



Mopani District Municipality  
(Demarcation code DC33)  
Unaudited Annual financial statements  
for the year ended 30 June 2013

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## General Information

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### Nature of business and principal activities

- Provision of a democratic and accountable Local Government for communities in the Mopani District area;
- Ensuring the provision of services to these communities in a sustainable manner;
- Promotion of social and economic development;
- Promotion a safe and healthy environment; and
- Encourage the involvement of communities and community organisations in the matters of Local Government in the Mopani District

### Mayoral committee

**Executive Mayor**

**Speaker**

**Chief Whip**

Mayoral Committee

Matlou L.J  
Mathonsi N.V  
Mushwana O.J  
Lewele M  
Machethe L.N  
Manganyi H.G  
Nkuna C  
Ramaremela T.P  
Moshobane S.H  
Hlatswayo C  
Ngobeni A  
Maloko M.L  
Nkanyani R.P  
Mabasa M.H  
Raganya M.P  
Monyela K.J  
Mokoele S.G  
Cronje P.W  
Mabunda M.A  
Makhubele P.P  
Baloyi H.I  
Makhubele T.A  
Mushwana T.J  
Rikhotso A  
Rikhotso M.Q  
Ncha M.L  
Mushwana D.G  
Mohale N.L  
Ndove D.L  
Mbhalati H.J.H  
Risaba N.M  
Sibiya M  
Mokgobi M.L  
Mafona M.E  
Selowa G  
Magoro M.C  
Senyolo T  
Mamogale C  
Perkins L  
Flemming G.J  
Makwala O

MPAC Chairperson

Other Councillors

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## General Information

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	Mashele G Mametja M.R
<b>Grading of local authority</b>	4
<b>Accounting Officer</b>	Maake M.T
<b>Acting - Chief Finance Officer (CFO)</b>	Lebopa K.B
<b>Registered office</b>	Government Building Main Road Giyani 0826
<b>Business address</b>	Government Building Main Road Giyani 0826
<b>Postal address</b>	Private Bag X9687 Giyani 0826
Website	<a href="http://www.mopani.gov.za">www.mopani.gov.za</a>
Currency	South African Rands
Rounding off	Nearest Rand
<b>Bankers</b>	ABSA BANK
<b>Auditors</b>	Auditor General of South Africa
<b>Audit Committee</b>	Modipane TC Adv. ST Kholong Ngobeni SAB Hlomane HG  Mudau FJ

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Index

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

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5 - 9
Statement of Financial Position	10
Statement of Changes in Net Assets	12
Statement of Financial Performance	11
Cash Flow Statement	13
Statement of Comparison of Budget and Actual Amounts	14 - 15
Accounting Policies	16 - 24
Notes to the Unaudited Annual Financial Statements	25 - 44
Appendixes:	
Appendix A: Schedule of External loans	45
Appendix B: Analysis of Property, Plant and Equipment	46
Appendix C: Segmental analysis of Property, Plant and Equipment	52
Appendix D: Segmental Statement of Financial Performance	53
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	54
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	55

### Abbreviations

CoGHSTA	Department of Co-Operative Governance, Human Settlements and Traditional Affairs
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Responsibilities and Approval

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Accounting Officer certify that the salaries, allowances and benefits of the Councillors, loans made to Councillors, if any and payment made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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

The unaudited annual financial statements set out on page 5 to 55, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2013 and were signed on its behalf by

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**Accounting Officer**  
**Maake M.T**

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Report

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Mopani District Municipality is a rural district in Limpopo Province with a total population of 1'069'000 and the household is 399'899. Within the district there are a total of 125 wards made up from 354 villages and 16 urban areas. In this regard, we can confirm that 83% of the population of the district lives in rural areas and the remaining balance is shared between the urban areas and the farming community. During the financial year under review, Mopani District Municipality made progress in achieving its strategic objectives, details of which are outlined as follows:

### 1. Review of Activities

#### 1.1 Municipal financial viability

The municipality received total revenue of R 943'091'949 in the 2012/13 financial year as compared to R 831'295'801 in the 2011/12 which is an increase of 21%. The total expenditure for the 2012/13 financial is at (R 766'268'478) against (R 824'953'921) in 2011/12 which also represents a decline of 38%. The municipality largely depends on grant but currently a revenue enhancement strategy is being finalised to consider other possible revenue generating mechanisms. We hope and believe that the final product will yield the desired goals.

The Blyderiver debts relates to the upfront payment to enable our municipality to connect to their infrastructure for the conveyance of water to our system from the Blyderiver

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Report

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### 1.2 Service delivery

In terms of service delivery, the municipality is the Water Service Authority and has the obligation to ensure sustainable water service provision within its jurisdiction in terms of the Water Services Act. The majority of the projects that are implemented for service delivery are for water while the others largely depend on the financial strength of the municipality. The other services that the municipality is required to render include fire services, disaster management and environmental management.

#### 1.2.1 Project Management

During the period in review, the municipality implemented 18 water projects funded through Municipal Infrastructure Grant, 2 projects through Regional Bulk Infrastructure Grant, 7 roads projects and 1 municipal building funded from own sources. All the projects above are multi-year and therefore they will continue until fully completed. The amount of money which has been spent on our MIG reported to Co-operative Governance and Traditional Affairs excluded projects that were not registered with an amount of R 16'067'832.79 due to the delays in the approval of technical reports. There is also an amount of R 8'790'539.15 of the professional fees which has not been claimed yet on the projects. In this regard, there is a need to fast track the issuing of technical reports particularly on water projects so that they are registered on time. It will also be of great assistance to municipalities if the Department of Water Affairs consider approving the technical reports in line with the Integrated Development Plans and the MTEF budgets as opposed to focusing on the annual allocations.

#### 1.2.2 Water service provision

The municipality has appointed the local municipalities within its jurisdiction as the water service providers and also entered into an agreement with Lepelle Northern Water Board on the provision of bulk water in Ba-Phalaborwa Municipality and part of Greater Tzaneen Municipality. According to the agreements with the local municipalities, they are responsible for providing water to the end users, collect revenue, implement credit control and billing so that they can report on the transactions monthly to the district. In the process of providing water, the municipalities must invoice the district on all expenses incurred so that the district is able to reimburse them out of the revenue for water.

