Tokologo

TOKOLOGO MUNICIPALITY
(Demarcation code FS182)
Annual Financial Statements
for the year ended June 30, 2011

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

General Information

Legal form of entity	Tokologo is a Category B Local Municipality as defined by the Municipal Structures Act. (Act no 117 of 1998)
Nature of business and principal activities	Tokologo Municipality is a local municipality performing the functions as set out in the Constitution, Act no 105 of 1996)
Mayoral committee	
Executive Mayor	B D Obotseng (not re-elected May 2011)
	G K Mokgobo (elected May 2011)
Councillors	B E Seakge (re-elected May 2011)
	B E Seekoeie (re-elected May 2011)
	K G Ditira (re-elected May 2011)
	G K Mokgobo (now Mayor 2011)
	L Mabote (not re-elected May 2011)
	S M Fourie (not re-elected May 2011)
	N Van der Heever (not re-lected May 2011)
	N Van der Heever (not re-lected May 2011)
	M M Lentsa (elected May 2011)
	D D Mongana (elected May 2011)
	M G Nyamane (elected May 2011)
	A F Bartleman (elected May 2011)
Grading of local authority	Low Capacity (Grade 2)
Accounting Officer	L M A Mofokeng (Municipal Manager)
Chief Finance Officer (CFO)	M O Masisi
Registered office	Voortrekker Street Market Square Boshof 8340
Business address	Private Bag X46 Boshof 8340
Postal address	Private Bag X46 Boshof 8340
Bankers	First National Bank, Boshof
Auditors	The Auditor General of South Africa

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

General Information

Relevant Legislation

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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Abbreviations

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
DWA	Department of Water Affairs

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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Annual Financial Statements for the year ended June 30, 2011

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TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The annual financial statements are based upon appropriate accounting policies that are supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is largely dependent on Government Grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that there is no intention to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 33, which have been prepared on the going concern basis, were approved by the accounting officer on September 25, 2011 and were signed by:

L M A Mofokeng (Municipal Manager)

M Masisi (Chief Financial Officer)

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Inventories	6	1,339,442	1,339,442
Other receivables from exchange transactions	7	509,564	323,072
VAT receivable	8	3,108,223	2,406,913
Prepayments		9,491	-
Trade receivables from exchange transactions	9	12,811,473	31,382,623
Cash and cash equivalents	10	6,667,278	34,064,942
		24,445,471	**69,516,992**
Non-Current Assets			
Biological assets	2	1,311,320	1,568,760
Investment property	3	114,999	114,999
Property, plant and equipment	4	208,125,481	168,241,547
Investments	5	269,493	278,994
		209,821,293	**170,204,300**
Total Assets		**234,266,764**	**239,721,292**
Liabilities			
Current Liabilities			
Current portion of finance lease obligation	11	126,898	172,065
Trade and other payables from exchange transactions	14	6,632,430	14,987,970
Consumer deposits	15	320,397	303,084
Current unspent conditional grants and receipts	12	-	23,292,894
Provisions	13	2,138,126	1,773,086
Bank overdraft	10	4,484,472	1,036,941
		13,702,323	**41,566,040**
Non-Current Liabilities			
Non current portion of finance lease obligation	11	181,276	308,174
Provisions	13	14,120,199	1,746,866
		14,301,475	**2,055,040**
Total Liabilities		**28,003,798**	**43,621,080**
Net Assets		**206,262,966**	**196,100,212**
Net Assets			
Accumulated surplus		206,262,966	196,100,212

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Sale of game		228,705	339,941
Property rates	16	1,701,085	2,735,523
Service charges	17	14,358,613	11,559,521
Rental of facilities and equipment		214,517	77,774
Government grants & subsidies	18	84,995,796	67,653,815
Fines		115,598	87,531
Other income		168,669	341,180
Interest earned	23	1,674,125	3,011,434
Dividends received	23	2,117	-
Total Revenue		**103,459,225**	**85,806,719**
Expenditure			
Employee related costs	20	(20,123,897)	(17,302,958)
Remuneration of councillors	21	(1,497,149)	(1,625,893)
Depreciation and amortisation	24	(1,382,361)	(849,040)
Finance costs	26	(99,324)	(91,536)
Debt impairment	22	(24,644,541)	(1,625,704)
Repairs and maintenance		(4,990,982)	(3,259,691)
Bulk purchases	29	(10,848,627)	(9,596,275)
Contracted services	27	(8,472,885)	(3,908,898)
Grants and subsidies paid	28	(1,345,669)	(116,291)
General Expenses	19	(19,658,808)	(6,481,703)
Total Expenditure		**(93,064,243)**	**(44,857,989)**
Gain or loss on disposal of assets and liabilities		605	-
Fair value adjustments		(103,419)	-
Gains or losses on biological assets and agricultural produce		(129,413)	41,800
Surplus for the year		**10,162,755**	**40,990,530**

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	154,612,911	154,612,911
Adjustments		
Correction of prior period error	496,771	496,771
Balance at July 01, 2009 as restated	**155,109,682**	**155,109,682**
Changes in net assets		
Surplus for the period	40,990,530	40,990,530
Total changes	40,990,530	40,990,530
Opening balance as previously reported	186,655,159	186,655,159
Adjustments		
Correction of prior period error	9,445,052	9,445,052
Balance at July 01, 2010 as restated	**196,100,211**	**196,100,211**
Changes in net assets		
Surplus for the period	10,162,755	10,162,755
Total changes	10,162,755	10,162,755
Balance at June 30, 2011	**206,262,966**	**206,262,966**

Note (32)

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		8,833,595	9,608,196
Interest income		1,674,125	3,011,171
Dividends received		2,117	-
		10,509,837	12,619,367
Payments			
Finance costs		(11,477)	(812)
Net cash flows from operating activities	30	**10,498,360**	**12,618,555**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(41,120,023)	(27,809,179)
Purchase of other intangible assets		(146,271)	-
Proceeds from sale of financial assets		35,624	(38,195)
Increase in biological assets	2	(351,340)	(208,140)
Proceeds from sale of biological assets	2	498,367	260,140
Net cash flows from investing activities		**(41,083,643)**	**(27,795,374)**
Cash flows from financing activities			
Finance lease payments		(259,912)	(285,751)
Net increase/(decrease) in cash and cash equivalents		**(30,845,195)**	**(15,462,570)**
Cash and cash equivalents at the beginning of the year		33,028,001	48,490,571
Cash and cash equivalents at the end of the year	10	**2,182,806**	**33,028,001**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) issued, by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

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

Standard of GRAP	
GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from non-exchange transactions (Taxes and Transfers)
GRAP 24	Presentation of budget information in financial statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Provisions

Provisions were raised and management determined estimates based on information available. Additional disclosure of these estimates of provisions are included in Note 14 - Current Provisions.

Allowance for doubtful debts

An impairment loss on debtors is recognised in surplus and deficit when there is objective evidence that there is an impairment. An estimate is made for doubtful debtors based on a review of all outstanding amounts at year-end. Bad debts are written off with the approval of Council during the year in which they are identified. Additional disclosure of these estimates are included in note 10.

