

Annual Financial Statements

for

CAPRICORN DISTRICT MUNICIPALITY

for the year ended 30 June: **2011**

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	MOLOKOMME ND
Name of Chief Financial Officer:	PHOGOLE TEMPLETON
Contact telephone number:	152 941 000
Contact e-mail address:	phogolet@cdm.org.za
Name of contact at provincial treasury:	BE Mabunda
Contact telephone number:	1 529 185 336
Contact e-mail address:	80201504@treasury.gov.za
Name of relevant Auditor:	Mr Daniel Tjale
Contact telephone number:	15 994 401
Contact e-mail address:	dtjale@aqsa.co.za
Name of contact at National Treasury:	Obrey Nekhavambe
Contact telephone number:	012 315 5867
Contact e-mail address:	Obrey.Nekhavambe@treasury.gov.z

CAPRICORN DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information

Members of the Council

	Mayor
	Speaker
	Member of the Executive Committee
	Member of the Executive Committee
	Member
	Member
	<i>(insert rows if necessary)</i>

Municipal Manager

Chief Financial Officer

Grading of Local Authority

Auditors

Auditor-General

Bankers

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Approval of annual financial statements

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

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

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General information (continued)

Registered Office:

Physical address:

Postal address:

Telephone number:

Fax number:

E-mail address:

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CAPRICORN DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION

as at 30 June 2011

	Note	2011 R	2010 Restated R
ASSETS			
Current assets			
Cash and cash equivalents	1	98 895 428	19 094 024
Trade and other receivables from exchange transactions	2	68 233 168.57	37 146 301
Inventories	3	577 577	716 280
Current portion of receivables	4	-	33 483
VAT receivable	9	45 442 622	65 915 089
Property, plant and equipment	5	1 130 128 549	1 117 993 501
Intangible assets	6	5 429	9 079
Total assets		1 343 282 774	1 240 907 756
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	7	132 186 579	154 328 321
VAT payable	8	9 647 565	12 784 233
Current provisions	10	6 668 464.40	6 400 075
Current portion of unspent conditional grants and receipts	11	75 844 890	40 826 776
Current portion of finance lease liability	12	1 259 166	-
Non-current liabilities			
Non-current finance lease liability	12	3 680 833	-
Non-current provisions	13	6 784 000	11 453 678
Non current liabilities	42	6 112 000	-
Total liabilities		242 183 497	225 793 083
Net assets		1 101 099 277	1 015 114 674
NET ASSETS			
Reserves		1 987 998	-
Accumulated surplus / (deficit)		1 099 111 279	1 015 114 674
Total net assets		1 101 099 277	1 015 114 674

CAPRICORN DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE

for the year ending 30 June 2011

	Note	2011 R	2010 Restated R
Revenue			
Service charges	14	34 365 393.7	31 538 493
Interest earned - external investments	15	5 302 452	4 462 934
Interest earned - outstanding receivables	16	3 884 657	5 128 992
Government grants and subsidies	17	469 220 056	483 334 133
Public contributions and donations	32	-	155
Other income	20	559 258	999 111
Total revenue		513 331 817	525 463 819
Expenses			
Employee related costs	23	151 931 784.41	131 317 927
Remuneration of councillors	24	9 086 121	8 855 433
Bad debts		-	73 308 225
Depreciation and amortisation expense	25	87 506 137	56 354 008
Repairs and maintenance		866 292	780 531
Finance costs	26	480 288	507 915
Bulk purchases	27	48 221 210	24 900 333
Contracted services	28	4 720 553	3 304 140
Grants and subsidies paid	29	4 290 780	3 951 457
General expenses	30	122 000 314.98	189 793 507
Total expenses		429 103 481	493 073 477
Gain / (loss) on sale of assets	31	(231 731)	(179 783)
Surplus / (deficit) for the period		83 996 605	32 210 559

CAPRICORN DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2011

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2009			-	926 234 487	926 234 487
Changes in accounting policy	34			(8 200 077)	(8 200 077)
Correction of prior period error	35			64 681 624	64 681 624
Restated balance	-	-	-	982 716 033	982 716 033
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
Surplus / (deficit) for the period				32 210 559	32 210 559
Balance at 30 June 2010	-	-	-	950 244 968	950 244 968
Correction of prior period error				64 869 705	64 869 705
Restated balance	-	-	-	1 015 114 674	1 015 114 674
Surplus / (deficit) on revaluation of property of property, plant and equipment	1 987 998		1 987 998		1 987 998
Surplus / (deficit) for the period				83 996 605	83 996 605
Balance at 30 June 2011	1 987 998	-	1 987 998	1 099 111 279	1 101 099 277

CAPRICORN DISTRICT MUNICIPALITY

CASH FLOW STATEMENT

as at 30 June 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		510 099 879	524 968 543
Taxation			
Sales of goods and services			
Grants		504 238 169	520 056 084
Interest received		5 302 452	4 462 934
Other receipts		559 258	449 525
Payments		335 964 733	251 162 024
Employee costs		161 017 906	135 731 897
Suppliers		174 466 541	114 922 212
Interest paid		480 287	507 915
Other payments			
Net cash flows from operating activities	32	174 135 146	273 806 518
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(93 436 648)	(217 754 872)
Proceeds from sale of fixed assets			
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables		38 602	160 058
Net cash flows from investing activities		(93 398 046)	(217 594 814)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability		(935 696)	(2 537 654)
Net cash flows from financing activities		(935 696)	(2 537 654)
Net increase / (decrease) in net cash and cash equivalents		79 801 404	53 674 050
Net cash and cash equivalents at beginning of period		19 094 024	(34 580 026)
Net cash and cash equivalents at end of period	33	98 895 428	19 094 024



