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Dihlabeng Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2013



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## General Information

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<b>Registered office</b>	9 Muller Street East Bethlehem 9701
<b>Business address</b>	9 Muller Street East Bethlehem 9701
<b>Postal address</b>	Po Box 551 Bethlehem 9701
<b>Bankers</b>	ABSA
<b>Auditors</b>	Auditor General of South Africa







# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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### Abbreviations

INCA	Infrastructure Finance Corporation Limited
PRMA	Post Retirement Medical Aid
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
SARS	South African Revenue Service
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
CFO	Chief Financial Officer
MSA	Municipal Systems Act
VAT	Value Added Tax





# **Dihlabeng Local Municipality**

Annual Financial Statements for the year ended 30 June 2013

## **Accounting Officer's Report**

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The annual financial statements set out on pages 8 to 85, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2011 and were signed on its behalf by:

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**Accounting Officer**  
**Designation**



















# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	130 566	3 543 668
Consumer debtors	3	63 869 189	57 610 134
Inventories	4	1 393 715	916 054
Other financial assets	5	841 473	794 177
Other receivables from exchange transactions	6	8 616 389	9 374 521
Receivables from non-exchange transactions	7	3 245 352	4 624 317
		<b>78 096 684</b>	<b>76 862 871</b>
<b>Non-Current Assets</b>			
Intangible assets	8	43 935	259 853
Investment property	9	76 471 194	76 471 194
Other financial assets	5	315 343	245 740
Property, plant and equipment	10	1 838 805 639	1 804 262 417
		<b>1 915 636 112</b>	<b>1 881 239 204</b>
Non-Current Assets		1 915 636 112	1 881 239 204
Current Assets		78 096 684	76 862 871
Non-current assets held for sale (and) (assets of disposal groups)			
<b>Total Assets</b>		<b>1 993 732 796</b>	<b>1 958 102 075</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank overdraft	2	2 375 252	-
Consumer deposits	12	3 774 277	3 587 147
Other financial liabilities	13	10 861 918	3 965 492
Payables from exchange transactions	14	169 234 324	146 185 867
Unspent conditional grants and receipts	15	7 511 811	9 281 950
VAT payable	16	4 404 826	10 473 362
		<b>198 162 408</b>	<b>173 493 818</b>
<b>Non-Current Liabilities</b>			
Long service awards	17	7 505 000	6 315 000
Other financial liabilities	13	34 054 350	36 830 023
Provisions	18	2 312 940	1 680 330
Retirement benefit obligation	19	27 375 000	24 452 984
		<b>71 247 290</b>	<b>69 278 337</b>
Non-Current Liabilities		71 247 290	69 278 337
Current Liabilities		198 162 408	173 493 818
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>269 409 698</b>	<b>242 772 155</b>
Assets		1 993 732 796	1 958 102 075
Liabilities		(269 409 698)	(242 772 155)
<b>Net Assets</b>		<b>1 724 323 098</b>	<b>1 715 329 920</b>
<b>Net Assets</b>			
Accumulated surplus		1 724 323 098	1 715 329 920

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
<b>Revenue</b>			
Service charges	22	271 130 670	244 118 181
Rendering of services		1 543 677	1 507 462
Debtors written back		5 849 451	-
Rental of facilities and equipment		3 555 596	2 953 055
Interest received - accounts receivable		23 060 999	19 858 218
Licences and permits		86 343	27 564
Other income	24	3 122 519	4 031 169
Interest received - investment		11 095	9 420
Dividends received		5 460	-
Property rates	21	66 850 440	67 323 155
Government grants & subsidies	23	223 980 838	190 544 628
Fines		4 571 578	641 082
<b>Total revenue</b>		<b>603 768 666</b>	<b>531 013 934</b>
<b>Expenditure</b>			
Employee costs	26	(159 637 866)	(142 829 041)
Remuneration of councillors	27	(13 060 025)	(12 888 264)
Depreciation and amortisation	31	(70 368 715)	(67 453 898)
Finance costs	32	(10 780 612)	(6 219 442)
Debt impairment	28	(86 051 120)	(85 708 586)
Repairs and maintenance		(19 433 831)	(17 723 643)
Bulk purchases	36	(107 918 163)	(93 166 875)
Contracted services	35	(2 008 159)	(2 533 104)
Grants and subsidies paid		(9 138 285)	(5 734 041)
General Expenses	25	(116 833 977)	(82 734 994)
<b>Total expenditure</b>		<b>(595 230 753)</b>	<b>(516 991 888)</b>
		-	-
Total revenue		603 768 666	531 013 934
Total expenditure		(595 230 753)	(516 991 888)
<b>Operating surplus</b>		<b>8 537 913</b>	<b>14 022 046</b>
Gain (loss) on disposal of assets and liabilities		864 825	(2 313 798)
Fair value adjustments	30	105 932	82 900
Fair value adjustment of game stock		(149 700)	(367 300)
		<b>821 057</b>	<b>(2 598 198)</b>
Surplus before taxation		9 358 970	11 423 848
Taxation		-	-
<b>Surplus for the year</b>		<b>9 358 970</b>	<b>11 423 848</b>
<b>Attributable to:</b>			
Owners of the controlling entity		9 358 970	11 423 848

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 675 195 287	1 675 195 287
Adjustments		
Correction of errors	33 715 992	33 715 992
Write back of heritage assets depreciation	136 793	136 793
Changes in accounting policy	2 118 943	2 118 943
<b>Balance at 01 July 2011 as restated</b>	<b>1 711 167 015</b>	<b>1 711 167 015</b>
Changes in net assets		
Write back of heritage asset depreciation	71 348	71 348
Adjustment to assets	(1 758 046)	(1 758 046)
Changes in accounting policy	(5 574 245)	(5 574 245)
Net income (losses) recognised directly in net assets	(7 260 943)	(7 260 943)
Surplus for the year	11 423 848	11 423 848
Total recognised income and expenses for the year	4 162 905	4 162 905
Total changes	4 162 905	4 162 905
Opening balance as previously reported	1 722 662 211	1 722 662 211
Adjustments		
Correction of errors - Note 41	(2 123 838)	(2 123 838)
Change in accounting policy	(5 574 245)	(5 574 245)
<b>Balance at 01 July 2012 as restated</b>	<b>1 714 964 128</b>	<b>1 714 964 128</b>
Changes in net assets		
Surplus for the year	9 358 970	9 358 970
Total changes	9 358 970	9 358 970
<b>Balance at 30 June 2013</b>	<b>1 724 323 098</b>	<b>1 724 323 098</b>
Note(s)		

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		266 537 196	227 972 118
Grants		213 072 414	188 391 397
Interest income		23 072 094	19 867 638
Dividends received		5 460	-
		<u>502 687 164</u>	<u>436 231 153</u>
<b>Payments</b>			
Employee costs		(172 697 891)	(155 717 305)
Suppliers		(226 723 798)	(124 364 393)
Finance costs		(10 780 612)	(6 219 442)
		<u>(410 202 301)</u>	<u>(286 301 140)</u>
Total receipts		502 687 164	436 231 153
Total payments		(410 202 301)	(286 301 140)
<b>Net cash flows from operating activities</b>	37	<b>92 484 863</b>	<b>149 930 013</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(105 729 393)	(100 080 069)
Proceeds from sale of property, plant and equipment	10	3 346 390	8 576 631
Proceeds from sale of investment property	9	-	1 500 000
Purchase of financial assets		(10 967)	33 705
		<u>(102 393 970)</u>	<u>(89 969 733)</u>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		4 120 753	4 897 526
Finance lease payments		-	(20 255)
		<u>4 120 753</u>	<u>4 877 271</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5 788 354)</b>	<b>64 837 551</b>
Cash and cash equivalents at the beginning of the year		3 543 668	(61 293 882)
<b>Cash and cash equivalents at the end of the year</b>	2	<b>(2 244 686)</b>	<b>3 543 669</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2013</b>											
<b>Financial Performance</b>											
Property rates	64 649 065	-	64 649 065	-	-	64 649 065	66 850 440	-	2 201 375	103 %	103 %
Service charges	275 783 238	-	275 783 238	-	-	275 783 238	271 130 669	-	(4 652 569)	98 %	98 %
Investment revenue	21 444 024	-	21 444 024	-	-	21 444 024	23 077 554	-	1 633 530	108 %	108 %
Transfers recognised - operational	131 667 000	-	131 667 000	-	-	131 667 000	132 667 000	-	1 000 000	101 %	101 %
Other own revenue	18 705 204	-	18 705 204	-	-	18 705 204	18 729 164	-	23 960	100 %	100 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>512 248 531</b>	<b>-</b>	<b>512 248 531</b>	<b>-</b>	<b>-</b>	<b>512 248 531</b>	<b>512 454 827</b>	<b>-</b>	<b>206 296</b>	<b>100 %</b>	<b>100 %</b>
Employee costs	(149 974 814)	-	(149 974 814)	-	-	(149 974 814)	(159 637 858)	(9 663 044)	(9 663 044)	106 %	106 %
Remuneration of councillors	(11 336 928)	-	(11 336 928)	-	-	(11 336 928)	(13 060 025)	(1 723 097)	(1 723 097)	115 %	115 %
Debt impairment	(23 001 686)	-	(23 001 686)	-	-	(23 001 686)	(86 051 120)	(68 898 885)	(63 049 434)	374 %	374 %
Depreciation and asset impairment	(30 623 179)	-	(30 623 179)	-	-	(30 623 179)	(70 368 715)	(39 745 536)	(39 745 536)	230 %	230 %
Finance charges	(4 733 953)	-	(4 733 953)	-	-	(4 733 953)	(10 780 612)	(6 046 659)	(6 046 659)	228 %	228 %
Materials and bulk purchases	(121 626 142)	-	(121 626 142)	-	-	(121 626 142)	(107 918 163)	-	13 707 979	89 %	89 %
Transfers and grants	(16 056 000)	-	(16 056 000)	-	-	(16 056 000)	(9 138 285)	-	6 917 715	57 %	57 %
Other expenditure	(139 985 580)	-	(139 985 580)	-	(7 473 175)	(147 458 755)	(138 097 214)	-	9 361 541	94 %	99 %
<b>Total expenditure</b>	<b>(497 338 282)</b>	<b>-</b>	<b>(497 338 282)</b>	<b>-</b>	<b>(7 473 175)</b>	<b>(504 811 457)</b>	<b>(595 051 992)</b>	<b>(126 077 221)</b>	<b>(90 240 535)</b>	<b>118 %</b>	<b>120 %</b>
Total revenue (excluding capital transfers and contributions)	512 248 531	-	512 248 531	-	-	512 248 531	512 454 827	-	206 296	100 %	100 %
Total expenditure	(497 338 282)	-	(497 338 282)	-	(7 473 175)	(504 811 457)	(595 051 992)	(126 077 221)	(90 240 535)	118 %	120 %
<b>Surplus/(Deficit)</b>	<b>14 910 249</b>	<b>-</b>	<b>14 910 249</b>	<b>-</b>	<b>-</b>	<b>7 437 074</b>	<b>(82 597 165)</b>	<b>-</b>	<b>(90 034 239)</b>	<b>(1 111)%</b>	<b>(554)%</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	(69 379 825)	-	(69 379 825)	-		(69 379 825)	91 313 838		160 693 663	(132)%	(132)%
Surplus/(Deficit)	14 910 249	-	14 910 249	-	-	7 437 074	(82 597 165)	-	(90 034 239)	(1 111)%	(554)%
Capital transfers and contributions	(69 379 825)	-	(69 379 825)	-	-	(69 379 825)	91 313 838	-	160 693 663	(132)%	(132)%
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(54 469 576)</b>	<b>-</b>	<b>(54 469 576)</b>	<b>-</b>		<b>(61 942 751)</b>	<b>8 716 673</b>		<b>70 659 424</b>	<b>(14)%</b>	<b>(16)%</b>
Surplus (Deficit) after capital transfers and contributions	(54 469 576)	-	(54 469 576)	-	-	(61 942 751)	8 716 673	-	70 659 424	(14)%	(16)%
<b>Surplus/(Deficit) for the year</b>	<b>(54 469 576)</b>	<b>-</b>	<b>(54 469 576)</b>	<b>-</b>		<b>(61 942 751)</b>	<b>8 716 673</b>		<b>70 659 424</b>	<b>(14)%</b>	<b>(16)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	-	-	-	-		-	105 579 693		105 579 693	DIV/0 %	DIV/0 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	-	-	-	-		-	91 313 838		91 313 838	DIV/0 %	DIV/0 %
Public contributions and donations	-	-	-	-		-	14 265 855		14 265 855	DIV/0 %	DIV/0 %
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>105 579 693</b>		<b>105 579 693</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	68 125 000	-	68 125 000	-		68 125 000	88 821 767		20 696 767	130 %	130 %
Net cash from (used) investing	(14 500 000)	-	(14 500 000)	-		(14 500 000)	(102 393 970)		(87 893 970)	706 %	706 %
Net cash from (used) financing	5 806 000	-	5 806 000	-		5 806 000	7 783 849		1 977 849	134 %	134 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>59 431 000</b>	<b>-</b>	<b>59 431 000</b>	<b>-</b>		<b>59 431 000</b>	<b>(5 788 354)</b>		<b>(65 219 354)</b>	<b>(10)%</b>	<b>(10)%</b>
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	3 543 668		3 543 668	DIV/0 %	DIV/0 %
Net increase / (decrease) in cash and cash equivalents	59 431 000	-	59 431 000	-		59 431 000	(5 788 354)		65 219 354	(10)%	(10)%
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	3 543 668		(3 543 668)	DIV/0 %	DIV/0 %
<b>Cash and cash equivalents at year end</b>	<b>59 431 000</b>	<b>-</b>	<b>59 431 000</b>	<b>-</b>		<b>59 431 000</b>	<b>(2 244 686)</b>		<b>61 675 686</b>	<b>(4)%</b>	<b>(4)%</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>2012</b>				
<b>Financial Performance</b>				
Property rates				67 323 155
Service charges				244 118 181
Investment revenue				9 420
Transfers recognised - operational				117 091 000
Other own revenue				30 601 450
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>459 143 206</b>
Employee costs	-	-	-	(142 829 041)
Remuneration of councillors	-	-	-	(12 888 264)
Debt impairment	(85 709 000)	(85 709 000)	-	(85 708 586)
Depreciation and asset impairment	(67 385 000)	(67 385 000)	-	(67 453 898)
Finance charges	(6 528 000)	(6 528 000)	-	(6 219 442)
Materials and bulk purchases	(3 294 000)	(3 294 000)	-	(93 166 875)
Transfers and grants	-	-	-	(5 734 041)
Other expenditure	(41 220 000)	(41 220 000)	-	(107 172 839)
<b>Total expenditure</b>	<b>(204 136 000)</b>	<b>(204 136 000)</b>	-	<b>(521 172 986)</b>
Total revenue (excluding capital transfers and contributions)	-	-	-	459 143 206
Total expenditure	(204 136 000)	(204 136 000)	-	(521 172 986)
<b>Surplus/(Deficit)</b>				<b>(62 029 780)</b>
Transfers recognised - capital				73 453 628
Surplus/(Deficit)	-	-	-	(62 029 780)
Capital transfers and contributions	-	-	-	73 453 628
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>11 423 848</b>
Surplus (Deficit) after capital transfers and contributions	-	-	-	11 423 848
<b>Surplus/(Deficit) for the year</b>				<b>11 423 848</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				202 043 277
<b>Cash flows</b>				
Net cash from (used) operating				149 930 013
Net cash from (used) investing				(89 969 733)
Net cash from (used) financing				4 877 271
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>64 837 551</b>
Cash and cash equivalents at the beginning of the year				(61 293 882)
Net increase / (decrease) in cash and cash equivalents	-	-	-	64 837 551
Cash and cash equivalents at the beginning of the year	-	-	-	(61 293 882)
<b>Cash and cash equivalents at year end</b>				<b>3 543 669</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting using the going concern basis and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. Rounding is done to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied, 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:

##### Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.1 Transfer of functions between entities under common control (continued)

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including maintenance, changes in technology, market conditions, together with economic factors such as interest rate fluctuations.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.2 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.

