

Maletswai

LOCAL MUNICIPALITY



[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2013

MALETSWAI LOCAL MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of Financial Position	7 - 8
Statement of comparison of budget and actual amounts - Statement of Financial Performance	9 - 10
Statement of comparison of budget and actual amounts - Cash Flow Statement	11 - 12
Accounting Policies and Significant Judgements and Estimates	13 - 43
Notes to the Financial Statements	44 - 84
APPENDICES - Unaudited	
A Schedule of External Loans	85
B Segmental Statement of Financial Performance - Municipal Votes	86
C Segmental Statement of Financial Performance - GFS Votes	87
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	88

MALETSWAI LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Maletswai Municipality (EC143) is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Maletswai Local Municipality includes the following areas:

Aliwal North
Jamestown

MUNICIPAL MANAGER

Mr. M.P Nonjola

CHIEF FINANCIAL OFFICER

Mr. T. Maseko

REGISTERED OFFICE

Corner Somerset & Barkley Street, Aliwal North, 9750

AUDITORS

Auditor General South Africa

PRINCIPLE BANKERS

ABSA Bank, Aliwal North

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2011
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

ATTORNEYS

Douglas and Botha
Horn & Kumm

MALETSWAI LOCAL MUNICIPALITY

MEMBERS OF THE MALETSWAI LOCAL MUNICIPALITY

MEMBERS OF COUNCIL

Mayor/PR Councillor	Cllr N S Mathetha
PR Councillor	Cllr E S Mbana
PR Councillor	Cllr G D Fourie
PR Councillor	Cllr H du Preez
PR Councillor	Cllr M Jan
PR Councillor	Cllr MB Mtshingana
Ward 1 Councillor	Cllr KS Lange
Ward 2 Councillor	Cllr MW Mokhoabane
Ward 3 Councillor	Cllr ZE Betana
Ward 4 Councillor	Cllr P Williams
Ward 5 Councillor	Cllr M Mdumisa
Ward 6 Councillor	Cllr M Tsolanku

APPROVAL OF FINANCIAL STATEMENTS


I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 88 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits 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.


Mr. M.P Nonjola
Municipal Manager

30. 08. 2013
Date

MALETSWAI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		202,393,008	217,925,747
Accumulated Surplus		202,393,008	217,925,747
Non-Current Liabilities		20,901,325	18,595,648
Annuity Loans	3.1	2,431,772	2,500,297
Hire Purchases	3.2	2,744,702	1,198,486
Capitalised Lease Liability	3.3	1,121,300	1,557,156
Employee benefits	4	11,135,263	10,255,618
Non-Current Provisions	5	3,468,289	3,084,091
Liabilities Associated with Discontinued Operations	23.2	-	2,276,556
Current Liabilities		46,005,917	39,527,207
Consumer Deposits	6	1,846,515	1,745,426
Current Employee benefits	7	5,636,163	4,169,297
Provisions	8	583,237	289,703
Payables from exchange transactions	9	32,937,063	25,299,642
Unspent Conditional Government Grants and Receipts	10	3,469,025	6,832,555
Annuity Loans	3.1	200,649	191,039
Hire Purchases	3.2	897,410	416,325
Capitalised Lease Liability	3.3	435,856	583,220
Total Net Assets and Liabilities		269,300,251	278,325,158
ASSETS			
Non-Current Assets		256,944,606	254,496,164
Property, Plant and Equipment		210,488,522	207,723,484
Property, Plant and Equipment (Excluding Capitalised Restoration Costs)	12.1	210,488,522	207,723,484
Capitalised Restoration Costs	12.2	-	-
Investment Property	13	44,102,262	44,301,144
Intangible Assets	14	351,120	437,527
Heritage Assets	15	-	-
Non-Current Investments	16	702,902	665,309
Biological Assets	17	1,299,800	1,368,700
Assets Associated with Discontinued Operations	23.1	-	5,776,823
Current Assets		12,355,645	18,052,171
Inventory	18	930,695	464,599
Receivables from exchange transactions	19	6,535,883	14,369,098
Receivables from non-exchange transactions	20	2,070,243	1,612,476
Unpaid Conditional Government Grants and Receipts	10	944,927	315,080
Taxes	11	759,905	134,885
Cash and Cash Equivalents	22	1,113,993	1,156,033
Total Assets		269,300,251	278,325,158

MALETSWAI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
CONTINUED OPERATIONS			
REVENUE			
Revenue from Non-exchange Transactions		56,688,439	49,304,005
Taxation Revenue		9,577,682	8,466,194
Property taxes	24	9,577,682	8,466,194
Transfer Revenue		46,576,811	40,443,388
Government Grants and Subsidies - Capital	25	15,677,662	14,090,028
Government Grants and Subsidies - Operating	26	30,899,149	26,352,860
Public Contributions and Donations		-	500
Other Revenue		533,946	394,422
Actuarial Gains	4	282,077	144,465
Fines		251,868	249,957
Revenue from Exchange Transactions		61,625,151	52,331,041
Service Charges	26	49,652,695	44,176,631
Rental of Facilities and Equipment		1,832,518	1,676,007
Interest Earned - external investments		153,641	207,331
Interest Earned - outstanding debtors		262,432	879,779
Licences and Permits		2,363,595	2,271,891
Agency Services		4,566,161	1,300,499
Other Income	28	2,785,108	1,651,784
Gain on disposal of Property, Plant & Equipment		29,001	42,320
Fair Value Adjustments	29	-	124,800
Total Revenue		118,313,590	101,635,046
EXPENDITURE			
Employee related costs	30	39,847,147	35,705,469
Remuneration of Councillors	31	2,789,258	2,575,860
Debt Impairment	32	2,248,667	3,026,970
Depreciation and Amortisation	33	14,840,170	14,774,395
Impairments	34	229,993	226,211
Repairs and Maintenance	35	4,445,145	4,922,246
Actuarial losses	4	-	615,102
Finance Charges	36	3,338,339	2,230,004
Bulk Purchases	37	42,107,330	36,725,368
Other Operating Grant Expenditure		2,662,539	2,203,429
General Expenses	38	17,445,505	15,648,822
Fair Value Adjustments	29	68,900	-
Loss on disposal of Property, Plant and Equipment		323,069	8,366
Total Expenditure		130,346,062	118,662,241
Operating Surplus/(Deficit) from continued operations		(12,032,472)	(17,027,195)
DISCONTINUED OPERATIONS			
REVENUE			
Revenue from Exchange Transactions		-	19,697,100
Service Charges	26	-	10,409,463
Water service authority contribution	27	-	9,234,315
Other income	28	-	53,322
Total Revenue		-	19,697,100
EXPENDITURE			
Transfer of function		3,500,267	-
Employee related costs	30	-	5,430,107
Debt Impairment	32	-	2,534,872
Repairs and Maintenance	36	-	522,978
General Expenses	38	-	1,646,225
Total Expenditure		3,500,267	10,134,182
Operating Surplus/(Deficit) from discontinued operations		(3,500,267)	9,562,918
NET SURPLUS/(DEFICIT) FOR THE YEAR		(15,532,739)	(7,464,277)

MALETSWAI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus	Total
	R	R
Balance at 1 JULY 2011 - Previously stated	246,726,209	246,726,209
Prior Period Adjustments - See Note 39.10	(21,336,185)	(21,336,185)
Restated Balance at 1 JULY 2011	225,390,024	225,390,024
Net Deficit for the year	(7,464,277)	(7,464,277)
Balance at 30 JUNE 2012	217,925,747	217,925,747
Net Deficit for the year	(15,532,739)	(15,532,739)
Balance at 30 JUNE 2013	202,393,008	202,393,008

MALETSWAI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 (Actual) R	30 JUNE 2012 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		79,011,658	70,204,618
Government		42,583,434	39,620,147
Interest		416,072	1,087,110
Payments			
Suppliers		(65,778,720)	(55,904,562)
Employees		(37,830,919)	(35,524,594)
Finance charges		(2,146,202)	(1,064,039)
Cash generated by operations	41	16,255,323	18,418,679
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	42	(15,048,854)	(13,463,102)
Purchase of Investment property	13	-	(2,237,165)
Proceeds on Disposal of Fixed Assets		29,001	75,603
Increase in Intangible Assets	14	(22,935)	(35,202)
Increase in Non-current Investments		(37,594)	(37,878)
Net Cash from Investing Activities		(15,080,381)	(15,697,744)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1,318,070)	(1,540,127)
Increase in Consumer Deposits		101,088	75,275
Net Cash from Financing Activities		(1,216,982)	(1,464,852)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(42,040)	1,256,085
Cash and Cash Equivalents at the beginning of the year		1,156,033	(100,052)
Cash and Cash Equivalents at the end of the year	43	1,113,993	1,156,033
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(42,040)	1,256,085

Refer to note 42 for further detail regarding the restatement of comparative figures

MALETSWAL LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013	2013	2013	Explanations for material variances
	R	R	R	
	(Final Budget)	(Actual)	(Variance)	
ASSETS				
Current assets				
Cash	2 954 719	1 113 993	1 840 727	
Consumer debtors	6 799 761	6 606 125	(1 806 364)	
Other Receivables	5 042 115	1 704 832	3 337 283	
Inventory	420 000	930 695	(510 695)	
Total current assets	15 216 595	12 355 645	2 860 951	
Non current assets				
Investments	700 000	702 902	(2 902)	
Investment property	25 038 001	44 102 262	(19 064 261)	Incorrect opening balance equal to 2010/11 closing balance and not 2011/2012 closing balance
Property, plant and equipment	259 936 038	210 468 522	49 447 516	
Biological Assets	1 243 900	1 299 800	(55 900)	
Intangible Assets	2 666 489	351 120	2 315 349	
Total non current assets	289 594 408	256 944 606	32 639 802	
TOTAL ASSETS	304 801 003	289 300 251	35 500 752	
LIABILITIES				
Current liabilities				
Borrowing	1 808 683	1 533 915	272 668	
Consumer deposits	2 140 000	1 846 515	293 485	
Trade and other payables	24 533 555	36 406 086	(11 872 533)	Delays in the payment of the Eskom account due to cashflow problems. Outstanding balance owed to Eskom at year end.
Provisions and Employee Benefits	13 846 353	6 219 400	7 626 954	Water and Sanitation Staff Benefits transferred to Joe Gqabi District Municipality as per agreement
Total current liabilities	42 328 491	46 005 917	(3 679 426)	
Non current liabilities				
Borrowing	7 455 939	6 297 774	1 158 166	
Provisions and Employee Benefits	19 696 648	14 603 552	3 992 097	Water and Sanitation Staff Benefits transferred to Joe Gqabi District Municipality as per agreement
Total non current liabilities	26 051 588	20 901 325	5 150 263	
TOTAL LIABILITIES	68 378 079	66 907 243	1 470 837	
NET ASSETS	236 422 924	202 393 008	34 029 916	
COMMUNITY WEALTH	240 431 455	202 393 008	38 038 447	
Accumulated Surplus/(Deficit)	240 431 455	202 393 008	38 038 447	
TOTAL COMMUNITY WEALTH/EQUITY	240 431 455	202 393 008	38 038 447	

MALETSMAL LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	1 517 229	1 437 491	2 954 719	
Consumer debtors	11 059 830	(4 280 069)	6 779 761	Adjustment was due to the Transfer of water and sanitation debtors to Joe Gqabi District Municipality as per agreement.
Other Receivables	4 763 091	279 024	5 042 115	
Inventory	420 000	-	420 000	
Total current assets	<u>17 760 149</u>	<u>(2 543 594)</u>	<u>15 216 555</u>	
Non current assets				
Investments	700 000	-	700 000	
Investment property	25 038 001	-	25 038 001	
Property, plant and equipment	194 589 605	65 346 432	259 936 038	
Biological Assets	1 243 900	-	1 243 900	
Intangible Assets	2 666 469	-	2 666 469	
Total non current assets	<u>224 237 975</u>	<u>65 346 432</u>	<u>289 584 408</u>	
TOTAL ASSETS	<u>241 998 125</u>	<u>62 802 878</u>	<u>304 801 003</u>	
LIABILITIES				
Current liabilities				
Borrowing	999 794	806 789	1 806 583	
Consumer deposits	2 140 000	-	2 140 000	
Trade and other payables	21 588 818	2 944 937	24 533 555	
Provisions and Employee Benefits	13 846 353	-	13 846 353	
Total current liabilities	<u>38 574 766</u>	<u>3 751 726</u>	<u>42 326 491</u>	
Non current liabilities				
Borrowing	9 825 657	(2 369 719)	7 455 939	Repayment of additional Hire Purchase (Installment Sale Agreement) and leases on acquisition of new vehicles.
Provisions and Employee Benefits	11 796 029	6 799 619	18 595 648	Amount incorrectly effected in adjustment budget
Total non current liabilities	<u>21 621 686</u>	<u>4 429 902</u>	<u>26 051 588</u>	
TOTAL LIABILITIES	<u>60 196 452</u>	<u>8 181 527</u>	<u>68 378 079</u>	
NET ASSETS	<u>181 801 673</u>	<u>54 621 251</u>	<u>236 422 924</u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	192 600 550	47 830 905	240 431 455	
TOTAL COMMUNITY WEALTH/EQUITY	<u>192 600 550</u>	<u>47 830 905</u>	<u>240 431 455</u>	

MALETSWAI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013		2013		2013	R	Explanations for material variances
	R	(Final Budget)	R	(Actual)			
REVENUE BY SOURCE							
Property rates	9,900,000		9,577,682		322,318		
Service charges	62,819,680		49,652,695		13,166,985		
Rental of facilities and equipment	1,929,000		1,832,518		96,482		
Interest earned - external investments	230,000		153,641		76,359		
Interest earned - outstanding debtors	950,000		262,432		687,569		
Fines	320,600		291,868		68,732		
Licences and permits	2,770,000		2,383,595		406,405		
Agency services	3,861,384		4,586,161		(704,777)		Commission on collection of Water and Sewerage (15%) more than anticipated
Government Grants and Subsidies - Operating	29,120,120		30,899,149		(1,779,029)		Budgeted for DORA Grants VAT under other revenue but the actual amount was subsequently included in Grants -Operations, when preparing the AFS as it was included here in the prior year.
Other revenue	3,982,420		3,047,186		935,234		Budgeted for DORA Grants VAT under other revenue but the actual amount was subsequently included in Grants -Operations, when preparing the AFS as it was included here in the prior year.
Gains on disposal of PPE	60,000		29,001		30,999		
Total Operating Revenue	115,943,204		102,635,927		13,307,277		
EXPENDITURE BY TYPE							
Employee related costs	41,342,999		39,847,147		1,495,852		Salary Adjustment due to salary curve not implemented and a few vacancies not filled
Remuneration of councillors	3,055,501		2,789,268		266,243		
Debt Impairment	500,000		2,248,667		(1,748,667)		Underbudget for debt impairment
Depreciation & asset impairment	15,130,715		15,070,163		60,553		
Finance charges	474,438		3,338,339		(2,863,901)		Interest on creditors R511,000 more than budget due to Eskom late payment, R731,000 Post retirement Benefit not budgeted and R303,000 Finance Lease NRG incorrectly budgeted
Bulk purchases	39,011,645		42,107,330		(3,095,685)		Winter account of Eskom much higher than anticipated
Other expenditure	30,379,650		28,122,357		2,257,293		Expenditure reduced due to cash flow problems
Loss on disposal of PPE	-		323,069		(323,069)		
Total Operating Expenditure	129,894,948		133,846,329		(3,951,381)		
Operating Deficit for the year	(13,951,744)		(31,210,402)		17,258,657		
Government Grants and Subsidies - Capital	17,771,179		15,677,662		2,093,517		R2,046,413 less spend/less received on capital project recycling plant
Net Surplus/(Deficit) for the year	3,819,435		(15,532,739)		19,352,174		

