

**MOTHEO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

INDEX	page
General Information	2 - 3
Accounting Officer's Responsibilities and Approval	4 - 6
Report of the Auditor-General	7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Accounting Policies to the Annual Financial Statements	12 - 49
Notes to the Annual Financial Statements	50 - 63
Appendix A: Schedule of External Loans	64
Appendix B: Analysis of Property, Plant and Equipment	65 - 66
Appendix C: Segmental Analysis of Property, Plant and Equipment	67
Appendix D: Segmental Statement of Financial Performance	68
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	69 - 70
Appendix F: Disclosure of Grants and Subsidies in terms of Section 123 of the Municipal Finance Management Act, 2003	71 - 72

**MOTHEO DISTRICT MUNICIPALITY
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2010**

Country of incorporation and domicile	South Africa
Nature of operations and principal activities	Providing a variety services and maintaining the best interests of the local community mainly in the Motheo area.
Legal form	An organ of state within the local sphere of government exercising legislative and executive authority.
Jurisdiction of entity	Area DC17, as a district municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for DC17.
Executive Mayor	Clr. ME Moilwa
Councillors and their portfolios	<p><u>Speaker:</u> Clr. JC Erasmus</p> <p><u>Deputy Executive Mayor:</u> None.</p> <p><u>Councillor Members of The Mayoral Committee:</u> Clr. VS Rani Clr. IB Ntlathi Clr. JP Van der Merwe Clr. XD Pongolo Clr. EK Goliath Clr. LR July Clr. MC Molangoanyane Clr. J Matsoetlane Clr. ME Ncwada</p> <p><u>Council Whip:</u> Clr. MA Moeng</p> <p><u>Councillors of the Council:</u> Clr. F S Chaine - (Resigned Feb 2010) Clr. W J D Van Aswegen Clr. P J Scott Clr. M A Oganne Clr. M M Maele Clr. L E Letlaka Clr. N B Dimbaza Clr. P C Pelser Clr. Q A De Bruyn Clr. M A Malakane Clr. S M Visagie Clr. S A Monnakgori Clr. L S Lebese Clr. G Thipenyane Clr. D M Ramahaha Clr. Z G Sokoyi</p>
Partime Councillors	Clr. MS Khutlane Clr. KO Mokone Clr. ME Dennis Clr. GK Saohatse Clr. PJ Van Biljon Clr. JS Human Clr. SN Soebhele Clr. AL Toba Clr. MA Seeco Clr. TM Ramana Clr. JD Powell
Councillors and their portfolios	Clr. VS Rani - Local Economic Development and Tourism Clr. IB Ntlathi Corporate Services, Policy and Governance Clr. JP Van der Merwe - Finance and IDP Clr. XD Pongolo - Infrastructure Clr. EK Goliath - Social Development Clr. LR July - Health Clr. M C Molangoanyane - Rural Development Clr. M J Matsoetlane - Special Programmes

**MOTHEO DISTRICT MUNICIPALITY
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2010**

	Clr. MA Ncwada - Disaster Management and Environment
Registered office	Bram Fischer Building Cnr Nelson Mandela and Markgraaff Bloemfontein 9301
Business address	Provideamus Building 184 Nelson Mandela Drive Bloemfontein 9301
Postal address	P.O. Box 3667 BLOEMFONTEIN 9300
Bankers	Standard Bank of South Africa Limited
Auditors	The Office of the Auditor-General: South Africa
Acting Municipal Manager	Mr. WH Boshoff
Attorneys	Friday Management Solutions Mabalane Seobe Attorneys Messrs Naudes Messrs Phatshoane Henry Inc Messrs Qwelane & Theron Inc The Guardian Group
Debt Collectors	Messrs Naudes Messrs Phatshoane Henry Inc Messrs Qwelane & Theron Inc
Grading of local authority	Motheo District Municipality is a Grade 4 District Authority in terms of item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998.
Relevant Legislation	The Constitution of the Republic of South Africa. The Municipal Structures Act, No. 117 of 1998 The Municipal Systems Act, No. 32 of 2000 The Municipal Finance Management Act, No. 56 of 2003 The Municipal Property Rates Act, No. 6 of 2004 The Basic Condition of the Employment Act 75 of 1997 The Vat Act 89 of 1991 The Skill Development Act 9 of 1999 The Water Service Act 108 of 1997 The Housing Act of 1997 The Promotion of Access to Information Act 2 of 2000 The Disaster Management Act 57 of 2000

**MOTHEO DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Note	2010 R
ASSETS		
Non-current assets		
		9 677 013
Property, plant and equipment	1	2 727 013
Investment Property	2	6 950 000
Non-current receivables	3	-
Current assets		
		85 489 672
Consumer receivables from exchange transactions	4	-
Other receivables from exchange transactions	5	1 330 961
Current portion of non-current receivables	4	467
Vat Receivable	6	1 865 868
Cash and cash equivalents	7	82 292 376
Total assets		95 166 685
NET ASSETS AND LIABILITIES		
Net assets		
		50 458 980
Accumulated surplus/(deficit)		50 458 980
LIABILITIES		
Non-current liabilities		
		27 831 126
Non-current borrowings	8	27 726 217
Finance lease liability	30	104 909
Current liabilities		
		16 876 579
Payables from exchange transactions	9	11 350 566
Payables from non-exchange transactions	10	7 162
Unspent conditional grants and receipts	11	471 727
Current portion of non-current borrowings	8	4 764 534
Finance lease liability	30	282 590
Total net assets and liabilities		95 166 685

**Restated
2009
R**

10 015 282

3 142 766
6 872 516
-

62 687 186

1 150
1 376 545
307 806
1 763 911
59 237 774

72 702 468

24 142 237

24 142 237

32 490 994

32 490 750
244

16 069 237

10 440 605
62 635
1 150 986
4 303 270
111 741

72 702 468

MOTHEO DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	Restated 2009 R
REVENUE			
Service charges	12	338	26 010
Rental of facilities and equipment	13	918 088	805 340
Interest earned	14	6 776 531	8 968 579
Government grants and subsidies	15	144 483 897	125 905 262
Other income	16	279 604	791 166
Total revenue		<u>152 458 458</u>	<u>136 496 357</u>
EXPENDITURE			
Employee related costs	17	52 489 380	48 743 549
Remuneration of councillors	18	8 076 144	7 159 553
Bad debts		53 743	653 712
Depreciation and amortisation		634 173	751 638
Repairs and maintenance	22.1	877 566	1 424 763
Finance costs	19	4 470 396	4 753 704
Grants and subsidies paid	20	21 291 401	20 000 886
General expenses	21	38 613 731	24 438 873
Total expenditure		<u>126 506 534</u>	<u>107 926 678</u>
Fair value adjustment investment property		77 484	524 628
SURPLUS FOR THE YEAR	22	<u>26 029 408</u>	<u>29 094 307</u>