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### 1.2 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

### 1.3 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 is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring 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 through a non-exchange transaction, 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.

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.

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### 1.3 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
Infrastructure solid waste - Land	
• Community Assets	Infinite
• Operational	Infinite
Community Assets - Buildings	
• Community Assets	15 - 50
• Operational	15 - 50
Plant and equipment	5 - 15
Furniture and equipment	7 - 10
Motor vehicles	3 - 20
Office equipment	5 - 7
Infrastructure Roads	
• Electricity	5 - 50
• Sewer	15 - 50
• Roads and Storm Water	10 - 80
• Water	12 - 50
• Solid Waste - Land	Infinite
• Solid Waste - Buildings	15 - 50
Emergency Equipment	5 - 15
Bins and containers	5 - 10

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.

The useful lives are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and the required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

The Municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual value are determined other than for motor vehicles.

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 municipality are derecognised when the asset is disposed of or when there are no further economic 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.

### 1.4 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.

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### 1.4 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

<b>Item</b>	<b>Useful life</b>
Computer software	3 - 6 years

### 1.5 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.



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### 1.5 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.6 Financial instruments

#### Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities at fair value through surplus or deficit - held for trading
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

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### 1.6 Financial instruments (continued)

#### Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Receivables from exchange transactions

Trade receivables are measured at 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.

#### Payables from exchange transactions

Trade 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 on hand and demand deposits, and other short-term highly liquid investments 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. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

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### 1.6 Financial instruments (continued)

#### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

#### Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

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### 1.6 Financial instruments (continued)

#### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### 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.

Minimum 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 of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue 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 revenue.

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

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.8 Inventories

Water inventory is measured at the lower of cost or net realisable value.

Other inventory is measured at the lower of cost or net replacement value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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### 1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### 1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

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### 1.10 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

### 1.11 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.11 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:  
[Specify criteria]

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.11 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.13 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.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### 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.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### 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 end of the reporting period 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 surplus or deficit 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 entity is 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 surplus or deficit, 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 and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

### 1.14 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.14 Provisions and contingencies (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

### 1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

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

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.15 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality has two types of fines, spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a prosecutor pays over to the municipality the cash actually received on summonses issued.

### 1.17 Investment income

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

### 1.18 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.19 Comparative figures

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

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.20 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the Municipal Systems Act, 2000 (Act No. 32 of 2000), or any regulations made in terms of the Act; or
- (c) the Public Office Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) is in contravention with the Municipality's supply chain management policy and which has not been condoned in terms of such act or policy.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity'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.

### 1.23 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.24 Presentation of currency

These annual financial statements are presented in South African Rand.

### 1.25 Offsetting

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

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

### 1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.29 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>2. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	-	3 415 102
Other cash and cash equivalents	130 566	128 566
Bank overdraft	(2 375 252)	-
	<b>(2 244 686)</b>	<b>3 543 668</b>
Current assets	130 566	3 543 668
Current liabilities	(2 375 252)	-
	<b>(2 244 686)</b>	<b>3 543 668</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Bank - Cheque Account (Primary) - 405-289-8966	300 205	4 817 077	(2 681 253)	-	3 724 546	(61 356 152)
ABSA Bank - Cheque Account (Project) - 100-001-0223	40 803	280 913	1 516	-	(309 444)	(40 296)
<b>Total</b>	<b>341 008</b>	<b>5 097 990</b>	<b>(2 679 737)</b>	<b>-</b>	<b>3 415 102</b>	<b>(61 396 448)</b>

### 3. Consumer debtors

#### Gross balances

#### Receivables from non-exchange transactions

Rates	36 196 753	36 718 512
<b>Receivables from exchange transactions</b>	-	-
Electricity	18 275 520	17 745 583
Water	84 540 647	76 917 083
Sewerage	55 127 213	53 311 322
Refuse	74 088 266	67 338 667
VAT Billed	32 917 908	30 532 778
Interest, rent ect.	105 489 801	90 143 243
	<b>406 636 108</b>	<b>372 707 188</b>

#### Less: Allowance for impairment

#### Receivables from non-exchange transactions

Rates	(31 032 120)	(30 865 346)
<b>Receivables from exchange transactions</b>	-	-
Electricity	(15 667 928)	(15 075 559)
Water	(66 628 751)	(65 335 734)
Sewerage	(47 261 540)	(45 289 993)
Refuse	(63 517 189)	(57 207 103)
VAT Billed	(28 221 108)	(25 938 747)
Interest, rent ect	(90 438 283)	(75 384 572)
	<b>(342 766 919)</b>	<b>(315 097 054)</b>



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>3. Consumer debtors (continued)</b>		
<b>Net balance</b>		
<b>Receivables from non-exchange transactions</b>		
Rates	5 164 633	5 853 166
<b>Receivables from exchange transactions</b>	-	-
Electricity	2 607 592	2 670 024
Water	17 911 896	11 581 349
Sewerage	7 865 673	8 021 329
Refuse	10 571 077	10 131 564
VAT Billed	4 696 800	4 594 031
Interest, rent ect	15 051 518	14 758 671
	<b>63 869 189</b>	<b>57 610 134</b>
<b>Receivables from non-exchange transactions</b>		
<b>Rates</b>		
Current (0 -30 days)	37 077	1 415 856
31 - 60 days	3 224 292	1 969 473
61 - 90 days	1 903 264	1 595 178
91 - 120 days	-	872 659
	<b>5 164 633</b>	<b>5 853 166</b>
<b>Receivables from exchange transactions</b>		
<b>Electricity</b>		
Current (0 -30 days)	2 607 592	2 670 024
<b>Water</b>		
Current (0 -30 days)	3 705 973	3 836 732
31 - 60 days	3 092 409	2 466 163
61 - 90 days	2 081 315	2 482 888
91 - 120 days	2 472 053	2 239 641
121 - 365 days	710 695	555 925
> 365 days	5 849 451	-
	<b>17 911 896</b>	<b>11 581 349</b>
<b>Sewerage</b>		
Current (0 -30 days)	2 726 143	2 847 499
31 - 60 days	1 601 249	1 763 496
61 - 90 days	1 394 569	1 634 584
91 - 120 days	1 284 050	1 588 029
121 - 365 days	859 662	187 721
	<b>7 865 673</b>	<b>8 021 329</b>
<b>Refuse</b>		
Current (0 -30 days)	2 462 153	2 808 559
31 - 60 days	1 869 772	2 235 180
61 - 90 days	1 784 511	2 156 036
91 - 120 days	1 754 380	2 115 079
121 - 365 days	2 700 261	816 710
	<b>10 571 077</b>	<b>10 131 564</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>3. Consumer debtors (continued)</b>		
<b>VAT Billed</b>		
Current (0 -30 days)	2 391 905	2 738 626
31 - 60 days	1 236 030	1 082 811
61 - 90 days	864 730	772 594
91 - 120 days	204 135	-
	<b>4 696 800</b>	<b>4 594 031</b>
<b>Interest, rent ect</b>		
Current (0 -30 days)	2 335 001	2 754 650
31 - 60 days	2 226 214	2 166 430
61 - 90 days	2 089 797	1 999 557
91 - 120 days	2 263 494	2 118 841
121 - 365 days	4 331 083	3 916 141
>365 days	1 805 929	-
Debtors not included in the age analysis	-	1 980 781
Unreconciled difference	-	(177 729)
	<b>15 051 518</b>	<b>14 758 671</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>3. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers / Industrial / Commercial</b>		
Current (0 -30 days)	19 298 578	22 158 150
31 - 60 days	14 158 353	12 074 828
61 - 90 days	10 428 055	10 940 185
91 - 120 days	9 892 154	10 414 377
121 - 365 days	68 203 381	73 595 196
> 365 days	277 014 930	229 251 709
	<b>398 995 451</b>	<b>358 434 445</b>
Less: Allowance for impairment	(342 766 919)	(315 097 054)
	<b>56 228 532</b>	<b>43 337 391</b>
<b>National and provincial government</b>		
Current (0 -30 days)	2 362 717	3 841 277
31 - 60 days	1 447 008	733 779
61 - 90 days	636 237	567 962
91 - 120 days	617 187	446 943
121 - 365 days	3 822 323	3 023 995
> 365 days	4 604 634	3 855 735
	<b>13 490 106</b>	<b>12 469 691</b>
<b>Total</b>		
Current (0 -30 days)	21 661 295	25 999 428
31 - 60 days	15 605 361	12 808 607
61 - 90 days	11 064 293	11 508 147
91 - 120 days	10 509 341	10 861 319
121 - 365 days	72 025 704	76 619 191
> 365 days	275 770 114	233 107 444
	-	1 980 781
Less: Allowance for impairment	-	(177 729)
	<b>406 636 108</b>	<b>370 904 136</b>
Less: Provision for debt impairment	(342 766 919)	(315 097 054)
	<b>63 869 189</b>	<b>57 610 134</b>
<b>Less: Provision for debt impairment</b>		
Current (0 -30 days)	(5 395 451)	(6 927 481)
31 - 60 days	(2 355 395)	(1 125 054)
61 - 90 days	(946 109)	(867 312)
91 - 120 days	(2 531 229)	(1 927 071)
121 - 365 days	(63 424 001)	(71 142 692)
> 365 days	(268 114 734)	(233 107 444)
	<b>(342 766 919)</b>	<b>(315 097 054)</b>
<b>Total debtor past due but not impaired</b>		
Current (0 -30 days)	16 265 844	16 333 320
31 - 60 days	13 249 966	10 600 742
61 - 90 days	10 118 184	9 868 242
91 - 120 days	7 978 112	8 934 248
121 - 365 days	8 601 703	5 476 499
> 365 days	1 805 928	-
	<b>58 019 737</b>	<b>51 213 051</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>3. Consumer debtors (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(315 097 054)	(230 192 284)
Contributions to allowance	(86 051 119)	(84 904 770)
Debt impairment written off against allowance	58 381 254	-
	<b>(342 766 919)</b>	<b>(315 097 054)</b>
<b>Fair value of consumer debtors</b>		
Consumer debtors	58 019 738	57 610 134
<b>Consumer debtors impaired</b>		
As of 30 June 2013, consumer debtors of R 348 616 370 (2012: R 315 097 054) were impaired and provided for.		
The amount of the provision was R 86 051 119 as of 30 June 2013 (2012: R 84 904 770).		
<b>4. Inventories</b>		
Consumable stores	377 938	415 770
Water	87 620	84 589
Fuel (Diesel, Petrol)	285 902	275 287
Stores, materials and fuel	642 255	140 408
	<b>1 393 715</b>	<b>916 054</b>
<b>5. Other financial assets</b>		
<b>At amortised cost</b>		
Sanlam short-term deposit The short-term deposit at Sanlam is fixed and matures at a future date.	700 330	664 129
ABSA short-term deposit The short-term deposit at ABSA is fixed and matures at a future date.	141 143	130 048
Listed co-operative fund - OVK The unlisted investment consists of: 8 662 shares in Oos Vrystaat Kaap Operations Ltd. @ R7,50 (2012:R7,00) 9 016 shares in Oos Vrystaat Kaap Holdings Ltd. @ R6,50 (2012:R4,00)	123 569	96 698
Listed investment - Sanlam 4 196 shares in Sanlam @ R46,00 (2012:R35,75)	191 774	149 042
	<b>1 156 816</b>	<b>1 039 917</b>
	-	-
	-	-
	<b>1 156 816</b>	<b>1 039 917</b>
<b>Non-current assets</b>		
At amortised cost	315 343	245 740
<b>Current assets</b>		
At amortised cost	841 473	794 177
Non-current assets	315 343	245 740
Current assets	841 473	794 177
	<b>1 156 816</b>	<b>1 039 917</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>6. Other receivables from exchange transactions</b>		
Trade debtors	11 092 264	11 837 452
Other receivables	8 337	8 337
Pre-paid electricity from third party vendors	545 815	571 842
Fair value adjustment on trade receivables	(3 053 503)	(3 053 503)
Bank errors	23 476	10 393
	<b>8 616 389</b>	<b>9 374 521</b>

### 7. Receivables from non-exchange transactions

Other receivables from non-exchange revenue 1	3 245 352	4 624 317
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### 8. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 993 433	(1 949 498)	43 935	1 983 342	(1 723 489)	259 853

#### Reconciliation of intangible assets - 2013

	Opening balance	Transfers	Amortisation	Total
Computer software, other	259 853	10 091	(226 009)	43 935

#### Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Computer software, other	888 918	(629 065)	259 853

### 9. Investment property

	2013			2012		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Investment property	76 471 194	-	76 471 194	76 471 194	-	76 471 194

#### Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	76 471 194	76 471 194

#### Reconciliation of investment property - 2012

	Opening balance	Total
Investment property	76 471 194	76 471 194

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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Figures in Rand

2013

2012

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### 9. Investment property (continued)

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

At initial recognition, the municipality measures Investment Property at cost and the fair value model is applied to Investment Property for subsequent measurement. Under the fair value model, Investment Property is carried at this fair value at the reporting date.

The fair value of the property is supported by market evidence.

Revaluations were performed by an independent valuator, Mr Arthur Lelosa Independent Valuers, who holds a recognised and relevant qualification, during 2009. No valuations were done in 2013 due to non significant changes in the property market. A certificate to this extent was received from the above-mentioned valuator.

There are no restrictions on the reliability of Investment Property or the remittance of revenue and proceeds on disposal.