CAPRICORN DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

GRAP 8 Interest in Joint Ventures - issued August 2006
 GRAP 18 Segment Reporting - issued March 2005
 GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
 GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
 GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early

IAS 19 Employee Benefits - effective 1 January 2009
 IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

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 year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit. Land is not depreciated as it is regarded as having an infinite life.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The

Infrastructure	Years	Other	
Roads and Paving	20-50	Specialist vehicles	10-20
Water Maintenance and Purifications	50-120	Other vehicles	5-7
Sewerage	15-60	Office equipment	3-10
Water Reservoir	30-50	Furniture and fittings	7-10
		Landfill sites	
Community		Emergency equipment	5-15
Buildings	50	Computer equipment	3-5
Security	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an

2.5 DERECOGNITION

Items of Property, plant and equipment 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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line

Computer software

3

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected

4 INVENTORIES

4.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus diesel and electricity costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

4.2 SUBSEQUENT MEASUREMENT (CONSUMABLE STORES)

Inventories, consisting of consumable stores are valued at the lower of cost and net realisable value unless they are to be distributed at no or Redundant and slow-moving inventories are identified and written down in the same way. Differences arising on the valuation of inventory are The carrying amount of inventories is recognised as an expense in the period that the inventory was distributed, written off or consumed, unless

5 FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-matur Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial as **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for r Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amort

Accounts Receivables

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the € method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due accord When an under recovery occurs during the year an additional contribution for impairment is made from the accumulated surplus at year end.

Bad debts are written off during the year in which they are identified as irrecoverable.

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortise **Gains and losses**

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the finan

Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered bank

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of th The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet con

6 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in

7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;

- the principal locations affected;

- the location, function, and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and

(b) The municipality 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.

11 LEASES

MUNICIPALITY AS LESSEE

11.1

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased p

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lea

When an operating lease is terminated before the lease term has expired, any payment to the lessor that is required, by way of a penalty, is rec

Leases of property, plant and equipment to the lessee, under which the lessor effectively retains the significant risks and rewards of ownership o are classified as operating leases.

Operating lease payments are expensed in the income statement on a straight-line basis over the lease term.

12 REVENUE

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

Revenue shall be measured at the fair value of the consideration received or receivable.

Service charges relating to water are based on consumption and flat rate is applied where meters are not installed according to applicable rate. Meters are read on a monthly basis and are recognised as revenue when invoiced. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the **Sale of goods**

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

The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- Other grants and donations received**

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use. Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Interest

Revenue arising from the use of assets by others of the municipal assets yielding interest shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set o

13 RETIREMENT BENEFITS

13.1 Long term service awards and accumulated leave days

Employees qualify for additional leave for various period of uninterrupted service in accordance with SALGBC condition of service.

Accumulated leave benefit accrues to employees upto maximum of 48 leave days. The benefits are paid in the events of death, disability,

13.2 Retirement benefits

Post employment medical care benefits

The municipality provides post employment medical care benefits to retired employees completion of a minimum service period. The expected

The first valuation for the liability was performed by the actuaries and the subsidisation done on medical aid contribution to the continuation

14 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists,

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or

CASH AND CASH EQUIVALENTS

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Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

COMPARATIVE INFORMATION

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Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

17

EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
1 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	1 137	-
Cash at bank	32 094 607	9 102 558
Call deposits	66 799 684	9 991 466
	<u>98 895 428</u>	<u>19 094 024</u>
The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
First National Bank-Polokwane branch		
Cash book balance at beginning of year	9 102 558	(86 944 613)
Cash book balance at end of year	<u>32 094 607</u>	<u>9 102 558</u>
Bank statement balance at beginning of year	13 767 085	6 627 065
Bank statement balance at end of year	<u>32 094 457</u>	<u>13 767 085</u>
<u>Investment (Other Account)</u>		
First national Bank Call Account Number: Account number 62021167772	603 540	2 088 944
Standard Bank Call Accounts: Account number 438850521-003	5 602	1 935 201
Nedbank Deposit Account: Account number 7496500097	18 435 753	4 392 923
Absa Call Account : Account number 2070168490	16 703 069	1 574 398
Investec call:Account number: 74257562452	31 044 273	-
Balance at end of year	<u>66 799 684</u>	<u>9 991 466</u>
Bank statement balance at beginning of year	9 991 466	52 364 587
Bank statement balance at end of year	<u>66 799 684</u>	<u>9 991 466</u>
<u>Cash on hand</u>	<u>1 137</u>	<u>-</u>
Total cash and cash equivalents	<u>98 895 428</u>	<u>19 094 024</u>

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful Debts	Net Balance
<u>Trade receivables</u>	R	R	R
as at 30 June 2011			
Service debtors			
Water	87 528 651	(21 737 666)	65 790 985
Total	87 528 651	(21 737 666)	65 790 985
<u>Other receivables</u>	2 442 184	-	2 442 184
Other receivables	2 442 184	-	2 442 184
Total Trade and other receivables	89 970 834	(21 737 666)	68 233 169
as at 30 June 2010			
Service debtors			
Water	109 509 794	(73 308 225)	36 201 569
Total	109 509 794	(73 308 225)	36 201 569
<u>Other receivables</u>	944 732	-	945 796
Other receivables	945 796	-	945 796
Total Trade and other receivables	110 455 590	(73 308 225)	37 147 365
<u>Water: Ageing</u>			
Current (0 – 30 days)		6 248 078	6 300 634
31 - 60 Days		2 973 117	2 872 704
61 - 90 Days		6 745 688	3 058 795
91 - 120 Days		7 294 594	3 393 045
121 - 360 Days		26 921 390	23 477 218
+ 360 Days		37 345 785	70 407 398
Total		87 528 651	109 509 794

