket Eradication	13.12	-	-
<b>Total Government Grant and Subsidies</b>		<b>419 516 459</b>	<b>268 421 993</b>
<b>13.1 Equitable Share</b>			
<i>This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.</i>		259 788 135	131 408 410
<b>13.2 Finance Management Grant</b>			
<b>Balance unspent at beginning of year</b>		(136 899)	-
Current year receipts		(1 000 000)	(500 000)
Conditions met - transferred to revenue		1 136 899	363 101
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>-</b>	<b>(136 899)</b>
<i>This grant is utilised to fund the internship costs</i>			
<b>13.3 Municipal Systems Improv. Grant (IDP)</b>			
<b>Balance unspent at beginning of year</b>		(394 571)	
Current year receipts		(1 300 000)	(1 085 000)
Conditions met - transferred to revenue		1 004 989	690 429
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>(689 582)</b>	<b>(394 571)</b>
<i>This grant is utilised to fund performance management costs</i>			
<b>13.4 Water (DWAF)</b>			
<b>Balance unspent at beginning of year</b>		(2 239 700)	(7 891 281)
Current year receipts		(36 515 200)	(46 411 500)
Conditions met - transferred to revenue		36 515 200	52 063 081
Overspent - transferred to expenditure		2 239 700	
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>-</b>	<b>(2 239 700)</b>
<i>This grant is utilised to fund capital and operational water expense projects</i>			



**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>13.5 Municipal Infrastructure Grant</b>			
<b>Balance unspent at beginning of year</b>		(12 573 168)	(12 573 168)
Current year receipts		(119 054 000)	(83 652 320)
Conditions met - transferred to revenue		118 055 463	83 652 320
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>(13 571 705)</b>	<b>(12 573 168)</b>
<i>This grant is utilised to fund capital projects in the community</i>			
<b>13.6 SETA</b>			
<b>Balance unspent at beginning of year</b>		-	
Current year receipts		(397 316)	(244 652)
Conditions met - transferred to revenue		-	244 652
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>(397 316)</b>	-
<i>This fund is utilised to fund skills development costs</i>			
<b>13.7 Disaster Management Grant</b>			
<b>Balance unspent at beginning of year</b>		-	
Current year receipts		(327 499)	-
Conditions met - transferred to revenue		172 501	-
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>(154 998)</b>	-
<i>This grant is used to fund disaster costs incurred by storms</i>			
<b>13.8 DPLG (Fire Vehicle)</b>			
<b>Balance unspent at beginning of year</b>		-	
Current year receipts		(3 500 000)	-
Conditions met - transferred to revenue		1 682 957	-
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>(1 817 043)</b>	-
<b>13.9 DDLG &amp; TA (DBSA)</b>			
<b>Balance unspent at beginning of year</b>		-	
Current year receipts		(884 615)	-
Conditions met - transferred to revenue		884 615	-
<b>Conditions still to be met - remain liabilities (see note 10)</b>		-	-
<i>This grant is utilised to develop groundwater resources</i>			

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>13.10 Public Works Incentive Grant</b>			
<b>Balance unspent at beginning of year</b>		-	
Current year receipts		(275 700)	-
Conditions met - transferred to revenue		275 700	-
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<u>-</u>	<u>-</u>
<i>This grant is received based on the EPWP incentive grant</i>			
<b>13.11 Popo Molefe Hall</b>			
<b>Balance unspent at beginning of year</b>		(2 254 897)	(2 254 897)
Current year receipts		-	-
Conditions met - transferred to revenue		-	-
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<u>(2 254 897)</u>	<u>(2 254 897)</u>
<b>13.12 Bucket Eradication</b>			
<b>Balance unspent at beginning of year</b>		(1 415 538)	(1 415 538)
Current year receipts		-	-
Conditions met - transferred to revenue		-	-
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<u>(1 415 538)</u>	<u>(1 415 538)</u>
<b>14 Other Income</b>			
Internal audit shared service		3 575 280	-
Sale of water		1 753 562	1 447 673
Clearance certificates		2 150 000	1 208 311
Accommodation		-	760 682
Other		3 443 943	294 490
		<u>10 922 786</u>	<u>3 711 157</u>
<b>15 EMPLOYEE RELATED COSTS</b>			
Employee related costs - Salaries and Wages		38 972 508	54 023 739
Employee related costs - Contributions for UIF, pensions and medical aids		13 660 220	12 968 858
Travel, motor car, accommodation, subsistence and other allowances		4 836 157	
Housing benefits and allowances		-	
Overtime payments		1 115 445	
Performance and other bonuses		3 423 164	
Long-service awards		993 408	
Other employee related costs		8 909 491	
<b>Total Employee Related Costs</b>		<u>71 910 392</u>	<u>66 992 598</u>