1.2 Biological assets

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of game is determined based on market prices of game of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Accounting Policies

1.3 Investment property (continued)

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Transitional provision

The municipality accounted for investment property applying the transitional provision in both 2010 and 2011. This is in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in Note 5. The transitional provision expires on 30 June 2012.

Until such time that the transitional provisions on measurement of investment property expires, entities need not comply with the standard of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100), to the extent that these standard prescribe requirements for investment property.

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property. Management has put in place plans to improve the accounting for investment property by end June 2012.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment purchased from 01 July 2008 forward has been initially measured at cost. Property, plant and equipment purchased prior to this date has been measured at provisional amounts in terms of Directive 4 of the Accounting Standards Board issued in March 2009.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.4 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for items of property, plant and equipment which was acquired prior to 01 July 2008, which are carried at provisional amounts.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	
• Buildings	30
Furniture and fixtures	
• Furniture and fittings	7-10
Motor vehicles	
• Other vehicles	5
• Specialised vehicles	10
Office Equipment	
• Office Equipment	3-7
IT equipment	
• Computer Equipment	3
Infrastructure	
• Roads and Pavings	30
• Water	15-20
• Sewerage	15-20
Community	
• Buildings	30
• Recreational Facilities	20-30
• Security	5
Other property, plant and equipment	
• Watercraft	15
• Specialised plant and equipment	10-15
• Bins and containers	5

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic

1.4 Property, plant and equipment (continued)
benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Transitional provision

The municipality accounted for property, plant and equipment acquired prior to 01 July 2008 in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework. All classes of property, plant and equipment are affected by this.

According to the transitional provision, the municipality is not required to measure property, plant and equipment, where accounting is incomplete, for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. The relevant Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in Note 4. The transitional provision expires on 30 June 2012.

Until such time that the transitional provisions on measurement of property, plant and equipment expires, entities need not comply with the standard of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100), to the extent that these standards prescribe requirements for property, plant and equipment.

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment. Management has put in place plans to improve the accounting for property, plant and equipment by end June 2012.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

property, plant and equipment are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Licenses and franchises	1 year

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are measured initially at fair value.

Accounting Policies

1.6 Financial Instruments (continued)

Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Financial liabilities consist of trade and other payables. Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

1.8 Inventories

1.8 Inventories (continued)

Transitional provision

The municipality has accounted for inventories at provisional amounts in both 2010 and 2011 in accordance with transitional provisions as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories have accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Until such time that the transitional provisions on measurement of inventories expires, entities need not comply with the standard of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100), to the extent that these standards prescribe requirements for inventories.

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories. Management has put in place plans to improve the accounting for inventory by end June 2011.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the statement of financial performance over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is

1.9 Employee benefits (continued)
demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

1.10 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.11 Revenue from exchange transactions

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

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. In instances where meter readings have not been performed, provisional estimates of consumption are made. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale, therefore on a cash basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

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

Accounting Policies

1.11 Revenue from exchange transactions (continued)
consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.12 Revenue from non-exchange transactions

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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

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

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

Grants, Transfers and Donations

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

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements.

1.15 Unauthorised expenditure

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

Accounting Policies

1.16 Fruitless and wasteful expenditure

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

1.17 Irregular expenditure

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

1.18 Presentation of Currency

These annual financial statements are presented in South African Rand.

1.19 Offsetting

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

1.20 Conditional Grants and receipts

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

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

2. Biological assets

	2011			2010		
	Fair Value		Carrying value	Fair Value		Carrying value
Other bearer biological assets	1,311,320	-	1,311,320	1,568,760	-	1,568,760

Reconciliation of carrying valued of biological assets - 2011

	Opening Balance	Additions	Decreases due to harvest / sales	Disposals	Gains or losses arising from changes in fair value	Other changes, movements	Total
Game	-	208,140	(218,340)	-	52,000	(41,800)	
Other bearer biological assets	1,568,760	143,200	(251,440)	(158,000)	8,800	-	1,311,32
	1,568,760	**351,340**	**(469,780)**	**(158,000)**	**60,800**	**(41,800)**	**1,311,32**

Reconciliation of carrying value of biological assets - 2010

	Opening Balance	Additions	Decreases due to harvest / sales	Transfers	Gains or losses arising from changes in fair value	Total
Game	1,526,960	208,140	(218,340)	(1,568,760)	52,000	-
Other bearer biological assets	-	-	-	1,568,760	-	1,568,760
	1,526,960	**208,140**	**(218,340)**	**-**	**52,000**	**1,568,760**

Non – Financial Information

Quantities of each biological asset

Game	1,010	1,433

There was a significant drop in the number of Springboks. The department of Environment and Tourism is of the opinon that this was due to the Rift Valley fever that was widespread during the year currently under review. An areial count could also not be performed because of the overgrown grass, thus making it impossible to perform the areial count instead a ground one was performed.

Methods and assumptions used in determining fair value

Tokologo Municipality is engaged in game farming. The balance sheet valuation of biological assets is based on an actual count and the unit values on market prices.

3. Investment property

	2011			2010		
	Provisional amount	Accumulated depreciation	Carrying value	Provisional amount	Accumulated depreciation	Carrying value
Investment property	114,999	-	114,999	114,999	-	114,999

Reconciliation of carrying value of investment property - 2011

	Opening Balance	Total
Investment property	114,999	114,999

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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Figures in Rand	2011	2010

3. Investment property (continued)

Reconciliation of carrying value of investment property - 2010

	Opening Balance	Total
Investment property	114,999	114,999

Investment property comprises grazing fields commonly described as camp sites. Their main purpose is for renting out to livestock farmers for grazing. Their carrying amounts have been measured at provisional amounts in terms of Directive 4 of the Accounting Standards Board issued in March 2009. The Municipality has planned to implement various steps to establish the correct value of investment property in terms of GRAP 16 for the financial year ended 30 June 2012.