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note

3 INVENTORIES

Opening balance of inventories:

Consumable stores - at cost

Water

Additions:

Consumable stores

Maintenance materials

Water

	2011 R	2010 R
	716 280	215 804
	389 124	215 804
	327 156	-
	188 453	500 444
	(86 256)	173 320
	-	-
	274 709	327 124

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
Closing balance of inventories:		577 577	716 280
Consumable stores		302 868	389 124
Water		274 709	327 156
4 NON-CURRENT RECEIVABLES			
Car loans		-	33 483
		-	33 483
Less : Current portion transferred to current receivables		-	(33 483)
Car loans		-	(33 483)
Total		-	-

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
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CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

5 PROPERTY, PLANT AND EQUIPMENT

5.1. Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
as at 1 July 2010	9 873 502	49 739 052	1 031 367 398	27 013 550	-	1 117 993 501
Cost/Revaluation	9 873 502	58 450 686	1 184 713 073	43 174 245	-	1 296 211 505
Opening balance	21 938 701	26 736 874	1 210 991 696	41 387 710	-	1 301 054 981
Correction of error (note 35)	(12 065 200)	9 308 020	-	-	-	(2 757 180)
Change in accounting policy (note 34)	-	22 405 792	(26 278 623)	1 786 535	-	(2 086 296)
Accumulated depreciation and impairment losses	-	(8 711 634)	(153 345 675)	(16 160 695)	-	(178 218 004)
Acquisitions	-	-	87 536 650	4 792 695	5 874 123	98 203 468
Capital under Construction	-	-	-	-	-	-
Depreciation	-	(2 062 532)	(76 710 939)	(7 586 826)	(1 142 191)	(87 502 487)
Carrying value of disposals	-	-	-	(553 944)	-	(553 944)
Cost/Revaluation	-	-	-	(5 910 007)	-	(5 910 007)
Accumulated depreciation and impairment losses	-	-	-	5 356 063	-	5 356 063
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Other movements*	1 987 998	-	-	-	-	1 987 998
as at 30 June 2011	11 861 500	47 676 530.78	1 042 193 110	23 665 475	4 731 933	1 130 128 549
Cost/Revaluation	11 861 500	58 450 685	1 272 249 723	42 056 934	5 874 123	1 390 492 965
Accumulated depreciation and impairment losses	-	-10 774 154.03	(230 056 613)	(18 391 459)	(1 142 191)	(260 364 417)

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

5.5 Details of valuation

The effective date of the revaluations was 30 June 2011. Revaluations were performed by an independent valuer, Mr MS Sikhita, of Mbofho Valuation services .Mbofho valuation services are not connected to the entity.

The valuation was performed using the comparative method of valuation
These assumptions are based on current market conditions.

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2010 R
6 INTANGIBLE ASSETS		
6.1 Reconciliation of carrying value		
	Computer Software	Total
	R	R
as at 1 July 2010	9 079	9 079
Cost	5 530 967	5 530 967
Accumulated amortisation and impairment losses	(5 521 888)	(5 521 888)
Acquisitions	-	-
Amortisation	(3 650)	(3 650)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
as at 30 June 2011	5 429	5 429
Cost	5 530 967	5 530 967
Accumulated amortisation and impairment losses	(5 525 538)	(5 525 538)

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	89 796 373	103 553 331
Payments received in advance	-	290 274
Retentions	31 526 644	38 923 833
Staff leave accrual	10 470 740	9 565 028
Other creditors	392 822	1 995 855
Total creditors	<u>132 186 579</u>	<u>154 328 321</u>
8 VAT PAYABLE		
VAT payable	<u>9 647 565</u>	<u>12 784 233</u>
<p>VAT payables are disclosed with regard to revenue services rendered by the local municipalities on an agency basis. The district municipality accounts for its vat transactions on an invoice basis whereas the local municipality accounts for vat on cash basis.</p>		
9 VAT RECEIVABLE		
VAT receivable	<u>45 442 622</u>	<u>65 915 089</u>
VAT is accounted for on an invoices basis.	<u>45 442 622</u>	<u>65 915 089</u>

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
10 PROVISIONS		
Performance bonus	6 176 222	6 400 075
Current portion of long-service provision	492 242	-
Total Provisions	6 668 464	6 400 075

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.

The movement in current provisions are reconciled as follows: -

	Performance Bonus
as at 1 July 2010	6 400 075
Contributions to provision	(223 852)
Expenditure incurred	-
as at 30 June 2011	6 176 222
as at 1 July 2009	6 400 075
Contributions to provision	-
Expenditure incurred	-
as at 30 June 2010	6 400 075
	Current portion Long-service
as at 1 July 2010	-
Contributions to provision	492 242
as at 30 June 2011	492 242

11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent Conditional Grants from other spheres of Government

MIG Grants	53 726 835	23 056 100
Other	22 118 055	17 770 676
Total Unspent Conditional Grants and Receipts	75 844 890	40 826 776

Non-current unspent conditional grants and receipts

Current portion of unspent conditional grants and receipts	-	-
	75 844 890	40 826 776

See Note 17 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
12 FINANCE LEASE LIABILITY		
2011		Present value of minimum lease payments
Amounts payable under finance leases		R
Within one year		1 259 166
Within two to five years		3 680 833
		<u>4 939 999</u>
Less: Amount due for settlement within 12 months (current portion)		<u>(1 259 166)</u>
		<u><u>3 680 833</u></u>

The average lease term is 5 years and the average effective borrowing rate is at prime rate. Interest rates are fixed at the contract date.