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

	Accumulated Surplus/ (Deficit) R	Total R
Balance at 30 June 2008	(14 435 232)	(14 435 232)
Capitilisation of finance leased assets & accumulated depreciation	290 708	290 708
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	290 708	290 708
Straight lining of operating lease office building	(92 753)	(92 753)
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	(92 753)	(92 753)
Recognition of Finance lease liability	(151 821)	(151 821)
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	(151 821)	(151 821)
Fair value adjustment investment property	6 347 889	6 347 889
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	6 347 889	6 347 889
Capitilisation of other assets & accumulated depreciation	2 945 917	2 945 917
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	2 945 917	2 945 917
Fair value adjustment trade and other receivables	(157 640)	(157 640)
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	(157 640)	(157 640)
Fair value adjustment trade and other payables	300 862	300 862
<i>As previously stated</i>	-	-
<i>Change in accounting policy</i>	300 862	300 862
Restated Balance 30 June 2008	(4 952 070)	(4 952 070)
Surplus for the year	29 094 307	29 094 307
Balance at 30 June 2009	24 142 237	24 142 237
Surplus for the year	26 029 408	26 029 408
Write off consumer receivables from exchange transactions	(266)	(266)
<i>As previously stated</i>	(266)	(266)
<i>Correction of error</i>	-	-
Write off trade and other payable exchange transactions	287 601	287 601
<i>As previously stated</i>	287 601	287 601
<i>Correction of error</i>	-	-
Balance at 30 June 2010	50 458 980	50 458 980

**MOTHEO DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	Restated 2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		144 654 535	128 396 460
Cash paid to suppliers and employees		119 819 404	92 345 379
Cash generated from operations	23	<u>24 835 131</u>	<u>36 051 081</u>
Interest received		6 776 531	8 968 579
Interest paid		<u>(4 470 396)</u>	<u>(4 753 704)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		<u><u>27 141 266</u></u>	<u><u>40 265 956</u></u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(452 883)	(661 280)
Proceeds from sale of property, plant and equipment		90 130	-
Decrease in non-current receivables		307 339	431 583
Decrease/(increase) in non-current investments		-	-
Decrease in current investments		-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		<u><u>(55 414)</u></u>	<u><u>(229 697)</u></u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(4 303 270)	(3 889 207)
Finance lease (payments)		(53 923)	(135 252)
Increase in finance lease obligations		325 943	5 060
NET CASH FLOW FROM FINANCING ACTIVITIES		<u><u>(4 031 250)</u></u>	<u><u>(4 019 399)</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u><u>23 054 602</u></u>	<u><u>36 016 860</u></u>
Cash and cash equivalents at the beginning of the year		<u>59 237 774</u>	<u>23 220 914</u>
Cash and cash equivalents at the end of the year	24	<u>82 292 376</u>	<u>59 237 774</u>

MOTHEO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1 Property, plant and equipment

30 June 2010

	Other	Leased assets	Total
	R	R	R
Carrying values at 1 July 2009	2 935 211	207 555	3 142 766
Cost	4 986 163	525 401	5 511 564
Accumulated depreciation	(2 050 952)	(317 846)	(2 368 798)
Acquisitions	391 781	61 102	452 883
Depreciation	(561 353)	(72 820)	(634 173)
- based on cost	(561 353)	(72 820)	(634 173)
Carrying value of disposals	(237 963)	3 500	(234 463)
Cost	(607 195)	(46 500)	(653 695)
Accumulated depreciation	369 232	50 000	419 232
Carrying values at 30 June 2010	2 527 676	199 337	2 727 013
Cost	4 770 749	540 003	5 310 752
Accumulated depreciation	(2 243 073)	(340 666)	(2 583 739)

30 June 2009

	Other	Leased assets	Total
	R	R	R
Carrying values at 1 July 2008	4 021 236	290 708	4 311 944
Cost	5 405 262	525 401	5 930 663
Accumulated depreciation	(1 384 026)	(234 693)	(1 618 719)
Acquisitions	656 220	5 060	661 280
Depreciation	(666 926)	(84 712)	(751 638)
- based on cost	(666 926)	(84 712)	(751 638)
Carrying value of disposals	(1 075 319)	(3 501)	(1 078 820)
Cost	(1 075 319)	(5 060)	(1 080 379)
Accumulated depreciation	-	1 559	1 559
Carrying values at 30 June 2009	2 935 211	207 555	3 142 766
Cost	4 986 163	525 401	5 511 564
Accumulated depreciation	(2 050 952)	(317 846)	(2 368 798)

Refer to Appendix B for more detail on property,

The municipality has applied the three year exemption for measuring property, plant and equipment, including those acquired in a transfer of functions, in accordance with GRAP 17.

The depreciation expense had been recognised on other and leased assets and a fixed asset register is has been compiled. The municipality has completed the process of identifying separate components of property, plant and equipment. The carry amounts of certain items of office equipment, furniture and fittings as presented in the statement of financial position are provisional.

The following classes of property, plant and equipment, which were not measured in accordance with GRAP17 in the previous reporting period, are now measured in accordance with GRAP 17:

- Office equipment.
- Furniture and fittings.
- Motor vehicles.

The municipality will endeavor to obtain information to determine the purchase prices of the items included under office equipment, furniture and fittings at provisional carry amounts, failing which a valuator will be appointed to determine the value of these items. Full compliance is expected by the end of June 2011.

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
2 Investment Property		
Reconciliation of Carrying Value of Investment property		
Opening Carrying value at fair value	6 872 516	6 347 888
Fair value adjustment	77 484	524 628
Opening Carrying value at fair value	6 950 000	6 872 516

Capitalisation rates used during the year were 10.70 % (10.00% - 2009) being the weighted average cost of funds borrowed generally by the economic entity.

Other Information:

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

Details of valuation:

The effective date of the revaluation was 30 June 2010. The Revaluation was performed by an independent valuer, Mr AV Fullaway [Professional Associated Valuer], of Edric Trust Pty (Ltd). Edric Trust Pty (Ltd) is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

6 950 000

The municipality has applied the three year exemption for measuring investment property as per DIRECTIVE 4, including those acquired in a transfer of functions, in accordance with GRAP 16. Investment properties have been identified and recognised separately from property, plant and equipment. The fair value amounts presented in the statement of financial position for 2009 are provisional.

The following assumptions were used:

Capitilisation Rate	10.00%
Rental Charge	
Main Building	R 67.59
Outbuilding	R 18.52
Vacancy factor	5.00%
Operational expenses	118 088.39

3 Non-current receivables

Motor vehicle loans	467	307 806
Sub-total	467	307 806
Less: Impairment	-	-
	467	307 806
Less: Current portion transferred to current assets	467	307 806
Motor vehicle loans	467	307 806
Less: Impairment	-	-
Total long-term receivables	-	-

Motor vehicle loans

Permanent staff obtained loans at 8.50% interest per annum repayable over a period of 3 to 6 years. Other staff's loans bear interest of prime plus 1% and are also repayable over a period of 3 to 6 years. The loans are repaid on a monthly basis by way of salary deductions. These loans are being phased out and are completely repayable in the year 2010.