The new valuation roll will be implemented from 1 July 2013.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	15 038 633	(8 557 713)	6 480 920	16 375 549	(8 402 831)	7 972 718
Office equipment	8 923 567	(5 791 318)	3 132 249	11 779 590	(6 474 576)	5 305 014
Bins and containers	1 257 505	(731 035)	526 470	1 257 505	(654 695)	602 810
Emergency equipment	305 094	(142 521)	162 573	306 656	(124 262)	182 394
Furniture and equipment	3 932 314	(1 907 351)	2 024 963	3 530 619	(1 645 904)	1 884 715
Security equipment	6 139	(5 304)	835	6 139	(5 025)	1 114
Plant and equipment	15 836 706	(9 143 483)	6 693 223	16 487 133	(8 314 540)	8 172 593
Infrastructure - Water	351 964 171	(61 964 683)	289 999 488	343 243 407	(49 170 235)	294 073 172
Infrastructure - Sewer	330 686 741	(65 396 763)	265 289 978	328 389 570	(52 358 443)	276 031 127
Infrastructure Roads	337 294 617	(95 989 694)	241 304 923	324 406 487	(76 850 155)	247 556 332
Infrastructure - Electricity	150 648 944	(33 900 991)	116 747 953	150 069 715	(26 910 382)	123 159 333
Community Assets - Land	140 301 863	-	140 301 863	140 301 863	-	140 301 863
Community Assets - Buildings	183 009 191	(42 331 023)	140 678 168	153 821 102	(33 425 074)	120 396 028
Infrastructure solid waste - Land	3 684 291	-	3 684 291	3 914 559	-	3 914 559
Infrastructure solid waste - Buildings	13 930 005	(2 766 430)	11 163 575	13 930 005	(2 169 669)	11 760 336
Leased assets	-	1	1	-	1	1
Land - owned	422 614 841	110 159	422 725 000	423 326 143	(601 143)	422 725 000
Railways	48 755 739	(13 543 261)	35 212 478	48 755 739	(10 834 609)	37 921 130
Game stock	1 150 200	-	1 150 200	1 299 900	-	1 299 900
Work-in-progress	151 526 487	-	151 526 487	101 002 278	-	101 002 278
Heritage	1	-	1	-	-	-
<b>Total</b>	<b>2 180 867 049</b>	<b>(342 061 410)</b>	<b>1 838 805 639</b>	<b>2 082 203 959</b>	<b>(277 941 542)</b>	<b>1 804 262 417</b>

The increase in the fair value of game stock was done in accordance with the latest available prices of game auctions.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Accumulated depreciation on disposals / write-offs / impairment	Depreciation	Impairment loss	Total
Motor vehicles	7 972 718	-	(386 951)	-	221 646	(802 994)	(523 499)	6 480 920
Office equipment	5 305 014	599 267	(1 703 613)	(10 090)	992 838	(1 644 710)	(406 457)	3 132 249
Bins and containers	602 810	-	-	-	-	(76 340)	-	526 470
Emergency equipment	182 394	-	(1 562)	-	691	(18 950)	-	162 573
Furniture and equipment	1 884 715	667 450	(239 248)	-	111 079	(390 491)	(8 542)	2 024 963
Security equipment	1 114	-	-	-	-	(279)	-	835
Plant and equipment	8 172 593	265 083	(457 755)	-	293 084	(1 356 206)	(223 576)	6 693 223
Infrastructure - Water	294 073 172	-	-	8 720 764	-	(12 794 448)	-	289 999 488
Infrastructure - Sewer	276 031 127	-	-	2 297 170	-	(13 038 319)	-	265 289 978
Infrastructure Roads	247 556 332	-	-	12 888 131	-	(19 139 540)	-	241 304 923
Infrastructure - Electricity	123 159 333	-	-	579 229	-	(6 990 609)	-	116 747 953
Community Assets - Land	140 301 863	-	-	-	-	-	-	140 301 863
Community Assets - Buildings	120 396 028	18 686 203	-	10 501 886	-	(8 905 949)	-	140 678 168
Infrastructure solid waste - Land	3 914 559	-	-	-	-	(230 268)	-	3 684 291
Infrastructure solid waste - Buildings	11 760 336	-	-	-	-	(596 761)	-	11 163 575
Leased assets	1	-	-	-	-	-	-	1
Railways	37 921 130	-	-	-	-	(2 708 652)	-	35 212 478
Land - owned	422 725 000	-	-	-	-	-	-	422 725 000
Game stock	1 299 900	-	(149 700)	-	-	-	-	1 150 200
Work-in-progress	101 002 278	85 511 389	-	(34 987 180)	-	-	-	151 526 487
Heritage	-	1	-	-	-	-	-	1
	<b>1 804 262 417</b>	<b>105 729 393</b>	<b>(2 938 829)</b>	<b>(10 090)</b>	<b>1 619 338</b>	<b>(68 694 516)</b>	<b>(1 162 074)</b>	<b>1 838 805 639</b>



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Accumulated depreciation on disposals / write-offs	Depreciation	Total
Motor vehicles	8 846 023	-	-	-	(873 305)	7 972 718
Office equipment	6 048 706	815 973	(216 555)	101 362	(1 444 472)	5 305 014
Bins and containers	679 135	-	-	-	(76 325)	602 810
Emergency equipment	241 079	-	(50 363)	12 742	(21 064)	182 394
Furniture and equipment	1 215 869	1 017 887	(82 461)	52 756	(319 336)	1 884 715
Security equipment	1 393	-	-	-	(279)	1 114
Plant and equipment	8 921 922	648 555	(606 949)	386 485	(1 177 420)	8 172 593
Infrastructure - Water	303 326 276	4 379 304	(1 213 555)	172 239	(12 591 092)	294 073 172
Infrastructure - Sewer	269 201 035	21 633 409	(2 339 915)	746 461	(13 209 863)	276 031 127
Infrastructure Roads	250 912 558	17 815 262	(683 039)	338 727	(20 827 176)	247 556 332
Infrastructure - Electricity	126 012 077	4 179 279	(198 515)	158 812	(6 992 320)	123 159 333
Community Assets - Land	138 901 863	1 400 000	-	-	-	140 301 863
Community Assets - Buildings	124 214 282	4 714 973	-	-	(8 533 227)	120 396 028
Infrastructure solid waste - Land	4 144 827	-	-	-	(230 268)	3 914 559
Infrastructure solid waste - Buildings	12 176 680	176 500	-	-	(592 844)	11 760 336
Leased assets	15 731	-	-	-	(15 730)	1
Railways	40 629 782	-	-	-	(2 708 652)	37 921 130
Land - owned	422 725 000	-	-	-	-	422 725 000
Game stock	1 667 200	-	(367 300)	-	-	1 299 900
Work-in-progress	57 703 351	62 993 469	(19 694 542)	-	-	101 002 278
	<b>1 777 584 789</b>	<b>119 774 611</b>	<b>(25 453 194)</b>	<b>1 969 584</b>	<b>(69 613 373)</b>	<b>1 804 262 417</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand 2013 2012

### 10. Property, plant and equipment (continued)

#### Heritage assets

The following is a list of all heritage assets owned by Dihlabeng Local Municipality

- Town Hall - Bathlehem
- Pretoriuskloof Nature Reserve - Bethlehem
- Loch Athlone Dam Wall Pretoriuskloof Nature Reserve - Bethlehem
- Library Market
- Old Neder Gereformeerde Mission Church Parsonage - New Traffic Office - Bethlehem

The fair values of all heritage assets could not be determined and the transitional provision in GRAP 17 was used.

#### Transitional provisions

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

### 11. Heritage assets

	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets as nominal value	1	-	1	-	-	-

### 12. Consumer deposits

Water and Electricity	3 774 277	3 587 147
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### 13. Other financial liabilities

#### At amortised cost

Development Bank of Southern Africa (DBSA) 61006906	44 576 247	38 698 314
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The loan was re-scheduled in September 2011 and the repayment terms have been re-negotiated. The loan bears interest at a nominal rate of 10% per annum. The loan shall be repaid in 44 quarterly installments commencing on 1 October 2011 of R1 516 391. The loan will be redeemed on 31 December 2022. Interest of 12% per annum is charged on any arrear installment.

Infrastructure Finance Corporation Limited (INCA)	113 520	1 377 746
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The loan bears interest at a fixe rate of 14.52% per annum. The monthly installments are R114 870,41 over an initial period of 120 months. There is 1 installment remaining and the loan will be redeemed on 31 July 2013.

Infrastructure Finance Corporation Limited (INCA)	226 501	719 455
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The loan bears interest at a fixed rate of 14,00% compounded monthly. The monthly installments are R46 914,40 over an initial period of 120 months. There are 4 installments remaining and the loan will be redeemed on 30 November 2013.

<b>44 916 268</b>	<b>40 795 515</b>
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#### Total other financial liabilities

<b>44 916 268</b>	<b>40 795 515</b>
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#### Non-current liabilities

At amortised cost	34 054 350	36 830 023
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# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>Current liabilities</b>		
At amortised cost	10 861 918	3 965 492
<b>14. Payables from exchange transactions</b>		
Trade payables	134 709 232	102 703 573
Consumer debtors with credit balances	5 069 556	5 024 242
Accrued leave pay	13 074 687	11 338 814
Accrued bonus	3 804 804	3 585 864
Deposits received	47 203	3 807
Sundry Creditors	12 528 842	23 529 567
	<b>169 234 324</b>	<b>146 185 867</b>
<b>15. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Department of Water Affairs Grant	7 011 811	7 995 588
COGTA Grant	-	1 286 362
Library Grant	500 000	-
	<b>7 511 811</b>	<b>9 281 950</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	9 281 950	5 701 140
Additions during the year	35 610 699	34 387 437
Income recognition during the year	(37 380 838)	(30 806 627)
	<b>7 511 811</b>	<b>9 281 950</b>
<b>16. VAT payable</b>		
Debtors VAT Accrued	31 898 151	29 522 084
VAT Refundable	(27 493 325)	(19 048 722)
	<b>4 404 826</b>	<b>10 473 362</b>

### 17. Long service awards

The long service awards valuation was performed by ZAQ Consultants and Actuaries for the period ended 30 June 2012 and 30 June 2013.

This is the first time that the municipality performs a valuation of its Long Service Award liabilities.

The long service awards valuation report is available for inspection at the Municipality.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand 2013 2012

### 18. Provisions

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Environmental rehabilitation	1 234 830	92 610	1 327 440
Illegal corner dumping	445 500	540 000	985 500
	<b>1 680 330</b>	<b>632 610</b>	<b>2 312 940</b>

#### Reconciliation of provisions - 2012

	Opening Balance	Additions	Reversed during the year	Total
Environmental rehabilitation	1 148 672	86 158	-	1 234 830
Illegal corner dumping	531 900	-	(86 400)	445 500
	<b>1 680 572</b>	<b>86 158</b>	<b>(86 400)</b>	<b>1 680 330</b>

#### Environmental rehabilitation provision

The new dumping site became operational on 1 December 2010 as the old dumping site was closed. On a monthly basis the site is filled with approximately 13 212 cubic meters of cover material, garden waste, industrial waste and building rubble. The landfill site was assessed by Metsi Metseng Geological & Environmental Services and based on the assessment, the provision for the rehabilitation and the closure of the landfill site was calculated over a period of 20 years.

The following key assumptions were made that can impact considerably on the calculation of the provision if they change:

- provision was made to dispose of 2 658 762 cubic metre waist that will fill an area of 129 600 square metres x 18 metres high over a lifespan of 20 years
- an average disposal tempo of 158 cubic metres per day over the 20 year lifespan was used for costing calculations
- an annual inflationary increase of 7,5% was used for the projected cost

Proper management of the site will increase the number of years of operation and will ensure that environmental compliance is adhered to. The timing of the cashflow is uncertain.

The discounted cash flow method was used to calculate the yearly provision.

#### Illegal corner dumping

The calculation was done by the Municipality and it is based on the number of machine and man hours that is needed to clear the illegal corner dumps. The timing of the cash flow is uncertain.

### 19. Employee benefit obligations

#### Defined benefit plan

#### Post retirement medical aid plan

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded (27 375 000) (24 452 984)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(24 452 984)	(25 580 984)
Net expense recognised in the statement of financial performance	(2 922 016)	1 128 000
	<b>(27 375 000)</b>	<b>(24 452 984)</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>19. Employee benefit obligations (continued)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	(345 448)	(438 000)
Interest cost	(1 285 274)	(1 514 000)
Benefits paid	1 510 869	1 564 000
Actuarial gains / (loss)	(2 802 163)	1 516 000
<b>Total included in employee related costs</b>	<b>(2 922 016)</b>	<b>1 128 000</b>

### Key assumptions used

The post retirement medical aid liability is valued on a generally accepted actuarial valuation method. The liability was calculated on a member-by-member basis, taking into account the liabilities arising in respect of principal members and their spouses. Ages are calculated as per age on 30 June 2013.

The projected unit credit method was used as prescribed by IAS 19 and GRAP 25. This method is based on the approximation that the post-retirement benefit is notionally built up over the employees' working life.

The actuarial valuation of the PRMA liability involves the following:

- the projection of future post-retirement medical contribution subsidy cash flows, taking into account the probabilities of survival, withdrawal, ill-health retirement, early retirement and death in service.
- the medical contribution subsidies arising in respect of adult dependents of employees.
- increasing the projected subsidy cashflows in line with expected long-term contribution escalation.
- discounting these cashflows in order to express the PRMA liability in current Rand terms.

Discount rate	7,89 %	8,75 %
Consumer price inflation	6,14 %	5,75 %
Medical aid contribution inflation	7,14 %	7,67 %
Maximum subsidy increase rate (Net effective discount rate)	0,70 %	1,00 %

### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. All councillors and employees belong to three defined benefit retirement funds. One fund is administered by the Provincial Pension Fund. The last actuarial valuation as at 30 June 2005 are in the process of being finalised and will be submitted to the Municipality once approved by the executive committee of the fund. Information could not be obtained for the other two funds regarding the administrators nor the actuaries.

The municipality is under no obligation to cover any unfunded benefits.

### 20. Revenue

Rendering of services	1 543 677	1 507 462
Service charges	271 130 670	244 118 181
Royalty income	5 849 451	-
Rental of facilities and equipment	3 555 596	2 953 055
Interest received - accounts receivable	23 060 999	19 858 218
Licences and permits	86 343	27 564
Other income	3 122 519	4 031 169
Interest received - investment	11 095	9 420
Dividends received	5 460	-
Property rates	66 850 440	67 323 155
Government grants & subsidies	223 980 838	190 544 628
Fines	4 571 578	641 082
	<b>603 768 666</b>	<b>531 013 934</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand 2013 2012

### 20. Revenue (continued)

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Service charges	271 130 670	244 118 181
Rendering of services	1 543 677	1 507 462
Royalty income	5 849 451	-
Rental of facilities and equipment	3 555 596	2 953 055
Interest received - accounts receivable	23 060 999	19 858 218
Licences and permits	86 343	27 564
Other income	3 122 519	4 031 169
Interest received - investment	11 095	9 420
Dividends received	5 460	-
	<b>308 365 810</b>	<b>272 505 069</b>

**The amount included in revenue arising from non-exchange transactions is as follows:**

**Taxation revenue**

Property rates 66 850 440 67 323 155

**Transfer revenue**

Government grants & subsidies 223 980 838 190 544 628

Fines 4 571 578 641 082

**295 402 856 258 508 865**

### 21. Property rates

**Rates received**

Property rates 66 850 440 67 323 155

**Valuations**

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.0068 (2012:R0.0064) is applied to residential and small holding property valuations to determine the assessment rates. A rebate of R22 000 (2012:22 000) is granted to residential properties and a further 25% (2012:25%) rebate to pensioners.

A general rate of R0.0198 (201:R0.0187) is applied to business, industrial, commercial and public service infrastructure to determine the assessment rates. A rebate of 50% (2012:50%) is granted to public service infrastructure only.

A general rate of R0.0068 (2012:R0.0064) is applied to farms to determine the assessment rates. A rebate of 85% (2012:85%) is granted to farmers and a further rebate of 0% (2012:25%) was granted. The rebates granted to farmers are done in accordance with S21 of the Municipal Property Rates Act No.6 of 2004.

Rates for farmers and national government are levied on an annual basis with the final date for payment being 07 August 2012. Rates for other consumers are levied on a monthly basis with the final date for payment before the 7th of each month. Interest at prime plus 1% per annum (2012:prime plus 1%) is levied on rates outstanding after due date.