On the bulk agreement with Lepelle Northern Water Board, the district has purchased water, paid for it as per the agreement and made it available for the locals affected to sell to its consumers. The non payment of the revenue on water collected by the locals over to the district has affected the cash flow of the district. The greatest challenge is in the Ba-Phalaborwa Municipality wherein an amount of R 157'000'000.00 was paid over to the board for the bulk water and only R 3'000'000.00 was received. The municipality is working closely with the local municipality to collect the debt on water so that both the outstanding money for the district and the debt owed by the local municipality to Lepelle Northern Water Board of R 198'000'000.00 is serviced. A debt repayment agreement will be signed jointly by the district and the local municipality with Lepelle Northern Water Board.

Over the past years, the issue of VAT on water related transactions has been a grey area which led to the district been audited by the South African Revenue Services in 2012. The outcome of the audit suggested that the district owed SARS an amount of R 35'000'000.00 on VAT for water revenue as it appears in our audited annual financial statements. The municipality raised an objection with SARS and we are awaiting the final outcome on the matter. In this regard, we will advise the local municipalities to separate the VAT for water from the other transactions.

In order for the municipality to achieve its Constitutional obligation, during the period in review, an amount of R 357'896'000.00 equitable share for water services was received. While the district did not transfer the money to the local municipalities, it was used for ensuring the provision of water by paying for electricity connections at the boreholes and plants, purchasing of chemicals to purify water, drilling new boreholes and maintaining the old ones. The total amount spent by the district on the water service provision was R 146'615'495.31 excluding the costs of staff salaries dealing with water.

#### 1.2.3 Disaster management

During the month of January 2013, the municipality experienced another flooding which occurred mostly in the area of Greater Giyani Municipality and a portion of Greater Letaba Municipality. The water infrastructure was damaged by the heavy rains which led to the municipality repairing the infrastructure in order to continue providing the communities with water.

### 1.3 Municipal transformation and organisational development

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Report

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The total approved posts of the municipality are 1 665 for which 885 posts were filled during the reporting period and 678 posts remained vacant. The water services directorate has the highest vacancies at 593 due to the increasing number of retirements, death cases and resignations. For the period in review, a total of 43 employees have gone on retirement, 15 passed on, 12 resigned, 2 were dismissed after disciplinary processes and 1 the contract expired. The total number of the councillors for the municipality is 55 and 2 councillors resigned, 1 is from the African National Congress and the other 1 from the Democratic Alliance. It is also worth indicating that 1 Traditional Leader sitting at the Council of Mopani District passed on while the other 1 has resigned.

During the period in review, the municipality appointed two new Directors to fill the vacant positions that existed at a senior management level. The position of Director in the Office of the Executive Mayor was vacant since the departure of the occupant who joined another government department. The Director Water Services position became vacant as a result of the decision by Council to dismiss the incumbent due to fraudulent qualifications; the matter is now in the hands of the Courts for the recovery of the money paid by the municipality as salary.

Currently the municipality still has to fill the positions of Director Corporate Services and the Chief Financial Officer. Our Chief Financial Officer joined another municipality within the district as an Accounting Officer with effect from 01st December 2012. The position was advertised several times but we could not get the right candidates until recently wherein six candidates have been shortlisted. In terms of the other positions, the municipality received a Court Order instituted by SAMWU on the differences that existed on the approach to fill vacancies within the municipality. The matter was then resolved at the Local Labour Forum and we are now awaiting implementation of the decisions agreed.

A total of 524 staff members have accumulated leave days of 48 and more contrary to several memos issued to all staff to arrange with their supervisors to take leave. It must be noted that there are instances wherein the supervisor has withdrawn leave applications informed by work pressure. The plan of the municipality is to configure a maximum of 48 days on the system wherein anyone with more than 48 days, they will automatically forfeit them. .

### 1.4 Local economic development

The municipality has conducted the feasibility studies with regard to a number of catalytical projects however implementing them has been a challenge. One of them is the development of the Fresh Produce Market and the Abattoir. The problem has been accessing funding and they have a huge potential to create more jobs thereby making the economy of the district to grow. However a total of 7 525 were created through the implementation of the IDP and municipal budget. .

### 1.5 Good governance and Public participation

The municipality has implemented its Anti Corruption and Fraud Prevention strategy and the results are beginning to show up. We also have an Internal Audit Unit which conducts internal audit projects informed by the risk profile of the municipality. While there has been a delay in the implementation of the internal audit and Auditor general findings, the situation has improved given the awareness that was conducted amongst all staff in the various directorates.

During the 2011/12 audit, an irregular expenditure was raised by the Auditor General which included two projects that are multi-year. The projects are Dan to Nkowankowa Road and Mapuve System N Water project. The irregular expenditure was on the basis of the increased scope. The matter was tabled before Council after investigations were conducted by the Municipal Public Accounts and it was accepted. Since the projects are multi-year, there was an expenditure incurred even in the new financial year which should not be treated as irregular because the contractors were long on site.

## 2 Oversight Structures

### 2.1 Council

During the period in review, the Council managed to convene a total of 10 meetings, 7 of those meetings being Special sittings which include the ones dealing with the flood disaster within the district area. The implementation of the Council resolutions is at 100% given the fact that some of them are continuous in nature. .

### 2.2 Mayoral Committee

A total of 10 meetings were held and the attendance by Members of the Mayoral committee stood at 100% except in instances where written applications of absence were received.

### 2.3 Portfolio Committees



# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Report

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The municipality has a total of 9 Portfolio Committees and their meetings are conducted on monthly basis prior to the Mayoral Committee meetings. The attendance in the Portfolio Committee meetings became a serious challenge after the municipality received a circular which explained the need to avoid having members of the Municipal Public Accounts Committee also sitting in different portfolios. The municipality is busy finalising the review of the members of the various Portfolio Committees and we hope this will assist in addressing this situation.

### 2.4 Audit Committee

The Audit Committee of the municipality is a shared service with the five local municipalities. The committee held a total of 5 meetings with the district and 30 inclusive of all the local municipalities and a report has been tabled before Council as required. Over and above the ordinary meetings, the Audit Committee met with the Executive Mayor and local Mayors individually to highlight some critical areas for attention by various Councils.