4 Consumer receivables from exchange transactions

	Gross	Impairment	Net Balance
As at 30 June 2010			
Service Levy Receivables			
Service Levy	-	-	-
Establishment Levy	-	-	-
Total Consumer receivables	-	-	-
As at 30 June 2009			
Service Levy Receivables			
Service Levy	244	-	244
Establishment Levy	908	-	908
Total Consumer receivables	1 152	-	1 152

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R	
4 Consumer receivables from exchange transactions continued			
<u>Service levy: ageing</u>			
90+ Days	-	244	
Total	<u>-</u>	<u>244</u>	
<u>Establishment Levy: ageing</u>			
90+ Days	-	908	
Total	<u>-</u>	<u>908</u>	
30 June 2009			
<u>Summary of receivables by customer classification</u>	Residential	Industrial/ Commercial	National and Provincial Government
90+ Days	-	1 152	-
Sub-total	<u>-</u>	<u>1 152</u>	<u>-</u>
Less: Impairment	-	-	-
Total receivables by customer classification	<u>-</u>	<u>1 152</u>	<u>-</u>
30 June 2010			
<u>Summary of receivables by customer classification</u>	Residential	Industrial/ Commercial	National and Provincial Government
90+ Days	-	-	-
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>
Less: Impairment	-	-	-
Total receivables by customer classification	<u>-</u>	<u>-</u>	<u>-</u>
<u>Reconciliation of impairment</u>			
Balance at beginning of year		-	-
Contributions to provision		-	-
Bad debts written off against provision		-	-
Balance at the end of the year		<u>-</u>	<u>-</u>

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	Restated 2009
	R	R
5 Other receivables from exchange transactions		
Interest receivable	257 225	375 801
Deposits	980 254	103 030
Sundry receivables	165 205	1 553 252
Sub-total	<u>1 402 684</u>	<u>2 032 083</u>
Less: Impairment	(71 723)	(655 538)
Total other receivables	<u><u>1 330 961</u></u>	<u><u>1 376 545</u></u>
 Reconciliation of impairment		
Balance at beginning of year	655 538	1 210 000
Contributions to provision	53 743	653 712
Bad debts written off against provision	(637 558)	(1 208 174)
Balance at the end of the year	<u><u>71 723</u></u>	<u><u>655 538</u></u>
 6 Vat receivable		
VAT receivable	<u><u>1 865 868</u></u>	<u><u>1 763 911</u></u>
The Municipality is registered on the cash basis for VAT purposes. This means that VAT is only declared once cash is received or actual payments are made.		
 7 Cash and cash equivalents		
The municipality has the following bank accounts:		
Current account (primary bank account)		
Standard Bank		
Account number 24-031-259-7		
Cashbook balance at the beginning of the year	1 571 314	4 430 620
Cashbook balance at the end of the year	<u>13 763 742</u>	<u>1 571 314</u>
Bank statement balance at the beginning of the year	1 614 341	4 453 385
Bank statement balance at the end of the year	<u>13 763 743</u>	<u>1 614 341</u>
 The municipality has the following cash on hand:	<u><u>2 000</u></u>	<u><u>1 200</u></u>
Held-to-maturity investments maturing during 1 to 3 months		
ABSA Short term (32 days to 3 Months)	27 094 108	21 714 334
Standard Bank Short term (32 day deposits)	21 520 216	19 335 262
Nedbank Short term (Call deposit)	19 912 310	6 558 568
FNB Short term (32 day deposit)	-	10 057 096
Held-to-maturity investments maturing during 1 to 3 months	<u>68 526 634</u>	<u>57 665 260</u>
 Total cash and cash equivalents	<u><u>82 292 376</u></u>	<u><u>59 237 774</u></u>

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	Restated
	R	2009
		R
8 Non-current borrowings		
Annuity loans	32 490 751	36 794 020
Less: current portion transferred to current liabilities	<u>(4 764 534)</u>	<u>(4 303 270)</u>
Total long-term borrowings	<u>27 726 217</u>	<u>32 490 750</u>
All annuity loans are from The Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed at 31 December 2015 and the loans carry interest between 10% and 12% per annum.		
Refer to Appendix A for more detail on long-term borrowings.		
9 Payables from exchange transactions		
Retentions	337 694	654 203
Staff bonuses	1 094 696	459 249
Staff leave	2 696 710	2 896 806
Trade payables	<u>7 221 466</u>	<u>6 430 347</u>
Sub total	<u>11 350 566</u>	<u>10 440 605</u>
Total payables from exchange transactions	<u>11 350 566</u>	<u>10 440 605</u>
10 Payables from non-exchange transactions		
Other payables	<u>7 162</u>	<u>62 635</u>
Total payables from non-exchange transactions	<u>7 162</u>	<u>62 635</u>
11 Unspent conditional grants and receipts		
Financial Management Grant	49 812	488 776
Municipal Systems Improvement Grant	362 872	603 167
Capacity Building Grant	40 000	40 000
Ntsika Economic Summit	8 583	8 583
District Aids Council	<u>10 460</u>	<u>10 460</u>
Total conditional grants and receipts	<u>471 727</u>	<u>1 150 986</u>
See note 15 for reconciliation of grants from other spheres of government. These amounts are invested until utilized. The amounts will be recognised as revenue when the qualifying expenditure is incurred. No grants were withheld due to unfulfilled conditions.		

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	Restated 2009 R
12 Service charges			
Regional service levy		117	-
Establishment levy		221	-
Legal costs		-	26 010
Fair value adjustment		-	-
Total service charges		<u><u>338</u></u>	<u><u>26 010</u></u>
13 Rental of facilities and equipment			
Rental of facilities		918 088	805 340
Rental of equipment		-	-
Rental of other		-	-
		<u><u>918 088</u></u>	<u><u>805 340</u></u>
14 Interest earned			
Financial assets			
Consumer receivables		898	1 286 723
Investments		6 691 038	7 513 531
Non-current receivables		11 539	43 159
Fair value adjustment		73 056	125 166
		<u><u>6 776 531</u></u>	<u><u>8 968 579</u></u>
15 Government grants and subsidies			
Regional service council levy replacement grant	15.1	128 703 000	113 440 376
Equitable share	15.2	14 069 000	11 355 507
Financial Management Grant	15.3	907 603	469 020
Municipal Systems Improvement Grant	15.4	804 294	640 359
Total government grants & subsidies received		<u><u>144 483 897</u></u>	<u><u>125 905 262</u></u>
15.1 Regional service council levy replacement grant			
Balance unspent at beginning of year		-	-
Current year receipts		128 703 000	113 440 376
Conditions met - transferred to revenue	15	(128 703 000)	(113 440 376)
Conditions still to be met - transferred to liabilities (see note11)		-	-
This grant is used to subsidise the provision administrative services and serves as a replacement for the revenue lost due to the abolishment of RSC levies.			
15.2 Equitable share			
Balance unspent at beginning of year		-	-
Current year receipts		14 069 000	11 355 507
Conditions met - transferred to revenue	15	(14 069 000)	(11 355 507)
Conditions still to be met - transferred to liabilities (see note11)		-	-
In terms of the Constitution, this grant is used to subsidise the provision administrative services to indigent community members and to subsidise income.			
15.3 Financial Management Grant			
Balance unspent at beginning of year		488 777	457 797
Current year receipts		750 000	500 000
Surrendered to the National Revenue Fund		(281 362)	-
Conditions met - transferred to revenue	15	(907 603)	(469 020)
Conditions still to be met - transferred to liabilities (see note11)		49 812	488 777
The purpose of the grant is to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act (MFMA).			
15.4 Municipal Systems Improvement Grant			
Balance unspent at beginning of year		603 167	508 526
Current year receipts		735 000	735 000
Surrendered to the National Revenue Fund		(171 000)	-
Conditions met - transferred to revenue	15	(804 295)	(640 359)
Conditions still to be met - transferred to liabilities (see note11)		362 872	603 167
The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000.			