4. Property, plant and equipment

	2011			2010		
	Cost / Provisional amount	Accumulated depreciation	Carrying value	Cost / Provisional amount	Accumulated depreciation	Carrying value
Land & Buildings	11,823,839	-	11,823,839	11,823,839	-	11,823,839
Infrastructure	187,716,481	(1,335,110)	186,381,371	147,138,489	(626,888)	146,511,601
Community	5,110,272	(163,884)	4,946,388	5,110,272	(48,200)	5,062,072
Finance lease assets	658,039	(394,895)	263,144	812,862	(394,895)	417,967
Other property, plant and equipment	5,163,861	(453,122)	4,710,739	4,621,830	(195,762)	4,426,068
Total	**210,472,492**	**(2,347,011)**	**208,125,481**	**169,507,292**	**(1,265,745)**	**168,241,547**

Reconciliation of carrying value of property, plant and equipment - 2011

	Opening Balance	Additions	Other changes, movements	Depreciation	Total
Land & Buildings	11,823,839	-	-	-	11,823,839
Infrastructure	146,511,601	40,577,992	-	(708,222)	186,381,371
Community	5,062,072	-	-	(115,684)	4,946,388
Finance lease assets	417,967	-	(154,823)	-	263,144
Other property, plant and equipment owned	4,426,068	542,031	-	(257,360)	4,710,739
	168,241,547	**41,120,023**	**(154,823)**	**(1,081,266)**	**208,125,481**

Reconciliation of carrying value of property, plant and equipment - 2010

	Opening Balance	Additions	Other changes, movements	Depreciation	Total
Buildings	11,823,839	-	-	-	11,823,839
Infrastructure	117,597,721	27,581,320	1,959,448	(626,888)	146,511,601
Community	5,110,272	-	-	(48,200)	5,062,072
Finance lease assets	611,947	-	(528)	(193,452)	417,967
Other property, plant and equipment owned	4,233,605	227,859	-	(35,396)	4,426,068
	139,377,384	**27,809,179**	**1,958,920**	**(903,936)**	**168,241,547**

Assets subject to finance lease (Net carrying amount)

Other property, plant and equipment	263,144	417,967

Transitional provisions

Property, plant and equipment

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

4. Property, plant and equipment (continued)

In accordance with Directive 4 transitional provisions of the Accounting Standards Board, property, plant and equipment acquired before 01 July 2008 was recognised at provisional amounts. A valuation of these assets will be undertaken in the 2011/2012 financial year.

5. Investments

At fair value		
Listed shares	269,493	278,994
Non-current assets		
At fair value through surplus or deficit - designated	269,493	278,994

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

6. Inventories

Township developments	1,339,442	1,339,442
Chemicals	-	-
Spare parts	-	-
Water	-	-
	1,339,442	**1,339,442**

Inventories comprise township developments, chemicals, spare parts and water. All these inventory items have been recognised in terms of the transitional provisions contained in Directive 4 of the Accounting Standards Board issued in March 2009. Chemicals, spare parts and water have been at recognised at Rnil. This provisional amount was used because the information to measure inventories was incomplete at balance sheet date.

The municipality has planned to implement various steps to establish the correct value of inventory items in terms of GRAP 12 in the financial year ending 30 June 2012.

7. Other receivables from exchange transactions

Trade debtors	49,228	-
Other receivables	460,336	323,072
	509,564	**323,072**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	6,002,022	3,926,589
Provision for impairment	24,644,541	2,075,433
	30,646,563	**6,002,022**

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance (note 22). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

8. VAT receivable

VAT	3,108,223	2,406,913

The carrying amounts of VAT receivable approximates fair value due to its short-term nature.

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

TOKOLOGO MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
9. Trade receivables from exchange transactions		
Gross balances		
Rates	14,435,033	13,374,318
Electricity	4,433,165	3,230,451
Water	399,576	374,349
Sewerage	14,558,325	12,277,218
Refuse	9,631,938	8,128,309
	43,458,037	**37,384,645**
Less: Provision for bad debts		
Rates	(6,210,051)	(2,147,217)
Electricity	(3,732,594)	(518,642)
Water	(336,431)	(60,101)
Sewerage	(12,257,680)	(1,971,080)
Refuse	(8,109,808)	(1,304,982)
	(30,646,564)	**(6,002,022)**
Net balance		
Rates	8,224,982	11,227,101
Electricity	700,571	2,711,809
Water	63,145	314,248
Sewerage	2,300,645	10,306,138
Refuse	1,522,130	6,823,327
	12,811,473	**31,382,623**
Rates		
Current (0 -30 days)	435,793	285,168
31 - 60 days	412,005	235,769
61 - 90 days	416,605	217,806
91 - 120 days	6,960,579	214,438
121 - 150 days	-	207,701
> 150 days	-	10,066,219
	8,224,982	**11,227,101**
Electricity		
Current (0 -30 days)	47,348	68,880
31 - 60 days	30,289	56,948
61 - 90 days	35,178	52,609
91 - 120 days	587,756	51,796
121 - 365 days	-	50,168
> 365 days	-	2,431,408
	700,571	**2,711,809**
Water		
Current (0 -30 days)	4,761	7,982
31 - 60 days	2,612	6,599
61 - 90 days	3,150	6,096
91 - 120 days	52,622	6,002
121 - 365 days	-	5,814
> 365 days	-	281,755
	63,145	**314,248**
Sewerage		
Current (0 -30 days)	134,096	261,776

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
9. Trade receivables from exchange transactions (continued)		
31 - 60 days	117,606	216,429
61 - 90 days	115,708	199,939
91 - 120 days	1,933,235	196,847
121 - 365 days	-	190,664
> 365 days	-	9,240,483
	2,300,645	**10,306,138**
Refuse		
Current (0 -30 days)	84,620	173,313
31 - 60 days	78,017	143,290
61 - 90 days	76,773	132,373
91 - 120 days	1,282,720	130,326
121 - 365 days	-	126,232
> 365 days	-	6,117,793
	1,522,130	**6,823,327**
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	854,186	-
31 - 60 days	683,879	-
61 - 90 days	678,949	-
91 - 120 days	638,165	-
121 - 365 days	5,060,470	-
> 365 days	33,205,271	-
	41,120,920	-
Less: Provision for bad debts	(28,998,430)	-
	12,122,490	-
Industrial/ commercial		
Current (0 -30 days)	44,326	-
31 - 60 days	40,527	-
61 - 90 days	72,885	-
91 - 120 days	33,006	-
121 - 365 days	614,561	-
> 365 days	951,056	-
	1,756,361	-
Less: Provision for bad debts	(1,238,584)	-
	517,777	-
National and provincial government		
Current (0 -30 days)	7,796	-
31 - 60 days	9,162	-
61 - 90 days	8,742	-
91 - 120 days	8,394	-
121 - 365 days	65,085	-
> 365 days	481,578	-
	580,757	-
Less: Provision for bad debts	(409,549)	-
	171,208	-
Total		
Current (0 -30 days)	906,308	-
31 - 60 days	733,568	-

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
9. Trade receivables from exchange transactions (continued)		
61 - 90 days	760,576	-
91 - 120 days	679,565	-
121 - 365 days	5,740,116	-
> 365 days	34,637,905	-
	43,458,038	-
Less: Provision for bad debts	(30,646,564)	-
	12,811,474	-
Less: Provision for debt impairment		
> 365 days: Provision based on the provisions of IAS 39	(30,646,564)	(6,002,022)
Reconciliation of bad debt provision		
Balance at beginning of the year	31,382,623	37,384,645
Contributions to provision	(18,571,150)	(6,002,022)
	12,811,473	**31,382,623**

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance (note). Unwind of discount is included in XXX in the statement of financial performance (note). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Short-term deposits	6,667,278	34,064,942
Bank overdraft	(4,484,472)	(1,036,941)
	2,182,806	**33,028,001**
Current assets	6,667,278	34,064,942
Current liabilities	(4,484,472)	(1,036,941)
	2,182,806	**33,028,001**