**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2010**

	Note	2010 R	2009 R	
<b>15 EMPLOYEE RELATED COSTS - CONTINUED</b>				
<b>Remuneration of the Municipal Manager</b>				
Annual Remuneration		486 436	807 040	
Acting Allowance		293 860		
Performance- and other bonuses		-		
Travel, motor car, accommodation, subsistence and other allowances		278 825		
Contributions to UIF, Medical and Pension Funds		1 497		
Other employee related costs		46 119		
<b>Total</b>		<b>1 106 738</b>	<b>807 040</b>	
<b>Remuneration of the Chief Finance Officer</b>				
Annual Remuneration		501 623	436 977	
Acting Allowance		195 844		
Performance- and other bonuses		-		
Travel, motor car, accommodation, subsistence and other allowances		207 881		
Contributions to UIF, Medical and Pension Funds		133 888		
Other employee related costs		44 950		
<b>Total</b>		<b>1 084 187</b>	<b>436 977</b>	
<b>2010</b>				
<b>Remuneration of Individual Executive Directors</b>		<b>Community Services R</b>	<b>Corporate Services R</b>	
Annual Remuneration		483 908	453 254	
Performance- and other bonuses		-	-	
Travel, motor car, accommodation, subsistence and other allowances		203 781	190 613	
Contributions to UIF, Medical and Pension Funds		133 440	128 443	
Other employee related costs		26 951	21 172	
<b>Total</b>		<b>848 079</b>	<b>793 482</b>	
<b>Remuneration of Individual Executive Directors</b>		<b>LED R</b>	<b>Mayor's Office R</b>	<b>PMU R</b>
Annual Remuneration		102 000	627 193	470 916
Performance- and other bonuses		-	-	-
Travel, motor car, accommodation, subsistence and other allowances		45 200	57 555	203 850
Contributions to UIF, Medical and Pension Funds		22 949	29 797	121 466
Other employee related costs		29 376	166 948	21 923
<b>Total</b>		<b>199 525</b>	<b>881 494</b>	<b>818 155</b>



**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>15 EMPLOYEE RELATED COSTS - CONTINUED</b>			
<b>2010</b>			
<b>Remuneration of Individual Executive Directors</b>			
	<b>Technical Services</b>	<b>Budget Control manager (Acting CFO)</b>	<b>Acting Audit Executive</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Annual Remuneration	291 498	295 011	295 011
Acting Allowance	145 345		183 552
Performance- and other bonuses	24 877	24 877	24 877
Travel, motor car, accommodation, subsistence and other allowances	121 094	107 765	136 050
Contributions to UIF, Medical and Pension Funds	81 159	84 200	84 137
Other employee related costs	20 092	26 834	16 579
<b>Total</b>	<b>684 065</b>	<b>538 686</b>	<b>740 205</b>

	<b>Municipal Manager</b>	<b>Chief Financial Officer</b>	<b>Senior Managers</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>2009</b>			
Annual Remuneration	807 040	436 977	2 212 909
Travel, motor car, accommodation, subsistence and other allowances	-	-	-
<b>Total</b>	<b>807 040</b>	<b>436 977</b>	<b>2 212 909</b>

**16 REMUNERATION OF COUNCILLORS**

Executive Mayor	519 858	419 894
Speaker	392 709	
Executive Committee Members	3 536 877	1 952 288
Councillors	2 369 544	2 046 704
Councillors' pension and medical aid contributions	681 803	534 539
Other Allowances	17 500	334 234
<b>Total Councillors' Remuneration</b>	<b>7 518 291</b>	<b>5 287 659</b>

**In-kind Benefits**

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

*The Executive Mayor has use of the Council owned vehicle for official duties.*

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>DEPRECIATION AND AMORTISATION</b>			
<b>17 EXPENSE</b>			
Property, plant and equipment		4 836 078	-
<b>Total Depreciation and Amortisation</b>		<b>4 836 078</b>	<b>-</b>
<b>18 CONTRACTED SERVICES</b>			
Contracted services for:			
<i>Asset Management</i>		558 842	-
<i>Drinking Water Quality Manag</i>		152 990	-
<i>Internet &amp; Satelite Services</i>		329 963	-
<i>Laundry Service</i>		13 738	-
<i>Master Plan - Roads</i>		4 781 517	-
<i>Master Plan Development - St</i>		4 337 710	-
<i>Master Plan - Disaster</i>		401 548	-
<i>Master Plan Development - Se</i>		1 141 752	-
<i>Security Services</i>		3 947 071	-
		<b>15 665 131</b>	<b>10 461 682</b>
<b>19 BULK PURCHASES</b>			
Water		0	595 146
<b>Total Bulk Purchases</b>		<b>-</b>	<b>595 146</b>
<b>20 GRANTS AND SUBSIDIES PAID</b>			
Botshelo Water - Operating S		43 203 476	-
Municipal Health & Fire Serv		7 980 701	-
<b>Total Grants and Subsidies Paid</b>		<b>51 184 177</b>	<b>-</b>

