

TSLOWANA MUNICIPALITY



ANNUAL REPORT
2009/10

TABLE OF CONTENTS

PAGE

PART 1: INTRODUCTION AND OVERVIEW

Foreword by the Mayor
The yearly program priorities' statement
 Overview of the Municipality
 Executive Summary

PART 2: KPA ACHIEVEMENT REPORTS

Chapter 1: Organizational Transformation and Institutional Development (KPA 1)

Presentation of the organizational structure
Staff development initiatives during the financial year
Key HR statistics per functional area
Full time staff complement per functional area
Staff level of education and skills
Trends on total personnel expenditure
List of pension and medical aids to whom employees belong
Senior officials' wages and benefits (only if not included in the financial statements)
Annual performance as per key performance indicators in municipal transformation and organizational development
Major challenges and remedial actions in HR and organisational management

Chapter 2: Basic Service delivery performance highlights (KPA 2)

Water services
Water services delivery strategy and main actors
Level and standards in water services
Annual performance as per key performance indicators in water services
Major challenges in water services and remedial actions
Electricity services
Sanitation
Road maintenance
Waste management
Housing and town planning
Spatial planning
Overall service delivery backlogs table

Chapter 3: Municipal LED framework implementation (KPA 3)

Brief presentation of LED strategy/plan
Progress towards achieving the LED key objectives;
Creation of market and public confidence
Comparative and competitive advantages for industrial activities
Enterprise development
Social investment program
Challenges regarding LED strategy implementation

Chapter 4: AUDITED STATEMENTS AND OTHER FINANCIAL INFORMATION –KPA 4

The audited financial statements
Budget to actual comparison

Grants and transfers' spending
Meeting of Donors' requirements for conditional grants
Municipality Long term contracts
Annual performance as per key performance indicators in financial viability
The Auditor general reports
Situation of arrears in property rates and service charges

Chapter 5: Good Governance and Public Participation –KPA 5

Overview of the Executive and Council functions and achievement;
Public participation and consultation
Ward committees' establishment and functionality
Community Development workers performance monitoring
Communication strategy
Anti-corruption strategy
Intergovernmental Relations
Legal matters

PART 3: FUNCTIONAL AREA REPORTING AND ANNEXURE

Functional areas service delivery reporting
General information (population statistics)
Executive and Council function's performance
Finance and Administration function's performance
Planning and development function's performance
Community and social services function's performance
Housing function's performance
Waste management function's performance
Road maintenance function's performance
Water distribution function's performance
Electricity distribution function's performance

ANNEXURES

- 1 Audit committee minutes
- 2 Approved Municipal Structure
- 3 Full AG Report
- 4 Annual Performance Report

FOREWORD BY THE MAYOR

Section 121(1) of the Municipal Finance Management Act No. 56 of 2003 demands that “every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter (chapter 12 of the MFMA). Coupled to that, section 46 of the Municipal System Act, 32 of 2000, 46(1) demand that a municipality must prepare for each financial year a performance report and such annual performance report must form part of the municipality’s annual report, in terms of section 46(2). It is in terms of the above pieces of legislation that I present before you the 2008-2009 annual report.

This annual report is an account of the Tsolwana municipality’s achievements in the year under review and with any rigorous instruments it does not hesitate in pointing out where the municipality has fallen short.

Our main objective as Tsolwana municipality has always been to provide quality services to all our communities. In doing that we are guided by our Integrated Development Plan which focuses among other things provision of free basic services to the poor households, eradication of poverty, and provision and maintenance of recreational facilities to our young people.

Our IDP reflects a number of priorities. Through the review process over the last three (3) years, priorities such as infrastructure provision, water and sanitation provision eradication of bucket system and local economic development have been consistently identified.

As the Tsolwana Local Council, we place emphasis on the communities we serve and through a number of policies and programmes like the Integrated Development Plan, the Spatial Development Framework, the Housing Sector Plan and the Tourism Sector plan, we are hoping to better our people’s lives by creating employment opportunities through tourism, agriculture and the creation of an enabling environment to encourage local economic growth and development.

In conclusion, may I thank my fellow councillors for their support and commitment to council business, the Municipal Manager and his staff for the commitment and willingness to improve in all that they are doing and the ward committees and the members of the public for always being there for us.



M BENNETT
MAYOR

THE YEARLY PROGRAM PRIORITIES STATEMENT BY THE MUNICIPAL MANAGER

This report has been drafted in line with the Municipal Annual Report template and guidelines as developed by the Municipal Support and Monitoring Services Chief Directorate in the Department of Local Government and Traditional Affairs.

Tsolwana Local municipality strives to achieve service excellence in all areas of operations and this report attempts to give a substantial insight into the workings of the municipality. It also attempts to reflect accurately on performance of the municipality set against targets for the 2008/09 financial year.

Priorities for the 2009/10 financial year have been divided in a number of key performance indicators and broadly categorized in 5 key performance areas as follows:

- Municipal Institutional Development and Transformation;
- Local Economic Development;
- Good Governance and Public Participation;
- Basic Service Delivery; and
- Municipal Financial Viability and Management

a. Municipal Institutional Development and Transformation

An amount R2 920 000 was allocated for the 2009/10 financial year to attempt to attain specific identified priorities including the following: functioning of committee and performance of internal audit function, training of staff on supply chain processes, IDP and Performance Management System review, signing of compliant performance contracts for senior managers, among others.

Most of the set targets and priorities were relatively implemented and the 5 performance agreements were brought in line with the Performance Regulations.

b. Local Economic Development

The main focus in so far as the Local Economic Development is concerned has been on poverty alleviation and food security programs as well as the development of policies and systems. An amount of R7 651 971 was spent within the Tsolwana municipal area different spheres of government, in particular the departments of Social Development, Rural Development and Agriculture. It is emphasized that in most of these projects the municipality did not have a direct control as the various government departments implemented them by themselves.

c. Good Governance and Public Participation

An amount of R920,000-00 was availed in order to promote the culture of good governance and citizen participation in line with the King II report and the Batho Pele principles. Some of the projects included revival and enhancement of ward committees system, etc.

d. Basic Service Delivery

The largest portion of the 2009/10 budget was committed to service delivery. An amount of R208 811 800 was committed for this particular financial year. The bulk of the money came from the department of Human Settlements to implement projects like Tarkastad 671, Tarkastad 1000, Hofmeyr 1000 and Thornhill 1400. Other projects included the emergency water relief for Ntabethemba, rehabilitation of internal roads in wards 1 & 2, upgrading of electricity network in Tarkastad, provision of streetlights in Luxolweni Township etc.

e. Municipal Financial Viability and Management

The main key challenge for the municipality during the period under review was the

implementation of the Municipal Property Rates Act by the 01st July 2009. During the period under review an amount of R3,550,00-00 was made available to implement project relating to the this particular key performance area. Other projects included data cleansing, compilation of financial statements, GRAP compliant asset register and reviewal of financial policies.

While we are cautiously confident that Tsolwana municipality is progressing in the right direction, we submit with humility in the pages of this report that we have had to face reality that with all our interventions, our capacity in terms of human, skill and revenue shortage immeasurable impede on our noble goals.



SIMILO DAYI
MUNICIPAL MANAGER

PART 1: INTRODUCTION AND OVERVIEW

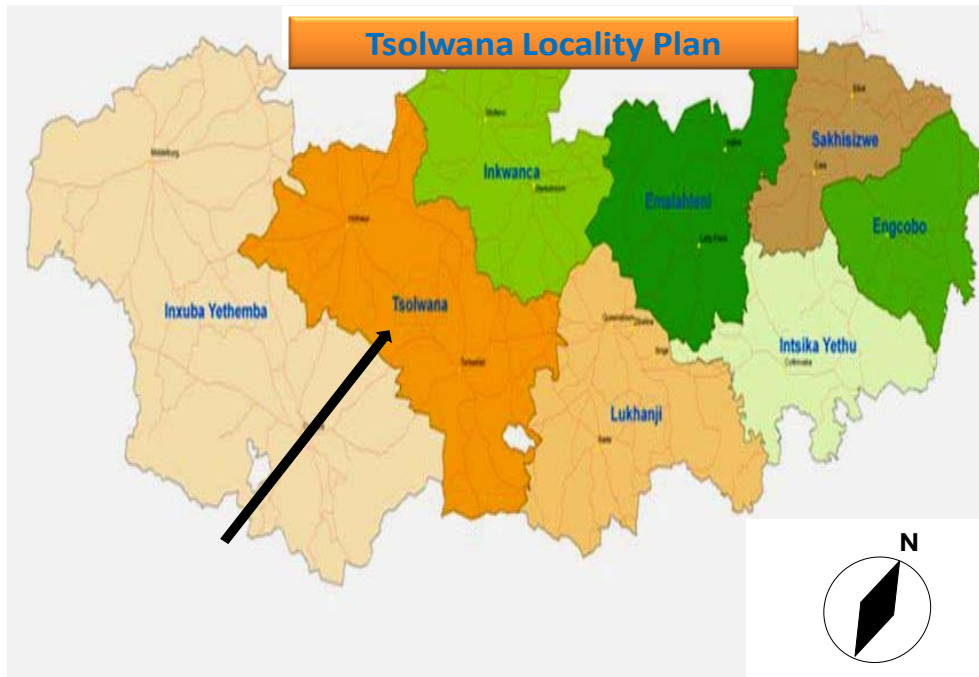
1.1 Overview of the Municipality

a) Geographic and demographic profile

Tsolwana Municipality is situated within Chris Hani District Municipality (CHDM) of Eastern Cape Province. It is bounded on the east by Inkwanca and Lukhanji Municipalities, on the west by Inxuba Yethemba Municipality, on the north by Ukhahlamba District Municipality and on the south by Amathole District Municipality. Tsolwana Municipality is an amalgamation of the following areas.

- Former Tarkastad TLC and TRC (Republic of South Africa)
- Former Hofmeyr TLC and TRC (Republic of South Africa)
- Former Ntabethemba TRC (Republic of Ciskei)

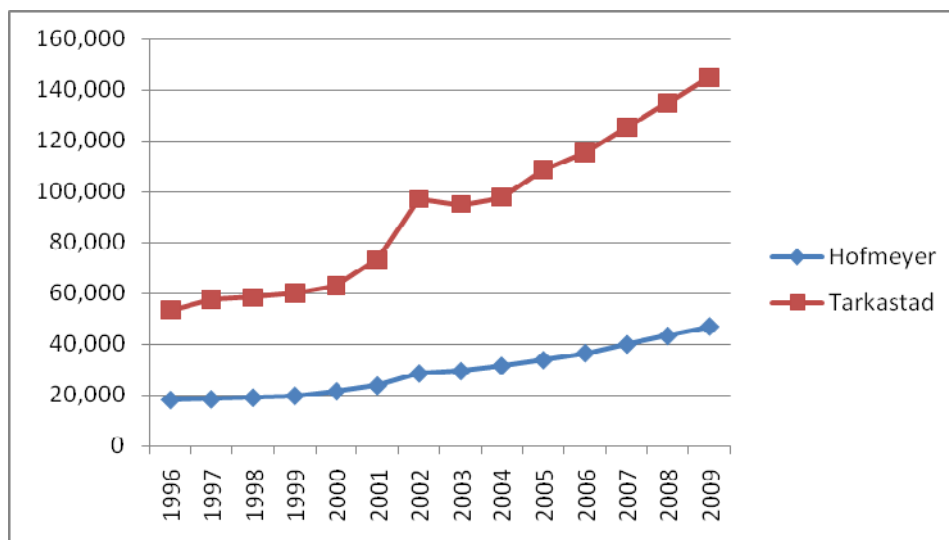
Tsolwana Municipality has two main urban nodes, Tarkastad and Hofmeyr, which are surrounded by commercial farmland in the former Tarkastad and Hofmeyr areas and about 11 rural villages scattered within the former Ntabethemba area, including Thornhill, Mitford, Rocklands, Tendergate, etc). Tarkastad, the Municipal seat, is located along the Queenstown and Cradock R61 road. It is roughly 64km from Queenstown and 81km from Cradock. From the two major airports in the province, Tarkastad is 365km from Port Elizabeth and 257 from East London.



b) Economic Development Profile

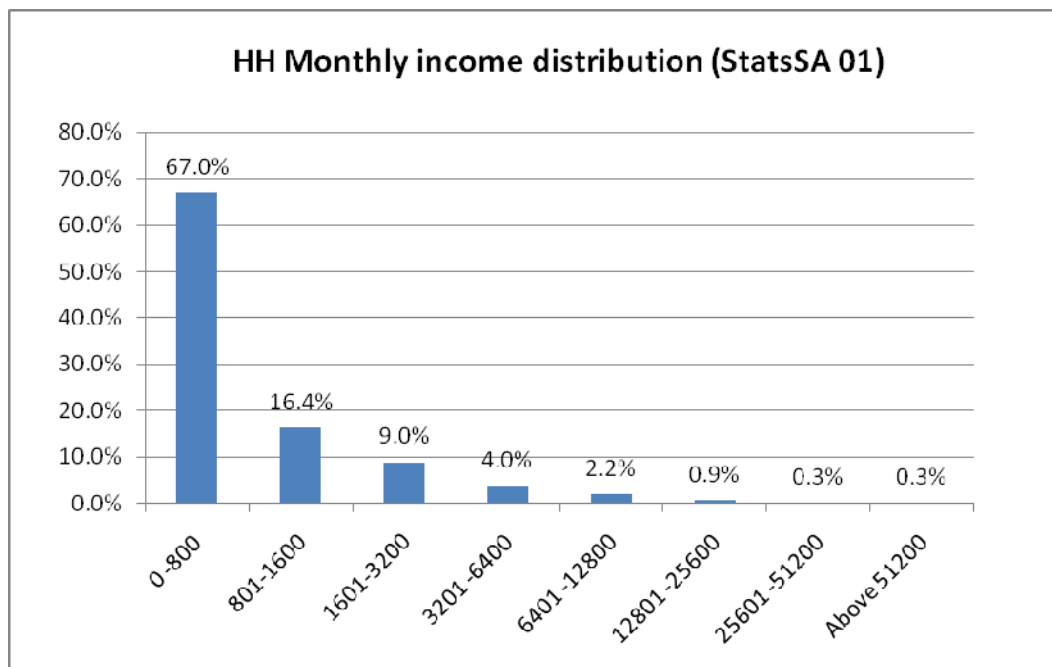
(i) Gross Development Product

The GDP of Tsolwana has steadily grown from about 72 million for the two towns of Tarkastad and Hofmeyr in 1996 to approximately 191 million by end of 2008 (Global Insight). The following figure shows GDP growth trends over the last decade.



(ii) Household Income Distribution

The majority of households in Tsolwana are poor and indigent. Approximately 83.4% of households in terms of Statistics SA 2001 earn a gross income of no more than R1,600 per month. That leaves the municipality with just about 16.6% of households that they can provide services to and expect to pay. Given that even this category is defaulting regularly on payments, the challenge for financial viability and growing own revenue base is huge in the municipality. Below is a figure illustrating a household income distribution pattern within Tsolwana municipality.



