

Mafube

Local Municipality



FINANCIAL STATEMENTS
30 JUNE 2010

These financials have not been audited

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

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MAFUBE LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

NATURE OF BUSINESS

Mafube Municipality is a local municipality performing the functions as set out in the Constitution, (Act no 105 of 1996) which includes municipal services, infrastructure development and furthering the interests of the local community.

COUNTRY OF ORIGIN AND LEGAL FORM

Mafube Local Municipality is a Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Mafube Municipality includes the following areas:

Frankfort
Villiers
Tweeling
Cornelia

MEMBERS OF THE MAYORAL COMMITTEE

Ntombela L.M.D (Mayor)	ANC. 8
Moloi T.M (Speaker)	(P.R) ANC
Cllr Sigasa J.E	ANC. 1
Cllr Hlongwane J.J	ANC. 2
Cllr Memeza P	ANC. 3
Cllr Mosia M	ANC. 4
Cllr Tshabalala D	ANC. 5
Cllr Moloi M	ANC. 6
Cllr Mfene D	ANC. 7
Cllr Khubeka L	ANC. 8
Cllr Tshabalala P.J	ANC. 9
Cllr Skosana E.M	(P.R) ANC
Cllr Mokoena M.S	(P.R) ANC
Cllr Sekhoto M.M	(P.R) ANC
Cllr Kanono K.C	(P.R) ANC
Cllr Van der Westhuizen P.D	(P.R) VF
Cllr Pretorious J.J	(P.R) DA

MUNICIPAL MANAGER

Mr Isaac P Radebe (Acting)

CHIEF FINANCIAL OFFICER

Mr Nkgaudise N Molefe (Acting)

REGISTERED OFFICE

<i>64 JJ Hadebe Street</i>	<i>P.O Box 2</i>
<i>FRANKFORT</i>	<i>FRANKFORT</i>
<i>9830</i>	<i>9830</i>

MAFUBE LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION (Continued)

AUDITORS

Auditor-General (FS)
BLOEMFONTEIN
9301

PRINCIPAL BANKERS

ABSA Bank, Frankfort

ATTORNEYS

Podbieski Mlambe Inc.
Claasen Attorney
Richter van der Watt
Hennie Venter Attorney

RELEVANT LEGISLATION

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

MAFUBE LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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 engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

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, he sets standards for internal control aimed at reducing the risk of error or deficit 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 on 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 deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 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.

Although the Mafube Local Municipality is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

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 6 to 59 which have been prepared on the going concern basis, were approved by the Accounting officer on 31 August 2010 and were signed on its behalf by:

Isaac P Radebe
Municipal Manager (Acting)

Date

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

AUDITOR'S REPORT

Report of the Auditor General to be inserted

MAFUBE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

		2010	2009
	Notes	R	Restated R
NET ASSETS AND LIABILITIES			
Net Assets		177,033,861	181,726,880
Capital Replacement Reserve	2	5,044,900	6,721,622
Capitalisation Reserve	2	2,380,323	2,380,323
Government Grant Reserve	2	183,871,126	174,777,871
Accumulated Surplus/(Deficit)		(14,262,488)	(2,152,936)
Non-Current Liabilities		971,072	948,733
Long-term liabilities	3	971,072	948,733
Employee benefits			
Current Liabilities		67,751,058	55,255,064
Consumer deposits	4	1,026,917	940,227
Current employee benefits	5	2,336,935	320,021
Trade and other payables	6	9,772,013	16,274,542
Unspent conditional government grants and receipts	7	39,865,696	20,454,161
Unspent public contributions	8	15,549	-
VAT	9	14,187,248	6,741,261
Cash and cash equivalents - Overdraft	17	-	10,238,846
Current portion of long-term liabilities	2	546,701	286,007
Total Net Assets and Liabilities		245,755,991	237,930,677
ASSETS			
Non-Current Assets		219,312,447	208,542,470
Property, Plant and Equipment	10	219,312,447	208,542,470
Current Assets		26,443,544	29,388,207
Inventory	11	474,327	277,727
Trade receivables from exchange transactions	12	5,623,551	19,345,185
Trade receivables from non-exchange transactions	13	891,076	1,587,468
Other debtors	14	7,485,242	7,850,974
Operating lease arrangements	15	-	-
VAT	9	-	-
Investments	16	228,086	187,381
Cash and cash equivalents	17	11,741,262	139,472
Total Assets		245,755,991	237,930,677

MAFUBE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 Actual R	2009 Restated R	2009 Correction of error R	2009 Previously reported R
REVENUE					
Revenue from Non-exchange Transactions		66,617,711	54,217,033	691,319	53,525,714
Taxation Revenue		13,087,940	4,186,509	-	4,186,509
Property rates	18	13,087,940	4,186,509	-	4,186,509
Transfer Revenue		53,376,805	49,198,433	-	49,198,433
Government grants and subsidies - Equitable share	19	42,565,551	37,780,433	0	37,780,433
Government grants and subsidies - Capital	19	9,093,255	10,342,000	-	10,342,000
Government grants and subsidies - Operating	19	1,718,000	1,076,000	-	1,076,000
Public contributions and donations		-	-	-	-
Other Revenue	22	152,965	832,091	691,319	140,772
Unamortised discount - Inrerest	20	-	691,319	691,319	-
Fines		152,965	140,772	-	140,772
Revenue from Exchange Transactions		57,046,202	31,532,397	-	31,532,397
Property rates - penalties imposed and collection charges		-	2,091,938	-	2,091,938
Service charges	21	48,468,847	27,067,014	-	27,067,014
Rental of facilities and equipment		304,387	1,160,235	-	1,160,235
Interest earned - External investments		84,010	96,088	-	96,088
Interest earned - Outstanding debtors		6,858,245	90,117	-	90,117
Licences and permits		-	116,563	-	116,563
Agency services		-	-	-	-
Other income		1,330,713	910,442	-	910,442
Total Revenue		123,663,913	85,749,430	691,319	85,058,111
EXPENDITURE					
Employee related costs	23	48,776,438	32,927,025	320,021	32,607,004
Remuneration of councillors	24	4,471,521	5,534,266	-	5,534,266
Debt impairment	25	38,555,474	32,005,015	32,005,015	-
Depreciation and amortisation		-	1,655,857	-	1,655,857
Repairs and Maintenance	26	4,839,110	3,066,758	-	3,066,758
Unamortised discount - Inrerest	20	181,570	-	-	-
Finance charges	27	181,072	255,618	-	255,618
Bulk purchases	28	9,874,027	15,677,991	-	15,677,991
Contracted services		22,520	-	-	-
General expenses	29	21,455,199	14,786,175	(32,325,036)	47,111,211
Total Expenditure		128,356,932	105,908,705	-	105,908,705
Operating Surplus / (Deficit) for the Year		(4,693,019)	(20,159,275)	691,319	(20,850,594)
Loss on disposal of property, plant and equipment		-	-	-	-
Gain on disposal of property, plant & equipment		-	-	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		(4,693,019)	(20,159,275)	691,319	(20,850,594)