MALETSWAI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013			Reasons for material adjustments
	R	R	R	
REVENUE BY SOURCE	(Approved Budget)	(Adjustments)	(Final Budget)	
Property rates	9 900,000	-	9 900,000	
Service charges	66 504,480	(3,684,800)	62 819 680	Service charges (R9 743 950) transferred to water and sanitation and electricity increase with R6 059 190.
Rental of facilities and equipment	1 894,400	34 600	1 929 000	
Interest earned - external investments	270 000	(40,000)	230 000	
Interest earned - outstanding debtors	950,000	-	950,000	
Fines	451,500	(130,900)	320 600	
Licences and permits	2 720,000	50,000	2 770,000	
Agency services	1 550,000	2,311,384	3 861,384	Provision for collection cost water and sanitation
Government Grants and Subsidies - Operating	28 974,720	145,400	29 120,120	
Other revenue	15 587,638	(11 605,418)	3 982,420	Contribution Joe Gqabi Water and sanitation operations removed
Gains on disposal of PPE	60,000	-	60,000	
Total Operating Revenue	128 862,938	(12 919,734)	115 943,204	
EXPENDITURE BY TYPE				
Employee related costs	50 527,280	(9 184,281)	41 342 999	Salaries water and sanitation transferred to Joe Gqabi
Remuneration of councillors	2 794,562	280 939	3 055,501	
Debt impairment	3 000 000	(2 590,000)	500 000	R2,500,000 Water and Sanitation removed
Depreciation & asset impairment	-	15 130,715	15 130,715	
Finance charges	646,300	(171,862)	474,438	
Bulk purchases	39 011,645	-	39 011,645	
Other expenditure	30 521,965	(142,315)	30 379 650	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	126 501,752	3 393,196	129 894,948	
Operating Surplus/(Deficit) for the year	2 361,186	(16,312,930)	(13,951,744)	
Government Grants and Subsidies - Capital	17 031,579	739,600	17 771,179	Provision for FMG and MSIG Capital, provision from roads to sports fields (M/G) more than original budget
Net Surplus/(Deficit) for the year	19 392,765	(15 573,330)	3 819,435	

MALETSWAI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET			Explanations for material variances
	2013 R	2013 R	2013 R	
	(Final Budget)	(Actual)	(Variance)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	98,688,218	79,011,658	19,656,560	Budget not adjusted with the transfer of the water and sanitation function to Joe Gqabi District Municipality
Government	48,008,299	42,583,434	3,422,865	Budget for capital expenditure transferred to revenue FMG, MSIG, and R804,005 expanded public works funds received in 2011/12 utilised in 2012/2013 and Recycling plant total budget provision not utilised
Interest	1,220,000	416,072	803,928	Budget not adjusted with the transferred of the water and sanitation function to Joe Gqabi District Municipality
Suppliers and Employees	(125,849,032)	(103,609,639)	(22,239,393)	Budget not adjusted with the transfer of the water and sanitation function to Joe Gqabi District Municipality
Finance charges	(845,300)	(2,146,202)	1,500,902	Interest on creditors R511,000 more than budget due to ESKOM late payment, R731,000 Post retirement Benefit not budgeted and R303,000 Finance Lease NRG incorrectly budgeted
NET CASH FROM/(USED) OPERATING ACTIVITIES	19,400,185	16,255,323	3,144,862	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	60,000	29,001	30,999	
Decrease/(increase) in non-current investments	-	(37,594)	37,594	
Capital assets	(19,157,379)	(15,071,789)	(4,085,590)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(19,097,379)	(15,080,381)	(4,016,998)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	4,000,000	-	4,000,000	The financing of Plant acquisition by ABSA and was paid directly by ABSA and no cash entry went through council's books
Increase/(decrease) in consumer deposits	(20,000)	101,088	(121,088)	
Repayment of borrowing	(984,225)	(1,318,070)	333,846	Repayment of Borrowing of NRG Lease not budgeted for only items ABSA and DBSA
NET CASH FROM/(USED) FINANCING ACTIVITIES	2,995,775	(1,216,982)	4,212,757	
NET INCREASE/(DECREASE) IN CASH HELD	3,298,581	(42,040)	3,340,622	
Cash and Cash Equivalents at the beginning of the year	-	1,156,033	(1,156,033)	
Cash and Cash Equivalents at the end of the year	3,298,581	1,113,993	2,184,589	

MALETSMVAL LOCAL MUNICIPALITY
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	Reasons for material adjustments
	(Approved Budget)	(Adjustments)	(Final Budget)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	98 668 218	-	98 668 218	
Government	46 006 299	-	46 006 299	
Interest	1 220 000	-	1 220 000	
Payments				
Suppliers and Employees	(125 849 032)	-	(125 849 032)	
Finance charges	(645 300)	-	(645 300)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>19 400 185</u>	<u>-</u>	<u>19 400 185</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	60 000	-	60 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(19 157 379)	-	(19 157 379)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(19 097 379)</u>	<u>-</u>	<u>(19 097 379)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	4 000 000	-	4 000 000	
Increase/(decrease) in consumer deposits	(20 000)	-	(20 000)	
Payments				
Repayment of borrowing	(984 225)	-	(984 225)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>2 995 775</u>	<u>-</u>	<u>2 995 775</u>	
NET INCREASE/(DECREASE) IN CASH HELD	<u>3 298 581</u>	<u>-</u>	<u>3 298 581</u>	
Cash and Cash Equivalents at the beginning of the year	-	-	-	
Cash and Cash Equivalents at the end of the year	<u>3 298 581</u>	<u>-</u>	<u>3 298 581</u>	

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
3 LONG-TERM LIABILITIES		
3.1 Annuity Loans		
Annuity Loans - At amortised cost	4,146,352	4,337,306
Less: Current Portion transferred to Current Liabilities	(200,649)	(191,039)
	<u>3,945,703</u>	<u>4,146,267</u>
Plus: Unamortised charges on loans	(1,513,932)	(1,645,970)
Balance 1 July	(1,645,970)	(1,807,727)
Unwinding of unamortised discount on non-current liabilities	132,038	161,757
	<u><u>2,431,772</u></u>	<u><u>2,500,297</u></u>

There is one annuity loan outstanding. The loans carries interest at 5% per annum and will be fully redeemed on 30 September 2027. The loan is secured by an investment and call investment deposit disclosed in notes 16 and 22

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	405,559	405,559
Payable within two to five years	1,622,236	1,622,236
Payable after five years	3,850,740	4,256,015
	<u>5,878,536</u>	<u>6,283,810</u>
Less: Future finance obligations	(1,732,184)	(1,946,505)
Present value of annuity obligations	<u><u>4,146,352</u></u>	<u><u>4,337,306</u></u>

3.2 Hire Purchases

Hire Purchase	3,642,113	1,614,811
Less: Current Portion transferred to Current Liabilities	(897,410)	(416,325)
	<u><u>2,744,702</u></u>	<u><u>1,198,486</u></u>

The obligations under hire purchase agreements are scheduled below:

	Minimum hire purchase payments	
Amounts payable under hire purchase agreements:		
Payable within one year	1,205,095	559,112
Payable within two to five years	3,189,724	1,366,965
	<u>4,394,819</u>	<u>1,926,077</u>
Less: Future finance obligations	(752,706)	(311,265)
Present value of hire purchase obligations	<u><u>3,642,113</u></u>	<u><u>1,614,811</u></u>

The outstanding hire purchases liability is made up of the following agreements

Institution	Interest Rate	Redemption date	Carrying value of related asset		Outstanding Balance	
			2013 R	2012 R	2013 R	2012 R
ABSA (Telephone system)	9.50%	15/05/2011	202,012	358,893	205,840	335,320
ABSA (TATA Truck)	9.50%	05/08/2016	315,431	358,850	311,061	393,907
ABSA (Isuzu KB2001 LWB)	9.50%	15/02/2016	93,925	108,240	86,900	114,207
ABSA (2011 Rear Tipping Trailer)	9.50%	15/02/2016	54,812	59,897	45,527	59,834
ABSA (2010 Vibrating Roller)	9.50%	15/02/2016	84,745	99,564	81,495	107,104
ABSA (Isuzu KB2001 Fleetside)	9.50%	15/02/2016	115,399	134,733	110,715	145,507
ABSA (Sonalinka Tractor)	9.50%	15/02/2016	164,140	172,397	124,615	163,774
ABSA (Mazda CX 7)	9.50%	01/05/2016	268,807	289,275	229,906	295,158
ABSA (TATA Water Truck)	9.50%	15/12/2017	664,961	-	735,152	-
ABSA (Nissan UD 330)	9.50%	01/03/2018	1,360,197	-	1,551,002	-
ABSA (Isuzu KB 200l)	9.50%	01/03/2018	141,076	-	159,900	-
			<u><u>3,465,527</u></u>	<u><u>1,581,849</u></u>	<u><u>3,642,113</u></u>	<u><u>1,614,811</u></u>

Hire Purchases are secured by property, plant and equipment - Note 12.1

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The carrying value of assets linked to hire purchase liabilities were restated due to corrections made to the depreciation of property plant and equipment (including these assets). Refer to note 39.01

	2013 R	2012 R
3.3 Capitalised Lease Liability		
Capitalised Lease Liability - At amortised cost	1,557,156	2,140,375
<u>Less:</u> Current Portion transferred to Current Liabilities	(435,856)	(583,220)
	<u>1,121,300</u>	<u>1,557,156</u>

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	663,158	886,558
Payable within two to five years	1,326,316	1,989,474
	1,989,474	2,876,032
<u>Less:</u> Future finance obligations	(432,318)	(735,656)
Present value of lease obligations	<u>1,557,156</u>	<u>2,140,375</u>

The outstanding finance lease liability is made up of the following agreements (Copiers)

Institution	Interest Rate	Redemption date	Carrying value of related asset		Outstanding Balance	
			2013 R	2012 R	2013 R	2012 R
ITEC Rental	21.20%	01/11/2012	-	138,569	-	213,873
NRG Rental	16.67%	30/06/2016	1,343,694	1,791,592	1,557,156	1,926,503
			<u>1,343,694</u>	<u>1,930,161</u>	<u>1,557,156</u>	<u>2,140,375</u>

Leases are secured by property, plant and equipment - Note 12.1

The carrying value of leased assets were restated due to corrections made to the depreciation of property plant and equipment. Refer to note 39.01

4

EMPLOYEE BENEFITS

Post Retirement Medical Benefits - Refer to Note 4.1	9,857,251	10,138,658
Long Service Awards - Refer to Note 4.2	1,278,012	1,423,595
Total Non-current Employee Benefit Liabilities	<u>11,135,263</u>	<u>11,562,253</u>

Post Retirement Medical Benefits

Balance 1 July	10,463,606	8,978,495
Contribution for the year	1,298,724	1,187,204
Transfer of function - Water and Sanitation	(1,056,218)	-
Expenditure for the year	(377,523)	(317,195)
Actuarial (Gain)/Loss	(139,910)	615,102
Total post retirement benefits 30 June	<u>10,188,679</u>	<u>10,463,606</u>

Less: Transfer of Current Portion - Note 7

Balance 30 June	<u>9,857,251</u>	<u>10,138,658</u>
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Long Service Awards

Balance 1 July	1,587,460	1,469,844
Contribution for the year	412,857	431,284
Transfer of function - Water and Sanitation	(269,917)	-
Expenditure for the year	(61,734)	(169,203)
Actuarial Gain	(142,167)	(144,465)
Total long service 30 June	<u>1,526,499</u>	<u>1,587,460</u>

Less: Transfer of Current Portion - Note 7

Balance 30 June	<u>1,278,012</u>	<u>1,423,595</u>
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MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R	
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>			
Balance 1 July	12,051,066	10,448,339	
Contribution for the year	1,711,581	1,618,488	
Transfer of function - Water and Sanitation	(1,326,135)	-	
Expenditure for the year	(439,257)	(486,398)	
Actuarial Loss	(282,077)	470,637	
Total employee benefits 30 June	11,715,178	12,051,066	
<u>Less:</u> Transfer of Current Portion - Note 7	(579,915)	(488,813)	
Balance 30 June	11,135,263	11,562,253	
<u>Attributable to:</u>			
Continued Operations	11,135,263	10,255,618	
Discontinued Operations	-	1,306,635	
	11,135,263	11,562,253	
Refer to note 23 for further disclosures regarding discontinued operations.			
4.1 Post Retirement Benefits	2013	2012	
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members	71	69	
In-service (employee) non-members	135	188	
Continuation members (e.g. Retirees, widows, orphans)	13	14	
Total Members	219	271	
The liability in respect of past service has been estimated to be as follows:			
In-service employees and Continuation members	5,922,486	5,901,575	
	4,266,193	4,562,031	
Total Liability	10,188,679	10,463,606	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2011 R	2010 R	2009 R
Total Liability	8,978,495	4,900,328	4,514,041
Experience adjustments were calculated as follows:			
	2013 Rm	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	(1.108)	0.018	2.109
Assets: Gain / (loss)	-	-	-
The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25			
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:			
Bonitas; LA Health Hosmed Samwumed			
The following are estimates for the 2013/2014 financial year:			2014 R
Future Service Cost			504,093
Interest Cost			888,166

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Key actuarial assumptions used:	2013 %	2012 %
i) Rate of interest		
Discount rate	8.86%	7.91%
Health Care Cost Inflation Rate	7.79%	6.96%
Net Effective Discount Rate	0.99%	0.89%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	10,188,679	10,463,606
Net liability	10,188,679	10,463,606

The liability is not supported by any plan assets.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	10,463,606	8,978,495
Transfer of function - Water and Sanitation	(1,056,218)	-
Total expenses	921,201	870,009
Current service cost	483,862	422,508
Interest Cost	814,862	764,696
Benefits Paid	(377,523)	(317,195)
Actuarial losses	(139,910)	815,102
Present value of fund obligation at the end of the year	10,188,679	10,463,606
Less: Transfer of Current Portion - Note 7	(331,428)	(324,948)
Balance 30 June	9,857,251	10,138,658

Sensitivity Analysis on the Accrued Liability

Central Assumptions

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		5,922	4,266		
Health care inflation	1%	7,250	4,681	11,930	17%
Health care inflation	-1%	4,877	3,903	8,780	-14%
Post-retirement mortality	-1 year	6,135	4,448	10,583	4%
Average retirement age	-1 year	6,462	4,266	10,728	5%
Withdrawal Rate	-50%	6,470	4,266	10,736	5%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		483,900	814,900	1,298,800	
Health care inflation	1%	603,600	954,700	1,558,300	20%
Health care inflation	-1%	392,000	701,700	1,093,700	-16%
Post-retirement mortality	-1 year	501,000	846,800	1,347,800	4%
Average retirement age	-1 year	519,400	856,600	1,376,000	6%
Withdrawal Rate	-50%	564,100	856,200	1,420,300	9%