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	Restated 2009 R
16 Other income			
Recovery cellphone costs		28 675	28 958
SETA - WSP refund		229 219	311 088
Other income		21 710	451 120
Total other income		<u>279 604</u>	<u>791 166</u>
17 Employee related costs			
Employee related costs - Salaries and wages		34 997 975	30 738 983
Employee related costs - Contributions for SDL, UIF, Compensation Commissioner, pensions and medical aids		7 076 212	6 351 828
Travel, motor car, accommodation, subsistence and other allowances		5 452 902	5 367 503
Housing benefits and allowances		229 106	268 249
Overtime payments		83 797	65 043
Bonuses (including provision for bonus and performance bonuses)		3 341 161	3 738 046
Provision for leave		1 308 227	2 213 897
Total employee related costs		<u>52 489 380</u>	<u>48 743 549</u>
There were no advances to employees. Loans to employees are set out in note 4.			
Remuneration of the Acting Municipal Manager			
Annual remuneration		1 136 954	380 227
Performance bonus		102 994	-
Car allowance		63 000	40 000
Contribution to UIF, medical and pension funds		80 635	44 352
Total		<u>1 383 583</u>	<u>464 579</u>
Remuneration of the Acting Chief Financial Officer			
Annual remuneration		495 030	-
Performance bonus		155 353	-
Car allowance		-	-
Contribution to UIF, medical and pension funds		-	-
Total		<u>650 383</u>	<u>-</u>
Remuneration of the Acting Chief Operating Officer			
Annual remuneration		334 612	952 596
Performance bonus		-	83 627
Car allowance		-	184 000
Contribution to UIF, medical and pension funds		-	42 865
Total		<u>334 612</u>	<u>1 263 088</u>
Remuneration of individual Executive Directors:			
Executive Director: Community and Social Development			
Annual remuneration		760 168	-
Performance bonus		132 198	-
Car allowance		142 205	-
Contribution to UIF, medical and pension funds		128 535	-
Total		<u>1 163 106</u>	<u>-</u>
Executive Director: Corporate Services			
Annual remuneration		909 410	720 597
Performance bonus		132 198	69 498
Car allowance		120 000	192 520
Contribution to UIF, medical and pension funds		1 497	10 174
Total		<u>1 163 105</u>	<u>992 789</u>
Executive Director: Economic Development and Planning			
Annual remuneration		502 945	622 435
Performance bonus		-	76 973
Car allowance		-	76 000
Contribution to UIF, medical and pension funds		-	65 788
Total		<u>502 945</u>	<u>841 196</u>
Executive Director: Infrastructure			
Annual remuneration		316 486	-
Performance bonus		-	-
Car allowance		-	-
Contribution to UIF, medical and pension funds		-	-
Total		<u>316 486</u>	<u>-</u>

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	Restated 2009 R
18 Remuneration of councillors			
Executive Mayor		477 162	559 969
Deputy Executive Mayor		-	-
Speaker		348 572	475 019
Chief Whip		528 898	460 089
Mayoral Committee Members		3 519 933	2 890 580
Councillors		3 201 579	2 773 896
Total Councillors' Remuneration		<u>8 076 144</u>	<u>7 159 553</u>
<i>In-kind benefits</i>			
The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time employees of the municipality. Each is provided with an office and secretarial support at the cost of the Council.			
The Executive Mayor and Deputy-Executive Mayor have use of council owned vehicles for official duties.			
The Executive Mayor and Deputy Executive Mayor have five bodyguards and an official driver at the cost of Council.			
19 Finance costs			
Borrowings - The Development Bank of South Africa		3 728 139	4 144 506
Finance leases		4 496	11 477
Fair value adjustment to payables		737 761	597 721
Total interest on external borrowings		<u>4 470 396</u>	<u>4 753 704</u>
20 Grants and subsidies paid			
Bucket eradication		4 228 819	2 562 724
Solidwaste disposal		37 208	918 126
Sewer master plan		-	884 067
Water master plan		-	829 039
Water reservoir		584 590	740 959
Upgrade water treatment networks		-	1 032 617
Paving of roads and streets		5 561 375	-
Multipurpose sports complex		712 482	-
Provision of Environmental Health Services		8 233 077	12 168 354
Operation Hlasela		341 850	-
Project Management Development of farms		780 000	-
Signing Ceremony		75 000	-
Cleanest Town		717 000	47 400
Two Nations Event		-	80 000
Games for the Aged		-	20 000
Celebration of Matsopa Day		-	87 000
SMME Workshop		-	300 000
Meals Volunteers Confed Cup		-	13 600
Mayoral Outreach Program		-	117 000
Feasibility Study - Sand Mining		-	200 000
Financial Assistance Councillor Burials		20 000	-
Total grants and subsidies		<u>21 291 401</u>	<u>20 000 886</u>

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	Restated 2009 R
21 General expenses			
Included in general expenses is the following:			
Advertising		686 772	589 549
Audio and visual equipment rent		328 590	329 561
Audio visual production		35 850	176 560
Audit fees		1 174 358	1 003 314
Awareness campaigns		279 689	480 045
Bank charges		43 689	51 845
Brochures and booklets		30 023	-
Catering		1 282 516	1 098 819
Cleaning		7 326	18 942
Confederation Cup tickets		-	288 260
Congress & seminaars		215 280	72 841
Consulting fees		1 552 818	1 719 700
Consumables		90 252	66 507
Corporate branding		705 258	530 637
Distater relief - blanktes		-	452 600
Entertainment		796 249	458 387
Exhibitions		11 419	-
Feasibility studies		199 386	-
Financial Assistance Animal feed		500 000	-
Financial Assistance Audio and visual equipment rent		160 000	-
Financial Assistance Communication stations support costs		360 519	-
Financial Assistance Small enterprise development support		-	400 000
Financial Assistance Vistor information centre		160 000	-
Flea market stalls		144 000	-
Flowers & gifts		67 793	82 910
Fuel		284 140	243 865
Hi Site Rentals		18 639	85 958
Hire of facilities		302 714	356 950
Insurance		261 144	227 607
International tours		2 241 224	816 155
Legal fees		971 948	450 912
Licenses		27 875	12 560
Marketing		613 317	278 473
Moral regeneration events		700 000	-
Motheo newsletter production costs		215 627	375 000
Office rental		5 088 261	4 019 964
Parking		382 350	273 500
Postage and telephone		1 062 982	937 131
Printing and stationery		1 091 348	775 653
Property rates		370 994	46 557
Protective clothing		48 043	104 999
Publications		115 058	198 649
SALGA Free State		381 218	285 680
Sponsorships		3 990 879	865 472
Study assistance		157 731	285 459
Suite costs		239 651	156 767
Sundry		1 233 192	1 416 381
Tourism training forums		-	200 000
Training and courses		2 047 624	1 029 892
Translation services		54 148	36 729
Transportation		592 902	399 680
Travelling		3 812 571	2 557 204
Water and electricity		590 726	384 621
Workshops		154 994	133 767
World Cup Soccer 2010		3 260 206	-
Fair value adjustment to general expenses		(529 561)	(337 189)
Total		38 613 731	24 438 873
22.1 Repairs and maintenance			
Included in repairs and maintenance is the following:			
Computers and networks		463 890	615 926.00
General		174 735	203 549.00
Vehicles		190 962	129 580.00
Buildings		9 961	495 366.00
Financial assistance - repairs and maintenance IDP		50 000	-
Fair value adjustment to repairs and maintenance		(11 982)	(19 658.00)
		877 566	1 424 763
22.2 Surplus for the year		26 029 408	29 094 307
Included in the surplus for the year is the following:			
Operating lease charges:			
Buildings		5 088 261	4 019 964
Depreciation of property, plant and equipment			
- Other		(634 173)	(751 638)
- Lease assets		(561 353)	(666 926)
		(72 820)	(84 712)

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	Restated
	R	2009
		R
23 Cash generated from operations		
Net surplus for the year	26 029 408	29 094 307
Adjustment for:		
Depreciation and amortisation	634 173	751 638
Fairl value adjustment - Investment Property	(77 484)	(524 628)
Contributions to provisions - non-current	-	-
Contributions to bad debts	53 743	653 712
Contributions reserves	-	-
Investment income	(6 776 531)	(8 968 579)
Interest paid	4 470 396	4 753 704
Loss on sale of assets	147 828	-
Operating surplus before working capital changes:	24 481 533	25 760 154
(Increase) / Decrease in consumer receivables	1 150	3 303
Decrease/(increase) in other receivables	(110 116)	1 696 729
(Decrease) / increase in conditional grants & receipts	(679 259)	125 621
Decrease in impairment	-	-
Increase in payables	854 488	2 752 912
Prior year opening balance restatement / adjustment	287 335	5 712 362
Cash generated by operations	24 835 131	36 051 081
24 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprises the following amounts indicating financial position:		
Investments in financial instruments maturing in lesser than the first 3 months	68 526 634	57 665 260
Positive bank balances	13 763 742	1 571 314
Cash on hand	2 000	1 200
Total cash and cash equivalents	82 292 376	59 237 774

Refer to note 7 for a breakdown of cash book balances and balance per bank statements.