MAFUBE LOCAL MUNICIPALITY

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

	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Total
Notes	R	R	R	R	R
Balance at 1 JULY 2008	8,203,158	2,644,803	173,703,042	22,614,386	207,165,389
Correction of error	30.08 -	-	-	(5,235,057)	(5,235,027)
Correction of error	30.08 -	-	-	5,000	5,030
Restated Balance at 1 JULY 2008	8,203,158	2,644,803	173,703,042	17,384,329	201,935,392
Net Surplus/(Deficit) for the year	-	-	-	(20,159,275)	(20,159,275)
PPE Purchased	(1,481,536)	-	-	1,481,536	-
Capital Grants used to purchase PPE	-	-	10,342,000	(10,342,000)	-
Assets disposal	-	-	(68,336)	68,336	-
Offset depreciation	-	(264,480)	(9,198,835)	9,463,315	-
Correction	-	-	-	(49,177)	(49,177)
Balance at 30 JUNE 2009	6,721,622	2,380,323	174,777,871	(2,152,936)	181,726,940
Capital Grants used to purchase PPE	-	-	9,093,255	(9,093,255)	-
PPE Purchased	(1,676,722)	-	-	1,676,722	-
Restated Balance at 1 JULY 2009	5,044,900	2,380,323	183,871,126	(9,569,469)	181,726,940
Net Surplus/(Deficit) for the year	-	-	-	(4,693,019)	(4,693,019)
Balance at 30 JUNE 2010	5,044,900	2,380,323	183,871,126	(14,262,488)	177,033,921

MAFUBE LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
	Notes	R	Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other - Exchange transactions		38,381,392	103,320,647
Cash receipts from ratepayers, government and other - Non-exchange transactions		47,912,546	-
Cash payments to suppliers and employees		(53,687,727)	(112,401,527)
Cash receipts and payments on VAT transactions			
Cash generated/(absorbed) by operations	31	32,606,211	7,660,613
Interest received		84,010	96,088
Interest paid		(181,072)	(255,618)
Net Cash from Operating Activities		32,509,149	7,501,083
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,769,977)	(11,823,536)
Proceeds on disposal of PPE		-	68,336
Net Cash from Investing Activities		(10,769,977)	(11,755,200)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		101,463	1,926,059
New loans (repaid)		-	-
Net Cash from Financing Activities		101,463	1,926,059
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,840,635	(2,328,058)
Cash and Cash Equivalents at the beginning of the year		(10,099,374)	(7,771,316)
Cash and Cash Equivalents at the end of the year	32	11,741,262	(10,099,374)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,840,635	(2,328,058)

MAFUBE LOCAL MUNICIPALITY

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

ACCOUNTING POLICIES (NOTE 1)

Accounting policies (Note 1) to be inserted.

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

		2010 R	2009 R
2	NET ASSET RESERVES		
	RESERVES		
	Capital Replacement Reserve	5,044,900	6,721,622
	Capitalisation Reserve	2,380,323	2,380,323
	Government Grant Reserve	183,871,126	174,777,871
	Total net asset reserve	191,296,349	183,879,816
3	Long term liabilities		
	Annuity loans - At amortised cost		
	Opening balance	1,926,059	1,865,013
	Loans received	-	-
	Repayment	-	-
	Interest capitalised (arrear payments)	101,463	61,046
		2,027,522	1,926,059
	Less: Current portion transferred to current liabilities	546,701	286,007
	Annuity loans - Arrears at year-end immediately payable	387,470	134,449
	Annuity loans - Scheduled capital repayments within one year	159,231	151,558
	Long term portion of annuity loans	1,480,821	1,640,052
	Less: Unamortised charges on loans	(509,749)	(691,319)
	Balance 1 July	(691,319)	-
	Loans received	-	-
	Adjustment for the period	181,570	-
	Restatement of prior year comparative (take-on of loan) - Note 30.01	-	(1,333,540)
	Restatement of prior year comparative (movement for year) - Note 30.01	-	642,221
	Total long-term liabilities - At amortised cost using the effective interest rate method	971,072	948,733
	Annuity loans at amortised cost is calculated at 5% interest, with a maturity date of 31 December 2018.		
	The obligations under annuity loans are presented below:		
		Minimum annuity payments	
	Amounts payable under annuity loans:		
	Payable within one year	626,762	373,741
	Payable within two to five years	1,196,460	1,196,460
	Payable after five years	598,012	837,304
		2,421,234	2,407,505
	Less: Future finance obligations	(393,712)	(481,446)
	Present value of annuity obligations	2,027,522	1,926,059
4	CONSUMER DEPOSITS		
	Water	82,531	82,531
	Electricity	944,386	857,696
	Total consumer deposits	1,026,917	940,227
5	CURRENT EMPLOYEE BENEFITS		
	Bonus Provision	999,775	-
	Staff Leave	1,337,160	320,021
	Total current employee benefits	2,336,935	320,021
	The movement in current employee benefits are reconciled as follows:		
	Annual bonuses		
	Balance at beginning of year	-	-
	Contribution to current portion	999,775	-
	Balance at end of year	999,775	-

Annual bonuses are paid to all municipal staff during their month of birth, excluding section 57 Managers. The balance at year-end represents the portion of the annual bonus which have vested with regards to the current salary / leave cycle. Annual bonus has not been provided for in the past. Due to limited historical information being available no adjustment is made to prior year figures.

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

		2010 R	2009 R
5	CURRENT EMPLOYEE BENEFITS (Continued)		
	<u>Staff Leave</u>		
	Balance at beginning of year	320,021	-
	Contribution to current portion	1,017,139	320,021
	Balance at end of year	1,337,160	320,021
	Staff leave accrues to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as and when employees take leave.		
6	TRADE AND OTHER PAYABLES		
	Trade payables	(3,706,368)	14,266,260
	ESKOM	24,282,948	7,773,983
	DWAF	29,025,019	5,484,144
	Other	10,554,395	1,008,134
	Creditors not yet processed / incorrect processing to be corrected	(67,568,731)	-
	Payroll creditors and suspense accounts	11,843,732	867,592
	PAYE, UIF & SDL	3,122,891	153,374
	Pension and Medical Aid	6,558,359	714,218
	Other	2,162,482	-
	Sundry suspense accounts	74,977	-
	Credit balances included under debtors	1,559,672	1,140,690
	Total trade payables	9,772,013	16,274,542
	Payables are not paid within 30 days as prescribed by the MFMA due to cash flow constraints. Payables are recognised net of any discounts.		
7	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	39,865,696	20,454,161
	MIG Grant	30,772,906	20,221,161
	FMG Grant	-	233,000
	MSIG Grant	-	-
	Operation Hlasela	9,092,789	-
	Total Conditional Grants and Receipts	39,865,696	20,454,161
	MIG Grant		
	Balance unspent at beginning of year	20,221,161	-
	Current year receipts	16,318,000	30,563,161
	Receipts - Advance regarding next financial year	3,327,000	-
	Conditions met- transferred to revenue	(9,093,255)	(10,342,000)
	Conditions still to be met	30,772,906	20,221,161
	FMG Grant		
	Balance unspent at beginning of year	233,000	74,000
	Current year receipts	750,000	500,000
	Conditions met- transferred to revenue	(983,000)	(341,000)
	Conditions still to be met	-	233,000
	MSIG Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	735,000	735,000
	Conditions met- transferred to revenue	(735,000)	(735,000)
	Conditions still to be met	-	-
	Operation Hlasela		
	Balance unspent at beginning of year	-	-
	Current year receipts	9,092,789	-
	Conditions met- transferred to revenue	-	-
	Conditions still to be met	9,092,789	-

Refer to note 19 for detail of unspent grants.
See appendix "F" for reconciliation of grants.