The new general valuation will be implemented on 01 July 2013.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>22. Service charges</b>		
Sale of electricity	151 055 478	129 196 801
Sale of water	44 800 888	44 654 351
Sewerage and sanitation charges	38 026 001	35 899 369
Refuse removal	37 248 303	34 367 660
	<b>271 130 670</b>	<b>244 118 181</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>23. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	124 496 000	112 445 000
Expanded Public Works Programme Grant	1 000 000	-
Municipal Systems Improvement Grant	800 000	790 000
Equitable Share - Councillors Remuneration Grant	4 871 000	2 406 000
Financial Management Grant	1 500 000	1 450 000
	<b>132 667 000</b>	<b>117 091 000</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	51 733 000	42 647 000
Department of Water Affairs Grant	36 094 476	26 391 850
Water Services Operating Grant	2 200 000	-
COGTA Grant	1 286 362	4 414 778
	<b>91 313 838</b>	<b>73 453 628</b>
	<b>223 980 838</b>	<b>190 544 628</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	91 314 338	73 453 628
Unconditional grants received	132 666 500	117 091 000
	<b>223 980 838</b>	<b>190 544 628</b>
<b>Equitable Share</b>		
Current-year receipts	124 496 000	112 445 000
Conditions met - transferred to revenue	(124 496 000)	(112 445 000)
	-	-
The equitable share allocation was fully utilised during the financial year.		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Equitable Share - Councillors Remuneration Grant</b>		
Current-year receipts	4 871 000	2 406 000
Conditions met - transferred to revenue	(4 871 000)	(2 406 000)
	-	-
The councillors remuneration grant was fully utilised during the financial year.		
<b>Municipal Infrastructure Grant</b>		
Current-year receipts	51 733 000	42 647 000
Conditions met - transferred to revenue	(51 733 000)	(42 647 000)
	-	-
The municipal infrastructure grant was fully utilised during the financial year.		
<b>Municipal Systems Improvement Grant</b>		
Current-year receipts	800 000	790 000
Conditions met - transferred to revenue	(800 000)	(790 000)



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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### 23. Government grants and subsidies (continued)

	-	-
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The municipal systems improvement grant was fully utilised during the financial year.

#### Financial Management Grant

Current-year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(1 500 000)	(1 450 000)
	-	-

The financial management grant was fully utilised during the financial year.

#### Expanded Public Works Programme Grant

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

The expanded public works grant was fully utilised during the year.

#### Department of Water Affairs Grant

Balance unspent at beginning of year	7 995 588	-
Current-year receipts	35 110 699	34 387 437
Conditions met - transferred to revenue	(36 094 476)	(26 391 849)
	<b>7 011 811</b>	<b>7 995 588</b>

The grant is utilised for the upgrading of the water infrastructure network to Paul Roux and Rosendal.

#### COGTA Grant

Balance unspent at beginning of year	1 286 362	5 701 140
Conditions met - transferred to revenue	(1 286 362)	(4 414 778)
	-	<b>1 286 362</b>

The unspent portion of the COGTA grant from the previous year was utilised during the current financial year for the finalisation and upgrading of the sport stadium.

#### Library Grant

An amount of R500 000 were received during the year. Conditions still to be met and will remain liabilities (see note 15).

#### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2012), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

# Dihlabeng Local Municipality

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## Notes to the Annual Financial Statements

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<b>24. Other income</b>		
Sundry Income	1 034 022	2 056 241
Insurance Excess Payments	5 062	25 022
Abnormal freight	34 914	8 076
Sale of library books	615	162
Sales from pound	17 024	65 898
Sundry income from traffic offences	18 792	3 060
Skills Development Levy refund	675 656	792 660
Service centre levies	-	1 315
Railway sidings	64 572	63 699
Copies and faxes	7 137	8 167
Parking meters	9 831	23 270
Municipal gravel roads levy	-	(933)
Airport landing charges	11 850	3 300
Advertising signs	216 913	476 370
Blocked sewerage fees	15 174	16 044
Building plan fees	346 458	270 398
Clearance certificates	104 093	59 574
Encroachment fees	223 548	153 954
Sundry income electricity	336 858	2 941
Sundry income parks	-	1 951
	<b>3 122 519</b>	<b>4 031 169</b>

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## Notes to the Annual Financial Statements

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<b>25. General expenses</b>		
Operating lease expenditure	1 672 512	870 045
Advertising	(108 521)	685 317
Auditors remuneration	4 688 405	3 057 064
Bank charges	1 093 166	917 746
Commission paid	1 324 110	-
Actuarial (gain) / loss on employee benefits	2 802 163	(1 515 128)
Consulting and professional fees	13 202 563	19 891 121
Consumables	125 269	198 040
Delivery expenses	594 351	-
Donations	1 251 404	2 206 103
Entertainment	895 907	223 125
Fines and penalties	78 050	245 918
Audit committee sitting allowance	23 614	57 601
Hire	28 485 195	1 723 322
Insurance	7 451 072	4 799 416
Community development and training	7 795 751	2 645 908
Incorporation costs	-	43 004
Marketing	-	25 489
Promotions and sponsorships	309 164	455 501
Magazines, books and periodicals	-	939
Civic funerals	-	161 387
Pauper burials	62 926	250 380
Fuel and oil	8 295 499	10 742 996
Penalties on VAT	735 757	434 377
Postage and courier	893 512	1 402 326
Printing and stationery	654 512	552 571
Town planning costs	-	10 500
Royalties and license fees	2 123 869	820 838
Secretarial fees	-	462 120
Security (Guarding of municipal property)	10 065 926	7 842 760
Staff welfare	-	6 300
Subscriptions and membership fees	3 912 757	2 212 946
Telephone and fax	2 652 601	2 217 409
Training	2 351 927	1 653 262
Travel - local	1 249 574	1 316 360
Assets expensed	1 092 238	418 102
Uniforms	573 954	238 649
Contribution capital expenditure	(2 316 781)	3 756 371
Bursaries	2 122 605	2 344 862
Best practice for councillors	-	112 134
Rehabilitation of dumping site	8 411 681	9 307 128
Rehabilitation of landfill site	632 610	(1 235 079)
Provision for bad debts in non-exchange transactions	318 404	-
Damaged stock written off	16 960	-
Loss on assets written off	348 792	-
Chemicals	950 485	1 175 764
Hostel charges	(6)	-
	<b>116 833 977</b>	<b>82 734 994</b>

# Dihlabeng Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>26. Employee costs</b>		
Basic	92 870 630	84 264 415
Bonus	9 244 905	7 662 890
Medical aid - company contributions	10 837 269	8 788 261
UIF	1 014 728	943 046
Other payroll levies	58 018	41 326
Leave pay provision charge	2 895 240	3 432 247
Post-employment benefits - Pension - Defined contribution plan	1 936 353	1 244 862
Overtime payments	6 944 791	5 616 943
Standby allowances	4 083 641	3 538 016
Car allowance	4 506 923	3 867 337
Housing benefits and allowances	312 038	310 612
Group life insurance	171 556	104 219
Pension funds	16 392 191	15 256 897
Other allowances	581 850	754 972
Telephone allowance	448 227	394 550
Relief payment	619 464	562 257
	<b>152 917 824</b>	<b>136 782 850</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	848 673	797 027
Car Allowance	360 530	328 327
Leave Payout	-	266 429
Contributions to UIF, Medical and Pension Funds	163 442	158 193
Cellphone allowance	18 000	18 000
	<b>1 390 645</b>	<b>1 567 976</b>
The Municipal Manager, Mr ET Tsoaeli served in this post		
<b>Remuneration of chief finance officer</b>		
Annual Remuneration	834 726	724 421
Car Allowance	289 219	251 988
Contributions to UIF, Medical and Pension Funds	12 968	12 432
Cellphone allowance	12 000	12 000
Leave Payout	-	115 097
	<b>1 148 913</b>	<b>1 115 938</b>
The Chief financial officer, Mr PR Provis served in this post		
<b>Remuneration of director public works</b>		
Annual Remuneration	834 726	724 421
Car Allowance	309 224	248 553
Contributions to UIF, Medical and Pension Funds	12 411	11 984
Cellphone allowance	12 000	12 000
Other	-	129 948
	<b>1 168 361</b>	<b>1 126 906</b>
The Director Public Works, Mr AB Masuku served in this post		
<b>Remuneration of director corporate services</b>		
Annual Remuneration	347 803	723 929
Car Allowance	119 205	246 072

# Dihlabeng Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>26. Employee costs (continued)</b>		
Contributions to UIF, Medical and Pension Funds	6 283	11 198
Leave payout	100 538	96 430
Cellphone allowance	5 000	12 000
	<b>578 829</b>	<b>1 089 629</b>

The director corporate services, Mr MES Motshwalo, resigned on 30 November 2012. Since 1 December 2012 the position is vacant.

### Remuneration of director community services

Annual Remuneration	834 726	195 990
Car Allowance	292 200	65 454
Contributions to UIF, Medical and Pension Funds	13 039	2 888
Cellphone Allowance	12 000	3 000
Leave payout	62 837	-
	<b>1 214 802</b>	<b>267 332</b>

Mrs MC Sephaka was appointed on 1 April 2012.

### Remuneration director of local economic development

Annual Remuneration	834 726	492 624
Car Allowance	287 428	169 476
Contributions to UIF, Medical and Pension Funds	13 123	9 406
Leave payout	71 215	198 904
Cellphone allowance	12 000	8 000
	<b>1 218 492</b>	<b>878 410</b>

Mrs GT Hadebes' contract expired on 31 October 2011 and she was re-appointed on 1 March 2012.

### 27. Remuneration of councillors

Executive mayor - Allowance	536 230	508 274
Executive mayor - Travel allowance	134 057	127 069
Executive mayor - Cell phone allowance	19 872	18 840
Executive mayor - Re-imbursing payments	10 709	5 195
Chief whip - Allowance	409 161	381 206
Chief whip - Travel allowance	102 290	95 301
Chief whip - Cell phone allowance	20 216	18 840
Chief whip - Re-imbursing payments	7 301	2 991
Chairman of public accounts committee- Allowance	380 105	381 206
Chairman of public accounts committee- Travel allowance	95 006	95 301
Chairman of public accounts committee - Cell phone allowance	19 744	18 840
Chairman of public accounts committee - Re-imbursing payments	8 593	11 776
Speaker - Allowance	421 529	406 619
Speaker - Travel allowance	105 402	101 655
Speaker - Cell phone allowance	19 528	18 840
Speaker - Re-imbursing payments	23 205	29 534
Mayoral executive committee members - Allowances	3 217 852	3 215 140
Mayoral executive committee members - Travel allowance	804 460	793 495
Mayoral executive committee members - Cell phone allowance	158 976	147 611
Mayoral executive committee members - Re-imbursing payments	147 669	104 759
Councillors - Allowances	4 920 338	4 981 954
Councillors - Travel allowances	1 126 008	1 090 148
Councillors - Cell phone allowance	347 065	321 813
Councillors - Re-imbursing payments	24 709	11 857
	<b>13 060 025</b>	<b>12 888 264</b>

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<b>28. Debt impairment</b>		
Debt impairment	86 051 120	84 904 693
Debts impaired	-	803 893
	<b>86 051 120</b>	<b>85 708 586</b>
<p>Debt impairment was calculated by analysing the debtors arrear accounts and classifying them into different categories according to the frequency of payments made.</p>		
<b>29. Investment revenue</b>		
<b>Dividend revenue</b>		
Dividend	5 460	-
<b>Interest revenue</b>		
ABSA	11 095	9 420
	5 460	-
	11 095	9 420
	<b>16 555</b>	<b>9 420</b>
<p>The amount included in Investment revenue arising from non-exchange transactions amounted to R 11 095 (2011:R9,420)</p> <p>Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R11,095 (2012: R9,420).</p>		
<b>30. Fair value adjustments</b>		
Other financial assets / liabilities		
• Investments	105 932	82 900
<b>31. Depreciation, impairment and amortisation</b>		
Property, plant and equipment	613 922	3 033 878
Intangible assets	226 009	629 065
Infrastructure assets	69 528 784	63 790 955
	<b>70 368 715</b>	<b>67 453 898</b>
<b>32. Finance costs</b>		
Trade and other payables	-	(136 454)
Penalties and Interest on late payment of VAT	1 161 907	876 976
Other interest paid	9 618 705	5 478 920
	<b>10 780 612</b>	<b>6 219 442</b>
<b>33. Auditors' remuneration</b>		
Fees	4 688 405	3 057 064
<b>34. Rental of facilities and equipment</b>		
<b>Premises</b>		
Premises	2 596 252	2 639 215
Venue hire	3 934	4 107
	<b>2 600 186</b>	<b>2 643 322</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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<b>34. Rental of facilities and equipment (continued)</b>		
<b>Facilities and equipment</b>		
Rental of equipment	955 410	309 733
Premises	2 600 186	2 643 322
Garages and parking	-	-
Facilities and equipment	955 410	309 733
	<b>3 555 596</b>	<b>2 953 055</b>
<b>35. Contracted services</b>		
Meter reading services - Kopanong CC	2 008 159	2 533 104
<b>36. Bulk purchases</b>		
Electricity	107 918 163	93 166 875
<b>37. Cash generated from operations</b>		
Surplus	9 358 970	11 423 848
<b>Adjustments for:</b>		
Depreciation and amortisation	70 368 715	67 453 898
(Loss) gain on sale of assets and liabilities	(864 825)	2 313 798
Fair value adjustment on game stock	149 700	367 300
Fair value adjustments	(105 932)	(82 900)
Interest income	(23 072 094)	(19 867 638)
Dividends received	(5 460)	-
Finance costs	10 780 612	6 219 442
Debt impairment	86 051 120	85 708 586
Movements in retirement benefit assets and liabilities	2 922 016	(1 127 128)
Movements in provisions	632 610	(1 148 921)
Grants allocated	9 138 285	5 734 041
<b>Changes in working capital:</b>		
Inventories	(477 661)	(108 167)
Other receivables from exchange transactions	758 132	2 419 538
Other receivables from non-exchange transactions	1 378 965	(1 983 511)
Consumer debtors	(92 310 175)	(93 065 577)
Payables from exchange transactions	23 610 824	85 525 844
VAT	(6 068 540)	(3 389 261)
Unspent conditional grants and receipts	(1 770 139)	3 580 810
Consumer deposits	187 130	172 931
Long Service awards	1 190 000	932 000
Provisions	632 610	(1 148 920)
	<b>92 484 863</b>	<b>149 930 013</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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### 38. Commitments

#### Authorised capital and operational expenditure

##### Capital Expenditure

- Property, plant and equipment 100 039 044 113 372 980

##### Operational Expenditure

- Rehabilitation of landfill site 3 137 280 13 333 440
  - Repairs and maintenance 2 371 728 5 295 767
  - Operating lease vehicles 9 076 084 -
  - Valuation Roll 192 817 2 600 000
  - Clarens Conservancy fees 70 000 70 000
- 14 847 909 21 299 207**

The committed expenditure of the following cannot be determined due the variable nature of the contract:

Project Description:	CYBKO Security Services	
Project Value:	R 230 per guard per month	
Expenditure to date:	R 11 094 348 (2013)	R 1 415 744 (2012)
Project Description:	Isintsu Projects - Suction of toilets in Rosendal and Paul Roux	
Project Value:	R 608 per toilet	
Expenditure to date:	R 5 798 518 (2013)	R 3 097 039 (2012)
Project Description:	TMT Services and Suppliers (Pty) Ltd	
Project Value:	R 23,63 per notice and R55,11 per infringement	
Expenditure to date:	R 2 307 178 (2013)	
Project Description:	Mphati and Associates - Project Management Unit	
Project Value:	R 2 586 650	
Expenditure to date:	R 2 554 953 (2013)	



# Dihlabeng Local Municipality

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### 39. Contingencies

The following civil cases are currently being finalised

#### **Mothibede Matshela:**

This case is handled by Breytenbach Mavuso Attorneys. The claim is for an outstanding payment of R60 000,00 and is claimed from Mr M E Matshela the former Municipal Manager for unauthorized expenditure. No liability for Council.

#### **GD Van Zyl:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the sale of a site in Fouriesburg to Mr van Zyl on the site a municipal pump station is erected and no servitude is registered. The liability could be R150 000,00.

#### **Loch Athlone Invesments (Pty) Ltd:**

This case is handled by Breytenbach Mavuso Attorneys. There is an application to demolish six buildings. We are still awaiting information from the Building Department to proceed with the Application in the High Court in Bloemfontein. At this stage the Defendant is negotiating with Mr Provis. No liability for Council.

