

# **TSOLWANA LOCAL**

## **MUNICIPALITY**

**EC132**



Unaudited Annual Financial Statements

## **FINANCIAL STATEMENTS**

**30 JUNE 2015**

# TSOLWANA LOCAL MUNICIPALITY

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**TSOLWANA LOCAL MUNICIPALITY**  
**EC132**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**GENERAL INFORMATION**

**NATURE OF BUSINESS**

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

**COUNTRY OF ORIGIN AND LEGAL FORM**

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

**JURISDICTION**

The TSOLWANA Municipality includes the following areas:

*Tarkastad*  
*Hofmeyr*  
*Ntabethemba*

**MUNICIPAL MANAGER**

*Mr SJ Dayi*

**ACTING CHIEF FINANCIAL OFFICER**

*MR. J.C. van der Linde*

**REGISTERED OFFICE**

*12 Murray street, Tarkastad*

**AUDITORS**

*Auditor General South Africa*

**PRINCIPLE BANKERS**

*First National Bank, Tarkastad*

**ATTORNEYS**

*Kirchmann's Inc*  
*Bowes McDougal*  
*Smith Tabata*

**RELEVANT LEGISLATION**

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

# TSOLWANA LOCAL MUNICIPALITY

## MEMBERS OF THE TSOLWANA LOCAL MUNICIPALITY

### COUNCILLORS

Proportional (Mayor)	K Nqiqhi
Proportional	M Bennett
Proportional	C Boast
Proportional	V Dyasi
Proportional	G Hlomendlini
Ward 1	M Mangcotywa
Ward 2	T Baleng
Ward 3	N Ngcefe
Ward 4	N Nqabisa
Ward 5	GJ van heerden (Joined during October 2014)

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 7 to 94 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP. The appendixes attached are not audited.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2016 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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

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*Mr SJ Dayi*  
**Municipal Manager**

31-08-2015  
**Date**

**TSOLWANA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of TSOLWANA LOCAL MUNICIPALITY for the fiscal year 2014/2015

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

**2. KEY FINANCIAL INDICATORS**

The economic downturn and the Eskom issues continue to play havoc with good financial management. The Tsolwana economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy.

**Financial Statement Ratios:**

INDICATOR	30 June 2015	30 June 2014
Surplus / (Deficit) for the year before Appropriations	9 480 090	4 399 651
Accumulated Surplus / (Deficit) at the end of the Year	70 347 242	60 867 152
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	30.82%	27.44%
Remuneration of Councillors	4.70%	3.97%
Debt Impairment	3.31%	18.41%
Depreciation and Amortisation	13.22%	11.32%
Repairs and Maintenance	3.31%	1.59%
Actuarial losses	0.00%	1.31%
Finance Charges	1.10%	0.16%
Bulk Purchases	14.96%	12.17%
Grants and Subsidies	0.00%	0.00%
Operating Grant Expenditure	10.61%	10.83%
General Expenses	17.84%	12.80%
Current Ratio:		
Creditors Days	60	58
Debtors Days	695	695

One indicator needing comment is that of repairs and maintenance are not yet at the level it is suppose to be. The creditors days as well as the debtors days outstanding has not improved and we will continue to work towards improving these ratios.

**TSOLWANA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**3. OPERATING RESULTS**

The overall operating results for the year ended 30 June 2015 are as follows:

DETAILS	Actual 2014/2015 R	Actual 2013/2014 R	Percentage Variance %
<b>Income:</b>			
Opening surplus / (deficit)	60 867 152	56 467 502	7.79%
Operating income for the year (incl. gains in disposal of assets)	67 726 310	72 005 593	-5.94%
	128 593 462	128 473 095	0.09%
<b>Expenditure:</b>			
Operating expenditure for the year	58 246 220	66 397 123	-12.28%
Closing surplus / (deficit)	70 347 242	60 867 152	15.58%
	128 593 462	127 264 275	1.04%

**4. FINANCING OF PROPERTY, PLANT AND EQUIPMENT**

The expenditure on Property, Plant and Equipment during the year amounted to R 14 087 381 (2013/2014: R 14 369 258), and in percentage terms amounts to 16% of budget. Full details of Property, Plant and Equipment are disclosed in note number 10 to the Annual Financial Statements.

**5. LONG-TERM LIABILITIES**

The outstanding amount of Long-term Liabilities as at 30 June was :

2015 R	2014 R
-	<u>11 325</u>

Tsolwana municipality only have a Finance lease liability and we did not enter into any long term liability for the period under review

Refer to Note number 2 for more detail

**TSOLWANA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS**

Non-current Provisions and Employee Benefits at 30 June are made up as follows:

	<b>22 519 335</b>	<b>22 248 155</b>
Provision for Post Retirement Benefits	3 436 280	3 323 073
Provision for Long Service Awards	441 132	349 283
Provision for Rehabilitation of Landfill-sites	18 641 923	18 575 799
	<b>22 519 335</b>	<b>22 248 155</b>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 3 and 4 for more detail.

**7. CURRENT LIABILITIES**

Current Liabilities are made up as follows:

Consumer Deposits	Note number 5	98 627	101 101
Current Employee benefits	Note number 6	880 983	754 388
Provisions	Note number 0	-	-
Payables from exchange transactions	Note number 7	5 072 455	4 114 243
Unspent Conditional Government Grants and Receipts	Note number 8	9 723 890	8 805 240
Taxes	Note number 9.1	1 167 453	2 262 644
Cash and Cash Equivalents	Note number 17	14 532 963	13 392 912
Current Portion of Long-term Liabilities	Note number 2	-	11 325
		<b>31 476 372</b>	<b>29 441 853</b>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

**8. INTANGIBLE ASSETS**

The net value of Intangible Assets is:

**412 850**                      **92 047**

Refer to Note number 12 for more detail.

**9. PROPERTY, PLANT AND EQUIPMENT**

The net value of Property, Plant and Equipment is:

**82 780 996**                      **76 462 575**

Refer to Note number 10 for more detail.

**10. INVESTMENTS**

The municipalities does not have monies on fixed investment, we do however have monies in call accounts which are included under cash and cash equivalents.

**11. LONG-TERM RECEIVABLES**

The municipality does not have long-term recievables

**12. CURRENT ASSETS**

**TSOLWANA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

Current Assets are made up as follows:

Inventory	Note number 13	363 643	788 131
Receivables from exchange transactions	Note number 14	4 456 785	2 911 208
Receivables from non-exchange transactions	Note number 15	3 179 405	2 298 212
Unpaid Conditional Government Grants and Receipts	Note number 8	226 313	247 352
Operating Lease Asset	Note number 16.1	-	-
Taxes	Note number 9.2	1 837 851	915 573
Cash and Cash Equivalents	Note number 17	14 532 963	13 392 912
		<b>24 596 960</b>	<b>20 553 388</b>

Refer to the indicated Note numbers for more detail.

**13. INTER-GOVERNMENTAL GRANTS**

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes numbers 8 and 19 as well as Appendix C for more detail.

**14. EVENTS AFTER THE REPORTING DATE**

Full details of all known events after the reporting date are disclosed in Note number 45

**15 EXPRESSION OF APPRECIATION**

I am grateful to the Municipal Manager and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.

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**ACTING CHIEF FINANCIAL OFFICER**

31 August 2015



**TSOLWANA LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

	Notes	2015 R (Actual)	2014 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>70 347 242</b>	<b>60 867 152</b>
Accumulated Surplus/(Deficit)		70 347 242	60 867 152
<b>Non-Current Liabilities</b>		<b>22 366 190</b>	<b>22 078 235</b>
Long-term Liabilities	2	-	-
Employee benefits	3	3 724 267	3 502 436
Non-Current Provisions	4	18 641 923	18 575 799
<b>Current Liabilities</b>		<b>16 943 539</b>	<b>16 049 072</b>
Consumer Deposits	5	98 627	101 101
Current Employee benefits	6	880 983	754 388
Payables from exchange transactions	7	5 072 455	4 114 243
Unspent Conditional Government Grants and Receipts	8	9 724 020	8 805 370
Taxes	9.1	1 167 453	2 262 644
Current Portion of Long-term Liabilities	2	-	11 325
<b>Total Net Assets and Liabilities</b>		<b>109 656 971</b>	<b>98 994 459</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>85 060 011</b>	<b>78 441 071</b>
Property, Plant and Equipment	10	82 780 996	76 462 575
Investment Property	11	1 866 164	1 886 449
Intangible Assets	12	412 850	92 047
<b>Current Assets</b>		<b>24 596 960</b>	<b>20 553 388</b>
Inventory	13	363 643	788 131
Receivables from exchange transactions	14	4 456 785	2 911 208
Receivables from non-exchange transactions	15	3 179 405	2 298 212
Unpaid Conditional Government Grants and Receipts	8	226 313	247 352
Taxes	9.2	1 837 851	915 573
Cash and Cash Equivalents	17	14 532 963	13 392 912
<b>Total Assets</b>		<b>109 656 971</b>	<b>98 994 458</b>

**TSOLWANA LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 R	2014 (Restated) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>56 396 465</b>	<b>52 799 943</b>
<b>Taxation Revenue</b>		<b>2 281 073</b>	<b>1 661 846</b>
Property taxes	18	2 281 073	1 661 846
<b>Transfer Revenue</b>		<b>53 644 528</b>	<b>51 123 139</b>
Government Grants and Subsidies - Capital	19	13 689 182	15 439 277
Government Grants and Subsidies - Operating	19	39 955 346	35 683 862
Public Contributions and Donations		-	-
<b>Other Revenue</b>		<b>470 865</b>	<b>14 958</b>
Revenue from Insurance claims		462 865	10 556
Fines		8 000	4 402
<b>Revenue from Exchange Transactions</b>		<b>11 329 845</b>	<b>19 205 650</b>
Service Charges	20	6 556 205	6 420 457
Water Service Authority Contribution	21	-	9 499 819
Rental of Facilities and Equipment		96 864	122 271
Interest Earned - external investments		772 447	643 723
Interest Earned - outstanding debtors		1 347 783	1 165 686
Agency Services		1 772 587	1 282 552
Other Income	22	33 068	71 143
Gain on disposal of Property, Plant and Equipment		-	-
Actuarial Gain		750 890	-
Curtailment discontinued Services		-	-
<b>Total Revenue</b>		<b>67 726 310</b>	<b>72 005 593</b>
<b>EXPENDITURE</b>			
Employee related costs	23	17 948 834	18 217 098
Remuneration of Councillors	24	2 737 779	2 636 563
Debt Impairment	25	1 926 100	12 226 267
Depreciation and Amortisation	26	7 700 186	7 514 494
Repairs and Maintenance	30	1 925 115	1 056 294
Actuarial losses	3	-	867 322
Finance Charges	27	641 177	105 912
Bulk Purchases	28	8 714 568	8 081 962
Grants and Subsidies	29	-	-
Operating Grant Expenditure	31	6 179 945	7 192 008
General Expenses	32	10 393 571	8 499 203
Loss on disposal of Property, Plant and Equipment		78 945	-
<b>Total Expenditure</b>		<b>58 246 220</b>	<b>66 397 123</b>
Discontinued Services		-	1 208 819
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>9 480 090</b>	<b>4 399 651</b>

TSOLWANA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surplus/ (Deficit)	Total
	R	R
<b>Balance at 1 JULY 2013</b>	<b>70 746 794</b>	<b>70 746 794</b>
<b>Correction of error:</b>		
Fruitless and Wasteful Expenditure	(62 875)	(62 875)
Curtailement of Discontinued Services	2 228 629	2 228 629
Depreciation And Asset correction	293 306	293 306
Rehabilitation of Landfill Sites	(17 313 884)	(17 313 884)
	<u>575 532</u>	<u>575 532</u>
Net Surplus for the year	56 467 502	56 467 502
	4 399 650	4 399 650
<b>Balance at 30 JUNE 2014</b>	<b>60 867 152</b>	<b>60 867 152</b>
Net Surplus for the year	9 480 090	9 480 090
Balance at 30 June 2015	<u><b>70 347 242</b></u>	<u><b>70 347 242</b></u>

**TSOLWANA LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	30 JUNE 2015 R	30 JUNE 2014 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		7 866 153	18 290 345
Government		54 802 128	53 321 190
Interest		772 447	643 723
Dividends		-	-
<b>Payments</b>			
Suppliers and employees		(47 806 542)	(54 971 931)
Finance charges	27	(82 262)	(105 912)
Transfers and Grants		-	1 380
<b>Cash generated by operations</b>	<b>35</b>	<b>15 551 924</b>	<b>17 178 795</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	10	(13 918 513)	(14 369 258)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		-	9 314
Purchase of Intangible Assets		(479 561)	(87 564)
<b>Net Cash from Investing Activities</b>		<b>(14 398 074)</b>	<b>(14 447 508)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(11 325)	(38 997)
New loans raised		-	-
Decrease in Consumer Deposits		(2 474)	-
<b>Net Cash from Financing Activities</b>		<b>(13 799)</b>	<b>(38 997)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1 140 051</b>	<b>2 692 290</b>
Cash and Cash Equivalents at the beginning of the year		13 392 912	10 700 623
Cash and Cash Equivalents at the end of the year	36	14 532 963	13 392 912
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1 140 051</b>	<b>2 692 289</b>