Pledged investments

There are no pledged investments.

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
25 Additional disclosures in terms of the Municipal Finance Management Act		
25.1 Contributions to organised local government		
Opening balance	-	-
Council subscriptions	381 218	285 680
Amount paid - current year	(402 186)	(285 680)
Amount paid - previous years	-	-
Balance refundable (included in receivables)	<u>(20 968)</u>	<u>-</u>
25.2 Audit fees		
Opening balance	-	-
Prior year audit fee	1 174 358	1 003 314
Current year regularity audit fees	-	-
Current year performance audit fees	-	-
Amount paid - current year	(1 174 358)	(1 003 314)
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
25.3 VAT		
Opening balance	1 149 039	4 051 911
Adjustments	67 694	(31 658)
Amount claimed	4 538 648	2 773 362
Amount received	(3 889 513)	(5 029 704)
VAT refundable	<u>1 865 868</u>	<u>1 763 911</u>
All Vat returns have been submitted by the due date during the year.		
25.4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	11 771 077	11 306 627
Amount paid - current year	(11 771 077)	(11 306 627)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
25.5 Pension and medical aid deductions		
Current year payroll deductions and council contributions	10 538 877	9 378 970
Amount paid - current year	(10 538 877)	(9 378 970)
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
25.6 Skills Development Levy		
Opening balance	-	-
Payable during the current year	447 586	390 171
Amount paid - current year	(447 586)	(390 171)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
26 Capital and current commitments		
Commitments in respect of capital expenditure:		
-Approved and contracted for		
Infrastructure	2 864 180	3 761 832
Other	749 464	-
	<u>3 613 644</u>	<u>3 761 832</u>
Commitments in respect of current expenditure - Approved and contracted for		
	3 097 310	121 561
Total	<u>6 710 954</u>	<u>3 883 393</u>

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R

Restated
2009
R

27 Retirement benefit information
The municipality provides retirement benefits for its employees and councillors. Benefits are provided via defined contribution plans and defined benefit plans.

27.1 Defined contribution plan
The following are defined contribution plans: Local Government Employees Pension Fund, Municipal Councillors Pension Fund, Free State Municipal Pension Fund, Free State Municipal Provident Fund, SAMWU Provident Fund, Old Mutual Orion Pension Fund and National Provident Fund for Municipal Workers. Employees can contribute to the Free State Municipal Pension Fund, Free State Municipal Provident Fund and SAMWU Provident Fund. These Funds are classified as defined contribution plans. These contributions have been expensed.

Contributions made to Defined contribution plans:

Free State Municipal Provident Fund	1 825 920	1 854 134
Municipal Councillors Pension Fund	463 300	352 920
Free State Municipal Pension Fund	763 754	802 600
Local Government Employees Pension Fund	241 197	285 383
Old Mutual Orion Pension Fund	80 799	75 513
SAMWU Provident Fund	1 437 963	957 713
	4 812 933	4 328 263

Number of Members:

Free State Municipal Provident Fund	45	47
Municipal Councillors Pension Fund	19	18
Free State Municipal Pension Fund	24	25
Local Government Employees Pension Fund	4	7
Old Mutual Orion Pension Fund	3	3
SAMWU Provident Fund	19	13
	114	113

27.2 Defined benefit plan

The Sala Pension Fund is classified as defined benefit plan however, treated as a defined contribution plan. These are multi-employer plans and according to the actuaries it is not possible to report separately for each municipality on the fund, thus the reason for treating it as a contribution plan in terms of IAS 19 (AC116).30.

Some employees belongs to the Sala Pension Fund. The latest actuarial valuation of Sala Pension Fund as at 30 June 2010 was performed on 1 July 2006. These valuations indicate that the funds are in a sound financial position. The estimated liability of the fund is R4,763 million which is adequately financed by assets of R5,049 million.

Contributions made to Defined benefit plans:

Sala Pension Fund	226 259	205 941
Sala Councillors Pension Fund	63 181	85 543
	289 440	291 484

Number of Members:

Sala Pension Fund	4	4
Sala Councillors Pension Fund	2	2
	6	6

28 Contingent liabilities

Pending claims

Investigation on the mismanagement of resources	-	1 088 727
Allegations of salary disparity	-	15 000
Unfair labour practices	-	-
Unfair dismissals	6 608 171	6 608 171
	6 608 171	7 711 898

29 Related parties

Key management personnel

See note 17 and 18 for remuneration of key management personnel and Council.

Loans to key management personnel

	Original Transaction amount	Outstanding balance as at 30 June 2010	Outstanding balance as at 30 June 2009
Motor vehicle loans			
CAR LOAN BBJW MOLEME	100 764	-	20 310
CAR LOAN L MATHAE	182 316	126	36 747
CAR LOAN L SALAGAE	129 777	45	24 057
CAR LOAN RAMOLEBO	148 848	-	22 725
CAR LOAN EM MOTHABI	140 000	-	21 374
CAR LOAN N DONVULO	148 848	-	5 166
CAR LOAN A LEKHU	148 848	-	5 166
CAR LOAN GAS NQANDA	147 692	-	2 573
CAR LOAN GS DE WET	122 190	43	22 650
CAR LOAN MM MOSIA	148 848	52	27 592
CAR LOAN R KOKOROPO	125 000	44	23 171
CAR LOAN TP TEBESI	148 848	52	27 592
CAR LOAN D THEBEAGAE	88 464	-	13 506
CAR LOAN NS MASWABI	164 900	-	25 175
CAR LOAN I MAKGOE	148 848	105	30 002
	716 426	467	307 806

Senior staff obtained loans at 8.50% interest per annum repayable over a maximum period of 6 years. Repayments are made on a monthly basis by way of salary deductions. These loans are being phased out and are repayable in the year 2010.

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R	
30 Leases			
<u>30.1 Finance Leases</u>			
	Minimum Lease Payment	Future Finance charges	Present Value of minimum lease payments
30 June 2010			
Amounts payable under finance leases			
Within one year	28 702	3 925	24 777
In the second to fifth year inclusive	35 640	18 260	17 380
After five years	-	-	-
	64 342	22 185	42 157
Less: Amount due for settlement within 12 months			(24 777) 17 380
	Minimum Lease Payment	Future Finance charges	Present Value of minimum lease payments
30 June 2009			
Amounts payable under finance leases			
Within one year	50 333	4 496	45 837
In the second to fifth year inclusive	243	-	243
After five years	-	-	-
	50 576	4 496	46 080
Less: Amount due for settlement within 12 months			(45 837) 243

Obligations under finance leases are secured by the lessor's title to the leased asset.

