

TSWELOPELE LOCAL MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2010

I am responsible for the preparation of these annual financial statements, which are set out on page 4 to 60, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager
K J Motlhale

Date

TSWELOPELE LOCAL MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010

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GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of operations and principal activities	Providing municipal services and maintain the best interests of the local community mainly in the Tswelopele area.
Legal form	An organ of state within the local sphere of government exercising legislative and executive authority.
Jurisdiction of entity	Area FS183, as a local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS183.
Grading of the Municipality	Medium Capacity
Mayor	K R Phukuntsi
Councillors and their portfolios	<p><u>Speaker:</u> S D Phara</p> <p><u>Members of Executive Committee:</u> T E Tjabane C Horn</p> <p><u>Chief Whip:</u> K D Motshabi</p> <p><u>Councillors of the Council:</u> M S Bonokwane P J Coetzer D E Liphooko T A Matlakala F T Matsholo N E Mphirime M J Ngexe M M Snyer M J Taljaard</p>

**GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2010**

GENERAL INFORMATION (continued)

Registered address	Civic Centre Bosman Street Bultfontein 9670
Postal address	PO Box 3 Bultfontein 9670
Bankers	ABSA Bank
Auditors	The Auditor-General: Free State
Municipal Manager	K J Motlhale
Chief Financial Officer	J W Young
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 Conditions of the Employment Act 75 Of 1997 The VAT Act 89 of 1991 The Skills Development Act 9 of 1999 The Water Services Act 108 of 1997 The Housing Act 107 of 1997

TSWELOPELE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

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	Note	2010 R	2009 R
ASSETS			
Current assets			
		8 285 781	15 404 628
Cash and cash equivalents	1	--	3 466 044
Trade and other receivables from exchange transactions	2	5 680 775	7 196 659
Other receivables	3	1 739 945	1 643 728
Inventory	4	105 512	2 249 608
VAT Receivable	12	759 549	848 589
Non-current assets			
		256 607 463	228 723 283
Investments	5	212 455	212 455
Property, plant and equipment	6	249 598 196	222 495 116
Intangible assets	7	32 327	32 327
Investment property carried at cost	8	5 230 035	5 230 035
Biological assets	9	1 534 450	753 350
Total Assets		264 893 244	244 127 911
LIABILITIES			
Current liabilities			
		14 274 816	17 948 924
Cash and cash equivalents		598 146	-
Trade and other payables from exchange transactions	10	8 128 418	8 105 671
Consumer deposits	11	430 848	414 042
Unspent conditional grants and receipts	13	4 150 745	8 327 894
Current portion of borrowings	14	448 366	405 056
Current portion of finance lease liabilities	15	518 294	696 261
Non-current liabilities			
		16 337 135	17 095 237
Non-current borrowings	14	13 554 171	13 996 121
Non-current finance lease liability	15	836 574	1 188 037
Non-current provisions	16	1 946 391	1 911 078
Total Liabilities		30 611 952	35 044 161
NET ASSETS		234 281 293	209 083 750
NET ASSETS			
		234 281 293	209 083 750
Capital Replacement Reserve		--	-
Accumulated Surplus/(Deficit)		234 281 293	209 083 750

TSWELOPELE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

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	Notes	2010 R	2009 R
REVENUE		73 061 223	83 504 649
Property rates	17	4 590 503	3 207 373
Services charges	18	21 720 332	20 187 043
Rental of facilities and equipment	19	806 353	590 938
Interest earned - external investments	20	724 123	1 683 531
Interest earned - other		575 699	596 217
Fines		100 449	73 367
Licences and permits		2 550	1 380
Government grants and subsidies	21	34 198 234	56 697 795
Other income		10 342 980	467 004
EXPENDITURE		73 061 223	57 530 758
Employee related costs	22	25 482 383	21 936 271
Remuneration of Councillors	22	3 644 125	3 089 264
Bad debts		6 274 354	5 944 476
Depreciation and amortisation expense	24	-	-
Repairs and maintenance		2 107 451	4 050 496
Finance costs	25	1 718 575	2 163 234
Bulk purchases	26	12 470 536	10 404 170
Operating Grant Expenditure	27	746 335	2 630 659
General expenses	29	20 617 464	7 312 189
SURPLUS/(DEFICIT) FOR THE YEAR		--	25 973 891

Refer to Appendix D for the comparison with the approved budget

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

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	Pre- GAMAP/GRAP Reserves and Funds	Accumulated Surplus/(Deficit)	TOTAL
Restated Balance at 30 June 2008	-	158 778 518	158 778 518
Implementation of GRAP (refer to note 31.5)	-	17 976 765	17 976 765
Restated balance at 30 June 2008	-	176 755 283	176 755 283
Surplus/(deficit) for the year	--	25 973 891	25 973 891
Balance at 30 June 2009	--	202 729 174	202 729 174
Prior Period Adjustments	--	6 354 576	6 354 576
Restated Balance at 30 June 2009	--	209 083 750	209 083 750
Surplus/(deficit) for the year	-	-	-
Prior period and other adjustments	-	25 197 543	25 197 543
Balance at 30 June 2010	--	234 281 293	234 281 293

TSWELOPELE LOCAL MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

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	Notes	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		71 545 339	84 083 752
Cash paid to suppliers and employees		(47 612 148)	(59 385 956)
Cash generated from / (required by) operating activities	30	<u>23 933 191</u>	<u>24 697 796</u>
Interest received		1 299 822	2 279 749
Interest paid		(1 718 575)	(2 163 234)
Dividends received		157 956	31 361
Net cash flows from operating activities		<u><u>23 672 394</u></u>	<u><u>24 845 672</u></u>
		- -	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27 442 977)	(45 361 251)
Proceeds from sale of property, plant and equipment		577 000	322 662
Purchase of intangible assets		- -	(32 327)
Decrease/(increase) in non-current investments		- -	-
Adjustment to finance lease asset		(237 103)	-
Increase in biological assets		(781 100)	(87 750)
Net cash flows from investing activities		<u><u>(27 884 180)</u></u>	<u><u>(45 158 666)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in borrowings		(398 641)	(354 439)
Increase/(decrease) in finance lease liability		529 431	798 706
Increase/(decrease) in consumer deposits		16 806	33 760
Net cash flows from financing activities		<u><u>147 596</u></u>	<u><u>478 027</u></u>
Net increase/(decrease) in net cash and cash equivalents		<u><u>(4 064 190)</u></u>	<u><u>(19 834 967)</u></u>
Cash and cash equivalents at the beginning of the year		3 466 044	23 301 011
Cash and cash equivalents at the end of the year	1	<u><u>(598 146)</u></u>	<u><u>3 466 044</u></u>

	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	(27 928)	(101 147)
Balance as per cash book	(27 928)	(3 101 147)
Less uncleared deposits: MIG Grant Received	-	3 000 000
Cash at bank	(4 891 927)	1 468 204
Money market fund	4 321 710	2 098 987
Savings account	-	-
	<u>(598 146)</u>	<u>3 466 044</u>
The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
ABSA Bank Limited - Bultfontein Branch Account Number 810142227		
Cash book balance at beginning of year	<u>1 468 204</u>	<u>223 743</u>
Cash book balance at end of year	<u>(4 891 927)</u>	<u>1 468 204</u>
Bank statement balance at beginning of year	<u>5 798 274</u>	<u>1 903 730</u>
Bank statement balance at end of year	<u>4 779 764</u>	<u>5 798 274</u>
<u>Money market fund</u>		
ABSA Bank Limited - Bultfontein branch Account number 9108352550		
Cash book balance at beginning of year	<u>2 098 987</u>	<u>22 991 469</u>
Cash book balance at end of year	<u>4 321 710</u>	<u>2 098 987</u>
Bank statement balance at beginning of year	<u>2 098 987</u>	<u>22 991 469</u>
Bank statement balance at end of year	<u>4 321 710</u>	<u>2 098 987</u>
<u>The Money market fund is guaranteed for third parties as follows:</u>		
Eskom	1 100 000	1 100 000
ABSA Bank	400 000	400 000
Department of Minerals and Energy	20 000	20 000
<u>Savings Account</u>		
ABSA Bank Limited - Bultfontein branch Account number 917438302		
Cash book balance at beginning of year	<u>-</u>	<u>7 879</u>
Cash book balance at end of year	<u>-</u>	<u>-</u>
Bank statement balance at beginning of year	<u>-</u>	<u>7 879</u>
Bank statement balance at end of year	<u>-</u>	<u>-</u>
<u>Cash on hand</u>	<u>(27 928)</u>	<u>(3 101 147)</u>
Total cash and cash equivalents	<u>(598 146)</u>	<u>466 044</u>
Total bank overdraft	<u>-</u>	<u>-</u>