Cash and cash equivalents comprises cash with banks and short-term deposits. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. The carrying amounts therefore approximates their fair values.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2011	June 30, 2010	June 30, 2009
First National Bank - Current account - 62021285748	(3,636,547)	1,093,046	859,966	(4,484,472)	(1,036,941)	(7,817,926)
First National Bank - Current account - 62290902678	4,637,558	-	-	4,637,558	-	-
First National Bank - Money Market - 62029303542	-	32,128,980	54,485,702	-	32,128,980	54,485,702
First National Bank - 32 Day Deposit - 74037631683	115,228	110,390	104,431	115,228	111,050	104,370
First National Bank- Fixed Deposit- 71037990209	10,145	10,145	10,145	10,145	10,145	10,145
First National Bank - 32 Day Deposit -74037601777	49,142	47,643	45,669	49,142	47,643	45,669
Standard Bank - 32 Day Deposit - 048866393	1,827,060	1,740,556	1,636,563	1,827,060	1,740,556	1,636,563
Standard Bank - 32 Day Deposit- 048865303	28,146	27,228	26,048	28,146	27,228	26,048

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand					2011	2010
10. Cash and cash equivalents (continued)						
Total	**3,030,732**	**35,157,988**	**57,168,524**	**2,182,807**	**33,028,661**	**48,490,571**

11. Non current portion of finance lease obligation

	2011	2010
Minimum lease payments due		
- within one year	220,168	243,584
- in second to fifth year inclusive	247,428	467,595
	467,596	711,179
less: future finance charges (within one year)	(93,270)	(71,519)
less: future finance charges (in second to fifth year inclusive)	(66,152)	(159,421)
Present value of minimum lease payments	**308,174**	**480,239**
Present value of minimum lease payments due		
- within one year	93,270	71,519
- in second to fifth year inclusive	214,904	408,720
	308,174	**480,239**
Non-current liabilities	181,276	308,174
Current liabilities	126,898	172,065
	308,174	**480,239**

The average lease term is 5 years and the average effective borrowing rate is 13.17%. The interest rates are fixed at the contract date. Some leases have fixed repayment terms and others escalate at 18% 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. The Minolta lease has expired and was not renewed is currently running on a month to month until it is replaced.

12. Current unspent conditional grants and receipts

	2011	2010
Unspent conditional grants and receipts comprises of:		
Unspent Conditional Grants from other spheres of Government		
Municipal Infrastructure Grant	-	23,292,894
Movement during the year		
Balance at the beginning of the year	23,292,894	47,072,365
Additions during the year	14,845,000	12,850,000
Income recognition during the year	(38,137,894)	(36,629,471)
	-	**23,292,894**

See note 20 for reconciliation of grants from National/District Municipality.

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

13. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Total
Rehabilitation of Landfill Sites	1,746,866	12,894,737	(521,404)	14,120,199
Leave pay provision	1,773,086	446,904	(81,864)	2,138,126
	3,519,952	**13,341,641**	**(603,268)**	**16,258,325**

Reconciliation of provisions - 2010

	Opening Balance	Contributions to provision	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation	-	1,746,866	-	-	1,746,866
Leave pay provision	1,185,724	690,882	(103,520)	-	1,773,086
Rehabitation of Landfill Sites	-	1,746,866	-	(1,746,866)	-
	1,185,724	**4,184,614**	**(103,520)**	**(1,746,866)**	**3,519,952**

Non-current liabilities	14,120,199	1,746,866
Current liabilities	2,138,126	1,773,086
	16,258,325	**3,519,952**

The provision for leave pay relates to an obligation which arises as a result of leave accruing to employees based on the number of leave days accrued (capped to a maximum of 48 days) and the employee pay rates.

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is based on professional estimates received and is expected to be incurred within the next twelve months.

14. Trade and other payables from exchange transactions

Trade payables	6,036,306	9,420,158
Payments received in advanced	50,465	5,896,000
Accruals	542,564	(328,188)
Accrued Lease Interest	2,774	-
Other Creditors	321	-
	6,632,430	**14,987,970**

15. Consumer deposits

Electricity and water	321,164	302,736
Water	(50)	-
Hall deposits	(717)	348
	320,397	**303,084**

16. Property Rates

Rates received

Residential	2,899,700	2,952,602
Less: Income forgone	(1,198,615)	(217,079)
	1,701,085	**2,735,523**

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

17. Service charges

Sale of electricity	9,169,409	7,201,471
Sale of water	460,410	274,871
Sewerage and sanitation charges	2,883,509	2,506,695
Refuse removal	1,845,285	1,576,484
	14,358,613	**11,559,521**

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

18. Government grants and subsidies

Municipal Infrastructure Grant	-	504,000
Lejweleputswa District Municipality Grant	-	751,883
Intergrated National Electricification Programme Grant	3,000,000	92,000
COGTA CFO's Subsidy	500,000	-
Municipal Systems Improvements Grant	750,000	735,000
Financial Management Grant	1,200,000	750,000
Equitable Share	34,525,383	27,728,726
Development Bank of South Africa Grant	-	462,735
Municipal Infrastructure Grant	38,137,894	36,629,471
Department of Water Affairs Grant (BULK Water)	6,882,519	-
	84,995,796	**67,653,815**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members as well as to subsidise the municapality's operations.

All registered indigents received a monthly subsidy from the Equitable Share Grant.

Municipal Infrastructure Grant

Balance unspent at beginning of year	23,292,894	47,072,365
Current-year receipts	14,845,000	12,850,000
Conditions met - transferred to revenue	(38,137,894)	(36,629,471)
	-	**23,292,894**

Conditions still to be met - remain liabilities (see note 12)

COGTA CFO's Salary Subsidy

Current-year receipts	500,000	-
Conditions met - transferred to revenue	(500,000)	-
	-	-

Conditions still to be met - remain liabilities (see note 12)

Provide explanations of conditions still to be met and other relevant information

Municipal Systems Improvement Grant

Current-year receipts	750,000	735,000
Conditions met - transferred to revenue	(750,000)	(735,000)
	-	-

Financial Management Grant

Current-year receipts	1,200,000	750,000
Conditions met - transferred to revenue	(1,200,000)	(750,000)
	-	-

Intergrated National Electrification Programme Grant

Current-year receipts	3,000,000	92,000
Conditions met - transferred to revenue	(3,000,000)	(92,000)