30.2 Operating Leases
Lessee

Operating lease payments represent rentals payable by the municipality for the use of its administrative offices. Leases are negotiated for an average term of three years and rentals are fixed for one year. The lease is not cancellable before 30 November 2012. The present leave term expires on the 30th November 2012 and rentals are escalated by 10% annually on the anniversary date of the contract.

No sublease contracts existed for the reporting period.

No contingent rental agreements existed for the reporting period.

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Payable within 1 year	6 063 385	5 463 308	
Payable within 1 - 5 years	9 558 186	-	
Payable later than 5 years	-	-	
	15 621 571	5 463 308	
<u>Operating Lease Liability:</u>			
Opening balance	65 905	92 753	
Lease payments for the year	(5 114 668)	(4 123 026)	
Straight line lease charge in the I/S	5 394 105	4 096 178	
Closing balance	345 342	65 905	

31 Events after reporting date

None.

32 Irregular expenditure

Reconciliation of irregular expenditure identified:

Opening Balance	47 371 484	45 659 632	
Irregular expenditure current year	2 437 116	1 711 852	
Irregular expenditure not previously disclosed	-	-	
Condoned or written off by Council	-	-	
Transfer to receivables for recovery - not condoned	-	-	
Irregular expenditure awaiting condonement	49 808 600	47 371 484	

For detail refer to fruitless and wasteful and irregular register as maintained by the municipality.

MOTHEO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
33 Fruitless and wasteful expenditure		
Reconciliation of fruitless expenditure identified:		
Opening Balance	4 465 208	2 788 704
Fruitless expenditure current year	6 317 076	1 513 404
Fruitless expenditure not previously disclosed	-	163 100
Condoned or written off by Council	(3 145 744)	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless expenditure awaiting condonement	7 636 540	4 465 208

For detail refer to fruitless and wasteful and irregular register as maintained by the municipality.

34 Unauthorised expenditure		
Reconciliation of unauthorised expenditure identified:		
Opening Balance	3 603 440	3 603 440
Unauthorised expenditure current year	-	-
Unauthorised expenditure current year - not reported	-	-
Approved by council or condoned	(3 603 440)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	3 603 440

35 Deviations from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. The entity complied with the supply chain management policy.

36 Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1)

37 CHANGE IN ACCOUNTING POLICY

The following changes in accounting policy were corrected in terms of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors
37.1 - Finance lease assets and liabilities - GRAP 13

Finance lease assets and liabilities have not been recognised in prior years. The comparative statements for 2008/09 have been restated. The effect of the restatement is summarised below:

Increase in accumulated surplus	(138 887)
Increase in finance lease assets	525 401
Increase in accumulated depreciation	(234 693)
Increase in finance lease liability	(151 821)

37.2 Straight-lining of leases - GRAP 13

Straight-lining of leases were not done during the previous year. The comparative statements for 2008/09 have been restated. The effect of the restatement is summarised below:

Decrease in accumulated surplus	92 753
Increase in finance lease liability	(92 735)

37.3 Implementation of GRAP 17 - PPE

Property, plant and equipment along with its corresponding accumulated depreciation have not been recognised in prior years. The comparative statements for 2008/09 have been restated. The effect of the restatement is summarised below:

Increase in accumulated surplus	(4 021 236)
Increase in Other assets	5 405 262
Increase in accumulated depreciation	(1 384 026)

37.4 Implementation of GRAP 16 - Investment Property

Investment property has not been recognised in prior years.

The comparative statements for 2008/09 have been restated.

The effect of the restatement is summarised below:

Increase in accumulated surplus	(6 347 889)
Increase in investment property	6 347 889

37.5 Implementation of IAS 39 - Fair value

Trade and other receivables / payables have not been recognised at fair value in prior years. The comparative statements for 2008/09 have been restated. The effect of the restatement is summarised below:

Decrease in other payables	1 781
Decrease in retention payables	299 081
Increase in accumulated surplus	(300 862)

Decrease in trade and other receivables	(157 640)
Decrease in accumulated surplus	157 640

MOTHEO DISTRICT MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2010

External loans	Loan Number	Redeemable	Balance at 30/6/2008	Received during the year	Redeemed or written off during the year	Balance at 30/6/2009	Received during the year	Redeemed or written off during the year	Balance at 30/6/2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R	R	R	R
Annuity loans											
DBSA @ 12%	10 148/103	30/06/2015	8 678 567	-	851 157	7 827 410	-	956 359	6 871 051	-	-
DBSA @ 10%	10 212/404	31/12/2015	2 129 562	-	202 400	1 927 162	-	223 147	1 704 015	-	-
DBSA @ 10%	10 215/502	31/12/2015	1 164 573	-	110 684	1 053 889	-	122 030	931 859	-	-
DBSA @ 10%	10 216/502	31/12/2015	1 461 091	-	138 867	1 322 224	-	153 100	1 169 124	-	-
DBSA @ 10%	10 217/502	31/12/2015	2 290 224	-	217 670	2 072 554	-	239 981	1 832 573	-	-
DBSA @ 10%	10 218/502	31/12/2015	2 154 365	-	204 758	1 949 607	-	225 745	1 723 862	-	-
DBSA @ 10%	10 219/502	31/12/2015	2 704 797	-	257 072	2 447 725	-	283 423	2 164 302	-	-
DBSA @ 10%	10 220/502	31/12/2015	1 193 663	-	113 450	1 080 213	-	125 078	955 135	-	-
DBSA @ 10%	10 221/502	31/12/2015	1 123 782	-	106 808	1 016 974	-	117 755	899 219	-	-
DBSA @ 10%	10 222/504	31/12/2015	2 099 828	-	199 575	1 900 253	-	220 030	1 680 223	-	-
DBSA @ 10%	10 223/504	31/12/2015	1 835 070	-	174 410	1 660 660	-	192 288	1 468 372	-	-
DBSA @ 10%	10 224/504	31/12/2015	1 273 310	-	121 019	1 152 291	-	133 424	1 018 867	-	-
DBSA @ 10%	10 225/502	31/12/2015	2 069 898	-	196 730	1 873 168	-	216 894	1 656 274	-	-
DBSA @ 10%	10 226/402	31/12/2015	1 698 472	-	161 428	1 537 044	-	177 974	1 359 070	-	-
DBSA @ 10%	10 227/504	31/12/2015	2 648 889	-	251 759	2 397 130	-	277 564	2 119 566	-	-
DBSA @ 10%	10 228/502	30/06/2015	701 481	-	60 814	640 667	-	67 047	573 620	-	-
DBSA @ 10%	10 229/502	31/12/2015	2 711 019	-	257 664	2 453 355	-	284 074	2 169 281	-	-
DBSA @ 10%	10 230/402	31/12/2015	2 742 333	-	260 639	2 481 694	-	287 356	2 194 338	-	-
Total Annuity loans			40 680 924	-	3 886 904	36 794 020	-	4 303 269	32 490 751	-	-
Total external loans			40 680 924	-	3 886 904	36 794 020	-	4 303 269	32 490 751	-	-