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
13 NON-CURRENT PROVISIONS		
Provision for long term leave	6 784 000	11 453 678
Total Non-Current Provisions	6 784 000	11 453 678
<i>Actuarial valuation was used to determine the long term portion of employee benefits in line with IAS 19. The valuation was performed by Jacques Malan consultant actuaries</i>		
The movement in the non-current provision is reconciled as follows: -		
Contributions to provision	(6 784 000)	(11 453 678)
Balance at the end of year	(6 784 000)	(11 453 678)

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
14 SERVICE CHARGES		
Sale of water and Sewerage	34 365 394	31 538 493
Total Service Charges	34 365 394	31 538 493
15 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	5 302 452	4 462 934
Total interest	5 302 452	4 462 934
16 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Interest: Water and Sanitation charges debtors	3 883 807	5 119 341
Other debtors	851	9 651
Total interest	3 884 657	5 128 992
17 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	316 938 671	258 676 930
MIG Grant (see note 18)	78 931 266	128 610 900
Other Government Grants and Subsidies (see note 19)	73 350 119	96 046 303
Total Government Grant and Subsidies	469 220 056	483 334 133
Equitable Share		
In terms of the Constitution, this grant is an unconditional grant		
18 MIG Grant		
Balance unspent at beginning of year	23 056 100	-
Current year receipts	109 602 000	151 667 000
Conditions met - transferred to revenue	(78 931 266)	(128 610 900)
Conditions still to be met - remain liabilities (see note 11)	53 726 835	23 056 100
19 Other Government Grants and Subsidies		
Balance unspent at beginning of year	17 770 676	-
Current year receipts	77 697 498	113 816 979
Conditions met - transferred to revenue	(73 350 119)	(96 046 303)
Conditions still to be met - remain liabilities (see note 11)	22 118 055	17 770 676

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R	
20 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
21 Other income			
Other income	559 258	999 111	
Total Other Income	559 258	999 111	
22 Public contributions and donations			
Donations	-	155	
Total public contributions and donations	-	155	
23 EMPLOYEE RELATED COSTS	156 451 254	135 537 239	
Employee related costs - Salaries and Wages	99 906 345	83 288 458	
Employee related costs - Contributions for UIF, pensions and medical aids	23 985 446	20 313 199	
Travel, motor car, accommodation, subsistence and other allowances	17 142 477	13 744 570	
Housing benefits and allowances	2 708 767	2 728 214	
Overtime payments	1 650 774	4 850 142	
Performance and other bonuses	6 045 733	6 394 408	
Long-service awards	492 242	-	
Employee Related Costs	151 931 784	131 318 991	
Remuneration of the Municipal Manager			
Annual Remuneration	801 048	719 266	
Performance- and other bonuses	66 754	59 939	
Travel, motor car, accommodation, subsistence and other allowances	120 002	120 000	
Contributions to UIF, Medical and Pension Funds	121 704	109 387	
Total	1 109 508	1 008 592	
Remuneration of the Chief Finance Officer			
Annual Remuneration	700 919	622 458	
Performance- and other bonuses	58 410	51 871	
Travel, motor car, accommodation, subsistence and other allowances	-	-	
Contributions to UIF, Medical and Pension Funds	1 547	1 647	
Total	760 876	675 976	
Remuneration of Individual Executive Directors			
2011			
Annual Remuneration	568 038	633 788	510 611
Performance- and other bonuses	47 336	52 816	42 551
Travel, motor car, accommodation, subsistence and other allowances	180 000	146 705	96 000
Contributions to UIF, Medical and Pension Funds	163 625	75 778	131 838
Total	958 999	909 086	781 000
2010			
Annual Remuneration	501 146	562 440	456 235
Performance- and other bonuses	104 529	69 106	38 011
Travel, motor car, accommodation, subsistence and other allowances	180 000	156 837	126 186
Contributions to UIF, Medical and Pension Funds	148 909	70 427	119 853
Total	934 585	858 811	740 286

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
24 REMUNERATION OF COUNCILLORS		
Executive Mayor	582 758	576 275
Deputy Executive Mayor	-	-
Speaker	466 205	461 020
Executive Committee Members	3 611 715	3 436 036
Councillors	2 619 960	2 933 224
Councillors' pension and medical aid contributions	972 416	820 660
Councillors' allowances	833 067	628 218
Total Councillors' Remuneration	9 086 121	8 855 433
25 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	87 502 487	56 169 686
Intangible assets	3 650	184 322
Total Depreciation and Amortisation	87 506 137	56 354 008
26 FINANCE COSTS		
Borrowings	480 288	507 915
Total Finance Costs	480 288	507 915
27 BULK PURCHASES		
Water	48 221 210	24 900 333
Total Bulk Purchases	48 221 210	24 900 333
28 CONTRACTED SERVICES		
	4 720 553	3 304 140
	4 720 553	3 304 140
29 GRANTS AND SUBSIDIES PAID		
Grants paid to Local Municipalities within the district	4 290 780	3 951 457
	4 290 780	3 951 457