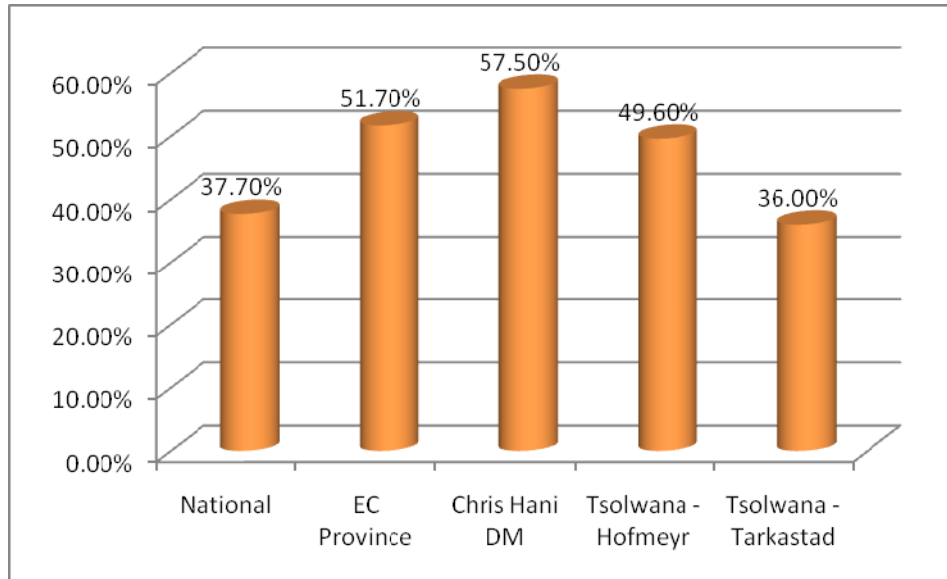
The picture painted in the above figure reinforces the rationale for the municipality to prioritise LED as its second most important focus areas in 2009/10. It is believed that only through genuine growth in the size of the economy, can the problems of unemployment and revenue base be dealt with adequately.

(iii) Unemployment

Unemployment is a major development challenge in Tsolwana. According to research done by Global Insight, unemployment in Tsolwana is estimated to be higher than that of the country but lower than that of the district and EC Province respectively.

In Tsolwana, the distribution of unemployment is largely concentrated in the Hofmeyr areas when comparing the two urban centres. The figure below gives a comparative

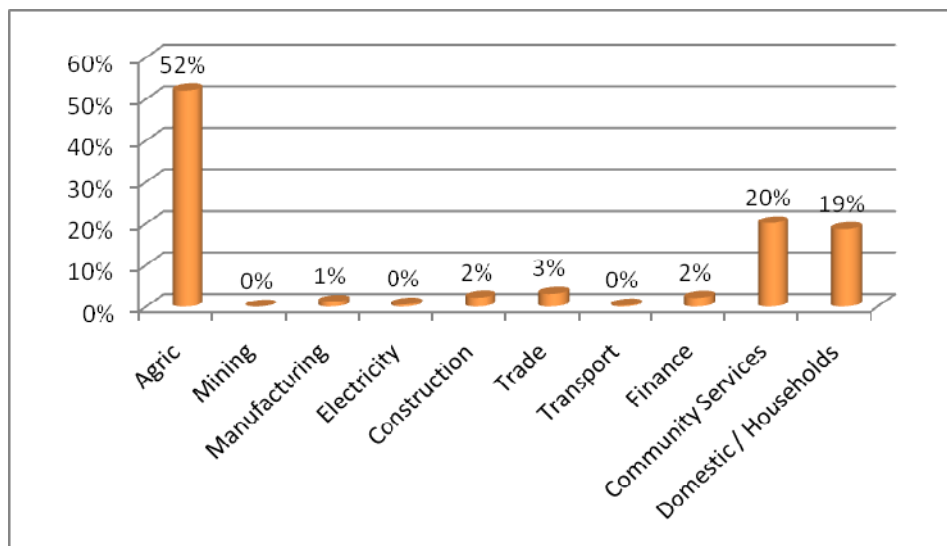
view of unemployment distribution within Tsolwana core urban centres as well as between Tsolwana and the district, province and country, respectively.



(iv) Formal Employment by sectors

According to Global insight statistics of 2006, Agriculture is a primary active employment sector in the municipality accounting for approximately 52% of formal jobs in the local economy. Government is the second biggest employer accounting for 20% and followed by domestic or household employment at about 19% of total employment.

This situation is not sustainable and there is a need to develop as part of the LED strategy, dedicated strategies to diversify the economy and to boost growth in other important sectors that show potential. Tourism is one of those sectors.



PART 2: KPA ACHIEVEMENT REPORTS

Chapter 1: INSTITUTIONAL DEVELOPMENT AND ORGANIZATIONAL TRANSFORMATION – KPI 1

1.1 Human resource and other organization management

1.1 .1 Presentation of the organizational structure (approved organogram)

Total number of approved posts of the entire institution

The municipality has an approved organogram which provides for a total of 122 posts. The change in the number of posts was prompted by the fact that many posts in the previous organogram were considered to be future posts and keeping them in the organogram when they were not funded would increase the municipality's vacancy rate which would not have had a good reflection.

Total number of vacant posts in the entire institution

The total number of vacant posts in the municipality is currently standing at 59.

Submission of employment and performance contracts of the Municipal Manager and section 57 Manager

The municipality has five directorates which includes the office of the municipal manager.

During the year in review the performance contracts of managers were signed and submitted within the prescribed time to the department.

1.2 Staff Development Initiatives during the financial year

The municipality developed, adopted and submitted a workplace skills plan for the year under review. The municipality is currently busy developing its Human Resources Plan with the assistance from the department of Local Government.

Skills area	Beneficiaries	No. of beneficiaries	Provider
Occupational Health and Safety	officials	11	Nosa
Occupational Health and Safety	Officials	10	MTEC

Specialist Technical Skills	Officials	6	Ikhala College
Computer literacy	Officials	10	Ikhala College
Computer Literacy	Councillors	6	Ikhala College

1.3 Key HR Statistics per Functional Area

1. Full time staff complement per functional area

a. MUNICIPAL MANAGER/SECTION 57 AND LINE MANAGERS

	Approved positions (e.g. MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	0
2	Chief Finance Officer	1	1	0
3	Corporate Services Manager	1	1	0
4	Community Services Manager	1	1	0
5	Technical Services Manager	1	1	0
	Total	5	5	0

b. CORPORATE SERVICES

	Approved positions (e.g. MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Personal Assistant of Managers	1	1	0
2	Skills Development Facilitator	1	0	1
3	HR Officer	1	1	0
4	Administrative Officer	1	0	1
5	Archives Clerk and Admin support to council	1	0	1
6	Receptionist	1	1	0
7	Cleaner/ Messenger	2	1	1
	Total	8	4	4

c. BUDGET AND TREASURY OFFICE

	Approved positions (e.g. MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Expenditure Accountant	1	1	0
2	Revenue Accountant	1	1	0
3	Supply Chain Officer	1	0	1
4	BTO	1	0	1
5	Basic Services Clerk	1	0	1
6	Creditors Clerk	1	0	1
7	Grants, Asset and VAT Management Clerk	1	0	1
	Supply chain Clerk	1	0	1
	Salaries Clerk	1	0	1
	Data Capturer	1	0	1
	Senior Revenue Clerks	2	2	0

	Approved positions (e.g.MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Land and Estates Officer	1	1	0
2	Development Officer	1	1	0
3	Librarian	1	0	1
4	Library Assistants	2	2	0
5	HIV/AIDS Coordinator	1	0	1
6	SPU Coordinator	1	1	0
7	Business Development SMME Tourism Coordinator	1	0	1
8	Agricultural Coordinator	1	0	1
9	Agricultural specialist	1	0	1
10	Foremen	2	2	0
11	Security Officers	4	0	4
12	Drivers	3	3	0
13	General Workers	16	8	8
14	Caretakers community halls	5	0	5
15	Pound masters	2	0	2
	Total	42	18	24
	Debtors Clerk	1	0	1
	Asset Management Clerk	1	0	1
	Cashiers	4	3	1
	Meter readers	4	0	4
	Total	22	7	15

d. Staff Complement in the Technical Services

For each technical service within the its powers and functions, the municipality is expected to fill a table similar to the one above indicating the staff complement from the Director (Section 57) to the lowest level.

	Approved positions (e.g. MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Administrative Assistant Support and Data Capturer	1	1	0
2	Town Planner	1	0	1
3	Project Management Unit Manager	1	0	1
4	Engineering Planning 7 Design	1	0	1
5	Civil Engineering Technician	1	1	0
6	Civil Technician Electricity	1	0	1
7	Community Facilities/ Solid Waste Technician	1	0	1
8	Town Planner	1	0	1
9	General Handy man	1	0	1
10	Building Control Officer	1	0	1
11	Unit Supervisor Water & Sanitation	2	2	0
12	Superintendent Public Works	1	0	1
13	Mason Public Works	1	0	1
14	Team leader Plant Operation	1	0	1
15	Electrician	2	0	2
16	Truck Drivers	2	0	2
17	Light Plant Operators	3	0	3
18	Tractor Drivers	3	3	0
19	Semi -Skilled General ASSISTANTS	4	0	4
20	General Workers (Sanitation)	8	8	0
21	General Workers(water)	4	4	0
	Total	41	19	22

TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES

Technical Service (e.g. water, electricity etc...)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
	1	1	0	0

1.4 Levels of Education and Skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
63	33	19	11

1.5 Trends on Total Personnel Expenditure

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2007/2008	70	17 575 441	9 920 904	56.45%
2008/2009	75	12 537 072	601482	48%
2009/2010	63	18 390 713 (excluding grants)	6 873 528	37.37%

1.6 List of Pension and Medical Aids to whom Employees Belong

Names of pension fund	Number of members	Names of medical Aids	Number of members
Cape Joint Retirement Fund	10	Bonitas	1
South African Local Authorities Pension Fund	53	LA Health	9
		Samwu Med	11

1.7 Senior Officials' Wages and Benefits

(a) Political Office bearers

Mayor/ Speaker	R 421 260
Councillors	R 1 320 343

(b) Senior Officials

Municipal Manager	R 642 071
S57 Managers	R 1 941 461

1.8 Implementation of the Performance Management System (PMS):

The Municipality is expected to provide information on the progress regarding the development, adoption by council and the full implementation of the PMS. The full implementation is understood as at both institutional and individual positions.

The municipality developed and adopted a Performance Management system (PMS). The PMS is currently only applicable to senior employees. The municipality is experiencing resistance from labour when it comes to negotiations for the cascading of the performance management system to all staff levels. as a solution to this, municipalities through the organised local government should request the minister for Cooperative Governance and Traditional Affairs to promulgate regulations on this issue so that there can be uniform application of this.

ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	6	4	0.24	No suitable candidate could be found for 1 of the positions
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	5	5	100	
4	Percentage of Managers in Technical Services with a professional qualification	1	1	100	
5	Percentage of	N/a			

	municipalities within the district area that have a fully functional Performance Management System (DM only)				
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	63	63	100	
9	Percentage of councillors who attended a skill development training within the current 5 year term	10	9	90	
10	Percentage of staff complement with disability	0	0	0	It has been difficult to recruit people with disabilities
11	Percentage of female employees	63	10	6.3	need to seriously comply with our EEP so as to reach targets
12	Percentage of employees that are aged 35 or younger	63	9	5.7	

1.9 Major Challenges and Remedial Actions in regard to Human Resource and Organizational Management

(a) Local Labour Forum not Functioning well

The municipality has in terms of the law and collective agreements on organisational rights agreement, established its local labour forum. The forum is established with the objective of serving as a forum where issues of mutual interest between the employer and the employees. The forum started off well in the beginning and at some stage hit a halt. There were two reasons that led to the impasse and they are:

- The interpretation of the functions of the LLF

- The powers of the LLF as against those of the council in terms decision making, here the unions always argued that the LLF is not a council structure and therefore can take decisions, which do not need approval of the council.
- The employer reps in the LLF were always of the view that the LLF is subject to council and therefore cannot take decision on its own without the approval of the council. The intervention of the Municipal Manager and that of the SALGBC were sought in order to mediate in this.

(b) Resistance to Performance Management System

The municipality has a Performance Management System which was approved by council. The system currently only applies to s57 employees and has so far not been cascaded to lower levels. The resistance comes from the unions who argue that other staff members are employed in terms of the Labour Relations Act and not The Municipal Systems Act and therefore cannot be subjected to performance management. The employer was at pains to explain the importance of the PMS. As a solution to the matter, the municipality joined other municipalities who had the same problem to say this matter needs to be referred to the relevant ministers to regulate on it, so that there can be uniform application of it.

(c) Inability to attract and retain Staff with specialised Technical Skills.

During the period of review of the municipality's Employment Equity Plan, it transpired that the municipality cannot attract and retain staff with specialised Technical skills. The major reasons for this were as follows

- The geographical situation of the municipality, the municipality is in a very rural area and people with skills are very scarce and are easily poached by more urban municipalities
- The other reason is the grading of the municipality which limits what the municipality can pay in terms of salaries. This literally implies that the smaller the municipality the lower are its salaries. As a solution to this the municipality is currently developing an HR plan which as part of its objectives would contain a strategy on staff retention. The municipality needs to budget more for certain specialised positions so as to compete with the urban municipalities for the said skills. Furthermore it must engage the local government seta for assistance in learnership programmes so that it can be able to groom its own staff.

CHAPTER 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

2.1 Water services

Tsolwana Local Municipality is a Water Services Provider on behalf of the Water Services Authority, Chris Hani District. This was informed by the Section 78 assessment that was on the 1st of July 2008. Based on the above study, a service level agreement was signed between the two institutions so as to formalise the working relationships in this regard. As a Water Service Provider, the municipality has a responsibility of making sure that the communities have access to portable water. It is also worth mentioning that the municipal area has been experiencing a very bad drought during the year under review especially during the summer seasons. This has led to many community dissatisfaction in the provision of water services. The WSA has also embarked on drought relief programme assisted by the water services authority to try to eliminate to some extent the challenges related to the provision of the water service functions. The municipality has also engaged the communities by way Community Service Providers (CSP's). It is also worth mentioning that the remuneration of the CSP's has been increase in during the year under review. These CSP's operate the schemes on a day to day bases and report all water related queries to the relevant authorities for their further attention and repairs.

2.1.1 Levels and standards in water services:

Yard water connections are regarded as the high level of service and the provision of communal standpipes being the low or basic level of service. In the townships, all the provision is a high level of service that is provided and in some parts of the rural villages a basic level of service is provided. As required by the service level agreement, the WSP must take water samples every month for water quality tests to any recognise laboratory. During the year under review, the municipality has compiled with the assistance of the Environmental Practitioners deployed by the CHDM. The results have proved positive on many instances exempt where there was a little contamination. In this case there was a need for an increase of the dosing substances so as to be able to be in an acceptance standard with regard to water service quality.

2.1.2 Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	7965	8768	91%	8768	7965
2	Percentage of indigent households with access to free basic potable water	5512	5380	97%	5380	5512
4	Percentage of clinics with access to potable water	3495	3156	90%	3156	3495
5	Percentage of schools with access to potable water	8	20	40%	20	8
6	Percentage of households using buckets	11	11	100%	11	11

2.1.3 Major challenges in water services and remedial actions

The main challenge regarding the water services has been the establishment of a fully-fledged water services unit so as to deal with the challenges facing this service. All the strategic posts have since been filled with the exception of few general assistants posts .