### 2.5 Management committee

The management committee is led by the accounting officer and sits for meetings to consider the strategic activities of the municipality. Since July 2012, there are 12 management meetings that have been held plus the strategic planning session and the Management Lekgotla which is convened every January to conduct a Mid Year performance Assessment of the municipality.

### 2.6 Internal Audit

The internal audit unit had a staff compliment of 8 with only 3 vacant positions that still needs to be filled. The filling of these positions has a huge influence on the performance of the unit particular on the planned projects. The unit planned to conduct 28 projects for which five performed as part of follow-up and those were the Information Technology audit which leaves 23 projects. Out of the 23, 19 have been completed and 4 rolled over to the 2013/14 financial year.

### 2.7 Risk Management

The municipality has established a Risk Management Committee which is chaired by an independent person, an official secured from the Department of Co-operative Governance Human Settlement and Traditional Affairs. During the period in review, the committee held 3 meetings and have also managed to review the Risk Strategy and profile of the municipality. In terms of the risk profile, 56 risks were identified and 19 were successfully mitigated during the period in review while 37 still requires urgent attention. The risk reports are also tabled before our quarterly Council meetings.

## 3 Discontinued activities

During the period in review, there were no activities that were discontinued.

## 4 Events after reporting date

There are no favourable or unfavourable events that I am aware of which occurred after the reporting date that might affect the Annual Financial Statements.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Report

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### 5 Performance Information

At the end of the year, the best area of performance of the General KPI's was with Transformation and Organisational Development which achieved a maximum score of 5.00 due to spending of 50% of the allocated budget for implementing the workplace skills. Financial Viability is below target due to the low expenditure against the capital budget (76%), low percentages of debt coverage (7.24%) and cost coverage (0.01%) and high outstanding debtors to revenue. Service Delivery performed just below the target due to 91.94% of households having access to basic electricity against the annual target of 97%. Household access to basic sanitation according to Statssa census 2011 were at 91% and Households with access to waste removal under achieved with 21% from the targeted 75% having access to waste removal while 82.4% of households have access to basic water according to Statssa census 2011. Local Economic Development is on target due to only 7 525 jobs that was created through implementation of municipal IDP and budget, significantly improving from the previous financial year of 1500, against the target of 7 489 jobs.

### 6 Municipal Public Accounts Committee resolutions

The Municipal Public Accounts Committee (MPAC), heard evidence on and considered the contents of the Annual Report and the Report of the Auditor-General on the 2011/2012 annual financial statements of the municipality. The Committee noted the disclaimer audit opinion, highlighted areas which required urgent attention of the Accounting Officer and Council.

### 2. Conclusion

We would like to appreciate the effort put by the staff Council in implementing the programmes of the municipality. The Council of the district plus those representing municipalities have also played a critical role in ensuring political oversight. We hope and believe that the forthcoming year will be a grateful one as well. The municipality has prepared its annual financial statements on a going concern basis while we note the fact that there is unspent grant and that at year end the municipality had a negative balance in the bank. This is supported by the fact that by year end the municipality had a balance of consumer debtors of R 290'714'050 and the Council has approved an incentive scheme which seeks to encourage the consumers on water to settle their outstanding accounts. This will go a long way in further improving the going concern basis of the municipality.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	5	44,996,692	57,924,658
Other financial assets	4	5,600,000	5,950,000
Receivables from exchange transactions	6	480,649,890	297,736,841
VAT receivable	7	71,505,388	53,524,751
Consumer debtors	8	207,148,088	115,702,038
Cash and cash equivalents	9	-	3,229,284
		<b>809,900,058</b>	<b>534,067,572</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	2,118,287,841	1,853,265,718
Intangible assets	3	175,087	260,168
Other financial assets	4	189,052	4,389,052
		<b>2,118,651,980</b>	<b>1,857,914,938</b>
Non-Current Assets		2,118,651,980	1,857,914,938
Current Assets		809,900,058	534,067,572
<b>Total Assets</b>		<b>2,928,552,038</b>	<b>2,391,982,510</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	11	416,414	822,854
Payables from exchange transactions	14	562,910,534	440,443,376
Consumer deposits	15	3,930,536	4,646,329
Unspent conditional grants and receipts	12	209,373,292	108,744,880
Provisions	13	3,308,454	1,117,750
Bank overdraft	9	6,787,631	-
		<b>786,726,861</b>	<b>555,775,189</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	10	-	8,400,000
Finance lease obligation	11	-	416,414
Provisions	13	19,479,275	9,349,929
		<b>19,479,275</b>	<b>18,166,343</b>
Non-Current Liabilities		19,479,275	18,166,343
Current Liabilities		786,726,861	555,775,189
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>806,206,136</b>	<b>573,941,532</b>
Assets		2,928,552,038	2,391,982,510
Liabilities		(806,206,136)	(573,941,532)
<b>Net Assets</b>		<b>2,122,345,902</b>	<b>1,818,040,978</b>
<b>Net Assets</b>			
Accumulated surplus		2,122,345,910	1,818,040,978