MOTHEO DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2010

	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals		Closing Balance
Other Assets													
Office Equipment	1 688 376	94 167	-	-	-	22 595	1 759 948	828 365	284 548	-	15 347	1 097 566	662 382
Furniture and Fittings	1 072 066	27 619	-	-	-	-	1 099 685	203 156	126 866	-	-	330 022	769 663
Motor Vehicles	2 225 721	269 995	-	-	-	584 600	1 911 116	1 019 431	149 939	-	353 885	815 485	1 095 631
	4 986 163	391 781	-	-	-	607 195	4 770 749	2 050 952	561 353	-	369 232	2 243 073	2 527 676
Lease assets													
Office Equipment	525 401	61 102	-	-	-	46 500	540 003	317 846	72 820	-	50 000	340 666	199 337
	525 401	61 102	-	-	-	46 500	540 003	317 846	72 820	-	50 000	340 666	199 337
Total	5 511 564	452 883	-	-	-	653 695	5 310 752	2 368 798	634 173	-	419 232	2 583 739	2 727 013

MOTHEO DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Opening Balance	Additions	Transfer In	Disposals	Closing Balance		
Other Assets													
Office Equipment	1 560 492	127 884	-	-	-	-	1 688 376	476 874	351 491	-	-	828 365	860 011
Furniture and Fittings	543 730	528 336	-	-	-	-	1 072 066	78 007	125 149	-	-	203 156	868 910
Motor Vehicles	2 225 721	-	-	-	-	-	2 225 721	829 145	190 286	-	-	1 019 431	1 206 290
Plant and Machinery	1 075 319	-	-	-	-	1 075 319	-	-	-	-	-	-	-
	5 405 262	656 220	-	-	-	1 075 319	4 986 163	1 384 026	666 926	-	-	2 050 952	2 935 211
Lease assets													
Office Equipment	525 401	5 060	-	-	-	5 060	525 401	234 693	84 712	-	1 559	317 846	207 555
	525 401	5 060	-	-	-	5 060	525 401	234 693	84 712	-	1 559	317 846	207 555
Total	5 930 663	661 280	-	-	-	1 080 379	5 511 564	1 618 719	751 638	-	1 559	2 368 798	3 142 766

MOTHEO DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2010

	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Opening Balance	Additions	Transfer In	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R		
Council general expenses	3 153 139	340 567	-	-	-	636 197	2 857 509	1 256 137	291 374	-	407 400	1 140 111	1 717 398
Office of the Municipal Manager	33 636	-	-	-	-	-	33 636	12 136	3 755	-	-	15 891	17 745
Office of the COO	76 203	9 245	-	-	-	-	85 448	16 519	13 910	-	-	30 429	55 019
Political Support	85 236	11 796	-	-	-	-	97 032	14 286	18 695	-	-	32 981	64 051
Financial services	293 472	39 926	-	-	-	17 498	315 900	142 553	48 935	-	11 832	179 656	136 244
Technical services	62 867	5 024	-	-	-	-	67 891	18 580	8 180	-	-	26 760	41 131
Social development	51 657	7 183	-	-	-	-	58 840	21 026	9 028	-	-	30 054	28 786
Corporate services	1 624 398	28 616	-	-	-	-	1 653 014	867 167	217 845	-	-	1 085 012	568 002
Economic development	130 956	10 526	-	-	-	-	141 482	20 394	22 451	-	-	42 845	98 637
Total	5 511 564	452 883	-	-	-	653 695	5 310 752	2 368 798	634 173	-	419 232	2 583 739	2 727 013

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Opening Balance	Additions	Transfer In	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R		
Council general expenses	3 754 698	477 260	-	-	-	1 078 819	3 153 139	913 231	342 906	-	-	1 256 137	1 897 002
Office of the Municipal Manager	33 636	-	-	-	-	-	33 636	7 355	4 781	-	-	12 136	21 500
Office of the COO	50 917	25 286	-	-	-	-	76 203	5 290	11 229	-	-	16 519	59 684
Political Support	36 451	48 785	-	-	-	-	85 236	3 676	10 610	-	-	14 286	70 950
Financial services	264 178	29 294	-	-	-	-	293 472	93 581	48 972	-	-	142 553	150 919
Technical services	52 469	10 398	-	-	-	-	62 867	9 901	8 679	-	-	18 580	44 287
Social development	46 396	5 261	-	-	-	-	51 657	12 976	8 050	-	-	21 026	30 631
Corporate services	1 607 147	18 811	-	-	-	1 560	1 624 398	565 692	303 034	-	1 559	867 167	757 231
Economic development	84 771	46 185	-	-	-	-	130 956	7 017	13 377	-	-	20 394	110 562
Total	5 930 663	661 280	-	-	-	1 080 379	5 511 564	1 618 719	751 638	-	1 559	2 368 798	3 142 766

MOTHEO DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009	2009	2009		2010	2010	2010
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
		-	REGIONAL FUNCTIONS			-
-	2 926 463	(2 926 463)	LED and Job Creation	-	4 348 612	(4 348 612)
-	6 049 407	(6 049 407)	Infrastructure	-	10 374 783	(10 374 783)
-	18 868 552	(18 868 552)	Social development	-	20 834 468	(20 834 468)
-	569 932	(569 932)	Safety and security	-	737 275	(737 275)
-	2 437 401	(2 437 401)	Municipal governance	-	4 587 910	(4 587 910)
-	464 101	(464 101)	Conditional Grants	-	1 107 603	(1 107 603)
		-	ADMINISTRATION			-
125 934 220	17 613 234	108 320 986	Council general expenses	144 512 573	19 325 930	125 186 643
-	1 267 959	(1 267 959)	Office of the Municipal Manager	-	2 922 303	(2 922 303)
-	5 118 807	(5 118 807)	Office of the COO	-	4 547 528	(4 547 528)
-	14 824 628	(14 824 628)	Political Support	-	16 485 690	(16 485 690)
9 970 337	10 245 226	(274 889)	Financial services	6 876 063	10 503 542	(3 627 479)
-	1 959 136	(1 959 136)	Technical services	-	2 290 294	(2 290 294)
805 340	6 060 751	(5 255 411)	Social development	918 088	6 688 163	(5 770 075)
311 087	14 651 413	(14 340 326)	Corporate services	229 219	17 490 745	(17 261 526)
-	4 869 667	(4 869 667)	Economic development	-	4 261 689	(4 261 689)
137 020 984	107 926 677	29 094 307		152 535 943	126 506 535	26 029 408