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>21 GENERAL EXPENSES</b>			
Included in general expenses are the following:-			
Accommodation		1 717 719	
Advertisement		1 119 585	
Art And Craft		8 100	
Bank Charges		2 290 598	
Bursaries		60 150	
Books And Periodicals		20 554	
Cadastral Surveys		343 616	
Communicators Forum		5 600	
Compensation Commissioner		546 939	
Computer Software And Progra		128 276	
Conferences & Seminars		314 266	
Consultants Fees		4 997 954	
Corporate Identity Programme		21 593	
Cutlery		7 933	
Computer Services - It Proje		1 643 116	
Detergents		196 978	
Disaster Management Assistan		906 690	
Drought Relief Tankering		14 193 422	
Electricity		277 493	
Employee Assistance Programm		148 394	
External Audit Fees		1 406 162	
Employment Equity		6 539	
Finance Management Grant		1 139 000	
Fuel & Oil Vehicles		2 105 202	
Groceries - Guest House		6 977	
Hiv/Aids		-	
Idp Review		1 004 989	
Insurance General		518 209	
Insurance Vehicles		8 772	
It Consumables		138 544	
Led Support Fund		762 260	
Legal Expenses		9 891 071	
Licencing Vehicles		176 884	
Membership Fees		519 069	
Materials & Stock		105 047	
Municipal Health Services		6 653 799	
Occupational Health Safety		181 902	
Operating Water Grant		13 932 336	
Other Expenses		170 872	
Performance Management Syste		38 067	
Postage And Telegrams		12 781	
Printing And Stationery		754 077	

**Ngaka Modiri Molema District Municipality  
Notes To The Financial Statements  
For The Year Ended 30 June 2010**

	Note	2010 R	2009 R
<b>21 General Expenses - Continued</b>			
Promotional Material/Corpora		52 165	
Protective Clothing		36 810	
Public Participation Program		557 038	
Publications And Journals		105 680	
Preparation For 2010 World C		6 812 147	
Plant Hire		739 627	
Rates And Taxes		489 527	
Refreshments		1 008 227	
Rental Of Equipment		82 889	
Rental Office Automation		76 865	
Rental Office Buldings		1 187 617	
Recruitment Costs - Corporat		66 613	
Skills Development Levy		599 917	
Special Projects		186 132	
Strategic Planning		784 884	
Subsistance And Travelling E		1 825 563	
Sponsorships		289 619	
Sports Arts And Culture		33 630	
Telephone		2 613 842	
Tourism Events		170 175	
Training/Development Council		117 895	
Training/Development Employe		1 281 928	
Training - Citrus Production		-	
Training - Livestock Product		82 200	
Uniforms		202 828	
Water Indaba		37 493	
Water Services (Fbw)		34 503 787	
		<b>122 426 631</b>	<b>142 750 045</b>
<b>22 CASH GENERATED BY OPERATIONS</b>			
Surplus/(deficit) for the year		145 228 997	35 884 290
Adjustment for:-			
Depreciation and amortisation		4 836 078	
Prior year retained earnings adjustment			3 648 091
Earmarked funds credit against trust funds			131 543 472
Other non-cash item			(3 765 288)
<b>Operating surplus before working capital changes:</b>		<b>150 065 075</b>	<b>167 310 565</b>
(Increase)/decrease in other receivables		7 708 339	(16 169 628)
(Increase)/decrease in inventories		(1 337 524)	(2 802 466)
(Increase)/decrease in VAT receivable		(29 887 457)	-
(Increase)/decrease in Prepayments		(11 858 162)	-
Increase/(decrease) in provision - current		(2 171 920)	2 928 551
Increase/(decrease) in conditional grants and receipts		1 286 308	
Increase/(decrease) in trade payables		117 217 722	1 009 755
(Increase)/decrease in long term investments			-61 225.00
<b>Cash generated by/(utilised in) operations</b>		<b>231 022 382</b>	<b>152 215 552</b>