2.2 Electricity services

2.2.1 Electricity services delivery strategy and main role-players

Tsolwana municipality is the registered licence holder for supplying of electricity within the greater Tarkastad and part of Hofmeyr towns. This service is being outsourced to a local electrical contractor for day to day maintenance as required from time to time. The Department of Energy has approved an amount of R7,5m for the upgrading of the electrical network. Maintenance work that was done during the year under review also includes the installation of aerial bundle conductor to replace damaged transformer. Replacing of major overhead HV cables that were damaged during a storm that affected the area. This is just but not limited to the ongoing maintenance of the rehabilitating infrastructure including the replacement of damaged meter boxes. The municipality has also managed to repair the high mast lights so as to curb the crime in the affected areas.

The supply of electricity in the rural areas is done directly by ESKOM.

2.2.2 Level and standards in electricity services

This section presents the municipality definition of low and high level access to electricity services by the population as well as the low and high quality standard of electricity provision. This understanding of the level and standard should be the justification for setting yearly targets and reporting achievements.

Tsolwana municipality is making every effort in order to conform with the standards as required by ESKOM and eventually the South African Bureau of Standards.

2.2.3 Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	90 12	3210	8768	8768	97%
2	Percentage of indigent households with access to basic electricity services	7523	6122	6131	6131	81%
4	Percentage of indigent households with access to free alternative energy sources	3860	Nil	3495	3495	91%

2.2.4 Major challenges in electricity services and remedial actions

The municipality is in the process of reviewing its organogram that will also ensure that the electricity unit is catered for in the organogram. At the moment this service is being outsourced to a local subcontractor for the basic day to day maintenance. A further hamper to the process is the ability to attract skilled and competent staff to the rural areas like Tsolwana municipality.

2.3 Sanitation

2.3.1 Sanitation services delivery strategy and main role-players

After a section 78 assessment was conducted, the municipality was given a status of being a Water Service Provider where the CHDM is a Water Services Authority in terms of the above assessment. Based on the above, a service level agreement was signed between the two

institutions so as to formalise the working relationship in this regard. In order to realise the national targets of eradicating buckets, the CHDM has approved a number of sanitation projects. These include sanitation projects in the Ntabethemba areas, Hofmeyer bucket eradication projects. We may also mention that our municipality has not been able to meet the National target of December 2008 for the eradication of buckets. This was due to non-performance by the contractors appointed. This is only applicable to the Tarkastad bucket eradication project. The services of the contractor were eventually terminated for non performance and another contractor was appointed to finish the works in question.

2.3.2 Level and standards in sanitation services

This understanding of the level and standard should be the justification for setting yearly targets and reporting achievements.

The municipality is trying all its level best to adhere to the required minimum standards regarding the sanitation services in the area.

2.2.3 Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	3420	2311	2720	2720	78%
2	Percentage of indigent households with access to free basic sanitation services	935	711	659	659	65%
4	Percentage of clinics with access	11	Nil	11	11	100%

	to sanitation services					
5	Percentage of schools with access to sanitation services	26	3	23	23	91%

2.2.4 Major challenges in sanitation services and remedial actions

Establishment of a fully-fledged sanitation unit within the municipality has been a major challenge. Talks to the CHDM are at an advance stage so as to make sure that a unit is established. All the strategic positions have since been filled

2.4. Roads maintenance

2.4.1 Road maintenance services delivery strategy and main role-players

The conditions of the roads within the municipality, especially in the Ntabethemba area, are in a state of disrepair. They are virtually inaccessible during rainy season due to lack of ongoing maintenance. Also storm water channels are non-existent throughout the municipal area thus the roads eroded, especially during heavy rains. About 233,7km of internal roads within the settlements in the municipality are in appalling condition and require urgent maintenance attention.

Public transport system in the area is limited to minibus taxis that service the area on a regular basis. Private cars and bicycles are in the minority. There are no formal crossing arrangements to cater for pedestrians and animals that exist within the different settlements, especially those traverses by national and trunk roads.

The department of road and transport also launched a Household Contractor Programme to assist with minor roads repairs and maintenance. Local residents assist with minor repairs such as fixing of potholes, storm drainage, grass cutting etc, this project is seen as one way of alleviating poverty by means of job creation without compromising quality standards. The Municipality has budgeted around R2 804800 through Municipal Infrastructure grant for the entire municipal area for the 2009/10 financial year.

2.2.4 Level and standards in road maintenance services

Currently the municipality does not have all the necessary equipment such as graders to maintain the roads. However, every effort is made with the limited resources that the municipality has. In addition, the department of roads and transport is also playing a significant role by supporting the initiatives of the municipality in the roads maintenance.

2.2.5 Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	233,7km	219km	14,6km	14,6km	16%
2	Percentage of road infrastructure requiring upgrade	12km	221km	12km	12km	100%
4	Percentage of planned new road infrastructure actually constructed	0km	233km	0km	0km	0km
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	21km	215km	18km	18km	86%

2.2.6 Major challenges in road maintenance services and remedial actions

The department of Roads and Transport is in the process of finalising the roads classification. This makes it very difficult for the municipality to do a proper budgeting and forwarding planning.

2.5 **Waste management**

2.5.1 Waste management services delivery strategy and main role-players

The dumping sites that we are having both Hofmeyer and Tarkastad are not in compliance with National legislations that govern waste management. They are both not registered with the Department of Environmental Affairs. The standard of our land field sites is very low as they are not even fenced. The Solid waste generated at Tarkastad and Hofmeyer is disposed off at local landfill sited in close proximity to the two towns. Among the problems associated with these landfills include possible water contamination, air pollution, unsightliness caused by wind blown litter, inaccessibility to the dumps, uncontrolled tipping, improper disposal of, especially, medical waste etc. In the rural areas there is no formal refuse disposal system and thus make use of other illegal dumping systems which impact on the adjoining environment. In terms of the backlog, it has been estimated that approximately 86%(5754) of the households are without municipal refuse removal services. R3000 000 is needed to eradicate the backlog.

2.5.2 Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	25%	45%	80%		

2.5.3 Major challenges in waste management services and remedial actions

The main challenges with that the municipality is facing is that our landfill sites are not completely in compliance with. The municipality also does not have a waste management plans as this is not our core function; it is a shared responsibility between the local municipality as well as the District Municipality. As said above, the municipality has been in contact with the DM for the betterment of this solution.

Remedial actions:

- Registration of landfill sites with the Department of Environmental Affairs.
- CHDM must be roped in to assist in this regard
- CHDM to avail an amount of R3000 000 to eradicate the backlog

2.6 **Housing and town planning**

It remains the function of the Community Services Department of the Tsolwana Municipality to provide the disadvantaged communities with safe and affordable housing for applying and administration of housing project in conjunction with the Technical Department for all the technical work and Finance Department to manage housing finances. The funding of the housing subsidy is a function of the Provincial Government's Department of Human Settlement.

2.6.1 Houses Constructed as on 01 July 2009/ 30 June 2010 Financial Year

Project Name	No. of Units	Unblock scope	Units Completed (June 2010)	Expenditure (June 2010)
Tarkastad	671	457	125	R6.6m
Tarkastad	1000	482	156	R6.3m
Hofmeyr	500	355	248	R11.1m
Thornhill	1400	254	135	R6.4m
TOTAL	2571	1548	564	R30.4m

In these projects we are left with R27.6m and all the above projects were identified for Rectification Programme as most of them are at bad state.

2.6.2 Batch 3 Houses Constructed 01 July 2009/ 30 June 2010 Financial Year

Project Name	No. Of Units	Units Completed	Expenditure (June 2010)
Mitford	700	580	R24.3m
Rocklands/ Baccles Farm	688	636	R28.8m
Tentergate/ Khayaalethu	1101	181	R19.7m
Thembaalethu/ Springroove	535	168	R11.2m
Kwezi	512	94	R9.8m
TOTAL	3536	1659	93.8m

In these projects we are left with 1887 new hoses and those that are at various stages @ R125.9m

2.6.3 Capacity building of Personnel

Remedial action: Department of Human Settlement to second personnel to the LM Training of the existing officials

Remedial action: Department of Human Settlement to avail funds to train existing officials

- (a) No professional town Planner at the LM
Remedial action: LM to appoint Town Planner on retainer bases
- (b) Non occupation of completed RDP houses by beneficiaries
Remedial action: LM & DHS to consider the beneficiaries in the waiting list to occupy houses
- (c) Lack of infrastructure at Barcelona inhibits approval of housing project
Remedial action: Department of Human Settlement speed up our application for funds
- (d) Lack of new commonage at Tarkastad for any new housing project there is no more land.
Remedial action: Department of Land Affairs to buy Lustof Farm

2.7 Spatial planning

2.7.1 Town Planning & Building Control

Town Planning & Building Control is a Community Services Department and Technical Service's Department responsibility.

2.7.2 Mapping

The municipality was funded last year R583 000 for mapping for the whole Tsolwana Municipal area by the DHLG&TA planning division. The municipality appointed CAD MAPPING and the final report both hard Copy and Electronic copy presented and handed over to the Municipality and DLG&TA. We are left with R61 000.00 in the funds.

2.7.3 Valuation

The DHLG&TA funded the municipality with R800 000 which now has got an interest and is totaling to R202 107.68, the municipality did advertised for tender to develop the Rates Policy. The municipality is ready to proceed and develop the policy and appoint the Municipal Valuer of which Mhlaba Value's are engaged in this process, and go all the necessary processes and implement the policy and that shall depend on the availability of funds.

2.7.4 Cemeteries

R100 000.00 was allocated by the DHLG&TA Planning unit for feasibility study of new cemetery sites for both Tarkastad and Hofmeyr Tshona Consulting was engaged to undertake the feasibility study with an amount of R44 000 and have submitted to the municipality their report. The Department will assist us with Terms of Reference (ToR). Cemeteries are cleansed every six months.

Comments In the whole Tsolwana Municipality there are (32) thirty two graveyards with various challenges. An application was made with CHDM`s department of public works for the beatification of graveyards. We had about 5 cases of pauper burials.

2.7.5 Building Control

The municipality is having a consultation program with all the wards in terms of enforcing the Council's Regulations and Bye-Laws to deal with all buildings control should the Bye-Laws be approved then there will be a better buildings control policy. This also includes Bye-Laws for commonages, parking, cemeteries, and neglected buildings.

2.8 Indigent Policy implementation

Function	Unit	Total
Electricity	924	R 343 722.02
Refuse	3123	R 807 206.80
Sanitation	2878	R 1 002 887
Water	1573	R 392 404.20
		R 2 546 220.02

2.9. Property Rates

Type	Unit	Market Value
Residential	1760	R 441 494.27
Residential Municipality	931	
Commercial	68	R 227 760.90
Government	11	R 27 717.95
Municipality	332	
Public Benefit Organisations	23	R 13 158.60
Agriculture	983	
Total		R 710 131.72

2.10 Overall service delivery backlogs

Basic service delivery area	30 June 2009			30 June 2010		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Water backlogs (6KL/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of						

Basic service delivery area	30 June 2009			30 June 2010		
Water backlogs (6KL/month)	Required	Budgeted	Actual	Required	Budgeted	Actual
existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as						

Basic service delivery area	30 June 2009			30 June 2010		
Water backlogs (6KL/month)	Required	Budgeted	Actual	Required	Budgeted	Actual
backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	5754	5754	17262	5754	5754	17262
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	75%	75%	100%	75%	75%	100%
Spending on new infrastructure to eliminate backlogs (R000)	R144 9323	R144 9323	R189 6889	R144 9323	R144 9323	R189 6889
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R144 9323	R144 9323	R189 6889	R144 9323	R144 9323	R189 6889
Total spending to eliminate backlogs (R000)	R144 9323	R144 9323	R189 6889	R144 9323	R144 9323	R189 6889
Spending on maintenance to ensure no new backlogs (R000)	R240 5582	R240 5582	R240 5582	R240 5582	R240 5582	R240 5582
Housing and town planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	1700	1700	7943	1700	1700	7943
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	5.74%	5.74%	100%	5.74%	5.74%	100%
Spending on new infrastructure to eliminate backlogs (R000)	R17 225 129	R62m	R17 225 129	R17 225 129	R62m	R17 225 129
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R17 225 129	R62m	R17 225 129	R17 225 129	R62m	R17 225 129
Total spending to eliminate backlogs (R000)	R918 00000	R918 00000	N/A	R918 00000	R918 00000	N/A
Spending on maintenance to ensure no new backlogs (R000)	R918 00000				R918 00000	N/A

CHAPTER 3: MUNICIPAL LED FRAMEWORK IMPLEMENTATION (KPA 3)

3.1 Brief presentation of LED strategy/plan

Local Economic Development is meant for the betterment of people's lives within the municipal jurisdiction. The role of the municipality in terms of the LED function is to create workable and friendly environment for business people to run their businesses and be able to employ a sizable number of people.

In terms of LED strategy development, the municipality received funding from Thina Sinako in partnership with Sakhisizwe Local municipality. It was expected that Sakhisizwe municipality as the main applicant, was follow its Supply Chain Management processes in terms of procuring the service provider to develop the strategy. The funding was also going to be transferred to the said municipality. It appears that after a service provider (ABONOSI) was appointed, some other companies contested appointment of ABONOSI based on conflict of interests in that the said company did some work for the main funder, Thina Sinako, that is related to this project. Based on that, the Provincial Treasury has instructed the Sakhisizwe municipality to cancel the contract with ABONOSI which is disputed by the said municipality.

- **Setting up a LED unit;**

Local Economic development does not have its own unit and is attached under the Community service department, headed by the department's HOD. LED is poorly populated as it has only one LED Officer who handles all LED related matters assisted by the HOD. However, the municipality has taken a resolution in its 2009 strategic session to beef up LED section by hiring two other officers to assist in the LED. Agricultural LED Officer and LED tourism officer be hired during the 2009/ 2010 financial year.

- **The availability of a LED expertise;**

Community service manager has a vast experience in as far as the LED is concerned, however he can not be hands on as he has to look at variety of work that he is supposed to do as a sectional manager. The current officer does have the expertise as the municipality has sent him on various LED workshops and trainings but cannot function properly alone.

- **LED stakeholder forum functionality (number of meetings held);**

LED forum has been in place and functional in the past. Local stakeholders have participated fairly well in this forum except the Sector departments. But lately communities has lost interest in participating in the forum and as a result the forum has become dysfunctional especially 2008/9. It is worth mentioning that the white community does not at all participate in these forums.

- **Funding opportunities of LED activities (indicative figures on Donors/funders and types of program)**

It is unfortunate that the municipality depends on donor funders for LED and we do not have a project that we have initiated internally. However there's external funders that help fund LED initiatives. Chris Hani District municipality has been the main source of fund as well as the department of Local Government. Thina Sinako has come to the party lately and funded the development of LED strategy. There is also a variety of other project funded by the Department of Social Development and Agriculture as reflected in this report.

3.2 Progress towards achieving the LED key objectives

3.2.1 Improve public and market confidence

- **Spatial development framework (SDF)/Land use management system(LUMS);**

1. The Tsolwana municipality with the assistance of Service Providers has developed both SDF and LUMS and has involved ward representative in their developments.
2. Workshops attended with community representatives involved.

- **Red tape reduction: Turn-around time for licensing and other business related applications;**

There is no much red tape as far as the LED is concerned because of the size of our municipality and the personnel managing LED.

- **Investments and trading by-laws**

By-Laws are in place that regulate business within the municipality

- **Provision and maintenance of quality and reliable infrastructure: Roads; ITC; market places**

Though road maintenance and infrastructural development is part of Local Economic Development, the size of our municipality and the human resource capacity in LED does not allow us to put these functions under LED. These functions have been placed under technical Service Department.