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

		2010 R	2009 R
8	PUBLIC CONTRIBUTIONS AND DONATIONS		
	<i>Donations</i>		
	Friends of the poor		
	Donations made during the year	15,549	-
	Total donated funds available	15,549	-
9	VAT		
	VAT - Receivable / (Payable)	(4,874,176)	853,184
	VAT - Accrued on Debtors	(9,313,073)	(7,594,445)
		(14,187,248)	(6,741,261)
	VAT is payable/receivable on the cash basis.		
10	PROPERTY, PLANT AND EQUIPMENT		
	<i>See attached sheet</i>		
11	INVENTORY		
	Consumable stores - at cost	429,476	277,727
	Water – at cost	44,851	-
	Water was not previously recognised as inventory. As reliable records of water inventory at the end of the comparative financial year is not available, and as the amount is not expected to be material, water inventory is taken on in the current financial year and no adjustment is made to the opening balance.		
	Total Inventory	474,327	277,727
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
	Consumable stores materials surplusses identified during the annual stores counts.	39,944	-
	Inventory recognised as an expense during the year.	-	-
12	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Service receivables		
	Water	26,443,303	27,574,811
	Electricity	8,870,266	2,898,017
	Refuse	17,939,795	16,230,363
	Sewerage	19,295,321	16,687,885
	Sundry receivables	1,562,967	-
	Total service receivables	74,111,652	63,391,076
	Less: Allowance for doubtful debts	(69,032,544)	(44,045,891)
	Net Service Receivables	5,079,107	19,345,185
	Other receivables		
	Interest	7,944,234	-
	Total other receivables	7,944,234	-
	Less: Allowance for doubtful debts	(7,399,791)	-
	Net other receivables	544,444	-

MAFUBE LOCAL MUNICIPALITY

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

	2010 R	2009 R
Total gross receivables from exchange transactions	82,055,886	63,391,076
Less: Allowance for doubtful debts	(76,432,335)	(44,045,891)
Total net receivables from exchange transactions	5,623,551	19,345,185
Ageing of receivables from exchange transactions		
<i>Ageing</i>		
Current (0 - 30 days)	5,360,551	(243,166)
31 - 60 Days	4,061,372	7,618,483
61 - 90 Days	3,198,148	1,609,736
91 - 120 Days	4,190,386	16,883,368
121 Days +	65,245,430	37,522,655
Total	82,055,886	63,391,076

13 **TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<i>Service receivables</i>		
Taxes - Rates	13,002,113	7,537,854
Total service receivables	13,002,113	7,537,854
Less: Allowance for doubtful debts	(12,111,037)	(5,950,386)
Net service receivables	891,076	1,587,468
Total net receivables from non-exchange transactions	891,076	1,587,468

Ageing of receivables from non-exchange transactions

(Rates): Ageing

Current (0 - 30 days)	883,894	(2,507,406)
31 - 60 Days	684,347	282,838
61 - 90 Days	547,997	138,426
90 - 120 Days	656,952	1,457,312
121 Days +	10,228,923	8,166,684
Total	13,002,113	7,537,854

***Summary of receivables by customer classification
(Exchange and non-exchange revenue combined)***

2010	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
Total receivables	83,873,393	9,417,682	1,766,925	95,057,999
Less: Provision for doubtful debts	(78,125,282)	(8,772,258)	(1,645,832)	(88,543,373)
Total recoverable debtors	5,748,110	645,424	121,093	6,514,627

2009	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
Total Receivables	62,837,468	6,742,885	1,348,577	70,928,930
Less: Provision for doubtful debts	(44,292,779)	(4,752,915)	(950,583)	(49,996,277)
Total recoverable debtors	18,544,689	11,495,800	397,994	20,932,653

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

		2010 R	2009 R
13	TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	<i>Trade and other receivables impaired (Exchange and non-exchange revenue combined)</i>		
	2010	Exchange Transactions R	Non-Exchange Transactions R
		Total R	
	Total	(76,432,335)	(12,111,037)
		(88,543,372)	
	2009	Exchange Transactions R	Non-Exchange Transactions R
		Total R	
	Total	(44,045,891)	(5,950,386)
		(49,996,277)	
	Debts are required to be settled after 30 days, interest is charged after this date at prime +1%. The fair value of trade and other receivables approximates their carrying amounts.		
	Reconciliation of the Total doubtful debt provision		
	Balance at beginning of the year	49,996,277	17,991,262
	Contributions to provision	38,547,096	32,005,015
	Balance at end of year	88,543,373	49,996,277
14	OTHER DEBTORS		
	Government subsidies	6,295,193	6,295,193
	Payments in advance - ATM suspense account	1,190,049	1,555,781
	Balance at end of year	7,485,242	7,850,974
15	OPERATING LEASE ARRANGEMENTS		
	Operating lease agreements where the municipality acts as lessor and lessee do not give rise to significant lease assets or liabilities.	-	-
16	INVESTMENTS		
	Unlisted		
	<i>VKB Shares</i>	5,000	5,000
	VKB Shares	5,000	5,000
	<i>VKB Fund accounts</i>	223,086	182,381
	VKB: Levies fund	94,420	88,547
	VKB: Investment fund	1,084	1,017
	VKB: Interest fund	127,582	92,817
	Balance at end of year	228,086	187,381

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

		2010 R	2009 R
17	CASH AND CASH EQUIVALENTS		
	Assets		
	Primary bank account	11,478,681	-
	Call investments deposits (Current and fixed)	249,042	139,472
	Cash floats	13,539	-
	Total cash and cash equivalents - Assets	11,741,262	139,472
	Liabilities		
	Primary Bank Account	-	(10,238,846)
	Total cash and cash equivalents - Liabilities	-	(10,238,846)
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	<u>Current accounts</u>		
	ABSA - Frankfort Branch – 4052823517 (Primary bank account):	11,478,681	(10,238,846)
	- Cashbook	35,574,518	(10,238,846)
	- Receipts unprocessed	(24,095,837)	-
	<u>Fixed deposit accounts</u>		
	ABSA - Frankfort Branch – 990111270 (Call savings account):	9,574	9,413
	ABSA - Frankfort Branch – 9229618782 (Call account - <i>Friends of the poor</i>):	15,553	-
	ABSA - Frankfort Branch – 9232387538 (Operation Hlasela):	85,781	-
	<u>Fixed deposit accounts < 1 year</u>		
	ABSA - Frankfort Branch – 2066919592 (Fixed deposit account):	138,135	130,059
	Cash and cash equivalents - Favourable balances	11,741,262	139,472
	Cash and cash equivalents - Overdraft	-	(10,238,846)
		11,741,262	(10,099,374)
	ABSA - Frankfort Branch – 4052823517 (Primary bank account):		
	Cash book balance at beginning of year	(10,238,846)	9,457,050
	Cash book balance at end of year	35,574,518	(10,238,846)
	Bank statement balance at beginning of year	(8,369,253)	711,627
	Bank statement balance at end of year	252,522	(8,369,253)
	ABSA - Frankfort Branch – 990111270 (Call savings account):		
	Bank statement / Cash book balance at beginning of year	9,413	1,468,382
	Bank statement / Cash book balance at end of year	9,574	9,413
	ABSA - Frankfort Branch - 9229618782 (Call account - Friends of the poor):		
	Bank statement / Cash book balance at beginning of year	-	-
	Bank statement / Cash book balance at end of year	15,553	-
	ABSA - Frankfort Branch – 9232387538 (Operation Hlasela):		
	Bank statement / Cash book balance at beginning of year	-	-
	Bank statement / Cash book balance at end of year	85,781	-
	ABSA - Frankfort Branch – 2066919592 (Fixed deposit account):		
	Bank statement balance at beginning of year	130,059	84,149
	Bank statement balance at end of year	138,135	130,059