#### **Khanyeng High School:**

This case relates to the non-payment of water and electricity services. R593 733,07 & R449 979,36. This case is handled by Breytenbach Mavuso Attorneys. We are proceeding with judgment for the first amount and a new summons was issued in the High Court for the second amount. No liability for Council.

#### **Thabo Mofutsanyana District Municipality:**

This case is handled by Breytenbach Mavuso Attorneys. Breytenbach Mavuso is acting for a lot of defendants against Thabo Mofutsanyana. In the trial case the Judge has given judgment against Thabo Mofutsanyana on our exception. They are now trying to appeal in this matter so we are waiting to see what will happen. National Treasury indicated that they will intervene in this matter but no further response was received. No liability at this stage.

#### **Lezmin 1163 CC:**

The case is for a Court Order to demolish certain buildings. This case is handled by Breytenbach Mavuso Attorneys and is regarding the erection of illegal structures. No liability for Council.

#### **Ramakatane T J:**

This case is handled by Breytenbach Mavuso Attorneys. Judgment was granted in the amount of R900 000,00 plus interest and costs in the High Court. We are in the process of attaching the property of Mr and Mrs Ramakatane for sale in execution. No liability for Council.

#### **Orca Inflatable Boat Building/K Potgieter:**

This case is handled by Breytenbach Mavuso Attorneys. We made contact with the Liquidator and requested him to arrange for a meeting so that a possible Section 417 Inquiry into the affairs of the Defendant can be conducted. No liability for Council.

#### **LAK Investments/Upper Clarens Estate:**

This case is handled by Breytenbach Mavuso Attorneys. This is a defended matter in which the Defendant wants to negotiate. We are waiting for dates to proceed with negotiations. No liability for Council.

#### **Makitikiti:**

This case is handled by Breytenbach Mavuso Attorneys. We are at this present time awaiting further instructions from client regarding the consultation between Dihlabeng Local Municipality and Mr Makitikiti. No liability for Council.

#### **Mr J Prinsloo (Electrician Section):**

This case is handled by Breytenbach Mavuso Attorneys. In this case the employee was injured on duty and the Department of Labour referred the matter to court to establish negligence. In the meantime this official resigned. Liability cannot be established at this stage.

#### **Apex Entertainment:**

This case is handled by Breytenbach Mavuso Attorneys. An amount of R60 100,00 was paid to Apex Entertainment and no services was delivered. No liability for Council.

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### 39. Contingencies (continued)

#### **M M Mahlalela:**

This case is handled by Breytenbach Mavuso Attorneys. Mr Mahlalela the previous Chief Financial Officer in his last week at work reported that his laptop got lost and the then Municipal Manager was of the opinion that Mr Mahlalela was negligent and that the cost of the lost laptop must be deducted. Possible liability of R13 000,00 if the case is lost.

#### **Princely Knowledge Consulting:**

This case is handled by Breytenbach Mavuso Attorneys. A payment of R35 640,00 was made to this company for a training course. The funds were paid to this company but on several occasions the training was postponed. No liability for Council.

#### **Aurecon Consultants:**

This case is handled by Breytenbach Mavuso Attorneys. The consultants were involved in two projects – Mashaeng/Fouriesburg: Upgrading of bulk water supply and Mashaeng/Fouriesburg: 5,9 km Roads. The funds were paid to the consultants and the projects are not functional or finalized. No liability for Council.

#### **Skosana Consulting Engineers:**

This case is handled by Breytenbach Mavuso Attorneys. The consultants were involved in two projects – Mashaeng/Fouriesburg: Upgrading of bulk water supply and Mashaeng/Fouriesburg: 5,9 km Roads. The funds were paid to the consultants and the projects are not functional. No liability for Council.

#### **E and R Maintenance and Erection CC (Contractors):**

This case is handled by Breytenbach Mavuso Attorneys. The contractors were involved in two projects – Mashaeng/Fouriesburg: Upgrading of bulk water supply and Mashaeng/Fouriesburg: 5,9 km Roads. The funds were paid to the contractors and the projects are not functional or finalized. No liability for Council.

#### **Nexor 350 cc (Contractors):**

This case is handled by Breytenbach Mavuso Attorneys. The contractors were involved in two projects – Mashaeng/Fouriesburg: Upgrading of bulk water supply and Mashaeng/Fouriesburg: 5,9 km Roads. The funds were paid to the contractors and the projects are not functional or finalized. No liability for Council.

#### **Marenza Civils and Kwena Ya Madiba (JV) Contractors:**

This case is handled by Breytenbach Mavuso Attorneys. The contractors were involved in two projects – Mashaeng/Fouriesburg: Upgrading of bulk water supply and Mashaeng/Fouriesburg: 5,9 km Roads. The funds were paid to the contractors and the projects are not functional or finalized. No liability for Council.

#### **White Hazy JV:**

This case is handled by Breytenbach Mavuso Attorneys. This contractor was involved in the Water and Sewer Reticulation: Bohlokong Extensions 7 and 8 project. The funds were paid to the contractor and the project is not functional or finalized. No liability for Council.

#### **MOT Professional Services Consulting:**

This case is handled by Breytenbach Mavuso Attorneys. This consultant was involved in the Water and Sewer Reticulation: Bohlokong Extensions 7 and 8 project. The funds were paid to the consultant and the project is not functional or finalized. No liability for Council.

#### **M P Khabane:**

This case is handled by Breytenbach Mavuso Attorneys. Our application for a Court Order to reverse the Sale of the Property was successful. We are waiting for a legal opinion from Breytenbach Mavuso Attorneys. No liability for Council.

#### **Clement Leche (Harringtons):**

This case is handled by Breytenbach Mavuso Attorneys and is regarding Clement Leche's account that is in arrears. No liability for Council.

#### **Harringtons (Rammile D):**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the settlement of the matter and the amount of settlement as well as a full and final settlement of all accounts of Harringtons including the Rammile matter. No liability for Council.

#### **Shabbas Business Services CC:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a pavement management system that was done by the company and they claim that Council owe them an amount of R1,1 million. Possible liability of R1,1 million.

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### 39. Contingencies (continued)

#### **Bibi Cash and Carry Supermarket (Pty) Ltd:**

This case is handled by Breytenbach Mavuso Attorneys and the matter was settled per Council Resolution (Item R4/2013 on 28 June 2013) and the transfer of the property is in process.

#### **Mr N J Khomo:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a motor accident claim of Mr N J Khomo to the amount of R22 520,00. Possible liability of R22 520,00.

#### **Myburgh A:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding an illegal structure on Plot 1, Eden. No liability for Council.

#### **Motaung M A:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding an application for the demolition of the lapa that was illegally erected on erf 3752. No liability for Council.

#### **P M Coleman:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a CCMA case. Notice of motion to set aside the arbitration award in favour of Council was referred to the Labour Court by IMATU on 24 June 2011. No liability for Council at this stage.

#### **Harringtons Inc:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding several cost accounts. No liability for Council.

#### **H S Motsima / State:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a charge of assault against Mrs H S Motsima. No liability for Council.

#### **Bruce Dixon Edward Weyer:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the renting and buying of a Caravan Park in Clarens. No liability for Council at this stage.

#### **Molekoka Properties:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim that was submitted by Molekoka Properties of ± R2 121 174,44 for work done for Dihlabeng Local Municipality with regard to the neighbourhood development program grant for a Bohlokong Development Plan. Possible liability of R2 121 174,44.

#### **Unlawful occupiers of Council land: Extention 8, Bohlokong:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the illegal selling of sites at extention 8 Bohlokong, Bethlehem and unlawful occupation of those sites. No liability for Council.

#### **17 Atbara Road, Bethlehem:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the illegal occupation of a property of Council. No liability for Council.

#### **Telkom Limited SA/DLM:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim that Telkom lodged against the Dihlabeng Local Municipality to the amount of R141 513,59. Telkom claim that a sewerage spillage damaged their equipment. Possible liability of R141 513,59.

#### **Udumo Trading 147 CC:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim that Udumo Trading lodged against the Dihlabeng Local Municipality for R1 159 000,05. Udumo claim that they completed a reservoir in Clarens and was not fully paid. Possible liability of R1 159 000,05.

#### **Neon Electrical:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding electrical equipment that was couriered to Electrical Section and was again loaded by another courier service and got lost. Possible liability of R363 150,00.

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### 39. Contingencies (continued)

#### **Tswelopele Driving School:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the illegal occupation of erf 2559, Bethlehem by this company. No liability for Council.

#### **F and A Civils Engineering:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a Salveir SDC 10/10 Pump that is in the possession of F and A Civils Engineering from August 2011 we struggled to get this pump from the company without any success. No liability for Council.

#### **Illegal occupiers: Portion of erf 3787, Bethlehem Extension 46:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the illegal occupation of a portion of erf 3787, Bethlehem Extension 46. No liability for Council.

#### **Illegal occupiers of Council land: Fouriesburg 228:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the illegal occupation and erection of illegal housing on Council land: Fouriesburg 228. No liability for Council.

#### **Illegal occupiers of Council land: Paul Roux: Wassau 711:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding the illegal occupation and erection of illegal housing on Council land: Paul Roux: Wassau 711. No liability for Council.

#### **Mrs J Kleynhans:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim after falling into an open manhole and then lodged a claim against the Dihlabeng Local Municipality to the amount of R100 000. Possible liability of R100 000.

#### **Motor vehicle accident: MB Motsoeseng and Blue Key Properties:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a motor vehicle accident involving a municipal vehicle. Possible liability of R22 826.

#### **Willa's Supermarket:**

This case is handled by Breytenbach Mavuso Attorneys and is regarding a collection matter in which Willa's Supermarket sold prepaid electricity and did not pay the amount owed to the municipality in the account of the municipality. No liability for Council.

#### **Mr I M Skhula:**

This case is handled by Breytenbach Mavuso Inc and is regarding the application for a claim against his pension fund for losses to Council. No liability for Council.

#### **Hardware Mecca:**

This case is handled by Breytenbach Mavuso Inc and is regarding the defending of the matter where a summons was received for an outstanding account. No liability for Council.

#### **Deed of Sale: C du Plooy: Farm Wassau 711 and Mary Ann 712: Illegal occupation:**

This case is handled by Breytenbach Mavuso Inc. Mr C du Plooy claim that he is the owner of the Farm Wassau 711 and Mary Ann 712, Paul Roux. The Dihlabeng Local Municipality is of the opinion that Mr C du Plooy is occupying municipal ground without any legal basis. No liability for Council.

#### **African Spirit Civil Consultants (Pty) Ltd:**

This case is handled by Breytenbach Mavuso and is regarding an outstanding payment of R557 108,88 for services rendered by African Spirit Consultants (Pty) Ltd from 2010/02 till 2010/05. Possible liability of R557 108,88

#### **Wage curve agreements:**

Dihlabeng has not been task graded as yet and therefore the new T scales cannot be implemented. No job grade evaluations has been done either for the posts at DLM. Since this information is not available yet, no financial implications can be established. Only after the job evaluations has been accepted and approved by all the applicable parties a financial implication can be calculated.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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Figures in Rand	2013	2012
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### 39. Contingencies (continued)

### 40. Related parties

Relationships

Municipal staff member managing the pound

Sekanou Rental and Trading CC 2010/027020/23 of  
Mr CP Changube (Pound master)

### Related party transactions

#### Consulting fees paid to related party

Sekanou Rental and Trading CC	-	82 280
Dinatla Consulting Services	-	7 691 100

Sekanou Rental and Trading CC was sub-contracted for the paving of roads in Fouriesburg.

### 41. Prior period errors

Transactions relating to the previous reporting period were re-stated as a result of information which became available after the reporting period.

-

The correction of the error(s) results in adjustments as follows for the reporting period

- Property, plant and equipment - asset of the prior year were re-stated due to incorrectly opening and closing balances on asset register.
- Accounts payable - a creditor only submitted an invoice for work done in the previous year, in this year and salary costs had had to be restated
- Accumulated surplus - items that had to be accounted for in the financial years prior to 2012
- Actuarial valuation on Long service award liability - this was not accounted for in previous years.
- Employee costs - matters relating to employee costs were only resolved in the current year, resulting in the restatement of employee costs
- Depreciation - assets that were previously not on the asset register had to be accounted for including depreciation relating to these assets
- Profit on disposal of assets - assets that were taken off in the prior year had to be restated and the relevant profit / (loss) recognised in the previous financial year had to be reversed.
- Provision - Adjustment for the provision on the dumping site.
- Service provider fees - the service provider only submitted his invoice during the current year for work that relates to the previous financial year and the adjustments were made to general expenditure.
- Accounts payable were adjusted for an unaccounted bulk purchase at year-end and the related VAT on these invoices

### Statement of financial position

Property, plant and equipment	-	2 385 368
Trade and other payables	-	(10 430 180)
VAT payable	-	1 443 794
Receivables from non exchange transactions	-	(214 292)
Long services awards	-	(6 315 000)
Opening Accumulated Surplus or Deficit	-	(4 915 566)
Provisions	-	33 715 992

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>41. Prior period errors (continued)</b>		
<b>Statement of Financial Performance</b>		
Restatement of assets	-	1 952 546
Employee costs	-	118 078
General expenditure	-	(17 022 145)
Depreciation of property, plant and equipment	-	68 611
Profit on disposal of assets	-	(45 435)
Bulk purchases	-	10 012 779
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>		
Working capital changes	-	7 519 153
<b>Cash flow from investing activities</b>		
Property, plant and equipment	-	(901 426)
<b>Cash flow from financing activities</b>		
Adjustments made to the disclosure of loans	-	(10 929 492)

## 42. 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.

### Interest rate risk

Interest rate risk is defined as the risk that the fair value of future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

### Credit risk

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the executive mayoral committee.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit valuations are performed on the financial condition of these debtors. Consumers debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due dates are cut immediately.

### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## 43. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of R 1 724 323 098 and that the municipality's total assets exceed its liabilities by R 1 724 323 098.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand 2013 2012

### 43. Going concern (continued)

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 44. Events after the reporting date

#### Indigent debtors written off:

Indigent debtors registration process were done after year-end and debt of R23 836 367 from these indigent debtors were written off during November 2013. This was included in the debt impairment provision at year end.

### 45. Unauthorised expenditure

Unauthorised expenditure for the year	126 077 221	159 253 174
Written off in the current year	<u>(126 077 221)</u>	<u>(159 253 174)</u>
	-	-

Unauthorised expenditure of the current year was written off by Section 52 D report on 21 August 2013. (Council resolution nr 81/2013).

Unauthorised expenditure of the prior year was written off by MPAC on 17 August 2012. (Council resolution nr 152/2012).

### 46. Fruitless and wasteful expenditure

Interest and penalties paid to SARS	1 161 907	876 976
Interest on overdue account of Auditor General	27 917	-
Interest paid on Eskom account	4 443 799	3 294 329
Interest on arrears on DBSA and INCA loans	621 391	5 650 796
Bethlehem Hydro	133 774	35 153
	<u><b>6 388 788</b></u>	<u><b>9 857 254</b></u>

Interest and penalties paid on Eskom, SARS, DBSA loan and the INCA loan occurred due to cash flow constraints during the year.

Fruitless and wasteful expenditure was condoned. Unauthorised expenditure of the prior year was condoned by MPAC on 17 August 2012. (Council resolution nr 152/2012).