2	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful Debts	Net Balance
		R	R	R
	<u>Trade receivables</u>			
	as at 30 June 2010			
	Service debtors			
	Rates	4 275 195	(1 835 213)	2 439 982
	Electricity	1 285 175	(55 975)	1 229 200
	Water	6 682 072	(5 979 885)	702 187
	Sewerage	9 600 873	(8 910 968)	689 904
	Refuse	7 137 325	(6 606 982)	530 343
	Housing rentals	383 587	(294 429)	89 159
	Provision for VAT on debtors	-	-	-
	Total	29 364 227	(23 683 452)	5 680 775
	as at 30 June 2009			
	Service debtors			
	Rates	5 365 632	(2 000 613)	3 365 019
	Electricity	1 218 322	(43 665)	1 174 657
	Water	8 361 025	(6 643 416)	1 717 609
	Sewerage	11 974 845	(9 819 594)	2 155 252
	Refuse	8 780 273	(7 201 942)	1 578 331
	Housing rentals	965 433	(140 657)	824 776
	Provision for VAT on debtors	-	(3 618 984)	(3 618 984)
	Total	36 665 530	(29 468 871)	7 196 659
			2010	2009
			R	R
	<u>Rates: Ageing</u>			
	Current (0 – 30 days)		242 192	259 409
	31 - 60 Days		90 447	143 230
	61 - 90 Days		67 021	130 215
	91 - 120 Days		58 703	127 960
	121 - 150 Days		146 406	123 649
	+ 150 Days		3 670 426	4 561 397
	Total		4 275 195	5 345 861
	<u>Electricity, Water and Sewerage: Ageing</u>			
	Current (0 – 30 days)		1 536 200	1 644 153
	31 - 60 Days		441 043	502 870
	61 - 90 Days		395 133	450 545
	91 - 120 Days		361 382	449 368
	121 - 150 Days		352 522	413 090
	+ 150 Days		14 481 839	18 185 719
	Total		17 568 120	21 645 744
	<u>Refuse and Housing Rentals: Ageing</u>			
	Current (0 – 30 days)		-	222 193
	31 - 60 Days		-	180 781
	61 - 90 Days		89 159	176 767
	91 - 120 Days		-	175 025
	121 - 150 Days		-	170 970
	+ 150 Days		294 429	8 806 988
	Total		383 587	9 732 724

	2010 R	2009 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Bad Debt Provision		
Balance at the beginning of the year	29 468 871	24 236 265
Contributions to / Deductions from provision	6 274 354	5 944 476
Bad debts written off against provision	<u>(5 571 974)</u>	<u>(711 870)</u>
Balance at the end of the year	<u>30 171 251</u>	<u>29 468 871</u>
Amounts totalling R5,571,974 (2009: R711,870) were written off as bad debts.	6 487 799	
Debtors were disclosed at nominal value net of provision for bad debts.		
3 OTHER RECEIVABLES		
Other debtors	1 739 945	1 543 192
Prepayments	<u>0</u>	<u>100 536</u>
Total Other Debtors	<u>1 739 945</u>	<u>1 643 728</u>
Debtors were disclosed at nominal value net of provision for bad debts.		
4 INVENTORIES		
Opening balance of inventories:	2 249 608	165 142
Electricity	1 135 490	39 693
Spare parts	83 607	24 657
Fuel	204 654	46 640
Water	825 858	54 151
Sewerage	-	-
Additions:	975 033	3 150 899
Electricity	33 550	1 099 032
Spare parts	174 085	81 363
Fuel	752 992	1 244 293
Water	14 407	726 211
Sewerage	-	-
Issued (expensed):	(3 119 130)	(1 123 673)
Electricity	(1 143 086)	(3 236)
Spare parts	(257 692)	(22 413)
Fuel	(922 770)	(1 086 279)
Water	(795 582)	(11 745)
Sewerage	-	-
Closing balance of inventories:	105 512	2 249 608
Electricity	25 954	1 135 490
Spare parts	0	83 607
Fuel	34 875	204 654
Water	44 684	825 858
Sewerage	-	-

**TSWELOPELE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

4 INVENTORIES (continued)

The Municipality has applied the measurement transitional provisions for inventory in Directive 4 of the Accounting Standards Board. As a result the Municipality has recognised provisional amounts for inventory until all the necessary information regarding the value of the inventory is obtained.

The Municipality is also in the process of appointing a service provider to enable the Municipality to successfully implement a process to value and manage total inventory of the Municipality during the next 2 years.

	2010 R	2009 R
5 INVESTMENTS		
<u>Listed</u>		
Tswelopele Local Municipality had not listed investments at the reporting date.		
<u>Unlisted</u>		
<u>Financial Instruments</u>		
	Classification	
Fixed Deposits	Call deposit	4 321 710
Other Investments: Shares	Available for sale	2 098 987
		<u>212 455</u>
		<u>2 311 441</u>
		<u>(4 321 710)</u>
		<u>(2 098 987)</u>
Less: Fixed deposits transferred to cash and cash equivalents		<u>212 455</u>
		<u>212 455</u>
Unlisted investments		
Number of shares held at Senwes Limited	49 383	49 383
Number of shares held at Senwesbel Limited	75 732	75 732
Senwes' estimated valuation of unlisted investments	723 678	609 434
Value of Senwes Limited shares @ R5.90 (2008: R6.00) per share	375 311	291 360
Value of Senwesbel Limited shares @ R4.20 (2008: R3.70) per share	348 367	318 074
Average gross rate of return on investments (cost price)	74%	14.76%
Average gross rate of return on investments (valuation)	22%	5.15%
Ordinance 8 of 1962 and the Municipal Finance Management Act (56 of 2003) require that funds, trust funds and other be invested in prescribed instruments.		
In accordance with IAS 39.46, the shares were carried at cost as they are unlisted shares and the share price could not be determined reliably.		
No investments have been written off during the year.		
Investment in Senwes and Senwesbel shares		
Dividends received - Senwes Limited	76 544	14 321
Dividends received - Senwesbel Limited	81 412	17 040

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of Carrying Value

	Land and Buildings R	Infrastructure R	Other Assets R	Finance lease assets R	Total R
as at 1 July 2009	11 416 773	189 471 231	18 370 958	3 236 155	222 495 116
Cost/Revaluation	11 416 773	189 471 231	18 370 958	3 236 155	222 495 116
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	526 367	26 117 769	798 841	-	27 442 977
Disposals	(577 000)				(577 000)
Depreciation	-	-	-	-	-
Adjustment: Prior Year Error				237 103	237 103
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
as at 30 June 2010	11 366 140	215 589 000	19 169 799	3 473 257	249 598 196
Cost/Revaluation	11 366 140	215 589 000	19 169 799	3 473 257	249 598 196
Accumulated depreciation and impairment losses	-	-	-	-	-

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

6.1 Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Other Assets R	Finance lease assets R	Total R
as at 1 July 2008	10 899 755	146 933 525	17 652 028	1 971 219	177 456 527
Cost/Revaluation	10 899 755	146 933 525	17 652 028	1 971 219	177 456 527
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	522 517	42 537 706	1 036 092	1 264 936	45 361 251
Depreciation	-	-	-	-	-
Carrying value of disposals	(5 500)	-	(317 162)	-	(322 662)
Cost/Revaluation	(5 500)	-	(317 162)	-	(322 662)
Accumulated depreciation and impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
as at 30 June 2009	11 416 773	189 471 231	18 370 958	3 236 155	222 495 116
Cost/Revaluation	11 416 773	189 471 231	18 370 958	3 236 155	222 495 116
Accumulated depreciation and impairment losses	-	-	-	-	-

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

The Municipality has applied the measurement transitional provisions for property, plant and equipment in Directive 4 of the Accounting Standards Board. As a result no depreciation and impairment losses (including accumulated depreciation and impairments) were recognised in the financial statements.

The Municipality is also in the process of appointing a service provider to enable the Municipality to successfully implement a process to value and manage all assets of the Municipality during the next 2 years.