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>23 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		17 542 146	(36 012 948)
Short term investments		162 915 536	152 673 671
<b>Net cash and cash equivalents (net of bank overdrafts)</b>		<b>180 457 682</b>	<b>116 660 723</b>
<b>24 CHANGE IN ACCOUNTING POLICY</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:			
<b>24.1 Statutory Funds</b>			
<b>Balance previously reported: -</b>			
Capital Development Fund			2 580 472
<b>Total</b>		-	<b>2 580 472</b>
<b>Implementation of GRAP</b>			
Transferred to Accumulated Surplus/(Deficit) (see 24.4 below)			2 580 472
<b>24.2 Provisions and Reserves</b>			
<b>Balance previously reported</b>			
Trust Funds			(4 652 463)
Capital Replacement Reserve			89 049 644
<b>Total</b>		-	<b>84 397 181</b>
<b>Implementation of GRAP</b>			
Transferred to Accumulated Surplus/(Deficit) (see 24.4 below)			84 397 181
<b>24.3 Property, plant and equipment</b>			
<b>Balance previously reported</b>			
			<b>89 049 644</b>
<b>Implementation of GRAP</b>			
Property, Plant and Equipment written off			(89 049 644)
Other Assets previously not recorded credited to Accumulated Surplus/(Deficit) (see 26.4 below)			25 735 600
<b>Total</b>		-	<b>(63 314 043)</b>
<b>Implementation of GRAP</b>			
Transferred to Accumulated Surplus/(Deficit) (see 24.4 below)			(63 314 043)
<b>24.4 Accumulated Surplus/(Deficit)</b>			
<b>Implementation of GRAP</b>			
Excessive provisions and reserves no longer permitted (see 24.2 above)			84 397 181
Transferred from statutory funds (see 24.1 above)			2 580 472
Fair value of Property, Plant and Equipment previously not recorded (see 24.3 above)			(63 314 043)
<b>Total</b>		-	<b>23 663 610</b>

**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2010**

	Note	2010 R	2009 R
<b>25</b>	<b>CORRECTION OF ERROR</b>		
	During the year ended 30 June 2010, it was noted that stale cheques relating to the prior year was not written back. This has now been corrected and restated as a prior period error		
	The comparative amount has been restated as follows:		
	<u>Assets</u>		
	<i>Suspense Account</i>		533 960
	Net effect on Statement of Financial Position		533 960
	Net effect on Accumulated surplus opening balance		533 960
<b>26</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>26.1</b>	<b>Unauthorised Expenditure</b>		
	Reconciliation of Unauthorised expenditure		
	Opening balance -	580 969	580 969
	<i>First National Bank</i>	360 000	360 000
	<i>Mayor's credit card</i>	220 969	220 969
	Unauthorised expenditure current year		
	Condoned or written off by Council		-
	To be recovered – contingent asset	-	-
	Unauthorised expenditure awaiting condonement	580 969	580 969
<b>26.2</b>	<b>Irregular, Fruitless and Wasteful Expenditure</b>		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance -	16 405 184	16 405 184
	Fruitless and wasteful expenditure current year		
	Condoned or written off by Council		-
	To be recovered – contingent asset	-	-
	Fruitless and wasteful expenditure awaiting condonement	16 405 184	16 405 184

<b>Disciplinary steps/criminal proceedings</b> <b>No steps were taken by the municipality</b>
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**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2010 R	2009 R
<b>27 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>			
<b>27.1 Audit fees</b>			
Opening balance		-	-
Current year audit fee		224 633	2 679 081
Amount paid - current year		(224 633)	(2 679 081)
Amount paid - previous years		-	-
<b>Balance unpaid (included in payables)</b>		<u>-</u>	<u>-</u>
<b>27.2 VAT</b>			
VAT input receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.			
<b>27.3 PAYE, UIF and SDL</b>			
Opening balance			
Current year movement			
Current year payroll deductions		13 077 088	
Amount paid - current year		(13 076 125)	
Amount paid - previous years			
<b>Balance unpaid (included in receivables)</b>		<u>963</u>	<u>-</u>
<b>27.4 Pension and Medical Aid Deductions</b>			
Opening balance			
Movement - Current year			
Current year payroll deductions and Council Contributions		21 804 958	
Amount paid - current year		(21 424 232)	
Amount paid - previous years			
<b>Balance unpaid (included in payables)</b>		<u>380 726</u>	<u>-</u>
<b>27.5 Non-Compliance with Chapter 11 of the Municipal Finance Management Act</b>			
No non-compliance with Chapter 11 of the MFMA			

**Ngaka Modiri Molema District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	Note	2010 R	2009 R
<b>28 CAPITAL COMMITMENTS</b>			
<b>28.1 Commitments in respect of capital expenditure</b>			
- Approved and contracted for Infrastructure		168 685 507	445 225 172
		168 685 507	445 225 172
- Approved and not yet contracted for Infrastructure		14 766 820	-
		14 766 820	
<b>Total</b>		<b>168 685 507</b>	<b>445 225 172</b>
This expenditure will be financed from:			
- Government Grants		168 685 507	445 225 172
- Own resources		-	-
		<b>168 685 507</b>	<b>445 225 172</b>

*The Municipality has taken advantage of the transitional provisions set out in GRAP 17 - Directive 4. These transitional provisions are applied on all infrastructure assets and infrastructure capital commitments. The municipality is in the process of valuing all infrastructure assets and capital commitments and will recalculate the total value and accumulated depreciation once this exercise has been completed by 30 June 2012 to ensure compliance with the measurement criteria set out in GRAP 17. At present the value of these infrastructure assets and capital commitments are included at provisional amounts.*

**29 OPERATING LEASES**

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

**Operating leases - lessee**

Within one year	419 790
In the second to fifth year inclusive	-
After five years	-
<b>Total</b>	<b>419 790</b>

Total future minimum sublease payment expected to be received under non-cancellable sublease	419 790
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Operating Leases consists of the following:  
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of two years. No contingent rent is payable.