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

		2010 R	2009 R
18	PROPERTY RATES		
	<u>Actual</u>		
	Rateable land and buildings	22,219,065	4,768,382
	Residential, commercial property, state	22,219,065	4,768,382
	Less: Rebates	(9,131,124)	-
	Total assessment rates	13,087,940	4,768,382
	<u>Valuations 1 July</u>		
	Rateable land and buildings	1,128,884,362	-
	Residential	468,048,144	
	Business / Industrial	128,793,800	
	Government	10,102,730	
	Churches / Religious	14,850,000	
	Schools / Educational	53,282,000	
	Farms	444,184,468	
	Other	9,623,220	
	Total valuation	1,128,884,362	-
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates are granted on land with buildings used solely for dwellings purposes as follows: Residential: R 15 000 exempted.		
	Assessment rates are levied on the values of immovable properties.		
	Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates.		
19	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	42,565,551	37,780,433
	Equitable Share - Refer to Note 19.1	42,565,551	37,780,433
	Conditional Grants	10,811,255	11,418,000
	Municipal Infrastructure Grant (MIG)	9,093,255	10,342,000
	Municipal Systems Infrastructure Grant (MSIG)	983,000	735,000
	Financial Management Grant (FMG)	735,000	341,000
	Operation Hlasela	-	-
	Total Government Grants and Subsidies	53,376,805	49,198,433
	Government Grants and Subsidies - Capital	9,093,255	10,342,000
	Government Grants and Subsidies - Operating	44,283,551	38,856,433
		53,376,805	49,198,433
	The municipality does not expect any significant changes to the level of grants. Refer to note 7 for detail of unspent grants.		
19.1	Equitable share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant. All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies are based on the cost of free basic services of R206.38 per month (2009: R190.80). (See Appendix "F" for a reconciliation of all grants).		
20	CHANGES IN FAIR VALUE		
20.1	Transactions that give an increase / decrease in surplus		
	Unamortised discount - Interest - Income	-	691,319
	Unamortised discount - Interest - Expenditure	181,570	-
	Total changes in fair value	181,570	691,319

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

		2010 R	2009 R
21	SERVICE CHARGES		
	Electricity	26,309,258	11,364,356
	Water	6,823,688	(11,763,217)
	Refuse removal	7,556,395	21,762,329
	Sewerage and Sanitation Charges	7,779,506	5,703,546
	Total Service Charges	48,468,847	27,067,014
22	OTHER REVENUE		
	Fines	152,965	140,772
	Amortisation of Long term liabilities	-	691,319
	Total Other Income	152,965	832,091
23	EMPLOYEE RELATED COSTS		
	Employee related costs - Salaries and wages	35,341,287	21,926,411
	Employee related costs - Contributions for UIF, pensions and medical aids	6,665,221	5,581,154
	Travel, motor car, accommodation, subsistence and other allowances	1,194,214	1,177,614
	Housing benefits and allowances	94,531	38,789
	Overtime	1,064,301	1,501,160
	Acting allowances		
	Performance bonuses		2,085,435
	Annual bonuses	1,970,024	-
	Annual bonus provision raised	999,775	-
	Provision for leave	1,017,139	320,021
	Other	429,946	296,441
		48,776,437	32,927,025
	Less: Employee costs allocated elsewhere	-	-
	Total Employee Related Costs	48,776,437	32,927,025
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager		
	After resignation of the Municipal Manager, Mr NL Masoka on 30 April 2010, the position was filled by Mr Radebe in an acting capacity. Mr Radebe was officially appointed as Municipal Manager on 1 August 2010.		
	Chief Financial Officer		
	The prior CFO, Mr NA Hlubi resigned on 30 April 2010, at which time, Mr NN Molefe took over the position in an acting capacity.		
	Director of Corporate Services		
	On appointment as acting municipal manager Mr IP Radebe, Mr MS Malindi took over responsibilities as Acting Director of Corporate Services. The position is still vacant.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager		
	Annual remuneration	368,815	306,480
	Performance bonuses	-	-
	Travel, motor car, accommodation, subsistence and other allowances	238,336	300,000
	Contributions to UIF, medical and pension funds	78,137	43,831
	Other	143,418	3,495
	Total	828,706	653,806
	Remuneration of the Municipal Manager		
	Annual remuneration	346,211	367,890
	Performance bonuses	-	-
	Travel, motor car, accommodation, subsistence and other allowances	142,561	144,000
	Contributions to UIF, medical and pension funds	1,497	1,373
	Other	136,689	3,407
	Total	626,958	516,670

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

		2010 R	2009 R
23	EMPLOYEE RELATED COSTS (Continued)		
	<i>Remuneration of Individual Executive Directors</i>	Technical Services	Corporate Services
		Community Services	
	2010		
	Annual remuneration	329,662	388,392
	Performance- and other bonuses	-	-
	Travel, motor car, accommodation, subsistence and other allowances	204,400	61,681
	Contributions to UIF, medical and pension funds	1,497	82,205
	Other	5,070	70,662
	Total	540,629	602,940
	2009		
	Annual remuneration	45,247	472,528
	Performance- and other bonuses	-	-
	Travel, motor car, accommodation, subsistence and other allowances	5,875	109,640
	Contributions to UIF, medical and pension funds	6,083	77,175
	Other	5,799	59,426
	Total	63,004	718,769
24	REMUNERATION OF COUNCILLORS		
	Executive Mayor		696,686
	Speaker		857,320
	Executive Committee Members		570,825
	Councillors		657,039
	Total councillors' remuneration		3,348,825
	Total councillors' remuneration	4,471,521	5,534,266
	<i>In-kind Benefits</i>		
	The Mayor/Speaker and exco members are appointed on a full time basis full-time. The Mayor is provided with an office at the cost of the Council.		
25	DEBT IMPAIRMENT		
	Trade receivables from exchange transactions - Note 12	31,147,305	28,195,888
	Trade receivables from non-exchange transactions - Note 12	7,399,791	3,809,127
	Other	8,378	
	Total contribution to impairment provision	38,555,474	32,005,015
26	Repairs and maintenance		
	Repairs and maintenance	4,839,110	3,066,758
	Total repairs and maintenance	4,839,110	3,066,758
27	FINANCE CHARGES		
	Long-term liabilities	101,463	-
	Overdraft facilities	80,108	255,618
	Total finance charges	181,570	255,618
28	BULK PURCHASES		
	Electricity (ESKOM)	10,724,870	15,677,991
	Water (DWAF)	890,781	-
	Total Bulk Purchases	10,724,870	15,677,991