### 47. Irregular expenditure

Opening balance	65 686 137	47 899 414
Add: Irregular Expenditure - current year	48 405 743	60 385 887
Less: Amounts written off	<u>(114 091 880)</u>	<u>(42 599 164)</u>
	-	<u><b>65 686 137</b></u>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>47. Irregular expenditure (continued)</b>		
<b>Details of irregular expenditure – current year (also written off by Council resolution 97/2013 dated 29 August 2013)</b>		
Disciplinary steps taken/criminal proceedings		
Proper supply chain processes were not followed for the appointment of contractors on the turn key project.		1 087 970
Proper supply chain processes were not followed and the appointment of the supplier was risk based. The tender was for the sourcing of additional funding for the installation of meters.		7 653 238
Proper supply chain processes were not followed for the appointment of contractors on the turn key project.		627 793
The tendered amount for refurbishment of swimming pool was exceeded due to the variation order. It was not possible to complete the project as per the specifications provided as additional requirements arose during the refurbishment process.		458 818
The tendered amount for the rendering of security services was exceeded due to the increased number of guards requested by user departments.		10 052 906
Proper supply chain processes were not followed for the training of unskilled people.		190 419
Proper supply chain processes were not followed for the appointment of IT goods and services. GC Tech is a sub-contractor of BC Solutions.		237 178
The tendered amount for supply and delivery of protective clothing was exceeded due to the variation order that resulted from additional requirements from the user departments. The originally quoted price was used for the additional protective clothing required.		187 622
Proper supply chain processes were not followed for the procurement of body guards as it was an emergency as a result of the security risk. It was therefore not possible to call tenders due to the timing requirements.		217 384
Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. Kopanong was the second best tenderer and they were appointed to ensure service delivery is not hampered as it relates to the reading of water and electricity meters.		2 154 363
Proper supply chain processes were not followed for the revenue enhancement programme.		4 220 579
Proper supply chain processes were not followed for the appointment of contractors on turn key projects.		3 253 361
Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. They were sub-contractors.		124 251
Misleading information was submitted by the competitive bidder and the contract was awarded to Mashinini for the maintenance of the landfill site.		9 411 840



# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>47. Irregular expenditure (continued)</b>		
Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. The manufacturer that supplied the service provider was used to supply the municipality with chemicals.		1 503 962
Proper supply chain processes were not followed for the appointment of contractors on turn key projects.		206 977
Proper supply chain processes were not followed and the appointment of the supplier was risk based. The tender was for the sourcing of additional funding for projects.		1 078 076
Proper supply chain processes were not followed for the procurement of a special investigation due to the security risk. It was therefore not possible to call tenders due to the timing requirements.		343 872
No tender process followed for the selection of Attorneys to handle a legal case on behalf of Councillor D Lengoabala.		151 634
Proper supply chain processes were not followed for the supply of IT goods and services.		4 549 847
Worley Parsons was appointed for the updating of the asset register for the 2010/11 financial year. During the compilation of the 2011/12 financial statements the municipality did not have the capacity to update the asset register and therefore extended Worley Parson's contract as they were already familiar with our assets and therefore would speed up the updating of the asset register.		693 653
		<b>48 405 743</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>47. Irregular expenditure (continued)</b>		
<b>Details of irregular expenditure prior year written off in the current year</b>		
	Condoned by council	
Kopanong Services - Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. Kopanong was the second best tenderer and they were appointed to ensure service delivery is not hampered as it relates to the reading of water and electricity meters.	MPAC resolution number MPAC/1 dated 2013/06/13	2 109 230
Mashinini Enterprise Plant Hire - Misleading information was submitted by the competitive bidder and the contract was awarded to Mashinini for the maintenance of the landfill site.	MPAC resolution number MPAC/1 dated 2013/06/13	19 353 811
MVD Xariep Consulting Engineers CC - Proper supply chain processes were not followed and the appointment of the supplier was risk based. The tender was for the sourcing of additional funding for projects.	MPAC resolution number MPAC/1 dated 2013/06/13	1 215 153
Badiri Ba Setso CC - Proper supply chain processes were not followed. The supplier prepared the SDBIP for the municipality.	MPAC resolution number MPAC/1 dated 2013/06/13	780 615
Maqelepo Office Supplies - Proper supply chain processes were not followed for the procurement of office furniture.	MPAC resolution number MPAC/1 dated 2013/06/13	661 328
Marwin Marketing - Proper supply chain processes were not followed for the procurement of water chemicals.	MPAC resolution number MPAC/1 dated 2013/06/13	658 978
Izingcweti Zomzansi Consulting & Project Management - Proper supply chain processes were not followed. The initial contract period for the appointment was increased.	MPAC resolution number MPAC/1 dated 2013/06/13	637 762
Open Water Advanced Risk Solutions (Pty) Ltd - Proper supply chain processes were not followed for the procurement of a special investigation.	MPAC resolution number MPAC/1 dated 2013/06/13	481 597
Kitshoff Consulting - Proper supply chain processes were not followed for the procurement of body guards as it was an emergency.	Council resolution number 97/2013 of 2013/08/29	402 640
CYBKO Security Services - The tendered amount for the rendering of security services was exceeded due to the increased number of guards required.	Council resolution number 97/2013 of 2013/08/29	4 390 923
Dinatla Advisory Services - Proper supply chain processes were not followed for the revenue enhancement programme.	MPAC resolution number MPAC/1 dated 2013/06/13	7 691 100
Molprocon CC - Proper supply chain processes were not followed for the appointment of contractors on turn key projects.	MPAC resolution number MPAC/1 dated 2013/06/13	5 471 922
Bohlokong Computer Solutions - Proper supply chain processes not followed for the supply of IT goods and services.	MPAC resolution number MPAC/1 dated 2013/06/13	3 480 317
Ke a Dira Construction and Civil Engineering - Additional tender documents submitted lost due to non fastening to the tender document. It relates to the Kgubetswana paved roads.	MPAC resolution number MPAC/1 dated 2013/06/13	5 997 512
Boiketlo Consulting Engineers - Proper supply chain processes were not followed for the appointment of contractors on turn key projects.	MPAC resolution number MPAC/1 dated 2013/06/13	1 451 801

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>47. Irregular expenditure (continued)</b>		
Ndlovu Ngwenyama Civil Construction & Project Manager - Proper supply chain processes were not followed for the appointment of contractors on turn key projects.	MPAC resolution number MPAC/1 dated 2013/06/13	1 348 414
Proper Consulting Engineers - Proper supply chain processes were not followed for the appointment of contractors on turn key projects.	MPAC resolution number MPAC/1 dated 2013/06/13	1 148 494
Mogan Govendar - Proper supply chain processes were not followed for the appointment of contractors on turn key projects.	MPAC resolution number MPAC/1 dated 2013/06/13	765 184
Marenza Civils & Kwena Ya Madiba JV - The contractor were appointed to build and maintain roads but the roads were not completed. The project was then completed internally and it was not advertised.	MPAC resolution number MPAC/1 dated 2013/06/13	367 392
Seleke Attorneys - No tender processes followed for the selection of Attorneys to handle a legal case on behalf of Councillor PD Lengoabala.	MPAC resolution number MPAC/1 dated 2013/06/13	327 757
Kgalapa Training Institution - Proper supply chain processes were not followed for the training of unskilled staff members.	MPAC resolution number MPAC/1 dated 2013/06/13	201 070
Little Venice Trading 513 CC - Proper supply chain processes were not followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. They were sub-contractors.	MPAC resolution number MPAC/1 dated 2013/06/13	186 265
GC Tech - Proper supply chain processes were not followed for the appointment of IT goods and services. GC Tech is a sub-contractor of BC Solutions.	MPAC resolution number MPAC/1 dated 2013/06/13	140 866
Utilities World - Proper supply chain processes were not followed for the selling of pre-paid electricity on behalf of the municipality.	MPAC resolution number MPAC/1 dated 2013/06/13	116 394
Wandile Catering - The value of the catering exceeded the threshold of 7 day bids. The services was for the catering for the winter school programme.	MPAC resolution number MPAC/1 dated 2013/06/13	262 887
Autumn Skies Trading 581 CC - Proper supply chain processes were not followed for the supplying of shacks.	MPAC resolution number MPAC/1 dated 2013/06/13	457 530
E Snyman Consulting and Investments - Proper supply chain processes were not followed for the resurfacing for roads in Bergsig and Panorama East.	MPAC resolution number MPAC/1 dated 2013/06/13	111 000
Deloitte Consulting - No proper supply chain processes not followed for the appointment of Deloitte Consulting for the actuarial valuation.	MPAC resolution number MPAC/1 dated 2013/06/13	39 900
Masterplan Architects - Proper supply chain processes were not followed for the design of the head quarters.	MPAC resolution number MPAC/1 dated 2013/06/13	27 312
Frontier Inn & Casino - No proper supply chain processes followed for the accommodation of the close protection services.	Council resolution number 97/2013 of 2013/08/29	100 733
Dinalta Advisory Servies - Proper supply chain processes were not followed for the revenue enhancement programme.	MPAC resolution number MPAC/1 dated 2013/06/13	5 300 250
		<b>65 686 137</b>

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>48. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	1 526 164	1 465 300
Amount paid - current year	(1 526 164)	(1 465 300)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	4 688 405	3 057 064
Amount paid - current year	(4 688 405)	(3 057 064)
	-	-
<b>PAYE and UIF</b>		
Opening balance	1 988 037	1 313 613
Current year subscription / fee	17 589 641	15 763 356
Amount paid - current year	(16 156 149)	(13 775 319)
Amount paid - previous years	(1 988 037)	(1 313 613)
	<b>1 433 492</b>	<b>1 988 037</b>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	4 473 020	3 073 533
Current year subscription / fee	41 694 233	36 882 396
Amount paid - current year	(37 904 433)	(32 409 376)
Amount paid - previous years	(4 473 020)	(3 073 533)
	<b>3 789 800</b>	<b>4 473 020</b>
<b>VAT</b>		
VAT payable	4 404 827	10 473 367

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand 2013 2012

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

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
PD Lengoabala	13 828	196 728	210 556
NN Nzimande	4 290	116 375	120 665
PR Mofokeng	1 235	17 507	18 742
TJ Seekane	596	5 423	6 019
HE Mokoena	1 594	3 715	5 309
TA Masoeu	2 702	261	2 963
MSTV Mofokeng	832	1 125	1 957
TV Mofokeng	1 268	431	1 699
MR Mokoena	746	470	1 216
	<b>27 091</b>	<b>342 035</b>	<b>369 126</b>

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
PD Lengoabala	18 440	170 233	188 673
NN Nzimande	4 135	103 673	107 808
TJ Seekane	536	4 765	5 301
MA Mokoena	1 005	11 255	12 260
MR Mokoena	792	3 787	4 579
MK Mofokeng	788	3 007	3 795
SM Jacobs	2 238	43	2 281
PR Mofokeng	1 409	16 330	17 739
JM Radebe	740	1 513	2 253
MSTV Mofokeng	767	649	1 416
DM Mofokeng	761	564	1 325
TV Mofokeng	1 583	138	1 721
	<b>33 194</b>	<b>315 957</b>	<b>349 151</b>

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

30 June 2013	Highest outstanding amount	Aging (in days)
PD Lengoabala	210 556	120
NN Nzimande	120 666	120
PR Mofokeng	18 742	120
TJ Seekane	6 019	120
HE Mokoena	5 309	120
TA Masoeu	2 963	120
MSTV Mofokeng	1 957	120
TV Mofokeng	1 699	120
MR Mokoena	1 215	120
	<b>369 126</b>	<b>1 080</b>

The councillors made arrangements during the current financial year to settle their arrear accounts.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>48. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
30 June 2012		
	Highest outstanding amount	Aging (in days)
PD Lengoabala	170 233	120
NN Nzimande	103 673	120
PR Mofokeng	16 330	120
MA Mokoena	11 255	120
TJ Seekane	4 765	120
MR Mokoena	3 787	120
MK Mofokeng	3 007	120
JM Radebe	1 513	120
MSTV Mofokeng	649	120
DM Mofokeng	564	120
TV Mofokeng	138	120
SM Jacobs	43	120
	<b>315 957</b>	<b>1 440</b>

The balance of councillors arrear accounts were re-stated due to the non-disclosure of all municipal accounts. The effect of the re-statement resulted in an increase of R99 088.

Councillor DM Mofokeng and Councillor NM Mosupa passed away during the 2012 financial year.

### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council.

### Incident

Emergencies	452 303	3 004 222
Sole providers	1 233 084	705 793
Strip and quote	-	81 977
Entertainment	155 000	-
Mayoral donation/disaster	491 814	-
	<b>2 332 201</b>	<b>3 791 992</b>

The above-mentioned deviations were reported to council.

A full list containing the details of the deviations is available for inspection at the offices of the municipality.

### 49. Operating lease expenses

#### Projected expenses for the lease - Fleet hire

- within one year	11 033 707	11 033 707
- in second to fifth year inclusive	11 033 707	22 067 414
	<b>22 067 414</b>	<b>33 101 121</b>

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period amount to R - (2012: R -).

The municipality entered into finance leasing arrangements for certain of its motor vehicles and equipment.

The average lease terms are 2 years and the average effective lending rate was 9% (2012: 9%).

None of the trade and other receivables have been pledged as security for liabilities or contingent liabilities.

# Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>50. Operating lease income</b>		
<b>Projected income from operating lease agreements</b>		
- within one year	2 266 730	-
- in second to fifth year inclusive	1 695 116	-
- later than five years	2 121 465	-
	<b>6 083 311</b>	<b>-</b>

Rental contracts for the different flats (100), vacant land (7) and houses (160) are signed for a period of 12 months, thereafter the contract is done on a month to month basis. All the house and flat contracts got a month notice period. New tenants are normally found within that period. The projected income are thus only included in the period within one year. Contacts for business premises (7) rental are signed for a periods from 3 year to 9 years and 11 months. Escalation on these contracts are done on an annual basis linked to the inflation rate.