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
18. Government grants and subsidies (continued)		
	-	-
Conditions still to be met - remain liabilities (see note 12)		
Provide explanations of conditions still to be met and other relevant information		
Department Water Affairs (BULK Water) Grant		
Current-year receipts	6,882,519	-
Conditions met - transferred to revenue	(6,882,519)	-
	-	-
Conditions still to be met - remain liabilities (see note 12)		
Provide explanations of conditions still to be met and other relevant information		
19. General expenses		
Accomodation	327,750	-
Advertising	188,205	260,873
Assets expensed	-	833
Audit committee	22,321	-
Bank charges	258,753	195,093
Chemicals	179,400	-
Cleaning	14,754	251
Community development and training	117,498	26,998
Conferences and seminars	90	4,050
Consumables	2,573	-
Contribution to landfill sites rehabilitation	12,894,737	1,746,866
Electricity	-	222,598
Entertainment	163,015	117,612
IDP/LED	543,461	185,356
Loss on operations	24,000	-
Fuel and oil	560,154	451,878
IT expenses	94,005	6,806
Insurance	236,220	292,470
Lease rentals on operating lease	180,070	303,072
Medical expenses	4,214	-
Miscellaneous office expenses	157,034	123,185
Motor vehicle expenses	23,467	-
Postage and courier	17,901	13,242
Printing and stationery	211,578	192,385
Refuse	32,056	38,619
Staff welfare	4,923	9,330
Subscriptions and membership fees	336,366	100,000
Telephone and fax	715,821	587,416
Training	614,385	212,302
Travel - local	1,618,059	1,367,960
Uniforms	114,025	3,947
Water	1,973	18,561
	19,658,808	**6,481,703**

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
20. Employee related costs		
Salaries and wages	13,422,159	10,456,515
Performance and other bonus	790,578	756,557
Medical aid - company contributions	653,643	645,113
UIF	112,177	282,332
WCA	52,566	-
Leave pay provision charge	377,509	582,672
Post-employment benefits - Pension - Defined contribution plan	1,357,325	1,817,821
Transport allowance	873,560	768,570
Overtime payments	451,746	394,858
Acting allowances	-	18,553
Housing benefits and allowances	-	18,602
	18,091,263	**15,741,593**
Remuneration of Municipal Manager		
Annual Remuneration	536,752	511,802
Contributions to UIF, Medical and Pension Funds	1,497	1,719
	538,249	**513,521**
Remuneration of Chief Finance Officer		
Annual Remuneration	390,000	185,425
Car Allowance	180,000	52,500
Contributions to UIF, Medical and Pension Funds	1,497	1,003
Housing allowance	-	14,000
	571,497	**252,928**
Corporate and human resources (corporate services)		
Annual Remuneration	345,947	317,871
Car Allowance	102,000	102,000
Contributions to UIF, Medical and Pension Funds	1,497	1,719
Housing allowances	12,000	12,000
	461,444	**433,590**
Remuneration of Technical Manager		
Annual Remuneration	345,947	264,893
Car Allowance	90,000	75,000
Contributions to UIF, Medical and Pension Funds	1,497	1,433
Housing Allowance	24,000	20,000
	461,444	**361,326**
21. Remuneration of Councillors		
Executive Mayor	423,462	451,711
Councillors	1,073,687	1,174,182
	1,497,149	**1,625,893**

In-kind benefits

The Mayor is provided with an office with secretarial support and an official vehicle with a driver at the cost of the Council.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
22. Debt impairment		
Contributions to debt impairment provision	24,644,541	1,625,704
23. Interest and dividend earned		
Dividend revenue		
Listed financial assets - Local	2,117	-
Bank	1,164,740	2,540,429
Interest charged on trade and other receivables	509,385	471,005
	1,674,125	**3,011,434**
	1,676,242	**3,011,434**

The amount included in interest earned arising from exchange transactions amounted to 509,385 (2010: R471,005).

The amount included in interest earned arising from non-exchange transactions amounted to 1,164,740 (2009: R2,540,429).

24. Depreciation and amortisation		
Property, plant and equipment	1,236,090	849,040
Intangible assets	146,271	-
	1,382,361	**849,040**
25. Gains or losses on biological assets		
Gains or losses arising from a change in fair value less point of sale costs	(129,413)	41,800
26. Finance costs		
Trade and other payables	11,477	-
Finance leases	87,847	90,724
Other interest paid on consumer accounts	-	812
	99,324	**91,536**
27. Contracted Services		
Specialist Services	8,472,885	3,908,898

Contracted specialist services are for legal, valuation and financial management, accounting services, Internal Audit and Risk Assessment

28. Grants and subsidies paid		
Other subsidies		
MFMA Conversion	1,137,830	-
HIV/Aids programme	8,732	-
Pauper Funerals	16,800	-
Free Basic Electricity	19,703	116,291
Indegents Sanitation	2,815	-
Indegents Sewerage	86,923	-
Indegent Refuse	59,927	-
MSIG	12,939	-

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
28. Grants and subsidies paid (continued)		
	1,345,669	**116,291**
29. Bulk purchases		
Electricity	8,564,193	9,313,452
Water	2,284,434	282,823
	10,848,627	**9,596,275**
30. Cash generated from operations		
Surplus	10,162,755	40,990,530
Adjustments for:		
Depreciation and amortisation	1,382,361	849,040
Gain (loss) on sale of assets and liabilities	128,808	(41,800)
Fair value adjustments	103,419	-
Finance costs - Finance leases	87,847	90,724
Debt impairment	24,644,541	1,625,704
Movements in provisions	12,738,373	2,334,228
Other non-cash items	(147,933)	(1,460,262)
Changes in working capital:		
Other receivables from exchange transactions	(186,492)	196,530
Consumer debtors	(6,073,391)	(4,097,830)
Prepayments	(9,491)	-
Trade and other payables from exchange transactions	(8,355,546)	6,689,432
VAT	(701,310)	(11,081,354)
Current unspent conditional grants and receipts	(23,292,894)	(23,779,471)
Consumer deposits	17,313	303,084
	10,498,360	**12,618,555**
31. Commitments		
Authorised capital expenditure		
Contracted for and authorised		
• Property, plant and equipment	64,855,000	40,531,365

This committed expenditure relates to the BULK project and the Municipal Infrastructure Grant allocation for 2011/12.

32. Prior period errors

Are as a result of leases being calculated without considering the escalation. Assets recorder in the incorrect periods. Assets expensed instead of being capitalised. Duplications in the previous year. Reversals of duplicated stale cheques. Income recorded in the incorrect period.

The correction of the error(s) results in adjustments as follows: Assets, liabilities, income and expenses.

Statement of financial position		
Unspent Portion	6,491,835	-
Accruals	1,902,918	-
Bank	83,936	-
Bank	-	24,884
Opening Accumulated Surplus or Deficit	247,349	632,303
Statement of financial performance		
Income recorded in 2011	-	48,719
Interest duplicated	2,846	-
Duplicated expense	-	80,823

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
32. Prior period errors (continued)		
Duplicated investment revenue: Audit query	38,196	-
Duplicated accruals: Audit query	-	1,902,918
Unrecorded 2010 expense	23,960	-
Unrecorded 2010 expense	-	24,884
Unrecorded prior year interest	-	3,113
Allocation of revenue in correct year	-	504,000
Expenditure allocated in 101/11 relating to 09/10	28,786	-
Legal fee for 2010: Audit Query	111,786	-
Capex not recognised as revenue	-	6,491,835
Expense capitalised corrected	7,260	-
Correction of depreciation of leases	-	153,867
Correct lease cost	128,303	-
Duplicated expense revese	-	751,883
Correctetion of VAT and Leases	-	320,917

33. Risk management

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.