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	14 532 963	-	14 532 963	The cash on hand is more than initially budgeted for due to the high level of unspent grants.
Call investment deposits	-	-	-	
Consumer debtors	7 636 190	5 722 000	1 914 190	The consumers debtors are higher due to the Pre-Paid monies due from the service provider as well as a portion for the 14th cheque. A further contributing factor is the poor collection levels.
Other Receivables	2 064 165	-	2 064 165	We did not budget for other receivables such as unpaid grants and material amounts for Taxes to be due at year end
Current portion of long-term receivables	-	-	-	
Inventory	363 643	835 000	(471 357)	Inventory did not change from the prior year due to not having proper store facilities and inventory lists.
<b>Total current assets</b>	<b>24 596 960</b>	<b>6 557 000</b>	<b>18 039 960</b>	
<b>Non current assets</b>				
Long-term receivables	-	-	-	
Investment property	1 866 164	26 856 184	(24 990 020)	See prior year correction of error note budget was incorrect.
Property, plant and equipment	82 780 996	83 234 000	(453 004)	We did not budget to have unspent grants resulting in projects not being done, therefore the actual asset value is lower
Intangible Assets	412 850	222 000	190 850	Not material
<b>Total non current assets</b>	<b>85 060 011</b>	<b>110 312 184</b>	<b>(25 252 173)</b>	
<b>TOTAL ASSETS</b>	<b>109 656 971</b>	<b>116 869 184</b>	<b>-7 212 213</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	-	-	-	The borrowing part was budgeted only under non current whereas the finance lease will have an effect on the next 12 months, not taken into account in the budget.
Consumer deposits	98 627	101 000	(2 373)	Not material
Trade and other payables	15 963 928	2 989 000	12 974 928	The budgeted figures does not include the unspent portion of the grants. Also due to increase in debtors, the VAT output also increased included in the actual figures.
Provisions and Employee Benefits	880 983	1 013 000	(132 017)	The actual figure is lower due to the fact that we anticipated a higher contribution and expenditure for the year
<b>Total current liabilities</b>	<b>16 943 539</b>	<b>4 103 000</b>	<b>12 840 539</b>	
<b>Non current liabilities</b>				
Borrowing	-	-	-	Refer to comment under Current liabilities.
Provisions and Employee Benefits	22 366 190	6 999 000	15 367 190	Not material
<b>Total non current liabilities</b>	<b>22 366 190</b>	<b>6 999 000</b>	<b>15 367 190</b>	
<b>TOTAL LIABILITIES</b>	<b>39 309 729</b>	<b>11 102 000</b>	<b>28 207 729</b>	
<b>NET ASSETS</b>	<b>70 347 243</b>	<b>105 767 184</b>	<b>(35 419 941)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	70 347 242	106 364 000	(36 016 758)	
Reserves	-	329 000	(329 000)	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>70 347 242</b>	<b>106 693 000</b>	<b>-36 345 758</b>	

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	9 438 400	(9 438 400)	-	n/a
Consumer debtors	3 145 000	2 577 000	5 722 000	n/a
Other Receivables	-	-	-	n/a
Inventory	50 000	785 000	835 000	n/a
<b>Total current assets</b>	<b>12 633 400</b>	<b>(6 076 400)</b>	<b>6 557 000</b>	
<b>Non current assets</b>				
Long-term receivables	-	-	-	n/a
Investments	-	-	-	n/a
Investment property	29 013 184	(2 157 000)	26 856 184	n/a
Property, plant and equipment	103 667 000	(20 433 000)	83 234 000	n/a
Biological Assets	-	-	-	n/a
Intangible Assets	348 000	(126 000)	222 000	n/a
Heritage Assets	-	-	-	n/a
<b>Total non current assets</b>	<b>133 028 184</b>	<b>(22 716 000)</b>	<b>110 312 184</b>	
<b>TOTAL ASSETS</b>	<b>145 661 584</b>	<b>(28 792 400)</b>	<b>116 869 184</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	n/a
Borrowing	-	-	-	n/a
Consumer deposits	101 000	-	101 000	n/a
Trade and other payables	7 966 000	(4 977 000)	2 989 000	n/a
Provisions and Employee Benefits	1 013 000	-	1 013 000	n/a
<b>Total current liabilities</b>	<b>9 080 000</b>	<b>(4 977 000)</b>	<b>4 103 000</b>	
<b>Non current liabilities</b>				
Borrowing	-	-	-	n/a
Provisions and Employee Benefits	9 164 000	(2 165 000)	6 999 000	n/a
<b>Total non current liabilities</b>	<b>9 164 000</b>	<b>(2 165 000)</b>	<b>6 999 000</b>	
<b>TOTAL LIABILITIES</b>	<b>18 244 000</b>	<b>(7 142 000)</b>	<b>11 102 000</b>	
<b>NET ASSETS</b>	<b>127 417 584</b>	<b>(21 650 400)</b>	<b>105 767 184</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	128 102 000	(21 738 000)	106 364 000	n/a
Reserves	329 000	-	329 000	n/a
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>128 431 000</b>	<b>(21 738 000)</b>	<b>106 693 000</b>	

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Property rates	2 281 073	3 137 576	856 503	Incorrectly budgeted
Service charges	6 556 205	10 531 100	3 974 895	The actual amount received was lower than anticipated with the budget on electricity.
Rental of facilities and equipment	96 864	75 260	(21 604)	Immaterial We managed to generate more interest than initially anticipated. Our cash available are decreasing and therefore a lower interest income was expected.
Interest earned - external investments	772 447	502 000	(270 447)	Due to the high unpaid rate the interest also increased more than anticipated.
Interest earned - outstanding debtors	1 347 783	1 028 000	(319 783)	
Dividends received	-	-	-	Not material amount - Our Traffic department is not ready for operations and therefore we only reflect what department of Justice is paying over to us.
Fines	8 000	500 000	492 000	
Licences and permits	-	-	-	
Agency services	1 772 587	9 686 574	7 913 987	The amount budgeted was for a 5% on roads construction that only started in July 2015.
Government Grants and Subsidies - Operating	39 955 346	62 579 547	22 624 201	Only R7.1 Million was received from Department of Roads on the R 25 Million budgetted
Other revenue	495 933	8 754 220	8 258 287	The variance is due to unidentified revenue in previous periods which could not be identified as at year end.
Gains on disposal of PPE	-	30 000	30 000	Immaterial
Actuarial Gains	750 890	-	(750 890)	Cannot be budgeted for
<b>Total Operating Revenue</b>	<b>54 037 129</b>	<b>96 824 277</b>	<b>42 787 148</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	17 948 834	27 056 438	9 107 605	Not material saving on budget
Remuneration of councillors	2 737 779	2 890 293	152 514	Not material council increase only in new financial year
Debt impairment	1 926 100	5 935 022	4 008 922	This is due to the impairment on the Water and Sanitation debtors that will be transferred to the district at 1 July 2014.
Depreciation & asset impairment	7 700 186	6 881 472	(818 713)	Due to change in useful life not taken into account in budget
Finance charges	641 177	120 000	(521 177)	Due to increase in inflation for cost of landfill sites and employee benefits not taken into account in the budget
Bulk purchases	8 714 568	9 778 090	1 063 522	Lesser electricity were bought during the year under review.
Grants and subsidies paid	6 179 945	1 992 900	(4 187 045)	We have paid slightly less than budgeted, this will however improof during the coming financial year due to proper implementation of indigent subsidy registration process.
Other expenditure	12 397 631	48 703 754	36 306 123	Pyaments were less that budgeted
<b>Total Operating Expenditure</b>	<b>58 246 220</b>	<b>103 357 970</b>	<b>45 111 750</b>	
<b>Operating Deficit for the year</b>	<b>(4 209 092)</b>	<b>(6 533 693)</b>	<b>(2 324 602)</b>	
Government Grants and Subsidies - Capital	13 689 182	11 741 050	(1 948 132)	A Portion remain unspent at year end due to late implementation of projects resulted in all conditions not being met as at year end, hence the commitments disclosed.
<b>Net Surplus for the year</b>	<b>9 480 090</b>	<b>5 207 357</b>	<b>(4 272 733)</b>	

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	3 137 576	-	3 137 576	n/a
Property rates - penalties & collection charges		-	-	n/a
Service charges	10 531 100	-	10 531 100	n/a
Rental of facilities and equipment	75 260	-	75 260	n/a
Interest earned - external investments	502 000	-	502 000	n/a
Interest earned - outstanding debtors	1 028 000	-	1 028 000	n/a
Dividends received	-	-	-	n/a
Fines	500 000	-	500 000	n/a
Licences and permits	-	-	-	n/a
Agency services	9 686 574	-	9 686 574	n/a
Government Grants and Subsidies - Operating	62 579 547	-	62 579 547	n/a
Other revenue	114 220	8 640 000	8 754 220	n/a
Gains on disposal of PPE	30 000	-	30 000	
<b>Total Operating Revenue</b>	<u>88 184 277</u>	<u>8 640 000</u>	<u>96 824 277</u>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	27 056 438	-	27 056 438	n/a
Remuneration of councillors	2 890 293	-	2 890 293	n/a
Debt impairment	5 935 022	-	5 935 022	n/a
Depreciation & asset impairment	6 881 472	-	6 881 472	n/a
Finance charges	120 000	-	120 000	n/a
Bulk purchases	9 778 090	-	9 778 090	n/a
Other materials	-	-	-	n/a
Contracted services	-	-	-	n/a
Grants and subsidies paid	1 992 900	-	1 992 900	n/a
Other expenditure	48 703 754	-	48 703 754	n/a
Loss on disposal of PPE	-	-	-	
<b>Total Operating Expenditure</b>	<u>103 357 970</u>	<u>-</u>	<u>103 357 970</u>	
<b>Operating Surplus/(Deficit) for the year</b>	<u>(15 173 693)</u>	<u>-</u>	<u>(6 533 693)</u>	
Government Grants and Subsidies - Capital	11 741 050	-	11 741 050	n/a
<b>Net Surplus/(Deficit) for the year</b>	<u><u>(3 432 643)</u></u>	<u><u>-</u></u>	<u><u>5 207 357</u></u>	



**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	7 866 153	24 123 139	(16 256 986)	
Government - operating	54 802 128	32 614 359	22 187 770	
Government - capital	-	14 396 850	(14 396 850)	
Interest	772 447	917 550	(145 103)	
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(47 806 542)	(51 326 183)	3 519 641	
Finance charges	(82 262)	-	(82 262)	
Transfers and Grants	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>15 551 924</b>	<b>20 725 715</b>	<b>(5 173 791)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
<b>Payments</b>				
Capital assets	(14 398 074)	(23 188 344)	8 790 270	The difference is due to us not being able to implement and complete all our projects on time
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-14 398 074</b>	<b>(23 188 344)</b>	<b>8 790 270</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(2 474)	-	-	Not material
<b>Payments</b>				
Repayment of borrowing	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-2 474</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>1 140 051</b>	<b>(2 460 130)</b>	<b>5 238 603</b>	
Cash and Cash Equivalents at the beginning of the year	13 392 912	6 175 879	2 064 614	
Cash and Cash Equivalents at the end of the year	14 532 963	3 715 749	7 217 033	

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	24 123 139	-	24 123 139	n/a
Government - operating	32 614 359	-	32 614 359	n/a
Government - capital	14 396 850	-	14 396 850	n/a
Interest	917 550	-	917 550	n/a
Dividends	-	-	-	n/a
<b>Payments</b>				
Suppliers and Employees	(51 326 183)	-	(51 326 183)	n/a
Finance charges	-	-	-	n/a
Transfers and Grants	-	-	-	n/a
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<u>20 725 715</u>	<u>-</u>	<u>20 725 715</u>	n/a
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	-	-	-	n/a
Decrease/(increase) in non-current receivables	-	-	-	n/a
Decrease/(increase) in non-current investments	-	-	-	n/a
<b>Payments</b>				
Capital assets	(23 188 344)	-	(23 188 344)	n/a
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>(23 188 344)</u>	<u>-</u>	<u>(23 188 344)</u>	n/a
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	n/a
Increase/(decrease) in consumer deposits	2 500	-	2 500	n/a
<b>Payments</b>				
Repayment of borrowing	-	-	-	n/a
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>2 500</u>	<u>-</u>	<u>2 500</u>	n/a
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<u>(2 460 130)</u>	<u>-</u>	<u>(2 460 130)</u>	
Cash and Cash Equivalents at the beginning of the year	8 636 009	-	8 636 009	n/a
Cash and Cash Equivalents at the end of the year	6 175 879	-	6 175 879	n/a

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

		2015 R	2014 R
<b>2</b>	<b>LONG-TERM LIABILITIES</b>		
	Capitalised Lease Liability - At amortised cost	11 325	11 325
		11 325	11 325
	Current Portion transferred to Current Liabilities	-	11 325
	Capitalised Lease Liability - At amortised cost	-	11 325
	<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	-	-

The obligations under finance leases are scheduled below:

	<b>Minimum lease payments</b>	
Amounts payable under finance leases:		
Payable within one year	-	12 360
Payable within two to five years	-	-
Payable after five years	-	-
	-	12 360
<b>Less:</b> Future finance obligations	-	(1 035)
<b>Present value of lease obligations</b>	-	11 325

Leases are secured by property, plant and equipment - Note 10

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Interest</u>	<u>Lease Term</u>	<u>Maturity Date</u>
Fintech	Photo copy machine - 001-844535-1-15	Prime	5yrs	31/12/2014
Fintech - Expired	Photo copy machine - 001795340-1-15	Prime	5yrs	31/01/2014
Fintech - Expired	Photo copy machine - 001795340-2-15	Prime	5yrs	31/01/2014

It should be noted that two of the contracts expired in December 2013/January 2014 and the municipality opt to continue on a month to month basis until a new contract has been signed with a successful bidder.

		2015 R	2014 R
<b>3</b>	<b>EMPLOYEE BENEFITS</b>		
	Post Retirement Benefits - Refer to Note 3.1	3 346 220	3 209 181
	Long Service Awards - Refer to Note 3.2	378 047	293 255
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>3 724 267</b>	<b>3 502 436</b>



**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

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

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

Present value of fund obligations	3 346 220	3 209 181
<b>Total Liability</b>	<b>3 346 220</b>	<b>3 209 181</b>

The fund is wholly unfunded.