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
30 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	1 783 195	1 068 562
Audit fees	2 016 760	1 679 511
Bank charges	253 861	158 662
Bursaries	427 572	962 572
Conferences and delegations	1 014 724	1 887 097
Consulting fees	-	830 533
Collection expense:Water commission	5 054 619	4 370 956
Insurance	1 093 073	280 170
Legal expenses	1 471 311	1 025 332
Membership fees	1 007 941	533 492
Postage	16 603	10 940
Printing and stationery	586 876	556 471
Professional fees	769 397	12 991 244
Rental of buildings	1 542 208	1 433 663
Rental of office equipment	1 476 657	520 405
Skills development levies	1 136 396	1 021 465
Stocks and material	229 794	88 013
Subscription & publication	617 424	478 785
Telephone cost	3 494 993	3 979 051
Training	2 528 766	973 606
Travel and subsistence	4 769 950	3 903 874
Uniforms & overalls	928 460	862 825
Water and Sanitation	30 355 877	63 386 685
Other	59 423 858	86 789 590
	122 000 315	189 793 507
31 GAIN / (LOSS) ON SALE OF ASSETS		
Total Gain / (Loss) on Sale of Assets	(231 731)	(179 783)

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
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CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
32 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	83 996 605	32 210 559
Adjustment for:-		
Depreciation and amortisation	87 506 137	56 354 008
(Gain) / loss on sale of assets	231 731	179 783
Contribution to provisions - non-current		11 453 678
Other non-cash item		
Operating surplus before working capital changes:	171 734 473	100 198 029
(Increase)/decrease in inventories	138 703	(500 476)
(Increase)/decrease in other receivables	(31 086 868)	(502 888)
(Increase)/decrease in VAT receivable	20 472 466	7 981 076
Increase/(decrease) in conditional grants and receipts	35 018 114	36 721 951
Increase/(decrease) in trade payables	(22 141 742)	82 652 547
Increase/(decrease) in VAT payable		
Cash generated by/(utilised in) operations	174 135 146	226 550 239
33 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	98 895 428	19 094 024
Net cash and cash equivalents (net of bank overdrafts)	98 895 428	19 094 024

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
34 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of GRAP 17:		
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit)		(10 662)
34.1 Property, plant and equipment		
Balance previously reported		
Implementation of GRAP		
Infrastructure assets previously not unbundled according to grap 17		(1 099 698 345)
Infrastructure assets unbundled according to grap 17		1 073 419 722
Building unbundled according to grap 17		44 884 100
Building assets previously not unbundled according to grap 17		(21 876 829)
Building assets previously not unbundled according to grap 18		(834 017)
Total	-	<u><u>(4 105 369)</u></u>
34.2 Accumulated Depreciation		
Balance previously reported -		
Implementation of GRAP		
Backlog depreciation: Buildings		-7 588 383.33
Backlog depreciation: Buildings		7 820 921.81
Backlog depreciation: Infrastructure written off		72 345 591.04
Backlog depreciation: Infrastructure unbundled		-76 672 837.08
Backlog depreciation: Community		
Backlog depreciation: Other		
Total (debited to Accumulated Surplus/(Deficit)) (see 47.7 below)	-	<u><u>(4 094 708)</u></u>
Total		<u><u>(8 200 077)</u></u>

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
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35 CORRECTION OF ERROR

ASSETS

During the year ended 30 June 2010 and previous years, PPE and other assets were incorrectly recognised: -		
Land		(12 065 200)
Mutummo game reserve recognised at nominal value		6 956 555
Lepelle-Nkumpi Fire Station previously recognised at nominal value		780 218
Vehicles previously recognised at nominal value		1 548 900
Furniture and Fittings		32 565
		-2 746 961

RECOGNITION OF WSA/WSP WATER RELATED TRANSACTION

Capricorn District Municipality has entered into a service level agreement with local municipality for selling of water on behalf of the district. The revenue related transactions arising from sale of water were previously recognised in the books of the local municipalities. The transaction are recorded for the first time in the district		
The transaction are currently been recorded in the books of the WSP and opening balances have been restated since 2006/7 financial years. The following transaction were restated in accordance to GRAP 3		
Water debtors previously not recognised		-96 435 288
Provision for doubtful debt recognised		73 308 225
Operation and maintenance from water not recognised. A creditor was raised with regard to the payment		1 629 076.20
Advance grant funding not fully utilised by the local municipalities. A debtor account has been raised on this regard		-2 039 516
Water debtors arising from the 90% sale of revenue owed by local municipalities to the district were written back as per council resolution taken in the previous financial year.		-
		-23 537 502

LIABILITIES

During the current year the municipality discovered that there were duplication of orders and goods receipt note which overstated our liability accounts.		(2 100 486)
During the previous financial years invoices were paid without being recognised		1 533 154
		-567 332.45

CURRENT PROVISION

Performance bonus for previous financial years was not provided for		4 553 120.38
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CASH AND CASH EQUIVALENT

During the current year the municipality discovered that expenses were understated in the cash book which led to an understatement in bank account. An amount of R 1 737 341.60 was corrected and the 2008 balance was restated		-1 737 341.60
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REVENUE

Unknown deposits previously accounted for as a liability. The receipts was investigated and necessary journals were passed for correction.		-56 350.00
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DEBTORS

During the previous year debtors balance was overstated.		5 118.51
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The comparative amount has been restated as follows:

Water debtors not recognised in prior year: Lepelle-Nkumpi Municipality		26 958 391.08
Water debtors not recognised in prior year: Molemole Municipality		2 106 951.48
Water debtors not recognised in prior year: Blouberg Municipality		1 884 504.04
Recognition of commission paid to Lepelle-Nkumpi Municipality		-3 265 525.35
Recognition of commission paid to Molemole Municipality		-384 277.29
Recognition of commission paid to Blouberg Municipality		-721 153.66
Recognition of interest on outstanding Lepelle-Nkumpi Municipality		4 237 443.20
Recognition of interest on outstanding Molemole Municipality		826 497.35
Recognition of interest on outstanding Blouberg Municipality		55 400.69
Recognition of free basic water billing : Molemole Municipality		410 422.50
Recognition of free basic water expenditure: Molemole Municipality		-410 422.50
Reclassification of O&M water previously classified as transfers : Lepelle-Nkumpi Municipality		178 223.76
Reclassification of O&M Water expense incorrectly classified: Lepelle-Nkumpi Municipality		-178 223.76
Reclassification of operation and maintenance water expensed incorrectly classified: Lepelle-Nkumpi Municipality		-2 998 668.47
Provision for doubtful debt		-73 308 225.21
Revenue previously not recognised		56 350.00
Provision for performance bonus understated in previous years		-4 553 120.38
Backlog Depreciation for Mutumo Game Reserve		-225 373.79
Backlog Depreciation for Lepelle-Nkumpi firestation		-215 186.67
Backlog Depreciation for Vehicles		-196 600.00
Backlog Depreciation for Furniture & Fittings-Mutummo		-8 469.21
Net effect on surplus/(deficit) for the year		(49 751 062)

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
Water revenue not recognised in prior year Lepelle-Nkumpi Municipality		56 603 962.31
Water revenue not recognised in prior year Molemole Municipality		4 225 098.33
Water revenue not recognised in prior year Blouberg Municipality		4 198 269.81
Recognition of prior year accrual on payments of water bills: Molemole Municipality		-290 274.41
Recognition of water debtors collected by Lepelle-Nkumpi(90%) on behalf of the district	(11 317 871)	
Recognition of water debtors collected by Lepelle-Nkumpi (90%) on behalf of the district	11 317 871	
Recognition of water debtors collected by Molemole(90%) on behalf of the district	6 368 012	
Recognition of Molemole Municipality water debts written off in the previous year	(6 368 012)	
Recognition of water debtors collected by Blouberg Municipality(90%) on behalf of the district	332 042	
Write off of water debtor for Blouberg for collection done on CDM behalf	(332 042)	
Correction of vehicles previously recognised at nominal value	1 745 500.00	
Correction of furniture and fittings at Motumo game reserve previously recognised at nominal value	56 461.41	
Correction of furniture and fittings previously duplicated	-15 426.83	
Correction of land previously recognised and transferred to the local municipalities	-871 280.00	
Correction of land previously recognised and transferred to the local municipalities	2 261 800.00	
Correction of land incorrectly recognised as municipal land in the previous year	-9 943 220.00	
Correction of land incorrectly recognised as municipal land in the previous year	-3 512 500.00	
Correction of building at motumo game reserve previously not recognised	7 181 929.10	
Correction of building Lepelle-Nkumpi fire station previously recognised at nominal values	1 566 300.00	
Correction of building costs previously not capitalised	-570 894.86	
Overstatement of debtor in the previous financial year	(5 119)	
Adjustment of expenses previously not recognised in the cash book		(1 737 342)
Understatement of creditor in prior year	(1 533 154)	
Correction of creditors overstated in prior year	2 100 486	
Operation and maintenance from water not recognised in prior year 2009/10: Aganang Municipality	(51 488)	(145 230)
Operation and maintenance from water not recognised in prior year 2009/10: Lepelle-Nkumpi Municipality	-	1 566 310.07
Operation and maintenance from water not recognised in prior year 2009/10: Molemole Municipality	493 442.26	
Operation and maintenance from water not recognised in prior year 2009/10: Blouberg Municipality	1 285 244	260 829.34
Net effect on Statement of Financial Position	<u>188 082</u>	<u>64 681 624</u>
Net effect on Accumulated surplus opening balance	<u>-49 562 980.66</u>	<u>64 681 623.85</u>

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance		
Unauthorised expenditure current year	1 082 756	
Approved by Council or condoned	(1 082 756)	-
Unauthorised expenditure awaiting authorisation	<u>(0)</u>	<u>-</u>

Incident **Disciplinary steps/criminal proceedings**

Expenditure exceeding budgeted amount in a vote

36.2 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	40 746 848	40 746 848
Irregular expenditure current year	523 245	
Condoned or written off by Council		
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement	<u>41 270 093</u>	<u>40 746 848</u>

Incident

Non-adherence to Supply Chain Policy

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37 Contributions to organised local government		
Amount paid - current	987 742	525 750
Balance unpaid (included in payables)	987 742	525 750
38 Audit fees		
Current year audit fee	2 016 760	1 679 511
Balance unpaid (included in payables)	2 016 760	1 679 511
39 VAT		
VAT input receivables from SARS with regard to transactions incurred by the municipality.		
VAT payables are shown in note 18 is disclosed with regard to revenue services rendered by the local municipalities on an agency basis. The district municipality accounts for its vat transactions on an invoice basis whereas the local municipality accounts for vat on cash basis. All VAT returns have been submitted by the due date throughout the year.		
40 PAYE and UIF		
Amount paid - current year	28 679 352	30 349 264
Balance unpaid (included in payables)	28 679 352	30 349 264
40.5 Pension and Medical Aid Deductions		
Current year payroll deductions and Council Contributions	29 573 348	-
Balance unpaid (included in payables)	29 573 348	-