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
<b>Revenue</b>			
<b>Revenue from Exchange Transactions</b>			
Service charges	17	165,015,010	153,662,393
Interest earned - Outstanding receivables		15,430,117	1,679,029
Other income	19	12,907,778	5,829,367
Interest received		676,173	1,065,373
<b>Revenue from Non - Exchange Transactions</b>			
Government grants & subsidies	18	749,062,870	669,059,639
<b>Total revenue</b>		<b>943,091,948</b>	<b>831,295,801</b>
<b>Expenditure</b>			
Employee costs	21	(222,440,670)	(210,733,621)
Remuneration of Councillors	22	(8,217,300)	(7,569,511)
Transfer payments		(3,535,922)	(3,171,580)
Depreciation and amortisation	25	(137,763,159)	(107,023,783)
Impairment loss/ Reversal of impairments		(17,234,114)	(3,363,675)
Finance costs	26	(502,802)	(542,404)
Debt impairment	23	(24,287,667)	(37,164,610)
Repairs and maintenance		(85,225,709)	(75,122,492)
Bulk purchases	30	(39,905,753)	(96,782,270)
Contracted services	28	(23,555,375)	(29,483,675)
Grants and subsidies paid	29	(4,052,745)	(2,249,503)
General Expenses	20	(181,268,440)	(251,746,797)
<b>Total expenditure</b>		<b>(747,989,656)</b>	<b>(824,953,921)</b>
Total revenue		943,091,948	831,295,801
Total expenditure		(747,989,656)	(824,953,921)
<b>Operating surplus</b>		<b>195,102,292</b>	<b>6,341,880</b>
Loss on disposal of assets and liabilities		(10,620,185)	(26,267)
Surplus before taxation		184,482,107	6,315,613
<b>Surplus for the year</b>		<b>184,482,107</b>	<b>6,315,613</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2011</b>	<b>1,811,725,365</b>	<b>1,811,725,365</b>
Changes in net assets		
Surplus for the year	6,315,613	6,315,613
Total changes	6,315,613	6,315,613
<b>Balance at 01 July 2012</b>	<b>1,937,863,803</b>	<b>1,937,863,803</b>
Changes in net assets		
Surplus for the year	184,482,107	184,482,107
Total changes	184,482,107	184,482,107
<b>Balance at 30 June 2013</b>	<b>2,122,345,910</b>	<b>2,122,345,910</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		748,154,486	826,665,700
Interest income		676,173	1,065,373
Other receipts		14,492,334	5,809,356
		<b>763,322,993</b>	<b>833,540,429</b>
<b>Payments</b>			
Employee costs		(230,657,970)	(215,842,757)
Suppliers		(255,002,183)	(399,006,918)
Finance costs		(410,497)	(357,353)
Other payments		-	(4,641,424)
		<b>(486,070,650)</b>	<b>(619,848,452)</b>
Total receipts		763,322,993	833,540,429
Total payments		(486,070,650)	(619,848,452)
<b>Net cash flows from operating activities</b>	31	<b>277,252,343</b>	<b>213,691,977</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(271,329,422)	(66,014,536)
Proceeds from sale of property, plant and equipment	2	(639,573)	26,267
Purchase of intangible assets	3	-	(167,150)
Loss on disposal of assets	3	(10,535,104)	(26,267)
Proceeds from sale of financial assets		4,550,000	(10,339,052)
Other non-cash movements		-	(30,159,856)
<b>Net cash flows from investing activities</b>		<b>(277,954,099)</b>	<b>(106,680,594)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(8,400,000)	-
Finance lease payments		(915,159)	(989,468)
<b>Net cash flows from financing activities</b>		<b>(9,315,159)</b>	<b>(989,468)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,016,915)</b>	<b>106,021,915</b>
Cash and cash equivalents at the beginning of the year		3,229,284	(102,792,631)
<b>Cash and cash equivalents at the end of the year</b>	9	<b>(6,787,631)</b>	<b>3,229,284</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	106,301,356	98,480,345	<b>204,781,701</b>	165,015,010	<b>(39,766,691)</b>
Interest earned - Outstanding receivables	-	66,417,741	<b>66,417,741</b>	15,430,117	<b>(50,987,624)</b>
Other income	28,350,000	(441,573)	<b>27,908,427</b>	13,816,163	<b>(14,092,264)</b>
Interest received	52,000	-	<b>52,000</b>	676,173	<b>624,173</b>
<b>Total revenue from exchange transactions</b>	<b>134,703,356</b>	<b>164,456,513</b>	<b>299,159,869</b>	<b>194,937,463</b>	<b>(104,222,406)</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Government grants & subsidies	834,679,000	36,566,850	<b>871,245,850</b>	749,062,870	<b>(122,182,980)</b>
'Total revenue from exchange transactions'	134,703,356	164,456,513	<b>299,159,869</b>	194,937,463	<b>(104,222,406)</b>
'Total revenue from non-exchange transactions'	834,679,000	36,566,850	<b>871,245,850</b>	749,062,870	<b>(122,182,980)</b>
<b>Total revenue</b>	<b>969,382,356</b>	<b>201,023,363</b>	<b>1,170,405,719</b>	<b>944,000,333</b>	<b>(226,405,386)</b>
<b>Expenditure</b>					
Personnel	(250,217,000)	13,606,573	<b>(236,610,427)</b>	(222,440,670)	<b>14,169,757</b>
Remuneration of councillors	(8,156,339)	(346,462)	<b>(8,502,801)</b>	(8,217,300)	<b>285,501</b>
Mayor Charity Cup	-	-	-	(3,535,922)	<b>(3,535,922)</b>
Depreciation and amortisation	(128,854,464)	274,999	<b>(128,579,465)</b>	(137,763,159)	<b>(9,183,694)</b>
Impairment loss/ Reversal of impairments	(24,725,314)	4,539,452	<b>(20,185,862)</b>	(17,234,114)	<b>2,951,748</b>
Finance costs	(365,000)	15,000	<b>(350,000)</b>	(502,802)	<b>(152,802)</b>
Debt impairment	-	-	-	(24,287,667)	<b>(24,287,667)</b>
Repairs and maintenance	(44,380,488)	(84,019,143)	<b>(128,399,631)</b>	(85,225,709)	<b>43,173,922</b>
Bulk purchases	(66,406,425)	(365,306)	<b>(66,771,731)</b>	(39,905,753)	<b>26,865,978</b>
Contracted Services	(3,700,000)	(32,456,929)	<b>(36,156,929)</b>	(23,555,375)	<b>12,601,554</b>
Grants and subsidies paid	-	-	-	(4,052,745)	<b>(4,052,745)</b>
General Expenses	526,805,030	-	<b>526,805,030</b>	(181,268,440)	<b>(708,073,470)</b>
<b>Total expenditure</b>	<b>-</b>	<b>(98,751,816)</b>	<b>(98,751,816)</b>	<b>(747,989,656)</b>	<b>(649,237,840)</b>
	969,382,356	36,566,850	<b>1,005,949,206</b>	944,000,333	<b>(61,948,873)</b>
	-	-	-	(747,989,656)	<b>(747,989,656)</b>
<b>Operating surplus</b>	<b>969,382,356</b>	<b>36,566,850</b>	<b>1,005,949,206</b>	<b>196,010,677</b>	<b>(809,938,529)</b>
Loss on disposal of assets and liabilities	-	-	-	(10,620,185)	<b>(10,620,185)</b>
	969,382,356	36,566,850	<b>1,005,949,206</b>	196,010,677	<b>(809,938,529)</b>
	-	-	-	(10,620,185)	<b>(10,620,185)</b>
<b>Surplus before taxation</b>	<b>969,382,356</b>	<b>36,566,850</b>	<b>1,005,949,206</b>	<b>185,390,492</b>	<b>(820,558,714)</b>
Deficit before taxation	969,382,356	36,566,850	<b>1,005,949,206</b>	185,390,492	<b>(820,558,714)</b>
Taxation	-	-	-	-	-