# Dihlabeng Local Municipality

## Appendix A

June 2013

### Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at 30 June 2012 Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	
<b>Development Bank of South Africa</b>					
Long-term loan (restructured loan)	61006906	2022/12/31	38 698 314	2 188 813	36 509 501
			<b>38 698 314</b>	<b>2 188 813</b>	<b>36 509 501</b>
<b>INCA</b>					
Long-term loan	1264	2013/07/31	1 377 746	1 264 226	113 520
Long-term loan	2813	2013/11/30	719 455	492 954	226 501
			<b>2 097 201</b>	<b>1 757 180</b>	<b>340 021</b>
<b>Total external loans</b>					
Development Bank of South Africa			38 698 314	2 188 813	36 509 501
INCA			2 097 201	1 757 180	340 021
			<b>40 795 515</b>	<b>3 945 993</b>	<b>36 849 522</b>



**Dihlabeng Local Municipality  
Dihlabeng Local Municipality  
Appendix B**

June 2013

**Analysis of property, plant and equipment as at 30 June 2013**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Accumulated depreciation on disposals / write offs / impairment	Disposals	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>										
Land - owned	422 725 000	-	-	-	422 725 000	-	-	-	-	422 725 000
Land - Solid waste	3 914 559	-	-	-	3 914 559	-	-	(230 268)	(230 268)	3 684 291
Buildings - Solid waste	11 760 336	-	-	-	11 760 336	-	-	(596 761)	(596 761)	11 163 575
	<b>438 399 895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438 399 895</b>	<b>-</b>	<b>-</b>	<b>(827 029)</b>	<b>(827 029)</b>	<b>437 572 866</b>
<b>Infrastructure</b>										
Water	294 073 172	8 720 764	-	-	302 793 936	-	-	(12 794 448)	(12 794 448)	289 999 488
Sewer	276 031 127	2 297 170	-	-	278 328 297	-	-	(13 038 319)	(13 038 319)	265 289 978
Roads	247 556 332	12 888 131	-	-	260 444 463	-	-	(19 139 540)	(19 139 540)	241 304 923
Electricity	123 159 333	579 229	-	-	123 738 562	-	-	(6 990 609)	(6 990 609)	116 747 953
Railways	37 921 130	-	-	-	37 921 130	-	-	(2 708 652)	(2 708 652)	35 212 478
WIP	101 002 278	85 511 389	(34 987 180)	-	151 526 487	-	-	-	-	151 526 487
	<b>1 079 743 372</b>	<b>109 996 683</b>	<b>(34 987 180)</b>	<b>-</b>	<b>1 154 752 875</b>	<b>-</b>	<b>-</b>	<b>(54 671 568)</b>	<b>(54 671 568)</b>	<b>1 100 081 307</b>
<b>Community Assets</b>										
Land	140 301 863	-	-	-	140 301 863	-	-	-	-	140 301 863
Buildings	120 396 028	29 188 089	-	-	149 584 117	-	-	(8 905 949)	(8 905 949)	140 678 168
	<b>260 697 891</b>	<b>29 188 089</b>	<b>-</b>	<b>-</b>	<b>289 885 980</b>	<b>-</b>	<b>-</b>	<b>(8 905 949)</b>	<b>(8 905 949)</b>	<b>280 980 031</b>

**Dihlabeng Local Municipality**  
**Dihlabeng Local Municipality**  
**Appendix B**

June 2013

**Analysis of property, plant and equipment as at 30 June 2013**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Accumulated depreciation on disposals / write offs / impairment	Disposals	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Other assets</b>										
Motor vehicles	7 972 718	-	(386 951)	-	7 585 767	221 994	-	(1 326 493)	(1 104 499)	6 481 268
Office equipment	5 305 014	599 267	(1 703 613)	(10 090)	4 190 578	992 838	-	(2 051 167)	(1 058 329)	3 132 249
Bins and containers	602 810	-	-	-	602 810	-	-	(76 340)	(76 340)	526 470
Emergency Equipment	182 394	-	(1 562)	-	180 832	691	-	(18 950)	(18 259)	162 573
Furniture and equipment	1 884 715	667 450	(239 248)	-	2 312 917	111 079	-	(399 033)	(287 954)	2 024 963
Game stock	1 299 900	(149 700)	-	-	1 150 200	-	-	-	-	1 150 200
Security equipment	1 114	-	-	-	1 114	-	-	(279)	(279)	835
Plant and equipment	8 172 593	265 083	(457 755)	-	7 979 921	293 084	-	(1 579 782)	(1 286 698)	6 693 223
	<b>25 421 258</b>	<b>1 382 100</b>	<b>(2 789 129)</b>	<b>(10 090)</b>	<b>24 004 139</b>	<b>1 619 686</b>	<b>-</b>	<b>(5 452 044)</b>	<b>(3 832 358)</b>	<b>20 171 781</b>
<b>Total property plant and equipment</b>										
Land and buildings	438 399 895	-	-	-	438 399 895	-	-	(827 029)	(827 029)	437 572 866
Infrastructure	1 079 743 372	109 996 683	(34 987 180)	-	1 154 752 875	-	-	(54 671 568)	(54 671 568)	1 100 081 307
Community Assets	260 697 891	29 188 089	-	-	289 885 980	-	-	(8 905 949)	(8 905 949)	280 980 031
Other assets	25 421 258	1 382 100	(2 789 129)	(10 090)	24 004 139	1 619 686	-	(5 452 044)	(3 832 358)	20 171 781
	<b>1 804 262 416</b>	<b>140 566 872</b>	<b>(37 776 309)</b>	<b>(10 090)</b>	<b>1 907 042 889</b>	<b>1 619 686</b>	<b>-</b>	<b>(69 856 590)</b>	<b>(68 236 904)</b>	<b>1 838 805 985</b>
<b>Intangible assets</b>										
Computer software	259 853	-	-	10 090	269 943	-	-	(226 009)	(226 009)	43 934
	<b>259 853</b>	<b>-</b>	<b>-</b>	<b>10 090</b>	<b>269 943</b>	<b>-</b>	<b>-</b>	<b>(226 009)</b>	<b>(226 009)</b>	<b>43 934</b>
<b>Investment properties</b>										
Investment property	76 471 194	-	-	-	76 471 194	-	-	-	-	76 471 194
	<b>76 471 194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76 471 194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76 471 194</b>
<b>Total</b>										
Land and buildings	438 399 895	-	-	-	438 399 895	-	-	(827 029)	(827 029)	437 572 866
Infrastructure	1 079 743 372	109 996 683	(34 987 180)	-	1 154 752 875	-	-	(54 671 568)	(54 671 568)	1 100 081 307
Other assets	25 421 258	1 382 100	(2 789 129)	(10 090)	24 004 139	1 619 686	-	(5 452 044)	(3 832 358)	20 171 781
Intangible assets	259 853	-	-	10 090	269 943	-	-	(226 009)	(226 009)	43 934
Investment properties	76 471 194	-	-	-	76 471 194	-	-	-	-	76 471 194
	<b>1 880 993 463</b>	<b>140 566 872</b>	<b>(37 776 309)</b>	<b>-</b>	<b>1 983 784 026</b>	<b>1 619 686</b>	<b>-</b>	<b>(70 082 599)</b>	<b>(68 462 913)</b>	<b>1 915 321 113</b>



**Dihlabeng Local Municipality  
Appendix D**

June 2013

**Segmental Statement of Financial Performance for the year ended  
Prior Year Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
110 254 089	78 362 277	31 891 812	Executive & Council/Mayor and Council	129 367 000	102 299 539	27 067 461
90 767 441	30 993 064	59 774 377	Finance & Admin/Finance	106 493 935	31 821 082	74 672 853
710 670	10 991 175	(10 280 505)	Planning and Development/Economic Development/Plan	817 598	14 592 105	(13 774 507)
1 333 548	13 978 401	(12 644 853)	Comm. & Social/Libraries and archives	5 467 661	14 168 659	(8 700 998)
702 486	86 963 496	(86 261 010)	Public Safety/Police	2 157 779	118 466 119	(116 308 340)
4 667 936	12 194 153	(7 526 217)	Sport and Recreation	1 807 886	13 186 182	(11 378 296)
141 522 474	156 993 377	(15 470 903)	Waste Water Management/Sewerage	161 858 046	138 255 525	23 602 521
181 055 290	112 964 847	68 090 443	Road Transport/Roads	195 798 761	158 265 061	37 533 700
<b>531 013 934</b>	<b>503 440 790</b>	<b>27 573 144</b>		<b>603 768 666</b>	<b>591 054 272</b>	<b>12 714 394</b>
<b>Municipal Owned Entities Other charges</b>						
531 013 934	503 440 790	27 573 144	Municipality	603 768 666	591 054 272	12 714 394
<b>531 013 934</b>	<b>503 440 790</b>	<b>27 573 144</b>	<b>Total</b>	<b>603 768 666</b>	<b>591 054 272</b>	<b>12 714 394</b>

**Dihlabeng Local Municipality  
Appendix E(1)**

June 2013

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June  
2013**

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
<b>Revenue</b>					
Rendering of services	1 543 677	-	1 543 677	-	
Property rates	66 850 440	64 651 705	2 198 735	3,4	
Service charges	271 130 670	228 998 856	42 131 814	18,4	Consumers used less services than anticipated.
Rental of facilities and equipment	3 555 596	2 077 546	1 478 050	71,1	More consumers rented the facilities of the Municipality.
Interest received - accounts receivable	23 060 999	21 444 024	1 616 975	7,5	The increase is due to the increase in debtors.
Fines	4 571 578	514 051	4 057 527	789,3	A new system was implemented for traffic fines which exceeded expectations.
Licences and permits	86 343	20 385	65 958	323,6	More consumers paid for licences.
Other income	232 969 363	192 541 965	40 427 398	21,0	More government grants were received.
	<b>603 768 666</b>	<b>510 248 532</b>	<b>93 520 134</b>	<b>18,3</b>	
<b>Expenses</b>					
Employee costs	(158 209 029)	(153 330 046)	(4 878 983)	3,2	
Remuneration of councillors	(13 060 025)	(11 420 926)	(1 639 099)	14,4	
Depreciation	(70 368 715)	(30 634 742)	(39 733 973)	129,7	The anticipated additions and impairment of assets during the year could not be determined when the budget was prepared.
Finance costs	(10 780 612)	(4 733 953)	(6 046 659)	127,7	The DBSA loan was re-structured during the year and therefore the increase in the finance costs.
Debt impairment	(86 051 120)	(23 001 686)	(63 049 434)	274,1	The increase in the debt impairment was due to the non-payment of service accounts.
Repairs and maintenance - General	(19 433 831)	(30 000 000)	10 566 169	(35,2)	More expenditure were capitalised instead of doing repairs and maintenance.
Bulk purchases	(107 918 163)	(121 626 142)	13 707 979	(11,3)	
Contracted Services	(2 008 159)	(2 280 000)	271 841	(11,9)	The cost for the meter reading services increased as the disconnection of services are also included in contracted services.
Grants and subsidies paid	(9 138 285)	(16 056 000)	6 917 715	(43,1)	More indigents received a subsidy than what was budgeted for.
General Expenses	(114 086 333)	(119 165 037)	5 078 704	(4,3)	
	<b>(591 054 272)</b>	<b>(512 248 532)</b>	<b>(78 805 740)</b>	<b>15,4</b>	
Net surplus/ (deficit) for the year	12 714 394	(2 000 000)	14 714 394	(735,7)	

**Dihlabeng Local Municipality  
Appendix E(2)**

June 2013

**Budget Analysis of Capital Expenditure as at 30 June  
2013**

	<b>Additions</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Variance</b>	<b>Variance</b>	<b>Explanation of significant variances from budget</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>%</b>	
<b>Municipality</b>						
Property plant and equipment	140 716 573	75 733 000	-	(140 716 573)	-	The variance is due to capital projects that is still work in progress and should be completed in the next financial year.
	<b>140 716 573</b>	<b>75 733 000</b>	<b>-</b>	<b>(140 716 573)</b>	<b>-</b>	

Dihlabeng Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2013

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
		Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	
Equitable Share	National Government	53 903 000	43 122 000	33 342 000	-	130 367 000	130 367 000	130 367 000	130 367 000	Yes
Municipal Systems Improvement Grant	National Government	800 000	-	-	-	200 000	200 000	200 000	200 000	Yes
Municipal Infrastructure Grant	National Government	21 803 000	-	20 844 000	-	4 012 552	11 651 497	15 377 283	11 605 668	Yes
Financial Management Grant	National Government	1 500 000	-	-	-	375 000	375 000	375 000	375 000	Yes
Department of Water Affairs Grant	National Government	5 884 228	12 567 131	10 096 956	6 562 383	11 556 780	12 787 112	4 362 876	7 387 708	Yes
EPWP Grant	National Government	400 000	300 000	300 000	-	28 140	95 065	674 942	201 853	Yes
		-	-	-	-	-	-	-	-	Yes
		84 290 228	55 989 131	64 582 956	6 562 383	146 539 472	155 475 674	151 357 101	150 137 229	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

# Dihlabeng Local Municipality

## Appendix G1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2013

	2013/2012								2012/2011						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	<b>245 276</b>	-	<b>245 276</b>	-		<b>245 276</b>	<b>243 607</b>		<b>(1 669)</b>	<b>99 %</b>	<b>99 %</b>				<b>277 827</b>
Executive and council	130 507	-	130 507	-		130 507	129 644		(863)	99 %	99 %				185 056
Budget and treasury office	106 216	-	106 216	-		106 216	106 216		-	100 %	100 %				90 767
Corporate services	8 553	-	8 553	-		8 553	7 747		(806)	91 %	91 %				2 004
<b>Community and public safety</b>	<b>5 224</b>	-	<b>5 224</b>	-		<b>5 224</b>	<b>2 285</b>		<b>(2 939)</b>	<b>44 %</b>	<b>44 %</b>				<b>4 182</b>
Community and social services	1 631	-	1 631	-		1 631	2 285		654	140 %	140 %				3 141
Sport and recreation	108	-	108	-		108	-		(108)	- %	- %				-
Public safety	3 201	-	3 201	-		3 201	-		(3 201)	- %	- %				678
Housing	284	-	284	-		284	-		(284)	- %	- %				363
<b>Economic and environmental services</b>	<b>658</b>	-	<b>658</b>	-		<b>658</b>	<b>52 298</b>		<b>51 640</b>	<b>7 948 %</b>	<b>7 948 %</b>				<b>346</b>
Planning and development	639	-	639	-		639	565		(74)	88 %	88 %				347
Road transport	19	-	19	-		19	51 733		51 714	272 279 %	272 279 %				(1)
<b>Trading services</b>	<b>272 017</b>	-	<b>272 017</b>	-		<b>272 017</b>	<b>305 578</b>		<b>33 561</b>	<b>112 %</b>	<b>112 %</b>				<b>250 095</b>
Electricity	146 493	-	146 493	-		146 493	143 721		(2 772)	98 %	98 %				134 965
Water	48 427	-	48 427	-		48 427	85 574		37 147	177 %	177 %				44 512
Waste water management	38 701	-	38 701	-		38 701	38 080		(621)	98 %	98 %				35 934
Waste management	38 396	-	38 396	-		38 396	38 203		(193)	99 %	99 %				34 684
<b>Total Revenue - Standard</b>	<b>523 175</b>	-	<b>523 175</b>	-		<b>523 175</b>	<b>603 768</b>		<b>80 593</b>	<b>115 %</b>	<b>115 %</b>				<b>532 450</b>



# Dihlabeng Local Municipality

## Appendix G1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2013

2013/2012

2012/2011

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>351 556</b>	-	<b>351 556</b>	-	-	<b>351 556</b>	<b>277 159</b>	-	<b>(74 397)</b>	<b>79 %</b>	<b>79 %</b>	<b>180 391</b>	<b>166 971</b>	<b>(13 420)</b>	<b>217 111</b>
Executive and council	89 325	-	89 325	-	-	89 325	100 435	-	11 110	112 %	112 %	7 297	1 568	(5 729)	84 144
Budget and treasury office	139 747	-	139 747	-	-	139 747	35 819	-	(103 928)	26 %	26 %	173 094	165 403	(7 691)	30 183
Corporate services	122 484	-	122 484	-	-	122 484	140 905	-	18 421	115 %	115 %	-	-	-	102 784
<b>Community and public safety</b>	<b>34 072</b>	-	<b>34 072</b>	-	-	<b>34 072</b>	<b>21 768</b>	-	<b>(12 304)</b>	<b>64 %</b>	<b>64 %</b>	<b>30 615</b>	<b>30 615</b>	-	<b>26 296</b>
Community and social services	17 987	-	17 987	-	-	17 987	21 768	-	3 781	121 %	121 %	19 354	19 354	-	13 185
Sport and recreation	5 317	-	5 317	-	-	5 317	-	-	(5 317)	- %	- %	6 870	6 870	-	3 403
Public safety	8 479	-	8 479	-	-	8 479	-	-	(8 479)	- %	- %	4 391	4 391	-	7 914
Housing	2 289	-	2 289	-	-	2 289	-	-	(2 289)	- %	- %	-	-	-	1 794
<b>Economic and environmental services</b>	<b>44 281</b>	-	<b>44 281</b>	-	-	<b>44 281</b>	<b>20 100</b>	-	<b>(24 181)</b>	<b>45 %</b>	<b>45 %</b>	<b>9 820</b>	<b>9 820</b>	-	<b>31 729</b>
Planning and development	12 498	-	12 498	-	-	12 498	2 996	-	(9 502)	24 %	24 %	27	27	-	7 184
Road transport	31 783	-	31 783	-	-	31 783	17 104	-	(14 679)	54 %	54 %	9 793	9 793	-	24 545
<b>Trading services</b>	<b>182 716</b>	-	<b>182 716</b>	-	-	<b>182 716</b>	<b>272 027</b>	-	<b>89 311</b>	<b>149 %</b>	<b>149 %</b>	<b>2 512</b>	<b>2 512</b>	-	<b>228 275</b>
Electricity	127 256	-	127 256	-	-	127 256	133 772	-	6 516	105 %	105 %	638	638	-	95 151
Water	19 929	-	19 929	-	-	19 929	14 147	-	(5 782)	71 %	71 %	1 874	1 874	-	12 012
Waste water management	17 698	-	17 698	-	-	17 698	101 608	-	83 910	574 %	574 %	-	-	-	97 771
Waste management	17 833	-	17 833	-	-	17 833	22 500	-	4 667	126 %	126 %	-	-	-	23 341
<b>Total Expenditure - Standard</b>	<b>612 625</b>	-	<b>612 625</b>	-	-	<b>612 625</b>	<b>591 054</b>	-	<b>(21 571)</b>	<b>96 %</b>	<b>96 %</b>	<b>223 338</b>	<b>209 918</b>	<b>(13 420)</b>	<b>503 411</b>
<b>Surplus/(Deficit) for the year</b>	<b>(89 450)</b>	-	<b>(89 450)</b>	-		<b>(89 450)</b>	<b>12 714</b>		<b>102 164</b>	<b>(14)%</b>	<b>(14)%</b>				<b>29 039</b>