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4.2	Long Service Bonuses	2013	2012
	The Long Service Bonus plans are defined benefit plans.		
	The number of officials eligible for Long Service Bonuses	207	252
	The following are estimates for the 2013/2014 financial year:		2014
			R
	Future Service Cost		243,309
	Interest Cost		97,716
	Key actuarial assumptions used:	2013	2012
		%	%
	i) Rate of interest		
	Discount rate	6.96%	6.04%
	General Salary Inflation (long-term)	6.69%	5.97%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.25%	0.07%
	The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"		
		2013	2012
		R	R
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	1,526,499	1,587,460
	Net liability	1,526,499	1,587,460
	The liability is not supported by any plan assets.		
		2011	2010
		R	R
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		2009
			R
	Total Liability	1,469,844	1,385,423
			1,147,073
	Experience adjustments were calculated as follows:	2013	2012
		R	R
	Liabilities: (Gain) / loss	(288,316)	(50,428)
	Assets: Gain / (loss)	-	-
	The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25		
		2013	2012
		R	R
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	1,587,460	1,469,844
	Transfer of function - Water and Sanitation	(269,917)	-
	Total expenses	351,123	262,081
	Current service cost	321,825	335,298
	Interest Cost	91,032	95,986
	Benefits Paid	(61,734)	(169,203)
	Actuarial gains	(142,167)	(144,465)
	Present value of fund obligation at the end of the year	1,526,499	1,587,460
	Less: Transfer of Current Portion - Note 7	(248,487)	(183,865)
	Balance 30 June	1,278,012	1,423,595

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1,526	
General salary inflation	1%	1,609	5%
General salary inflation	-1%	1,451	-5%
Average retirement age	-2 yrs	1,483	-3%
Average retirement age	2 yrs	1,601	5%
Withdrawal rates	-50%	1,839	21%

Assumption	Change	Current-service		Total (R)	% change
		Cost (R)	Interest Cost (R)		
Central Assumption		321,800	91,000	412,800	
General Salary Inflation	1%	339,200	96,000	435,200	5%
General Salary Inflation	-1%	308,100	86,500	392,600	-5%
Average retirement age	-2 years	313,300	88,100	401,400	-3%
Average retirement age	+2 years	331,900	96,200	428,100	4%
Withdrawal Rate	-50%	396,800	109,000	505,800	23%

4.3 Retirement funds

DEFINED CONTRIBUTION FUNDS

Council contribute to the SALA Pension Fund, Cape Joint Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund	2,170,115	2,079,674
Cape Joint Retirement Fund	785,768	594,274
SAMWU National Provident Fund	1,557,683	1,601,162
Less: Amounts recovered from Joe Gqabi District Municipality	(463,053)	-
	<u>4,050,512</u>	<u>4,275,110</u>

5

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	3,468,289	3,084,091
Total Non-current Provisions	<u>3,468,289</u>	<u>3,084,091</u>

The municipality has 2 Landfill sites. The sites are situated in Jamestown and Aliwal North.

Landfill Sites

Balance 1 July	3,084,091	2,714,354
Additions	229,993	226,211
Unwinding of discounted interest	154,205	143,526
Total provision 30 June	<u>3,468,289</u>	<u>3,084,091</u>
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	<u>3,468,289</u>	<u>3,084,091</u>

It is estimated that no site will be decommissioned within 1 year from reporting date and thus there are no short term portion associated with this provision. The timing of the outflow of resources relating this provision is uncertain, but management expects the timing to be in line with the closure dates of the various sites.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. These costs are based on 100% utilisation of the site and the assumptions used are as follows (30 June 2012):

	Aliwal North	Jamestown	Total
Shaping and finishing (R3/m ²)	33,300	30,000	63,300
Fence (R350/m)	220,500	203,000	423,500
Storm water Diversion Measures (R60/m)	19,200	16,800	36,000
Final Landfill Cover (R150/m ²)	1,665,000	1,500,000	3,165,000
Preliminary and general (Rand)	51,000	51,000	102,000
Professional Fees and contingencies (Rand)	455,800	434,780	890,580
	<u>2,444,800</u>	<u>2,235,580</u>	<u>4,680,380</u>

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. The following rate was used - 4.53% (2012 - 5%)

The municipality has an obligation to rehabilitate landfill-sites at the end of the expected useful life of the asset. The provision at year end was recognised based on the % of the sites utilised. Total estimated costs to rehabilitate the existing sites are as follows:

The portion of each landfill site utilised, represents managements best estimate on 30 June of each respective financial reporting period.

<u>Location</u>	<u>Estimated decommission date</u>	<u>% utilised</u>		<u>Cost of rehabilitation</u>	
		2013	2012	2013 R	2012 R
Aliwai North	2023	90%	85%	2,299,907	2,078,080
Jamestown	2029	50%	45%	1,168,381	1,006,011
				<u>3,468,289</u>	<u>3,084,091</u>

6 CONSUMER DEPOSITS

Consumer Deposits	1,846,515	1,745,426
Total Consumer Deposits	<u>1,846,515</u>	<u>1,745,426</u>
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	331,428	324,948
Current Portion of Long-Service Bonuses - Note 4	248,487	163,865
Staff Leave	5,056,248	4,322,074
Total Current Employee Benefits	<u>5,636,163</u>	<u>4,810,887</u>
<u>Attributable to:</u>		
Continued Operations	5,636,163	4,169,297
Discontinued Operations	-	641,590
	<u>5,636,163</u>	<u>4,810,887</u>

Refer to note 23 for further disclosures regarding discontinued operations.

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	4,322,074	4,718,457
Contribution to current portion	1,596,047	809,495
Transfer of function - Water and Sanitation	(622,090)	-
Expenditure incurred	(239,783)	(1,205,878)
Balance at end of year	<u>5,066,248</u>	<u>4,322,074</u>

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

8 PROVISIONS

Compensation for injuries on duty contribution	583,237	289,703
	<u>583,237</u>	<u>289,703</u>

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The movement in current provisions are reconciled as follows:		
<u>Compensation for injuries on duty contribution</u>		
Balance at beginning of year	289,703	285,664
Contribution to current portion	293,534	305,850
Penalties incurred	-	29,992
Expenditure incurred	-	(331,802)
Balance at end of year	583,237	289,703

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. The balance represents the best estimate of the outflow of resources. The timing and amount of the outflow is dependant on when an assessment is received from the relevant authorities.

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	19,397,619	18,501,445
Balance Previously Reported		8,559,999
Correction of error - Refer to note 39.03		9,941,446
Retentions	2,665,498	2,092,864
Balance Previously Reported		-
Correction of error - Refer to note 39.03		2,092,864
Interest Accrued	75,683	64,374
Pre-paid electricity	847,525	894,722
Payments received in advance	552,240	1,083,234
Joe Gqabi District Municipality (Water and Sanitation)	4,634,390	-
Other Creditors	2,920,561	2,324,763
Balance Previously Reported		570,117
Correction of error - Refer to note 39.03		1,754,646
Sundry deposits	1,843,547	338,241
Balance Previously Reported		342,687
Correction of error - Refer to note 39.03		(4,446)
Total Trade Payables	32,937,063	25,299,642

Payables are being recognised net of any discounts.

The credit period granted on payables is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, housing and unidentified deposits.

10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	3,469,025	6,832,555
National Government Grants	61,749	1,748,383
Provincial Government Grants	3,407,276	5,079,405
District Municipality	-	4,767
Less: Unpaid Grants	944,927	315,080
National Government Grants	179,064	63,640
Provincial Government Grants	765,863	251,439
Total Conditional Grants and Receipts	2,524,098	6,517,475
Balance Previously reported		6,021,689
Correction of error - Refer to note 39.06		495,786
		6,517,475

Refer to appendix D and note 25 for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Not all unspent grants are cash-backed at year end - Refer to note 46.1

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
11	TAXES		
11.1	VAT Payable		
	VAT Payable (In suspense)	775,116	514,500
		<u>775,116</u>	<u>514,500</u>
11.2	VAT Receivable		
	VAT Receivable (In suspense)	1,283,320	261,307
	VAT Receivable from SARS	251,701	59,747
		<u>1,535,021</u>	<u>321,055</u>
	Net VAT Payable/(Receivable)	<u>(759,905)</u>	<u>193,446</u>
	Balance previously reported		186,435
	Correction of error - Refer to note 39.04		7,010
			<u>193,446</u>
	<u>Attributable to:</u>		
	Continued Operations	(759,905)	(134,885)
	Discontinued Operations	-	328,331
		<u>(759,905)</u>	<u>193,446</u>

Refer to note 23 for further disclosures regarding discontinued operations.
VAT is payable and receivable on the cash basis.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

12 PROPERTY, PLANT AND EQUIPMENT

12.1 PROPERTY, PLANT AND EQUIPMENT (EXCLUDING CAPITALISED RESTORATION COSTS)

30 JUNE 2013

	Reconciliation of Carrying Value		Cost		Closing Balance R	Opening Balance R	Accumulated Depreciation		Closing Balance R	Carrying Value R
	Opening Balance R	Additions R	Disposals R	Disposals R			Additions R	Disposals R		
Land and Buildings	33,095,296	-	-	-	33,095,296	569,247	157,331	-	726,578	32,368,718
Land	17,362,202	-	-	-	17,362,202	-	-	-	-	17,362,202
Buildings	15,733,093	-	-	-	15,733,093	569,247	157,331	-	726,578	15,006,515
Infrastructure	200,324,034	13,194,641	(470,417)	(470,417)	213,048,259	42,125,779	11,708,632	(331,758)	53,502,653	159,545,606
Roads and Stormwater	135,337,065	11,370,407	(470,417)	(470,417)	146,237,056	34,421,566	9,164,717	(331,758)	43,254,525	102,982,531
Electricity	64,710,217	-	-	-	64,710,217	7,684,069	2,538,357	-	10,222,426	54,487,791
Other	276,752	1,824,234	-	-	2,100,986	20,144	5,558	-	25,702	2,075,284
Community Assets	6,050,862	1,791,221	-	-	7,842,083	115,740	175,191	-	290,931	7,551,152
Recreation Grounds and Facilities	3,674,536	1,791,221	-	-	5,465,757	10,413	80,138	-	90,550	5,375,206
Cemetery	2,376,326	-	-	-	2,376,326	105,328	95,053	-	200,381	2,175,946
Lease Assets	4,306,062	-	(2,056,000)	(2,056,000)	2,250,062	2,371,232	587,524	(2,056,000)	902,756	1,347,306
Office Equipment	4,306,062	-	(2,056,000)	(2,056,000)	2,250,062	2,371,232	587,524	(2,056,000)	902,756	1,347,306
Other Assets	14,654,796	2,634,190	(402,889)	(402,889)	16,886,096	5,525,567	1,903,268	(218,479)	7,210,357	9,675,740
Office Equipment and tools	5,502,640	378,323	(322,583)	(322,583)	5,558,380	2,369,484	923,530	(212,029)	3,080,995	2,477,385
Motor vehicles and implements	9,152,156	2,255,867	(80,306)	(80,306)	11,327,716	3,156,073	979,738	(6,450)	4,129,362	7,198,354
	238,431,049	17,620,052	(2,929,306)	(2,929,306)	273,121,796	50,707,555	14,531,946	(2,506,237)	62,633,274	210,488,522

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 JUNE 2012

Reconciliation of Carrying Value	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
Land and Buildings	32,515,317	579,979	-	33,095,296	415,348	153,899	-	569,247	32,526,049
Land	17,362,202	-	-	17,362,202	-	-	-	-	17,362,202
Buildings	15,153,114	579,979	-	15,733,093	415,348	153,899	-	569,247	15,163,847
Infrastructure	191,480,323	8,843,711	-	200,324,034	30,669,917	11,436,862	-	42,125,779	158,198,255
Roads and Stormwater	127,851,158	7,485,907	-	135,337,065	25,467,528	8,954,039	-	34,421,566	100,915,499
Electricity	63,518,007	1,192,211	-	64,710,217	5,207,818	2,476,250	-	7,684,069	57,026,149
Other	111,158	165,593	-	276,752	14,571	5,573	-	20,144	256,608
Community Assets	2,598,326	3,482,536	-	6,050,862	11,523	104,218	-	115,740	5,935,122
Recreation Grounds	222,000	3,452,536	-	3,674,536	1,508	8,904	-	10,413	3,664,123
Cemetery	2,376,326	-	-	2,376,326	10,014	95,313	-	105,328	2,270,999
Lease Assets	2,077,099	2,239,490	(10,528)	4,306,062	1,518,939	861,285	(8,992)	2,371,232	1,934,830
Office Equipment	2,077,099	2,239,490	(10,528)	4,306,062	1,518,939	861,285	(8,992)	2,371,232	1,934,830
Other Assets	13,757,924	990,872	(94,001)	14,654,796	3,839,313	1,740,142	(53,888)	5,525,567	9,129,229
Office Equipment and tools	4,698,969	900,672	(94,001)	5,502,640	1,572,735	850,647	(53,888)	2,368,494	3,133,146
Motor vehicles and implements	9,061,956	90,200	-	9,152,156	2,266,578	889,495	-	3,156,073	5,996,083
	242,428,990	16,106,587	(104,528)	258,431,049	36,475,039	14,295,406	(62,880)	50,707,565	207,723,484
Balance previously reported	289,188,466	16,106,587	(90,120)	285,202,933	37,143,318	14,521,920	(55,302)	51,809,936	233,592,997
Prior Period Adjustment - Refer to note 39.01	(26,757,476)	-	(14,408)	(26,771,884)	(668,279)	(226,514)	(7,578)	(902,371)	(25,869,513)
	242,428,990	16,106,587	(104,528)	258,431,049	36,475,039	14,295,406	(62,880)	50,707,565	207,723,484

GRAP 17 - Property, Plant and Equipment

Included in PPE balances at each reporting period are the following Work in Progress balances. No depreciation is charged on these balances before the project is completed.