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

		2010 R	2009 R
29	GENERAL EXPENSES		
	Administration	1,238,534	
	Audit and Accounting Fees	5,624,369	
	Bank Charges	747,575	
	Clothing	142,783	
	Computer Expenses	173,127	
	Conferences	496,758	
	Consumables	136,723	
	Entertainment	140,832	
	Implementation of rates and town planning	2,126,013	
	Legal Costs	404,496	
	Mayoral projects	539,802	
	Posting, printing and stationery	576,413	
	Rental	392,968	
	Skills development	318,429	
	Subsidies	610,438	
	Sundry	3,246,235	
	Telephone	775,490	
	Training	278,099	
	Travel and subsistence	1,253,578	
	Vehicle expenses	1,149,504	
	Water treatment	1,083,035	
	General Expenses	21,455,199	14,786,175
30	CORRECTION OF ERROR		
30.01	Long term liabilities - annuity loans		
	Balance previously reported		1,791,610
	Amortisation charges corrected - Note 30.09		(691,319)
	Correction of current portion of long term liabilities - Note 30.02		(151,558)
	Restated balance		948,733
30.02	Current portion of long term liabilities - annuity loans		
	Balance previously reported		134,449
	Correction of Short term portion - Note 30.01		151,558
	Restated balance		286,007
30.03	Investments - VKB		
	Balance previously reported		182,381
	Correction of R5000 VKB Shares not previously recognised - Note 30.08		5,000
	Restated balance		187,381
30.04	Trade receivables		
	Balance previously reported		17,432,576
	Trade receivables from exchange transactions		15,357,810
	Trade receivables from non-exchange transactions		2,074,766
	Corrections		3,500,077
	Reclassification of VAT - Note Accumulated Surplus/(Deficit) (2008)		7,594,445
	Correction of difference between Ledger and Subledger VAT - Note Accumulated Surplus/(Deficit) (2008)		(5,235,057)
	Reclassification of credit balances - Note Trade and other payables		1,140,690
	Restated balance		20,932,653
	Trade Receivables from exchange transactions		19,345,185
	Trade Receivables from non-exchange transactions		1,587,468
30.05	VAT		
	Balance previously reported (Previously included under other debtors)		853,184
	Reclassification of credit balances included in debtors - Note 30.04		(7,594,445)
	Restated balance		(6,741,261)
30.06	Trade and other payables		
	Balance previously reported		15,453,873
	Reclassification of credit balances included in debtors - Note 30.04		15,453,873
	Reclassification of leave provision to short term employee benefits - Note 30.07		1,140,690
			(320,021)
	Restated balance		16,274,542

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

		2010 R	2009 R
30.07	Current employee benefits		-
	Balance previously reported		-
	Reclassification of leave provision to current employee benefits - Note 30.06		320,021
	Restated balance		320,021
30.08	Accumulated Surplus/(Deficit) (2008)		
	Investments (VKB) - Investment not recognised - Note 30.03	-	5,000
	Trade receivables - correction Note - 30.04	-	(5,235,057)
	Total	-	(5,230,057)
30.09	Changes to the statement of performance / Accumulated Surplus / (Deficit) 2009		
	Movements on the statement of performance as required by GRAP.		
	Annuity loans - Amortised charges not recognised - Note 30.01	-	(691,319)
	Total	-	(691,319)
31	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus/(Deficit) for the year	(4,693,019)	(20,159,275)
	Adjustments for:		
	Depreciation	-	1,655,857
	Contribution to employee benefits – current	2,016,914	320,021
	Contribution to provisions – Debt Impairment	38,555,474	32,005,015
	Unamortised discount - Interest - Expenditure / (Income)	181,570	(691,319)
	Interest income	(84,010)	(96,088)
	Interest expense	181,072	255,618
	Correction on debtors opening balance	-	(5,235,057)
	Other	(49,084)	(231,558)
	Operating Surplus/(Deficit) before changes in working capital	36,108,917	7,823,214
	Changes in working capital	(3,502,706)	(162,600)
	Increase/(Decrease) in Trade and Other Payables	(6,502,528)	(21,019,782)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	19,427,083	20,198,161
	Increase/(Decrease) in Taxes	7,445,987	6,741,261
	Increase/(Decrease) in consumer deposits	86,690	55,629
	(Increase)/Decrease in Inventory	(196,600)	456,984
	(Increase)/Decrease in other debtors	365,732	(6,845,964)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(18,664,810)	251,111
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(5,464,259)	-
	Cash generated/(absorbed) by operations	32,606,211	7,660,613
32	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current account - Note 17	11,478,681	-
	Cash Floats - Note 17	13,539	-
	Call deposits - Note 17	249,042	139,472
	Bank overdraft - Note 17	-	(10,238,846)
	Total cash and cash equivalents	11,741,262	(10,099,374)

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

		2010 R	2009 R
33	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term liabilities - Note 3	2,027,522	1,926,059
	Used to finance property, plant and equipment - at cost	-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
	The Annuity Loans carry interest of 5 % and will be repaid by 2018		
34	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
34.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	-	-
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	Comments on Incidents reported		
	<i>None</i>		
34.2	<u>Fruitless and wasteful expenditure</u>		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Arrear Interest - Eskom	66,023 *	-
	Arrear Interest - DWAF	7,217,711 *	-
	Arrear Interest - DBSA on arrears	13,729	-
	Arrear Interest - Other	-	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Fruitless and wasteful expenditure awaiting condonement	7,297,463	-
	* Note that all interest have not been accounted for in 2010 as payments and processing of creditors are pending.		
	Comments on Incidents reported		
	<i>None</i>		
34.3	<u>Irregular expenditure</u>		
	Reconciliation of irregular expenditure:		
	Opening balance	39,917,770	8,592,720
	Irregular expenditure current year	-	-
	Excess councillor payment according to incorrect grading	731,515	1,062,875
	Other	-	30,262,175
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting condonement / recovery	40,649,285	39,917,770
	Comments on Incidents reported		
	<i>None</i>		
34.4	<u>Material Losses</u>		
	Electricity distribution losses		
	Units purchased (Kwh)	71,189,046	-
	- Units lost during distribution (Kwh)	17,009,714	-
	- Percentage lost during distribution	23.89%	-
	Electricity loss statistics are only available from 1 July 2009.		
	Water distribution losses		
	- Mega litres purified	-	-
	- Mega litres lost during distribution	-	-
	- Percentage lost during distribution	0.00%	0.00%
	No statistics on water losses are available.		

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

		2010 R	2009 R
35	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	(391,178)	-
	Amount paid - current year	330,757	-
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	(60,421)	-
	Sufficient detail unavailable		
35.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year audit fee	2,475,680	-
	External Audit - Auditor-General	2,475,680	-
	Amount paid - current year	-	-
	Balance unpaid (included in creditors)	2,475,680 *	-
	* This amount is not included in creditors, but is part of the amount included under commitments Refer to note 6 and note 37.		
35.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	VAT	14,187,248	6,741,261
	VAT is payable/receivable on the cash basis.		
35.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	153,374	253,189
	Current year payroll deductions and council contributions	5,023,641	2,613,710
	Amount paid - current year	(2,054,125)	(2,713,525)
	Balance unpaid (included in creditors)	3,122,891	153,374
35.5	<u>Pension and Medical aid deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	714,218	541,855
	Current year payroll deductions and council contributions	9,845,548	7,699,481
	Amount paid - current year	(4,001,407)	(7,527,118)
	Balance unpaid (included in creditors)	6,558,359	714,218
35.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	The following councillors had arrear accounts for more than 90 days as at 30 June 2010		
	Cllr D. Tshabalala	529	-
	Cllr J. Hlongwane	1,995	-
	Total Councillor Arrear Consumer Accounts	2,524	-

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

	2010 R	2009 R
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36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

35.7 Quotations awarded - Section 45 - Supply Chain Management

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

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

37 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	94,512,948	24,825,050
Infrastructure	30,650,586	24,825,050
Creditors pending processing	63,862,363	-
Total	94,512,948	24,825,050
This expenditure will be financed from:		
Government grants	30,650,586	24,825,050
Government grants / Own funds	63,862,363	-
	94,512,948	24,825,050

Creditors pending represent balances owing to DWAF, Eskom and sundry creditors at year-end which have not yet been processed
Refer also to trade payables (note 7) for detail.