**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2010**

	Note	2010 R	2009 R
<b>30 RETIREMENT BENEFIT INFORMATION</b>			
<b>30.1 Defined contribution plan</b>			
<p>An amount of R 14 139 880 was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.</p>			
<b>31 CONTINGENT LIABILITY</b>			
<b>31.1 Mvula Trust</b>		<u>1 900 000</u>	<u>1 900 000</u>
<p>Mvula Trust made a claim against the Council amounting to R1 900 000. The claim is based on Phase 2 of project, to erect toilets at schools in the district, of which Mvula Trust was only appointed for Phase 1 of the project. The council has made a counterclaim amounting to R 1 625 928 against Mvula Trust for the work not completed under Phase 1. Mvula Trust and the Council await for the court date, however the Council's legal representative has indicated that the chances for Mvula Trust's claim to succeed are remote.</p>			
<b>31.2 Boitumelo E. Platje Vs the Municipality</b>		<u>4 150 000</u>	<u>4 150 000</u>
<p>In July 2006 at the property of the Municipality (corner First Street and Carrington Road, Mafikeng), the Plaintiff tripped over a hose-pipe lying across a foot path left by an employee of the Municipality, causing her to fall and sustain severe personal injuries. She, therefore made claims amounting to R4 150 000 against the Municipality.</p>			
<b>31.3 Fresh Harvest Investment (Pty) Ltd Vs the Municipality</b>		<u>700 000</u>	<u>700 000</u>
<p>In November 2007, Fresh Harvest was appointed by the municipality to conduct two feasibility studies for establishing a regional fresh produce market, i.e. Phase 1 and Phase 2. In terms of the agreement reached by the two parties, the Municipality was obliged to pay Fresh Harvest R1 700 000 at the commencement of each project. Based on an agreement reached in August 2008 when Phase 2 was delivered, payment of the balance of R700, 000.00 was to be made after the Municipality's financial budget review in February 2009. Subsequent to February 2009, no payment has been made resulting in Fresh Harvest making a claim against the Municipality.</p>			
<b>31.4 Big Eye Investments 552 BK Vs the Municipality</b>		<u>953 827</u>	<u>-</u>
<p>From April 2008 to August 2009, the municipality received hospitality services including but not limited to catering services, accommodation and facility rental from Big Eye Investments 552 BK trading as Kleinsimonsvlei Guest House amounting to R953,827.40, being the amount that is due. Interest will be charged at the rate of 2% (two percent) per month calculated from 31 August 2009 to date of final payment of the capital amount.</p>			

**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANANCIAL STATEMENTS  
for the year ended 30 June 2010**

	Note	2010 R	2009 R
<b>31.5 Bonthuys, HB Vs the Municipality</b>		<b>650 000</b>	-
<p>The Plaintiff, HB Bonthuys was appointed as the Executive Manager: Corporate Services and resigned and instituted a claim for compensation for the remainder of her contract which amounted to R650,000.00 plus interest claiming constructive dismissal.</p>			
<b>31.6 Eric Louw Attorneys Vs the Municipality</b>		<b>171 179</b>	-
<p>In October 2009, action against the municipality was instituted for expences incurred by the Plaintiff in appointing senior and junior counsel to provide legal services to the municipality at the municipality's special instance and request. Inform the municipality further htat if it disputes the claim and wishes to defend the action it shall within 10 days of the service upon it of this summons file.</p>			
<b>31.7 Youth Black Empowerment Vs the Municipality</b>		<b>23 000</b>	-
<p>In November, the applicant made an application for payment for services rendered to the municipality to the value of R23,000.00 plus interest. Youth Black Empowerment alleges that they were commissioned by the Mayor of Ramotshere-Moiloa Local Municipality to develop a business plan for the youth in the area of Ntsweletsoku, and instucted to work with NMMDM's Regional Manager: Lehurutshe. The municipality is refuting the averments stating that no contract was entered into with Youth Black Empowerment.</p>			
<b>31.8 Monarch Security Vs the Municipality</b>		<b>4 451 001</b>	-
<p>The applicant was appoined to provide the security service to the municipality. The applicant's service were terminated during the turmoil in the institution. Monarch Security issued a cliam against the municipality amounting to R4,451.007.96 for the remainder of the contract.</p>			
<b>31.9 Ramphele, TDH Vs the Municipality</b>		<b>5 000 000</b>	-
<p>The applicant was charged and dismissed by the municipal council for certain irregularities that occurred whilst he was the municipal manager. Action was instituted against the municipality for the unfair dismissal of Mr. Ramphele, claiming proper dismissal procedures were not followed amounting to R5,000,000.</p>			
<b>31.10 Mostemme, ET Vs the Municipality</b>		<b>335 731</b>	-
<p>In June 2010, action against the municipality was instituted for the unfair dismissal of then Acting Municipal Manager Elie Tsietsi Motsemme. The municipality is scheduled to pay an amount equal to 6.50 months salary to the Plaintiff in full and final settlement of the claim of the Plaintiff against the municipality resulting to an amount of R550,613.70 less tax amounting to R223,821.20 that needs to be deducted form the gratuity/lump sum payment.</p>			