	2013	2012
	R	R
Infrastructure - Roads and Stormwater	10,729,065	5,832,168
Infrastructure - Other	1,989,827	165,593
Recreation Grounds and Facilities	-	3,452,536
	12,718,892	9,450,297

No property, plant and equipment is used as security for long term liabilities, except assets acquired in terms of a finance lease- or hire purchase agreement as disclosed in note 2 to the financial statements
A fixed asset register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
12.2 PROPERTY PLANT AND EQUIPMENT - CAPITALISED RESTORATION COSTS		
Net Carrying amount at 1 July	-	-
Acquisitions	229,993	226,211
Impairments	(229,993)	(226,211)
Net Carrying amount at 30 June	-	-
Cost	2,003,612	1,773,619
Accumulated Impairments	(2,003,612)	(1,773,619)
Landfill-sites financed by way of a provision recognised previously not recognised - Refer to note 5		-

13 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	44,301,144	42,263,406
Cost	45,096,674	42,859,509
Balance Previously reported		38,544,603
Correction of error - Refer to note 39.02		4,314,905
Accumulated Depreciation	(795,530)	(596,102)
Balance Previously reported		(402,464)
Correction of error - Refer to note 39.02		(193,638)
Acquisitions	-	2,237,165
Depreciation for the year	(198,882)	(199,427)
Balance Previously reported		(134,645)
Correction of error - Refer to note 39.02		(64,782)
Net Carrying amount at 30 June	44,102,262	44,301,144
Cost	45,096,674	45,096,674
Accumulated Depreciation	(994,412)	(795,530)
Included in Investment property balance at year end, are the following work in progress balances:		
Upgrading of Aliwal SPA	4,302,769	4,302,769

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

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14 INTANGIBLE ASSETS		
Net Carrying amount at 1 July	437,527	681,888
Cost	1,407,658	1,372,456
Accumulated Amortisation	(970,131)	(690,568)
Acquisitions	22,935	35,202
Amortisation	(109,341)	(279,562)
Net Carrying amount at 30 June	351,120	437,527
Cost	1,430,592	1,407,658
Accumulated Amortisation	(1,079,472)	(970,131)

The decrease in amortisation in the current year is due to extension of the useful life of the SEBATA financial system from 5 to 10 years. This change in useful life will have the following impact on the current year and the 2 ensuing years.

	2013 R	2014 R	2015 R
Increase/(Decrease) in amortisation	(181,422)	36,284	36,284

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
15 HERITAGE ASSETS		
Net Carrying amount at 30 June	-	-
Cost	-	-
Accumulated Impairment	-	-

Heritage assets are currently measured at R 0. The municipality opted to make use of the Transitional Provision disclosed in note 57

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

16 NON-CURRENT INVESTMENTS		
Fixed Deposits	702,902	665,309
Total Non-Current Investments	702,902	665,309

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 5.40 % to 5.64 % per annum. (2012 - 5.39% to 6.02%)

Fixed deposits consist out of the following accounts

ABSA Fixed Deposit - Account number 20-6626-7402	674,681	638,535
ABSA Fixed Deposit - Account number 20-4791-9733	28,221	26,774
	702,902	665,309

Included in Non-Current investments are balances ring-fenced for the following specific purposes:

Security for DBSA loan - Refer note 3	674,681	638,535
	674,681	638,535

	Quantity (Units)	Fair Value R	2013 R	2012 R
17 BIOLOGICAL ASSETS				
Springbuck	245	400	98,000	102,600
Blesbuck	99	700	69,300	67,500
Black Wildebeest	40	1,600	64,000	63,000
Gems buck	30	3,200	96,000	87,000
Red Hartebeest	40	2,400	96,000	72,000
Eland	25	4,400	110,000	93,600
Zebra	24	5,000	120,000	96,000
Ostrich	43	500	21,500	12,000
Buffalo	16	39,063	625,000	775,000
			1,299,800	1,368,700
Balance previously reported				2,138,700
Correction of error - Refer to note 39.05				(770,000)
				1,368,700

Fair value of biological assets is based on selling prices less costs to sell in an open active market.

Reconciliation of fair value:

Opening Fair Value	1,368,700	1,243,900
Decrease in fair value due to disposals	(57,400)	(54,350)
Fair value adjustments - Physical changes and death	278,514	51,250
Fair value adjustments - Price adjustments	(290,014)	127,900
Closing Fair Value	1,299,800	1,368,700

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

There are no commitments for the development or acquisition of biological assets.

All biological assets are classified as consumable and are held for sale.

All biological assets are located in the nature reserve and spa. The primary activities revolving around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase of game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

		2013 R	2012 R
18	INVENTORY		
	Consumable Stores - Tar Premix	-	3,994
	Consumable Stores - Electrical Stock	930,695	460,605
	Water	-	6,106
		930,695	470,705
	<u>Attributable to:</u>		
	Continued Operations	930,695	464,599
	Discontinued Operations	-	6,106
		930,695	470,705
	Inventory recognised as an expense during the year	454,246	824,681
	Refer to note 23 for further disclosures regarding discontinued operations.		
19	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	<i>Service Receivables</i>		
	Water	-	6,635,840
	Electricity	6,470,303	6,846,847
	Balance previously reported		6,847,412
	Correction of error - Refer to note 39.08		(565)
	Refuse	1,680,120	1,911,256
	Sewerage	-	2,533,195
	Other Arrears	718,993	949,372
	Balance previously reported		981,350
	Correction of error - Refer to note 39.08		(31,978)
	Total Service Receivables	8,869,416	18,876,511
	Less: Allowance for Doubtful Debts	(2,333,534)	(6,763,658)
	Net Service Receivables	6,535,883	12,112,853
	<i>Other Receivables</i>		
	Joe Gqabi District Municipality (Water and Sanitation)	-	8,026,962
	Net Other Receivables	-	8,026,962
	Total Receivables from exchange transactions	6,535,883	20,139,815
	<u>Attributable to:</u>		
	Continued Operations	6,535,883	14,369,098
	Discontinued Operations	-	5,770,717
		6,535,883	20,139,815
	Refer to note 23 for further disclosures regarding discontinued operations.		

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Ageing of Receivables from Exchange Transactions		
<i>(Water): Ageing</i>		
Current (0 - 30 days)	-	3,572,108
31 - 60 Days	-	616,449
61 - 90 Days	-	357,923
+ 90 Days	-	2,089,361
Total	-	6,635,840
<i>(Electricity): Ageing</i>		
Current (0 - 30 days)	5,491,606	5,492,645
31 - 60 Days	274,632	543,979
61 - 90 Days	216,406	110,510
+ 90 Days	487,659	699,713
Total	6,470,303	6,846,847
<i>(Refuse): Ageing</i>		
Current (0 - 30 days)	257,907	231,230
31 - 60 Days	76,766	95,149
61 - 90 Days	46,692	73,340
+ 90 Days	1,298,755	1,511,537
Total	1,680,120	1,911,256
<i>(Sewerage): Ageing</i>		
Current (0 - 30 days)	-	254,364
31 - 60 Days	-	136,046
61 - 90 Days	-	106,595
+ 90 Days	-	2,036,189
Total	-	2,533,195
<i>(Other arrears): Ageing</i>		
Current (0 - 30 days)	172,056	131,331
31 - 60 Days	60,667	99,337
61 - 90 Days	24,685	48,340
+ 90 Days	461,585	670,364
Total	718,993	949,372
<i>(Total): Ageing</i>		
Current (0 - 30 days)	5,921,570	9,681,678
31 - 60 Days	412,064	1,490,960
61 - 90 Days	287,783	696,709
+ 90 Days	2,247,999	7,007,165
Total	8,869,416	18,876,511
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	6,763,658	5,544,012
Contribution to provision	1,171,236	4,678,524
Transfer of function - Water and Sanitation	(3,398,318)	-
Bad Debts Written Off	(2,203,042)	(3,458,878)
Balance at end of year	2,333,534	6,763,658
The Provision for Impairment could be allocated between the different classes of receivables as follows:		
Electricity	655,634	1,517,393
Water	-	1,547,463
Refuse	1,232,705	1,294,176
Sewerage	-	1,850,855
Other	445,194	553,772
Total	2,333,534	6,763,658

Refer to note 49 d) for disclosures regarding the credit risks associated with receivables.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

The fair value of trade and other receivables approximates their carrying amounts.

20

	2013 R	2012 R
RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
<i>Service Receivables</i>		
Rates	1,998,931	2,247,469
Balance previously reported		1,534,636
Correction of error - Refer to note 39.09		712,833
<i>Other Receivables</i>	1,176,207	1,058,762
Accrued Interest	24,748	25,204
Staff	257,007	32,514
Deposits	109,275	107,446
Government	217,031	540,082
Other Debtors	568,146	353,515
Balance Previously Reported		378,954
Correction of error - Refer to note 39.09		(25,439)
Total Service Receivables	3,175,138	3,306,231
Less: Allowance for Doubtful Debts	(1,104,895)	(1,693,755)
Total Net Receivables from Non-Exchange Transactions	2,070,243	1,612,476
Ageing of Receivables from Non-Exchange Transactions		
<i>(Rates): Ageing</i>		
Current (0 - 30 days)	648,089	554,225
31 - 60 Days	173,093	135,290
61 - 90 Days	46,442	94,838
+ 90 Days	1,131,307	1,463,116
Total	1,998,931	2,247,469
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	1,693,755	2,042,664
Contribution to provision	897,732	847,493
Bad Debts Written Off	(1,486,592)	(1,196,402)
Balance at end of year	1,104,895	1,693,755
The Provision for Impairment could be allocated between the different classes of receivables as follows:		
Rates	1,104,895	1,245,924
Other	-	447,831
	1,104,895	1,693,755

Refer to note 49 d) for disclosures regarding the credit risks associated with receivables.

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of trade and other receivables approximates their carrying amounts.

21

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

Balance on 1 July	-	32,049
Movement during the year	-	(32,049)
Balance on 30 June	-	-

From the 2012 financial year, the lease escalation is effective annually on 01 July in accordance with the rental charge determined by council in the annual budget. Thus no leased asset is calculated on 30 June 2012 and 30 June 2013. The lease agreement for rented flats has a clause indicating that rent will be increased annually on 01 July.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	199,540	173,887
1 to 5 Years	152,730	158,248
More than 5 Years	9,180	24,443
Total Operating Lease Arrangements	361,450	356,578

22

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	571,659	106,812
Primary Bank Account	536,782	1,043,669
Balance previously reported		89,556
Correction of error - Refer to note 39.07		954,113
Cash Floats	5,552	5,552
Total Cash and Cash Equivalents - Assets	1,113,993	1,156,033

Liabilities

Primary Bank Account	-	-
Balance previously reported		12,755,663
Correction of error - Refer to note 39.07		(12,755,663)
Total Cash and Cash Equivalents - Liabilities	-	-

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R 494 937 (2012 - R 57 782) is held to ensure sufficient cash resources are available when capital and interest payments on the DBSA loan becomes payable. Refer note 3

No overdraft facility exist.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank - Aliwal North Branch - Account Number 1750 14 6194 (Primary Account)

Cash book balance at beginning of year	954,113	(728,767)
Cash book balance at end of year	446,323	954,113
Bank statement balance at beginning of year	1,289,690	2,176,571
Bank statement balance at end of year	537,082	1,289,690

ABSA Bank - Aliwal North Branch - Account Number 4053 40 8352

Cash book balance at beginning of year	12,110	12,887
Cash book balance at end of year	11,220	12,110
Bank statement balance at beginning of year	12,110	12,887
Bank statement balance at end of year	11,220	12,110

ABSA Bank - Aliwal North Branch - Account Number 1750 14 1125

Cash book balance at beginning of year	74,140	71,904
Cash book balance at end of year	76,745	74,140
Bank statement balance at beginning of year	74,140	71,904
Bank statement balance at end of year	76,745	74,140

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
ABSA Bank - Aliwal North Branch - Account Number 4059 12 9037		
Cash book balance at beginning of year	3,306	4,057
Cash book balance at end of year	2,494	3,306
Bank statement balance at beginning of year	3,306	4,057
Bank statement balance at end of year	2,494	3,306
<u>Call Investment Deposits</u>		
Call investment deposits consist out of the following accounts:		
<u>Institution</u>	<u>Account Nr</u>	<u>Type</u>
ABSA	92-7883-5880	32 Days Notice
ABSA	92-7435-2868	Call Account
	76,722	-
	494,937	106,812
	571,659	106,812
23	DISCONTINUED OPERATIONS	
The municipality acted as Water Service Provider (WSP) for the provision of water and sanitation services on behalf of the Water Service Authority, Joe Gqabi District Municipality. The Water Service Authority resolved to resume full accountability for these functions as from 1 July 2012.		
The following assets and liabilities were transferred on 1 July 2012.		
23.1	ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS	
	Receivable from non-exchange transactions (Water and sanitation)	5,770,717
	Inventory (Water)	6,106
		5,776,823
23.2	LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS	
	Employee Benefits	1,306,635
	Current Employee Benefits	541,590
	Taxes	328,331
		2,276,556
24	PROPERTY RATES	
<u>Actual</u>		
Rateable Land and Buildings		
	Residential, Commercial Property, State	13,510,880
		10,413,294
	Less: Rebates	(3,933,198)
	Total Assessment Rates	8,466,194
<u>Valuations</u>		
Rateable Land and Buildings		
	Aliwal Residential	1,159,962,700
	Sectional Title	1,160,432,600
	Jamestown	28,277,000
	Dukathole	28,277,000
	Aliwal Agricultural	39,162,900
	Dordrecht Agricultural	37,266,400
		250,095,000
		249,468,000
		528,987,370
		527,371,370
		373,701,000
		373,697,500
	Total Assessment Rates	2,380,185,970
		2,376,512,870

Valuations on land and buildings are performed every four years. However, the municipality was granted permission to extend the general valuation date from being conducted in 2012/13, to it being conducted in 2013/14. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R15 000 on the valuation is exempted. On registered indigent households rebate was approved up to a value of R65 000 per household. Further rebates were approved for agricultural properties that were phased in according to the Property Rates Act.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Rebates on Income - Basic Rate:		
Residential Properties	0.7711c/R	0.7010c/R
Commercial/Business an Industrial Properties	0.9251c/R	0.8410c/R
Public Service Infrastructure properties	0.2310c/R	0.2100c/R
Public Benefit Organisation Properties	0.0000c/R	0.0000c/R
Agricultural Properties used for agricultural purposes	0.1925c/R	0.1750c/R
Agricultural Properties used for Commercial/Industrial purposes	0.3861c/R	0.3510c/R
Agricultural Properties used for Hunting/Trading of Game	0.3861c/R	0.3510c/R
State Owned properties	0.7711c/R	0.7010c/R
Municipal Properties	0.0000c/R	0.0000c/R
Mining Properties	1.5422c/R	1.4020c/R
Vacant Properties	1.5422c/R	1.4020c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2013 R	2012 R
25 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	22,944,000	20,224,000
Equitable Share	22,944,000	20,224,000
Conditional Grants	23,632,811	20,218,888
Grants and Donations	23,632,811	20,218,888
Total Government Grants and Subsidies	46,576,811	40,442,888
Government Grants and Subsidies - Capital	15,677,662	14,090,028
Government Grants and Subsidies - Operating	30,899,149	26,352,860
	46,576,811	40,442,888
Revenue recognised per vote as required by Section 123 (c) of the MFMA		
Equitable share	22,944,000	20,224,000
Executive & Council	132,032	230,000
Planning and Development	1,979,899	350,198
Budget and Treasury	4,458,837	4,095,184
Road Transport	14,090,956	7,607,538
Sport and Recreation	1,148,228	5,459,372
Community and Social Services	708,767	1,170,683
Housing	31,458	39,000
Electricity	1,082,634	1,266,912
	46,576,811	40,442,888

The municipality does not expect any significant changes to the level of grants.