- **Disaster management;**

Disaster management is not the municipality's function as the local municipality, however this does not mean that the municipality should sit down and fold its arms. The municipality, as a developmental local government has an obligation of making sure that its constituency is safe at all times. The municipality has an obligation of making sure that a disaster management plan is in place for local municipality. This plan is not in place because of the lack of funding. The CHDM has seconded two disaster field workers and one receptionist to the municipality and a satellite centre has been opened within municipal offices. The furniture has been provided by the CHDM for this satellite office.

3,2,2 Exploit comparative and competitive advantage for industrial activities

We do not have industries in our area and therefore could not compete in this area.

3.2.3 Intensify Enterprise support and business development

- **The type of business development services (BDS) provided to SMME;**

The municipality has a responsibility, as a developmental government to refer business and SMME's to relevant BSD's for their development such as Youth Development agencies, Small enterprise Development agency (SEDA), Eastern Cape Development Corporation and others

- **Public and private partnerships established**

The municipality does not have a Public Private Partnership agreement, but when accessing the funding for LED strategy development we were partnered with Sakhisizwe Local Municipality and therefore that is the Public partnership between within two municipalities.

- **Number of new formal SMME established within the municipality**

The municipality does not have a reliable data base for SMME's within our area and we believe that the LED strategy that we are busy developing will talk to these challenges.

- **Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships**

The municipality ha recently engaged in the cleaning and the beautification of community halls through Expanded Public Works Programme. The programme employed 80 people in total but there has been more that the municipality has been engaged I, the exact number is 380 for the financial year ended 2009.

3.2.4 Support Social investment program

The municipality has emphasised the importance of cooperatives as the main vehicle that can take our communities out of the closet of poverty and stimulate economic growth within our areas. Small businesses have the potential to grow and the municipality has to make conditions user-friendly by developing by-laws that talk to the needs of small business. The municipality do have projects that are focusing on women and youth components of our societies as reflected in this report. Tarkastad youth car wash, Masihlume brick making, Bambanani youth project and many more that are reflected in this report.

We have a very brilliant women's bakery project that is operating in Hofmeyer. The municipality is proud of this project because it has graduated from being an LED project to a fully-fledged business. It is regarded as one of the best performing women projects in the entire Eastern Cape.

3.3 **Annual performance as per key performance indicators in LED**

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.			
2	Number of LED stakeholder	Two	Two	Two

	forum held			
3	Percentage of SMME that have benefited from a SMME support program	N/A	N/A	N/A
4	Number of job opportunities created through EPWP	3800	500	
5	Number of job opportunities created through PPP	N/A	N/A	N/A

3.4 Challenges regarding LED strategy implementation

It is anticipated that the municipality will be having a challenge in the implementation of the strategy if the current situation does not change. One person in the LED section will not be able to implement. The municipality should make speed up the implementation of 2009 strategic planning workshop and advertise and appoint Agricultural and tourism officers to beef up Led. Awareness workshops regarding LED should be called and focus on previously disadvantaged groups should be emphasised. LED budget should be increased so as to meet and reduce these challenges.

CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

4.1 THE AUDITED FINANCIAL STATEMENTS

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Tsolwana Municipality includes the following areas:

Tarkastad

Hofmeyer

Ntabathemba

COUNCIL

Marina Bennett - Mayor/Speaker

Khaya Nqiqhi

Nombso Meje

Mhlangabezi Mangcotywa

Funiswa Tshambu

Michael Baleng

Nomalady Temo

Malungelo Hlahla

Robert Sparrow

Nkosinathi Seteni

MUNICIPAL MANAGER

SJ Dayi

CHIEF FINANCIAL OFFICER

GP De Jager

REGISTERED OFFICE

P.O. Box 21

TARKASTAD

5370

AUDITORS

Auditor-General

P O Box 13252

East London

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Bowes, McDougall Inc

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

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

TSOLWANA MUNICIPALITY

MEMBERS OF THE TSOLWANA MUNICIPALITY

WARD

Proportional
Proportional
Proportional
Proportional
Proportional
1
2
3
4
5

COUNCILLOR

Marina Bennett - Mayor/Speaker
Nombuso Meje
Funiswa Tshambu
Robert Sparrow
Nkosinathi Seteni
Mhlangabezi Mangcotywa
Michael Baleng
Malungelo Hlahla
Nomalady Temo
Khayaletu Nqiqhi

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 40 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

SJ Dayi
Municipal Manager

Date

TSOLWANA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

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

TSOLWANA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

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

TSOLWANA MUNICIPALITY

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

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

TSOLWANA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

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

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

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

4.01 Post Retirement Benefits

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

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

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

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

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

Bonitas
LA Health
SAMWU Medical Aid

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

Key actuarial assumptions used:

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

ii) Mortality rates

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

iii) Normal retirement age

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

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

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

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

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

Reconciliation of present value of fund obligation:

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

EMPLOYEE BENEFITS (CONTINUE)

2010
R2009
R

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	1.28	0.949	2.229	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	1.526	1.034	2.560	15%
Health care inflation	-1%	1.084	0.874	1.958	-12%
Post-retirement mortality	-1 yr	1.319	0.987	2.306	3%
Average retirement age	-1 yr	1.399	0.949	2.348	5%
Withdrawal Rate	-50%	1.395	0.949	2.344	5%

Sensitivity Analysis on the Current Service cost and interest cost

Assumption	Current Service cost	Interest cost	Total	% change
Central Assumptions	30 000	86 800	116 800	

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service cost	Interest cost	Total	% change
Health care inflation	1%	38 500	95 100	133 600	14%
Health care inflation	-1%	23 500	79 600	103 100	-12%
Post-retirement mortality	-1 yr	30 900	90 400	121 300	4%
Average retirement age	-1 yr	33 700	87 400	121 100	4%
Withdrawal Rate	-50%	38 300	88 000	126 300	8%

4.02 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 69 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R47 439, whereas the Interest Cost for the next year is estimated to be R 15 136.

Key actuarial assumptions used:

%

%

i) Rate of interest

Discount rate	8.91%	9.01%
General Salary Inflation (long-term)	6.33%	6.62%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.43%	2.24%

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

Present value of fund obligations	201 273	167 136
Net liability/(asset)	201 273	167 136

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	167 136	151 739
Total expenses	24 736	14 750
Current service cost	64 867	49 212
Benefits Paid	(40 131)	(34 462)
Actuarial (gains)/losses	9 401	647
Present value of fund obligation at the end of the year	201 273	167 136
Less: Transfer of Current Portion - Note 6	(64 252)	(18 421)
Balance 30 June	137 021	148 715

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Central Assumptions

Liability
(Rm)
0.201

The effect of movements in the assumptions are as follows:

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

Sensitivity Analysis on the Current Service cost and interest cost

Assumption

Central Assumptions

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

The effect of movements in the assumptions are as follows:

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

Assumption

Mortality during employment
General salary inflation
Average retirement age

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

Withdrawal rates

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

4.03 Retirement funds

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

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

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

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

CAPE JOINT PENSION FUND

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

	2010 R	2009 R
--	-----------	-----------

CAPE JOINT 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 2009 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2008 - 103.3%).

DEFINED CONTRIBUTION FUNDS

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

5 CONSUMER DEPOSITS

Water and Electricity	87 099	81 361
Correction of error on the initial list of consumer deposits compiled from available information - Note 29.03 and 29.04		(4 797)
Total Consumer Deposits	87 099	76 564
Guarantees held in lieu of Electricity and Water Deposits	-	-

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

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

6 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	79 464	79 464
Current Portion of Long-Service Provisions - Note 4	64 252	18 421
Staff Bonuses	346 279	298 578
Provision for task implimentation	86 100	-
Staff Leave	434 664	629 580
Total Current Employee Benefits	1 010 759	1 026 043

The movement in current employee benefits are reconciled as follows:

Staff Bonuses and Performance bonuses

Balance at beginning of year	298 578	207 155
Contribution to current portion	406 890	298 578
Expenditure incurred	(359 189)	(207 155)
Balance at end of year	346 279	298 578

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	629 580	662 331
Contribution to current protion/(Over provision)	(149 240)	231 183
Expenditure incurred	(45 676)	(263 934)
Balance at end of year	434 664	629 580

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

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

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

8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

	Unspent Grants	7 135 689	3 690 611
	National and Provincial Government Grants	7 135 689	3 690 611
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	7 135 689	3 690 611

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

8.01 Equitable share

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

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

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

8.02 Other Property Refund Bhis0

	Opening balance	13 012	13 012
	Received during the year	-	-
	Interest received	-	-
	Operating expenditure	-	-
	Capital expenditure	-	-
	Correction of error	-	-
	Closing balance	13 012	13 012

8.03 Rudimentary Infrastructure

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

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

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

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

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

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

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

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

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

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

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

VAT is payable/receivable on the cash basis.

2010 R	2009 R
-----------	-----------

10 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

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

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

GRAP 102 - Intangible Assets

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

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

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

No intangible asset were assessed having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

12 LONG-TERM RECEIVABLES

The Municipality has no long term receivables

13 INVENTORY

Consumable Stores - Stationery and materials - At cost

	34 288	-
Total Inventory	34 288	-

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

14 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

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

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

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

	2010 R	2009 R
Other Receivables		
Sundry Receivables	123 299	132 399
Other deposits	5 000	5 000
Total Other Receivables	128 299	137 399
Less: Allowance for Doubtful Debts	(123 297)	(109 419)
Net Other Receivables	5 002	27 980

Total Net Receivables from Exchange Transactions	5 845 562	2 475 601
---	------------------	------------------

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

Current (0 - 30 days)	228 412	103 956
31 - 60 Days	87 929	59 559
61 - 90 Days	92 001	62 856
+ 90 Days	1 478 290	1 188 525
Total	1 886 633	1 414 895

(Refuse): Ageing

Current (0 - 30 days)	38 437	36 103
31 - 60 Days	32 510	29 565
61 - 90 Days	29 004	41 472
+ 90 Days	1 908 060	1 595 524
Total	2 008 011	1 702 665

(Other): Ageing

Current (0 - 30 days)	2 741	2 741
31 - 60 Days	2 719	2 719
61 - 90 Days	2 719	2 719
+ 90 Days	1 064 502	1 095 285
Total	1 072 681	1 103 464

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

Service Receivables

Rates	2 386 775	2 767 922
Other Debtors	148 392	99 813
Reallocation of Cashier shortage to Other receivables from exchange transactions - Note14	-	618

Total Service Receivables	2 535 167	2 868 354
Less: Allowance for Doubtful Debts	(2 289 052)	(2 763 799)

Net Service Receivables	246 115	104 555
--------------------------------	----------------	----------------

Total Net Receivables from Non-Exchange Transactions	246 115	104 555
---	----------------	----------------

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	5 370	18 080
31 - 60 Days	29 741	43 220
61 - 90 Days	25 309	73 735
+ 90 Days	2 326 355	2 632 887
Total	2 386 775	2 767 922

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

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

Reconciliation of the Total doubtful debt provision

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

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

16 OPERATING LEASE ARRANGEMENTS

16.01 The Municipality as Lessee

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

16.02 The Municipality as Lessor

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

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

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

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

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

The leases are in respect of land and buildings being leased out for previous ranging until 2013

Reconciliation

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

17

CASH AND CASH EQUIVALENTS

	2010 R	2009 R
Assets		
Call Investments Deposits	13 096 379	6 576 489
Primary Bank Account	-	2 502 725
Capital Bank Account	947 773	792 361
Housing Bank account	278 383	181 663
Cash Floats	5 090	5 090
Total Cash and Cash Equivalents - Assets	14 327 625	10 058 327

Liabilities

Primary Bank Account	58 996	-
Total Cash and Cash Equivalents - Liabilities	58 996	-

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

Call Investments Deposits to an amount of R7 135 689 are held to fund the Unspent Conditional Grants (2008: R3 690 611).

The municipality has the following bank accounts:

Current Accounts

First National Bank - Tarkastad Branch - Account number 53852257262 - Operating	(58 996)	2 502 725
First National Bank - Tarkastad Branch - Account number 53850009219 - Housing	278 383	181 663
First National Bank - Tarkastad Branch - Account number 62023697157 - Capital	947 773	792 361
	1 167 160	3 476 748

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

Cash book balance at beginning of year	2 502 725	434 658
Cash book balance at end of year	(58 996)	2 502 725

Bank statement balance at beginning of year	2 686 348	466 104
Bank statement balance at end of year	396 464	2 686 348

First National Bank - Tarkastad Branch - Account number 62023697157 - Capital

Cash book balance at beginning of year	792 361	1 038 901
Cash book balance at end of year	947 773	792 361

Bank statement balance at beginning of year	881 694	595 077
Bank statement balance at end of year	1 326 211	881 694

First National Bank - Tarkastad Branch - Account number 53850009219 - Housing

Cash book balance at beginning of year	181 663	475 664
Cash book balance at end of year	278 383	181 663

Bank statement balance at beginning of year	213 625	448 375
Bank statement balance at end of year	386 002	213 625

18

PROPERTY RATES**Actual****Rateable Land and Buildings**

Residential, Commercial Property, State	1 374 854	1 265 942
---	-----------	-----------

Less: Income foregone - Rates

	(1 152 392)	(217 636)
--	-------------	-----------

Total Assessment Rates	222 463	1 048 307
-------------------------------	----------------	------------------

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

Rebates on Income - Basic Rate:

Residential
Commercial
Industrial, Agricultural and Casino

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

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

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

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

24.01 Equitable Share

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

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

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

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

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

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

	2009
	R
29.04 Accumulated Surplus/(Deficit)	90 200 695
Recognition of creditor due to under payment made in prior years to Councillors pension fund - Note 7 and 29.02	(174 420)
Recognition of creditor due to double payment received previously - Note 29.02 and 7	(8 777)
Recognition of creditor due to long outstanding monies to SARS - Refer to note 29.02 and 7	(2 525)
Correction of error on the initial list of consumer deposits compiled from available information - Note 29.03 and 5	4 797
Total	90 019 770
29.05 Statement of financial performance	9 975 063
Recognition of refuse income previously recorded as Sanitation income that relates to the Chris Hani District Municipality (Service authority) - Refer note 29.01	108 594
Total	10 083 657

	2010	2009
	R	R
30 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	15 671 257	10 098 011
Adjustments for:		
(Gain)/Loss on disposal of property, plant and equipment	-	(4 386)
Contribution from/to employee benefits - non-current	181 616	178 979
Contribution from/to employee benefits - non-current - expenditure incurred	(119 595)	(106 750)
Contribution from/to employee benefits - non-current - actuarial losses	1 190 443	
Contribution from/to employee benefits - non-current - actuarial gains	-	(41 468)
Contribution to employee benefits – current	343 751	529 761
Contribution to employee benefits – current - expenditure incurred	(404 865)	(471 089)
Contribution to provisions – bad debt	(270 577)	1 621 328
Operating lease income accrued	(137)	(671)
Interest income	(870 816)	(957 170)
Interest expense	57 089	17 146
Operating Surplus/(Deficit) before changes in working capital	15 778 164	10 863 691
Changes in working capital	(982 106)	(9 328 563)
Increase/(Decrease) in Trade and Other Payables	(1 925 995)	2 054 163
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 445 078	(6 137 595)
Increase/(Decrease) in Taxes	774 044	(1 249 496)
(Increase)/Decrease in Inventory	(34 288)	-
(Increase)/Decrease in Trade Receivables from exchange transactions	(3 574 131)	(3 191 220)
(Increase)/Decrease in Other Receivables from non-exchange transactions	333 187	(804 414)
Cash generated/(absorbed) by operations	14 796 058	1 535 128