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

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3 323 073	3 698 657
Total expenses	895 932	498 240
Current service cost	526 584	280 134
Interest Cost	458 749	329 454
Benefits Paid	(89 401)	(111 348)
Actuarial (gains)	(782 725)	844 234
<b>Less:</b> Curtailment discontinued Services	-	(1 718 058)
Present value of fund obligation at the end of the year	3 436 280	3 323 073
<b>Less:</b> Transfer of Current Portion - Note 6	(90 060)	(113 892)
<b>Balance 30 June</b>	<b>3 346 220</b>	<b>3 209 181</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	3.794	1.247	5.041

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		2.379	1.057	3.436	
Health care inflation	1%	3.027	1.144	4.171	21%
Health care inflation	-1%	1.886	0.982	2.868	-17%
Discount	1%	1.893	0.983	2.876	-16%
Discount	-1%	3.028	1.141	4.169	21%
Post-Retirement mortality	-1 year	2.461	1.107	3.568	4%
Average retirement age	-1 year	2.608	1.057	3.665	7%
Continuation of membership at retir	-10%	1.994	1.057	3.051	-11%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		526 600	458 700	985 300	
Health care inflation	1%	660 300	546 400	1 206 700	22%
Health care inflation	-1%	424 000	389 300	813 300	-17%
Discount Rate	1%	429 400	432 700	862 100	-13%
Discount Rate	-1%	654 600	487 200	1 141 800	16%
Post-retirement mortality	-1 year	544 700	476 400	1 021 100	4%
Average retirement age	-1 year	625 900	492 000	1 117 900	13%
Withdrawal Rate	-10%	415 000	376 500	791 500	-20%

**3.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	83	121
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**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

Key actuarial assumptions used:	%	%
<b>i) Rate of interest</b>		
Discount rate	7.72%	7.70%
General Salary Inflation (long-term)	6.95%	6.96%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.72%	0.69%

	R	R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	441 132	469 316
<b>Net liability</b>	<b>441 132</b>	<b>469 316</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R	2011 R
<b>Total Liability</b>	<b>469 316</b>	<b>394 219</b>	<b>291 881</b>	<b>243 263</b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	349 283	394 219
Total expenses	60 013	52 009
Current service cost	81 462	63 412
Interest Cost	34 041	24 036
Benefits Paid	(55 490)	(35 439)
Actuarial (gains)/losses	31 836	23 088
<b>Less:</b> Curtailment discontinued Services	-	(120 033)
Present value of fund obligation at the end of the year	441 132	349 283
<b>Less:</b> Transfer of Current Portion - Note 6	(63 085)	(56 028)
<b>Balance 30 June</b>	<b>378 047</b>	<b>293 255</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
<b>Central assumptions</b>		0.441	
General salary inflation	1%	0.467	6%
General salary inflation	-1%	0.418	-5%
Discount rate	1%	0.418	-6%
Discount rate	-1%	0.468	6%
Average retirement age	-2 yrs	0.429	-3%
Average retirement age	2 yrs	0.465	5%
Withdrawal rates	-50%	0.539	22%

Assumption	Change	Current-service		Total (R)	% change
		Cost (R)	Interest Cost (R)		
<b>Central assumptions</b>		81 500	34 000	115 500	
General salary inflation	1%	87 000	35 900	122 900	6%
General salary inflation	-1%	76 400	32 300	108 700	-6%
Discount Rate	1%	76 200	36 400	112 600	-3%
Discount Rate	-1%	87 400	31 400	118 800	3%
Average retirement age	-2 years	77 200	32 000	109 200	-5%
Average retirement age	2 years	86 300	36 400	122 700	6%
Withdrawal rates	-50%	105 900	41 200	147 100	27%

**3.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.6% (30 June 2013 - 105.1%).

	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
Contributions paid recognised in the Statement of Financial Performance	1 237 467	1 130 026

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 101.70% (30 June 2013 - 99.70%).

Contributions paid recognised in the Statement of Financial Performance	222 109	197 717
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**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund	1 713 417	1 552 848
	<u>1 713 417</u>	<u>1 552 848</u>

**4 NON-CURRENT PROVISIONS**

Balance 1 July	18 575 799	1 261 915
Provision for Rehabilitation of Landfill-sites	66 124	-
Correction of error		17 313 884
<b>Total Non-current provisions</b>	<b>18 641 923</b>	<b>18 575 799</b>

**Landfill Sites - Tarkastad**

Balance 1 July	689 790	689 790
Restated Balance 1 July	689 790	689 790
Additions	36 368	-
<b>Total provision 30 June</b>	<b>726 158</b>	<b>689 790</b>

**Landfill Sites - Hofmeyr**

Balance 1 July	572 126	572 126
Restated Balance 1 July	572 126	572 126
Additions	29 756	-
<b>Total provision 30 June</b>	<b>601 882</b>	<b>572 126</b>

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will not occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period. No portion will be transferred to the current portion because the municipality did not budget to incur these expenditures

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

**Landfill Sites**

	<b><u>Tarkastad</u></b>	<b><u>Hofmeyr</u></b>
Area (m <sup>2</sup> )	11 682	5 131
Cost of Storm water Cut off drain (R60/m)	60	60
P&G (15%)	51 902	38 217
Closure report and closure design (indirect)	228 000	228 000
Stormwater: form Diversion Bems	81 533	23 475
Stormwater: Concrete pipe culverts and he	57 000	57 000
Install Monitoring Borehole	114 000	114 000
Re-vegetation	11 400	11 400
Scarify Roads	41 040	24 453
Construct whaleback structures on cells	41 040	24 453
Contingencies	19 895	14 650

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**5 CONSUMER DEPOSITS**

Water and Electricity	98 627	101 101
<b>Total Consumer Deposits</b>	<b>98 627</b>	<b>101 101</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>

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

**6 CURRENT EMPLOYEE BENEFITS**

Current Portion of Post Retirement Benefits - Note 3	90 060	113 892
Current Portion of Long-Service Provisions - Note 3	63 085	56 028
Staff Bonuses	727 838	584 468
Correction of error Discontinued Services		
<b>Total Current Employee Benefits</b>	<b>880 983</b>	<b>754 388</b>

The movement in current employee benefits are reconciled as follows:

**Staff Bonuses**

Balance at beginning of year	584 468	741 646
Contribution to current portion	143 370	1 428 568
Expenditure incurred	-	(1 404 934)
Correction of error Discontinued Services		(180 811)
Balance at end of year	<b>727 838</b>	<b>584 468</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement. A 5% was included for section 57 Managers on their annual packages for possible performance contracts.

**7 PAYABLES FROM EXCHANGE TRANSACTIONS**

	2015 R	2014 R
Trade Payables	2 166 823	319 938
Sundry Creditors	20 832	20 771
Retentions and Sureties	694 860	882 392
Payments made in advance	578 820	209 409
Leave payable	1 441 959	1 719 762
Unknown Receipts	170 967	116 360
E-Natis Creditors	(1 807)	356
Correction of Error Workmans Compensation and Stale cheques (Note 34)		845 255
<b>Total Trade Payables</b>	<b>5 072 455</b>	<b>4 114 243</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.



**8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

**Unspent Grants**

	9 723 890	8 805 240
National Government Grants	7 798 770	4 733 569
Provincial Government Grants	1 009 598	999 680
District Municipality	819 482	2 886 242
Other Grant Providers	96 040	185 750
<b>Less:</b> Unpaid Grants	226 313	247 352
Provincial Government Grants	226 313	247 352
Correction on Opening balance of 2012/13		-
<b>Total Conditional Grants and Receipts</b>	<b>9 497 577</b>	<b>8 557 888</b>

**Correction of error:** Correction to opening balance due to monies not previously recognised in revenue. The monies received did not meet the definition of a grant and were therefore restated and recognised in revenue.

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. An amount of R418 000 m was deducted from Equitable share that relates to the unspent portion of 2011/2012 that was incorrectly approved by National Treasury.

Unspent grants can be attributed to projects that are work in progress on the relevant financial year-ends.

**UNSPENT PUBLIC CONTRIBUTIONS**

Description of unspent contribution	-	-
Description of unspent contribution	-	-
<b>Total Unspent Public Contributions</b>	<b>-</b>	<b>-</b>

Reconciliation of public contributions

Description of unspent contribution

Opening balance	-	-
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

Brief description of contribution and conditions attached

Description of unspent contribution

Opening balance	-	-
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

Brief description of contribution and conditions attached

**9 TAXES**

**9.1 VAT PAYABLE**

VAT Payable	-	-
VAT output in suspense	1 167 453	2 838 176
Correction of error		(575 532)
<b>Total Vat payable</b>	<b>1 167 453</b>	<b>2 262 644</b>

**9.2 VAT RECEIVABLE**

VAT Receivable	1 649 613	839 093
VAT input in suspense	188 238	76 480
<b>Total VAT receivable</b>	<b>1 837 851</b>	<b>915 573</b>

**9.3 NET VAT RECEIVABLE/(PAYABLE)**

670 398	(1 347 072)
---------	-------------

VAT is receivable/payable on the cash basis.

10 PROPERTY, PLANT AND EQUIPMENT

See attached sheet





**10 Assets pledged as security:**

No assets are pledged as security.

**Third party payments received for losses incurred:**

Tsolwana municipality did not receive any third party payments for any losses on assets for the period under review.

**Impairment of property plant and equipment for the year**

We have assessed the following classes of assets for impairments, however no impairments were identified other than those items to be disposed of.

- Land and Buildings
- Infrastructure
- Community Assets
- Lease Assets
- Other movable assets.

**11 INVESTMENT PROPERTY**

**Net Carrying amount at 1 July**

Cost  
Correction of error on Cost - RDP houses not to be capitalised  
Under Construction  
Accumulated Depreciation  
Correction of error on accumulated depreciation - RDP houses not to be capitalised  
Accumulated Impairment

**2015  
R**

**2014  
R**

**1 886 449**

**1 886 449**

2 028 500	2 028 500
(142 051)	(142 051)
-	-

(20 285)

-

**Net Carrying amount at 30 June**

Cost  
Accumulated Depreciation  
Accumulated Impairment

**1 866 164**

**1 886 449**

2 028 500	2 028 500
(162 336)	(142 051)
-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property

28 555

27 018

Operating expenditure incurred on properties generating revenue

-

-

Operating expenditure incurred on properties not generating revenue

-

-

**12 INTANGIBLE ASSETS**

**Computer Software**

**Net Carrying amount at 1 July**

Cost  
Accumulated Amortisation

**92 047**

**54 099**

314 250	226 685
(222 203)	(172 586)

Additions  
Amortisation

479 561

87 564

(158 757)

(49 617)

**Net Carrying amount at 30 June**

Cost  
Accumulated Amortisation

**412 850**

**92 047**

793 811	314 250
(380 960)	(222 203)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	<b>2014 R</b>	<b>Carrying Value 2014 R</b>
--------------------	--	-------------------	--------------------------------------

5

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

**2014**

**2014**

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

	<b>R</b>	<b>R</b>
<b>Third party payments received for losses and impairments incurred:</b>		
Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impaired	-	-

**CAPITALISED RESTORATION COST**

The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board.

Since the previous reporting period the municipality recognised all rehabilitation cost in line with GRAP 17. Also refer to note 4 for the related provision raised for rehabilitation of landfill-sites in the municipal area.

Refuse tip-sites financed by way of a provision recognised previously not recognised - Refer to note 4

**NON-CURRENT INVESTMENTS**

	<b>R</b>	<b>R</b>
Fixed Deposits	-	-
<b>Total Non-Current Investments</b>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.		
Unlisted investments comprise of the following. Valuations of investments supplied by council		
XXXX	-	-
XXXX	-	-
XXXX	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Local Authority Stock are investments with a maturity period of more than 12 months and earn interest rates varying from XXX % to XXX % per annum.

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 6.5% % to 8.34 % per annum. (2009 - 12.94% to 13.2%). The carrying amount of these assets approximates their fair value.

Investments to the value of R 1 400 000 are pledged as security for the overdraft facility at FNB - Refer to note 17

Fixed deposits consist out of the following accounts

FNB - Acc.no.71 26761 8613 - Subsidie Kerkstraat Investment	-	-
FNB - Acc.no.71 08730 6258 - CRR Investment	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**BIOLOGICAL ASSETS**

	<b>Quantity (Units)</b>	<b>Fair Value R</b>	<b>2015 R</b>	<b>2014 R</b>
Springbuck				
Ostrich				
Blesbuck				
Swart Wildebeest				
Zebra				
Rib buck				
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>

Fair value of biological assets is based on selling prices less costs to sell in an open active

Reconciliation of fair value:

Opening Fair Value		
Acquisitions		
Fair Value adjustments - Price changes		
Fair Value adjustments - Physical changes		
Fair Value adjustments - Disposals		
Closing Fair Value		<u>-</u>
		<u>-</u>

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the acquisition of biological assets.

All biological assets are located in the Victoria West Nature Reserve. The primary activities revolving around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.

## TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015

- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

	2015 R	2014 R
<b>13 INVENTORY</b>		
Assets held for sale	264 000	264 000
Electrical stock	99 643	99 643
Other Water department inventory	-	424 489
<b>Total Inventory</b>	<b>363 643</b>	<b>788 131</b>
Water inventory (Reservoirs)	-	-
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	<b>424 489</b>	<b>425 896</b>

No inventory assets were pledged as security for liabilities.