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
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41 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for
Infrastructure
Other

	71 545 396	66 229 566
68 020 010	68 020 010	66 229 566
3 525 385	3 525 385	
Total	71 545 396	66 229 566

This expenditure will be financed from:

- Government Grants

	71 545 396	66 229 566
	71 545 396	66 229 566

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
42 Post employment medical care benefits		
Certain employees of the municipality belong to the post employment medical aid benefit. The most recent actuarial valuation was done in August 2011 for balances as at 30th June 2011.		6 112 000.00
43 CONTINGENT LIABILITY		
The Municipality is being sued by a service providers due to damages arising from payments alleged to be outstanding Council is contesting the claim based on legal advice. Most court date has not yet been set. Should Council be		
43.1 unsuccessful in defending the claims, there is a possibility that the claim will be settled.	12 784 760	10 455 878
43.2 Guarantee held by Eskom with regard to electricity accounts	294 600	294 600

44 RISK MANAGEMENT

44.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.



CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
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44.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

CAPRICORN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
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44.5 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

CAPRICORN DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2011

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2010	Received during the period	Redeemed / written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS			-	-	-	-	-	-
Total long-term loans			-	-	-	-	-	-
ANNUITY LOAN								
GOVERNMENT LOANS			-	-	-	-	-	-
Total Government Loans			-	-	-	-	-	-
TOTAL EXTERNAL LOANS			-	-	-	-		

The municipality does not have loans agreements with any institution

CAPRICORN DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Land											
Land	9 873 502	-	-	-	11 861 500	-	-	-	-	-	-
	9 873 502	-	-	-	11 861 500	-	-	-	-	-	-
Buildings	58 450 686		-	-	58 450 685	(8 711 634)	(2 062 532)	-	-	(10 774 154)	-
Infrastructure											
Drains	-	-	-	-	-	-	-	-	-	-	-
Roads	290 077 933.46	-	-	-	290 077 933.46	-38 677 058.00	(19 338 529)	-	-	(58 015 587)	-
Sewerage Mains & Purification	15 240 725	-	-	-	15 240 725	-2 032 097.26	(1 016 048)	-	-	(3 048 145)	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	844 773 901	2 031 752	-	254 330	847 059 983	(112 636 520)	(56 356 361)	-	-	(168 992 882)	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-
Under construction	34 620 513	85 504 899	-	-254 330	119 871 082	-	-	-	-	-	-
	1 184 713 073	87 536 650	-	-	1 272 249 723.22	(153 345 675)	(76 710 939)	-	-	(230 056 613)	-
Community Assets											
Total carried forward	1 253 037 261	87 536 650	-	-	1 342 561 908	(162 057 309)	(78 773 471)	-	-	(240 830 767)	-

CAPRICORN DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	1 253 037 261	87 536 650	-	-	1 342 561 908	(162 057 309)	(78 773 471)	-	-	(240 830 767)	-
Other Assets											
Machinery & Equipments	2 960 950	487 663	-	-	3 448 613	(829 104)	(853 483)	-	-	(1 682 587)	-
Furniture & Fittings	5 752 017	787 578	(76 491)	-	6 463 104	(2 289 205)	(1 915 948)	49 906	-	(4 155 248)	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	26 536 938	2 841 018	(798 406)	-	28 579 551	(6 356 152)	(4 149 350)	300 406	-	(10 205 096)	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	7 924 341	676 435	(5 035 110)	-	3 565 666	(6 686 234)	(668 045)	5 005 751	-	(2 348 528)	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
	43 174 244.72	4 792 694.52	-5 910 007.40	-	42 056 934	(16 160 695)	(7 586 826)	5 356 063	-	(18 391 459)	-
Finance Lease Assets											
Office Equipment	-	5 874 123	-	-	5 874 123	-	(1 142 191)	-	-	(1 142 191)	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
	-	5 874 123	-	-	5 874 123	-	(1 142 191)	-	-	(1 142 191)	-
Total	1 296 211 505	98 203 468	(5 910 007)	-	1 390 492 965	(178 218 004)	(87 502 487)	5 356 063	-	(260 364 417)	-

Other movements	Carrying Value
R	R
1 987 998	13 849 498
1 987 998	13 849 498
-	47 676 531
-	-
-	232 062 347
-	12 192 580
-	-
-	-
-	678 067 102
-	-
-	-
-	-
-	119 871 082
-	1 042 193 110
1 987 998	1 103 719 139

Other movements	Carrying Value
R	R
1 987 998	1 103 719 139
-	1 766 026
-	2 307 856
-	-
-	-
-	18 374 455
-	-
-	-
-	1 217 139
-	-
-	-
-	23 665 475
-	4 731 933
-	-
-	4 731 933
1 987 998	1 132 116 547

CAPRICORN DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Other Movements	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
	R	R	R		R	R	R	R	R	R
Executive & Council										
Finance & Admin	96 675 983	10 179 154	-	1 987 998	(5 910 007)	102 933 128	(24 043 225)	(9 938 066)	5 356 063	(28 625 228)
Planning & Development						-				-
Health						-				-
Community & Social Services	11 861 500	-	-			11 861 500	-	-	-	-
Public Safety						-				-
Sport & Recreation						-				-
Environmental Protection	2 960 950	487 663				3 448 613	(829 104)	(853 483)	-	(1 682 587)
Waste Management	15 240 725					15 240 725	(2 032 097)	(1 016 048)		(3 048 146)
Road Transport	290 077 933					290 077 933	(38 677 058)	(19 338 529)		(58 015 587)
Water	844 773 901	2 031 752	254 330			847 059 983	(112 636 520)	(56 356 361)		(168 992 869)
Electricity	-					-				-
Other	34 620 513	85 504 899	(254 330)			119 871 082	-	-	-	-
Total	1 296 211 505	98 203 468	-	1 987 998	(5 910 007)	1 390 492 964	(178 218 004)	(87 502 487)	5 356 063	(260 364 417)