31 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 17	13 096 379	6 576 489
Cash Floats - Note 17	5 090	5 090
Capital bank account - Note 17	947 773	792 361
Housing bank account - Note 17	278 383	181 663
Bank - Note 17	-	2 502 725
Bank overdraft - Note 17	(58 996)	-
Total cash and cash equivalents	14 268 629	10 058 327

32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 31	14 268 629	10 058 327
Investments - Note	-	(4 797)
	14 268 629	10 053 530
Less:	7 552 507	3 736 388
Unspent Committed Conditional Grants - Note 8	7 135 689	3 690 611
VAT - Note 9	371 041	-
Cash Portion of Housing Development Fund - Note 2	45 777	45 777
Net cash resources available for internal distribution	6 716 123	6 317 142
Resources available for working capital requirements	6 716 123	6 317 142

33 UTILISATION OF LONG-TERM LIABILITIES			
Loan amounts outstanding at reporting date:			
	<u>Interest rate:</u>	<u>Redeemable:</u>	
			202 756 237 231
DBSA - Water	15.34%	2015/06/30	163 707 184 290
DBSA - Sewer Reticulation	10.75%	2011/12/31	39 049 52 942

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

34 BUDGET COMPARISONS

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
34.01 Operational				
Revenue by source				
Property Rates	222 463	1 520 000	(1 297 537)	-85%
Government Grants and Subsidies	57 485 323	61 860 678	(4 375 355)	-7%
Fines	4 391	5 000	(609)	-12%
Service Charges	3 615 850	4 192 200	(576 350)	-14%
Rental of Facilities and Equipment	70 475	77 000	(6 525)	-8%
Interest Earned - external investments	799 617	820 000	(20 383)	-2%
Interest Earned - outstanding debtors	71 199	80 000	(8 801)	-11%
Licences and Permits	-	-	-	0%
Reduction in carrying amount of provision/Access provision	360 859	-	360 859	100%
Agency Services	215 518	200 000	15 518	8%
Other Income	114 678	114 530	149	0%
	62 960 374	68 869 408	(5 909 034)	-9%
Expenditure by nature				
Employee Related Costs	(6 873 528)	(7 282 739)	409 211	-6%
Remuneration of Councillors	(1 741 602)	(1 649 387)	(92 215)	6%
Debt Impairment	-	(950 000)	950 000	-100%
Repairs and Maintenance	(894 684)	(963 650)	68 966	-7%
Actuarial losses	(1 190 443)	-	(1 190 443)	100%
Finance Charges	(57 089)	(140 000)	82 911	-59%
Bulk Purchases	(3 866 623)	(3 900 000)	33 377	-1%
Operating Grant Expenditure	(28 898 404)	(31 936 502)	3 038 097	-10%
General Expenses	(3 766 744)	(3 227 550)	(539 194)	17%
	(47 289 117)	(50 049 828)	10 864 866	-19%
Net Surplus for the year	15 671 257	12 993 425	2 677 832	0

Details of material variances

Provide details for material variances

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

Details of material variances

Provide details for material variances

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

Details of material variances

Provide details for material variances

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

	2010 R	2009 R
36.04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	5 637	-
Current year payroll deductions and Council Contributions	1 466 071	1 280 858
Amount paid - current year	(1 466 071)	(1 275 221)
Balance unpaid (included in creditors)	5 637	5 637

36.05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1 019 095	2 127 016
Amount paid - current year	(1 019 095)	(2 127 016)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

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

None of the councillors accounts were outstanding for 90 day or more during the year.

36.07 Quotations awarded - Supply Chain Management

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

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

37 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	4 133 838	-
Infrastructure	2 464 771	-
Community	1 669 067	-
Total	4 133 838	-

This expenditure will be financed from:

Government Grants	4 133 838	-
	4 133 838	-

38 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

2010 R	2009 R
-----------	-----------

0.5% (2009 - 0.5%) Increase in interest rates
0.5% (2009 - 0.5%) Decrease in interest rates

64 362
(64 362)

(d) Credit Risk

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

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

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

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

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

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

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

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

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

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

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

(e) Liquidity Risk

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

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

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

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

		2010 R	2009 R
39	FINANCIAL INSTRUMENTS		
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
39.01	<u>Financial Assets</u>		
	<u>Classification</u>		
	Consumer Debtors		
	Trade receivables from exchange transactions	10 035 781	6 452 551
	Other receivables from exchange transactions	128 299	137 399
	Other receivables from non-exchange transactions	2 535 167	2 868 354
	Short-term Investment Deposits		
	Call Deposits	13 096 379	6 576 489
	Bank Balances and Cash		
	Bank Balances	-	2 502 725
	Cash Floats and Advances	5 090	5 090
		<u>25 800 716</u>	<u>18 542 606</u>
	SUMMARY OF FINANCIAL ASSETS		
	Loans and Receivables	<u>25 800 716</u>	<u>18 542 606</u>
39.02	<u>Financial Liability</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Capitalised Lease Liability	151 026	-
	Trade Payables		
	Trade creditors	199 593	1 958 836
	Retentions	259 783	102 726
	Deposits	-	-
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government	7 135 689	3 690 611
	Current Portion of Long-term Liabilities		
	Capitalised Lease Liability	44 139	29 753
		<u>7 790 230</u>	<u>5 781 927</u>
	SUMMARY OF FINANCIAL LIABILITY		
	At amortised cost	<u>7 790 230</u>	<u>5 781 927</u>
40	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2009/2010.		
41	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
42	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
43	CONTINGENT LIABILITY		
	Council has not contingent liability as at 30 June 2010 which is known to management		
44	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
44.01	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.		

45 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

45.01 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

* Refuse tip-sites financed by way of a provision

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

45.02 GRAP 100 - Non-current assets and discontinued operations

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

45.03 GRAP 16 - Investment Properties

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

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

45.04 GRAP 102 - Intangible Assets

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

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

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

45.05 GRAP 12 - Inventories

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

Land held for sale
Other (list).

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

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

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

46 Process to comply fully with the implementation of General Recognised

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2011. The municipality adopted GRAP, however, took advantage of the transitional provisions in Directive 4 and 5 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value

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

30 JUNE 2009

Reconciliation of Carrying Value

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

10 PROPERTY, PLANT AND EQUIPMENT

ASSETS PLEDGED AS SECURITY:

No assets are pledged as security.

GRAP 17 - Property, Plant and Equipment

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

Land;

Property, Plant and Equipment financed by way of finance leases

Property, Plant and Equipment financed by way of provisions

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

Componentised infrastructure assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	222 463	367 000	(144 537)	-39.38%	
Government Grants and Subsidies	57 485 323	61 860 678	(4 375 355)	-7.07%	
Fines	4 391	5 000	(609)	-12.18%	
Service Charges	3 615 850	4 400 200	(784 350)	-17.83%	
Rental of Facilities and Equipment	70 475	77 000	(6 525)	-8.47%	
Interest Earned - External Investments	799 617	820 000	(20 383)	-2.49%	
Interest Earned - Outstanding Debtors	71 199	90 000	(18 801)	-20.89%	
Agency Services	215 518	200 000	15 518	7.76%	
Other Revenue	114 678	114 530	149	0.13%	
Total Revenue	62 599 515	67 934 408	(5 334 893)		
EXPENDITURE					
Finance & Administration	(9 048 744)	(9 216 163)	167 419	-1.82%	
Council	(1 956 278)	(2 030 987)	74 709	-3.68%	
Executive	(2 089 905)	(2 480 616)	390 711	-15.75%	
Community & Social (Libraries)	(350 531)	(401 055)	50 524	-12.60%	
Community & Social (Cemeteries)	(123 489)	(146 905)	23 416	-15.94%	
Public Safety	(1 828)	(6 500)	4 673	-71.88%	
Planning & Development	(26 930 990)	(28 843 970)	1 912 980	-6.63%	
Sport & Recreational	(183 194)	(249 000)	65 806	-26.43%	
Waste Management (Refuse)	(1 438 706)	(1 863 710)	425 004	-22.80%	
Road Transport	(37 368)	(34 000)	(3 368)	9.90%	
Electricity (Distribution)	(4 767 227)	(4 776 922)	9 695	-0.20%	
Less: Interdepartmental Charges	-	-			
Total Expenditure	(46 928 258)	(50 049 828)	3 121 569		
SURPLUS / (DEFICIT) FOR THE YEAR	15 671 257	17 884 580	(2 213 323)		

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

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	222 463	367 000	(144 537)	-39.38%	
Government Grants and Subsidies	57 485 323	61 860 678	(4 375 355)	-7.07%	
Fines	4 391	5 000	(609)	-12.18%	
Service Charges	3 615 850	4 400 200	(784 350)	-17.83%	
Rental of Facilities and Equipment	70 475	77 000	(6 525)	-8.47%	
Interest Earned - External Investments	799 617	820 000	(20 383)	-2.49%	
Interest Earned - Outstanding Debtors	71 199	90 000	(18 801)	-20.89%	
Agency Services	215 518	200 000	15 518	7.76%	
Other Revenue	114 678	114 530	149	0.13%	
Total Revenue	62 599 515	67 934 408	(5 334 893)		
EXPENDITURE					
Executive & Council	(4 046 183)	(4 511 603)	465 420	-10.32%	
Budget & Treasury	(5 918 940)	(5 553 569)	(365 371)	6.58%	
Corporate Services	(3 129 804)	(3 662 594)	532 790	-14.55%	
Planning & Development	(26 930 990)	(28 843 970)	1 912 980	-6.63%	
Community & Social Services	(474 020)	(547 960)	73 940	-13.49%	
Public Safety	(1 828)	(6 500)	4 673	-71.88%	
Sport & Recreation	(183 194)	(249 000)	65 806	-26.43%	
Waste Management	(1 438 706)	(1 863 710)	425 004	-22.80%	
Road Transport	(37 368)	(34 000)	(3 368)	9.90%	
Electricity	(4 767 227)	(4 776 922)	9 695	-0.20%	
Total Expenditure	(46 928 258)	(50 049 828)	3 121 569		
SURPLUS / (DEFICIT) FOR THE YEAR	15 671 257	17 884 580	(2 213 323)	-	

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

	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Finance & Administration	714 474	897 300	(182 826)	-20.38%	
Executive	22 347	41 000	(18 654)	-45.50%	
Community & Social (Cemeteries)	115 948	284 000	(168 052)	-59.17%	
Planning & Development	25 274	-	25 274	0.00%	
Sport & Recreational	2 016 137	2 555 628	(539 491)	-21.11%	
Road Transport	3 352 312	2 866 920	485 392	16.93%	
Electricity (Distribution)	5 193 773	8 777 815	(3 584 042)	-40.83%	
Total	11 440 266	15 422 663	(3 982 397)	-25.82%	

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

	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	22 347	41 000	(18 654)	-45.50%	
Budget & Treasury	714 474	897 300	(182 826)	-20.38%	
Planning & Development	25 274	-	25 274	0.00%	
Community & Social Services	115 948	284 000	(168 052)	-59.17%	
Sport & Recreation	2 016 137	2 555 628	(539 491)	-21.11%	
Road Transport	3 352 312	2 866 920	485 392	16.93%	
Electricity	5 193 773	8 777 815	(3 584 042)	-40.83%	
Total	<u>11 440 266</u>	<u>15 422 663</u>	<u>(3 982 397)</u>	<u>-25.82%</u>	

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

Grant Description	Balance 1 JULY 2009	Correction of error	Restated balance 01-Jul-09	Contributions during the year	Interest on Investments	Other Income/ Transfers made	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
	R		R	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
Other Property Refund Bhis0	13 011.85		13 011.85	-	-	-	-	-	13 012
Rudimentary Infrastructure	639.26		639	-	-	-	-	-	639
New Hall SDR	3 731.25		3 731	-	-	-	-	-	3 731
671 Housing Scheme	104 113.35		104 113	-	27 707	752 819	-	-	884 640
Bulk Sewer	199 091.36		199 091	-	-	-	-	-	199 091
671 Housing Fund CMIP	1 587.95		1 588	-	-	(1 588)	-	-	-
Housing Site Fund	43 445.46		43 445	-	-	-	-	-	43 445
671 Housing Estab Grant	2 319.52		2 320	-	-	(2 320)	-	-	-
Unidentified Funds	4 321.26		4 321	-	-	-	4 321.26	-	-
Transition Operation Costs	2 923.80		2 924	-	-	-	2 924	-	-
Free Basic Services	31 763.42		31 763	-	-	-	31 289.49	-	474
Systems Improvement	58 838.58		58 839	735 000	-	-	680 325	-	113 513
CHDM - Equitable Share Refunds	43 615.31		43 615	-	-	-	-	-	43 615
Spatial Development Framework	6 894.19		6 894	-	-	-	-	-	6 894
Luxolweni Plan Fund	140 685.50		140 686	-	-	-	-	-	140 686
HR Related Projects	173 590.00		173 590	-	-	-	-	-	173 590
Valuations Tarkastad	146 987.21		146 987	-	-	-	-	-	146 987
1004 Housing Fund	1 768.30		1 768	-	-	-	-	-	1 768
1400 Houses	134 772.23		134 772	-	-	(134 772)	-	-	-0
1400 Housing Estab Fund	1 418.91		1 419	-	-	(1 419)	-	-	-
1004 Houses	8 350.07		8 350	-	-	(8 350)	-	-	-
Hofmeyr 1000 Top Structure	224 823.63		224 824	-	-	(224 824)	-	-	-0
Hofmeyr 1000 Infrastructure	210 396.81		210 397	-	-	(210 397)	-	-	-
1400 Thornhill Housing	3 249.31		3 249	4 697 116	554	-	4 679 656	-	21 263
671 Tarka housing No2	26 189.39		26 189	4 827 025	3 576	-	4 739 978	-	116 813
1000 Tarka housing No2	88 837.92		88 838	6 726 995	1 892	-	6 690 098	-	127 537
1000 Hofmeyr Housing	31 029.93	66 418	97 448	8 730 357	5 890	-	8 656 594	-	177 100
Mapping Tsolwana	583 649.42		583 649	-	-	-	528 504	-	55 145
Development Plan	18 943.17		18 943	-	-	-	-	-	18 943
Rightsizing	65 874.82		65 875	-	-	-	-	-	65 875
Transitional Grant	30 192.01		30 192	-	-	-	-	-	30 192
Management Support Programme	378 275.37		378 275	-	-	-	-	9 067	369 209
Municipal Finance Management Grant	65 399.38		65 399	2 750 000	-	-	2 359 936	455 463	-
Financial Statements	2 985.21		2 985	-	-	-	-	-	2 985
Dawn Park Plan Fees	5 546.15		5 546	-	-	-	-	-	5 546
Water Meters Zola	10 939.04		10 939	-	-	-	-	-	10 939
Service Site Pilot Scheme	11 708.88		11 709	-	-	-	-	-	11 709
Electricity Zola/Ivanlew	10 312.37		10 312	-	-	-	-	-	10 312
Schaapkraal	112 697.15		112 697	-	-	-	-	-	112 697
Library Extension	17.32		17	-	-	-	-	-	17
671 Housing	149 787.43		149 787	-	-	(149 787)	-	-	-
Sport Facilities	250.00		250	-	-	-	-	-	250
1004 Housing	19 362.76		19 363	-	-	(19 363)	-	-	-
National Electricity Escom	58 525.43		58 525	-	-	-	-	-	58 525
Midford Community hall	1 124.48		1 124	-	-	-	-	-	1 124
Stormwater Hofmeyr	23 908.16		23 908	-	-	-	-	-	23 908
Tarkastad upgrade	2 499.13		2 499	-	-	-	-	-	2 499
Ekwezi Community Hall	989.88		990	-	-	-	-	-	990
LED Brickmakers Programme	2 979.43		2 979	-	-	-	-	-	2 979
Emerging Water	138 945.18		138 945	-	-	-	-	-	138 945
Water Dawn Park	15 784.35		15 784	-	-	-	-	-	15 784
Twinsville Electricity Hofmeyr	14 398.23		14 398	-	-	-	-	-	14 398
Municipal Infrastructure Grant	50 925.15		50 925	7 012 000	-	-	81 061	5 774 033	1 207 831
Vlekpoort: LED Project	24 532.50		24 533	-	-	-	2 450	-	22 083
Housing	181 662.87	(66 418)	115 245	-	-	-	48 150	1 407 071.45	115 245
CHDM - Rehabilitation of internal roads	-		-	1 516 345	-	-	-	-	109 274
Equitable share	-		-	15 627 893	-	-	15 627 893	-	-
DME - Electrification of Tarkastad	-		-	7 500 000	-	-	-	-	-
Indigent policy funding - CHDM	-		-	600 000	-	-	600 000	4 986 519	2 513 481
HIV assistance	-		-	120 000	-	-	120 000	-	-
Total	3 690 611	-	3 690 611	60 890 781	39 620	0	44 853 170	12 632 153	7 135 689
Total Receipts	3 690 611			60 890 781	39 620	0	44 853 170	12 632 153	7 135 689

4.2 REPORT OF THE AUDITOR GENERAL

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON TSOLWANA MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Tsolwana Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages ... to

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Recognised Accounting Practise (GRAP) and in the manner required by the Municipal Finance Management Act of South Africa (Act no 56. of 2003) (MFMA) and the Division of Revenue Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 166(3)(d) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

Cumulative misstatements

The following misstatements below in aggregate are material.