	2015 R	2014 R
<b>14 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	7 745 396	6 318 650
Pre-paid Electricity - Conlog	-	903 038
Water	(214)	10 299 223
Refuse removal	5 477 699	4 455 002
Sewerage	1	6 338 844
Other	178 467	50 940
CHDM Service Authority	-	52 718
Payments made in advance	377 062	186 859
<b>Total Receivables from Exchange Transactions</b>	<b>13 778 410</b>	<b>28 605 275</b>
Less: Allowance for Doubtful Debts	(9 321 625)	(25 694 068)
<b>Total Net Receivables from Exchange Transactions</b>	<b>4 456 785</b>	<b>2 911 208</b>

**Correction of error:** Monies due from Conlog to the municipality for May 2013 and June 2013 for pre-paid electricity were not recognised and the money was received in 2013/14. The debtor now recognised.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions:

**(Electricity): Ageing**

	2015 R	2014 R
Current (0 - 30 days)	584 375	657 259
31 - 60 Days	204 923	262 779
61 - 90 Days	228 789	158 279
+ 90 Days	6 727 309	5 258 111
<b>Total</b>	<b>7 745 396</b>	<b>6 336 428</b>

**(Water): Ageing**

	2015 R	2014 R
Current (0 - 30 days)	-	1 877 871
31 - 60 Days	-	937 114
61 - 90 Days	-	502 068
+ 90 Days	-	6 994 868
<b>Total</b>	<b>-</b>	<b>10 311 921</b>

**(Refuse): Ageing**

	2015 R	2014 R
Current (0 - 30 days)	262 179	119 810
31 - 60 Days	118 500	107 813
61 - 90 Days	117 345	103 815
+ 90 Days	4 979 674	4 202 828
<b>Total</b>	<b>5 477 699</b>	<b>4 534 266</b>



**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

<u>(Sewerage): Ageing</u>	2015 R	2014 R
Current (0 - 30 days)	-	137 626
31 - 60 Days	-	122 912
61 - 90 Days	-	119 403
+ 90 Days	-	6 035 907
<b>Total</b>	<b>-</b>	<b>6 415 848</b>

<u>(Other): Ageing</u>	2015 R	2014 R
Current (0 - 30 days)	314 136	2 730
31 - 60 Days	2 546	2 730
61 - 90 Days	158	2 730
+ 90 Days	69 908	92 868
<b>Total</b>	<b>386 748</b>	<b>101 058</b>

<u>(Total): Ageing</u>	2015 R	2014 R
Current (0 - 30 days)	1 160 690	2 795 296
31 - 60 Days	325 969	1 433 348
61 - 90 Days	228 947	886 295
+ 90 Days	11 776 892	22 584 582
<b>Total</b>	<b>13 492 497</b>	<b>27 699 522</b>

**Receivables from exchange and non-exchange per classification:**

	Government	Business	Households
Current (0 - 30 days)	88 319	85 909	306 166
31 - 60 Days	51 904	60 476	280 381
61 - 90 Days	40 103	76 790	248 499
+ 90 Days	1 729 129	1 848 591	12 897 223
	<b>1 909 454</b>	<b>2 071 766</b>	<b>13 732 269</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	25 694 067	14 302 639
Contribution to provision	852 823	11 391 428
Bad Debts Written Off	(17 225 265)	-
<b>Balance at end of year</b>	<b>9 321 625</b>	<b>25 694 067</b>

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity	5 463 220	4 487 560
Water	-	10 311 905
Refuse	3 804 229	4 461 347
Sewerage	-	6 415 769
Other	54 176	17 486
	<b>9 321 625</b>	<b>25 694 067</b>

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

15 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2015 R	2014 R
Rates	7 263 108	5 811 204
Correction on opening balance of rates		-
Other Receivables	1 359 879	1 625 308
Employee related debtors	141 286	142 752
14th Cheque payment irregular	-	767 997
Under investigation	478 201	478 201
Fuel Deposits	5 000	5 000
Contractor penalties	-	187 532
Fruitless and Wasteful expenditure recoverable	-	-
Other	533 633	21 276
Payments made in advance	201 759	22 550
<b>Total Receivables from Non-Exchange Transactions</b>	<b>8 622 986</b>	<b>7 436 512</b>
Less: Allowance for Doubtful Debts	(5 443 581)	(5 138 300)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>3 179 405</b>	<b>2 298 212</b>

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

A 14th Cheque was paid to employees on demand of employees and approval of council based on the national dispute between Unions and the Bargaining council. The court ruled in the favour of SALGA and the monies paid are therefore due to the municipality.

A fraudulent activity has been identified during the previous year under review. A cheque to the amount of R478 201 was deposited into an unknown companies bank account and it was not captured on the system. The case has been escalated to a higher level, however the monies are not transferred back into the bank account of the municipality.

Ageing of Receivables from Non-Exchange Transactions:

**(Rates): Ageing**

Current (0 - 30 days)	184 014	56 960
31 - 60 Days	109 052	140 475
61 - 90 Days	106 847	93 068
+ 90 Days	6 863 196	5 543 251
<b>Total</b>	<b>7 263 108</b>	<b>5 833 754</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	5 138 300	4 303 461
Contribution to provision	1 073 278	834 839
<b>Balance at end of year</b>	<b>6 211 578</b>	<b>5 138 300</b>

The entire provision for bad debts relates to the outstanding rates balance.

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

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**16 OPERATING LEASE ARRANGEMENTS**

**16.1 The Municipality as Lessor (Asset)**

<b>Balance on 1 July</b>	-	-
Movement during the year	-	-
<b>Balance on 30 June</b>	<u>-</u>	<u>-</u>

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

Up to 1 Year	-	27 018
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<u>-</u>	<u>27 018</u>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2015.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year

**17 CASH AND CASH EQUIVALENTS**

**Assets**

Call Investment Deposits	7 645 029	9 550 925
Housing bank account	990 548	955 841
Capital Bank Account	1 645 728	461 093
Primary Bank Accounts	4 251 568	2 424 964
Cash Floats	90	90
<b>Total Cash and Cash Equivalents - Assets</b>	<u>14 532 963</u>	<u>13 392 912</u>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

**Current Accounts**

First National Bank - Acc no 53850009219	- Housing Bank account	2 244 872	955 841
First National Bank - Acc no 62023697157	- Capital Bank account	987 794	461 093
First National Bank - Acc no 53852257262	- Primary Bank account	5 992 162	2 424 964
		<u>9 224 827</u>	<u>3 841 898</u>

***First National Bank - Acc no 53850009219***

Cash book balance at beginning of year	955 841	1 026 068
Cash book balance at end of year	<u>990 545</u>	<u>955 841</u>

Bank statement balance at beginning of year	955 841	1 026 068
Bank statement balance at end of year	<u>2 244 872</u>	<u>955 841</u>

***First National Bank - Acc no 62023697157***

Cash book balance at beginning of year	461 093	280 471
Cash book balance at end of year	<u>1 711 216</u>	<u>461 093</u>

Bank statement balance at beginning of year	2 375 067	1 276 161
Bank statement balance at end of year	<u>987 794</u>	<u>2 375 067</u>

***First National Bank - Acc no 53852257262***

Cash book balance at beginning of year	2 424 964	320 743
Cash book balance at end of year	<u>4 251 568</u>	<u>2 424 964</u>

Bank statement balance at beginning of year	3 700 590	1 589 651
Bank statement balance at end of year	<u>5 992 162</u>	<u>3 700 590</u>

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**Call Investment Deposits**

	2015 R	2014 R
Call investment deposits consist out of the following accounts:		
- Acc no 61385739623	1 166 818	2 076 466
- Acc no 62067415127	144 168	140 561
- Acc no 62196097995	5 997 771	6 583 339
- Acc no 62240939100	336 272	750 559
	<u><b>7 645 029</b></u>	<u><b>9 550 925</b></u>

Mubesko Africa (Pty) Ltd was approached to assist in the absence of a CFO how resigned and Mr. J.C. van der Linde was seconded to Tsolwana Municipality as Acting CFO since February 2015 Due to circumstances the Accounting Officer acted in terms of Section 11 of Act 56 of 2003 ( MFMA) and authorised the Acting CFO Mr. van der Linde to sign for the defrayment of money from the council's bank accounts.

18	<b>PROPERTY RATES</b>	2015 R	2014 R		
	<b><u>Actual</u></b>				
	<b>Rateable Land and Buildings</b>	2 688 741	2 628 285		
	Residential, Commercial Property, State	<table border="1"><tr><td>2 688 741</td></tr></table>	2 688 741	<table border="1"><tr><td>2 628 285</td></tr></table>	2 628 285
2 688 741					
2 628 285					
	Less: Rebates	(407 668)	(966 439)		
	<b>Total Assessment Rates</b>	<u><b>2 281 073</b></u>	<u><b>1 661 846</b></u>		

Rebates of 25% were given to the Farmers and R15 000 to all other Residential households.

**Valuations - 1 JULY 2014**

<b>Rateable Land and Buildings</b>	
Tarka Residential	107 142 000
Tarka Residential	97 000
Tarka Residential	487 500
Tarka Commercial	22 175 500
Government	25 768 000
Municipal	220 156 500
Churches	16 024 000
Argicultural Tarka	1 036 891 150
Agricultural Hofmeyer	600 679 500
Hofmeyer Residential	21 657 700
Hofmeyer Commercial	10 962 500
Other	85 816 000
<b>Total Assessment Rates</b>	<u><b>2 147 857 350</b></u>

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2014.

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**Rates:**

Tarka Residential	0.0038c/R
Tarka Residential	-
Tarka Residential	-
Tarka Commercial	0.00778c/R
Government	0.00778c/R
Municipal	-
Churches	-
Agricultural Tarka	0.00095c/R
Agricultural Hofmeyer	0.0015c/R
Hofmeyer Residential	0.006c/R
Hofmeyer Commercial	0.012c/R
Other	-

Rates are levied annually and monthly. Monthly rates are payable by the end of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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

**19 GOVERNMENT GRANTS AND SUBSIDIES**

<b>Unconditional Grants</b>	<b>31 320 026</b>	<b>27 463 000</b>
Equitable Share	31 320 026	27 463 000
<b>Conditional Grants</b>	<b>22 324 502</b>	<b>23 282 615</b>
Grants and donations	22 324 502	23 282 615
<b>Total Government Grants and Subsidies</b>	<b>53 644 529</b>	<b>50 745 615</b>
Government Grants and Subsidies - Capital	13 689 182	15 439 277
Government Grants and Subsidies - Operating	40 181 659	35 684 865
	<b>53 870 841</b>	<b>51 124 142</b>

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share		
Executive & Council	7 639 804	6 451 208
Budget & Treasury	4 885 429	4 767 472
Corporate Services	3 672 122	3 148 172
Community & Social Services	8 337 716	5 625 645
Technical Services	6 784 955	7 060 591
	<b>31 320 026</b>	<b>27 053 088</b>

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

**19.1 Equitable share**

Opening balance	-	-
Grants received	31 320 026	27 463 000
Conditions met - Operating	(31 320 026)	(27 463 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

**19.2 Department of Public Works and Roads**

Opening balance	(247 352)	(917 651)
Grants received	7 080 248	917 651
Conditions met - Operating	(1 156 452)	(247 352)
Conditions met - Capital	(5 676 444)	-
Conditions still to be met	-	(247 352)

Monies transferred through SLA for the design and construction of internal roads.

**19.3 Local Government Financial Management Grant (FMG)**

Opening balance	-	-
Grants received	1 800 000	1 650 000
Conditions met - Operating	(1 248 926)	(1 454 276)
Conditions met - Capital	-	(195 724)
	<u>551 074</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**19.4 Municipal Systems Improvement Grant**

Opening balance	-	-
Grants received	934 000	890 000
Conditions met - Operating	(934 000)	(890 000)
Conditions met - Capital	-	-
	<u>-</u>	<u>-</u>

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

**19.5 Municipal Infrastructure Grant (MIG)**

Opening balance	4 279 713	5 223 972
Grants received	12 359 000	11 823 000
Conditions met - Operating	(1 539 691)	(393 827)
Conditions met - Capital	(6 937 793)	(12 089 432)
Monies returned to National Treasury	(1 000 000)	(284 000)
	<u>7 161 229</u>	<u>4 279 713</u>

The grant was used to upgrade infrastructure in previously disadvantaged areas.

**19.6 Housing Grants**

Opening balance	999 680	1 078 086
Grants received	9 900	-
Conditions met - Operating	(226 313)	(78 406)
Conditions met - Capital	-	-
	<u>783 267</u>	<u>999 680</u>

Housing grants was utilised for the development of erven and the erection of top structures.

**19.7 Integrated National Electrification Grant**

Opening balance	453 855	180 236
Grants received	-	2 000 000
Conditions met - Operating	-	-
Conditions met - Capital	(375 782)	(1 592 381)
Monies returned to National Treasury	-	(134 000)
	<u>78 073</u>	<u>453 855</u>

The National Electrification Grant was used for electrical connections in previously

**19.8 Other Grants**

Opening balance	3 071 992	1 214 197
Grants received	2 298 955	8 577 539
Conditions met - Operating	(3 756 252)	(5 158 003)
Conditions met - Capital	(699 162)	(1 561 741)
	<u>915 532</u>	<u>3 071 992</u>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**19.9 Total Grants**

Opening balance	8 557 888	6 778 840
Grants received	55 802 129	53 321 190
Conditions met - Operating	(39 955 346)	(35 684 744)
Conditions met - Capital	(13 689 182)	(15 439 277)
Monies returned to National Treasury	(1 000 000)	(418 000)
	<u>9 715 489</u>	<u>8 558 009</u>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	9 715 490	8 805 361
Unpaid Conditional Government Grants and Receipts	(226 313)	(247 352)
	<u>9 489 177</u>	<u>8 558 009</u>

**20 SERVICE CHARGES**

Electricity	6 846 342	6 344 171
Refuse removal	2 664 264	2 521 660
	<u>9 510 606</u>	<u>8 865 832</u>
Less: Rebates	(2 954 401)	(2 445 375)
<b>Total Service Charges</b>	<u><b>6 556 205</b></u>	<u><b>6 420 457</b></u>

**Correction of error:** An error was detected whereby monies due from Conlog were not recognised in revenue during 2012/13 to the amount of R295 448. The monies were received in the current year and therefore the correction was done between the Electricity Revenue and Debtors due to municipality  
 Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**21 WATER SERVICE AUTHORITY CONTRIBUTION**

Chris Hani District Municipality - Water and Sewerage functions	7 730 326	9 499 819
Chris Hani District Municipality - Water Expenditure	(4 904 510)	
Chris Hani District Municipality - Sewerage Expenditure	(2 825 816)	
<b>Total finance charges</b>	<u><b>0</b></u>	<u><b>9 499 819</b></u>

<b>2015</b>	<b>2014</b>
<b>R</b>	<b>R</b>

**22 OTHER INCOME**

Pound Fees	211	2 347
Cemetery Fees	7 262	5 651
Building Plan & Inspection	512	970
Work for consumers	246	132
Sundry Income	24 838	62 043
<b>Total Other Income</b>	<u><b>33 068</b></u>	<u><b>71 143</b></u>

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire brigade and impounding fees)

23 EMPLOYEE RELATED COSTS

Bonus	952 326	1 095 185
Bargaining Council Levy	6 658	6 337
Contribution to Current Employee Benefits - Staff Leave	19 983	451 164
Contribution to Employee Benefits - Long Service Awards	(7 939)	-
Housing subsidy	28 185	31 128
Medical Aid Contributions	534 079	504 199
Overtime	531 310	684 792
Pension Fund Contributions	2 178 821	1 951 834
Post Employment Health Contribution	526 584	498 240
Salaries and Wages	12 322 165	11 473 588
Standby allowance	-	-
Travel, motor car, telephone, assistance and other allowances	555 247	562 718
UIF Contributions	106 126	97 449
Workmans Compensation	195 290	860 464
	<hr/>	<hr/>
	17 948 834	18 217 098
<b>Less:</b> Employee Costs allocated elsewhere	-	-
<b>Total Employee Related Costs</b>	<b>17 948 834</b>	<b>18 217 098</b>

Increases for 2013/14 were inline with the agreed upon increase as per the agreement between SALGA and the respective unions. All permanent employees are paid according to the Task grades set by SALGA except for those employees that were paid above the salary set by SALGA prior to the job evaluation exercise in 2010.