38 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

The municipality analyses its potential exposure to interest rate changes by assessing the impact of changes in interest rates.

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

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

0.5% (2009 - 0.5%) - increase in interest rates	(9,079)	(11,619)
0.5% (2009 - 0.5%) - decrease in interest rates	9,079	11,619

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

38 FINANCIAL RISK MANAGEMENT (Continued)

2010	2009
R	R

(d) Credit Risk

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

Credit risk is contained mainly in cash and cash equivalents, trade and other receivables.

Trade and other debtors are disclosed net of provisions for impairment. Trade debtors comprise a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be high due to a history of non-payment and limited follow-up procedures by the municipality in the past. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts enter into arrears, council endeavours to collect such accounts by levying of penalty charges, demand for payment, restriction of services and as a last resort handing over of debt for collection in terms of council's credit control and debt collection Policies.

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

Due to the short term nature of trade and other receivables the carrying value disclosed in note 12 and 13 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2010	2010	2009	2009
	%	R	%	R
Rates	13.68%	12,111,037	11.90%	5,950,386
Water	27.82%	24,631,060	38.32%	19,159,749
Electricity	9.33%	8,262,358	4.03%	2,013,623
Refuse	18.87%	16,710,324	22.56%	11,277,310
Sewerage	20.30%	17,972,951	23.19%	11,595,209
Other	1.64%	1,455,852	0.00%	-
Interest	8.36%	7,399,791	0.00%	-
	100.00%	88,543,372	100.00%	49,996,277

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

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting.

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

Trade receivables (Net)	6,514,627	20,932,653
Cash and Cash Equivalents (favourable balances)	11,741,262	139,472
	18,255,889	21,072,126

MAFUBE LOCAL MUNICIPALITY

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

	2010 R	2009 R
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38 FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
2010				
Long Term liabilities	627,018	1,196,460	598,012	-
Capital repayments	384,449	925,225	555,596	-
Interest	242,569	271,235	42,417	-
Trade and Other Payables	9,772,013	-	-	-
Unspent conditional government grants and rei	39,865,696	-	-	-
	<u>50,891,745</u>	<u>2,392,920</u>	<u>1,196,025</u>	<u>-</u>
2009				
Long Term liabilities	373,997	1,196,460	837,304	-
Capital repayments	225,218	880,729	759,323	-
Interest	148,779	315,731	77,981	-
Trade and Other Payables	16,274,542	-	-	-
Unspent conditional government grants and rei	20,454,161	-	-	-
	<u>37,102,700</u>	<u>1,196,460</u>	<u>837,304</u>	<u>-</u>

39 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

39.1

Financial Assets

Consumer Debtors

Trade receivables from exchange transactions	74,111,652	63,391,076
Other receivables from exchange transactions	7,944,234	-
Other receivables from non-exchange transactions	13,002,113	7,537,854
	<u>95,057,999</u>	<u>70,928,930</u>
Allowance for bad debt	(88,543,372)	(49,996,277)
Net consumer debtors	<u>6,514,627</u>	<u>20,932,653</u>

Other Debtors

Other Receivables	6,295,193	6,295,193
-------------------	-----------	-----------

Bank Balances and Cash

Bank Balances (Favourable cash book balances)	11,727,723	139,472
Cash Floats and Advances	13,539	-

Summary of financial assets

	<u>24,551,082</u>	<u>27,367,319</u>
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At amortised cost

	<u>24,551,082</u>	<u>27,367,319</u>
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MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
39	FINANCIAL INSTRUMENTS (Continued)		
39.2	Financial Liability		
	Long-term Liabilities		
	Annuity Loans	1,379,358	1,579,007
	Trade Payables		
	Consumer deposits	1,026,917	940,227
	Trade Payables		
	Trade creditors	9,772,013	16,274,542
	Unspent Conditional Grants and Receipts		
	Government	39,865,696	20,454,161
	Current Portion of Long-term Liabilities		
	Annuity Loans	546,701	286,007
	Summary of financial liabilities	52,590,685	39,533,943
	At amortised cost	52,590,685	39,533,943
40	EVENTS AFTER THE REPORTING DATE		
	No significant events occurred after the reporting date.		
41	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under		
42	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
43	CONTINGENT LIABILITY		
	Sundry legal action		350,000
		-	350,000
44	RELATED PARTIES		
44.1	Related Party Transactions		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
44.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 23 to the Annual Financial Statements.		

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

	2010 R	2009 R
45	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES (Continued)	
45.1	GRAP 19 - Provisions, contingent liabilities and contingent Assets	
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.	
45.2	GRAP 16 - Investment Properties	
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise all the Investment Properties.	
	The municipality is currently in the process of identifying all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.	
45.3	GRAP 102 - Intangible Assets	
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:	
	<i>Computer Software</i> <i>Intangible assets financed by way of finance leases</i> <i>Intangible assets transferred as a result of the transfer of functions</i> <i>Servitudes</i>	
	The municipality is currently in the process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.	
45.4	GRAP 12 - Inventories	
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following inventories:	
	<i>Land held for sale</i>	
	The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.	

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

2010 R	2009 R
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45 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES (Continued)

45.5 GRAP 17 - Property, Plant and Equipment

The municipality takes advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R0 as it might have an effect on other classes of assets such as Investment Properties, Intangible Assets or Inventory. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land

Small asset items below a R 5 000 threshold previously expensed

Property, Plant and Equipment financed by way of finance leases

Property, Plant and Equipment financed by way of provisions

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

Componentised infrastructure assets

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it measured in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present the calculation of depreciation has been ceased.

The municipality is still in progress with regards to the measuring of the following, in terms of the transitional provisions:

Review of useful life of item of PPE recognised in the annual financial statements.

Review of the depreciation method applied to PPE recognised in the annual financial statements.

Review of residual values of item of PPE recognised in the annual financial statements.

Impairment of non-cash generating assets.