25.01 Equitable share		
Opening balance	-	-
Grants received	22,944,000	20,224,000
Conditions met - Operating	(22,944,000)	(20,224,000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
25.02 Finance Management Grant (FMG)		
Opening balance	-	(175,932)
Grants received	1,500,000	1,500,000
Conditions met - Operating	(1,500,000)	(1,149,125)
Conditions met - Capital	-	(174,942)
Conditions still to be met	-	-
<p>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</p>		
25.03 Municipal Systems Improvement Grant (MSIG)		
Opening balance	-	-
Grants received	800,000	790,000
Conditions met - Operating	(721,743)	(790,000)
Conditions met - Capital	(78,257)	-
Conditions still to be met	-	-
<p>The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</p>		
25.04 Municipal Infrastructure Grant (MIG)		
Opening balance	(63,640)	(420,022)
Grants received	15,300,000	12,614,000
Conditions met - Operating	(2,545,239)	(2,058,523)
Conditions met - Capital	(12,870,184)	(10,199,095)
Grant expenditure to be recovered	(179,064)	(63,640)
<p>The grant was used to construct roads and storm water infrastructure, with the main focus on the historically disadvantaged areas.</p>		
25.05 Housing Grants		
Opening balance	2,253,929	2,253,929
Conditions met - Operating	(31,458)	-
Conditions still to be met	2,222,471	2,253,929
<p>Housing grants was utilised for the development of erven and the erection of top structures.</p>		
25.06 Integrated National Electrification Grant		
Opening balance	1,144,384	(411,336)
Grants received	-	3,000,000
Conditions met - Operating	-	(177,368)
Conditions met - Capital	(1,082,634)	(1,266,912)
Conditions still to be met	61,749	1,144,384
<p>The National Electrification Grant was used to upgrade the sub-station and electrification network.</p>		
25.07 Expanded Public Works Program (EPWP)		
Opening balance	604,000	-
Grants received	1,000,000	604,000
Conditions met - Operating	(1,604,000)	-
Conditions still to be met	-	604,000
<p>This program is aimed at providing poverty and income relief through the creation of temporary work opportunities.</p>		

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
25.08 Department of Environmental Affairs and Tourism (DEAT)		
Opening balance	1,636,697	4,501,535
Conditions met - Operating	(504,534)	(462,079)
Conditions met - Capital	(1,646,587)	(2,402,759)
Conditions still to be met/(Grant expenditure to be recovered)	(514,424)	1,636,697
The grant is utilised to protect, conserve and enhance our environment, natural and heritage assets and resources.		
25.09 Other Grants		
Opening balance	942,103	1,592,041
Grants received	1,039,434	888,147
Conditions met - Operating	(1,048,174)	(1,491,765)
Conditions met - Capital	-	(46,320)
Conditions still to be met	933,363	942,103
Various grants were received from other spheres of government and includes for example the following: Spatial Development Framework, Skills Development Grant, Ukhahlamba Library Equipment Fund etc.		
25.10 Total Grants		
Opening balance	6,517,475	7,340,215
Grants received	42,583,434	39,620,147
Conditions met - Operating	(30,899,149)	(26,352,860)
Conditions met - Capital	(15,677,662)	(14,090,028)
Conditions still to be met	2,524,098	6,517,475
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	3,469,025	6,832,555
Unpaid Conditional Government Grants and Receipts	(944,927)	(315,080)
	2,524,098	6,517,475
26 SERVICE CHARGES		
Electricity	52,863,198	46,710,597
Refuse Removal	6,743,163	6,017,992
Sewerage	-	6,715,297
Water	-	11,082,342
	59,606,361	70,526,228
<u>Less: Rebates</u>	(9,953,665)	(15,940,134)
Total Service Charges	49,652,695	54,586,094
<u>Attributable to:</u>		
Continued Operations	49,652,695	44,176,631
Discontinued Operations	-	10,409,463
	49,652,695	54,586,094
Refer to note 23 for further disclosures regarding discontinued operations.		
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
27 WATER SERVICES AUTHORITY CONTRIBUTION		
Joe Gqabi District Municipality - Water and Sewerage functions	-	9,234,315
	-	9,234,315
<u>Attributable to:</u>		
Continued Operations	-	-
Discontinued Operations	-	9,234,315
	-	9,234,315
Refer to note 23 for further disclosures regarding discontinued operations.		

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
28 OTHER INCOME		
Admission Fees	139,137	231
Sundry Income	968,555	431,318
Lease payments recovered	630,381	625,818
Building Plan & Inspection Fees	83,518	63,218
Sale of Game	58,164	62,570
Electricity Re-Connection Fees	761,214	407,105
Cemetery Fees	124,140	113,895
Pound Fees	-	951
Total Other Income	2,765,108	1,705,106
<u>Attributable to:</u>		
Continued Operations	2,765,108	1,651,784
Discontinued Operations	-	53,322
	2,765,108	1,705,106
Refer to note 23 for further disclosures regarding discontinued operations.		
29 FAIR VALUE ADJUSTMENTS		
Fair value changes in biological assets - Refer to note 17	(68,900)	124,800
	(68,900)	124,800
30 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	24,963,874	26,031,550
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	5,703,209	6,080,340
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3,233,113	3,029,595
Housing Benefits and Allowances	63,570	65,016
Overtime Payments	669,871	1,697,358
Bonuses	1,760,913	1,958,702
Performance Bonuses	366,395	-
Provision for leave	1,596,047	809,495
Contribution for training	375,310	385,628
Industrial Council Levy	15,625	14,235
Provision for compensation for injuries on duty	293,534	305,850
Long Service Awards	321,825	335,298
Post Retirement Medical	483,862	422,508
Total Employee Related Costs	39,847,147	41,135,576
<u>Attributable to:</u>		
Continued Operations	39,847,147	35,705,469
Discontinued Operations	-	5,430,107
	39,847,147	41,135,576
Refer to note 23 for further disclosures regarding discontinued operations.		
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - MP Nonjola</i>		
Annual Remuneration	985,498	945,877
Performance bonus	112,424	-
Other Allowance	36,000	30,000
Total	1,133,922	975,877
<i>Remuneration of the Manager - Technical Services - TE Molefe</i>		
Annual Remuneration	772,886	749,238
Acting Allowance	-	27,755
Performance bonus	81,838	-
Other Allowance	10,800	10,800
Total	865,524	787,793

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R	
Remuneration of the Manager - Community and Social Services - NBB Mokantso			
Annual Remuneration	667,816	628,195	
Performance bonus	66,970	-	
Other Allowance	10,800	10,800	
Total	745,586	638,995	
Remuneration of the Manager - Corporate and Support Services - TE Wonga (1 July 2012 to 30 September 2012)			
Annual Remuneration	190,896	672,753	
Leave Encashment	79,132	-	
Performance bonus	45,643	-	
Other Allowance	2,700	10,800	
Total	318,371	683,553	
Remuneration of the Manager - Corporate and Support Services - ZE Pungwani (1 November 2013 to 30 June 2013)			
Annual Remuneration	456,000	-	
Other Allowance	7,200	-	
Total	463,200	-	
Remuneration of the Manager - Financial Services - BJ Raubenbach			
Annual Remuneration	-	640,641	
Other Allowance	-	9,000	
Total	-	649,641	
Remuneration of the Manager - Financial Services - T Maseko			
Annual Remuneration	772,886	127,560	
Acting Allowance	20,470	-	
Other Allowance	10,800	1,800	
Total	804,156	129,360	
REMUNERATION OF COUNCILLORS			
Councillors	2,299,613	2,021,852	
Travelling allowance	305,881	409,419	
Telephone allowance	183,765	144,588	
Total Councillors' Remuneration	2,789,258	2,575,860	
Remuneration per Councillor			
Cllr N S Mathetha	Mayor (2013)/PR Councillor	484,399	183,632
Cllr ZE Pungwani	Mayor (2012)/PR Councillor	209,311	555,907
Cllr E S Mbana	PR Councillor	197,334	183,632
Cllr G D Fourie	PR Councillor	197,334	183,632
Cllr H du Preez	PR Councillor	197,334	183,632
Cllr M Jan	PR Councillor	197,334	183,632
Cllr MB Mtshingana	PR Councillor	121,245	-
Cllr KS Lange	Ward 1 Councillor	197,334	183,632
Cllr MW Mokhoabane	Ward 2 Councillor	197,334	183,632
Cllr ZE Betana	Ward 3 Councillor	198,297	183,632
Cllr P Williams	Ward 4 Councillor	197,334	183,632
Cllr M Mdumisa	Ward 5 Councillor	197,334	183,632
Cllr M Tsolanku	Ward 6 Councillor	197,334	183,632
		2,789,258	2,575,860

31

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
32 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 19	1,171,236	4,678,524
Other Receivables from non-exchange transactions - Note 20	897,732	847,493
Total Contribution to Impairment Provision	2,068,968	5,526,017
VAT included in contribution for the year	179,699	35,825
Debt impairment recognised in statement of financial performance	2,248,667	5,561,842
<u>Attributable to:</u>		
Continued Operations	2,248,667	3,026,970
Discontinued Operations	-	2,534,872
	2,248,667	5,561,842
Refer to note 23 for further disclosures regarding discontinued operations.		
33 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	14,531,946	14,295,406
Investment Property	198,882	199,427
Intangible Assets	109,341	279,562
	14,840,170	14,774,395
34 IMPAIRMENTS		
Landfill Sites	229,993	226,211
	229,993	226,211
35 REPAIRS AND MAINTENANCE		
Land and Buildings	777,799	890,316
Tools and equipment	81,118	135,253
Furniture and office equipment	124,578	206,522
Vehicles and implements	842,470	815,935
Water Reticulation	5,500	345,710
Streets and stormwater	2,025,794	1,809,654
Landfill Site	87,415	101,958
Electricity Reticulation	390,142	436,966
Fencing	16,204	221,283
Street Lights	64,104	387,716
Sewerage Reticulation	-	92,605
Other	30,020	1,305
	4,445,145	5,445,223
<u>Attributable to:</u>		
Continued Operations	4,445,145	4,922,246
Discontinued Operations	-	522,978
	4,445,145	5,445,223
Refer to note 23 for further disclosures regarding discontinued operations.		
36 FINANCE CHARGES		
DBSA loan	212,358	222,083
Unamortised Discount - Interest (DBSA Loan)	132,038	161,757
Hire Purchases	236,862	171,056
Finance leases	303,338	461,708
Overdraft Facilities	20	-
Post Retirement Medical	814,862	764,696
Long Service Awards	91,032	95,986
Interest on Creditors	1,393,625	209,193
Landfill Sites	154,205	143,526
Total finance charges	3,338,339	2,230,004
37 BULK PURCHASES		
Electricity	42,107,330	36,725,368
Total Bulk Purchases	42,107,330	36,725,368

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
38 GENERAL EXPENSES		
Advertisements	149,980	141,804
Audit Fees	2,793,807	2,300,934
Bank Charges and other related costs	539,683	453,933
Books, Publications and magazines	54,663	59,122
Chemicals	-	786,173
Commission Prepaid Vendors	887,221	672,027
Insurance	791,097	1,187,232
Integrated development planning	66,292	53,750
Legal Costs	965,971	363,641
License Fees	958,184	827,626
Local Government Activities	320,182	245,591
Membership Fees	423,388	296,632
Printing and Stationary	511,876	518,659
Professional Services	440,235	344,824
Projects from own funds	1,748,665	2,025,351
Security Services	795,522	569,832
Subsistence and Travelling	1,235,550	1,379,193
Telephone Charges	909,146	1,052,889
Training	1,199,736	824,036
Vehicle: Fuel & Oil	1,188,319	1,382,743
Other	1,465,988	1,809,055
General Expenses	<u>17,445,505</u>	<u>17,295,047</u>
<u>Attributable to:</u>		
Continued Operations	17,445,505	15,648,822
Discontinued Operations	-	1,646,225
	<u>17,445,505</u>	<u>17,295,047</u>

Refer to note 23 for further disclosures regarding discontinued operations.

	2012 R
39 PRIOR PERIOD ERRORS IN TERMS OF GRAP 3	
39.01 Property Plant and Equipment (Excluding Capitalised Restoration Costs)	
Balance previously reported	233,592,997
Correction of classification between gravel and tar roads	1,728,319
Effect on cost on 30 June 2008 - Refer to note 39.1	1,254,976
Effect on accumulated depreciation up to 30 June 2011 - Refer to note 39.10	354,764
Effect on depreciation during 2011/2012 - Refer to note 40	118,579
During the review of infrastructure projects, the municipality identified classification errors between tar and gravel roads. This resulted in an adjustment of deemed cost allocated to these roads as well as an adjustment in the depreciation charges.	
First time recognition of loose assets - Refer to note 39.10	285,825
Effect on Office Equipment and Tools	207,562
Effect on Motor Vehicles and Implements	78,263
During the review of loose assets the municipality identified loose assets previously not recognised on 30 June 2008.	
Correction of assets previously incorrectly included in fixed asset register - Refer to note 39.10	(2,777)
Effect on Office Equipment and Tools	(2,777)
The municipality identified asset in the current year belonging to Social Development. These assets were incorrectly included in the asset register.	
Correction of assets incorrectly not removed from asset register during 2011/2012 - Refer to note 40	(6,830)
Effect on Office Equipment and Tools (Cost)	(14,408)
Effect on Office Equipment and Tools (Accumulated Depreciation)	7,578
During the current year, the municipality identified certain assets disposed of during the prior year auction that were still included on the Fixed Asset register.	

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R
Correction of depreciation on loose assets up to 30 June 2011 - Refer to note 39.10	57,747
Effect on Office Equipment and Tools	58,857
Effect on Leased Office Equipment	4,360
Effect on Motor Vehicles and Implements	(6,470)
Correction of depreciation on loose assets during 2012/2013 - Refer to note 40	22,368
Effect on Office Equipment and Tools	21,438
Effect on Leased Office Equipment	1,934
Effect on Motor Vehicles and Implements	(1,004)
These corrections on the depreciation of loose assets were the result of all first time recognitions on 30 June 2008 as well as assets incorrectly included in the asset register that were subsequently removed.	
Correction of Land and Buildings and Community Assets on 30 June 2008	(27,954,164)
Effect on land (30 June 2008) - Refer to note 39.10	(19,762,098)
Effect on buildings (30 June 2008) - Refer to note 39.10	(8,533,402)
Effect on Accumulated Depreciation up to 30 June 2011 - Refer to note 39.10	255,768
Effect on Depreciation during 2011/2012 - Refer to note 40	85,568
During the year, the municipality reviewed and restructured its land and buildings register resulting in adjustments to the cost and accumulated depreciation on these assets.	
	<u>207,723,484</u>
39.02 Investment Property	
Balance previously reported	40,244,659
Correction of Investment Properties on 30 June 2008	4,056,485
Effect on cost (30 June 2008) - Refer to note 39.10	4,314,905
Effect on Accumulated Depreciation up to 30 June 2011 - Refer to note 39.10	(193,638)
Effect on Depreciation during 2011/2012 - Refer to note 40	(64,782)
During the year, the municipality reviewed and restructured its land and buildings register resulting in adjustments to the cost and accumulated depreciation on Investment Properties.	
	<u>44,301,144</u>
39.03 Payables from Exchange Transactions	
Balance previously reported	11,515,132
Retentions incorrectly included under trade payables	-
Effect on trade payables	(2,092,864)
Effect on retentions	2,092,864
During the review of payables, it was identified that retentions were incorrectly included under trade payables.	
Sundry Deposits incorrectly included under trade payables and other creditors	-
Effect on Trade Payables	(40,000)
Effect on Other Creditors	(10,000)
Effect on sundry Deposits	50,000
During the review of payables, it was identified that deposits held by the municipality relating to pre-paid vendors were incorrectly included under trade payables and other creditors.	
Correction of overtime not provided for on 30 June 2012 - Refer to note 40	58,868
During the review of payments made during July 2012, the municipality identified overtime not provided for on 30 June 2012	
Correction of Cash suspense balance on 30 June 2011 - Refer to note 39.10	91,468
The municipality identified errors on their cash suspense balances and these were subsequently corrected.	
Correction of trade payables on 30 June 2012 - Refer to note 40	(40,666)
During the review of trade payables, the municipality identified payables incorrectly provided for.	