**Dihlabeng Local Municipality**  
**Appendix G2**  
**Budgeted Financial Performance (revenue and expenditure by municipal vote)**  
**for the year ended 30 June 2013**

	2013/2012									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>															
Municipal Manager	1 140	-	1 140	-		1 140	216 019		214 879	18 949 %	18 949 %				(4 029)
Community Services	43 201	-	43 201	-		43 201	16 694		(26 507)	39 %	39 %				36 638
Corporate Services	212	-	212	-		212	-		(212)	- %	- %				(2 921)
Councillors	129 367	-	129 367	-		129 367	129 367		-	100 %	100 %				118 346
Finance	98 311	-	98 311	-		98 311	94 647		(3 664)	96 %	96 %				90 767
Local Economic Development	18	-	18	-		18	17		(1)	94 %	94 %				66
Public Works	243 022	-	243 022	-		243 022	147 024		(95 998)	60 %	60 %				293 646
<b>Total Revenue by Vote</b>	<b>515 271</b>	<b>-</b>	<b>515 271</b>	<b>-</b>		<b>515 271</b>	<b>603 768</b>		<b>88 497</b>	<b>117 %</b>	<b>117 %</b>				<b>532 513</b>
<b>Expenditure by Vote to be appropriated</b>															
Municipal Manager	49 940	-	49 940	-	-	49 940	251 426	14 840	201 486	503 %	503 %	9 454	5 064	(4 390)	52 380
Community Services	47 266	-	47 266	-	-	47 266	11 315	9 599	(35 951)	24 %	24 %	19 354	19 354	-	48 648
Corporate Services	100 475	-	100 475	-	-	100 475	89 700	-	(10 775)	89 %	89 %	-	-	-	96 379
Councillors	41 013	-	41 013	-	-	41 013	52 251	903	11 238	127 %	127 %	2 234	1 731	(503)	29 048
Finance	139 747	-	139 747	-	-	139 747	35 819	138 884	(103 928)	26 %	26 %	173 094	173 094	-	30 183
Local Economic Development	7 474	-	7 474	-	-	7 474	8 330	-	856	111 %	111 %	-	-	-	4 961
Public Works	226 711	-	226 711	-	-	226 711	142 213	15 870	(84 498)	63 %	63 %	19 201	19 201	-	241 811
<b>Total Expenditure by Vote</b>	<b>612 626</b>	<b>-</b>	<b>612 626</b>	<b>-</b>	<b>-</b>	<b>612 626</b>	<b>591 054</b>	<b>180 096</b>	<b>(21 572)</b>	<b>96 %</b>	<b>96 %</b>	<b>223 337</b>	<b>218 444</b>	<b>(4 893)</b>	<b>503 410</b>
<b>Surplus/(Deficit) for the year</b>	<b>(97 355)</b>	<b>-</b>	<b>(97 355)</b>	<b>-</b>		<b>(97 355)</b>	<b>12 714</b>		<b>110 069</b>	<b>(13)%</b>	<b>(13)%</b>				<b>29 103</b>

**Dihlabeng Local Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2013**

	2013/2012									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>															
Property rates	71 358	-	71 358	-		71 358	66 850		(4 508)	94 %	94 %				67 323
Service charges - electricity revenue	147 171	-	147 171	-		147 171	145 335		(1 836)	99 %	99 %				129 197
Service charges - water revenue	48 221	-	48 221	-		48 221	44 801		(3 420)	93 %	93 %				44 654
Service charges - sanitation revenue	38 648	-	38 648	-		38 648	38 026		(622)	98 %	98 %				35 899
Service charges - refuse revenue	37 308	-	37 308	-		37 308	37 248		(60)	100 %	100 %				34 368
Rental of facilities and equipment	3 728	-	3 728	-		3 728	3 556		(172)	95 %	95 %				2 953
Interest earned - outstanding debtors	23 454	-	23 454	-		23 454	23 061		(393)	98 %	98 %				19 858
Fines	3 129	-	3 129	-		3 129	4 576		1 447	146 %	146 %				641
Transfers recognised - operational	131 667	-	131 667	-		131 667	132 667		1 000	101 %	101 %				117 091
Other revenue	9 887	-	9 887	-		9 887	106 783		96 896	1 080 %	1 080 %				5 539
Gains on disposal of PPE	700	-	700	-		700	865		165	124 %	124 %				1 500
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>515 271</b>	<b>-</b>	<b>515 271</b>	<b>-</b>		<b>515 271</b>	<b>603 768</b>		<b>88 497</b>	<b>117 %</b>	<b>117 %</b>				<b>468 471</b>

**Dihlabeng Local Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2013**

	2013/2012									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure By Type</b>															
Employee related costs	152 154	-	152 154	-	-	152 154	157 635	-	5 481	104 %	104 %	-	-	-	142 711
Remuneration of councillors	11 842	-	11 842	-	-	11 842	13 060	-	1 218	110 %	110 %	-	-	-	12 888
Debt impairment	115 243	-	115 243	-	-	115 243	86 051	37 000	(29 192)	75 %	75 %	85 709	85 709	-	85 709
Depreciation & asset impairment	78 941	-	78 941	-	-	78 941	68 534	90 000	(10 407)	87 %	87 %	67 385	67 385	-	67 385
Finance charges	4 734	-	4 734	-	-	4 734	15 858	272	11 124	335 %	335 %	6 528	6 528	-	6 219
Bulk purchases	118 167	-	118 167	-	-	118 167	117 931	4 578	(236)	100 %	100 %	3 294	3 294	-	83 154
Other materials	24 733	-	24 733	-	-	24 733	16 463	-	(8 270)	67 %	67 %	-	-	-	17 724
Contracted services	27 920	-	27 920	-	-	27 920	2 008	48 247	(25 912)	7 %	7 %	41 220	36 326	(4 894)	10 376
Other expenditure	78 893	-	78 893	-	-	78 893	113 514	-	34 621	144 %	144 %	-	-	-	73 384
<b>Total Expenditure</b>	<b>612 627</b>	<b>-</b>	<b>612 627</b>	<b>-</b>	<b>-</b>	<b>612 627</b>	<b>591 054</b>	<b>180 097</b>	<b>(21 573)</b>	<b>96 %</b>	<b>96 %</b>	<b>204 136</b>	<b>199 242</b>	<b>(4 894)</b>	<b>503 409</b>
<b>Surplus/(Deficit)</b>	<b>(97 356)</b>	<b>-</b>	<b>(97 356)</b>	<b>-</b>	<b>-</b>	<b>(97 356)</b>	<b>12 714</b>	<b>(180 097)</b>	<b>110 070</b>	<b>(13)%</b>	<b>(13)%</b>	<b>(204 136)</b>	<b>(199 242)</b>	<b>4 894</b>	<b>(34 938)</b>
Transfers recognised - capital	69 380	-	69 380	-	-	69 380	-	-	(69 380)	- %	- %	-	-	-	73 454
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(27 976)</b>	<b>-</b>	<b>(27 976)</b>	<b>-</b>	<b>-</b>	<b>(27 976)</b>	<b>12 714</b>	<b>-</b>	<b>40 690</b>	<b>(45)%</b>	<b>(45)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 516</b>
<b>Surplus/(Deficit) after taxation</b>	<b>(27 976)</b>	<b>-</b>	<b>(27 976)</b>	<b>-</b>	<b>-</b>	<b>(27 976)</b>	<b>12 714</b>	<b>-</b>	<b>40 690</b>	<b>(45)%</b>	<b>(45)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 516</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(27 976)</b>	<b>-</b>	<b>(27 976)</b>	<b>-</b>	<b>-</b>	<b>(27 976)</b>	<b>12 714</b>	<b>-</b>	<b>40 690</b>	<b>(45)%</b>	<b>(45)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 516</b>
<b>Surplus/(Deficit) for the year</b>	<b>(27 976)</b>	<b>-</b>	<b>(27 976)</b>	<b>-</b>	<b>-</b>	<b>(27 976)</b>	<b>12 714</b>	<b>-</b>	<b>40 690</b>	<b>(45)%</b>	<b>(45)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 516</b>

# Dihlabeng Local Municipality

## Appendix G4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2013

	2013/2012									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital expenditure - Vote</b>															
Multi-year expenditure															
Public Works	66 233	-	66 233	-	-	66 233	53 115	14 366	(13 118)	80 %	80 %	-	-	-	55 090
<b>Capital multi-year expenditure sub-total</b>	<b>66 233</b>	<b>-</b>	<b>66 233</b>	<b>-</b>	<b>-</b>	<b>66 233</b>	<b>53 115</b>	<b>14 366</b>	<b>(13 118)</b>	<b>80 %</b>	<b>80 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55 090</b>
Single-year expenditure															
<b>Total Capital Expenditure - Vote</b>	<b>66 233</b>	<b>-</b>	<b>66 233</b>	<b>-</b>	<b>-</b>	<b>66 233</b>	<b>53 115</b>	<b>14 366</b>	<b>(13 118)</b>	<b>80 %</b>	<b>80 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110 180</b>

# Dihlabeng Local Municipality

## Appendix G4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2013

	2013/2012									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	5 835	-	5 835	-	-	5 835	4 679	-	(1 156)	80 %	80 %	-	-	-	-
Corporate services	5 835	-	5 835	-	-	5 835	4 679	-	(1 156)	80 %	80 %	-	-	-	-
<b>Community and public safety</b>	11 710	-	11 710	-	-	11 710	9 391	5 428	(2 319)	80 %	80 %	-	-	-	-
Sport and recreation	11 710	-	11 710	-	-	11 710	9 391	5 428	(2 319)	80 %	80 %	-	-	-	-
<b>Economic and environmental services</b>	16 393	-	16 393	-	-	16 393	13 146	207	(3 247)	80 %	80 %	-	-	-	-
Road transport	16 393	-	16 393	-	-	16 393	13 146	207	(3 247)	80 %	80 %	-	-	-	-
<b>Trading services</b>	32 295	-	32 295	-	-	32 295	25 899	8 731	(6 396)	80 %	80 %	-	-	-	-
Electricity	4 500	-	4 500	-	-	4 500	3 609	-	(891)	80 %	80 %	-	-	-	-
Water	-	-	-	-	-	-	-	8 731	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	27 795	-	27 795	-	-	27 795	22 290	-	(5 505)	80 %	80 %	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>66 233</b>	<b>-</b>	<b>66 233</b>	<b>-</b>	<b>-</b>	<b>66 233</b>	<b>53 115</b>	<b>14 366</b>	<b>(13 118)</b>	<b>80 %</b>	<b>80 %</b>	<b>19 201</b>	<b>19 201</b>	<b>-</b>	<b>55 090</b>
<b>Funded by:</b>															
National Government	51 733	-	51 733	-		51 733	53 115		1 382	103 %	103 %				73 454
<b>Transfers recognised - capital</b>	<b>51 733</b>	<b>-</b>	<b>51 733</b>	<b>-</b>		<b>51 733</b>	<b>53 115</b>		<b>1 382</b>	<b>103 %</b>	<b>103 %</b>				<b>73 454</b>
Internally generated funds	14 500	-	14 500	-		14 500	-		(14 500)	- %	- %				(18 363)
<b>Total Capital Funding</b>	<b>66 233</b>	<b>-</b>	<b>66 233</b>	<b>-</b>		<b>66 233</b>	<b>53 115</b>		<b>(13 118)</b>	<b>80 %</b>	<b>80 %</b>				<b>55 091</b>

**Dihlabeng Local Municipality**  
**Appendix G5**  
**Budgeted Cash Flows**  
**for the year ended 30 June 2013**

	2013/2012					2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>									
Ratepayers and other	275 783 238	-	275 783 238	275 783 238	267 144	(275 516 094)	- %	- %	242 912
Government - operating	131 667	-	131 667	131 667	131 667	-	100 %	100 %	194 125
Government - capital	75 733	-	75 733	75 733	104 476	28 743	138 %	138 %	-
Suppliers and employees	(312 526)	-	(312 526)	(312 526)	(400 023)	(87 497)	128 %	128 %	(273 378)
Finance charges	(4 734)	-	(4 734)	(4 734)	(10 780)	(6 046)	228 %	228 %	(4 734)
Transfers and Grants	(75 733)	-	(75 733)	(75 733)	-	75 733	- %	- %	-
<b>Net cash flow from/used operating activities</b>	<b>275 597 645</b>	<b>-</b>	<b>275 597 645</b>	<b>275 597 645</b>	<b>92 484</b>	<b>(275 505 161)</b>	<b>- %</b>	<b>- %</b>	<b>158 934</b>
<b>Cash flow from investing activities</b>									
Capital assets	(82 745)	-	(82 745)	(82 745)	(102 393)	(19 648)	124 %	124 %	(96 661)
<b>Net cash flow from/used investing activities</b>	<b>(82 745)</b>	<b>-</b>	<b>(82 745)</b>	<b>(82 745)</b>	<b>(102 393)</b>	<b>(19 648)</b>	<b>124 %</b>	<b>124 %</b>	<b>(86 560)</b>
<b>Cash flow from financing activities</b>									
Repayment of borrowing	(5 806)	-	(5 806)	(5 806)	4 120	9 926	(71)%	(71)%	(5 806)
<b>Net cash flow from/used financing activities</b>	<b>(5 806)</b>	<b>-</b>	<b>(5 806)</b>	<b>(5 806)</b>	<b>4 120</b>	<b>9 926</b>	<b>(71)%</b>	<b>(71)%</b>	<b>(5 806)</b>
<b>Net increase/(decrease) in cash held</b>	<b>275 509 094</b>	<b>-</b>	<b>275 509 094</b>	<b>275 509 094</b>	<b>(5 789)</b>	<b>(275 514 883)</b>	<b>- %</b>	<b>- %</b>	<b>66 568</b>
<b>Cash/cash equivalents at the year end:</b>	<b>275 509 094</b>	<b>-</b>	<b>275 509 094</b>	<b>275 509 094</b>	<b>(5 789)</b>	<b>(275 514 883)</b>	<b>- %</b>	<b>- %</b>	