**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANANCIAL STATEMENTS  
for the year ended 30 June 2010**

Note	2010 R	2009 R
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**31.11 SAMWU OBS, MAKGOANA AND 70 OTHERS Vs the Municipality**

The applicant is the union representing the employees from the fire services within the municipality. The municipality entered into an agreement, where the employees within the fire service were to be given fifty percent of the annual income as a shift allowance. The union issued a claim against the municipality for breach of contract.

**32 RELATED PARTIES**

Members of key management - Section 57

*No related party transactions*

Administrator	Mr M.matlole
Municipal Manager (Acting)	Mr H R Uys
Chief Financial Officer (Acting )	Ms K. Nchelang
Corporate Services Executive Manager	Ms C C Malefo
Executive Manager: Technical Services (Acting)	Mr P Nthutang
Executive Manager: PMU	Mr C Malimabe
Exec Manager: Mayor's office	Mr L Modise
Executive Manager: Community Services Exec Manager	Ms K S Mbali
Audit Executive (Acting)	Ms T G Motswenyane

Compensation to councillors and other key management (refer to note 15 & 16)

**33 EVENTS AFTER REPORTING DATE**

**at 30 June 2010**

No events after reporting date

**at 30 June 2009**

The following series of events occurred after the balance sheet date:

1. Municipal employees were engaged in a strike from 30 June 2009 to 3 August 2009.
2. The income section of the finance department was destroyed by fire on the 7th of August 2009.
3. Senior management and key personnel at the Municipality during the 2008/2009 financial year were suspended or terminated from employment at the municipality after year end.

**TERMINATIONS**

<b>Position</b>	<b>DATE</b>	<b>DATE SIGNED</b>
Executive Manager - LED	18/08/2009	20/08/2009
Acting Municipal Manager	15/07/2009	18/08/2009
Executive Manager – Mayor's office	18/08/2009	30/09/2009

**Ngaka Modiri Molema District Municipality  
NOTES TO THE FINANANCIAL STATEMENTS  
for the year ended 30 June 2010**

Note	2010	2009
	R	R

**SUSPENSIONS**

Suspension Date	DATE	DATE SIGNED
CFO	01/09/2009	02/09/2009
Manager IT	26/08/2009	27/08/2009
Manager SCM	26/08/2009	27/08/2009
Accountant – Income	03/09/2009	03/09/2009

**34 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

**The useful lives and residual values of property, plant, and equipment**

In accordance with GRAP 17.61 the municipality implemented an accounting policy to ensure that the residual value and the useful life of assets are reviewed at least at each reporting date

The carrying value of assets at year end, subject to the annual review is

R 24 725 575.01

**Provision for doubtful debts**

Management has an accounting policy in place to provide for the bad debts.

The policy requires individual assessment of long outstanding debtors

The carrying value of the provision for bad debt 2010:	R 1 059 657.71
The carrying value of the provision for bad debt 2009	R 3 211 030.00

No bad debts written off for 2010. Bad debts recovered amounted to R :	R 2 150 000.00
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**35 RISK MANAGEMENT**

**35.1 Maximum credit risk exposure**

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

The municipality does not render any services to the community and therefore the credit risk exposure is assessed as low.

Note	2010 R	2009 R
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### 35 RISK MANAGEMENT (Continued)

Other receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Current Account - First National Bank	17 542 146	(36 012 948)
Trade and other receivables	3 970 778	13 830 490

These balances represent the maximum exposure to credit risk.

#### 35.2 Liquidity risk

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

Because of levels of creditors and no long term liabilities the liquidity risk of the municipality is assessed as medium

#### 35.3 Interest rate risk

As the municipality has no interest-bearing assets (other than call investments), the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The municipality's assessment of interest rate risk is assessed as medium.