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed

REMUNERATION OF KEY MANAGEMENT PERSONNEL

*Remuneration of the Municipal Manager - Mr SJ Dayi*

Annual Remuneration	650 089	683 467
Performance Bonuses	80 402	79 910
Car Allowance	156 000	156 000
Telephone allowance	15 600	15 600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	158 730	144 964
<b>Total</b>	<b>1 060 821</b>	<b>1 079 941</b>

*Remuneration of the Director Technical Services - Ms NY Mqoqi*

Annual Remuneration	-	504 185
Travelling Allowance	-	39 600
Telephone allowance	-	7 200
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	74 918
<b>Total</b>	<b>-</b>	<b>625 903</b>

Technical Manager resigned as from 1 April 2014 and the position was vacant as at 30 June 2015.

*Remuneration of the Director Corporate Services - Mr M Siqaza*

Annual Remuneration	597 604	640 816
Performance Bonuses	64 321	63 697
Travelling Allowance	66 000	48 000
Telephone allowance	9 600	9 600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	106 794	94 403
<b>Total</b>	<b>844 320</b>	<b>856 516</b>

*Remuneration of the Director Financial Services - Ms S du Toit*

Annual Remuneration	407 208	721 736
Performance Bonuses	64 321	63 697
Car Allowance	42 000	63 000
Telephone allowance	5 600	9 600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	1 089	1 961
<b>Total</b>	<b>520 218</b>	<b>859 994</b>

Ms. S du Toit left the Municipality in January 2015.

*Remuneration of the Director Community Services - Mr Z Nxano*

Annual Remuneration	597 604	640 816
Performance Bonuses	64 321	63 697
Travelling Allowance	66 000	48 000
Telephone allowance	9 600	9 600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	106 794	94 403
<b>Total</b>	<b>844 320</b>	<b>856 516</b>



24 REMUNERATION OF COUNCILLORS

Councillors allowance	2 163 768	1 847 880
Travel and other allowances	328 863	590 965
Pension Fund Contributions	245 148	197 717
<b>Total Councillors' Remuneration</b>	<b>2 737 779</b>	<b>2 636 563</b>

*In-kind Benefits*

The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council. Allowances paid to the councillors are inline with the Gazette issued March 2015. Increases to councillors amounting to R143 369.50 will be paid during 2015/2016.

**Mayor - K Nqiqhi**

Councillor allowance	523 763	467 644
Travel allowance	-	85 582
Telephone allowance	20 868	30 189
Contributions to UIF, Medical and Pension Funds	92 424	62 962
<b>Total</b>	<b>637 055</b>	<b>646 377</b>

**M Bennett**

Councillor allowance	237 232	211 588
Travel allowance	-	25 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b>258 100</b>	<b>258 100</b>

**M Mangcotywa**

Councillor allowance	118 179	119 761
Travel allowance	45 600	44 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	20 855	20 229
<b>Total</b>	<b>205 502</b>	<b>205 502</b>

**TM Baleng**

Councillor allowance	201 647	185 222
Travel allowance	-	25 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	35 585	26 367
<b>Total</b>	<b>258 100</b>	<b>258 101</b>

**CM Boast**

Councillor allowance	184 634	158 990
Travel allowance	-	25 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b>205 502</b>	<b>205 502</b>

**N Nqabisa**

Councillor allowance	201 652	185 224
Travel allowance	-	25 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	35 580	26 365
<b>Total</b>	<b>258 100</b>	<b>258 101</b>

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**VG Dyasi**

Councillor allowance	184 634	158 990
Travel allowance	-	25 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<b>205 502</b>	<b>205 502</b>

**N Ngcefe**

Councillor allowance	118 179	119 761
Travel allowance	45 600	44 644
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	20 855	20 229
<b>Total</b>	<b>205 502</b>	<b>205 502</b>

**GN Hlomendlini**

Councillor allowance	156 950	130 787
Travel allowance	-	30 772
Telephone allowance	20 868	20 868
Contributions to UIF, Medical and Pension Funds	27 684	23 075
<b>Total</b>	<b>205 502</b>	<b>205 502</b>

**GJ van Heerden**

Councillor allowance	92 110	109 913
Travel allowance	34 200	40 844
Telephone allowance	15 651	19 129
Contributions to UIF, Medical and Pension Funds	12 165	18 499
<b>Total</b>	<b>154 126</b>	<b>188 385</b>

Councillor IP van Heerden resigned from the council during June 2014.  
Councillor GJ van Heerden joined the council during October 2014.

**25 DEBT IMPAIRMENT**

Trade Receivables from exchange transactions - Note 14	852 823	11 391 428
Trade Receivables from non-exchange transactions - Note 15	1 073 278	834 839
<b>Debt impairment recognised in statement of financial performance</b>	<b>1 926 100</b>	<b>12 226 267</b>

**26 DEPRECIATION AND AMORTISATION**

Property Plant and Equipment	7 521 143	7 438 833
Depreciation on Assets written off	-	5 759
Investment Property	20 285	20 285
Intangible Assets	158 757	49 617
	<b>7 700 186</b>	<b>7 514 494</b>

**27 FINANCE CHARGES**

Landfill sites	66 124	80 457
Finance leases	-	4 543
Creditors	82 262	20 912
Post Employment Health	458 749	-
Long service awards	34 041	-
<b>Total finance charges</b>	<b>641 177</b>	<b>105 912</b>

**28 BULK PURCHASES**

Electricity	8 714 568	8 081 962
Water	-	-
<b>Total Bulk Purchases</b>	<b>8 714 568</b>	<b>8 081 962</b>

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

	2015 R	2014 R
<b>29 GRANTS AND SUBSIDIES</b>		
Pauper funerals	-	-
<b>Total Grants and Subsidies</b>	<u>-</u>	<u>-</u>
<b>30 REPAIRS AND MAINTENANCE</b>		
Infrastructure	841 229	628 267
Land and Buildings	30 620	74 640
Other Assets	1 053 265	353 388
<b>Total Grants and Subsidies</b>	<u>1 925 115</u>	<u>1 056 294</u>
<b>31 OPERATING GRANT EXPENDITURE</b>		
Operating grant expenditure per vote		
Budget & Treasury	2 159 276	1 372 298
Executive & Council	1 862 027	1 555 101
Corporate Services	166 088	1 096 195
Community & Social Services	1 519 364	2 551 467
Technical Services	473 189	616 948
<b>Total Operating grant expenditure</b>	<u>6 179 945</u>	<u>7 192 008</u>
	2015 R	2014 R
<b>32 GENERAL EXPENSES</b>		
20 year celebrations	-	42 843
Accomodation	157 655	
Advertisement	187 515	153 347
Audit Fees	1 891 290	2 377 172
Bank Charges	211 753	255 432
Blue drop and Green drop	-	68 580
Books, Magazines and Publications	26 581	67 052
Cleaning materials	41 470	16 466
Communication	29 420	-
Entertainment	-	78 227
EPWP	456 658	-
Fuel Cost	353 364	490 526
Health and safety	97 162	-
IDP related Expenditures	183 529	3 770
Insurance	429 853	359 309
Legal Cost	22 004	112 443
Litricery day	-	3 114
Losses	-	58 569
Mayor's Cup	40 623	43 522
Mayor's fund and Imbizo	1 000	144 451
Membership fees	1 011 000	473 207
Other	242 526	243 446
Pauper funerals	2 760	-
Postage	51 439	29 965
Pound expenses	-	8 400
Printing and stationery	216 096	288 654
Professional Fees	850 362	420 381
Rentals	109 180	4 543
Revenue enhancement	-	86 650
Safety clothes	76 139	61 100
SCOA implementation	23 650	-
Skills development levy	201 329	173 470
SMME Seminar	-	9 900
Special program Unit	138 813	253 783
Strategic Session	87 041	-
Telephone	525 301	584 980
Third party payment - Conlog	175 049	242 953
Town Planning	-	1 540
Training	194 857	169 241
Travel and subsistence	940 176	962 212
Valuation roll from own funding	811 654	181 713
Vehicle and Equipment hire	8 189	5 644
Water demand	-	22 600
Website cost	13 200	-
Ward committee	519 243	-
Wellness programs	65 692	-
<b>General Expenses</b>	<u>10 393 571</u>	<u>8 499 203</u>

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

<b>33</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>33.1</b>	<b>Payables from Exchange Transactions</b>		
	<b>Balance previously reported 1 July 2014</b>		<b>3 478 714</b>
	Workmans compensation payments for prior years		860 464
	Correction of prior year creditors		23
	Stale cheques written back against General Expenses other		(15 232)
	Leave provision corrected due to discontinued services		<u>(209 727)</u>
	<b>Total</b>		<b><u>4 114 242</u></b>
<b>33.2</b>	<b>Employee Benefits</b>		
	<b>Balance previously reported 1 July 2014</b>		<b>5 340 527</b>
	Curtailement post retirement benefits		(1 718 058)
	Curtailement of long service awards		<u>(120 033)</u>
	<b>Total</b>		<b><u>3 502 436</u></b>
<b>33.3</b>	<b>Property Plant and Equipment</b>		
	<b>Balance previously reported 1 July 2014</b>		<b>76 169 269</b>
	Correction of depreciation of Lease Assets		109 983
	Correction of depreciation of Other Assets		91 454
	Correction of asset value assets found previously disposed		<u>91 869</u>
	<b>Total</b>		<b><u>76 462 575</u></b>
<b>33.4</b>	<b>Current Employee Benefits</b>		
	<b>Balance previously reported 1 July 2014</b>		<b>935 199</b>
	Correction of bonus provision 2014		<u>(180 811)</u>
	<b>Total</b>		<b><u>754 388</u></b>
<b>33.5</b>	<b>Non-Current Provisions</b>	<b>2 014</b>	<b>2 013</b>
	<b>Balance previously reported 1 July 2014</b>	<b>1 261 915</b>	<b>1 181 458</b>
	Correction of error	17 313 884	16 559 078
	<b>Restated Balance</b>	<b><u>18 575 799</u></b>	<b><u>17 740 536</u></b>
<b>33.6</b>	<b>VAT Payable</b>		
	<b>Balance previously reported 1 July 2014</b>		<b>2 838 176</b>
	Correction of error		<u>(575 532)</u>
	<b>Total</b>		<b><u>2 262 644</u></b>
<b>34</b>	<b>STATEMENT OF FINANCIAL PERFORMANCE</b>		
	<b>Balance previously reported</b>		<b>5 244 883</b>
			(845 232)
	Employee Related Costs Workmans Compensation		(860 464)
	Stale cheques written back for 2013/2014 againsts general expenditure - other		<u>15 232</u>
	<b>Total</b>		<b><u>4 399 651</u></b>
<b>34.1</b>	<b>DISCONTINUED SERVICES</b>		
	<b><u>The effect of Discontinued Operations on the Statement of Financial Position is as follows</u></b>		
	<b>Liabilities associated with Discontinued Operations</b>		
	Employee Benefits		-1 838 091.00
	Customer Deposits		
	Current Employee Benefits		-180 811.22
	Taxes		
	Payables from Exchange Transactions		<u>-209 726.63</u>
	<b>Total Liabilities associated with Discontinued Operations</b>		<b><u>-2 228 628.85</u></b>
	<b>Assets associated with Discontinued Operations</b>		
	Receivables from exchange transactions		
	Water		10 311 920.95
	Sanitation		6 415 848.26
	Provision for Bad Debts		-16 727 769.21
	Inventory		
	<b>Total Assets associated with Discontinued Operations</b>		<b><u>-</u></b>
	<b>The effect of Discontinued Operations on the Statement of Financial Performance is as follows</b>		
	<b>Revenue</b>		
	Service Charges		8 720 353.85
	Interest Earned - outstanding debtors		863 213.00
	Other Income		9 078.17
	Gain on disposal of Property, Plant and Equipment		<u>9 313.65</u>
	<b>Total Revenue</b>		<b><u>9 601 958.67</u></b>