Impairment of cash generating assets

MAFUBE LOCAL MUNICIPALITY

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

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value

	Land and Buildings	Infra-structure	Community Assets	Heritage Assets	Other assets	Housing Development Fund	TOTAL
	R	R	R	R	R	R	R
Carrying value at 1 July 2008	3,465,428	196,306,044	4,759,929	-	2,264,430	1,746,639	208,542,470
Cost	3,704,424	206,150,618	5,817,691	-	2,776,577	2,134,781	220,584,091
As previously reported	3,704,424	206,150,618	5,817,691	-	2,776,577	2,134,781	220,584,091
Correction of error	-	-	-	-	-	-	-
Accumulated Depreciation	-238,996	-9,844,574	-1,057,762	-	-512,147	-388,142	-12,041,621
As previously stated	-238,996	-9,844,574	-1,057,762	-	-512,147	-388,142	-12,041,621
Correction of error	-	-	-	-	-	-	-
Capital Grants used to purchase PPE	-	9,093,255	-	-	-	-	9,093,255
PPE Purchased	-	-	-	-	1,676,722	-	1,676,722
Disposals	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Carrying value at 1 July 2010	3,465,428	205,399,299	4,759,929	-	3,941,152	1,746,639	219,312,447
Cost	3,704,424	215,243,873	5,817,691	-	4,453,299	2,134,781	231,354,068
Accumulated Depreciation	-238,996	-9,844,574	-1,057,762	-	-512,147	-388,142	-12,041,621

30 JUNE 2010

Reconciliation of Carrying Value

	Land and Buildings	Infra-structure	Community Assets	Heritage Assets	Other assets	Housing Development Fund	TOTAL
	R	R	R	R	R	R	R
Carrying value at 1 July 2008	3,584,926	186,549,480	5,288,810	-	1,079,201	1,940,710	198,443,127
Cost	3,704,424	195,876,954	5,817,691	-	1,295,041	2,134,781	208,828,891
As previously reported	3,704,424	195,876,954	5,817,691	-	1,295,041	2,134,781	208,828,891
Correction of error	-	-	-	-	-	-	-
Accumulated Depreciation	-119,498	-9,327,474	-528,881	-	-215,840	-194,071	-10,385,764
As previously stated	-119,498	-9,327,474	-528,881	-	-215,840	-194,071	-10,385,764
Correction of error	-	-	-	-	-	-	-
Capital Grants used to purchase PPE	-	10,342,000	-	-	-	-	10,342,000
PPE Purchased	-	-	-	-	1,481,536	-	1,481,536
Disposals	-	-68,336	-	-	-	-	-68,336
Depreciation	-119,498	-517,100	-528,881	-	-296,307	-194,071	-1,655,857
As previously reported	-119,498	-517,100	-528,881	-	-296,307	-194,071	-1,655,857
As previously reported (on disposal)	-	-	-	-	-	-	-
Correction of error	-	-	-	-	-	-	-
Carrying value at 1 July 2009	3,465,428	196,306,044	4,759,929	-	2,264,430	1,746,639	208,542,470
Cost	3,704,424	206,150,618	5,817,691	-	2,776,577	2,134,781	220,584,091
As previously reported	3,704,424	206,150,618	5,817,691	-	2,776,577	2,134,781	220,584,091
Correction of error	-	-	-	-	-	-	-
Accumulated Depreciation	-238,996	-9,844,574	-1,057,762	-	-512,147	-388,142	-12,041,621
As previously stated	-238,996	-9,844,574	-1,057,762	-	-512,147	-388,142	-12,041,621
Correction of error	-	-	-	-	-	-	-

10 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

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

- Land;
- Property, Plant and Equipment financed by way of finance leases;
- Property, Plant and Equipment financed by way of provisions;
- Property, Plant and Equipment transferred as a result of the transfer of functions; and
- Componentised infrastructure assets.

The municipality is currently in a process of identifying and valuing all Property, Plant and Equipment. It is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemising all infrastructure, community and other assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation has been written back until such time when appropriate useful lives and residual values have been determined for each category of infrastructure, community and other assets.

The municipality therefore furthermore utilise the following transitional provisions:

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

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

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2009	Change in Accounting Policy / Correction of Error	Balance at 30 JUNE 2009 Restated	Received during the period	Interest Capitalised	Redeemed written off during the period	Balance at 30 JUNE 2010
ANNUITY LOANS										
DBSA	5.00%	25744	31/12/2018	1,926,059	-	1,926,059	-	101,463		2,027,522
Total Annuity Loans				1,926,059	-	1,926,059	-		-	2,027,522
LEASE LIABILITY				-	-	-	-		-	-
Total Lease Liabilities				-	-	-	-		-	-
TOTAL EXTERNAL LOANS				1,926,059	-	1,926,059	-		-	2,027,522

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

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Revaluation	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and Buildings											
Land and buildings	2,549,944	530,751	-	-	1,222,674	1,858,021	-	-	-	-	1,858,021
	2,549,944	530,751	-	-	1,222,674	1,858,021	-	-	-	-	1,858,021
Infrastructure											
Infrastructure Roads	16,561,183	11,642,812	-	-	-	28,203,994	-	-	-	-	28,203,994
Infrastructure - Streetlights	341,666	2,632,935	-	-	-	2,974,601	-	-	-	-	2,974,601
Infrastructure water	29,561,140	10,894,852	-	-	-	40,455,992	-	-	-	-	40,455,992
Infrastructure Electricity	14,538,585	67,038	-	-	-	14,605,623	-	-	-	-	14,605,623
Infrastructure Sewage	42,948,390	324,625	-	-	-	43,273,015	-	-	-	-	43,273,015
Infrastructure Refuse	48,160	-	-	-	-	48,160	-	-	-	-	48,160
	103,999,125	25,562,261	-	-	-	129,561,386	-	-	-	-	129,561,386
Community Assets											
Clinics	1,844,402	-	-	-	1,293,499	550,903	-	-	-	-	550,903
Libraries	474,193	-	-	-	306,344	167,849	-	-	-	-	167,849
Other	4,218,360	-	-	-	-	4,218,360	-	-	-	-	4,218,360
	6,536,955	-	-	-	1,599,843	4,937,113	-	-	-	-	4,937,113
Heritage Assets											
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
Computer equipment	4,465,810	167,620	-	-	764,786	3,868,643	-	-	-	-	3,868,643
Furniture and equipment	7,476,328	106,019	-	-	36,660	7,545,686	-	-	-	-	7,545,686
Machinery	2,078,625	154,146	-	-	42,137	2,190,633	-	-	-	-	2,190,633
Vehicles	36,178,845	181,506	-	-	4,472,902	31,887,449	-	-	-	-	31,887,449
Other	212,647	-	-	-	140	212,507	-	-	-	-	212,507
	50,412,254	609,290	-	-	5,316,625	45,704,919	-	-	-	-	45,704,919
Housing development fund											
Housing development fund	5,106,861	-	-	-	-	5,106,861	-	-	-	-	5,106,861
	5,106,861	-	-	-	-	5,106,861	-	-	-	-	5,106,861
Total carried forward	168,605,139	26,702,302	-	-	8,139,142	187,168,299	-	-	-	-	187,168,299

The municipality is currently in a process of identifying and valuing all Property, Plant and Equipment. It is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemising all infrastructure, community and other assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation has been written back until such time when appropriate useful lives and residual values have been determined for each category of infrastructure, community and other assets.

The above schedule represents the current fixed asset register. Please note that this fixed asset register is in progress as indicated above, and does not agree to the financial statements.

On completion of restructuring of the asset register the relevant fixed asset accounts in the general ledger will be updated.