Risk from biological assets

The municipality is exposed to financial risks arising from changes in the market price of game.The municipality does not anticipate that game prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in game prices. The municipality reviews its outlook for game prices regularly in considering the need for active financial risk management. There is also the risk of diseases which at the moment is unmanageable.

Credit risk

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 are shown in the relevant note for cash and cash equivalents and trade receivables.

34. Events after the reporting date

There are no events after reporting date to report on, except for equitable share witheld but relating to the 2011/2012 financial year.

35. Unauthorised expenditure

Actual expenditure exceeded the budgeted expenditure by R5 653 211	-	5,653,211
Unauthorised expenditure of R12 484 608 identified in the prior year (2009)	-	-
Budget exceeded by this amount	42,052,000	-
	42,052,000	**5,653,211**

The above matters have not been tabled to council. The municipality is investigating the matters prior to tabling to Council for further action to be taken. The limited resources within the municipality have led to this process being very slow.

All the matters noted above will be finalised by the end of the 2011/2012.

36. Fruitless and wasteful expenditure

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
36. Fruitless and wasteful expenditure (continued)		
Erecting a fence at more than the average market price: Tender price R598 076 and average recalculated price by audit R343 358	-	254,718
Interest paid for late payments	-	22,821
Fruitless and wasteful expenditure 2009: R2 078 675	-	-
	-	277,539

The tender costs for erecting the cemetry fence, was calculated by the concultant. The opinion of the municipality was that the other lower quotations might create a problem with contractors unable to complete the project. However the municipality is in the process of acquring the workings for the price, and this will be table to council for further action.

Interest paid; The interest could not be avoided but will be tabled to council for further action.

The expenditure relating to 2009 will be investigated during 2011/2012 and the report tabled to council for further action.

37. Irregular expenditure

Opening balance	13,801,279	4,687,397
Add: Irregular Expenditure - current year	-	9,113,882
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	13,801,279	**13,801,279**

The municipality has not yet investigated these matters and as such not yet tabled to council. This mainly due to lack of capacity, but will endevour to have them dealt with during the 2011/2012.

A register and methodology for identifying, recording, investigating and subsequently tabling to Council will be prepared soon so that the matters can be captured and dealt with speedily and on a continual basis.

38. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	300,000	-
Amount paid - current year	(300,000)	-
	-	-

Audit fees

Amount paid - current year	4,166,996	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2011:-

June 30, 2011	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Obotseng: Account 1	168	4,454	4,622
Councillor Obotseng: Account 2	168	3,432	3,600
Councillor Mabote	929	382	1,311
Councillor Mongana	164	3,168	3,332
Councillor Lentsha: Account 1	164	3,128	3,292
Councillor Lentsha	164	2,205	2,369
	1,757	**16,769**	**18,526**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

38. Additional disclosure in terms of Municipal Finance Management Act (continued)

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

39. Deviation 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.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Financial management services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The municipality often engages in supplies where three quotations are impossible to acquire due to the limited suppliers in the immediate vicinity. These sevices are mainly for catering purposes, vehicle maintenance and repairs. Deviations are included with the document approved by the head of department and approved by mamanegement

APPENDIX A

TOKOLOGO LOCAL MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

Type	Number	Redeemable	Balance at 01-Jul-10	Received during the period	Redeemed during period	Balance at 30-Jun-11	Carrying value of Property, Plant & Equip.	Other costs in accordance with the MFMA
LEASE LIABILITY								
Gestetner @ 15.5%	01134273	03.06.2013	115,469	-	31,275	84,193	70,780	-
Sharp @ 15.5%	S0001362	11.06.2013	309,349	-	85,368	223,981	192,366	-
Minolta @ 10.5%	3507	01.03.2011	55,422	-	55,422	-	-	
Total Long term lease liabilities			480,240	-	172,066	308,174	263,145	-
TOTAL EXTERNAL LOANS			480,240	-	172,066	308,174	263,145	-

APPENDIX B

TOKOLOGO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost / Revaluation					Accumulated depreciation				
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
LAND & BUILDINGS										
Kareehof	1,346,132				1,346,132				-	1,346,132
Townland	6,134,273				6,134,273				-	6,134,273
Game Farms	714,370				714,370				-	714,370
Council Property	3,422,985				3,422,985				-	3,422,985
Buildings	178,807				178,807				-	178,807
Beer hall	27,272				27,272				-	27,272
SUBTOTAL	11,823,839	-	-	-	11,823,839	-	-	-	-	11,823,839
COMMUNITY ASSETS										
Library	316,369				316,369				-	316,369
Parks	44,611				44,611	-			-	44,611
Parks : Curb Stones	145,190				145,190	-			-	145,190
Sport : Recreation Facilities	837,876				837,876	-			-	837,876
Swimming pool	24,092				24,092	-			-	24,092
Museum	78,045				78,045	-			-	78,045
Creche	105,147				105,147	-			-	105,147
Clinics	677,307				677,307	-			-	677,307
Cemetry	2,881,635				2,881,635	48,200	115,684		163,884	2,717,751
	-				-		-			-
SUBTOTAL	5,110,272	-	-	-	5,110,272	48,200	115,684	-	163,884	4,946,388
LEASED ASSETS										
Photocopiers	812,863				812,863	394,895	154,824		549,719	263,144
SUBTOTAL	812,863	-	-	-	812,863	394,895	154,824	-	549,719	263,144
INFRASTRUCTURE										
Electricity	9,530,620				9,530,620	-			-	9,530,620
Streets	20,292,928				20,292,928	-			-	20,292,928
Sewerage	56,619,622	1,361,825			57,981,447	-			-	57,981,447
Water network	29,202,061				29,202,061	-			-	29,202,061
Reserviors	1,964,983				1,964,983	-			-	1,964,983
Boreholes / equipment	1,621,971				1,621,971	-			-	1,621,971
Water Supply	27,946,254	14,845,000	24,371,167		67,162,421	626,888	708,222		1,335,110	65,827,310
SUBTOTAL	147,178,439	16,206,825	24,371,167	-	187,756,431	626,888	708,222	-	1,335,110	186,421,320

TOKOLOGO LOCAL MUNICIPALITY

APPENDIX B

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation					Accumulated depreciation				
OTHER ASSETS	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
Vehicles and equipment	2,997,694	90,594			3,088,288	125,994	87,855		213,849	2,874,439
Tools	445,550				445,550	-			-	445,550
Office equipment	977,021	451,438			1,428,459	69,768	14,681		84,449	1,344,010
Fire Protection	6,791				6,791	-			-	6,791
SUBTOTAL	4,427,056	542,032	-	-	4,969,088	195,762	102,536	-	298,298	4,670,790
GRAND TOTAL	169,352,469	16,748,857	24,371,167	-	210,472,493	1,265,745	1,081,266	-	2,347,011	208,125,481