**Expenditure**

Employee Related Costs		6 064 925.37
Grants and Subsidies		1 380.00
Repairs and Maintenance		1 618 528.98
Bulk Purchases		128 951.77
Operating Grant Expenditure		755 036.95
General Expenses		2 241 954.79
Transfer of Assets and Liabilities	(2 228 629)	
Employee Benefits	(1 838 091)	
Current Employee Benefits	(180 811)	
Payables from Exchange Transactions	(209 727)	
Taxes	-	
Inventory	-	
Receivables from Exchange Transactions Water and Sanitation - Net Value	-	
<b>Total Expenditure</b>	<b>(2 228 629)</b>	<b>10 810 778</b>
<b>Net (Deficit)/ Surplus for the year</b>	<b>(2 228 629)</b>	<b>1 208 819</b>

	2015 R	2014 R
<b>35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	9 480 090	5 244 882
<b>Adjustments for:</b>		
Depreciation	7 541 429	7 464 877
Amortisation of Intangible Assets	158 757	49 617
Loss on disposal of property, plant and equipment	78 945	(9 314)
Finance charges	558 915	-
Interest on outstanding Debtors	(1 347 783)	
Debt Impairment	1 926 100	12 226 267
Contribution to staff provisions	(157 200)	745 191
Contribution from/to employee benefits	205 056	697 036
Actuarial losses/(gains)	(750 890)	867 322
Grants Received	55 802 128	53 321 190
Grant Expenditure	(54 085 765)	(51 124 021)
Operating lease income accrued	(939 689)	-
Operating Surplus/(Deficit) before changes in working capital	18 470 094	29 483 047
Changes in working capital	(3 011 440)	(12 304 253)
Increase/(Decrease) in Trade and Other Payables	1 008 312	(717 053)
Increase/(Decrease) in Taxes	(2 017 469)	2 021 411
(Increase)/Decrease in Inventory	424 488	47 051
(Increase)/Decrease in Trade and other receivables	(2 426 771)	(13 655 662)
<b>Cash generated/(absorbed) by operations</b>	<b>15 458 654</b>	<b>17 178 794</b>

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**36 CASH AND CASH EQUIVALENTS**

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

Call Investments Deposits - Note 17	7 645 029	9 550 925
Cash Floats - Note 17	90	90
Bank - Note 17	6 887 844	3 841 897
<b>Total cash and cash equivalents</b>	<b>14 532 963</b>	<b>13 392 912</b>

**37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 36	14 532 963	13 392 912
Less:	14 532 963	13 392 912
Unspent Committed Conditional Grants - Note 8	9 724 020	8 805 370
<b>Resources available for working capital requirements</b>	<b>4 808 942</b>	<b>4 587 542</b>
<b>Resources available for working capital requirements</b>	<b>4 808 942</b>	<b>4 587 542</b>

**38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities - Note 2	-	11 325
Used to finance property, plant and equipment - at cost	-	11 325
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

**39 BUDGET COMPARISONS**

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
<b>39.1 Operational</b>				
<b>Revenue by source</b>				
Property Rates	2 281 073	3 136 076	855 003	27%
Government Grants and Subsidies - Capital	13 689 182	2 000 000	(11 689 182)	-584%
Government Grants and Subsidies - Operating	39 955 348	25 450 000	(14 505 348)	-57%
Revenue from Insurance Claims	462 865	120 000	(342 865)	0%
Fines	8 000	12 000	4 000	33%
Service Charges	6 556 205	7 890 000	1 333 795	17%
Rental of Facilities and Equipment	96 864	101 500	4 636	5%
Interest Earned - external investments	772 447	702 500	(69 947)	-10%
Interest Earned - outstanding debtors	1 347 783	1 172 000	(175 783)	-15%
Agency Services	1 772 587	1 250 000	(522 587)	-42%
Other Income	33 068	44 650	11 582	26%
Gain on disposal of Property, Plant and Equipment	-	-	-	0%
Actuarial Gain	750 890	0	(750 890)	100%
	<u>67 726 312</u>	<u>41 878 726</u>	<u>(25 847 586)</u>	<u>-62%</u>
<b>Expenditure by nature</b>				
Employee related costs	17 948 834	19 176 875	1 228 041	6%
Remuneration of Councillors	2 737 779	2 644 366	(93 413)	-4%
Debt Impairment	1 926 100	1 163 750	(762 350)	0%
Depreciation and Amortisation	7 700 187	6 881 468	(818 719)	-12%
Repairs and Maintenance	1 925 115	1 263 000	(662 115)	-52%
Actuarial losses	-	-	-	0%
Finance Charges	640 997	55 000	(585 997)	-1065%
Bulk Purchases	8 714 568	9 550 000	835 432	9%
Grants and Subsidies	-	-	-	0%
Operating Grant Expenditure	6 179 945	5 347 900	(832 045)	-16%
General expenses	10 393 571	11 923 805	1 530 234	13%
Loss on disposal of Property, Plant and Equipment	78 945	-	78 945	-
	<u>58 246 042</u>	<u>58 006 164</u>	<u>(160 932)</u>	<u>0%</u>
<b>Net Surplus/(Deficit) for the year</b>	<b>9 480 270</b>	<b>(16 127 438)</b>	<b>(26 008 519)</b>	

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
<b>39.2 Expenditure by Vote</b>				
Executive & Council	10 094 664	9 069 350	(1 025 314)	-11%
Budget & Treasury	12 736 494	12 726 234	(10 260)	0%
Corporate Services	5 064 768	5 882 435	817 667	14%
Community & Social Services	12 231 049	13 077 489	846 440	6%
Technical Services	17 286 731	17 252 656	(34 075)	0%
	<b>57 413 707</b>	<b>58 008 164</b>	<b>594 457</b>	<b>1%</b>

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

**40.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	8 560 644	8 560 644
Unauthorised expenditure current year - operating	(2 080 156)	(3 736 406)
Written off by council	2 080 156	3 736 406
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>8 560 644</b>	<b>8 560 644</b>

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Variance)
<b>Unauthorised expenditure current year - operating</b>				
Executive & Council	-	-	-	-
Budget & Treasury	-	-	-	-
Corporate Services	-	-	-	-
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	-	-	-	-
Housing	-	-	-	-
Public Safety	-	-	-	-
Sport & Recreation	-	-	-	-
Environmental Protection	-	-	-	-
Waste Management	-	-	-	-
Waste Water Management	-	-	-	-
Road Transport	-	-	-	-
Water	-	-	-	-
Electricity	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Unauthorised expenditure current year - capital**

	2 015 R (Actual)	2 015 R (Budget)	2 015 R (Variance)	2 015 R (Variance)
Executive & Council	-	-	-	-
Budget & Treasury	-	-	-	-
Corporate Services	-	-	-	-
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	-	-	-	-
Housing	-	-	-	-
Public Safety	-	-	-	-
Sport & Recreation	-	-	-	-
Environmental Protection	-	-	-	-
Waste Management	-	-	-	-
Waste Water Management	-	-	-	-
Road Transport	-	-	-	-
Water	-	-	-	-
Electricity	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2015 R	2014 R
<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)</b>		

**40.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	395 257	372 147
Fruitless and wasteful expenditure current year	9 306	23 110
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	<b>404 563</b>	<b>395 257</b>

Incident	Disciplinary steps/criminal proceedings		
Interest on late payment of creditors	None	8 789	20 912

**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

<i>Expenditure incurred for Accomodation</i>	<i>None</i>	-	2 198
		<u>8 789</u>	<u>23 110</u>

**40.3 Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	8 593 570	8 593 570
Irregular expenditure current year	1 018 220	-
Condonement supported by council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	<u>9 611 790</u>	<u>8 593 570</u>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
<i>SCM Policy was not in line with SCM Regulations therefore all expenditures between R2001 - R200 000 has been declared as Irregular.</i>	<i>None</i>	1 018 220	492 099
<i>Expenditure incurred prior to order being</i>	<i>None</i>	-	2 925
		<u>1 018 220</u>	<u>495 024</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

Deviation letters were approved for all procurement that was either an emergency, sole supplier and or where we do not have 3 or more suppliers to provide us with the services.



**TSOLWANA MINICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

**40.4 Material Losses**

**Water distribution losses**

- Kilo litres disinfected/purified/purchased	-	779 129
- Kilo litres lost during distribution	-	509 795
- Percentage lost during distribution	0.00%	65.43%

- Rand value of loss

- 412 934

**Electricity distribution losses**

- Units purchased (Kwh)	9 401 636	9 599 886
- Units lost during distribution (Kwh)	3 674 879	4 385 451
- Percentage lost during distribution	39.09%	45.68%

- Rand value of loss

**3 439 798** 1 798 035

**2015 R**                      **2014 R**

**41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

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

Opening balance	-	-
Council subscriptions	500 000	400 000
Amount paid - current year	(500 000)	(400 000)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

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

Opening balance	-	11 995
Current year audit fee	1 991 444	2 932 803
External Audit - Auditor-General	1 991 444	2 932 803
Amount paid - current year	(1 991 444)	(2 932 803)
Amount paid - prior year	-	(11 995)
Amount paid - National Treasury	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

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

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

**41.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	2 946 289	3 270 834
Amount paid - current year	(2 946 289)	(3 270 834)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**41.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	5 666 059	5 179 654
Amount paid - current year	(5 666 059)	(5 179 654)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**41.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

No Councillors had arrear accounts for more than 90 days as at 30 June 2015:

	<b>2015 R</b>	<b>2014 R</b>
	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	-	186 685
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>186 685</b>

41.7 **Other non-compliance (MFMA 125(2)(e))**

Section 32 (4) (a) of the MFMA states that the accounting officer must promptly inform the mayor, the MEC of local government in the province and the Auditor General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. The municipality did not inform the relevant parties as required by the section.

The municipality did not update their website with all relevant documentation as required by Section 75(2) of the MFMA.

The municipality did not submit all the relevant reports in time to National Treasury as required in Section (71) of the MFMA.

All capital projects were not registered on CIDB (i-tender form); SCM is not familiar with the administration system from CIDB to register all of our tender notices and all stages of the tendering process.

	2015 R	2014 R
<b>42 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of capital expenditure:</b>		
Approved and contracted for:	13 216 333	13 219 171
Total commitments consist out of the following:		
Traffic Testing Station	-	3 105 281
Internal Roads DPWEC	-	-
Khayaletu Hall	1 764 201	-
Phakamisa Sportsfield	2 344 127	-
Thembaletu	1 403 193	-
Municipal Offices	857 120	2 984 795
Mathyantya Elec ph 3	-	397 717
Internal Roads W1 & W2	5 590 094	6 553 763
Bacclesfarm Bridge	117 832	177 615
	<b>12 076 567</b>	<b>13 219 171</b>
This expenditure will be financed from:		
Government Grants	12 076 567	13 219 171
	<b>12 076 567</b>	<b>13 219 171</b>
	<b>2015 R</b>	<b>2014 R</b>

43 **FINANCIAL RISK MANAGEMENT**

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

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

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

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

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

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

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

1% (2012 - 0.5%) Increase in interest rates	168 503	168 503
0.5% (2012 - 0.5%) Decrease in interest rates	(66 908)	(66 908)

**(d) Credit Risk**

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

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

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 14 and 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 14 and 15 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
<u>Non-Exchange Receivables</u>				
Rates	100.00%	-	100.00%	-
<u>Exchange Receivables</u>				
Electricity	4.64%	1 191 609	1.68%	1 191 609
Water	0.00%	-	1.59%	-
Refuse	-0.18%	(46 891)	0.21%	(46 891)
Sewerage	0.00%	-	3.60%	-
Other	0.31%	80 842	0.61%	80 842
	<u>4.77%</u>	<u>1 225 560</u>	<u>7.69%</u>	<u>1 225 560</u>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 14 and 15 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors

	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>%</b>
<u>Non-Exchange Receivables</u>				
Rates	100.00%	5 833 754	100.00%	5 833 754
<u>Exchange Receivables</u>				
Electricity	58.61%	5 463 220	17.47%	4 487 560
Water	0.00%	-	40.13%	10 311 905
Refuse	40.81%	3 804 229	17.36%	4 461 347
Sewerage	0.00%	-	24.97%	6 415 769
Other	0.58%	54 176	0.07%	17 486
	<u>100.00%</u>	<u>9 321 625</u>	<u>100%</u>	<u>25 694 067</u>

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

	2015 %	2015 R	2014 %	2014 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	0.00%
<u>Exchange Receivables</u>				
Other	0.00%	-	0.00%	-
	0.00%	-	0.00%	-

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

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	4 456 785	2 911 208
Receivables from non-exchange transactions	3 179 405	2 361 087
Cash and Cash Equivalents	14 532 963	13 392 912
Non-Current Investments	-	-
Unpaid conditional grants and subsidies	226 313	247 352
	<u>22 395 466</u>	<u>18 912 559</u>

**(e) Liquidity Risk**

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

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of

2015	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 5 and 10 years
Long Term liabilities - Finance Lease Liability	-	-	-	-
Capital repayments	-	-	-	-
Interest	-	-	-	-
Provisions - Landfill Sites	-	1 328 040	-	-
Capital repayments	-	1 328 040	-	-
Trade and Other Payables	1 950 037	-	-	-
Unspent conditional government grants and receipts	9 715 490	-	-	-
	<u>11 665 527</u>	<u>1 328 040</u>	<u>-</u>	<u>-</u>

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 5 and 10 years
<b>2014</b>				
Long Term liabilities - Finance Lease Liability	11 325	-	-	-
Capital repayments	12 360	-	-	-
Interest	(1 035)	-	-	-
Provisions - Landfill Sites	-	1 261 915	-	-
Capital repayments	-	1 261 915	-	-
Trade and Other Payables	457 069	-	-	-
Unspent conditional government grants and receipts	8 805 370	-	-	-
	<u>9 273 764</u>	<u>1 261 915</u>	<u>-</u>	<u>-</u>

**44 FINANCIAL INSTRUMENTS**

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

44.1 <u>Financial Assets</u>	<u>Classification</u>		
<b>Receivables</b>			
Receivables from exchange transactions	Financial instruments at amortised cost	4 456 785	2 911 208
Receivables from non-exchange transactions	Financial instruments at amortised cost	3 179 405	2 361 087
<b>Other Receivables</b>			
Government Subsidies and Grants	Financial instruments at amortised cost	226 313	247 352
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	7 645 029	9 550 925
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	(1 579 799)	(955 841)
Cash Floats and Advances	Financial instruments at amortised cost	90	90
		<u>13 927 823</u>	<u>14 114 821</u>

**SUMMARY OF FINANCIAL ASSETS**

Financial instruments at amortised cost	13 927 823	14 114 821
<b>At amortised cost</b>	<u>13 927 823</u>	<u>14 114 821</u>

44.2 <u>Financial Liability</u>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Capitalised Lease Liability	Financial instruments at amortised cost	-	-
<b>Payables from exchange transactions</b>			
Trade creditors	Financial instruments at amortised cost	2 166 823	319 938
Arrear portion of long term liabilities	Financial instruments at amortised cost	-	20 771
Retentions	Financial instruments at amortised cost	694 860	882 392
<b>Other Payables</b>			
Government Subsidies and Grants	Financial instruments at amortised cost	9 723 890	8 805 241
<b>Current Portion of Long-term Liabilities</b>			
Capitalised Lease Liability	Financial instruments at amortised cost	-	11 325
		<u>12 585 574</u>	<u>10 039 667</u>

**SUMMARY OF FINANCIAL LIABILITY**

Financial instruments at amortised cost	12 585 574	10 039 667
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**45 EVENTS AFTER THE REPORTING DATE**

The municipality signed an addendum with Chris Hani District Municipality that relates to the contract between us for the Water Service Provision. The addendum is extending the contract until 30 June 2015 and it stipulates that all revenue, including the billing, collection and management thereof will be done by Chris Hani District Municipality as from 1 July 2014. This will result in the transfer of all the outstanding Water and Sanitation debtor at year end on the 1 July 2014 resulting further in a loss to be recognised for Tsolwana Municipality to the amount of R16 638 067 and the Provision will be reversed against this loss to the amount of R7 090 395.