**TSWELOPELE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

8 INVESTMENT PROPERTY CARRIED AT COST

8.1 Reconciliation of carrying value

as at 1 July 2009

Cost
Accumulated amortisation and impairment losses

Acquisitions
Amortisation

Carrying value of disposals
Cost
Accumulated amortisation

Impairment loss/Reversal of impairment loss
Transfers

as at 30 June 2010

Cost
Accumulated amortisation and impairment losses

8 **INVESTMENT PROPERTY CARRIED AT COST (continued)**

8.2 **Reconciliation of carrying value**

as at 1 July 2008

Cost
Change in accounting policy (note 30)
Accumulated amortisation and impairment losses

Acquisitions
Amortisation

Carrying value of disposals
Cost
Accumulated amortisation

Impairment loss/Reversal of impairment loss
Transfers

as at 30 June 2009

Cost
Accumulated amortisation and impairment losses

8.3 No investment property was pledged as security for loans at year end

8.4 Fair value of investment property carried at cost

The fair values of the investment properties had not been determined at year end and the municipality is in the process of engaging with valuers to obtain fair values.

8.5 Details of investment properties

The investment properties of the municipality comprises of various land and/or buildings which are leased to third parties for various uses. The lease term for these properties range from four years to twenty

2010
R

8.6 Rental income from investment property

765 165

TSWELOPELE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

8 **INVESTMENT PROPERTY CARRIED AT COST (continued)**

8.7 Other disclosures

The Municipality has applied the measurement transitional provisions for investment property in

Accounting Standards Board. As a result no depreciation and impairment losses (including depreciation and impairments) were recognised in the financial statements. At this stage the recognised provisional amounts for the investment properties until all the necessary information of the assets is obtained.

The Municipality is also in the process of appointing a service provider to enable the Municipality to implement a process to value and manage all assets of the Municipality during the next 2 years.

9 **BIOLOGICAL ASSETS**

9.1 **Reconciliation of fair value**

as at 1 July 2009

Acquisitions

Fair value adjustment

Fair value of disposals

Impairment loss/Reversal of impairment loss

Transfers

as at 30 June 2010

9.2 **Reconciliation of fair value**

Fair value as at 1 July 2008

Acquisitions

Fair value adjustment

Fair value of disposals

Impairment loss/Reversal of impairment loss

Transfers

as at 30 June 2009

**TSWELOPELE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

9 BIOLOGICAL ASSETS (continued)

	Quantity 2010
9.3 Quantities of Game at year end	
'Blesbokke'	92
'Blouwildebeeste'	22
'Gemsbokke'	72
'Koedoes'	26
'Lechwe'	17
'Rooibokke'	28
'Rooihartbeeste'	7
'Sprinbokke'	278
'Swartsprinbokke'	61
'Swartwildebeeste'	149
'Volstruise'	15
'Zebras'	18

9.4 Biological assets pledged as security
None of the biological assets of the Municipality were pledged as security for loans as at 30 June

9.5 Methods and assumptions used in determining the fair value
Bid prices obtained from biological assets auction were used as the fair value of biolog
Municipality.

9.6 Other disclosures

The Municipality has applied the measurement transitional provisions for biological assets in Accounting Standards Board. As a result no impairment losses (including accumulated i recognised in the financial statements. At this stage the municipality has recognised provision biological assets until all the necessary information regarding the value of the assets is obtained.

The Municipality is also in the process of appointing a service provider to enable the Municipa implement a process to value and manage all assets of the Municipality during the next 2 years.

**Land and
Buildings
R**

5 230 035
5 230 035
-
-
-
-
-
-
-
5 230 035
5 230 035
-

**Land and
Buildings
R**

5 230 035
-
5 230 035
-

-
-

-
-

-
-

5 230 035
5 230 035
-

unicipality is in the

are leased out to

/ years.

**2009
R**

473 256

29

Directive 4 of the

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ie municipality has
regarding the value

ality to successfully

**Game
R**

753 350

781 100

-

-

-

-

1 534 450

665 600

87 750

-

-

-

753 350

Quantity	2009
91	
25	
70	
24	
20	
26	
9	
268	
55	
119	
17	
18	

» 2009.

ical assets of the

Directive 4 of the
impairments) were
ial amounts for the

ality to successfully

	2010 R	2009 R
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade and other creditors	4 178 006	4 557 457
Payments received in advance	-	835 632
Staff leave accrual	3 163 833	2 027 998
Staff bonuses accrual	552 106	467 979
Medical Aid Contributions	234 473	216 604
Total creditors	8 128 418	8 105 671
Trade and other payables 2009 balances have been restated due to correction in prior period errors. The fair value of trade and other payables approximates their carrying amounts.		
11 CONSUMER DEPOSITS		
Electricity and Water	430 848	414 042
Total consumer deposits	430 848	414 042
No interest accrues on the balance of the Consumer Deposits held by the Municipality. No guarantees are kept in lieu of electricity deposits.		
12 VALUE ADDED TAX		
12.1 VAT RECEIVABLE		
VAT receivable	759 549	848 589
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.		
13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
13.1 Unspent Conditional Grants from other spheres of Government	4 125 938	8 303 058
Skills Development Grant	101 829	135 459
MIG Grants	4 024 109	6 405 348
MSIG Grants	-	4 113
FMG Grants	-	-
Grant - purchase and repair of moveable assets	-	5 561
Grant - town planning and surveying	-	-
Vuna Award	-	466 705
Tikwana 100 Housing	-	1 285 873
Planning Provincial Government	-	-
13.2 Other Unspent Conditional Grants and Receipts	24 836	24 836
DBSA Grant	-	-
Lotto Grant	24 836	24 836
Total Unspent Conditional Grants and Receipts	4 150 774	8 327 894
See note 21 (and Appendix E) for reconciliation of grants from other spheres of government. The amounts will be recognised as revenue when the qualifying expenditure is incurred. No grants were withheld due to unfulfilled conditions.		

	2010 R	2009 R
14 BORROWINGS		
Annuity Loans	14 002 536	14 401 177
Less : Current portion transferred to current liabilities Annuity Loans	<u>(448 366)</u>	<u>(405 056)</u>
Total borrowings	<u>13 554 171</u>	<u>13 996 121</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 11% and 14% per annum.

Refer to Appendix A for more detail on borrowings.

15 FINANCE LEASE LIABILITY

2010	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	588 228	69 934	518 294
Within two to five years	878 327	41 753	836 574
	<u>1 466 555</u>	<u>111 687</u>	1 354 868
Less: Amount due for settlement within 12 months (current portion)			<u>(518 294)</u>
			<u>836 574</u>

The average lease term is 5 years and the average effective borrowing rate is between 7,19% and 22,42%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 10% and 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2009	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	735 297	39 035	696 261
Within two to five years	1 283 346	95 309	1 188 037
	<u>2 018 643</u>	<u>134 344</u>	1 884 299
Less: Amount due for settlement within 12 months (current portion)			<u>(696 261)</u>
			<u>1 188 037</u>

The average lease term is 5 years and the average effective borrowing rate is 7,19% and 22,42%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 10% and 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

	2010 R	2009 R
16 NON-CURRENT PROVISIONS		
Provision for post retirement benefits	1 852 030	1 827 333
Provision for rehabilitation of landfill sites	94 360	83 745
Total Non-Current Provisions	1 946 391	1 911 078

The provision for post retirement benefits had been incorrectly disclosed and calculated in the prior financial period as a defined benefit plan. The 2009 figures have now been restated and disclosed accordingly.

16.1 Provision for post retirement benefits

The movement in the provision for post retirement benefits is reconciled as follows: -

Balance at the beginning of year	2 043 936	1 991 597
Interest on provision	259 171	252 535
Contributions made during the year	<u>(216 604)</u>	<u>(200 096)</u>
Total provision end of the year	2 086 504	2 043 936
<u>Less: Current portion</u>	<u>(234 473)</u>	<u>(216 604)</u>
Balance at the end of year	1 852 030	1 827 333

The municipality is obliged to make fixed monthly contributions to the medical aid schemes of retired employees. These contributions are payable till the date of death.