Cash suspense account

7. Included in trade and other payables is an amount of R168 899 for unidentified deposits as disclosed in note 6 to the annual financial statements. These amounts consist of deposits by customers into the bank account of the municipality for monies owing and potential system errors on the clearing of the daily cash journals passed. These should either have been allocated to the debtors account or recognised as revenue depending on the basis of the transaction. The municipality was unable to provide any supporting documentation or explanations as to the reasons the amounts had not been allocated. The Municipality's records did not permit the application of alternative audit procedures and consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the classification of these amounts.

Irregular expenditure

8. Irregular expenditure of R86 363 incurred in contravention of the municipality's supply chain management policy is not included in the irregular expenditure disclosed in note 36.03 stated at R 11.7 million. As a result the irregular expenditure disclosed in note 36.03 is understated by this amount.
9. My audit report on the financial statements for the year ended 30 June 2009 was modified because the irregular expenditure disclosed was understated by R1.9 million. No adjustments have been affected to the corresponding figure for irregular expenditure in the current year financial statements to correct this misstatement. My opinion on these financial statements is modified due to comparability of the figures contained in this note.

Opinion

10. In my opinion, except for the possible effects of the matters described in the Basis of qualified opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended in accordance with GRAP and in the manner required by the MFMA and DORA.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:



Restatement of corresponding figures

11. As disclosed in note 29 to the annual financial statements, the corresponding figures for 30 June 2009 for refuse income, finance lease liability, investment property and consumer deposits, have been restated as a result of the recognition of refuse income that relates to the Chris Hani District Municipality and the correct treatment of the accounting statements in respect of the finance lease liabilities and investment property discovered during 30 June 2010, in the financial statements of the municipality at, and for the year ended 30 June 2009.

Unauthorised, fruitless and wasteful expenditure

The following was unauthorised, fruitless and wasteful and irregular expenditure was disclosed in note 36 to the annual financial statements:

12. Unauthorised expenditure of R2.8 million was incurred due to overspending on capital projects (roads and transport) and operational expenditure (roads and transport).
13. Fruitless and wasteful expenditure of R7 036 was incurred due to interest being charged on Eskom accounts; R12 103 was due to interest and penalties incurred for late payment to South African Revenue Services and payment amounting to R154 376 for work not performed on capital projects.

Material losses

14. As disclosed in note 36.04 to the annual financial statements, material losses to the amount of R 485 403 (this represents 38.47% of units) were incurred as a result of distribution losses relating to electricity.

Material under spending of the budget

15. The municipality materially under spent its budget. At year end, the under spending amounted to R6.7 million, which was due project delays. The impact of under spending was that not all set targets were achieved by the municipality.

Additional matter

16. I draw attention to the matter below. My opinion is not modified in respect of this matter:

The supplementary information set out on pages 59 to 70 does not form part of the financial statements and is presented as additional information. The schedules 50 to 70 on pages to have not been audited and accordingly we do not express an opinion thereon.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, and Section 45 of the Municipal Systems Act, the Municipal Finance Management Act and Supply chain regulations. I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations, and financial management (internal control).

Predetermined objectives

18. Material findings on the report on predetermined objectives, as set out on pages ... to ..., are reported below.

Non-compliance with regulatory, and reporting requirements.

19. Development priorities, indicators and targets as set out in the Integrated Development Plan were not consistent with those in the annual performance report.
20. A comparison of the prior year achieved performance targets with that of the current year was not disclosed, as required by section 46 of the Municipal Systems Act No 32 of 2000.
21. There were no policies and procedures in place to ensure that the reporting and collection of performance information is followed as required by the Municipal Systems Act No.32 of 2000.

Usefulness of reported performance information

22. The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its integrated development plan:
- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
 - Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
 - Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

23. The municipality's development priorities, key performance indicators and targets were not consistent with the Integrated Development Plan, Service Delivery Budget Integrated Plan and five year strategic plan, in respect of the Roads and Stormwater and Financial Management objectives.



24. The evidence provided to support the performance information was not consistent with the performance information reported, in respect of the Housing objectives.
25. The performance targets were not in line with the available resources as not all the targets were budgeted for. The targets not budgeted for were:
 - the development and implementation of revenue improvement strategies;
 - the appointment of internal auditors; regular health inspection and reports;
 - the procurement of a retainer contract with legal firm;
 - the installation of the record management and archive system;
 - the review and implementation of a communication strategy;
 - the refurbishment and upgrade of the Hofmeyer grid.
26. Deadlines were not attached to indicators of service delivery for the following projects: Upgrade Access Road in Ward 1, Upgrade Access Road in Ward 2 (Project Registration) and Upgrade Access Road in Ward 3 (Project Registration).
27. Not all reported performance information could be traced back to source documentation in respect of Housing objectives as the municipality did not have sufficient documentation in place.

Reliability of reported performance information

28. The following criteria were used to assess the reliability of the planned and reported performance:
 - Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
 - Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
 - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

29. The evidence submitted in support of target outputs reported on in the annual performance report did not agree to reported performance information, in respect of the Housing and Asset Management objectives.
30. Sufficient monitoring controls were not in place to ensure that source information for reported performance information was accurate and complete.



Compliance with laws and regulations

Municipal Finance Management Act of South Africa, No 56 of 2003 (MFMA)

The Audit Committee was not properly established or not functioning

31. Contrary to section 166(2) of the MFMA, the audit committee did not advise council on matters relating to performance management and evaluation.

Expenditure was not paid within the parameters set by applicable legislation

32. Contrary to section 65(2)(e) of the MFMA, outstanding monies owing by the Municipality was not paid within 30 days of receiving the relevant invoice or statement. The total balance owing by the municipality, which was not paid within the prescribed amount of time, amounts to R 203,568.48.

The financial statements were not prepared in accordance with applicable legislation

33. The financial statements submitted for audit did not comply with section 122(1) of the MFMA. Material misstatements were identified during the audit and were not corrected. These misstatements are included in the basis for disclaimer of opinion paragraphs.
34. The accounting officer did not take all reasonable steps to ensure that the irregular and fruitless and wasteful expenditure incurred was prevented as required by section 62(1)(d) of the Municipal Finance Management Act.

Supply Chain Management legislative requirements were not implemented or not adhered to

Supply chain management regulations

35. Contrary to regulation 46 (2) (e), all officials and role players involved in the supply chain management policy have not recognized and disclosed any conflict of interest that may arise.

INTERNAL CONTROL

36. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies identified during the audit.



Leadership

37. The accounting officer does not exercise oversight responsibility over reporting and internal control. The following highlights the significant deficiencies noted in the accounting officers oversight responsibility:
- The opening balance of the suspense accounts were not reconciled or cleared
 - Policies and procedures regarding the procurement processes were not adhered to
 - Sufficient reviews over key management and whether they were adequately performing their duties were not performed by the accounting officer.
38. The accounting officer did not review the report on predetermined objectives prior to their submission for audit and did not ensure that all the reported performance information was supported by sufficient evidence as there were discrepancies in reported performance.

Financial and performance information

39. Pertinent information is not identified and captured in a form and time frame support performance reporting.

Governance

40. The audit committee was not effective in the year under review as internal audit only presented their findings to the audit committee after year end and the audit committee could not evaluate any of these findings. Furthermore no evidence was provided which supported the review of the performance management system and the adjustments to the financial statements (adjustments made by management after their initial review) by the audit committee.
41. The internal audit function was ineffective due to their appointment occurring late in the financial year. Furthermore the municipality did not timeously respond to the internal audit findings via management comments even though these reports were submitted to the municipality during the financial year.



OTHER REPORTS

Investigations

42. An internal investigation is being conducted based on the allegation of unauthorised progress payments made by an employee to a contractor. The investigation was still ongoing at reporting date.

Auditor-General

East London

29 November 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



4.3 Budget to actual comparison

See Appendix E under annual financial statements

4.4 Grants and transfers' spending

NAME OF GRANT			AMOUNT RECEIVED AND SPENT EACH QUARTER									
			01-07-2009 to 30-09-2010		01-10-2009 to 31-12-2009		01-01-2010 to 31-03-2010		01-04-2010 to 30-06-2010		TOTAL	
PROJECT NAME	DONOR NAME	BF AMOUNT	RECEIVED	SPENT	RECEIVED	SPENT	RECEIVED	SPENT	RECEIVED	SPENT	AVAILABLE	SPENT
FMG	National Treasury	65 399	2 750 000	328 866		344 836		436 202		1 705 495	2 815 399	2 815 399
MSIG	DPLG	58 838	735 000	62 610		218 171		96 001		303 543	793 838	680 325
MIG	DPLG	50 925	2 500 000	364 787		1 773 395	4 512 000	1 824 424		1 892 488	7 062 925	5 855 094
INEG GRANT	DME		5 000 000		1 000 000	425 772	1 500 000			4 560 747	7 500 000	4 986 519

4.5 Meeting of Donors' requirements in respect of conditional grants

All expenditure of conditional grants were in line with conditions of the grants.

4.6 Long term contracts entered into by the municipality

Council is having a three contract for photocopying machines on a lease agreement with a service provider.

4.7 Annual performance as per key performance indicators in financial viability

		Actual	Budgeted	%
Capital expenditure for the year:	As per App B	11 440 265.60	15 422 663.00	74.18
Salary expenditure for the year (excl council):	As per income statement	6 873 528	7 282 739.00	94.38
Salary expenditure for the year (incl council):	As per income statement	8 615 129.88	8 932 126.00	96.45
Total operating expenditure (incl grants):	As per income statement	47 289 117.08	50 049 827.58	94.48
Total operating expenditure (excl grants):	As per income statement	18 390 712.62	18 113 326.00	101.53
Trade creditors:	As per note 7	1 804 713.27	n/a	n/a
Total revenue for the year (incl grants):	As per income statement	62 960 373.72	68 869 407.53	91.42
Total revenue for the year (excl grants):	As per income statement	5 475 050.49	7 008 729.53	78.12
Total own revenue for the year:	All revenue excluding grants and actuarial gains and decreases in provisions	5 114 191.51	7 008 729.53	72.97

Total salary expenditure as percentage of total operating expenditure:

	<u>%</u>
Including grants and Council:	18%
Excluding grants, including Council:	47%
Excluding grants and Council:	37%
Council salaries as a percentage of total salaries:	20%

Actual trade payables as percentage of total actual revenue:

Including grants and actuarial gains:	3%
Excluding grants, including actuarial gains:	33%
Excluding grants and actuarial gains and Reduction:	

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
	Percentage of MIG budget appropriately spent	4 375 000	4 324 075	99%
	Percentage of MSIG budget appropriately spent	735 000	735 000	100%

4.8 The Audit committee functionality

The Audit Committee was established in June 2008 and started functioning with a meeting that was held on 26 August 2008. Part of the Audit Committee functions is to consider the reports and recommendations of the Internal Audit and then recommend to Council the course of action. Minutes of the Audit committee seating are attached as **ANNEXURE 3**.

4.9 Arrears in property rates and service charges

Debtor Analysis: Amount Outstanding at 30 June 2010

See note 15 and 16 of annual financial statements

FUNCTION	30 DAYS	60 DAYS	90 DAYS	OVER 90 DAYS	TOTAL
Rates	5 370	29 741	25 309	2 326 355	2 386 775
Electricity	228 412	87 929	92 001	1 478 290	1 886 632
Refuse Removal	38 437	32 510	29 004	1 908 060	2 008 011
Other	2 741	2 719	2 719	1 064 502	1 072 681
Total	274 960	152 899	149 033	6 777 207	7 354 099

4.10 Anti-corruption strategy

The Council adopted an anti-corruption and fraud policy during the period under review. The policy has, however not as yet been fully implemented as a result of organisational rearrangements to be effected.

The policy also needs to be thoroughly workshopped with all Councillors, organised labour and the employees in general.

It is the intention of the Council to appoint a dedicated official and Councillor to manage and drive Council's anti-corruption and fraud strategy.

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION –KPA 5

5.1 Overview of the Executive and Council Functions and Achievements

Tsolwana municipality is a plenary executive type of a municipality, composed of ten councillors. Five of the councillors are ward councillors and the other five being councillors elected on proportional representation. This type of a council structure implies that council resolutions are taken as a collective. The main challenge about this is that it does not allow for a structure that can be able to take emergency resolutions on behalf of the council, as would be the case where there is an executive council or mayoral committee. The MEC for local government was approached to rectify this and we are still awaiting their response. In terms of s 79 of the Municipal Structures Act permits municipalities to establish committees to assist it to perform its functions efficiently and to exercise its powers. Armed with this section the municipality established the following committees:

- Two standing committees; namely Human Resources & Finance standing committee and the Infrastructure and social services standing committee
- The audit committee

Both the standing committees are functional and sit regularly to advise council on a number of issues.

The audit committee also sits quarterly and reviews, functionality of the municipality.

5.2 Public Participation and Consultation; Mayoral Imbizos and Implementation of Issues Raised

The main mechanism that the municipality uses for the community to participate in its decision making is the usage of the following forums:

IDP REPS FORUM; this forum receives issues from the community and submit them in the planning meeting of the IDP reps. These reps are actively involved in all the processes of the IDP and budget.

The other mechanism is the usage of ward committees; here the ward committee members hold monthly and other meetings together with ward councillors. In these meetings ward committees raise issues to be relayed to the council by the ward councillor and also receive feedback from the ward councillor on those issues submitted for consideration by council. The ward committees in return report back to their

5.3 Public Hearings

Once the IDP and budget processes are completed the municipality engage in consultation processes. The consultation meetings are held in each ward where communities are afforded an opportunity to raise issues.