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>969,382,356</b>	<b>36,566,850</b>	<b>1,005,949,206</b>	<b>185,390,492</b>	<b>(820,558,714)</b>



# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1. Presentation of Unaudited Annual Financial Statements

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

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### 1.1 Significant judgements and sources of estimation uncertainty

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

##### Trade receivables / Held to maturity investments and/or loans and receivables

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

##### Impairment testing

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

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

##### Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions.

#### 1.2 Standards that are not yet applicable

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

ISSUED BUT NOT YET EFFECTIVE	STANDARD APPLIED	IMPACT
GRAP 18 Segment Reporting applicable	Not applicable	Not

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

<b>Item</b>	<b>Average useful life</b>
Buildings	30
Plant and machinery	15
Motor vehicles	5
Office equipment	5

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

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

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

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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

Items of municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

### 1.4 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

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

Item	Useful life
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# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.4 Intangible assets (continued)

Computer software 3 years

### 1.5 Taxation

#### Valued Added Tax

The municipality accounts for Value Added Tax on payment basis

### 1.6 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

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

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

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

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

### 1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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

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

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

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

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

### 1.9 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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

### 1.10 Employee benefits

#### Short-term employee benefits

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

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

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.10 Employee benefits (continued)

#### Defined contribution plans

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

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

#### Other post retirement obligations

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

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

### 1.11 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

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

Provisions are not recognised for future operating deficits.

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

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.11 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.12 Revenue from exchange transactions

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

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

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.12 Revenue from exchange transactions (continued)

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

#### Measurement

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

#### Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

### 1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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

### 1.14 Borrowing costs

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

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

### 1.15 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.16 Fruitless and wasteful expenditure

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



# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.16 Fruitless and wasteful expenditure (continued)

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

### 1.17 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2013

2012

### 2. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8,179,526	-	8,179,526	7,449,526	-	7,449,526
Buildings	106,679,404	(6,581,096)	100,098,308	85,466,384	(5,305,565)	80,160,819
Infrastructure	2,524,948,759	(560,150,997)	1,964,797,762	2,158,245,231	(419,626,357)	1,738,618,874
Other property, plant and equipment	59,499,642	(15,704,681)	43,794,961	36,686,252	(11,067,037)	25,619,215
Other leased Assets	2,518,597	(1,101,313)	1,417,284	2,518,597	(1,101,313)	1,417,284
<b>Total</b>	<b>2,701,825,928</b>	<b>(583,538,087)</b>	<b>2,118,287,841</b>	<b>2,290,365,990</b>	<b>(437,100,272)</b>	<b>1,853,265,718</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Under Construction	Fair Value Adjustments	Depreciation	Impairment loss	Total
Land	7,449,526	730,000	-	-	-	-	-	8,179,526
Buildings	80,160,819	6,992,159	-	-	14,224,163	(1,278,833)	-	100,098,308
Infrastructure	1,738,618,874	240,570,317	-	115,467,483	12,285,438	(131,669,498)	(10,474,852)	1,964,797,762
Other property, plant and equipment	25,619,215	23,036,946	639,573	-	(771,026)	(4,729,747)	-	43,794,961
Other leased Assets	1,417,284	-	-	-	-	-	-	1,417,284
	<b>1,853,265,718</b>	<b>271,329,422</b>	<b>639,573</b>	<b>115,467,483</b>	<b>25,738,575</b>	<b>(137,678,078)</b>	<b>(10,474,852)</b>	<b>2,118,287,841</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Under Construction	Fair Value adjustments	Depreciation	Impairment loss	Total
Land	2,900,000	4,549,526	-	-	-	-	-	7,449,526
Buildings	61,892,150	-	-	19,398,798	-	(1,130,129)	-	80,160,819
Infrastructure	1,707,727,795	61,015,862	-	75,657,205	(1,372,469)	(102,542,338)	(1,867,181)	1,738,618,874
Other property, plant and equipment # 1	23,855,213	449,148	(26,267)	-	4,105,297	(2,744,438)	(19,738)	25,619,215
Other leased Assets	1,989,123	-	-	-	-	(571,839)	-	1,417,284
	<b>1,798,364,281</b>	<b>66,014,536</b>	<b>(26,267)</b>	<b>95,056,003</b>	<b>2,732,828</b>	<b>(106,988,744)</b>	<b>(1,886,919)</b>	<b>1,853,265,718</b>

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

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand 2013 2012

### 3. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	414,578	(239,491)	175,087	414,578	(154,410)	260,168

#### Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	260,168	(85,081)	175,087

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	136,962	167,150	21,086	(65,030)	260,168

### 4. Other financial assets

#### Non-current assets

At amortised cost 189,052 4,389,052

#### Current assets

At amortised cost 5,600,000 5,950,000

Non-current assets 189,052 4,389,052

Current assets 5,600,000 5,950,000

**5,789,052 10,339,052**

### 5. Inventories

Consumable stores 44,485,162 57,159,088

Water 511,530 765,570

**44,996,692 57,924,658**

A large number of pipes were included under inventory and these were utilised for water infrastructure projects.

#### Water Inventory is made up of the following:

##### Municipality

Greater Tzaneen Municipality 32,943 278,464

Greater Giyani Municipality 476,926 473,872

Maruleng Local Municipality - 360

Ba-Phalaborwa Municipality - 1,879

Greater Letaba Municipality 4,707 10,996

**514,576 765,571**

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>6. Receivables from exchange transactions</b>		
Staff Debtors	191,416	200,527
Blyderiver Water	13,116,895	13,116,895
PMDS and Pay Progression	5,860,252	-
Audit Committee Proportion LMs	2,071,926	-
Councillors	170,168	270,168
Service Providers	2,642,766	1,583,860
Accrued Interest	-	20,011
DWA (Greater Letaba Municipality)	399,243	399,243
Ba-Phalaborwa Municipality	438,324,647	244,429,437
Greater Giyani Municipality	3,230,528	33,180,246
Greater Letaba Municipality	10,462,569	19,721,830
Department of Water Affairs	44,281,124	11,927,708
Provision for bad debt - Greater Giyani Municipality	(40,101,644)	(27,113,084)
	<b>480,649,890</b>	<b>297,736,841</b>

The provision for bad debt relates to sundry debtors.