There is thus a present obligation (due to services rendered in the past by the employees), payment is probable (payment is more likely than not), and the amount can be estimated reliably

In obtaining a reliable estimate the following were taken into consideration:

Reconciliation of members:

In-service members (employee)	-	-
Continuation members: i.e. Retired (old age or ill health)	15	15
Total members	15	15

The municipality makes monthly contributions relating to post

retirement benefits to the following medical aid schemes:

Fedhealth Medical Scheme
 Hosmed Medical Aid
 Keyhealth

KEY ASSUMPTIONS

Rate of interest

Discount rate	12.68%	12.68%
Health care cost inflation rate	10.55%	10.55%
Net effective discount rate	1.34%	1.34%

Mortality rates

Life expectancy tables were used in the calculations

16.2 Provision for rehabilitation of landfill sites

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

	2010 R	2009 R
16 NON-CURRENT PROVISIONS (continued)		
16.2 Provision for rehabilitation of landfill sites (continued)		
The movement in the provision for rehabilitation of landfill sites is reconciled as follows: -		
Balance at the beginning of year	83 745	74 325
Contribution for the year	10 615	9 421
Expenditure for the year	-	-
Total provision end of the year	<u>94 360</u>	<u>83 745</u>
Less: Transfer of current portion to current provisions	-	-
Balance at the end of year	<u><u>94 360</u></u>	<u><u>83 745</u></u>
16.3 Total non-current provisions		
The movement in the non-current provisions is reconciled as follows: -		
Balance at the beginning of year	1 911 178	2 065 922
Interest on provision	259 171	252 535
Contribution for the year	10 615	9 421
Expenditure for the year	<u>(216 604)</u>	<u>(200 096)</u>
Total provision end of the year	<u>1 964 360</u>	<u>2 127 781</u>
Less: Transfer of current portion to current provisions	<u>(234 473)</u>	<u>(216 604)</u>
Balance at the end of year	<u><u>1 729 887</u></u>	<u><u>1 911 178</u></u>
17 PROPERTY RATES		
Actual		
State	981 377	660 557
Residential and Commercial	<u>3 600 858</u>	<u>2 546 816</u>
Total	<u><u>4 582 235</u></u>	<u><u>3 207 373</u></u>
Valuations		
Government	19 965 000	1 566 288
Residential and other	<u>4 326 759 200</u>	<u>12 455 903</u>
Total Property Valuations	<u><u>4 346 724 200</u></u>	<u><u>14 022 191</u></u>
Valuation of land and improvements is performed every five years.		
The last general valuation came into effect on 1 July 1996. The MEC for Local Government and Housing has however granted extension of time for the new valuations to be executed.		
The assessment rates are levied on the following basis:		
Land : Bullfontein 0.36c/R (2008: 0.36c/R); Hoopstad 0.793c/R (2008:0.793c/R)		
Improvements: Bullfontein nil/R (2008: nil/R); Hoopstad 0.99c/R (2008:0.99c/R).		
Rebates are given to the Central and Provincial Government.		
18 SERVICE CHARGES		
Sale of electricity	9 752 705	8 536 475
Sale of water	4 429 147	4 196 187
Refuse removal	2 856 068	2 852 957
Sewerage and sanitation charges	<u>4 408 094</u>	<u>4 601 423</u>
Total Service Charges	<u><u>21 446 014</u></u>	<u><u>20 187 043</u></u>

	2010 R	2009 R
19 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	765 165	473 256
Rental of equipment	12 999	81 553
Other rentals	28 192	36 129
Total rentals	806 356	590 938
20 INTEREST EARNED - EXTERNAL INVESTMENTS		
ABSA Bank - Current Account	8 379	8 014
ABSA Bank - Money Market Account	715 745	1 675 517
Total interest	724 124	1 683 531
21 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	35 356 521	27 853 031
Actually received	38 186 758	29 757 818
Directly utilised for subsidised services	(2 830 237)	(1 904 787)
Conditional Grants		
District Municipality Grant	50 000	50 000
Financial Management Grant	750 000	270 428
MSIG Grant	735 000	794 935
Municipal Infrastructure Grant (MIG)	26 878 938	26 164 106
DBSA Grant	-	24 080
Planning Provincial Government	-	10 600
Grant - purchase and repair of moveable assets	5 561	67 997
Skills Development Grant	131 194	25 000
Grant - Town planning and survey	-	60 448
Vuna award	466 705	1 015 768
Lotto Grant	-	361 403
Total Government Grant and Subsidies	64 373 918	56 697 796
No grants were withheld due to unfulfilled conditions. The free electricity provided by the Municipality is recoverable from the equitable share grant		
21.1 Equitable Share		
In terms of the Constitution, this grant is utilised to subsidise the provision of basic services to indigent community members and free basic water and electricity to the remainder of the community. All consumers receive a monthly subsidy which is credited to their accounts.		
21.2 Skills Development Grant		
Balance unspent at beginning of year	(135 459)	(63 723)
Current year receipts	(97 564)	(96 736)
Conditions met - transferred to revenue	131 194	25 000
Conditions still to be met - remain liabilities (see note 13)	(101 829)	(135 459)
This grant was utilised to defray training costs of personnel. The conditions of the grant have been met and no monies have been withheld.		

	2010 R	2009 R
21 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
21.3 MIG Grant		
Balance unspent at beginning of year	(6 405 348)	(26 869 454)
Current year receipts	(24 497 669)	(5 700 000)
As per the financial records	(24 497 669)	(2 700 000)
Add uncleared deposits transferred from cash book	-	(3 000 000)
Conditions met - transferred to revenue (operating expenditure)	-	-
Conditions met - transferred to revenue (capital expenditure)	26 878 938	26 164 106
Conditions still to be met - remain liabilities (see note 13)	(4 024 079)	(6 405 348)
The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.		
Included in the unspent MIG Grant are retention monies and suretyship withheld from various projects financed by MIG.		
21.4 Financial Management Grant		
Balance unspent at beginning of year	-	(20 428)
Current year receipts	(750 000)	(250 000)
Conditions met - transferred to revenue	750 000	270 428
Conditions still to be met - remain liabilities (see note 13)	-	-
The purpose of the grant is to promote and support reforms to financial management and implementation of the Municipal Finance Management Act (MFMA)		
21.5 MSIG Grant		
Balance unspent at beginning of year	(4 112)	(64 047)
Current year receipts	(735 000)	(735 000)
Conditions met - transferred to revenue	739 113	794 935
Conditions still to be met - remain liabilities (see note 13)	0	(4 112)
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.		

	2010 R	2009 R
21	GOVERNMENT GRANTS AND SUBSIDIES (continued)	
21.6	Grant - purchase and repair of moveable assets	
	Balance unspent at beginning of year	(5 561) (67 888)
	Current year receipts	(5 670)
	Conditions met - transferred to revenue	67 997
	Conditions still to be met - remain liabilities (see note 13)	(5 561)
	This grant was utilised to purchase and repair vehicles and equipment necessary for improved service delivery. The conditions of the grant have been met and no monies have been withheld.	
21.7	Grant - town planning and surveying	
	Balance unspent at beginning of year	- (60 448)
	Current year receipts	-
	Conditions met - transferred to revenue	60 448
	Conditions still to be met - remain liabilities (see note 13)	-
	To assist Municipality with compilation of a Town Planning scheme to manage land development.	
21.8	Tikwana 100 Housing	
	Balance unspent at beginning of year	- (1 285 874)
	Current year receipts	-
	Conditions met - transferred to revenue	1 285 874
	Conditions still to be met - remain liabilities (see note 13)	-
	The conditions of the grant have been met and no monies have been withheld.	
21.9	Planning Provincial Government	
	Balance unspent at beginning of year	- (10 600)
	Current year receipts	-
	Conditions met - transferred to revenue	10 600
	Conditions still to be met - remain liabilities (see note 13)	-
	The conditions of the grant have been met and no monies have been withheld.	

		2009 R	
21	GOVERNMENT GRANTS AND SUBSIDIES (continued)		
21.10	Grant - Service of loan		
	Balance unspent at beginning of year	-	-
	Current year receipts	(50 000)	(50 000)
	Conditions met - transferred to revenue	50 000	50 000
	Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>
	To help the Municipality to Redeem its Loan from DBSA. The conditions of the grant have been met and no monies have been withheld.		
21.11	DBSA Grant		
	Balance unspent at beginning of year	-	(24 080)
	Current year receipts		-
	Conditions met - transferred to revenue		24 080
	Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>
	This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies have been withheld.		
21.12	VUNA Award		
	Balance unspent at beginning of year	(466 705)	(732 473)
	Current year receipts	-	(750 000)
	Conditions met - transferred to revenue	466 705	1 015 768
	Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>(466 705)</u>
	No grants were withheld due to unfulfilled conditions. Included in the unspent VUNA Award are retention monies and suretyship withheld from a project financed by VUNA.		
21.13	Lotto Grant		
	Balance unspent at beginning of year	(24 836)	-
	Current year receipts	-	(386 239)
	Conditions met - transferred to revenue	-	361 403
	Conditions still to be met - remain liabilities (see note 13)	<u>(24 836)</u>	<u>(24 836)</u>
	No grants were withheld due to unfulfilled conditions.		
21.14	Changes in levels of government grants		
	Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
22	EMPLOYEE RELATED COSTS		
	Employee related costs - Salaries and Wages	18 294 263	16 014 770
	Employee related costs - Contributions for UIF, pensions and medical aids	4 873 527	4 477 102
	Travel, motor car, accommodation, subsistence and other allowances	1 785 865	1 965 215
	Housing benefits and allowances	53 412	67 165
	Overtime payments	1 029 964	977 140
	Performance and other bonuses	719 476	608 446
	Other employee related costs	240 629	915 697
	Total Employee Related Costs	<u>26 997 136</u>	<u>25 025 534</u>