5.4 Customer Satisfaction Surveys

The municipality is currently busy developing its public participation policy. The policy will provide for how it will gauge the level of satisfaction of its customers.

5.5 Ward Committees' Establishment and Functionality

The municipality is made up of five wards and each ward has a ward committee. As the law provides each committee is made up of ten members representing a variety of interests within the community. Most of these committees are functional and meet as per their schedules. However there are challenges in other wards.

5.6 Members Attendance to Meetings

The attendance by ward committee members in most of the wards is satisfactory. In the event where a member fails to attend meetings without good cause for three consecutive

meetings such person`s membership automatically terminates as provided for in their code of conduct.

5.7 Availability of Minutes of Ward Meetings

Ward committees hold monthly meetings and the proceedings of such minutes are recorded in the form of minutes and submitted to the municipality for record keeping and as proof of their functionality. Ward committees main issues of discussion range from the projects that are being implemented in their wards and other issues that are related to service delivery either by the municipality and or government departments.

5.8 Written Proof of Tabling Resolutions to Councils

Issues discussed in ward committee meetings are submitted to council by ward councillors and incorporated in the items of the relevant department as part of the council agenda.

5.9 Availability of Minutes of Feedback Meetings with Communities

Minutes of ward committee meetings with communities are combined with minutes of the monthly meeting of the committee and submitted to the municipality. This also serves as one way by which the functionality of a ward committee is measured.

5.10 Availability of Ward Committee Activity Reports

Ward committees provide minutes of their meetings to the ward councillors and if there is anything they need to report on, it is incorporated in their minutes. The minutes in a nutshell double up as the activity reports.

5.11 Community Development Workers Performance Monitoring

In this regard a challenge existed for some time until it was solved, where CDW`s felt they were not supposed to give reports to the municipality but only to the department of local

government. However this was clarified and now things are beginning to go smoothly. CDW's form part of the municipal forums ranging from IDP Reps, Social services, Transport and Local Communicators Forum.

5.12 Communication Strategy

5.12.1 Adoption of the Strategy by the Council

The municipality developed a communication strategy by which it communicates with its communities. The strategy defines issues to be communicated to the community and the manner in which they are communicated.

5.12.2 Human Resource available to lead the Communication Activities

Currently the municipality does not have a communication unit and the Corporate Services Manager doubles up as the Communication Officer. This is mainly due to financial constraints.

5.12.3 Infrastructural Resource available for Communication Activities

Since the municipality was faced with budgetary constraints in the year under review, there was not much set aside for infrastructural resource for communication. The municipality is now in the process of developing quarterly newsletters. It is hoped that this will help the municipality to reach out to its customers and to inform them of its programmes on a quarterly basis.

5.13 Legal Matters

5.13.1 Setting up of Legal Units

The municipality does not have a legal unit and all its legal matters are dealt with by external legal firms. The council has a firm of attorneys that deal with its legal matters, but

on matters that require specialised knowledge lawyers that specialise on those particular fields are utilised.

Legal firms that have so far been used are Bowes & Mcdougall and Kirchmann`s Incorporated

5.13.2 Prevention mechanisms of current litigations

It could not have been possible for the municipality to prevent the litigation in that there was nothing it could do to stop the Pension Fund from increasing employer`s contributions as they were unilaterally decided.

5.13.3 Criminal matters emanating from corruption and fraud

During the year under review there were no criminal charges emanating from fraud and corruption by staff members.

5.13.4 Management of Legal Risks

Currently the municipality does not have a legal risk management policy . the municipality is in the process of developing a legal risk management policy which should contain a clause on legal risks.

PART 3: FUNCTIONAL AREA REPORTING AND ANNEXURE

Chapter 6: Functional areas service delivery reporting

6.1 General information (population statistics)

TSOLWANA LOCAL MUNICIPALITY	
GENERAL INFORMATION	

Reporting Level	Detail	Total	
Overview:	Provide a general overview of municipality: this may include a short narrative of issues peculiar to the municipality and issues specific to the financial year being reported		
Information:	<i><Provide statistical information on (as a minimum):></i>		
1	Geography: Geographical area in square kilometres Note: Indicate source of information	6000 IDP document	
2	Demography: Total population Note: Indicate source of information (Reviewed IDP 2009/10)	33 784	
3	Indigent Population So far the number of registered indigent residents stands at 1934 Note: Indicate source of information and define basis of indigent policy including definition of indigent: the threshold for indigent	1934	
4	Total number of voters	15845	
5	Aged breakdown: - 65 years and over - between 40 and 64 years - between 15 and 39 years - 14 years and under Note: Indicate source of information (Reviewed IDP 2009/10)	2331 6098 13497 11858	
6	Household income: - over R3,499 per month - between R2,500 and R3,499 per month	1216 4392	

	<ul style="list-style-type: none"> - between R1,100 and R2,499 per month - under R1,100 per month <p>Note: Indicate source of information: reviewed IDP 2009/10</p>	<div style="background-color: #cccccc; padding: 2px;">5541</div> <div style="padding: 2px;">22635</div>	
--	---	---	--

6.2 Finance and Administration function's performance

Function:	Finance and Administration
Sub Function:	Finance

Overview:

The financial services directorate is responsible for ensuring sound financial management, monitoring the budget expenditure and revenue management, timely reporting to Council, timely completion of annual financial statements for submission to the Auditor General, perform bank reconciliations, payment of creditors and the general financial and asset management of the municipality

Description of the Activity

The Financial Services Directorate has the following divisions led by Divisional Heads (Accountants) who report directly to the Chief Financial Officer; Revenue Management, Debt Collection, Credit Control and Indigents, Accounting and Reporting, Asset Management, Budget and Fiscal Control, Supply Chain Management, Rates and Valuations, Payroll, Information Technology, Financial Services Directorate serves a support function to the municipality. Direct interaction with the public takes place at the following levels and divisions; consumer enquiries on the municipal accounts, credit control, indigent application and registration and supply chain management

6.2.1 Debtors Billings and Debtor Collections

Function	Months - JUL 09			Months - AUG 09		
	Billed	Interest	Received	Billed	Interest	Received
Rates	1 452 535	1 954	-33 165	58 917	1 958	-76 942
Electricity	228 462	903	-150 549	292 336	946	-159 201
Refuse	31 834	980	-20 001	31 836	990	-14 760
Other	2 741		-7 815	2 471		-17 707
	263 037	1 883	-178 365	326 643	1 936	-191 668

Function	Months - SEPT 09			Months - OCT 09		
	Billed	Interest	Received	Billed	Interest	Received
Rates	57 320	1 978	-102 370	67 083	1 986	-68 218
Electricity	230 237	1 051	-159 575	188 692	1 049	-230 512
Refuse	31 716	1 007	-15 417	31 680	1 021	-24 070
Other	2 741		-2 828	2 741		-287
	322 014	4 035	-280 190	290 195	4 056	-323 088

Function	Months - NOV 09			Months - DEC 09		
	Billed	Interest	Received	Billed	Interest	Received
Rates	52 307	2 483	-40 771	50 222	2 494	-30 114
Electricity	203 432	1 096	-150 932	149 973	1 117	-194 363
Refuse	31 795	1 044	-17 071	76 485	1 066	-12 449
Other	2 741	-	-23	2 741		-41
	290 275	4 623	-208 796	279 422	4 677	-236 967

Function	Months - JAN 10			Months - FEBR 10		
	Billed	Interest	Received	Billed	Interest	Received
Rates	50 408	2 504	-37 022	48 814	1 900	-30 950
Electricity	216 522	1 128	-116 967	128 370	1 181	-160 330
Refuse	37 411	1 109	-15 866	37 535	1 136	-12 766
Other	2 471	-	-28	2 741	-	-7 545
	306 811	4 741	-169 881	217 460	4 218	-211 592

Function	Months - MARCH 10			Months - APR 10		
	Billed	Interest	Received	Billed	Interest	Received
Rates	49 379	1 875	-56 134	47 480	1 882	-47 294
Electricity	180 293	1 169	-124 073	215 308	1 219	13 708
Refuse	37 797	1 151	-19 947	37 911	1 165	-16 617
Other	2 741	-	-144			
	270 210	4 195	-200 297	300 698	4 266	-50 203

Function	Months - MAY 10			Months - JUN 10		
	Billed	Interest	Received	Billed	Interest	Received
Rates	47 743	1 885	-46 733	388	945	-35 412
Electricity	170 148	1 090	-158 389	111 640	2 251	-34 646
Refuse	37 411	1 109	-15 866	38 370	1 207	-23 048
Other	2 741	-	-28	2 714	-	-54
	258 042	4 084	-220 988	153 112	4 403	-93 106

Function	Total	Total	Payment %	Interest
	Billed	Received		
Rates	1 982 595	-605 126	31%	23 845
Electricity	2 315 412	-1 625 827	70%	16 295
Refuse	461 780	-207 877	45%	12 984
Other	16 177	-36 499		-
	4 775 964	-2 475 329	52%	53 123

6.2.2 Debtor Analysis: Amount Outstanding at 30 June 2010

See note 15 and 16 of annual financial statements under section 4

FUNCTION	30 DAYS	60 DAYS	90 DAYS	OVER 90 DAYS	TOTAL
Rates	5 370	29 741	25 309	2 326 355	2 386 775
Electricity	228 412	87 929	92 001	1 478 290	1 886 632
Refuse Removal	38 437	32 510	29 004	1 908 060	2 008 011
Other	2 741	2 719	2 719	1 064 502	1 072 681
Total	274 960	152 899	149 033	6 777 207	7 354 099

No debts were written off

6.2.3 Property Rates

Type	Unit	Market Value
Residential	1760	R 441 494.27
Residential Municipality	931	
Commercial	68	R 227 760.90
Government Municipality	11	R 27 717.95
Public Benefit Organisations	23	R 13 158.60
Agriculture	983	
	Total	R 710 131.72

6.2.4 Property valuation

Year of last valuation: 2008/09 for implementation

Regulatory of valuation: 5 years

6.2.5 Indigent Policy

Function	Unit	Total
Electricity	924	R 343 722.02
Refuse	3123	R 807 206.80
Sanitation	2878	R 1 002 887
Water	1573	R 392 404.20
		R 2 546 220.02

6.2.6 Credit Rating

Did not apply for and though unknown.

6.2.7 Delayed and Default Payments

Council has **not** delayed payment on any loan, statutory payments or any other default of a material nature.

6.3 Planning and Development function's performance

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
	- Local Economic development is meant for the betterment of people's lives within the municipal jurisdiction.		
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:-</p> <p>-The role of the municipality in terms of LED function is to create workable friendly environment for business to run their businesses smoothly so that their businesses are viable and therefore be able to employ a sizable number of communities.</p> <p>The main functions of LED is to, by all means create the employment opportunities for local people as well as to put back the frontiers of poverty within the municipal environment.</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <ul style="list-style-type: none"> • <i>The municipality does not have a functional Local Economic Development unit (LED. The only person who is working on LED is one official (LED officer.)</i> • <i>The municipality, in its strategic session has resolved to employ two officers to assist in the LED. One would be the Agricultural Officer and one would be a tourism officer.</i> • <i>An advert for the LED coordinator has been put up and the incumbent will star at the beginning of 2011. This is an attempt to beef-up the LED section though still under the community services department.</i> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government.</p> <p><i><List here></i></p> <p>The municipality has a mandate to: - better the conditions of its local communities by : -</p> <p>-creating better conditions for businesses, -create jobs for its local inhabitants and -endeavour to alleviate poverty levels within the municipal area.</p> <p>The strategic objectives of this function are to: -</p>		

	<p><List here></p> <p>-creating better conditions for businesses, -create jobs for its local inhabitants and -endeavour to alleviate poverty levels within the municipal area.</p>		
	The key issues for 200X/0Y are:		
	<p><List here></p> <p>-Development of LED strategy -development of SMME'S data base -appointment of agricultural and tourism officers -appointment of LED coordinator - establishment of LED unit</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
	1 Number and cost to employer of all economic development personnel: (LED OFFICER)		R156 000 pa
	- Professional (Directors / Managers)	n/A	00.00
	- Non-professional (Clerical / Administrative)	N/A	00.00
	- Temporary	N/A	00.00
	- Contract	N/A	00.00
	2 Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
	3 Detail and cost of incentives for business investment: <list details>		N/A
	4 Note: list incentives by project, with total actual cost to municipality for year		N/A
	Detail and cost of other urban renewal strategies: <list details>		N/A
	5 Note: list strategies by project, with total actual cost to municipality for year		
	Detail and cost of other rural development strategies: <list details>		N/A
	6 Note: list strategies by project, with total actual cost to municipality for year		
	Number of people employed through job creation schemes:		300
	- Short-term employment	230	
	- Long-term employment	70	70
	6 Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives	65	65
Number and cost to employer of all Building Inspectors employed:	N/A	N/A	
- Number of Building Inspectors	N/A	N/A	
- Temporary	N/A	N/A	
- Contract	N/A	N/A	

	Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package	N/A	N/A
	Details of building plans:		
	- Number of building plans approved		
	- Value of building plans approved		
Reporting Level	Detail	Total	
	Note: Figures should be aggregated over year to include building plan approvals only		
7	Type and number of grants and subsidies received:		R250 000
	<list each grant or subsidy separately>	<total>	<value>
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<ul style="list-style-type: none"> • <i>Established and fully functional LED Unit;</i> • <i>LED budget rate;</i> • <i>LED strategy approved</i> • <i>Functional LED stakeholder forum;</i> • <i>LED special research carried out by experts</i> • <i>Approved IDP</i> 	<p>< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p> <ul style="list-style-type: none"> - <i>In process</i> - - <i>functional</i> - <i>in process (LED strategy)</i> - <i>yes</i> 		

6.4 Community and social services function's performance

Function:	Community and Social Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <ul style="list-style-type: none"> -waste management- cleaning streets and waste collection -cemeteries management- cleaning -housing and land-management -Led-planning, supporting -libraries-management -Town Planning -sports and recreation -municipal buildings -health and environment-supporting -disaster management Safety and security and Education <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i><List here></i></p> <ul style="list-style-type: none"> -housing -health environment- waste management, -libraries, sport and recreation <p>The strategic objectives of this function are to:</p> <p><i><List here></i></p> <ul style="list-style-type: none"> -make services accessible to local communities -bring services close to local communities <p>The key issues for 200X/0Y are:</p> <p><i><List here></i></p> <ul style="list-style-type: none"> -complete all the housing projects -solve waste management issues -develop SMME,s 		
Analysis of the Function:	<p><i><Provide statistical information on (as a minimum):></i></p> <p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> - Library services - Museums and art galleries 	<p><i>no of facilities:</i></p> <p>2</p> <p>1</p>	<p><i>no of users:</i></p> <p>750</p> <p>White communities</p>

	- Other community halls/facilities	14	all
	- Cemeteries and crematoriums	37	all
	- Child care (including creches etc)	24	480
	- Aged care (including aged homes, home help)	1	98
	- Schools	36	DoE
	- Sporting facilities (specify)	21	Many
	- Parks	1	many
	Note: the facilities figure should agree with the assets register		
2	Number and cost to employer of all personnel associated with each community services function:		R(000s)
	- Library services	2	R124 000pa
	- Museums and art galleries	N/A	N/A
	- Other community halls/facilities	2	R1440.00 pa
	- Cemeteries and crematoriums	N/A	<cost>
	- Child care	<total>	<cost>
	- Aged care	<total>	<cost>
	- Schools	<total>	<cost>
	- Sporting facilities	<total>	<cost>
	- Parks	1	R45 600 pa
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<ul style="list-style-type: none"> Approved HIV/AIDS strategy; Approved Disaster management policy frameworks and plans (Metro and DM) 	<p>< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p> <p>DM & METROS</p>		