MOTHEO DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanation of significant variances greater than 10% versus budget
	R	R	R	%	
Revenue					
Property rates	-	-	-	0%	
Service charges	338	338	-	0%	
Rental of facilities and equipment	918 088	-	918 088	100%	Deemed income on Investment property not budgeted for
Interest earned - external investments	6 776 531	5 586 780	1 189 751	21%	Returns on investment higher than anticipated. Interest capitalised 30 June 2010
Fines	-	-	-	0%	
Licenses and permits	-	-	-	0%	
Income for agency services	-	-	-	0%	
Government grants and subsidies	144 483 897	146 243 000	(1 759 103)	-1%	Health grant gazetted by mistake. Paid to Mangaung LM during April 2009
Other income	279 604	122 769	156 835	128%	Payment received from LGSETA after adjustment budget process
Total Revenue	152 458 458	151 952 887	505 571		
Expenditure					
LED and Job Creation	4 348 612	6 950 300	(2 601 688)	-37%	Rural development project not completed. Disclosed as commitments
Infrastructure	10 374 783	16 325 600	(5 950 817)	-36%	Projects in Mantsopa and Naledi not completed. Disclosed as commitments
Social development	20 834 468	24 064 608	(3 230 140)	-13%	Saving on Environmental Health expenditure - Grant not received
Safety and security	737 275	1 415 000	(677 725)	-48%	Response vehicle transferred to CAPEX, R200,000 saving on the Disaster relief fund
Municipal governance	4 587 910	7 285 000	(2 697 090)	-37%	Savings offered on different institutional programmes
Conditional Grants	1 107 603	1 438 000	(330 397)	-23%	Uncommitted fundswere withheld by National Treasury
Council general expenses	19 325 930	20 622 959	(1 297 029)	-6%	
Office of the Municipal Manager	2 922 303	3 239 355	(317 052)	-10%	Savings offered on salaries and general expenses
Office of the COO	4 547 528	5 178 883	(631 355)	-12%	Savings offered on salaries and general expenses
Political Support	16 485 690	16 401 878	83 812	1%	Contribution to the Leave provision more than expected
Financial services	10 503 542	13 987 394	(3 483 852)	-25%	Savings offered on salaries and general expenses
Technical services	2 290 294	4 239 579	(1 949 285)	-46%	Savings offered on salaries and general expenses
Social development	6 688 163	5 889 775	798 388	14%	Deemed expenditure on Investment Property not budgeted for
Corporate services	17 490 745	19 538 996	(2 048 251)	-10%	Savings offered on salaries and general expenses
Economic development	4 261 689	5 368 040	(1 106 351)	-21%	Savings offered on salaries and general expenses
Total Expenditure	126 506 535	151 945 367	(25 438 832)		
Net surplus/(deficit) for the year	25 951 923	7 520	25 944 403	345005%	

MOTHEO DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

Revenue	2009	2009	2009	2009	Explanation of significant variances greater than 10% versus budget
	Actual	Budget	Variance	Variance	
	R	R	R	%	
Property rates	-	-	-	0%	
Service charges	26 010	26 000	10	0%	
Rental of facilities and equipment	805 340	-	805 340	100%	Deemed income on Investment property not budgeted for. Restated figures
Interest earned - external investments	8 968 579	8 832 883	135 696	2%	
Fines	-	-	-	0%	
Licenses and permits	-	-	-	0%	
Income for agency services	-	-	-	0%	
Government grants and subsidies	125 905 262	126 548 000	(642 738)	-1%	
Other income	791 166	1 151 669	(360 503)	-31%	
Total Revenue	136 496 357	136 558 552	(62 195)		
Expenditure					
LED and Job Creation	2 926 463	3 450 000	(523 537)	-15%	
Infrastructure	6 049 407	15 600 000	(9 550 593)	-61%	Projects in Mantsopa and Naledi not completed.
Social development	18 868 552	20 920 500	(2 051 948)	-10%	
Safety and security	569 932	1 110 000	(540 068)	-49%	
Municipal governance	2 437 401	3 654 100	(1 216 699)	-33%	Savings offered on different institutional programmes
Conditional Grants	464 101	900 000	(435 899)	-48%	Funds not utilised on IDP related programs
Council general expenses	17 613 234	23 002 408	(5 389 174)	-23%	Savings offered on salaries and general expenses
Office of the Municipal Manager	1 267 959	2 412 167	(1 144 208)	-47%	Savings offered on salaries and general expenses
Office of the COO	5 118 807	5 889 281	(770 474)	-13%	Savings offered on salaries and general expenses
Political Support	14 824 628	15 828 155	(1 003 527)	-6%	Savings offered on salaries and general expenses
Financial services	10 245 226	10 794 342	(549 116)	-5%	Savings offered on salaries and general expenses
Technical services	1 959 136	3 394 957	(1 435 821)	-42%	Savings offered on salaries and general expenses
Social development	6 060 751	5 651 470	409 281	7%	Deemed expenditure on Investment Property not budgeted for. Restated figures
Corporate services	14 651 414	17 175 271	(2 523 857)	-15%	Savings offered on salaries and general expenses
Economic development	4 869 667	5 413 707	(544 040)	-10%	Savings offered on salaries and general expenses
Total Expenditure	107 926 678	135 196 358	(27 269 680)		
Net surplus/(deficit) for the year	28 569 679	1 362 194	27 207 485	1997%	

MOTHEO DISTRICT MUNICIPALITY

APPENDIX E (2)

ACTUAL EXPENDITURE VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variance greater than 5% versus Budget
	R	R	R	R	R	%	
Council general expenses	340 567	-	340 567	691 735	(351 168)	-51%	
Office of the Municipal Manager	-	-	-	-	-	0%	
Office of the COO	9 245	-	9 245	21 000	(11 755)	-56%	Impact of GRAP 13 and 17 not considered during budget process.
Political Support	11 796	-	11 796	-	11 796	100%	Impact of GRAP 13 and 17 not considered during budget process.
Financial services	39 926	-	39 926	5 100	34 826	683%	Impact of GRAP 13 and 17 not considered during budget process.
Technical services	5 024	-	5 024	-	5 024	100%	Impact of GRAP 13 and 17 not considered during budget process.
Social development	7 183	-	7 183	8 200	(1 017)	-12%	Impact of GRAP 13 and 17 not considered during budget process.
Corporate services	28 616	-	28 616	22 300	6 316	28%	Impact of GRAP 13 and 17 not considered during budget process.
Economic development	10 526	-	10 526	11 000	(474)	-4%	
	452 883	-	452 883	759 335	(306 452)		

MOTHEO DISTRICT MUNICIPALITY

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 2003 FOR THE YEAR ENDED 30 JUNE 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/ withheld				Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sep-09	Dec-09	Mar-10	Jun-10	Sep-09	Dec-09	Mar-10	Jun-10	Sep-09	Dec-09	Mar-10	Jun-10		
RSC Levy Replacement Grant	National Government	53 626 292	42 493 283	32 583 426	-	22 158 223	28 756 490	27 931 411	45 438 350	-	-	-	-	Yes	
Equitable Share	National Government	5 862 025	4 645 048	3 561 927	-	-	-	-	-	-	-	-	-	Yes	
Financial Management Grant	National Government	750 000	-	-	-	282 230	386 224	86 838	152 310	-	-	-	281 000	Yes	
Municipal System Improvement Grant	National Government	735 000	-	-	-	14 223	206 521	142 795	440 755	-	-	-	171 000	Yes	
		60 973 317	47 138 331	36 145 353	-	22 454 676	29 349 235	28 161 044	46 031 415	-	-	-	452 000		

MOTHEO DISTRICT MUNICIPALITY

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 2003 FOR THE YEAR ENDED 30 JUNE 2009

Name of Grants	Name of organ of state or municipal entity	Quarterly Expenditure								Grants and Subsidies delayed/ withheld				Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act Yes / No	Reason for non-compliance
		Sep-08	Dec-08	Mar-09	Jun-09	Sep-08	Dec-08	Mar-09	Jun-09	Sep-08	Dec-08	Mar-09	Jun-09		
RSC Levy Replacement Grant	National Government	37 813 458	28 360 094	47 266 824	-	15 252 666	27 330 677	15 243 152	46 960 262	-	-	-	-	Yes	
Equitable Share	National Government	3 785 169	2 838 877	4 731 461	-	-	-	-	-	-	-	-	-	Yes	
Financial Management Grant	National Government	900 000	-	-	-	20 469	140 401	172 521	135 629	-	-	-	-	Yes	
Municipal System Improvement Grant	National Government	735 000	-	-	-	136 059	290 264	134 150	79 885	-	-	-	-	Yes	
		43 233 627	31 198 971	51 998 285	-	15 409 194	27 761 342	15 549 823	47 175 776	-	-	-	-		