Included in the PMDS & pay progression are overpayments made to officials transferred from DWA.

The Blyderiver debts relates to the upfront payment to enable our municipality to connect to their infrastructure for the conveyance of water to our system from the Blyderiver.

The DWA(Greater Letaba) debt relates to the financial 2009/10 which was lost due to migration from one system to another by the Local Municipality, the matter will be presented to both councils for consideration.

### 7. VAT receivable

VAT	71,505,388	53,524,751
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# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>8. Consumer debtors</b>		
<b>Gross balances</b>		
Water	336,099,083	235,811,737
Sewerage	66,375,113	54,902,312
	<b>402,474,196</b>	<b>290,714,049</b>
<b>Less: Allowance for impairment</b>		
Water	(170,911,732)	(157,356,897)
Sewerage	(24,414,376)	(17,655,114)
	<b>(195,326,108)</b>	<b>(175,012,011)</b>
<b>Net balance</b>		
Water	165,187,351	78,454,840
Sewerage	41,960,737	37,247,198
	<b>207,148,088</b>	<b>115,702,038</b>
<b>Water</b>		
Current (0 -30 days)	16,569,319	12,954,594
31 - 60 days	15,795,652	13,019,031
61 - 90 days	15,073,740	8,233,129
91 - 120 days	6,535,385	6,246,847
121 - 365 days	65,336,199	53,969,176
> 365 days	211,064,407	141,388,960
Impairment	(165,187,351)	(157,356,897)
	<b>165,187,351</b>	<b>78,454,840</b>
<b>Sewerage</b>		
Current (0 -30 days)	1,674,603	2,155,533
31 - 60 days	1,313,599	1,080,899
61 - 90 days	1,305,750	1,162,017
91 - 120 days	1,075,457	1,101,159
121 - 365 days	14,084,869	11,473,969
> 365 days	46,920,835	37,928,735
Impairment	(24,414,376)	(17,655,114)
	<b>41,960,737</b>	<b>37,247,198</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(175,012,011)	(5,817,424)
Contributions to provision	(20,314,097)	(169,194,587)
	<b>(195,326,108)</b>	<b>(175,012,011)</b>
<b>Consumer debtors per local municipality</b>		
Consumer debtors	-	-
Ba - Phalaborwa Municipality	246,465,638	163,791,829
Greater Tzaneen Municipality	84,966,287	68,875,028
Greater Giyani Municipality	44,428,044	53,397,044
Greater Letaba Municipality	26,152,991	18,616,841
Maruleng Municipality	461,235	724,387
	<b>402,474,195</b>	<b>305,405,129</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	-	3,229,284
Bank overdraft	(6,787,631)	-
	<b>(6,787,631)</b>	<b>3,229,284</b>
Current assets	-	3,229,284
Current liabilities	(6,787,631)	-
	<b>(6,787,631)</b>	<b>3,229,284</b>
<b>The municipality had the following bank account</b>		
ABSA BANK - CURRENT ACCOUNT - 405 277 1364 Terms and conditions	(6,787,631)	3,229,284
<b>10. Other financial liabilities</b>		
<b>At amortised cost</b>		
ABSA Sinking Fund Terms and conditions	-	8,400,000
<b>Non-current liabilities</b>		
At amortised cost	-	8,400,000
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	437,266	437,266
- later than five years	-	-
	437,266	437,266
less: future finance charges	(20,852)	(20,852)
<b>Present value of minimum lease payments</b>	<b>416,414</b>	<b>416,414</b>
<b>Present value of minimum lease payments due</b>		
- within one year	416,414	416,414
- in second to fifth year inclusive	-	-
- later than five years	-	-
	<b>416,414</b>	<b>416,414</b>
Non-current liabilities	-	416,414
Current liabilities	416,414	822,854
	<b>416,414</b>	<b>1,239,268</b>

It is municipality policy to lease certain equipment under finance leases.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.



# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>12. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
DWA Refurbishment	7,793,810	7,532,736
Municipal Infrastructure Grant (MIG)	200,171,255	99,215,288
Finance Management Grant (FMG)	-	308,856
Rural Transport Grant	1,188,808	1,688,000
EPWP	219,419	-
	<b>209,373,292</b>	<b>108,744,880</b>

See note 18 for the reconciliation of grants from other subsidies of government

### 13. Provisions

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Reversed during the year	Total
Bonus provisions	1,117,750	-	(180,812)	936,938
Leave Provision	-	560,739	-	560,739
Post Retirement Medical Aid Benefits	5,169,087	2,941,499	-	8,110,586
Long Service Awards	4,180,842	8,998,624	-	13,179,466
	<b>10,467,679</b>	<b>12,500,862</b>	<b>(180,812)</b>	<b>22,787,729</b>

#### Reconciliation of provisions - 2012

	Opening Balance	Additions	Reversed during the year	Total
Performance Bonus Provision	351,397	1,117,750	(351,397)	1,117,750
Post Retirement Medical Aid Benefits	6,344,062	-	(1,174,975)	5,169,087
Long Service Awards	2,855,709	1,325,133	-	4,180,842
	<b>9,551,168</b>	<b>2,442,883</b>	<b>(1,526,372)</b>	<b>10,467,679</b>

Non-current liabilities		19,479,275	9,349,929
Current liabilities		3,308,454	1,117,750
		<b>22,787,729</b>	<b>10,467,679</b>

#### Long service awards

An actuarial valuation has been performed in respect of long service benefits which employees may become entitled to upon completion of a certain numbers of years service.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>14. Payables from exchange transactions</b>		
Trade payables	154,001,560	104,494,148
Payments received in advanced - contract in process	-	4,849,275
Retention	58,692,559	43,506,094
Staff leave	29,320,939	22,870,319
Other payables	4,008,200	-
Bonus provision	7,209,667	4,874,544
Ba - Phalaborwa Municipality	170,927,899	169,674,927
Greater Letaba Municipality	1,430,110	848,883
Greater Tzaneen Municipality	123,571,714	79,320,045
Maruleng Municipality	13,747,886	10,005,141
	<b>562,910,534</b>	<b>440,443,376</b>

Given the huge debt book the municipality experienced cash flow problems and was not able to pay its creditors within 30 days.