6.5 Housing function's performance

Function:	Housing
Sub Function:	N/A

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <ul style="list-style-type: none"> -Housing administration- filling of application forms, -allocation of sites-through General Plan -checking deeds of sale-before signed by MM, -give beneficiaries report on the status report, Occupation of houses- by correct beneficiaries, -attending housing meetings, Attending to all housing related problems, giving housing information to beneficiaries, -preparing individual transfers and -report to CSM for council acknowledgement. <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i><List here></i></p> <ul style="list-style-type: none"> -identification of housing land, -beneficiary identification, - apply for housing project to DHS, -Give all administrative support . <p>The strategic objectives of this function are to:</p> <p><i><List here></i></p> <ul style="list-style-type: none"> -housing the qualifying beneficiaries, -develop the land and area -include stakeholders to the housing processes, <p>The key issues for 200X/0Y are:</p> <p><i><List here></i></p> <ul style="list-style-type: none"> -complete all current projects, -start new other projects 		
Analysis of the Function:	<p><i><Provide statistical information on (as a minimum):></i></p> <p>1 Number and cost of all personnel associated with provision of municipal housing:</p> <ul style="list-style-type: none"> - Professional (Architects/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract 	<p>1 (one)</p> <p>n/a</p> <p>n/a</p> <p>1</p> <p>n/a</p> <p>n/a</p> <p>n/al</p>	<p>R 87000 pa</p> <p>n/a</p> <p>n/a</p> <p>R146328 pa</p> <p>n/a</p> <p>n/a</p> <p>n/a</p>

	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.		R87000
2	Number and total value of housing projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget		R (000s)
		8144	254 137 874.44
		1700	9 1800000
3	Total type, number and value of housing provided: <list details by type of dwelling, see below> Note: total number and total value of housing provided during financial year		R (000s)
		<7110>	9 1800000
4	Total number and value of rent received from municipal owned rental units <list details, including number of units handed over to residents>		N/A
		N/A	N/A
5	Estimated backlog in number of (and costs to build) housing: <list details by type of dwelling, see below> Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	1700 (RDP)	R91800000)
		<120>m/i	<>
6	Type of habitat breakdown: - number of people living in a house or brick structure - number of people living in a traditional dwelling - number of people living in a flat in a block of flats - number of people living in a town/cluster/semi-detached group dwelling - number of people living in an informal dwelling or shack - number of people living in a room/ flat let	5641 1383 539 Total 377 n/a	
Reporting Level	Detail	Total 7940	
7	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		R (000s)
		<total>	<value>
8	Total operating cost of housing function		R252067874.44

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the 200X/OY budget here>	< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.>	We have achieved our target of 2000 houses to 4500	Our target was 2000 in the 2007/8 financial year.

6.6 Waste management function's performance

Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total													
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling														
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include: -</p> <ul style="list-style-type: none"> -This activity is administered under community services department in both urban areas. -the municipality is having enough plant for this purpose in both areas. -community services personnel for the municipality is responsible for this activity through the watchful eye of the community services manager. <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to: -</p> <ul style="list-style-type: none"> -keep the municipal environment clean - render services to the communities -collect any refuse as per the municipal objectives -make the local environment for the purpose of attracting tourists and possible investors. <p><i><List here></i></p> <p>The strategic objectives of this function are to: -</p> <ul style="list-style-type: none"> -to keep the environment clean <p><i><List here></i></p> <p>The key issues for 2010Y are: -</p> <ul style="list-style-type: none"> - to improve on what we have done in the past year. <p><i><List here></i></p>														
Analysis of the Function:	<p><i><Provide statistical information on (as a minimum):></i></p> <p>1 Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract 		<p><i>R (000s)</i></p> <table border="1"> <tr> <td><i>n/a</i></td> <td><i>n/a</i></td> </tr> <tr> <td><i>2</i></td> <td><i>R230856 pa</i></td> </tr> <tr> <td><i>0</i></td> <td></td> </tr> <tr> <td><i>N/A</i></td> <td><i>N/A</i></td> </tr> <tr> <td><i>Refer to</i></td> <td><i>SIYA</i></td> </tr> <tr> <td><i>N/A</i></td> <td><i>N/A</i></td> </tr> </table>	<i>n/a</i>	<i>n/a</i>	<i>2</i>	<i>R230856 pa</i>	<i>0</i>		<i>N/A</i>	<i>N/A</i>	<i>Refer to</i>	<i>SIYA</i>	<i>N/A</i>	<i>N/A</i>
<i>n/a</i>	<i>n/a</i>														
<i>2</i>	<i>R230856 pa</i>														
<i>0</i>															
<i>N/A</i>	<i>N/A</i>														
<i>Refer to</i>	<i>SIYA</i>														
<i>N/A</i>	<i>N/A</i>														

	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number of households receiving regular refuse removal services, and frequency and cost of service: - Removed by municipality at least once a week - Removed by municipality less often - Communal refuse dump used - Own refuse dump - No rubbish disposal Note: if other intervals of services are available, please provide details		<i>R (000s)</i>
		24.9%	342789
		0.2%	2771
		1.2%	16503.75
		57.7%	
		16.0%	
3	Total and projected tonnage of all refuse disposed: - Domestic/Commercial - Garden Note: provide total tonnage for current and future years activity	145 <current>	180 <future>
4	Total number, capacity and life expectancy of refuse disposal sites: - Domestic/Commercial (number) - Garden (number) Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period	145 2/ 10yrs	145
Reporting Level	Detail	Total	
5	Anticipated expansion of refuse removal service: - Domestic/Commercial - Garden Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	4 "	<i>R (000s)</i> 86 000
		4964	
6	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	<total> <value>	
7	Total operating cost of solid waste management function		<i>R (000s)</i>

6.7 Waste water management

Function:	Waste Water Management
Sub Function:	Sewerage etc

Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>Tarkastad</i></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p><List here></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		
Analysis of the Function:	<p><Provide statistical information on (as a minimum):-></p> <p>1 Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>2 Number of households with sewerage services, and type and cost of service:</p> <ul style="list-style-type: none"> - Flush toilet (connected to sewerage system) - Flush toilet (with septic tank) - Chemical toilet - Pit latrine with ventilation - Pit latrine without ventilation - Bucket latrine - No toilet provision <p>Note: if other types of services are available, please provide details</p> <p>3 Anticipated expansion of sewerage:</p> <ul style="list-style-type: none"> - Flush/chemical toilet - Pit latrine 		<p><i>R (000s)</i></p> <p>0 <cost></p> <p>2 R230856 pa</p> <p>0 <cost></p> <p>n/a <cost></p> <p>2 R53724 pa</p> <p>0 <cost></p> <p>R (000s)</p> <p>12,561 747379.50</p> <p>400 23800.00</p> <p>n/a n/a</p> <p>715 347599</p> <p>n/a</p> <p>409 242819.50</p> <p>1,925 24335.50</p> <p>R (000s)</p> <p>0</p> <p>5600000</p>

	- Bucket latrine		1960000
	- No toilet provision		1400000
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	<total>	
	- Quantum (value to each household)	<value>	
Reporting Level	Detail	Total	Cost
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
5	Total operating cost of sewerage function		R (000s)

6.8 Road maintenance's function's performance

Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction	14.4km	2 833,520.19
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i><List here></i></p> <p>The strategic objectives of this function are to:</p> <p><i><List here></i></p> <p>The key issues for 200X/0Y are:</p> <p><i><List here></i></p>		
Analysis of the Function:	<i><Provide statistical information on (as a minimum):></i>		
1	<p>Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>1</p> <p><i><total></i></p> <p>1</p> <p>To cum bak</p> <p><i><total></i></p> <p><i><total></i></p>	<p>R (000s)</p> <p>R 132000 pa</p> <p><i><cost></i></p> <p>R 78000 pa</p> <p><i><cost></i></p> <p><i><cost></i></p>
2	<p>Total number, kilometres and total value of road projects planned and current:</p> <ul style="list-style-type: none"> - New bitumenised (number) - Existing re-tarred (number) - New gravel (number) - Existing re-sheeted (number) <p>Note: if other types of road projects, please provide details:</p> <p>Rehabilitation of internal roads</p>	<p><i><kms></i></p> <p><i><kms></i></p> <p><i><kms></i></p> <p><i><kms></i></p> <p>14,4km</p>	<p>R (000s)</p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p> <p>2 833 520,19</p>
3	<p>Total kilometres and maintenance cost associated with existing roads provided</p> <ul style="list-style-type: none"> - Tar - Gravel <p>Note: if other types of road provided, please provide details</p>	<p><i><total></i></p> <p>14,4km</p>	<p>R (000s)</p> <p><i><cost></i></p> <p>2 833 520,19</p>
4	<p>Average frequency and cost of re-tarring, re-sheeting roads</p> <ul style="list-style-type: none"> - Tar - Gravel <p>Note: based on maintenance records</p>	<p><i><total></i></p> <p>7,2km</p>	<p>R (000s)</p> <p><i><cost></i></p> <p>R1 416 760,10</p>

5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel		<i>R (000s)</i>
		<total> 1,6km	<cost> R314 835,58
Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: <list each grant or subsidy separately>	<total>	<i>R (000s)</i> <value>
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	14,4KM	R 2833 520,19
7	Total operating cost of road construction and maintenance function	12,8KM	R 2 389 063,01

6.9 Water distribution function's performance

Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>Tarkastad Town, Ivanlewe are getting water from taps, Matyhantya is getting water from Jojo Tanks, Hofmeyer Town is getting water from the taps, Eluxolweni and Twinsville is getting water from the taps. Ntabethemba are getting water from communal taps and Jojo Tanks.</i></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which sits within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><i>To make sure that the communities are served with enough and good quality water.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>The municipality is having a mandate to make sure that the community is getting water services.</i></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		
	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>		R (000s)
		0	0
		2	R230856 pa
		0	<cost>
		0	<cost>
		1	R26862 pa
			<cost>
2	<p>Percentage of total water usage per month</p> <p><Insert table showing monthly water usage ></p> <p>Note: this will therefore highlight percentage of total water stock used per month</p>	n/a	<volume>
3	<p>Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer</p> <ul style="list-style-type: none"> - Category 1 RESIDENTIAL - Category 2 COMMERCIAL - Category 3 GOVERNMENT - Category 4 PUBLIC BENEFITS 		R (000s)
		1760	R441494,27
		68	227760;90
		11	R27717,95
		23	R 13158,60
4	<p>Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:</p> <ul style="list-style-type: none"> - Category 1 <insert here> (total number of households) - Category 2 <insert here> (total number of households) 		R (000s)
		<volume>	<cost>
		<volume>	<cost>

		- Category 3 <insert here> (total number of households)	<volume>	<cost>
		- Category 4 <insert here> (total number of households)	<volume>	<cost>
5		Total year-to-date water losses in kilolitres and rand		R (000s)
		<detail total>	<volume>	<cost>
	Reporting Level	Detail	Total	Cost
6		Number of households with water service, and type and cost of service:		R (000s)
		- Piped water inside dwelling	9469	n/a
		- Piped water inside yard	9469	4483572.00
		- Piped water on community stand: distance < 200m from dwelling	601	3369342.00
		- Piped water on community stand: distance > 200m from dwelling	n/a	<cost>
		- Borehole	38	1 520 000
		- Spring	n/a	<cost>
		- Rain-water tank	n/a	<cost>
		Note: if other types of services are available, please provide details		
7		Number and cost of new connections:		R (000s)
		<detail total>	n/a	<cost>
8		Number and cost of disconnections and reconnections:		R (000s)
		<detail total>	n/a	<cost>
9		Number and total value of water projects planned and current:		R (000s)
		- Current (financial year after year reported on)	<total>	<cost>
		- Planned (future years)	<total>	
		Note: provide total project and project value as per initial or revised budget		
10		Anticipated expansion of water service:		R (000s)
		- Piped water inside dwelling	<total>	<cost>
		- Piped water inside yard	<total>	<cost>
		- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
		- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
		- Borehole	<total>	<cost>
		- Spring	<total>	<cost>
		- Rain-water tank	<total>	<cost>
		Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
11		Estimated backlog in number (and cost to provide) water connection:		R (000s)
		- Piped water inside dwelling	n/a	<cost>
		- Piped water inside yard	n/a	<cost>
		- Piped water on community stand: distance < 200m from dwelling	30	120 000.00
		- Piped water on community stand: distance > 200m from dwelling	n/a	n/a
		- Borehole	5	250000.00
		- Spring	n/a	n/a
		- Rain-water tank	n/a	n/a
		Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12		Free Basic Service Provision:		

	- Quantity (number of households affected)	<total>	
	- Quantum (value to each household)	<value>	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
13	Type and number of grants and subsidies received:		R (000s)
	<i>Water Services subsidy CHDM</i>	1	6400000.00
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
14	Total operating cost of water distribution function		R (000s)

6.11 Electricity distribution function's performance

Function:	Electricity
Sub Function:	Electricity Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i><List here></i></p> <p>The strategic objectives of this function are to:</p> <p><i><List here></i></p> <p>The key issues for 200X/0Y are:</p> <p><i><List here></i></p>		
Analysis of the Function:	<i><Provide statistical information on (as a minimum):></i>		
1	<p>Number and cost to employer of all personnel associated with the electricity distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p> <p>This function is outsourced</p>		<i>R (000s)</i>
		<i><total></i>	<i><cost></i>
		<i><total></i>	<i><cost></i>
		<i><total></i>	<i><cost></i>
		<i><total></i>	<i><cost></i>
		<i><total></i>	<i><cost></i>
2	<p>Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer</p> <ul style="list-style-type: none"> - Residential - Commercial - Industrial - Mining - Agriculture - Other 		<i>R (000s)</i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
3	<p>Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:</p> <ul style="list-style-type: none"> - Household - Commercial - Industrial - Mining - Agriculture - Other 		<i>R (000s)</i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
		<i><volume></i>	<i><cost></i>
4	Total year-to-date electricity losses in kilowatt hours and rand		<i>R (000s)</i>

	<detail total>	<volume>	<cost>
5	Number of households with electricity access, and type and cost of service:		R (000s)
Reporting Level	Detail	Total	Cost
	- Electrified areas		
	- Municipal		<cost>
	- Eskom	862	328628,88
	- Alternate energy source		
	- Gas	<total>	<cost>
	- Paraffin	<total>	<cost>
	- Solar	<total>	<cost>
	- Wood	<total>	<cost>
	- Non electrified	<total>	<cost>
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	<detail total>	<volume>	<cost>
7	Number and cost of disconnections and reconnections		R (000s)
	<detail total>	<volume>	<cost>
8	Number and total value of electrification projects planned and current:		R (000s)
	- Current (financial year after year reported on)	<total>	<cost>
	- Planned (future years)	<total>	<cost>
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		R (000s)
	<detail total>	<total>	<cost>
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
10	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	<detail total>	<total>	<cost>
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
11	Free Basic Service Provision:		
	- Quantity (number of households affected)	<total>	
	- Quantum (value to each household)	R39,00	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
12	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	<total>	<value>
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
13	Total operating cost of electricity distribution function		R (000s)

ADOPTION BY COUNCIL

The above report, with annexures , was tabled and approved in a Special Council meeting held on the 28th January 2011.

Signed By

M Bennett
Mayor

SJ Dayi
Municipal Manager