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

	Cost / Revaluation					Accumulated depreciation				
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
LAND & BUILDINGS										
Kareehof	1,346,132				1,346,132				-	1,346,132
Townland	6,134,273				6,134,273				-	6,134,273
Game Farms	714,370				714,370				-	714,370
Council Property	3,422,985				3,422,985				-	3,422,985
Buildings	178,807				178,807				-	178,807
Beer hall	27,272				27,272				-	27,272
SUBTOTAL	11,823,839	-	-	-	11,823,839	-	-	-	-	11,823,839
COMMUNITY ASSETS										
Library	316,369				316,369				-	316,369
Parks	44,611				44,611				-	44,611
Parks : Curb Stones	145,190				145,190				-	145,190
Sport : Recreation Facilities	837,876				837,876				-	837,876
Swimming pool	24,092				24,092				-	24,092
Museum	78,045				78,045				-	78,045
Creche	105,147				105,147				-	105,147
Clinics	677,307				677,307				-	677,307
Cemetry	2,881,635				2,881,635		48,200		48,200	2,833,435
					-		-			-
SUBTOTAL	5,110,272	-	-	-	5,110,272	-	48,200	-	48,200	5,062,072
LEASED ASSETS										
Photocopiers	812,863				812,863	232,323	162,572		394,895	417,968
SUBTOTAL	812,863	-	-	-	812,863	232,323	162,572	-	394,895	417,968
INFRASTRUCTURE										
Electricity	9,530,620				9,530,620				-	9,530,620

Streets	20,292,928				20,292,928				-	20,292,928
Sewerage	54,119,622		2,500,000		56,619,622				-	56,619,622
Water network	21,407,217	7,794,844			29,202,061				-	29,202,061
Reserviors	1,964,983				1,964,983				-	1,964,983
Boreholes / equipment	1,621,971				1,621,971				-	1,621,971
Water Supply	8,660,380		19,091,100		27,751,480		626,888		626,888	27,124,592
SUBTOTAL	117,597,721	7,794,844	21,591,100	-	146,983,665	-	626,888	-	626,888	146,356,777

TOKOLOGO LOCAL MUNICIPALITY

APPENDIX B

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

	Cost/Revaluation					Accumulated depreciation				
OTHER ASSETS	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
Vehicles and equipment	2,997,694				2,997,694	60,613	65,381		125,994	2,871,700
Tools	445,550				445,550				-	445,550
Office equipment	977,021	194,774			1,171,795	23,256	46,512		69,768	1,102,027
Fire Protection	6,791				6,791				-	6,791
SUBTOTAL	4,427,056	194,774	-	-	4,621,830	83,869	111,893	-	195,762	4,426,068
GRAND TOTAL	139,771,751	7,989,618	21,591,100	-	169,352,469	316,192	949,553	-	1,265,745	168,086,724
GRAND TOTAL	-	-	-	-	-	-	-	-	-	-

APPENDIX C

TOKOLOGO LOCAL MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

		Cost					Accumulated depreciation				
		Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
Office of the Municipal Manager	1	84,975	60,638			145,613	-	19,562.97		19,563	126,050
Council	101	10,903,390	133,507			11,036,897	125,994	101,405.43		227,399	10,809,497
Finance Service	201	1,703,078	208,317			1,911,395	464,663	65,722		530,385	1,381,010
Assesment Rates	210	-				-	-			-	-
Cooperate Service	301	42,309	48,977			91,286	-	42,181.56		42,182	49,104
Housing	321	-				-	-			-	-
Libraries	411	316,369				316,369	-			-	316,369
Halls and Facilities	421	1,834,821				1,834,821	-			-	1,834,821
Cemetries	431	1,881,635				1,881,635	48,200	115,684.00		163,884	1,717,751
Sport and Recreation	441	1,766,139				1,766,139	-			-	1,766,139
Health	451	677,307				677,307	-			-	677,307
Disaster Management	461	6,791				6,791	-			-	6,791
Traffic	463	-				-	-			-	-
Fire Brigade	465	-				-	-			-	-
Public Works	530	23,290,622	90,594			23,381,216	-	28,487.64		28,488	23,352,728
Electricity	540	9,530,620				9,530,620	-			-	9,530,620
Water	550	60,694,791	14,845,000	24,371,167		99,910,958	626,888	708,222.30		1,335,110	98,575,847
Refuse	560	-				-	-			-	-
Sewerage	570	56,619,622	1,361,825			57,981,447	-			-	57,981,447
		169,352,469	16,748,857	24,371,167	-	210,472,492	1,265,745	1,081,266	-	2,347,011	208,125,482

APPENDIX D

TOKOLOGO LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R			2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
-	1,044,981	(1,044,981)	Office of the Municipal Manager	1	-	1,121,858	(1,121,858)
6,108,801	6,889,986	(781,184)	Council	101	5,032,880	6,074,127	(1,041,247)
3,812,367	6,557,270	(2,744,902)	Finance Service	201	12,479,553	14,029,403	(1,549,851)
2,735,523	1,464,184	1,271,339	Assesment Rates	210	1,701,085	8,185,937	(6,484,853)
-	3,187,395	(3,187,395)	Cooperate Service	301	-	3,205,418	(3,205,418)
588,756	581,645	7,111	Libraries	411	593,575	627,927	(34,352)
451,555	2,057,136	(1,605,581)	Halls and Facilities	421	442,739	1,925,796	(1,483,057)
75,188	289,303	(214,115)	Cemetries	431	23,556	13,136	10,420
334,757	500,308	(165,551)	Sport and Recreation	441	7,777	586,683	(578,906)
-	3,247	(3,247)	Health	451	-	-	-
174	100,224	(100,050)	Disaster Management	461	162	151,595	(151,434)
87,231	340,774	(253,543)	Traffic	463	115,598	489,102	(373,504)
8,853	-	8,853	Fire Brigade	465	-	3,007	(3,007)
-	-	-	PMU	501	-	340,621	
34,503,957	4,813,188	29,690,769	Public Works	530	6,366,019	6,875,081	(509,063)
10,808,411	10,229,901	578,510	Electricity	540	17,269,740	14,779,076	2,490,664
11,776,285	1,691,762	10,084,523	Water	550	38,458,356	4,410,656	34,047,699
10,090,313	1,867,248	8,223,065	Refuse	560	16,534,764	10,293,805	6,240,959
4,355,619	3,239,170	1,116,450	Sewerage	570	4,433,422	20,183,241	(15,749,819)
85,737,791	44,857,719	40,880,071	Sub total		103,459,225	93,296,470	10,503,375
-	-	-	Less: Inter-departmental charges		-	-	-
85,737,791	**44,857,719**	**40,880,071**	**Total**		**103,459,225**	**93,296,470**	**10,162,755**