### 36 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure D

**Ngaka Modiri Molema District Municipality**  
**APPENDIX A**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2010

	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/ Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
<b>Land</b>												
Land	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Buildings</b>	-	-	-	-	2 122 483	2 122 483	-	-	-	-	-	2 122 483
<b>Infrastructure</b>												
Drains	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	24 858 042	24 858 042	-	-	-	-	-	24 858 042
Sewerage Mains & Purification	-	-	-	-	48 031 563	48 031 563	-	-	-	-	-	48 031 563
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	87 228 616	87 228 616	-	-	-	-	-	87 228 616
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	160 118 221	160 118 221	-	-	-	-	-	160 118 221
<b>Community Assets</b>												
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	1 158 663	1 158 663	-	-	-	-	-	1 158 663
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	1 158 663	1 158 663	-	-	-	-	-	1 158 663

<b>Total carried forward</b>	-	-	-	<b>163 399 366</b>	<b>163 399 366</b>	-	-	-	-	-	<b>163 399 366</b>
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**Ngaka Modiri Molema District Municipality**  
**APPENDIX A**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2010

	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/ Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	-	-	-		163 399 366	163 399 366	-	-	-	-	-	163 399 366
<b>Heritage Assets</b>												
Historical Buildings	-	-	-		-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-		-	-	-	-	-	-	-	-
<b>Other Assets</b>												
Office Equipment	752 127	76 029	-	-	-	828 155	-	(138 998)	-	-	(138 998)	689 158
Furniture & Fittings	3 114 376	511 977	-	-	-	3 626 353	-	(607 917)	-	-	(607 917)	3 018 436
Bins And Containers	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	462 195	-	-	-	-	462 195	-	(87 617)	-	-	(87 617)	374 577
Motor Vehicles	20 083 826	2 992 872	-	-	-	23 076 698	-	(3 687 147)	-	-	(3 687 147)	19 389 551
Computer Equipment	799 138	227 104	-	-	-	1 026 243	-	(202 910)	-	-	(202 910)	823 332
Computer Software (part Of Computer Equipment)	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	523 938	18 071	-	-	-	542 009	-	(111 488)	-	-	(111 488)	430 521
	25 735 600	3 826 053	-	-	-	29 561 653	-	(4 836 078)	-	-	(4 836 078)	24 725 575
<b>Finance Lease Assets</b>												
Office Equipment	-	-	-		-	-	-	-	-	-	-	-
Other Assets	-	-	-		-	-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-	-
<b>Total</b>	<b>25 735 600</b>	<b>3 826 053</b>	<b>-</b>		<b>163 399 366</b>	<b>192 961 020</b>	<b>-</b>	<b>(4 836 078)</b>	<b>-</b>	<b>-</b>	<b>(4 836 078)</b>	<b>188 124 941</b>



**Ngaka Modiri Molema District Municipality**  
**APPENDIX A**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2009

	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/ Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
<b>Land</b>												
Land	-	-	-		-	-	-	-	-	-	-	-
Quarries	-	-	-		-	-	-	-	-	-	-	-
<b>Buildings</b>	-	-	-		-	-	-	-	-	-	-	-
<b>Infrastructure</b>												
Other	-	-	-		-	-	-	-	-	-	-	-
Drains	-	-	-		-	-	-	-	-	-	-	-
Roads	-	-	-		-	-	-	-	-	-	-	-
Sewerage Mains & Purification	-	-	-		-	-	-	-	-	-	-	-
Electricity Mains	-	-	-		-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-		-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-		-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-		-	-	-	-	-	-	-	-
Water Meters	-	-	-		-	-	-	-	-	-	-	-
Storm Water	-	-	-		-	-	-	-	-	-	-	-
<b>Community Assets</b>												
Parks & Gardens	-	-	-		-	-	-	-	-	-	-	-
Libraries	-	-	-		-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-		-	-	-	-	-	-	-	-
Civic Buildings	-	-	-		-	-	-	-	-	-	-	-
Stadiums	-	-	-		-	-	-	-	-	-	-	-
Halls	-	-	-		-	-	-	-	-	-	-	-
Theatre	-	-	-		-	-	-	-	-	-	-	-
Swimming Pools	-	-	-		-	-	-	-	-	-	-	-
Cemeteries	-	-	-		-	-	-	-	-	-	-	-
Other	-	-	-		-	-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-	-

<b>Total carried forward</b>	-	-	-	-	-	-	-	-	-	-	-	-
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**Ngaka Modiri Molema District Municipality**  
**APPENDIX A**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2009

	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/ Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>												
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>												
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Finance Lease Assets</b>												
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-

\*\*\* Due to the first implementation of GRAP, prior year information as not available in this format to reconstruct the information from IMFO to GRAP