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R
Correction of sundry deposits on 30 June 2011 - Refer to note 39.10	(54,446)
<p>During the review of sundry deposits, the municipality identified payables incorrectly not provided for.</p>	
Reallocation of outstanding payments on bank reconciliation to payables - Refer to note 39.07	13,729,287
Effect on Trade Payables	12,114,976
Effect on Other Creditors (Payroll related payments)	1,614,311
<p>During the review of cash and cash equivalents, the municipality identified outstanding EFT's and cheques not presented for payment before year-end. Only cheque payments where the physical cheque was presented to the third party on or before year end are disclosed as outstanding payments on the bank reconciliation.</p>	
	<u>25,299,642</u>
39.04 Taxes	
Balance previously reported	141,896
Correction of VAT on 30 June 2012 - Refer to note 40	(7,010)
<p> This correction is linked to all the payable/expense corrections made in respect of the prior year. Refer to notes 39.03 and 39.07 for correcting entries identified</p>	
	<u>134,885</u>
39.05 Biological Assets	
Balance previously reported	2,138,700
Correction of incorrect valuation allocated to buffalo - Refer to note 40	(770,000)
<p> The municipality incorrectly based the valuations of their buffalo on the Zambezi Buffalo instead of the Eastern Cape/Addo Buffalo, which has a much lower fair value.</p>	
	<u>1,368,700</u>
39.06 Unspent Conditional Grants and Receipts	
Balance previously reported	6,021,889
Correction of overspent balance on conditional grants - Refer to note 40	495,786
Finance Management Grant (FMG)	419,609
Municipal Systems Improvement Grant (MSIG)	76,178
<p> The municipality incorrectly recognised a debit balance on the FMG and MSIG grant where it was never the intention to recover the overspent balance from the current year allocation from National Treasury.</p>	
	<u>6,517,475</u>
39.07 Cash and Cash Equivalents	
Balance previously reported	(12,553,743)
Correction of bank balance on 30 June 2012	(19,511)
Effect on 30 June 2011 - Refer to note 39.10	(1,466)
Effect on 30 June 2012 - Refer to note 40	(18,045)
<p> During the review of cash and cash equivalents, the municipality identified entries incorrectly treated up to 30 June 2012.</p>	
Reallocation of outstanding payments on bank reconciliation to payables - Refer to note 39.03	13,729,287
Effect on Cash and Cash Equivalents (Liability)	12,775,174
Effect on Cash and Cash Equivalents (Asset)	954,113
<p> During the review of cash and cash equivalents, the municipality identified outstanding EFT's and cheques not presented for payment before year-end. Only cheque payments where the physical cheque was presented to the third party on or before year end are disclosed as outstanding payments on the bank reconciliation.</p>	
	<u>1,156,033</u>

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R
39.08 Receivables from exchange transactions	
Balance previously reported	14,401,641
Correction of receivables on 30 June 2012 - Refer to note 40	(32,543)
Effect on Electricity	(565)
Effect on Other Arrears	(31,978)
During the review of receivables, the municipality identified entries incorrectly treated up to 30 June 2012.	
	14,369,098
39.09 Receivables from non-exchange transactions	
Balance previously reported	925,082
Correction of receivables on 30 June 2011 - Refer to note 39.10	(25,439)
Effect on Other Debtors	(25,439)
During the review of receivables, the municipality identified entries incorrectly treated up to 30 June 2011.	
Correction of rates receivable	712,833
Effect on 30 June 2011 - Refer to note 39.10	695,672
Effect on 30 June 2012 - Refer to note 40	17,161
During the review of property taxes, the municipality identified corrections relating to prior years.	
	1,612,476
39.10 Accumulated Surplus	
Balance previously reported	
Correction of bank balance on 30 June 2012 - Refer to note 39.07	(1,466)
During the review of cash and cash equivalents, the municipality identified entries incorrectly treated up to 30 June 2012.	
Correction of Cash suspense balance on 30 June 2011 - Refer to note 39.03	(91,468)
The municipality identified errors on their cash suspense balances and these were subsequently corrected.	
Correction of sundry deposits on 30 June 2011 - Refer to note 39.03	54,446
During the review of sundry deposits, the municipality identified payables incorrectly not provided for.	
Correction of receivables on 30 June 2011 - Refer to note 39.09	(25,439)
During the review of receivables, the municipality identified entries incorrectly treated up to 30 June 2011.	
Correction of rates receivable on 30 June 2011 - Refer to note 39.09	695,672
During the review of property taxes, the municipality identified corrections relating to prior years.	
Correction of classification between gravel and tar roads	1,609,740
Effect on cost on 30 June 2008 - Refer to note 39.01	1,254,976
Effect on accumulated depreciation up to 30 June 2011 - Refer to note 39.01	354,764
During the review of infrastructure projects, the municipality identified classification errors between tar and gravel roads. This resulted in an adjustment of deemed cost allocated to these roads as well as an adjustment in the depreciation charges.	
First time recognition of loose assets - Refer to note 39.01	285,825
During the review of loose assets the municipality identified loose assets previously not recognised on 30 June 2008.	

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2012
R

Correction of assets previously incorrectly included in fixed asset register - Refer to note 39.01	(2,777)
<p>The municipality identified asset in the current year belonging to the Social Development. These assets were incorrectly included in the asset register.</p>	
Correction of depreciation on loose assets up to 30 June 2011 - Refer to note 39.01	57,747
<p>These corrections on the depreciation of loose assets were the result of all first time recognitions on 30 June 2008 as well as assets incorrectly included in the asset register that were subsequently removed. Corrections were also made for incorrect useful lives attached to certain loose assets.</p>	
Correction of Investment Properties on 30 June 2008	4,121,267
Effect on cost (30 June 2008) - Refer to note 39.02	4,314,905
Effect on Accumulated Depreciation up to 30 June 2011 - Refer to note 39.02	(193,638)
<p>During the year, the municipality reviewed and restructured its land and buildings register resulting in adjustments to the cost and accumulated depreciation on Investment Properties.</p>	
Correction of Land and Buildings and Community Assets on 30 June 2008	(28,039,732)
Effect on Land and Buildings cost (30 June 2008) - Refer to note 39.01	(28,295,500)
Effect on Accumulated Depreciation up to 30 June 2011 - Refer to note 39.01	255,768
<p>During the year, the municipality reviewed and restructured its land and buildings register resulting in adjustments to the cost and accumulated depreciation on these assets.</p>	
	<u>(21,336,185)</u>
40 RECONCILIATION PRIOR YEAR SURPLUS FOR THE YEAR	
Balance previously reported	(6,294,754)
Licences and permits incorrectly included under general expenses	-
Effect on General Expenses	(83,049)
Effect on Licences and Permits	83,049
<p>During the review of income and expenditure, it was identified that revenue relating to Special Temporary Permits were incorrectly included under general expenses.</p>	
Correction of incorrect valuation allocated to buffalo - Refer to note 39.05	(770,000)
<p>The municipality incorrectly based the valuations of their buffalo on the Zambezi Buffalo instead of the Eastern Cape/Addo Buffalo, which has a much lower fair value.</p>	
Correction of overspent balance on conditional grants - Refer to note 39.06	(495,786)
Effect on Government Grants and Subsidies (Operating) - Finance Management Grant (FMG)	(419,609)
Effect on Government Grants and Subsidies (Operating) - Municipal Systems Improvement Grant (MSIG)	(76,178)
<p>The municipality incorrectly recognised a debit balance on the FMG and MSIG grant where it was never the intention to recover the overspent balance from the current year allocation from National Treasury.</p>	
Correction of bank balance on 30 June 2012 - Refer to note 39.07	18,045
Effect on Service Charges	851
Effect on Employee Related Costs	(2,192)
Effect on Repairs and Maintenance	195
Effect on General Expenses	(17,065)
Effect on Other income (Discontinued)	75
Effect on Repairs and Maintenance (Discontinued)	93
<p>During the review of cash and cash equivalents, the municipality identified entries incorrectly treated up to 30 June 2012.</p>	
Correction of overtime not provided for on 30 June 2012 - Refer to note 39.03	(58,868)
<p>During the review of payments made during July 2012, the municipality identified overtime not provided for on 30 June 2012</p>	

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R
Correction of trade payables on 30 June 2012 - Refer to note 39.03	40,666
Effect on Finance Charges	(1,003)
Effect on Repairs and Maintenance	5,674
Effect on General Expenses	7,113
Effect on General Expenses (Discontinued)	28,883
<p>During the review of trade payables, the municipality identified payables incorrectly provided for.</p>	
Correction of receivables on 30 June 2012 - Refer to note 39.08	(32,543)
Effect on Rental of facilities and equipment	(24,232)
Effect on Interest earned - outstanding debtors	(1,224)
Effect on Other income	(3,206)
Effect on Service Charges	(3,486)
Effect on Service Charges (Discontinued)	(565)
Effect on Other income (Discontinued)	170
Correction of rates receivable on 30 June 2012 - Refer to note 39.09	17,161
<p>During the review of property taxes, the municipality identified corrections relating to prior years.</p>	
Correction of VAT on 30 June 2012 - Refer to note 39.04	(7,010)
Effect on Repairs and Maintenance	(1,122)
Effect on General Expenses	(2,341)
Effect on General Expenses (Discontinued)	(3,547)
<p>This correction is linked to all the payable/expense corrections made in respect of the prior year.</p>	
Correction of classification between gravel and tar roads	118,579
Effect on depreciation during 2011/2012 - Refer to note 39.01	118,579
<p>During the review of infrastructure projects, the municipality identified classification errors between tar and gravel roads. This resulted in an adjustment of deemed cost allocated to these roads as well as an adjustment in the depreciation charges.</p>	
Correction of depreciation on loose assets during 2012/2013 - Refer to note 39.01	22,368
<p>These corrections on the depreciation of loose assets were the result of all first time recognitions on 30 June 2008 as well as assets incorrectly included in the asset register that were subsequently removed. Corrections were also made for incorrect useful lives attached to certain loose assets.</p>	
Correction of assets incorrectly not removed from asset register during 2011/2012 - Refer to note 39.01	(6,830)
Effect on Loss on Disposal of Property Plant and Equipment	(6,830)
<p>During the current year, the municipality identified certain assets disposed of during the prior year auction that were still included on the Fixed Asset register.</p>	
Correction of Investment Properties on 30 June 2008	(64,782)
Effect on Depreciation during 2011/2012 - Refer to note 39.02	(64,782)
<p>During the year, the municipality reviewed and restructured its land and buildings register resulting in adjustments to the cost and accumulated depreciation on Investment Properties.</p>	
Correction of Land and Buildings on 30 June 2008	85,568
Effect on Depreciation during 2011/2012 - Refer to note 39.01	85,568
<p>During the year, the municipality reviewed and restructured its land and buildings register resulting in adjustments to the cost and accumulated depreciation on these assets.</p>	
	(7,428,188)

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
41 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year from continued operations	(12,032,472)	(17,027,195)
Adjustments for:		
Depreciation and Amortisation	14,840,170	14,774,395
Gain on disposal of property, plant and equipment	(29,001)	(42,320)
Loss on disposal of property, plant and equipment	323,069	8,366
Impairments	229,993	226,211
Contribution to employee benefits - non-current	1,711,581	1,618,488
Expenditure incurred - Employee Benefits	(439,257)	(486,398)
Actuarial losses	-	615,102
Actuarial gains	(282,077)	(144,465)
Contribution to - Current Employee Benefits	1,596,047	809,495
Contribution to employee benefits – current - expenditure incurred	(239,783)	(1,205,878)
Contribution to - Current Provisions	293,534	335,842
Contribution to Current Provisions - expenditure incurred	-	(331,802)
Contribution to provisions – non current	154,205	143,526
Bad debts	(3,689,634)	(2,373,885)
Contribution to provisions – bad debt	2,248,667	3,026,970
Fair Value Adjustments	68,900	(124,800)
Unamortised discount - Interest - Expenditure	132,038	161,757
Operating lease income accrued	-	32,049
Grants received	42,583,434	39,620,147
Grant expenditure incurred	(46,576,811)	(40,442,888)
Operating Surplus before discontinued operations and changes in working capital	892,602	(807,285)
Surplus from discontinued operations	(3,500,267)	9,562,918
Other adjustments associated with discontinued operations		
Bad debts	-	(2,281,395)
Contribution to provisions – bad debt	-	2,534,872
Operating Surplus before changes in working capital	(2,607,665)	9,009,111
Changes in working capital	18,862,988	9,409,568
Increase/(Decrease) in Payables from exchange transactions	7,637,421	14,126,737
Increase in Taxes	(625,020)	222,809
Increase in Inventory	(466,096)	(48,349)
Decrease in Receivables from exchange and non-exchange transactions	8,816,416	810,341
Increase in current assets and liabilities relating to Discontinued Operations	3,500,267	(5,701,970)
Cash generated by operations	16,255,323	18,418,679

42 RECONCILIATION OF CASH FLOW STATEMENT

Due to various retrospective adjustments made on the comparative figures for the year ending 30 June 2012 as disclosed in notes 39 and 40, the comparative figures as disclosed in the Cash Flow Statement were also affected.