CAPRICORN DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010			2010			2010			2011			2011			2011			
Actual Income		Actual Expenditure		Surplus / (Deficit)					Actual Income		Actual Expenditure		Surplus / (Deficit)					
R		R		R					R		R		R					
		8 855 433		(8 855 433)	Executive & Council					46 199 443		(46 199 443)						
265 702 855		337 044 653		(71 341 798)	Finance & Admin			513 331 817		78 658 812		434 673 005						
-		-		-	Planning & Development					18 785 871		(18 785 871)						
5 119 577		5 082 153		37 424	Health					6 129 098		(6 129 098)						
				-	Community & Social Services					2 926 765		(2 926 765)						
				-	Public Safety					30 349 215		(30 349 215)						
				-	Sport & Recreation							-						
				-	Environmental Protection					4 009 851		(4 009 851)						
				-	Waste Management							-						
59 059		1 787 027		(1 727 968)	Road Transport					39 953 383		(39 953 383)						
217 868 143		54 018 748		163 849 395	Water					168 951 758		(168 951 758)						
				-	Electricity				-	13 407 257		(13 407 257)						
				-	Other					19 963 759		(19 963 759)						
488 749 634		406 788 014		81 961 620				513 331 817		429 335 211		83 996 606						
					Less: Inter-Department Charges													
488 749 634		406 788 014		81 961 620	Total			513 331 817		429 335 211		83 996 606						

CAPRICORN DISTRICT MUNICIPALITY

APPENDIX E

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

as at 30 June 2011

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	4	5	6	7	8	9
	R	R	R	R	R	R	R	R
Financial Performance								
Property Rates	-	-	-	-	-	-	0%	0%
Service Charges	10 000 000	25 252 148	35 252 148	34 365 394		886 754	97%	344%
Investment Revenue	5 988 489	-	5 988 489	5 302 452		686 037	89%	89%
Transfers Recognised - Operational	308 895 685	21 008 130	385 227 707	371 016 588		14 211 119	96%	120%
Other Own Revenue	688 276	8 822 121	9 510 397	4 443 915		5 066 482	47%	646%
Total Revenue (Excluding Capital Transfers & Contributions)	325 572 450	55 082 399	435 978 741	415 128 349	-	20 850 392	3.29	11.98
Employee Costs	149 724 645	5 876 175	155 600 820	151 931 784	1 032 684	3 669 036	98%	101%
Remuneration Of Councillors	9 646 941	25 000	9 671 941	9 086 121		585 820	94%	94%
Debt Impairment	-	-	-	-		-	0%	0%
Depreciation & Asset Impairment	-	72 593 860	72 593 860	87 506 137		-14 912 277	121%	0%
Finance Charges	-	-	-	480 288		-480 288	0%	0%
Materials & Bulk Purchases	40 000 000	-1 500 000	38 500 000	48 221 210		-9 721 210	125%	121%
Transfers & Grants	6 000 000	2 000 000	8 000 000	4 290 780		3 709 220	54%	72%
Other Expenditures	203 774 616	20 431 363	213 210 101	127 818 893	50 072	85 391 209	60%	63%
Total Expenditure	409 146 202	99 426 398	497 576 722	429 335 213	1 082 756	68 241 509	5.51	4.50
Surplus/(Deficit)	-83 573 752	-44 343 999	-61 597 981	-14 206 864	-1 082 756	-47 391 117	-2.22	7.48
Transfers Recognised - Capital	164 395 422	1 167 871	165 563 293	98 203 468		-67 359 825	59%	60%
Contributions Recognised - Capital & Contributed Assets	-	-	-	-		-	0%	0%
Surplus/(Deficit) After Capital Transfers & Contributions	80 821 671	-43 176 129	103 965 312	83 996 604	-1 082 756	-114 750 942	-1.63	8.07
Share Of Surplus/(Deficit) Of Associate	-	-	-	-		-		
Surplus/(Deficit) For The Year	80 821 671	-43 176 129	103 965 312	83 996 604	-1 082 756	-114 750 942	-1.63	8.07
Capital Expenditure & Funds Sources								
Capital Expenditure								
Transfers Recognised - Capital	164 395 422	1 167 871	165 563 293	98 203 468		-67 359 825	59%	0%
Public Contributions & Donations	-	-	-	-		-	0%	0%
Borrowing	-	-	-	-		-	0%	0%
Internally Generated Funds	-	-	-	-		-	0%	0%
Total Sources Of Capital Funds	164 395 422	1 167 871	165 563 293	98 203 468	-	-67 359 825	0.593147589	0
Cash flows								
Opening Balance				19 094 024				
Net Cash From (Used) Operating	246 239 000	-33 449 000	212 790 000	165 359 179		47 430 821	0%	0
Net Cash From (Used) Investing	206 169 000	-29 769 000	176 400 000	-83 370 345		259 770 345	0%	0
Net Cash From (Used) Financing	-	-	-	-2 194 862		2 194 862	0%	0
Cash/Cash Equivalents At The Year End	452 408 000	-63 218 000	389 190 000	98 887 996	-	309 396 028	0	0