	2010 R	2009 R	
22 EMPLOYEE RELATED COSTS (continued)			
Remuneration of the Municipal Manager			
Annual Remuneration	409 253	342 273	
Performance- and other bonuses	34 800	12 000	
Travel, motor car, accommodation, subsistence and other allowances	156 411	128 417	
Contributions to UIF, Medical and Pension Funds	76 108	83 392	
Total	676 571	566 082	
Remuneration of the Chief Finance Officer			
Annual Remuneration	429 000	372 000	
Performance- and other bonuses	-	-	
Travel, motor car, accommodation, subsistence and other allowances	192 341	169 282	
Contributions to UIF, Medical and Pension Funds	79 018	76 158	
Total	700 359	617 440	
Remuneration of Individual Executive Managers	Chief Operating Officer R	Corporate Services R	Community Services R
2010			
Annual Remuneration	415 200	393 600	390 000
Performance- and other bonuses	-	-	32 500
Travel, motor car, accommodation, subsistence and other allowances	251 900	170 306	125 022
Contributions to UIF, Medical and Pension Funds	76 524	77 065	76 371
Total	743 624	640 972	623 893
2009			
Annual Remuneration	367 200	348 000	342 000
Travel, motor car, accommodation, subsistence and other allowances	217 308	145 457	121 669
Contributions to UIF, Medical and Pension Funds	75 194	64 381	63 338
Total	693 848	579 103	555 507
	2010 R	2009 R	
23 REMUNERATION OF COUNCILLORS			
Mayor	534 258	468 915	
Speaker	444 031	375 322	
Executive Committee Members	405 571	375 955	
Councillors' allowances	1 464 477	1 353 313	
Total Councillors' Remuneration	2 848 337	2 573 505	

	2010 R	2009 R
23 REMUNERATION OF COUNCILLORS (continued)		
In-kind Benefits		
The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council. The salaries and allowances of the councillors are within the limits as prescribed by the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).		
24 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	-	-
Finance leased assets	-	-
Investment property carried at cost	-	-
Intangible assets	-	-
Total Depreciation and Amortisation	<u>-</u>	<u>-</u>
Refer to note 6, 7 and 8 for the measurement transitional provisions applied regarding the measurement of Property, plant and equipment, Intangible assets and Investment properties respectively.		
25 FINANCE COSTS		
Borrowings	1 707 960	2 106 601
Consumer deposits	156	7 587
Finance leases	29 174	49 046
Total Finance Costs	<u>1 737 290</u>	<u>2 163 234</u>
26 BULK PURCHASES		
Electricity	11 423 588	9 846 279
Water	1 046 949	557 891
Total Bulk Purchases	<u>12 470 537</u>	<u>10 404 170</u>
27 OPERATING GRANT EXPENDITURE		
Total Grants and Subsidies utilised	64 373 918	56 697 796
Less:		
Equitable share	(35 356 521)	(27 853 031)
Capital expenditure grants (MIG)	(26 878 938)	(26 164 106)
Total operating grant expenditure	<u>2 138 459</u>	<u>2 680 659</u>
28 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	(598 146)	3 466 044
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	<u>(598 146)</u>	<u>3 466 044</u>

	2010 R	2009 R
29 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	63 574	85 175
Audit fees	2 000	3 000
Bank charges	220 876	189 634
Cleaning	35 383	32 503
Conferences and delegations	493 382	348 590
Entertainment	79 190	152 459
Fuel and oil	658 898	853 717
Insurance	188 255	160 427
Legal expenses	390 272	722 480
Licence fees - vehicles	450 787	53 659
Licence fees - computers	-	146 301
Licence fees - other	15 094	14 278
Membership fees	63	151 699
Printing and stationery	491 497	317 941
Professional fees	-	117 922
Rental of office equipment	437 988	(26 665)
Restoration of landfills	-	9 421
Telephone cost	835 422	663 158
Training	157 146	176 584
Travel and subsistence	266 995	277 747
Uniforms & overalls	145 391	89 554
Valuation costs	463 008	328 320
Other	2 396 100	2 444 285
	<u>7 791 321</u>	<u>7 312 189</u>
30 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	-	25 973 891
Adjustment for:-		
Depreciation and amortisation		-
Finance costs	1 718 575	2 163 234
Interest earned	(1 299 822)	(2 279 749)
Dividends received	(157 956)	(31 361)
Bad debts written off	5 571 974	711 870
Contributions to non-current provisions	(216 604)	376 223
Contributions to leave provision	1 135 835	2 027 998
Contributions to bonus provision	84 127	467 979
Contribution to medical provision	17 870	216 604
Contributions to / deduction from bad debt provision	6 214 651	5 944 476
Operating surplus before working capital changes:	<u>13 068 650</u>	<u>35 571 165</u>
(Increase)/decrease in inventories	2 144 096	(2 084 467)
(Increase)/decrease in trade receivables	1 515 884	579 103
(Increase)/decrease in other receivables	(96 217)	280 754
(Increase)/decrease in VAT receivable	89 039	848 589
Increase/(decrease) in conditional grants and receipts	7 188 990	(9 496 781)
Increase/(decrease) in trade payables	22 748	(867 043)
Increase/(decrease) in VAT payable	-	(133 524)
Cash generated by/(utilised in) operations	<u>23 933 191</u>	<u>24 697 796</u>

	2010 R	2009 R
31	CHANGE IN ACCOUNTING POLICY	
	The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:	
31.1	Statutory Funds	
	Balance previously reported: -	
	-	918 560
	-	210 835
	-	-
	<u>-</u>	<u>1 129 395</u>
	Implementation of GRAP	
	-	-
	<u>-</u>	<u>1 129 395</u>
31.2	Property, plant and equipment	
		(228 359 675)
	Balance previously reported: -	
	Implementation of GRAP	
	-	11 366 140
	-	215 589 000
	-	19 169 799
	-	3 473 257
	-	32 327
	-	5 230 035
	<u>-</u>	<u>26 500 883</u>
31.3	Accumulated Depreciation	
	-	-
	Balance previously reported -	
	Implementation of GRAP	
	-	-
	-	-
	-	-
	-	-
	-	-
	<u>-</u>	<u>-</u>
	Total (debited to Accumulated Surplus/(Deficit)) (see 31.5 below)	
	Refer to note 6, 7 and 8 for the measurement transitional provisions applied regarding the measurement of Property, plant and equipment, Intangible assets and Investment properties respectively.	
31.4	Non-current provisions	
		-
	Balance previously reported -	
	Implementation of GRAP	
	-	(3 383 321)
	-	(462 354)
	-	338 500
	<u>-</u>	<u>(3 507 176)</u>
	Total (debited to Accumulated Surplus/(Deficit)) (see 31.5 below)	

	2010 R	2009 R
31	CHANGE IN ACCOUNTING POLICY (continued)	
31.5	Accumulated Surplus/(Deficit)	
	Implementation of GRAP	
	-	1 129 395
	-	26 476 481
	-	-
	-	-
	-	(561 288)
	<u>-</u>	<u>27 044 589</u>
32	CORRECTION OF ERROR	
	The following errors were corrected in terms of GRAP 3:	
	Accounting Policies, Changes in Accounting Estimates and Errors.	
32.1	Unspent Conditional Grants reclassified from payables	
	Unspent conditional grants at year end were incorrectly classified as payables. The financial statements of 2008 have been restated to correct this error. The effect of the restatement is summarised below:	
	-	(8 327 894)
	-	8 327 894
32.2	Government grants and subsidies (revenue)	
	The recognised for Government Grants and Subsidies was corrected to be in line with GRAP 9.	
	The comparative amount has been restated as follows:	
	-	-
	-	-
	<u>-</u>	<u>-</u>
32.3	Biological assets reclassified from inventory	
	Biological assets were incorrectly classified as inventory. The financial statements of 2008 have been restated to correct this error. The effect of the restatement is summarised below:	
	-	753 350
	-	(753 350)
32.4	Accruals reclassified from provisions	
	The following accruals were incorrectly classified as provisions on the financial statements. The financial statements of 2008 have been restated to correct this error. The effect of the restatement is summarised below:	
	-	(2 495 977)
	-	(2 027 998)
	-	(467 979)
	-	-
	<u>-</u>	<u>2 495 977</u>