Other corrections also includes reclassification errors, as well as adjustments made for non-cash items incorrectly included in the Cash Flow Statements

The comparative figures were adjusted as follows:

	2012 (Previously reported) R	2012 (Adjustments) R	2012 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	70,112,409	92,209	70,204,618
Government	39,620,147	-	39,620,147
Interest	1,088,333	(1,224)	1,087,110
Payments			
Suppliers and employees	-	-	-
Suppliers	(69,528,015)	13,623,453	(55,904,562)
Employees	(35,522,402)	(2,192)	(35,524,594)
Finance charges	(1,063,036)	(1,003)	(1,064,039)
Cash generated by operations	4,707,437	13,711,242	18,418,679

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 (Previously reported) R	2012 (Adjustments) R	2012 (Restated) R
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(13,463,102)	-	(13,463,102)
Purchase of Investment property	(2,237,165)	-	(2,237,165)
Proceeds on Disposal of Fixed Assets	75,603	-	75,603
Increase in Intangible Assets	(35,202)	-	(35,202)
Increase in Non-current Investments	(37,878)	-	(37,878)
Net Cash from Investing Activities	(15,697,744)	-	(15,697,744)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised/(repaid)	(1,540,127)	-	(1,540,127)
Increase in Consumer Deposits	75,275	-	75,275
Net Cash from Financing Activities	(1,464,852)	-	(1,464,852)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,704,004	(1,447,921)	1,256,083
Cash and Cash Equivalents at the beginning of the year	(98,586)	(1,466)	(100,052)
Cash and Cash Equivalents at the end of the year	(12,553,743)	13,709,776	1,156,033
NET INCREASE IN CASH AND CASH EQUIVALENTS	(12,465,158)	13,711,242	1,256,085

	2013 R	2012 R
PURCHASE OF PROPERTY PLANT AND EQUIPMENT		
Additions per note 12.1	17,620,052	16,106,587
Less: Hire Purchases and capitalised lease agreements entered into	(2,571,198)	(2,643,485)
	15,048,854	13,463,102

43 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 22	571,659	106,812
Cash Floats - Note 22	5,552	5,552
Bank - Note 22	536,782	1,043,669
Total cash and cash equivalents	1,113,993	1,156,033

44 **RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 43	1,113,993	1,156,033
Investments - Note 16	702,902	665,309
	1,816,895	1,821,342
Less:	4,638,643	7,577,902
Unspent Committed Conditional Grants - Note 10	3,469,025	6,832,555
Secured Investments and cash	1,169,618	745,347
Resources available for working capital requirements	(2,821,748)	(5,756,560)

45 **UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities - Note 3	9,345,620	8,092,492
Used to finance property, plant and equipment - at cost	(9,345,620)	(8,092,492)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 5% and will be fully redeemed on 30 September 2027.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
46.1 <u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure:		
Opening balance	28,434,731	14,077,459
Unspent grant funding utilised to fund operating expenditure - refer Note 44	3,469,025	6,832,555
Unauthorised expenditure current year - capital	1,195,196	1,627,817
Unauthorised expenditure current year - operating	7,507,367	19,365,649
Approved by Council or condoned	-	(13,468,699)
Unauthorised expenditure awaiting authorisation	<u>40,606,369</u>	<u>28,434,781</u>

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure on votes</i>	<i>Variance analysis was performed and submitted to Council to condone.</i>

	2013 R	2013 R	2013 R	2013 R
Operating expenditure by Vote	(Actual)	(Budget)	(Variance)	(Unauthorised)
Executive & Council	17,331,715	14,158,769	3,172,946	3,172,946
Planning and Development	1,424,565	2,680,478	(1,255,913)	-
Budget and Treasury	27,697,241	26,224,729	1,472,512	1,472,512
Public Safety	3,711,876	3,737,879	(26,003)	-
Road Transport	15,883,349	17,412,156	(1,528,807)	-
Other	187,514	209,090	(21,576)	-
Waste Management	9,240,599	9,373,421	(132,823)	-
Sport and Recreation	2,833,307	3,424,171	(590,864)	-
Community and Social Services	3,532,351	3,373,358	158,993	158,993
Housing	1,417,144	1,270,949	146,194	146,194
Electricity	50,586,669	48,029,948	2,556,721	2,556,721
	<u>133,846,329</u>	<u>129,894,948</u>	<u>3,951,381</u>	<u>7,507,367</u>

	2013 R	2013 R	2013 R	2013 R
Capital expenditure by vote	(Actual)	(Budget)	(Variance)	(Unauthorised)
Executive & Council	23,019	110,000	(86,981)	-
Planning and Development	21,921	3,703,000	(3,681,079)	-
Budget and Treasury	236,092	404,600	(168,508)	-
Public Safety	15,981	80,000	(64,019)	-
Road Transport	12,070,188	12,238,579	(168,391)	-
Other	2,472	-	2,472	2,472
Waste Management	3,612,724	2,420,000	1,192,724	1,192,724
Sport and Recreation	961,400	1,717,800	(756,400)	-
Community and Social Services	2,404	63,000	(60,596)	-
Housing	2,947	15,000	(12,053)	-
Electricity	50,511	1,285,000	(1,234,489)	-
	<u>16,999,658</u>	<u>22,036,979</u>	<u>(5,037,321)</u>	<u>1,195,196</u>

46.2 <u>Fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	239,185	13,945
Fruitless and wasteful expenditure current year	1,393,625	239,185
Condoned or written off by Council	(29,992)	(13,945)
Fruitless and wasteful expenditure awaiting condonement	<u>1,602,818</u>	<u>239,185</u>
Balance previously reported		238,182
Correction of error (Interest paid incorrectly not included) - Refer to note 40		1,003
		<u>239,185</u>

Incident	Disciplinary steps/criminal proceedings		
<i>Interest paid on late payment - Refer to note 36</i>	<i>Council was informed on circumstances leading to the interest charges on late payment to condone.</i>	1,393,625	209,193
<i>Penalties incurred (Workmens Compensation) - Refer to note 8</i>	<i>Application was made to the Compensation Commisioner on new assessment</i>	-	29,992
		<u>1,393,625</u>	<u>239,185</u>

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
46.3 <u>Irregular expenditure</u>		
Reconciliation of irregular expenditure:		
Opening balance	10,184,515	3,236,052
Irregular expenditure current year	540,736	10,184,515
Approved or written off by Council	(217,812)	(3,236,052)
Irregular expenditure awaiting approval from Council	<u>10,507,438</u>	<u>10,184,515</u>

Incident	Corrective Measures		
<i>Non-Compliance with Supply Chain:</i>			
Induscomm Power Projects CC (Preference point system)	Municipality developed a compulsory checklist to ensure that all advertisements do comply with Municipal Supply Chain Management Regulation and Preferential Procurement Regulation. Bidders who do not meet the requirements in the checklist are considered to be non-responsive and are not evaluated on.	-	425,552
Nobhembe Trading CC (Preference points not stipulated - supplier in the service of the state)	Municipality developed a compulsory checklist to ensure that all advertisements do comply with Municipal Supply Chain Management Regulation and Preferential Procurement Regulation. Bidders who do not meet the requirements in the checklist are considered to be non-responsive and are not evaluated on.	-	300,000
Coterellis Construction (Preference points not stipulated)	Municipality developed a compulsory checklist to ensure that all advertisements do comply with Municipal Supply Chain Management Regulation and Preferential Procurement Regulation. Bidders who do not meet the requirements in the checklist are considered to be non-responsive and are not evaluated on.	-	5,506,906
Mvelase & Rethusehile JV (Preference points not stipulated - supplier in the service of the state)	Municipality developed a compulsory checklist to ensure that all advertisements do comply with Municipal Supply Chain Management Regulation and Preferential Procurement Regulation. Bidders who do not meet the requirements in the checklist are considered to be non-responsive and are not evaluated on. All MBD forms are thoroughly checked on evaluation to identify any suppliers in the service of the state. Information was adequately disclosed in the annual financial statements.	-	3,673,316
Charmaine Van Schalkwyk Consulting (Valid Procurement)	Council have noted the deviation from supply chain management policy. All procurement solicited through section 32 of the Supply Chain Management policy are conducted as per the requirements of the policy.	-	278,741
Mubesko Africa CC (Valid Procurement)	None	-	-
Jaco Snyman	Emergency procurement reported to council for condoning. Quarterly reports are submitted to council to condone procurement deviations.	90,653	-
<i>Tax Matters not in order:</i>			
Masakhane & sales	Local suppliers has been informed and requested to submit tax clearance certificate on submission of quotations and annually after expiry of the tax clearance certificate. Municipality will not consider suppliers with no tax clearance certificate.	13,013	-
Lilies Sales & Services		21,445	-
L&R catering		17,500	-
Metro fruit & veg		14,865	-
Mr Lock and Key		18,210	-
Aliwal Bull IT		17,045	-
Aliwal Dolorite		30,810	-
Shaun Pote		21,299	-
Tierhoek		18,126	-
Aqua Agri Solution		20,875	-
Overpayment of Councillors	Six councillors were paid based on a higher band for the financial year without obtaining approval from the MEC.	256,895	-
		<u>540,736</u>	<u>10,184,515</u>

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
46.4		
Material Losses		
Electricity distribution losses		
Units purchased (Kwh)	66,221,899	66,175,773
Units sold (Kwh)	58,609,963	53,931,427
Units lost during distribution (Kwh)	7,611,936	12,244,346
Percentage lost during distribution	11.49%	18.50%
Loss in Rand Value	2,425,163	3,515,352
Water distribution losses		
Kilo Litres Purified	-	3,829,081
Kilo Litres Sold	-	3,278,772
Kilo Litres Lost in distribution	-	550,309
Percentage lost during distribution	-	14.37%
Loss in Rand Value	-	452,890
	2013	2012
	R	R
47		
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
47.1		
Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Council subscriptions	474,983	226,462
Amount paid - current year	(474,983)	(226,462)
Balance unpaid (included in creditors)	-	-
47.2		
Audit fees - [MFMA 125 (1)(c)]		
Opening balance	1,035,149	-
Current year audit fee	2,793,807	2,300,934
External Audit - Auditor-General	2,718,638	2,010,897
Internal Audit	1,830	241,359
Audit Committee	73,339	48,678
Amount paid - current year	(3,828,956)	(1,265,786)
Balance unpaid (included in creditors)	-	1,035,149
47.3		
VAT - [MFMA 125 (1)(c)]		
Opening balance	59,747	776,686
Amounts received - current year	(2,213,039)	(2,313,081)
Amounts received - previous years	(59,747)	(776,686)
Amounts claimed - current year	2,213,039	2,372,828
Amounts payable - current year	(490,402)	(54,084)
Amounts paid - current year	742,103	54,084
Closing balance	251,701	59,747
Vat in suspense due to cash basis of accounting	508,204	(253,193)
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
All VAT returns have been submitted by the due date throughout the year.		
Refer to note 11 for further disclosure regarding the balances receivable from and payable to SARS		
47.4		
PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	5,117,031	4,914,418
Amount paid - current year	(4,732,888)	(4,914,418)
Balance unpaid (included in creditors)	384,143	-
47.5		
Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	9,360,578	8,986,183
Amount paid - current year	(8,662,109)	(8,986,183)
Balance unpaid (included in creditors)	698,469	-

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days during the financial year and on 30 June 2013:

None

47.7 Non-Compliance with Supply Chain Management Regulations

During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted and condoned by council.

47.8 Other Non-Compliance

The municipality did not comply with section 65 (2) (e) of the MFMA. All reasonable steps to ensure, that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, was not taken.

47.9 Trading with employees in service of the state (SCM 44)

2013
R

2012
R

During the year under review, the municipality engaged with the following employees in service of the state.

P Bushula (Chief Operation Officer at Senqu Municipality)	Zoleka Estate: Construction	3,012,873	272,890
J Niehaus (Department of Health)	Mubesko Africa CC	815,871	1,407,819
		<u>3,828,744</u>	<u>1,680,709</u>

48 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure

Total

4,084,923

4,048,939

4,084,923

4,048,939

4,084,923

4,048,939

This expenditure will be financed from:

Government Grants

4,084,923

4,048,939

4,084,923

4,048,939

49 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

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

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

1% (2012 - 0.5%) Increase in interest rates	(42,894)	(19,798)
0.5% (2012 - 0.5%) Decrease in interest rates	21,447	19,798

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(d) Credit Risk

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

Credit risk consist mainly of cash deposits, cash equivalents, receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All services are payable within 30 days from invoice date. Refer to note 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2013 R	2012 R
Balances past due not impaired are as follows:		
Rates	245,946	447,320
Electricity	323,063	-
Water	-	1,516,269
Refuse	189,508	385,851
Sewerage	-	427,976
Other	101,742	264,270
	<u>860,259</u>	<u>3,041,686</u>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables, the carrying value disclosed in note 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The entity only deposits cash with major banks with high quality credit standing. The banks utilised by the municipality are all listed on the JSE. The credit quality of these institutions are evaluated based on their required Securities Exchange News Services (SENS) releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

No restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there is no expectation of counter party default.

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

Receivables (Exchange and Non-Exchange)	7,712,089	15,427,860
Cash and Cash Equivalents	1,113,993	1,156,033
Non-Current Investments	702,902	665,309
Unpaid conditional grants and subsidies	944,927	315,080
	<u>10,473,912</u>	<u>17,564,281</u>

(e) Liquidity Risk

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

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

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities - Annuity Loans	405,559	1,622,236	2,027,795	1,822,945
Capital repayments	200,649	909,693	1,421,400	1,514,610
Interest	204,910	712,544	606,395	208,335
Long Term liabilities - Finance Leases	663,158	1,326,316	-	-
Capital repayments	435,856	1,121,300	-	-
Interest	227,302	205,016	-	-
Long Term liabilities - Hire Purchases	1,205,095	3,189,724	-	-
Capital repayments	897,410	2,744,702	-	-
Interest	307,684	445,022	-	-
Provisions - Landfill Sites	-	-	3,571,685	2,374,206
Capital repayments	-	-	2,299,907	1,168,381
Interest	-	-	1,271,778	1,205,824
Trade and Other Payables	24,237,410	-	-	-
Unspent conditional government grants and receipts	3,469,025	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>29,980,246</u>	<u>6,138,277</u>	<u>5,599,481</u>	<u>4,197,150</u>
2012				
Long Term liabilities - Annuity Loans	405,559	1,622,236	2,027,795	2,228,220
Capital repayments	191,039	865,889	1,352,957	1,927,422
Interest	214,520	756,347	674,839	300,798
Long Term liabilities - Finance Leases	886,558	1,989,474	-	-
Capital repayments	583,220	1,557,156	-	-
Interest	303,338	432,318	-	-
Long Term liabilities - Hire Purchases	559,112	1,366,965	-	-
Capital repayments	416,325	1,198,486	-	-
Interest	142,787	168,478	-	-
Provisions - Landfill Sites	-	-	3,554,222	2,305,796
Capital repayments	-	-	2,078,080	1,006,011
Interest	-	-	1,476,142	1,299,785
Trade and Other Payables	21,228,823	-	-	-
Unspent conditional government grants and receipts	6,832,555	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>29,912,606</u>	<u>4,978,675</u>	<u>5,582,017</u>	<u>4,534,015</u>

50	FINANCIAL INSTRUMENTS		2013 R	2012 R
		In accordance with the principles of GRAP 104 the financial instruments of the municipality are classified as follows:		
50.1	Financial Assets	Classification		
	Investments			
	Fixed Deposits	At Amortised cost	702,902	665,309
	Consumer Debtors			
	Receivables from exchange transactions	At Amortised cost	6,535,883	14,369,098
	Receivables from non-exchange transactions	At Amortised cost	1,176,207	1,058,762
	Unpaid Conditional Grants and Receipts			
	Other Spheres of Government	At Amortised cost	944,927	315,080
	Short-term Investment Deposits			
	Call Deposits	At Amortised cost	571,659	106,812