The difference is highlighted as follows:

- As above	187,168,299
- Financial statements	219,312,447
- Difference	<u>-32,144,147</u>

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

	Cost/Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	O/B Under Construction	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	1,533,943	-	-	-	-36,660	1,497,282	-	-	-	-	1,497,282
Budget & Treasury	6,824,245	-	167,620	-	-764,786	6,227,078	-	-	-	-	6,227,078
Corporate Services	6,284,034	-	-	-	-	6,284,034	-	-	-	-	6,284,034
Technical Services	3,669,056	-	-	-	-4,472,902	-803,846	-	-	-	-	(803,846)
Housing	10,909,113	-	250,800	-	-1,222,674	9,937,239	-	-	-	-	9,937,239
Community & Social Services	3,749,476	-	567,476	-	-1,599,982	2,716,969	-	-	-	-	2,716,969
Roads and stormwater	34,913,825	-	14,275,747	-	-	49,189,572	-	-	-	-	49,189,572
Sewerage	44,847,867	-	478,770	-	-42,137	45,284,500	-	-	-	-	45,284,500
Electricity	30,113,815	-	67,038	-	-	30,180,853	-	-	-	-	30,180,853
Water	25,759,765	-	10,894,852	-	-	36,654,617	-	-	-	-	36,654,617
	168,605,139	-	26,702,302	-	(8,139,142)	187,168,299	-	-	-	-	187,168,299

The municipality is currently in a process of identifying and valuing all Property, Plant and Equipment. It is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemising all infrastructure, community and other assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation has been written back until such time when appropriate useful lives and residual values have been determined for each category of infrastructure, community and other assets.

The above schedule represents the current fixed asset register. Please note that this fixed asset register is in progress as indicated above, and does not agree to the financial statements.

On completion of restructuring of the asset register the relevant fixed asset accounts in the general ledger will be updated.

The difference is highlighted as follows:

- As above	187,168,299
- Financial statements	219,312,447
- Difference	<u>-32,144,147</u>

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

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
			Council and executive	-	(6,505,326)	(6,505,326)
			Office of the MM	-	(10,064,992)	(10,064,992)
			Community and social Services	7,556,395	(242,222)	7,314,173
			Corporate Services	-	(42,346,554)	(42,346,554)
			Land use human settlement	-	(1,194,434)	(1,194,434)
			Budget and Treasury	65,015,586	(50,706,184)	14,309,403
			Pump Maintenance	-	(564,388)	(564,388)
			Project Management Unit	7,476,255	(1,225,646)	6,250,608
			Roads	-	(887,449)	(887,449)
			Electricity	26,381,856	(10,724,870)	15,656,986
			Water	7,103,786	(659,692)	6,444,094
			Sewerage	10,130,034	(635,966)	9,494,067
			Mechanical	-	(1,594,690)	(1,594,690)
			Water testing	-	(1,004,519)	(1,004,519)
				-		-
85,749,430	(105,908,705)	(20,159,275)	Sub Total	123,663,913	(128,356,932)	(4,693,019)
-	-	-	Less Inter-Departmental Charges	-	-	-
85,749,430	(105,908,705)	(20,159,275)	Total	123,663,913	(128,356,932)	(4,693,019)

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

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	13,087,940	9,587,935	3,500,005	37%	Updated valuation roll
Service Charges	48,468,847	57,608,872	(9,140,025)	-16%	Billing errors
Operating Grants and Subsidies	42,565,551	50,892,604	(8,327,053)	-16%	
Capital Grants and Subsidies	10,811,255	15,901,000	(5,089,745)	-32%	All qualifying expenditure not processed
Fines	152,965	154,000	(1,035)	-1%	
Interest Earned - External Investments	84,010	-	84,010	0%	
Interest Earned - Outstanding Debtors	6,858,245	2,625,000	4,233,245	161%	
Rental	304,387	518,000	(213,613)	-41%	Value not significant
Other Revenue	1,330,713	-	1,330,713	0%	
Total Revenue	123,663,913	137,287,411	(13,623,498)	-10%	
EXPENDITURE					
Council and executive	(6,505,326)	(6,156,010)	(349,315)	6%	
Office of the MM	(10,064,992)	(8,598,995)	(1,465,997)	17%	
Community and social Services	(242,222)	(18,989,314)	18,747,092	-99%	
Corporate Services	(42,346,554)	(6,095,405)	(36,251,149)	595%	
Land use human settlement	(1,194,434)	(2,272,641)	1,078,206	-47%	
Budget and Treasury	(50,706,184)	(20,607,363)	(30,098,820)	146%	Impairment of receivables included
Pump Maintenance	(564,388)	(394,989)	(169,399)	43%	
Project Management Unit	(1,225,646)	(841,185)	(384,461)	46%	
Roads	(887,449)	(6,223,941)	5,336,493	-86%	
Electricity	(10,724,870)	(33,477,529)	22,752,658	-68%	Not all bulk purchases processed
Water	(659,692)	(23,814,986)	23,155,294	-97%	Not all bulk purchases processed
Sewerage	(635,966)	(13,874,835)	13,238,869	-95%	
Mechanical	(1,594,690)	(1,452,675)	(142,015)	10%	
Water testing	(1,004,519)	(620,411)	(384,108)	62%	
Total Expenditure	(128,356,932)	(143,420,280)	15,063,348	-11%	
SURPLUS / (DEFICIT) FOR THE YEAR	(4,693,019)	(6,132,869)	1,439,850	-23%	

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

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of significant variances greater than 5% versus Budget
	R	R	R	R	R	%	
Council and executive	-	-	-	-	-	0.00%	
Office of the MM	-	-	-	-	-	0.00%	
Community and social Services	63,646	-	63,646	-	63,646	0.00%	
Corporate Services	6,138	-	6,138	-	6,138	0.00%	
Land use human settlement	-	-	-	-	-	0.00%	
Budget and Treasury	15,582	-	15,582	-	15,582	0.00%	
Pump Maintenance	-	-	-	-	-	0.00%	
Project Management Unit	-	-	-	-	-	0.00%	
Roads	-	-	-	1,500,000	(1,500,000)	-100.00%	All qualifying expenditure not processed
Electricity	1,591,356	-	1,591,356	-	1,591,356	100.00%	
Water	7,758,902	-	7,758,902	11,305,950	(3,547,048)	-31.37%	All qualifying expenditure not processed
Sewerage	1,334,352	-	1,334,352	-	1,334,352	100.00%	
Mechanical	-	-	-	795,050	(795,050)	-100.00%	All qualifying expenditure not processed
Water testing	-	-	-	2,900,000	(2,900,000)	-100.00%	All qualifying expenditure not processed
Total	<u>10,769,977</u>	-	<u>10,769,977</u>	<u>16,501,000</u>	<u>(5,731,023)</u>	<u>-34.73%</u>	

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

Grant Description	Balance 1 JULY 2009	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
	R	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
Municipal Infrastructure Grant (MIG)	20,221,161	19,645,000	-	-	-	9,093,255	30,772,906
Municipal Systems Infrastructure Grant (MSIG)	-	735,000	-	-	735,000	-	-
Financial Management Grant (FMG)	233,000	750,000	-	-	983,000	-	-
Operation Hlasela (Net)	-	9,092,789	-	-	-	-	9,092,789
	-	-	-	-	-	-	-
Total	20,454,161	30,222,789	-	-	1,718,000	9,093,255	39,865,696
UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
District Mun Surplus Funds	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Total Receipts	20,454,161	30,222,789	-	-	1,718,000	9,093,255	39,865,696

Municipal Infrastructure Grant (MIG)

DORA - National Treasury Upgrading of infrastructure

Municipal Systems Infrastructure Grant (MSIG)

DORA - National Treasury Upgrading of infrastructure

Financial Management Grant (FMG)

DORA - National Treasury Financial management

Operation Hlasela (Net)

DORA - National Treasury Community upliftment