	2010 R	2009 R
32.5 Finance lease assets and liabilities reclassified from leases		
Office equipment leased was incorrectly treated as an operating lease instead of a finance lease. The financial statements of 2008 have been restated to correct this error. The effect of the restatement is summarised below:		
The comparative amount has been restated as follows:		
Increase in finance charges on finance lease	-	49 046
Increase in depreciation on finance leased asset	-	-
(Decrease) in leasing and hiring costs on finance lease asset	-	(512 523)
Net effect on surplus/(deficit) for the year	<u>-</u>	<u>(463 477)</u>
Finance lease liability	-	(1 354 868)
Finance lease asset cost	-	3 473 257
Finance lease asset accumulated depreciation	-	-
Net effect on Statement of Financial Position	<u>-</u>	<u>2 118 389</u>
Net effect on Accumulated surplus opening balance	<u>-</u>	<u>(401 361)</u>
32.6 VAT provision on debtors balance		
VAT payable on debtor's balance was incorrectly not recognised in the financial statements. The financial statements of 2008 have been restated to correct this error. The effect of the restatement is summarised below:		
Increase in VAT (payable)/receivable	-	(4 502 784)
Net effect on Accumulated surplus opening balance	-	4 502 784
32.7 Insurance claims proceeds		
Insurance claims proceeds were previously classified as liability. As a result, the prior year financial statements had a closing balance for insurance claims proceeds. However this should be recorded as revenue in line with GRAP. Refer to the adjustment below:		
Decrease in trade and other payables		
Net effect on Accumulated surplus opening balance		
32.8 Accumulated Surplus/(Deficit)		
Unspent Conditional Grants reclassified from payables	-	-
Government grants and subsidies (revenue)	-	-
Biological assets reclassified from inventory	-	-
Accruals incorrectly classified as provisions	-	-
Non-current provisions	-	-
Finance lease assets and liabilities reclassified from inventory	-	-
Total	<u>-</u>	<u>-</u>

	2010 R	2009 R
32.9 Tikwana 100 Housing		
The purchases made with this grant were incorrect allocated in 2009.		
Net Decrease in Tikwana Housing	(1 285 874)	-
Net Increase in Accumulated Surplus	1 285 874	-
	<u>-</u>	<u>-</u>
32.10 Trade and other Payables		
The following amounts were incorrectly stated in the prior year AFS		
Performance Bonus		
Medical Contributions		
Trade Creditors		
Decrease in Performance Bonus	(552 725)	-
Increase in Medical Contributions	(216 604)	-
Net Effect on Accumulated Surplus	<u>(769 328)</u>	<u>-</u>
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
33		
33.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>-</u>
33.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	63 840	63 840
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>63 840</u>	<u>63 840</u>
33.3 Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	1 778 151	1 778 151
Irregular expenditure current year	-	2 848 441
Condoned or written off by Council	-	(2 848 441)
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	<u>1 778 151</u>	<u>1 778 151</u>
Expenditure shown as irregular was originally unauthorised, but then approved.		
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
34		
34.1 Contributions to organised local government		
Opening balance	-	-
Council subscriptions	-	151 399
Amount paid - current	-	(151 399)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
34.2 Audit fees		
Opening balance	-	678 596
Current year audit fee	1 666 413	-
Amount paid - current year	-1 666 413	-
Amount paid - previous years	-	(678 596)
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
No provision was made for the 2008/09 financial period		
34.3 VAT		
VAT (Refundable)/Payable	-759 549	(848 589)
VAT input receivables and VAT output payables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.		

	2010 R	2009 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
34		
34.4		
	43 929	43 929
	2 591 035	330 374
	(2 376 050)	(330 374)
	(43 929)	-
	<u>214 986</u>	<u>43 929</u>
	The balance represents PAYE and UIF deducted from the June 2009 payroll.	
34.5		
	-	-
	4 739 507	3 686 450
	-4 739 507	(3 686 450)
	-	-
	<u>-</u>	<u>-</u>
	The balance represents pension and medical aid contributions deducted from employees in the June 2009 payroll as well as Council's contributions to pension and medical aid funds.	
34.6		nil
35		
35.1		
	22 289 700	15 800 472
	20 899 000	14 318 000
	1 390 700	1 482 472
	-	-
	This expenditure will be financed from:	
	18 649 000	14 318 000
	3 390 700	1 482 472
	<u>22 039 700</u>	<u>15 800 472</u>
	2 152 779	1 631 699
	306 075	392 253
	Capital commitments balance at year end is made up of commitments on MIG (Infrastructure) and Vuna Awards projects (Community). See Appendix F for further details on Capital Commitments.	
35.2		
	100 024	438 793
	239 432	281 468
	99 595	157 583
	<u>439 051</u>	<u>877 844</u>

	2010	2009
	R	R
35.2		
Operating leases (continued)		
Operating leases – as lessor (continued)		
Operating Leases consists of the following:		
Some of the municipality's assets are held to generate rental income. Lease agreements are non-cancellable and have terms from 4 to 20 years. There are no contingent rents receivable.		
36		
RETIREMENT BENEFIT INFORMATION		
36.1		
Defined contribution plan		
The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below:		
- Vrystaat Munisipale Pensioenfonds		
- Free State Municipal Provident Fund		
- Municipal Employees Pension Fund		
- South African Local Authorities Pension Fund		
- South African Municipal Worker's Union National Provident Fund		
The valuation for the Vrystaat Munisipale Pensioenfonds was still in progress at the time of preparing the financial statements. This was for the period as at 30 June 2005.		
The Free State Municipal Provident Fund last actuarial valuation was at 30 June 2007 conducted by A Nel from Alexandra Forbes Financial Services. The estimated liability of the fund is R526,239,000, which is adequately financed by assets of R525,655,000. Even though the fund reflected a deficit of R584,000, the Valuator still maintained that the fund was in a sound financial position at valuation date.		
The Municipal Employees Pension Fund last actuarial valuation was at 29 February 2008 conducted by P.J Theunissen from Itakane Consultants and Actuaries. The valuation indicates that the fund was in a sound financial position at valuation date. The estimated liability of the fund is R4,900,547,812, which is adequately financed by assets of R5,715,557,193.		
The South African Local Authorities Pension Fund last actuarial valuation was at 1 July 2007 conducted by J.F Rossil and M.J Newman from Genesis Actuarial Solutions. The valuation indicates that the fund was in a sound financial position at valuation date. The estimated liability of the fund is R5,580,300, which is adequately financed by assets of R6,138,700.		
The South African Municipal Workers's Union National Provident Fund last actuarial valuation was at 30 June 2005 conducted by E.J Potgieter from Fifth Quadrant. The valuation indicates that the fund was in a sound financial position at valuation date. The estimated liability of the fund is R1,447,663, which is adequately financed by assets of R1,511,461.		
The above plans were all treated as defined contribution plans. These contributions have been expensed.		

		2010	2009
		R	R
37	CONTINGENT LIABILITY		
37.1	Dispute on outstanding amount to DWAF There is currently a disagreement between the Municipality and the Department of Water Affairs (DWAF) regarding the amount payable to DWAF at year end. However the Municipality recognised a creditor based on the Municipality's reconciliation at year end. The difference between the Municipality's reconciliation and DWAF's calculation has been disclosed as a Contigent liability at year end. Refer to details of amounts below.		
	Balance per the Municipality	(2 528 977)	(2 528 977)
	Balance per DWAF	(3 463 840)	(3 313 149)
	Contigent liability	<u>(934 863)</u>	<u>(784 172)</u>
38	CONTINGENT ASSET The Municipality had no contingent assets at the reporting date.		
39	IN-KIND DONATIONS AND ASSISTANCE The Municipality did not receive any in-kind donations and assistance during the current financial year.		
40	RELATED PARTIES Post employment benefit plan for employees of municipality and/or other related parties. Refer to note 34 for the details. Compensation to councillors and other key management (refer to note 19 & 20)		
	Related party balances		
	Loan accounts - Owing (to) by related parties		-
	Amounts included in Trade receivable (Trade payable) regarding related parties		-

	2010 R	2009 R
40		
RELATED PARTIES (continued)		
Related party transactions		
Interest paid to (received from) related parties	-	-
Loans to (from) related parties	-	-
Purchases from (sales to) related parties		
C. Horn (Horn Familie Trust)	-	1 267
M.J. Taljaard (Die Ou Plank Plek)	-	-
41		
EVENTS AFTER THE REPORTING DATE		
At the time of preparing and submitting the Annual Financial Statements there were no subsequent events to disclose.		
42		
KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS		
The following areas involve a significant degree of estimation uncertainty:		
Provision for doubtful debts	30 171 251	29 468 871
Depreciation and impairment of assets	-	-
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)	1 946 391	1 911 078
Based on existing knowledge, it is reasonably possible that outcomes within the next financial year that are different from assumptions made could require a material adjustment to the carrying amount of these assets or liabilities.		
43		
RISK MANAGEMENT		
43.1		
Maximum credit risk exposure		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Financial assets exposed to credit risk at year end were as follows:		
ABSA Bank: Current Account	-4 891 927	1 468 204
ABSA Bank: Money Market Account	4 321 710	2 098 987
ABSA Bank: Savings Account	-	-
Trade and other receivables	7 420 720	8 840 387
These balances represent the maximum exposure to credit risk.		
43.2		
Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.		