**46 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under

**47 PRIVATE PUBLIC PARTNERSHIPS**

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

**48 CONTINGENT LIABILITY**

**TSOLWANA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2015**

The municipality are not registered for Workmen's Compensation and therefore there is a possibility for Tsolwana Municipality to pay to Workmens Commisionar an amount of R1 516 806 based on calculations made since 2000. Payment was made during 2014/2015 financial

- -

The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. Regulation 29 states that a maximum of R5 000 000 might be imposed for first time offenders. As the municipality are already in phase 3 of obtaining the required permits from the Department of Water and Environmental Affairs it is unlikely that the full penalty will be imposed on the municipality

- -

Riegers Plant Hire CC instituted a claim for alleged breach of contract against the Kwakhiwe Construction/BNX Trading Joint Venture arising out of their non-payment of invoices. Kwakhiwe Construction brought a defense that the amount claimed was not owed by them, but rather by the municipality as per the signed cession agreement. It is for that reason that they decided to bring an application to join the municipality in the main claim, which was granted by the court albeit wrongly. The Municipality has been joined to the main action, and at this point the Pleas shall be served and filed accordingly. Total amount of R430 000 is the possible liability if successful alternatively the municipality will only incur legal cost of R50

430 000 430 000

An employee has alleged damages against the municipality for defamation. No court papers has been filed to date. Possible amount R350 000

350 000 350 000

Notice has been received by the Municipality for the intention to institute legal proceedings against the Mayor and Tsolwana municipality in terms of section 3 of the legal proceedings against certain organs of state Act 40 of 2002 ("ILPCOS"). Possible amount R200 000

200 000 200 000

Iyabuya lafrica Consulting Engineers is currently suing the municipality for non-payment of an amount of R250 000, evidence have been provided from the Municipality that payment was made. Attorneys current estimate of cost is R400 000.

400 000 400 000

TOTAL AS AT 30 JUNE

1 380 000 1 380 000

**49 RELATED PARTIES**

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

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**49.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note to the Annual Financial Statements.

**49.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 23 to the Annual Financial Statements

**49.3 Other related party transactions**

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

<i>Councillors</i>	-	-
<i>Top Management</i>	5 875	37 325
<i>Middle management</i>	3 500	4 290
<i>Other Employees</i>	67 614	7 800

**FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The Municipalities cash reserves decreased tremendously during the past few financial years.

The debtors increased with more than the annual increase in tariffs which resulting in a tremendous increase in the provision for bad debts and is an indication that cash due to us might not be collected. The water and sanitation tariffs approved by the district Municipality increase with more than 100% on average that will have a negative impact on the

The municipality remain grant dependant and is exploring options to increase the revenue source of the municipality.

**Other Indicators**

Possible outflow of resources due the contingent liability disclosed in note 48

The new contract between the municipality and the district municipality stipulates that any losses incurred as from 1 July 2011 will be for the account of Tsolwana Municipality which might have a negative impact on the cashflow of the municipality

TSOLWANA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2015

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation				Carrying Value		
	Opening Balance	Additions	Disposals/Writ	Closing Balance	Opening Balance	Depreciation Charge	Disposals/Wr	Closing Balance	Opening Balance	Additions	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>4 709 198</b>	-	-	<b>4 709 198</b>	<b>1 975</b>	<b>490</b>	-	<b>2 465</b>	<b>4 707 224</b>	<b>(490)</b>	<b>4 706 734</b>
Land	4 660 200	-	-	4 660 200	-	-	-	-	4 660 200	-	4 660 200
Buildings	48 998	-	-	48 998	1 975	490	-	2 465	47 024	(490)	46 534
<b>Infrastructure</b>	<b>61 072 552</b>	<b>8 012 391</b>	-	<b>69 084 944</b>	<b>30 985 536</b>	<b>6 658 607</b>	-	<b>37 644 143</b>	<b>30 087 017</b>	<b>1 353 785</b>	<b>31 440 802</b>
Electricity	20 388 483	375 782	-	20 764 265	2 414 845	395 094	-	2 809 939	17 973 638	(19 312)	17 954 326
Roads, Pavements, Bridges & Storm Water	40 684 069	7 636 609	-	48 320 679	28 570 691	6 263 513	-	34 834 204	12 113 379	1 373 097	13 486 476
<b>Lease Assets</b>	<b>244 204</b>	-	-	<b>244 204</b>	<b>127 046</b>	<b>24 420</b>	-	<b>151 466</b>	<b>7 176</b>	<b>85 562</b>	<b>92 738</b>
Office Equipment	244 204	-	-	244 204	127 046	24 420	-	151 466	7 176	85 562	92 738
<b>Community Assets</b>	<b>40 990 517</b>	<b>5 734 236</b>	-	<b>46 724 752</b>	<b>1 675 547</b>	<b>342 621</b>	-	<b>2 018 168</b>	<b>39 314 970</b>	<b>5 391 614</b>	<b>44 706 584</b>
Cemeteries	-	-	-	-	-	-	-	-	-	-	-
Civic Building	22 035 986	5 124 062	-	27 160 048	1 117 492	153 076	-	1 270 568	20 918 494	4 970 986	25 889 480
Community Halls	8 868 102	432 731	-	9 300 833	262 023	88 681	-	350 704	8 606 079	344 050	8 950 129
Recreational Grounds	10 086 429	177 442	-	10 263 872	296 032	100 864	-	396 896	9 790 397	76 578	9 866 975
<b>Other Assets</b>	<b>4 825 756</b>	<b>171 886</b>	<b>(268 942)</b>	<b>4 728 700</b>	<b>2 589 550</b>	<b>495 005</b>	<b>(189 996)</b>	<b>2 894 559</b>	<b>2 052 884</b>	<b>(218 745)</b>	<b>1 834 139</b>
Landfill sites	565 238	-	-	565 238	439 802	62 804	-	502 606	125 437	(62 804)	62 633
Furniture & Fittings	145 859	8 090	(3 448)	150 500	31 654	11 072	(2 811)	39 915	101 394	9 191	110 585
Motor Vehicles	1 206 901	-	-	1 206 901	320 464	96 589	-	417 053	861 653	(71 805)	789 848
Office Equipment	586 663	-	(93 708)	492 955	288 077	68 698	(62 539)	294 236	215 473	(16 754)	198 719
Computer Equipment	807 061	58 797	(171 786)	694 072	376 083	98 595	(124 646)	350 031	393 366	(49 325)	344 041
Plant and Machinery	1 514 033	105 000	-	1 619 033	1 133 472	157 248	-	1 290 720	355 561	(27 248)	328 313
	<b>111 842 228</b>	<b>13 918 513</b>	<b>(268 942)</b>	<b>125 491 799</b>	<b>35 379 654</b>	<b>7 521 143</b>	<b>(189 996)</b>	<b>42 710 801</b>	<b>76 169 271</b>	<b>6 611 725</b>	<b>82 780 996</b>

82 780 998



TSOLWANA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation				Carrying Value		
	Opening Balance	Additions	Disposals/Writ	Closing Balance	Opening Balance	Depreciation Charge	Disposals/Wr	Closing Balance	Opening Balance	Additions	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>4 709 198</b>	-	-	<b>4 709 198</b>	<b>1 485</b>	<b>490</b>	-	<b>1 975</b>	<b>4 707 714</b>	<b>(490)</b>	<b>4 707 224</b>
Land	4 660 200	-	-	4 660 200	-	-	-	-	4 660 200	-	4 660 200
Buildings	48 998	-	-	48 998	1 485	490	-	1 975	47 514	(490)	47 024
<b>Infrastructure</b>	<b>54 846 304</b>	<b>6 226 248</b>	-	<b>61 072 552</b>	<b>24 326 929</b>	<b>6 658 607</b>	-	<b>30 985 536</b>	<b>30 519 376</b>	<b>(432 359)</b>	<b>30 087 017</b>
Electricity	20 196 176	192 307	-	20 388 483	2 019 751	395 094	-	2 414 845	18 176 425	(202 787)	17 973 638
Roads, Pavements, Bridges & Storm Water	34 650 128	6 033 941	-	40 684 069	22 307 178	6 263 513	-	28 570 691	12 342 951	(229 572)	12 113 379
<b>Lease Assets</b>	<b>244 204</b>	-	-	<b>244 204</b>	<b>102 674</b>	<b>31 548</b>	<b>(7 176)</b>	<b>127 046</b>	<b>38 724</b>	<b>78 435</b>	<b>117 159</b>
Office Equipment	244 204	-	-	244 204	102 674	31 548	(7 176)	127 046	38 724	78 435	117 159
Balance Previously Reported	244 204	-	-	244 204	205 481	31 548	-	237 029	38 724	(31 548)	7 176
Correction of Error	-	-	-	-	(102 807)	-	(7 176)	(109 983)	-	109 983	109 983
<b>Community Assets</b>	<b>33 492 553</b>	<b>7 497 964</b>	-	<b>40 990 517</b>	<b>1 332 178</b>	<b>343 369</b>	-	<b>1 675 547</b>	<b>32 160 375</b>	<b>7 154 595</b>	<b>39 314 970</b>
Cemeteries	-	-	-	-	-	-	-	-	-	-	-
Civic Building	15 219 663	6 816 323	-	22 035 986	941 482	176 010	-	1 117 492	14 278 181	6 640 313	20 918 494
Community Halls	8 723 660	144 442	-	8 868 102	181 754	80 269	-	262 023	8 541 906	64 173	8 606 079
Recreational Grounds	9 549 230	537 199	-	10 086 429	208 942	87 090	-	296 032	9 340 288	450 109	9 790 397
<b>Other Assets</b>	<b>4 290 515</b>	<b>645 046</b>	<b>(109 805)</b>	<b>4 825 756</b>	<b>2 288 778</b>	<b>404 819</b>	<b>(104 046)</b>	<b>2 589 550</b>	<b>1 851 026</b>	<b>245 003</b>	<b>2 236 206</b>
Landfill sites	565 238	-	-	565 238	376 997	62 804	-	439 802	188 241	(62 804)	125 437
Furniture & Fittings	69 254	86 842	(10 238)	145 859	38 038	3 642	(10 027)	31 654	31 014	83 191	114 205
Balance Previously Reported	56 645	86 842	(10 238)	133 250	38 240	3 642	(10 027)	31 856	18 405	83 393	101 798
Correction of Error	12 609	-	-	12 609	(202)	-	-	(202)	12 609	(202)	12 407
Motor Vehicles	876 298	360 603	(30 000)	1 206 901	264 206	86 257	(30 000)	320 464	607 308	279 130	886 439
Balance Previously Reported	856 298	360 603	(30 000)	1 186 900	268 990	86 257	(30 000)	325 248	587 307	283 914	871 222
Correction of Error	20 001	-	-	20 001	(4 784)	-	-	(4 784)	20 001	(4 784)	15 217
Office Equipment	595 756	5 068	(14 161)	586 663	234 335	64 753	(11 011)	288 077	278 308	(59 685)	298 586
Balance Previously Reported	599 111	5 068	(14 161)	590 018	320 803	64 753	(11 011)	374 545	278 308	110 101	388 409
Correction of Error	(3 355)	-	-	(3 355)	(86 468)	-	-	(86 468)	(89 823)	-	(89 823)
Computer Equipment	640 835	192 533	(26 306)	807 061	299 270	100 721	(23 908)	376 083	303 952	91 812	430 979
Balance Previously Reported	603 222	192 533	(26 306)	769 448	299 270	100 721	(23 908)	376 083	303 952	89 414	393 366
Correction of Error	37 613	-	-	37 613	-	-	-	-	37 613	-	37 613
Plant and Machinery	1 543 133	-	(29 100)	1 514 033	1 075 931	86 641	(29 100)	1 133 472	442 203	(86 641)	380 561
Balance Previously Reported	1 518 133	-	(29 100)	1 489 033	1 075 931	86 641	(29 100)	1 133 472	442 203	(86 641)	355 561
Correction of Error	25 000	-	-	25 000	-	-	-	-	25 000	-	25 000
	<b>97 582 775</b>	<b>14 369 258</b>	<b>(109 805)</b>	<b>111 842 228</b>	<b>28 052 043</b>	<b>7 438 833</b>	<b>(111 222)</b>	<b>35 379 654</b>	<b>69 277 213</b>	<b>7 045 184</b>	<b>76 462 575</b>

TSOLWANA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Assets with a cost of R109 805 and a Carrying value of R5 759 has been written off due to the fact that they are no longer in a working condition. Council approved of it on the 29th of August 2013. These assets are included in the balances above.