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
Bank Balances and Cash			
Bank Balances	At Amortised cost	536,782	1,043,669
Cash Floats and Advances	At Amortised cost	5,552	5,552
		<u>10,473,912</u>	<u>17,564,281</u>
SUMMARY OF FINANCIAL ASSETS			
	At Amortised cost	<u>10,473,912</u>	<u>17,564,281</u>
50.2	Financial Liability		
	<u>Classification</u>		
Long-term Liabilities and provisions			
Annuity Loans	At amortised cost	2,431,772	2,500,297
Hire Purchase	At amortised cost	2,744,702	1,198,486
Capitalised Lease Liability	At amortised cost	1,121,300	1,557,156
Non-Current Provisions - Landfill Sites	At amortised cost	3,468,289	3,084,091
Payables from Exchange transactions			
Trade creditors	At amortised cost	19,397,619	18,501,445
Accrued Interest	At amortised cost	75,683	64,374
Joe Gqabi District Municipality	At amortised cost	4,634,390	-
Other Creditors	At amortised cost	2,920,561	2,324,763
Deposits: Other	At amortised cost	1,843,547	338,241
Unspent Conditional Grants and Receipts			
Other Spheres of Government	At amortised cost	3,469,025	6,832,555
Current Portion of Long-term Liabilities			
Annuity Loans	At amortised cost	200,649	191,039
Hire Purchase	At amortised cost	897,410	416,325
Capitalised Lease Liability	At amortised cost	435,856	583,220
		<u>43,640,802</u>	<u>37,591,991</u>
SUMMARY OF FINANCIAL LIABILITY			
	At amortised cost	<u>43,640,802</u>	<u>37,591,991</u>
51	EVENTS AFTER THE REPORTING DATE		
<p>Subsequent to year end the municipality entered into an agreement with an outsourced service provider to undertake the process of evaluation all key management personnel to determine the performance bonus. Council policy limits the performance bonus to fourteen per cent of the employee's total package.</p> <p>The process was concluded and the following performance bonuses were proposed.</p>			
	Municipal Manager - MP Nonjola	143,010	136,623
	Manager Technical Services - TE Molefe	109,716	110,291
	Manager Community and Social Services - NBB Mokhantso	95,006	89,459
	Manager Corporate and Support Services - TE Wonga	27,104	95,288
	Manager Financial Services - T Maseko	109,716	109,060
	Manager Corporate and Support Services - ZE Pungwani	64,848	-
		<u>549,400</u>	<u>540,721</u>
52	IN-KIND DONATIONS AND ASSISTANCE		
<p>The municipality did not receive any in-kind donations or assistance during the year under review.</p>			
53	PRIVATE PUBLIC PARTNERSHIPS		
<p>Council has not entered into any private public partnerships during the financial year.</p>			

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
54 CONTINGENT LIABILITY		
Total contingent liabilities	1,046,137	500,000
Steenkamp, Botha & Botha - Litigation on the damage suffered by a child burnt by electric cables at Aliwal Spa. The matter was negotiated for an out of court settlement.	-	500,000
Millicent Taylor - Claims of R1 000 000 from the municipality made on 28 November 2012 regarding an incident that had occurred on 08 February 2011 involving a tipper truck, driven by a Maletswai Municipality employee, that drove over the claimant's child injuring her fatally.	1,000,000	-
KS Sengoatsi - The claimant suffered damages to his home after heavy rains.	46,137	-
On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. Due to the pending court of appeal ruling, the municipality did not conduct a complete job evaluation exercise, as required by the wage curve agreement. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this payable prior to the outcome of the pending litigation.	-	-
	<u>1,046,137</u>	<u>500,000</u>

55 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

55.1 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

55.2 Other related party transactions

The following councillors were members of entities which was listed on the approved supplier database

<u>Name</u>	<u>Company</u>
Councillor Z Betana	Bright idea Project 665CC

The municipality engaged with the following related entities:

BJ Vorster (Heinrich Vorster (child) employed by entity): Assistant Manager: Financial Services	Gariep Technologies	-	12,863
Fibhi Mvelase (Daughter of contractor): Accountant Expenditure	Mvelase and Rethusehnr JV	1,308,980	3,673,316
		<u>1,308,980</u>	<u>3,686,179</u>

The Municipal Manager of the Maletswai Local Municipality is a non-executive director of Joe Gqabi Development Agency representing council as an ex-officio member.

Maletswai Local Municipality provides a site in Obbiebron Flats to Joe Gqabi Development Agency at no cost to the entity.

MALETSWAI LOCAL MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

56

FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current liabilities at year end exceeded the current assets and this could result in the municipality being unable to settle all of its liabilities.

Management will continue to put measures in place to ensure that municipal current assets are in excess of the current liabilities. Expenditure patterns and budget control measures will be enforced to reduce the expenditure that lead to an increase in current liabilities.

The number of days it takes to collect money from consumer debtors has increased from the prior year and this has placed constraints on the cash flow resulting in delays in settling the creditors.

Although the debtors' collection period has increased compared to prior year, management has continued to enforce the credit control measures through electricity disconnections, prepaid blockages and handover of long outstanding debts to attorneys.

The municipality experienced material losses in both electricity and water usage to the value of R2 425 163 (2012 - R 3 515 352) and R0 (2012 - R452 890) respectively. This represents a loss of 11.49% (2012 - 18.50%) on electricity and 0% (2012 - 14.37%) on water consumption.

Operating Indicators

The use of conditional grants for operations increased in the current year. An unspent conditional grant amounting to R3 469 024 (2012 - R 6 832 555) was used to meet the operational expenditure requirements.

The amount of R 8 026 962 million owed by Joe Gqabi District Municipality has been outstanding for a long period of time. This total of R 5 026 962 relates to the 2008/09 financial year. The outstanding amount by the district municipality will be off-set against the debt owed by the municipality on water collections and this will alleviate the future cash flow challenges.

Other Indicators

The municipality has incurred unauthorised, irregular and fruitless & wasteful expenditure as shown in note 46 above.

57

TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

GRAP 103 - Heritage Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. The municipality did not measure all Heritage Assets in line with the requirements of GRAP 103.

All Heritage assets have been identified on 30 June 2013. However, the municipality is currently in a process of measuring all Heritage Assets which must be measured in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2015 financial statements.

APPENDIX A - Unaudited
MALETSWAI LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2012	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS							
DBSA	5.00%	102312 Maletswai Roads Network (TIP)	30/09/2027	4,337,306	-	190,954	4,146,352
Total Annuity Loans				4,337,306	-	190,954	4,146,352
HIRED PURCHASES							
ABSA (Telephone system)	9.50%	70836411	15/05/2011	335,320	-	129,480	205,840
ABSA (TATA Truck)	9.50%	81205030	05/08/2016	393,907	-	82,846	311,061
ABSA (Isuzu KB200i LWB)	9.50%	80693198	15/02/2016	114,207	-	27,308	86,900
ABSA (2011 Rear Tipping Tractor)	9.50%	80693759	15/02/2016	59,834	-	14,307	45,527
ABSA (2010 Vibrating Roller)	9.50%	80693899	15/02/2016	107,104	-	25,609	81,495
ABSA (Isuzu KB200i Fleetside)	9.50%	80698530	15/02/2016	145,507	-	34,792	110,715
ABSA (Sonalinka Tractor)	9.50%	80701808	15/02/2016	163,774	-	39,159	124,615
ABSA (Mazda CX 7)	9.50%	80993701	01/05/2016	295,158	-	65,252	229,906
ABSA (TATA Water Truck)	9.50%	83338631	15/12/2017	-	797,000	61,848	735,152
ABSA (Nissan UD 330)	9.50%	83577440	01/03/2018	-	1,608,382	57,380	1,551,002
ABSA (Isuzu KB 200i)	9.50%	83520421	01/03/2018	-	165,816	5,916	159,900
Total Hire Purchases				1,614,811	2,571,198	543,897	3,642,113
LEASE LIABILITY							
ITEC Rental	21.20%		01/11/2012	213,873	-	213,873	-
NRG Rental	16.67%		30/06/2016	1,926,503	-	369,347	1,557,156
Total Lease Liabilities				2,140,375	-	583,220	1,557,156
TOTAL EXTERNAL LOANS				8,092,492	2,571,198	1,318,070	9,345,620

APPENDIX B - Unaudited
MALETSWAI LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
1,075,000	(9,366,673)	(8,291,673)	Council	135,446	(15,049,010)	(14,913,564)
-	(2,029,502)	(2,029,502)	Municipal Manager	-	(2,282,705)	(2,282,705)
-	(444,737)	(444,737)	Integrated Development Planning	-	(368,997)	(368,997)
500	(434,399)	(433,899)	Special Program Unit	-	(472,578)	(472,578)
888,597	(8,600,034)	(7,711,437)	Corporate Services	1,361,746	(8,890,997)	(7,529,250)
3,760,410	(3,402,828)	357,582	Traffic	3,970,151	(3,711,876)	258,275
5,773	(102,819)	(97,046)	Aerodrome	6,440	(70,858)	(64,418)
153,432	(6,272)	147,161	Commonage	158,145	(10,358)	147,787
24,265,023	(15,106,484)	9,158,540	Financial Services	30,484,756	(16,271,762)	14,212,994
8,466,194	-	8,466,194	Assessment Rates	9,577,682	-	9,577,682
-	(1,612,475)	(1,612,475)	Technical Services	-	(1,773,363)	(1,773,363)
1,210,899	(2,391,930)	(1,181,031)	Administration and Land Affairs	1,412,292	(2,534,482)	(1,122,190)
7,617,163	(14,219,193)	(6,602,030)	Public Works	14,105,827	(14,109,986)	(4,158)
2,695,951	(5,284,412)	(2,588,461)	Refuse Removal	2,598,738	(6,169,655)	(3,570,917)
-	(2,942,288)	(2,942,288)	Parks and Public Places	4,738	(3,070,944)	(3,066,206)
-	(690,947)	(690,947)	Cleansing	-	-	-
-	(1,555,230)	(1,555,230)	Community Services	-	(1,733,915)	(1,733,915)
-	(4,887)	(4,887)	Health	-	-	-
350,198	(515,828)	(165,629)	Local Economic Development	1,979,899	(582,989)	1,396,910
122,337	(56,027)	66,310	Cemetery	124,140	(11,447)	112,693
3,228,426	(15,633)	3,212,793	Sport Grounds	1,158,728	(20,794)	1,137,934
1,166,349	(1,168,112)	(1,763)	Libraries	788,319	(1,306,386)	(518,067)
2,572,924	(2,589,639)	(16,715)	Aliwal Spa	483,556	(2,812,513)	(2,328,957)
169,956	(75,249)	94,706	Conference Centre	269,172	(478,604)	(209,432)
187,601	(197,359)	(9,758)	Nature Reserve	73,630	(106,298)	(32,668)
-	(2,153)	(2,153)	Museum	-	(1,999)	(1,999)
39,000	(1,172,592)	(1,133,592)	Housing	31,458	(1,417,144)	(1,385,686)
43,659,312	(44,674,434)	(1,015,122)	Electricity	49,588,728	(50,586,669)	(997,942)
12,457,871	(7,262,615)	5,195,256	Water	-	-	-
121,332,146	(128,796,423)	(7,464,277)	Total	118,313,590	(133,846,329)	(15,532,739)

APPENDIX C - Unaudited
 MALETSWAI LOCAL MUNICIPALITY
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
 GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
1,075,000	(11,396,174)	(10,321,174)	Executive & Council	135,446	(17,331,715)	(17,196,269)
350,698	(1,394,963)	(1,044,265)	Planning and Development	1,979,899	(1,424,565)	555,334
34,830,713	(26,098,555)	8,732,159	Budget and Treasury	42,836,476	(27,697,241)	15,139,235
3,760,410	(3,402,828)	357,582	Public Safety	3,970,151	(3,711,876)	258,275
7,617,163	(15,831,668)	(8,214,505)	Road Transport	14,105,827	(15,883,349)	(1,777,522)
346,806	(306,450)	40,356	Other	238,215	(187,514)	50,701
7,239,229	(2,871,567)	4,367,663	Waste Water Management	-	-	-
2,695,951	(8,917,647)	(6,221,696)	Waste Management	2,603,475	(9,240,599)	(6,637,124)
5,801,350	(2,605,271)	3,196,079	Sport and Recreation	1,642,284	(2,833,307)	(1,191,023)
1,458,642	(2,856,771)	(1,398,129)	Community and Social Services	1,181,631	(3,532,351)	(2,350,720)
-	(4,887)	(4,887)	Health	-	-	-
39,000	(1,172,592)	(1,133,592)	Housing	31,458	(1,417,144)	(1,385,686)
12,457,871	(7,262,615)	5,195,256	Water	-	-	-
43,659,312	(44,674,434)	(1,015,122)	Electricity	49,588,728	(50,586,669)	(997,942)
121,332,146	(128,796,423)	(7,464,277)	Total	118,313,590	(133,846,329)	(15,532,739)

APPENDIX D - Unaudited
MALETSWAI LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2012	Correction of error	Restated balance 1 JULY 2012	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
	R	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
National Government Grants							
Equitable Share	-	-	-	22,944,000	22,944,000	-	-
Skills Development Grant	-	-	-	247,444	247,444	-	-
Finance Management Act.	(419,609)	419,609	-	1,500,000	1,500,000	-	-
MSIG Funds	(76,178)	76,178	-	800,000	721,743	78,257	-
MIG Funds	(63,640)	-	(63,640)	15,300,000	2,545,239	12,870,184	(179,064)
DME Electricity Reticulation Fund	1,144,383	-	1,144,383	-	-	1,082,634	61,749
Expanded Public Works Program	604,000	-	604,000	1,000,000	1,604,000	-	-
	1,188,957	495,786	1,684,743	41,791,444	29,562,426	14,031,076	(117,315)
Provincial Government Grants							
Spatial Development Plan	361,000	-	361,000	-	-	-	361,000
1218 Link Houses	271,617	-	271,617	-	-	-	271,617
330 Houses	199,789	-	199,789	-	31,458	-	168,331
Area 5 Services	63,514	-	63,514	-	-	-	63,514
Hilton 89 Houses	6,746	-	6,746	-	-	-	6,746
Area 13 - Fund	254,064	-	254,064	-	-	-	254,064
Aliwal Noord 100 Houses Fund	(251,439)	-	(251,439)	-	-	-	(251,439)
318 Houses Jamestown	373,367	-	373,367	-	-	-	373,367
Jamestown 858 Houses Planning	6,090	-	6,090	-	-	-	6,090
Jamestown 858 Houses	639,778	-	639,778	-	-	-	639,778
838 Wonings Fonds	690,403	-	690,403	-	-	-	690,403
DEAT - Waste Recycling Project	1,636,697	-	1,636,697	-	504,534	1,646,587	(514,424)
Land Survey Management	467,500	-	467,500	-	-	-	467,500
LED Garden Project Jamestown	108,837	-	108,837	-	3,974	-	104,863
LED	-	-	-	87,990	87,990	-	-
Library Grant	-	-	-	704,000	704,000	-	-
	4,827,963	-	4,827,963	791,990	1,331,956	1,646,587	2,641,411
District Municipality Grants							
Library Equipment Fund	4,767	-	4,767	-	4,767	-	-
	4,767	-	4,767	-	4,767	-	-
Total	6,021,689	495,786	6,517,475	42,583,434	30,899,149	15,677,662	2,524,098