### 15. Consumer deposits

Water	3,930,536	4,646,329
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### 16. Revenue

Service charges	165,015,010	153,662,393
Interest earned - Outstanding receivables	15,430,117	1,679,029
Other income	12,907,778	5,829,367
Interest received	676,173	1,065,373
Government grants & subsidies	749,062,870	669,059,639
	<b>943,091,948</b>	<b>831,295,801</b>

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

Service charges	165,015,010	153,662,393
Interest earned - Outstanding receivables	15,430,117	1,679,029
Other income	12,907,778	5,829,367
Interest received	676,173	1,065,373
	<b>194,029,078</b>	<b>162,236,162</b>

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

<b>Taxation revenue</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	749,062,870	669,059,639

### 17. Service charges

Sale of water	143,609,244	136,210,424
Sewerage and sanitation charges	21,405,766	17,451,969
	<b>165,015,010</b>	<b>153,662,393</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>18. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	458,567,000	419,718,000
Disaster Relief Fund	-	9,200,000
DWA (HR)	-	36,363,000
DWA (O&M)	14,133,000	24,133,000
DWA (Refurbishment)	9,738,926	7,309,887
EPWP	3,588,581	3,362,000
Finance Management Grant (FMG)	1,558,856	941,144
LGW SETA	882,991	738,896
Municipal System Improvement Grant (MSIG)	1,000,000	790,000
LP Econ (Biosphere) Grant	240,000	-
	<b>489,709,354</b>	<b>502,555,927</b>
<b>Capital grants</b>		
DBSA Grant	-	2,500,000
Regional Bulk Water - Mameŋa Sekororo	19,075,991	-
Regional Bulk Water (DWA)	7,767,201	-
Municipal Infrastructure Grant (MIG)	218,346,033	164,003,712
DWA Nandoni	11,889,099	-
Rural Transport Grant	2,275,192	-
	<b>259,353,516</b>	<b>166,503,712</b>
	<b>749,062,870</b>	<b>669,059,639</b>

### Equitable Share

In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.

### DWA Refurbishment

Balance unspent at beginning of year	7,532,736	7,532,736
Current-year receipts	10,000,000	10,000,000
Conditions met - transferred to revenue	(9,738,926)	(10,000,000)
	<b>7,793,810</b>	<b>7,532,736</b>

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

The purpose of the grant is to ensure that the transferred schemes are fully functional and are operational.

### Municipal Infrastructure Grant

Balance unspent at beginning of year	99,215,288	99,215,288
Current-year receipts	319,302,000	263,219,000
Conditions met - transferred to revenue	(218,346,033)	(263,219,000)
	<b>200,171,255</b>	<b>99,215,288</b>

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

The purpose of the grant is to improve access to basic service infrastructure for poor communities.

### Finance Management Grant

Balance unspent at beginning of year	308,856	308,856
Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,558,856)	(1,250,000)
	-	<b>308,856</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand 2013 2012

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

The purpose of the grant is to Improve capacity in financial management.

#### Rural Transport Grant

Balance unspent at beginning of year	1,688,000	1,688,000
Current-year receipts	1,776,000	-
Conditions met - transferred to revenue	(2,275,192)	-
	<b>1,188,808</b>	<b>1,688,000</b>

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

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

#### DWA

Current-year receipts	-	24,133,000
Conditions met - transferred to revenue	-	(24,133,000)
	-	-

The purpose of the grant is to ensure that transferred schemes are fully functional and operated by skilled personnel to ensure optimal service delivery by the WSA.

#### Drought Relief Grant

Current-year receipts	-	42,072,292
Conditions met - transferred to revenue	-	(42,072,292)
	-	-

The purpose of the grant is to give access to water supply enabled through establishing regional bulk infrastructure.

#### EPWP

Current-year receipts	3,808,000	-
Conditions met - transferred to revenue	(3,588,581)	3,362,000
Other	-	(3,362,000)
	<b>219,419</b>	-

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

The purpose of the grant is to improve opportunities for sustainable employment due to experience and learning gained.

#### Disaster Relief Fund (Maruleng)

Current-year receipts	-	9,200,000
Conditions met - transferred to revenue	-	(9,200,000)
	-	-

The purpose of the grant is to assist in providing access to water supply and sustainable infrastructure during the disaster.

#### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>19. Other income</b>		
Sundry income	94,304	24,362
Insurance claims	93,749	-
Mayors charity cup	2,231,627	2,399,555
Reconnection fees	10,402,673	2,677,868
Tender fees	769,295	662,639
Commission received	101,164	20,906
Water recovery charges	-	44,037
Rebates Sewarage	(20,024)	-
Income Forgone	(765,010)	-
	<b>12,907,778</b>	<b>5,829,367</b>
<b>20. General expenses</b>		
Advertising	1,612,720	2,520,023
Auditors remuneration	1,536,077	1,748,850
Bank charges	372,228	171,806
Computer expenses	-	3,041
Consulting and professional fees (including legal expenses)	11,750,954	35,523,466
Entertainment	32,201	67,207
Insurance	1,305,541	1,554,220
Conferences and seminars	286,795	201,247
IT expenses	-	2,201,365
Lease rentals on operating lease	2,900,451	2,706,720
Agency Fee	1,015,771	-
Levies	1,095,712	887,729
Magazines, books and periodicals	4,384	37,829
Motor vehicle expenses	65,081	67,068
Fuel and oil	3,639,127	2,294,456
Postage and courier	4,094	4,955
Printing and stationery	1,235	7,026
Protective clothing	113,176	238,086
Stock Adjustments	-	(360,299)
Software expenses	209,295	236,110
Performance Management	9,042	8,487
Telephone and fax	3,260,145	2,527,394
Training	-	9,464
Travel - local	7,533,705	4,808,228
Electricity	915,024	115,540
Sewerage and waste disposal	38,991	105,248
Water & Electricity	190,686	940,429
Utilities - Other	510,634	-
Catering	340,948	757,303
Audit Committee Allowances	3,425,649	2,278,857
Mopani household sanitation	107,149,674	80,814,621
Commission on VAT recovery	-	4,859,665
Contribution to Projects	26,565	81,443,284
Performance Management	158,852	439,816
Venue expenses	17,106,636	995,828
Other expenses	14,657,047	21,531,728
	<b>181,268,440</b>	<b>251,746,797</b>