APPENDIX E1

TOKOLOGO LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET: REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance (%)	Explanation of significant variances Greater than 10% versus Budget
Revenue					
Property rates	1,701,085	1,047,452	653,633	62.40%	The municipality is constantly striving to ensure that all potential consumers are identified and subsequently levied. The rebate has also been reduced and the budget was still based on the previous rebates.
Service charges	14,358,613	9,871,275	4,487,338	45.46%	The municipality is constantly striving to ensure that all potential consumers are identified and subsequently levied.
Rental of facilities and equipment	214,517	290,000	(75,483)	-26.03%	The budget might have been unrealistic, considering the economic climate.
Interest earned - external investments	1,164,740	-	1,164,740	100.00%	The item was never budgeted as it was assumed that the R50m from Bulk water would be depleted earlier.
Interest earned - outstanding debtors	509,385	121,000	388,385	320.98%	The credit control function has been stepped up and outstanding debtors are then charged interest for nonlate payments
Dividends	2,117	-			Part of the shares were redeemed, and this was not budgeted for.
Fines	115,598	48,080			The efforts have improved as there personnel concerned also work overtime thus the spike in the increase
Government grants and subsidies	84,995,796	36,460,382	48,535,414	133.12%	The extra portion is due to capital grant income recognized.
Other income	168,669	118,500	50,169	42.34%	Other revenue streams are now better controlled, and billed for.
Sale of Game	228,705	150,000.00	78,705.00	52.47%	The budget was unrealistic
Total revenue	**103,459,225**	**48,106,689**	**54,629,268**	**113.56%**	
Expenditure					
Employee related cost	20,123,897	18,864,167	1,259,730	6.68%	
Remuneration of councillors	1,497,149	1,443,220	53,929	3.74%	
Bad debts	24,644,541	3,200,000	21,444,541	670.14%	The current year's provision has been based on IAS39 which is more scientific. It is based on the recovery rate which is current low, thus the huge jump.
Depreciation	1,382,361	-			
Repairs and maintenance	4,990,982	2,789,139	2,201,843	78.94%	The municipality has made improvements on maintenace and therefore the budget was unrealistic
Interest paid	99,324	-	99,324	100.00%	These were from unfortunate circumstances and were never budgeted for.
Bulk purchases	10,848,627	9,530,290	1,318,337	13.83%	The budget was slighly under
Contracted services	8,472,885	2,327,000	6,145,885	264.11%	There were more services required as a result of staff shortages, and endeavours to improve internal operational matters.
Grants and subsidies paid	1,345,669	3,316,295	(1,970,626)	-59.42%	but there has been a drive to get the community to apply. There should be an improvement the
General expenses	19,658,808	6,602,376	13,056,432	197.75%	It is the huge increase on the provision for the rehabilitation of landfill sites.
Loss on disposal of assets	232,227	-	232,227	100.00%	The game was affected by rift valley fever killing several springbok species. However there was also no budget for any disasters in this regard because there is never been such an incident before.
Total Expenditure	**93,296,470**	**48,072,487**	**43,841,622**	**91.20%**	
SURPLUS	**10,162,755**	**34,202**	**10,787,646**		

APPENDIX E2

TOKOLOGO LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011 Additions R	2011 Under construction R	2011 Closing Balance R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of significant variances greater than 5% versus Budget
LAND & BUILDINGS			-		-		
Kareehof			-		-		
Townland			-		-		
Game Farms			-		-		
Council Property			-		-		
Buildings			-		-		
Beer hall			-		-		
SUBTOTAL	-	-	-	-	-		
COMMUNITY ASSETS							
Library			-		-		
Parks			-		-		
Parks : Curb Stones			-		-		
Sport : Recreation Facilities			-		-		
Swimming pool			-		-		
Museum			-		-		
Creche			-		-		
Clinics			-		-		
Cemetry			-		-		
SUBTOTAL	-	-	-	-	-		
LEASED ASSETS							
Photocopiers			-		-	0.00%	
SUBTOTAL	-	-	-	-	-		
INFRASTRUCTURE							
Electricity			-				
Streets			-		-		
Sewerage	10,255,825		10,255,825	8,894,000	1,361,825	15.31%	The other portion relates to Bulk expenditure carried forward from the previous year
Water network	5,147,000	24,371,167	29,518,167	5,147,000	24,371,167	473.50%	
Reserviors			-		-		
Other	804,000		804,000	804,000		0.00%	
Boreholes / equipment							
Water Supply							

SUBTOTAL		16,206,825	24,371,167	40,577,992	14,845,000	25,732,992		

APPENDIX E2

TOKOLOGO LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

OTHER ASSETS								
Vehicles and equipment		90,594		90,594		90,594		
Tools				-		-		
Office equipment		451,438		451,438		451,438	#DIV/0!	Not all the project identified started during the financial year
Fire Protection				-		-		
SUBTOTAL		542,032	-	542,032	-	542,032		
GRAND TOTAL		**16,748,857**	**24,371,167**	**41,120,024**	**14,845,000**	**26,275,024**		

APPENDIX F

TOKOLOGO LOCAL MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MFMA FOR THE YEAR ENDED 30 JUNE 2011

	State organ	Opening Balance	Quarterly receipts					Quarterly expenditure					Grants and subsidies withheld				Reason for delay	Did your municipality comply with the grant conditions in terms of the grant framework in the Division of Revenue Act Yes/No	Reason for non-compliance
			Sept	Dec	Mar	June	Total	Sept	Dec	Mar	June	Total	Sept	Dec	Mar	June			
Municipal infrastructure grant (MIG)	National		5,898,000	8,540,000	409,000	-	14,845,000 -	5,502,315	3,199,159	456,939	5,686,587	14,845,000 -	-	-	-	-		YES	
Municipal Infrastructure grant (MIG BULK)	Municipal	29,073,908.05					29,973,908 -	15,340,524	6,849,501	3,032,591	4,200,738	29,423,355 -						YES	
Municipal infrastructure grant (DWA BULK)	Municipal		-	-	6,882,519	-	6,882,519 -	-	2,540,519	4,342,001	307,273	7,189,792 -						YES	
COGTA	Provincial			500,000			500,000	125,000	125,000	125,000	125,000	500,000						YES	
Municipal systems improvements grant (MSIG)	National		750,000	-	-	-	750,000 -			377,203	372,797	750,000 -	-	-	-	-		YES	
Equitable share (EQS)	National		14,385,527	11,506,461	8,631,345	-	34,525,383 -	10,142,006	8,527,128	8,699,611	7,156,638	34,525,383 -	-	-	-	-		YES	
Financial Management Grant (FMG)	National		1,200,000	-	-	-	1,200,000 -	296,514	243,649	361,577	326,544	1,228,285 -	-	-	-	-		YES	
Intergrated National Electrification Programme (INEPG)	National		1,080,000	360,000	1,560,000	-	3,000,000	-	1,030,085	1,221,937	747,978	3,000,000	-	-	-	-		YES	
Total grant and subsidies as per note 11							90,776,810					91,461,814							