Road assets with a carrying value of R0 at 30 June 2013 were re-assed. The lifespan has been expanded with 2 years while we are in process of re-surficing the roads. The impact is as follow

Depreciation prior to change in accounting estimate	4 351 747
Depreciation for 2012/13 after re-assessment:	<u>1 870 858</u>
Effect of Change in accounting estimate	<u><u>2 480 889</u></u>

Department of Human Settlement are busy re-surficing internal roads on our behalf. These projects were not finalised at year end and were only completed subsequent to 30 June 2014. The budgeted amounts for these roads are as follow:

	Budgeted amount
Tarkastad (Middle Income)	1 300 000
Mitford	9 600 000
Baccles Farm Rocklands	7 500 000
Khwezi Village	5 200 000
Springrive Thembaletu	3 700 000
Tendergate/Khayaletu	8 600 000
Hofmeyr	7 900 000
Tarkastad other	<u>10 500 000</u>
	<u><u>54 300 000</u></u>

Change in useful life has been done on Infrastructure assets due to the fact that the assets are all still in working condition and there is no immediate plans to replace these asse

The leased property, plant and equipment and the buildings are secured as set out in note 4

Tsolwanay Municipality did an assessment of useful lifes and depreciation method as at 30 June 2014 since the previous review was done on 30 June 2011. No impairment was identify nor was any changes in method of depreciation identified other than those mentioned above. The material factors could be identified other than those that existed as at 30 June 2011 when the initial review took place. The same factors were still applicable and therefore no changes.

A fixed asset register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

**APPENDIX A - Unaudited**  
**TSOLWANA LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**MUNICIPAL VOTES CLASSIFICATION**

<b>2014 Actual Income R</b>	<b>2014 Actual Expenditure R</b>	<b>2014 Surplus/ (Deficit) R</b>		<b>2015 Actual Income R</b>	<b>2015 Actual Expenditure R</b>	<b>2015 Surplus/ (Deficit) R</b>
5 854 532	(6 280 510)	(425 979)	Municipal Manager	6 811 204	(7 123 155)	(311 952)
3 079 817	(3 111 643)	(31 826)	General Council	3 250 193	(2 971 509)	278 684
10 284 576	(10 921 466)	(636 890)	Finance & Administration	14 266 678	(12 736 494)	1 530 183
4 084 851	(5 037 296)	(952 446)	Administration: Human Resources	3 705 077	(5 064 768)	(1 359 692)
4 535 069	(683 502)	3 851 566	Public Safety	701 502	(983 102)	(281 600)
4 475 315	(5 039 633)	(564 318)	Planning & Development	13 192 555	(4 779 614)	8 412 940
439 000	(660 082)	(221 082)	Libraries	439 000	(570 320)	(131 320)
131 651	(27 381)	104 271	Cemeteries	106 262	(33 662)	72 600
209 847	(115 429)	94 417	Sport & Recreation	313 768	(3 150)	310 619
5 580 789	(6 962 102)	(1 381 313)	Waste Management	4 652 115	(5 795 076)	(1 142 961)
7 597 040	(6 305 432)	1 291 608	Road Transport	6 935 340	(6 467 288)	468 052
15 833 571	(11 276 700)	4 556 870	Electricity	12 342 840	(10 934 437)	1 408 403
13 536 699	(14 896 563)	(1 359 864)	Water	4 904 328	(4 904 510)	(182)
5 554 883	(4 895 034)	659 849	Waste Water Management	2 825 816	(2 825 816)	0
<b>81 197 639</b>	<b>(76 212 775)</b>	<b>4 984 864</b>	<b>Sub Total</b>	<b>74 446 677</b>	<b>(65 192 902)</b>	<b>9 253 775</b>
-	-	-		-	-	-
<b>81 197 639</b>	<b>(76 212 775)</b>	<b>4 984 864</b>	<b>Total</b>	<b>74 446 677</b>	<b>(65 192 902)</b>	<b>9 253 775</b>

**APPENDIX B - Unaudited**  
**TSOLWANA LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2014 Actual Income R</b>	<b>2014 Actual Expenditure R</b>	<b>2014 Surplus/ (Deficit) R</b>		<b>2015 Actual Income R</b>	<b>2015 Actual Expenditure R</b>	<b>2015 Surplus/ (Deficit) R</b>
8 934 349	(9 392 154)	(457 805)	Executive & Council	10 061 397	(10 094 664)	(33 267)
10 284 576	(10 921 466)	(636 890)	Budget & Treasury	14 266 678	(12 736 494)	1 530 183
4 084 851	(5 037 296)	(952 446)	Corporate Services	3 705 077	(5 064 768)	(1 359 692)
15 371 671	(13 488 130)	1 883 541	Community & Social Services	19 405 203	(12 231 049)	7 174 154
23 430 610	(17 691 382)	5 739 228	Technical Services	19 278 180	(17 335 601)	1 942 579
						-
<b>62 106 057</b>	<b>(56 530 428)</b>	<b>5 575 629</b>	<b>Total</b>	<b>66 716 533</b>	<b>(57 462 577)</b>	<b>9 253 957</b>

**APPENDIX C - Unaudited**  
**TSOLWANA LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2013	Correction of error	Balance 1 JULY 2013	Grants Received	Monies Returned	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2014
	R	R	R	R	R	R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>								
<b>National Government Grants</b>								
Equitable Share	-	-	-	27 463 000	-	27 463 000	-	-
NT - 1% Contribution Audit fees	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	-	-	-	1 650 000	-	1 454 276	195 724	-
Integrated National Electrification Programme (Eskom) Grant	180 236	-	180 236	2 000 000	134 000	-	1 592 381	453 855
- DME Projects	180 236	-	180 236	2 000 000	134 000	-	-	453 855
Municipal Infrastructure Grant	5 223 972	-	5 223 972	11 823 000	284 000	393 827	12 089 432	4 279 714
Municipal Systems Improvement Grant	-	-	-	890 000	-	890 000	-	-
EPWP	-	-	-	1 000 000	-	1 000 000	-	-
<b>Total National Government Grants</b>	<b>5 404 208</b>	<b>-</b>	<b>5 404 208</b>	<b>44 826 000</b>	<b>418 000</b>	<b>31 201 103</b>	<b>13 877 536</b>	<b>4 733 569</b>
<b>Provincial Government Grants</b>								
Project Library	-	-	-	439 000	-	439 000	-	-
Department of Raods - Internal roads	(917 651)	-	(917 651)	917 651	-	247 352	-	(247 352)
Other Housing monies	829 611	-	829 611	-	-	78 406	-	751 205
DPLG & Housing	-	-	-	-	-	-	-	-
1400 Thornhill Housing	59 064	-	59 064	-	-	-	-	59 064
671 Tarkastad Housing	-	-	-	-	-	-	-	-
1000 Tarkastad Housing	53 989	-	53 989	-	-	-	-	53 989
1000 Hofmeyer Housing	135 422	-	135 422	-	-	-	-	135 422
<b>Total Provincial Government Grants</b>	<b>160 434</b>	<b>-</b>	<b>160 434</b>	<b>1 356 651</b>	<b>-</b>	<b>764 758</b>	<b>-</b>	<b>752 328</b>
<b>District Municipality Grants</b>								
Rehabilitation of internal roads	109 274	(109 274)	-	-	-	-	-	-
Other - IDP	-	-	-	30 000	-	30 000	-	-
Other - Training for Caterers	-	-	-	160 000	-	159 990	-	10
Other - Internal Audit Support	-	-	-	300 000	-	300 000	-	-
Other - Clean up Compaing	-	-	-	1 175 260	-	1 175 260	-	-
Other - Stock dams	-	-	-	197 200	-	-	-	197 200
Other - Tendgergate Incubation Project	-	-	-	3 500 000	-	1 750 000	-	1 750 000
Tendgergate Goat Project	38 411	(38 411)	-	-	-	-	-	-
Paving Project	1 000 773	-	1 000 773	1 500 000	-	-	1 561 741	939 032
<b>Total District Municipality Grants</b>	<b>1 148 458</b>	<b>(147 685)</b>	<b>1 000 773</b>	<b>6 862 460</b>	<b>-</b>	<b>3 415 250</b>	<b>1 561 741</b>	<b>2 886 242</b>
<b>Other Grant Providers</b>								
HIV assistance	-	-	-	-	-	-	-	-
Vuna award	-	-	-	-	-	-	-	-
IDP assistance	-	-	-	-	-	-	-	-
SETA	-	-	-	46 679	-	46 679	-	-
HR Related projects	-	-	-	-	-	-	-	-
Valuations	49 133	-	49 133	-	-	49 133	-	(0)
Mapping project	21 871	-	21 871	-	-	21 871	-	(0)
Schaapkraal project	112 697	(112 697)	-	-	-	-	-	-
LED project: Vlekpoort	-	-	-	-	-	-	-	-
LED project: Other	142 420	-	142 420	229 400	-	186 071	-	185 750
Voting station	83 495	(83 495)	-	-	-	-	-	-
EPWP grant	-	-	-	-	-	-	-	-
<b>Total Other Grant Providers</b>	<b>409 616</b>	<b>(196 192)</b>	<b>213 424</b>	<b>276 079</b>	<b>-</b>	<b>303 753</b>	<b>-</b>	<b>185 750</b>
<b>Total</b>	<b>7 122 717</b>	<b>(343 877)</b>	<b>6 778 840</b>	<b>53 321 190</b>	<b>418 000</b>	<b>35 684 865</b>	<b>15 439 277</b>	<b>8 557 888</b>

**APPENDIX D - Unaudited**  
**TSOLWANA LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2012	Correction of error	Balance 1 JULY 2012	Grants Received	Monies Returned	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
	R	R	R	R		R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>								
<b>National Government Grants</b>				2 015 862	2 300 000			
Equitable Share	-	-	-	24 741 419		24 741 419	-	-
NT - 1% Contribution Audit fees	-	-	-	501 332		501 332	-	-
Local Government Financial Management Grant	-	-	-	1 500 000		1 500 000	-	-
Integrated National Electrification Programme (Eskom) Grant	134 004	-	134 004	2 000 000	-	-	1 953 768	180 236
- DME Projects	134 004	-	134 004	2 000 000	-	-	1 953 768	180 236
Municipal Infrastructure Grant	3 796 281	-	3 796 281	11 683 000	1 780 419	584 150	7 890 740	5 223 972
Municipal Systems Improvement Grant	0	-	0	800 000		800 000	-	-
EPWP	-	-	-	1 000 000		1 000 000	-	-
<b>Total National Government Grants</b>	<b>3 930 285</b>	<b>-</b>	<b>3 930 285</b>	<b>42 225 751</b>		<b>29 126 901</b>	<b>9 844 508</b>	<b>5 404 208</b>
<b>Provincial Government Grants</b>			2 015 862					
Project Library	-	-	-	439 000		439 000	-	-
Department of Raods - Internal roads	(1 717 830)	-	(1 717 830)	3 502 051		198 388	2 503 484	(917 651)
Other Housing monies	829 611	-	829 611					829 611
DPLG & Housing	-	-	-					-
1400 Thornhill Housing	63 264	-	63 264			4 200		59 064
671 Tarkastad Housing	129 446	-	129 446			129 446		-
1000 Tarkastad Housing	276 252	-	276 252			222 263		53 989
1000 Hofmeyer Housing	135 422	-	135 422			-		135 422
<b>Total Provincial Government Grants</b>	<b>(283 835)</b>	<b>-</b>	<b>(283 835)</b>	<b>3 941 051</b>		<b>993 297</b>	<b>2 503 484</b>	<b>160 434</b>
<b>District Municipality Grants</b>								
Rehabilitation of internal roads	109 274	-	109 274	-		-	-	109 274
Other - IDP	70 000	-	70 000			70 000	-	-
Tendergate Goat Project	8 411	-	8 411	30 000		-	-	38 411
Paving Project	-	-	-	2 000 000		-	999 227	1 000 773
<b>Total District Municipality Grants</b>	<b>187 685</b>	<b>-</b>	<b>187 685</b>	<b>2 030 000</b>		<b>70 000</b>	<b>999 227</b>	<b>1 148 458</b>
<b>Other Grant Providers</b>								
HIV assistance	-	-	-	-		-	-	-
Vuna award	40 000	-	40 000			40 000	-	-
IDP assistance	-	-	-	250 000		250 000	-	-
SETA	-	-	-	79 448		79 448	-	-
HR Related projects	-	-	-					-
Valuations	146 987	-	146 987			97 854		49 133
Mapping project	55 145	-	55 145			33 275		21 871
Schaapkraal project	112 697	-	112 697					112 697
LED project: Vlekpoort	-	-	-					-
LED project: Other	120 175	-	120 175	87 990		65 745		142 420
Voting station	83 495	-	83 495			-		83 495
EPWP grant	-	-	-			-		-
<b>Total Other Grant Providers</b>	<b>558 500</b>	<b>-</b>	<b>558 500</b>	<b>417 438</b>		<b>566 321</b>	<b>-</b>	<b>409 616</b>
<b>Total</b>	<b>4 392 635</b>	<b>-</b>	<b>4 392 635</b>	<b>48 614 239</b>		<b>30 756 519</b>	<b>13 347 219</b>	<b>7 122 717</b>