**Ngaka Modiri Molema District Municipality**  
**APPENDIX B**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2010

	Cost / Revaluation						Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Other Movements	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Community Services	8 602 789	2 599 020	-	-	-	11 201 809	-	(1 766 253)	-	(1 766 253)	9 435 556
Technical Services	502 539	341 000	-	-	-	843 539	-	(118 789)	-	(118 789)	724 749
Budget and Treasury Office	11 714 355	872 355	-	-	-	12 586 710	-	(2 017 968)	-	(2 017 968)	10 568 742
Corporate Services	1 983 434	13 678	-	-	-	1 997 112	-	(453 109)	-	(453 109)	1 544 002
Planning and Development	19 523	-	-	163 399 366	-	163 418 889	-	(3 645)	-	(3 645)	163 415 244
Municipal Manager	90 267	-	-	-	-	90 267	-	(17 267)	-	(17 267)	73 000
Mayor Speaker and councillors	2 822 694	-	-	-	-	2 822 694	-	(459 046)	-	(459 046)	2 363 647
						-					-
<b>Total</b>	<b>25 735 600</b>	<b>3 826 053</b>	<b>-</b>	<b>163 399 366</b>	<b>-</b>	<b>192 961 020</b>	<b>-</b>	<b>(4 836 078)</b>	<b>-</b>	<b>(4 836 078)</b>	<b>188 124 941</b>



**Ngaka Modiri Molema District Municipality**  
**APPENDIX C**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2010

2009	2009	2009		2010	2010	2010	
Actual	Actual	Surplus /		Actual	Actual	Surplus /	
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)	
R	R	R		R	R	R	
-	19 453 809	(19 453 809)	Mayor Speaker and councillors	-	15 480 266	(15 480 266)	
-	14 465 016	(14 465 016)	Municipal Manager	1 160 315	17 616 727	(16 456 413)	
-	38 903 229	(38 903 229)	Corporate Services	-	38 452 624	(38 452 624)	
240 612 118	20 047 423	220 564 695	Budget and Treasury Office	402 814 272	18 508 603	384 305 668	
50 557 936	112 543 061	(61 985 125)	Technical Services	40 539 000	162 839 991	(122 300 991)	
-	11 607 150	(11 607 150)	Planning and Development	-	5 884 012	(5 884 012)	
-	38 266 076	(38 266 076)	Community Services	-	40 502 365	(40 502 365)	
<b>291 170 054</b>	<b>255 285 764</b>	<b>35 884 290</b>	<b>Total</b>	<b>444 513 586</b>	<b>299 284 589</b>	<b>145 228 997</b>	



**Ngaka Modiri Molema District Municipality**  
**APPENDIX D**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)**  
**for the year ended 30 June 2010**

	Actual R	Adjustments Budget R	Variance R	Variance e %	Explanation of significant variances greater than 10% versus budget
<b>REVENUE</b>					
Rental of facilities and equipment	15 561	-	15 561	100%	<i>No budget was made for rental of graders(Earth moving machine) as management had planned to use it in various projects.The various projects were completed ahead of schedule making the grader available for leasing</i>
Interest earned - external investments	14 998 780	13 508 121	1 490 659	11%	<i>The municipal investment portfolio is based on fixed call accounts, the growth of these call accounts is based on the prevailing interest rates therefore an accurate estimate of future earnings can not be accurately determined. Hence the budgeted income for Interest earned - external investments is less than the actual income for the 2009/2010 financial year</i>
Government grants and subsidies	419 516 459	415 381 134	4 135 325	1%	N/A
Other income	10 922 786	148 780 544	-137 857 758	-93%	
<b>TOTAL REVENUE</b>	<b>445 453 586</b>	<b>577 669 799</b>	<b>-132 216 213</b>	<b>-23%</b>	
<b>EXPENDITURE</b>					
Employee related costs	79 605 010	86 856 081	7 251 071	8%	N/A
Remuneration of councillors	7 518 291	9 490 916	1 972 625	21%	<i>Provision of salary increases for councillors was budgeted for prior to the commencement of the 2009/2010 financial year by the municipality. The South African Local government Association then introduced and implemented new remuneration structures for municipal political office bearers and hence the difference between the actual expenditure for remuneration of councillors and budgeted expenditure.</i>
Fines	12 183	-	-12 183	100%	<i>As per the municipal legislation, fines were not budgeted for the purposes of avoiding the incurring of irregular, fruitless and wasteful expenditure and hence the lack of a budget for municipal fines incurred during the 2009/2010 financial year.</i>
Bad debts	-	-	-	0%	N/A
Depreciation and amortisation expense	4 836 078	-	-4 836 078	100%	<i>There was no budgetting for depreciation prior to conversion to Grap, hence the difference of 100%.</i>
Grants and subsidies paid	51 184 177	69 847 754	18 663 577	27%	<i>It is envisaged that the amount stated for grants and subsidies paid would change when the adjustment expenditure is released</i>
Repairs and maintenance	18 977 088	20 444 837	1 467 749	7%	N/A
Contracted services	15 665 131	16 390 271	725 140	4%	N/A
General Expenses	122 426 631	89 805 943	-32 620 688	-36%	
<b>TOTAL EXPENDITURE</b>	<b>300 224 589</b>	<b>292 835 802</b>	<b>-7 388 787</b>	<b>-3%</b>	
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>145 228 997</b>	<b>284 833 997</b>	<b>-139 605 000</b>	<b>13%</b>	