	2010 R	2009 R
43 RISK MANAGEMENT (continued)		
43.2 Liquidity risk (continued)		
		Later than one year and not later than two years
2010	Within one year	
Gross finance lease obligations	588 228	588 228
Borrowings	448 366	448 366
Trade and other payables	8 128 418	-
		Later than two years and not later than five years
2010	Later than two years and not later than five years	Later than five years
Gross finance lease obligations	290 100	-
Borrowings	13 554 171	13 554 171
Trade and other payables	-	-
		Later than one year and not later than two years
2009	Within one year	
Gross finance lease obligations	735 297	735 297
Borrowings	1 053 296	1 053 296
Trade and other payables	8 361 480	-
		Later than two years and not later than five years
2009	Later than two years and not later than five years	Later than five years
Gross finance lease obligations	548 050	-
Borrowings	3 159 892	6 270 505
Trade and other payables	-	-
43.3 Interest rate risk		
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.		
At year end, financial instruments exposed to interest rate risk were as follows:		
- ABSA Bank: Current Account	(4 891 927)	1 468 204
- ABSA Bank: Money Market Account	4 321 710	2 098 987
- ABSA Bank: Savings Account	-	-
- Development Bank of South Africa loan	(14 002 536)	(14 401 177)
- Finance Lease Liabilities	(1 354 868)	(1 884 299)

	2010	2009
	R	R
43	RISK MANAGEMENT (continued)	
43.4	Other price risk	
	The municipality's price risk arises from the shares held at Senwes and Senwesbel. The municipality holds a specific number of shares, of which their value depend on the share price at year end. These shares are not listed on any stock exchange.	
	Management's valuation of unlisted investments	723 678
	Average gross rate of return on investments	609 434
		74%
		14.76%
	Dividends received - Senwes Limited	76 544
	Dividends received - Senwesbel Limited	14 321
	81 412	17 040
44	RESTATEMENT OF COMPARATIVE INFORMATION	
	Provision for audit fees, leave and bonuses have been reclassified as accruals. The effect of the restatement is summarised below:	
	Statement of Financial Position:	
	Provisions	
	Accruals - audit fees	
	Accruals - bonuses	
	Accruals - leave	

	=====	
45	COMPARISON WITH THE BUDGET	
	The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures D.	

TSWELOPELE LOCAL MUNICIPALITY
 SCHEDULE OF EXTERNAL LOANS
 FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX A

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Cost Price of Property, Plant & Equipment	Asset Capitalised	Depreciation Period	Other Costs in accordance with MFMA
			R	R	R	R	R			R
LONG-TERM LOANS										
DBSA Loan @ 13.45%	3	2009	350 371	-	(53 140)	297 231	718 000	1986	20 Years	-
DBSA Loan @ 11.90%	38	2024	14 050 806	-	(345 501)	13 705 305	15 000 000	2006	20 Years	-
TOTAL EXTERNAL LOANS			<u>14 401 177</u>	<u>-</u>	<u>(398 641)</u>	<u>14 002 536</u>	<u>15 718 000</u>			<u>-</u>

APPENDIX B

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

	Cost / Revaluation					Accumulated Depreciation					Transfers	Carrying Value	
	Opening Balance	Additions	Disposals	Revaluations	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			R
LAND AND BUILDINGS													
Land and buildings	11 416 773	526 367	(577 000)	-	11 366 140	-	-	-	-	-	-	-	11 366 140
	<u>11 416 773</u>	<u>526 367</u>	<u>(577 000)</u>	<u>-</u>	<u>11 366 140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11 366 140</u>
INFRASTRUCTURE													
Water main and other	51 834 241	473 572	-	-	52 307 813	-	-	-	-	-	-	-	52 307 813
Electricity main and other	8 369 522	2 350 629	-	-	10 720 151	-	-	-	-	-	-	-	10 720 151
Sewerage main and other	106 671 037	23 293 568	-	-	129 964 605	-	-	-	-	-	-	-	129 964 605
Roads	22 596 431	-	-	-	22 596 431	-	-	-	-	-	-	-	22 596 431
	<u>189 471 231</u>	<u>26 117 769</u>	<u>-</u>	<u>-</u>	<u>215 589 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215 589 000</u>
OTHER ASSETS													
Furniture and equipment	10 381 105	296 105	-	-	10 677 210	-	-	-	-	-	-	-	10 677 210
Computer Equipment	2 857 973	64 101	-	-	2 922 074	-	-	-	-	-	-	-	2 922 074
Motor vehicles	4 661 056	438 635	-	-	5 099 691	-	-	-	-	-	-	-	5 099 691
Other assets	470 824	-	-	-	470 824	-	-	-	-	-	-	-	470 824
	<u>18 370 957</u>	<u>798 841</u>	<u>-</u>	<u>-</u>	<u>19 169 798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19 169 798</u>
Finance Lease Assets													
Office Equipment	3 236 155	237 103	-	-	3 473 258	-	-	-	-	-	-	-	3 473 258
	<u>3 236 155</u>	<u>237 103</u>	<u>-</u>	<u>-</u>	<u>3 473 258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 473 258</u>
TOTAL	<u>222 495 116</u>	<u>27 680 080</u>	<u>(577 000)</u>	<u>-</u>	<u>249 598 196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249 598 196</u>

APPENDIX B

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

	Cost / Revaluation					Accumulated Depreciation					Transfers	Carrying Value
	Opening Balance	Additions	Disposals	Revaluations	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R		
LAND AND BUILDINGS												
Land and buildings	10 899 755	522 517	(5 500)	-	11 416 773	-	-	-	-	-	-	11 416 773
	<u>10 899 755</u>	<u>522 517</u>	<u>(5 500)</u>	<u>-</u>	<u>11 416 773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11 416 773</u>
INFRASTRUCTURE												
Water main and other	33 512 062	18 322 178	-	-	51 834 241	-	-	-	-	-	-	51 834 241
Electricity main and other	7 662 029	707 493	-	-	8 369 522	-	-	-	-	-	-	8 369 522
Sewerage main and other	83 163 002	23 508 035	-	-	106 671 037	-	-	-	-	-	-	106 671 037
Roads	22 596 232	-	-	-	22 596 232	-	-	-	-	-	-	22 596 431
	<u>146 933 325</u>	<u>42 537 706</u>	<u>-</u>	<u>-</u>	<u>189 471 032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189 471 231</u>
OTHER ASSETS												
Furniture and equipment	9 840 610	540 495	-	-	10 381 105	-	-	-	-	-	-	10 381 105
Computer Equipment	2 707 648	150 325	-	-	2 857 973	-	-	-	-	-	-	2 857 973
Motor vehicles	4 691 137	287 081	(317 162)	-	4 661 056	-	-	-	-	-	-	4 661 056
Other assets	412 632	58 191	-	-	470 824	-	-	-	-	-	-	470 824
	<u>17 652 027</u>	<u>1 036 092</u>	<u>(317 162)</u>	<u>-</u>	<u>18 370 957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18 370 957</u>
Finance Lease Assets												
Office Equipment	1 971 219	1 264 936	-	-	3 236 155	-	-	-	-	-	-	3 236 155
	<u>1 971 219</u>	<u>1 264 936</u>	<u>-</u>	<u>-</u>	<u>3 236 155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 236 155</u>
TOTAL	<u>177 456 326</u>	<u>45 361 252</u>	<u>(322 662)</u>	<u>-</u>	<u>222 494 917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222 495 116</u>

APPENDIX C

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

Description	Cost / Revaluation						Accumulated Depreciation						Carrying value
	Opening Balance	Additions	Revaluations	Transfers	Disposals	Closing Balance	Opening Balance	Depreciation	Impairment	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Executive & Council	10 967 462	1 446 610	-	-	(577 000)	11 837 072	-	-	-	-	-	-	11 837 072
Budget and Treasury Office	-	64 469	-	-	-	64 469	-	-	-	-	-	-	64 469
Community & Social Services	40 045 423	51 232	-	-	-	40 096 655	-	-	-	-	-	-	40 096 655
Sport & Recreation	3 188 836	-	-	-	-	3 188 836	-	-	-	-	-	-	3 188 836
Waste Management	106 865 476	23 293 568	-	-	-	130 159 044	-	-	-	-	-	-	130 159 044
Water	52 356 483	473 572	-	-	-	52 830 054	-	-	-	-	-	-	52 830 054
Electricity	9 071 437	2 350 629	-	-	-	11 422 066	-	-	-	-	-	-	11 422 066
Total	222 495 116	27 680 080	-	-	(577 000)	249 598 196	-	-	-	-	-	-	249 598 196

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX C (continued)

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

Description	Cost / Revaluation						Accumulated Depreciation						Carrying value
	Opening Balance	Additions	Revaluations	Transfers	Disposals	Closing Balance	Opening Balance	Depreciation	Impairment	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Executive & Council	10 216 625	1 073 499	-	-	(322 662)	10 967 462	-	-	-	-	-	-	10 967 462
Community & Social Services	38 438 917	1 606 506	-	-	-	40 045 423	-	-	-	-	-	-	40 045 423
Sport & Recreation	3 188 835	-	-	-	-	3 188 835	-	-	-	-	-	-	3 188 835
Waste Management	83 357 441	23 508 035	-	-	-	106 865 476	-	-	-	-	-	-	106 865 476
Water	33 890 764	18 465 719	-	-	-	52 356 483	-	-	-	-	-	-	52 356 483
Electricity	8 363 944	707 493	-	-	-	9 071 437	-	-	-	-	-	-	9 071 437
Total	177 456 526	45 361 251	-	-	(322 662)	222 495 115	-	-	-	-	-	-	222 495 115

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

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APPENDIX D

2009	2009	2009		2010	2010	2010	2010	2010
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)	Budgeted Surplus / (Deficit)	Under / (over) - expenditure
R	R	R		R	R	R	R	R
Community services								
3 803 590	1 928 756	1 874 834	Assessment rates	5 158 084	8 164 231	(3 006 147)	(435 000)	(3 441 147)
408 576	144 391	264 186	Camps & Arable Land	1 413 476	102 334	1 311 142	388 450	922 692
6 852	1 347 362	(1 340 510)	Community services	14 151	1 689 431	(1 675 280)	(3 064 740)	1 389 460
71 270	4 950 215	(4 878 945)	Council's general account	1 989	4 865 028	(4 863 039)	(3 251 474)	(1 611 565)
100	-	100	Licences	100	-	100	-	100
122 764	1 478 106	(1 355 342)	Parks and cemeteries	127 905	1 602 137	(1 474 232)	(2 122 050)	647 818
114 875	5 508 684	(5 393 810)	Public works	2 127 303	5 219 616	(3 092 313)	(3 618 800)	526 487
85 624	210 906	(125 282)	Council Properties	115 837	139 300	(23 463)	(30 000)	6 537
-	120 335	(120 335)	Sports grounds	-	64 494	(64 494)	(71 500)	7 006
55 910	740 356	(684 446)	Town Halls	42 060	793 211	(751 151)	(885 202)	134 051
9 914 086	6 579 783	3 334 304	Town treasurer / CFO	5 248 290	3 889 091	1 359 199	(981 076)	2 340 275
2 172 676	3 530 314	(1 357 638)	Municipal manager	2 700 152	5 989 644	(3 289 492)	(4 703 721)	1 414 229
983 489	983 489	-	Welfare	11 629	893 372	(881 743)	(3 771 000)	2 889 257
Subsidised services								
-	-	-	Health	-	-	-	-	-
9 153	9 153	-	Fire brigade	-	6 840	(6 840)	(145 800)	138 960
580 145	566 117	14 028	Library	3 643	424 452	(420 809)	(438 688)	17 879
18 329 110	28 097 967	(9 768 857)	Total (carried forward)	16 964 619	33 843 181	(16 878 562)	(23 130 601)	5 382 039

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

APPENDIX D (continued)

2009	2009	2009		2010	2010	2010	2010	2010
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)	Budgeted Surplus / (Deficit)	Under / (over) - expenditure
R	R	R		R	R	R	R	R
-	-	-	Total (carried over)	16 964 619	33 843 181	(16 878 562)	(23 130 601)	5 382 039
			Economic services					
5 992 591	4 685 517	1 307 074	Refuse removal	2 856 598	3 961 260	(1 104 662)	(4 156 400)	3 051 738
12 536 383	6 633 240	5 903 143	Sewerage	4 408 119	9 024 451	(4 616 332)	(1 608 200)	(3 008 132)
			Trading services					
12 368 891	11 663 260	705 631	Electricity	10 139 443	16 999 025	(6 859 582)	(5 753 497)	(1 106 085)
-	-	-	Game farming	-	-	-	-	-
6 310 136	4 697 341	1 612 795	Water	4 494 210	8 486 971	(3 992 761)	(3 563 300)	(429 461)
			Conditional Grants and Subsidies					
28 844 764	2 630 659	26 214 106	Grants income / (expenditure)	34 198 234	746 335	33 451 899	35 921 613	(2 469 714)
66 052 764	30 310 017	35 742 748	Total	73 061 223	73 061 223	-	(2 290 385)	1 420 385

-

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX E

GRANT DESCRIPTION	Balance as at 1 July 2009	Other Adjustments	Current year receipts	Operating expenditure during the year (Transferred to revenue)	Capital expenditure during the year (Transferred to revenue)	Balance as at 30 June 2010
	R	R	R	R	R	R
District Municipality Grants						
Grant - Service of a loan	-					-
Provincial Government Grants						
Planning Provincial Government	-					-
Tikwana 100 housing	1 285 874	(1 285 874)				-
National Government Grants						
Equitable share	-		38 186 758	(38 186 758)		(0)
Financial Management Grant	-		750 000	(750 000)		-
MSIG Grant	4 114		735 000	(739 114)		0
Municipal Infrastructure Grant (MIG)	6 405 348		24 497 669	-	(26 878 938)	4 024 079
Other Grants and Subsidies						
DBSA Grant	-					-
Financial Grant	-					-
Grant - Capacity building	-					-
Grant - Town planning and survey	-					-
Lotto Grant	24 836					24 836
Purchase and repair of moveable assets	5 561			(5 561)		-
Skills Development Grant	135 459		97 564	(131 194)		101 829
Vuna award	466 705	-	-	(466 705)		-
TOTAL	<u>8 327 897</u>	<u>(1 285 874)</u>	<u>64 266 991</u>	<u>(40 279 331)</u>	<u>(26 878 938)</u>	<u>4 150 745</u>

**TSWELOPELE LOCAL MUNICIPALITY
SCHEDULE OF CAPITAL COMMITMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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APPENDIX F

2009 Budgeted Expenditure R	2009 Actual Expenditure R	2009 Commitment R	2009 Retention Monies R	2009 Suretyship R	DESCRIPTION	2010 Budgeted Expenditure R	2010 Actual Expenditure R	2010 Commitment R	2010 Retention Monies R	2010 Suretyship R
					Municipal Infrastructure Grant (MIG)					
25 928 669	25 460 317	468 352	123 921	-	<u>Phahameng</u> Sewerage Network	14 699 306	22 284 291	-	272 459	
500 000	500 000	-	-	-	<u>PMU</u> PMU unit Costs	500 000	310 000	190 000		
5 847 905	5 847 905	-	-	-	<u>Phahameng</u> Water Network	298 614		298 614		
3 599 073	3 599 073	-	-	-	<u>Tikwana</u> Water Network	774 241	-	774 241		
21 310 728	20 871 444	439 284	54 031	101 438	<u>Tikwana</u> Upgrading of Sewer Treatment plant					
-	-	-	-	-	<u>Phahameng</u> Roads & Stormwater Network					
-	-	-	-	-	Phahameng High Mast Lights - Phase 2	1 200 000	1 200 000	-	-	
-	-	-	-	-	Phahameng High Mast Lights - Phase 3	883 500	33 872	849 628	33 615	
-	-	-	-	-	Tikwana High Mast Lights - Phase 2	650 000	882 502	-	-	
-	-	-	-	-	Bultfontein Upgrading of Bulk Water Supply	40 296	-	40 296	-	
1 739 832	1 015 769	724 063	-	112 863	Vuna Awards Extention of Offices - Bultfontein					
58 926 207	57 294 508	1 631 699	177 952	214 301	TOTAL	19 045 957	24 710 664	2 152 779	306 075	-