The district implements various projects which are transferred to the Local Municipalities upon completion. The amount spent is reflected as contribution to projects.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>21. Employee related costs</b>		
Basic	140,869,426	165,087,598
Bonus	11,974,577	6,787,398
Medical aid - company contributions	7,529,904	3,831,995
UIF	1,328,692	461,274
Workman Compensation	216,092	82,677
SDL	1,779,620	661,593
Other payroll levies	5,722,705	1,644,024
Leave pay provision charge	560,739	-
Post-employment benefits - Pension - Defined contribution plan	22,213,748	13,599,240
Overtime payments	14,878,120	7,769,731
Long-service awards	332,240	179,113
Car allowance	5,781,097	4,513,013
Housing benefits and allowances	7,661,855	819,299
Leave redemption	1,536,371	5,229,966
Bargaining council	13,759	36,500
Cellphone Allowance	23,575	13,585
Pensionable Allowance	-	11,343
Shift Allowance	18,150	5,272
	<b>222,440,670</b>	<b>210,733,621</b>

### Remuneration of Municipal Manager

Annual Remuneration	879,484	753,566
Car Allowance	631,997	409,875
Performance Bonuses	-	104,379
Contributions to UIF, Medical and Pension Funds	1,713	13,229
	<b>1,513,194</b>	<b>1,281,049</b>

### Remuneration of Chief Finance Officer

Annual Remuneration	509,600	646,333
Car Allowance	101,563	389,496
Contributions to UIF, Medical and Pension Funds	12,880	16,945
	<b>624,043</b>	<b>1,052,774</b>

The position of the Chief Financial Officer is vacant as from the 01 December 2012.

### Remuneration of Director Community Services

Annual Remuneration	732,000	565,000
Car Allowance	200,870	281,261
Contributions to UIF, Medical and Pension Funds	150,905	8,347
	<b>1,083,775</b>	<b>854,608</b>

### Remuneration of Directors Corporate Services

Annual Remuneration	325,442	572,160
Car Allowance	15,974	366,505
Performance Bonuses	119,000	63,396
Contributions to UIF, Medical and Pension Funds	32,261	10,797
	<b>492,677</b>	<b>1,012,858</b>

The position of the Director Corporate Services is vacant as from the 01 August 2012.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>21. Employee related costs (continued)</b>		
<b>Remuneration of Director Planning and Development</b>		
Annual Remuneration	726,000	504,000
Car Allowance	223,793	242,210
Contributions to UIF, Medical and Pension Funds	101,513	7,658
	<b>1,051,306</b>	<b>753,868</b>
<b>Remuneration of Director Infrastructure Services</b>		
Annual Remuneration	654,000	490,667
Car Allowance	195,327	342,743
Contributions to UIF, Medical and Pension Funds	167,546	11,874
	<b>1,016,873</b>	<b>845,284</b>
<b>Remuneration of Director Water Services</b>		
Annual Remuneration	50,967	-
Car Allowance	20,028	-
Contributions to UIF, Medical and Pension Funds	27,933	-
	<b>98,928</b>	-
The position of the Director Water Services is vacant as from the 01 October 2012.		
<b>Remuneration of Director Office of the Executive Mayor</b>		
Annual Remuneration	50,924	-
Car Allowance	21,236	-
	<b>72,160</b>	-
<b>Executive Mayor's Allowances</b>		
Annual Allowance	415,306	402,668
Car Allowance	169,852	155,684
Contributions to UIF, Medical and Pension Funds	91,049	76,991
Cellphone Allowance	39,828	37,007
	<b>716,035</b>	<b>672,350</b>
The Executive Mayor has been provided with a Council vehicle.		
<b>Speaker's Allowances</b>		
Annual Allowance	346,068	327,680
Car Allowance	245,831	179,118
Contributions to UIF, Medical and Pension Funds	59,015	107,422
Cellphone Allowance	19,872	18,470
	<b>670,786</b>	<b>632,690</b>
<b>Allowance of Members of Mayoral Committee</b>		
Total Allowance	2,669,422	2,484,652
Car Allowance	1,008,180	911,226
Cellphone Allowance	168,816	152,304
Contributions to UIF, Medical and Pension Funds	685,855	790,055

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>21. Employee related costs (continued)</b>		
	<b>4,532,273</b>	<b>4,338,237</b>
<b>22. Remuneration of Councillors</b>		
Councillors	7,543,927	6,999,007
Councillors' pension contribution	673,373	570,504
	<b>8,217,300</b>	<b>7,569,511</b>
<b>23. Debt impairment</b>		
Debt impairment	-	28,605,679
Debts impaired	24,287,667	8,558,931
	<b>24,287,667</b>	<b>37,164,610</b>
Included in the debt impairment are long outstanding debtors from the five Local Municipalities within the District on Water and Sewer accounts.		
<b>24. Investment revenue</b>		
<b>Interest revenue</b>		
Current Account	676,173	1,065,373
<b>25. Depreciation and amortisation</b>		
Property, plant and equipment	137,763,159	107,023,783
<b>26. Finance costs</b>		
Finance leases	92,305	185,051
Current borrowings	410,497	357,353
	<b>502,802</b>	<b>542,404</b>
<b>27. Auditors' remuneration</b>		
Fees	1,536,077	1,748,850
<b>28. Contracted services</b>		
Information Technology Services	5,053,602	2,540,146
Operating Leases	7,883,887	7,952,328
Specialist Services	5,404,838	2,711,802
Other Contractors	5,213,048	16,279,399
	<b>23,555,375</b>	<b>29,483,675</b>
<b>29. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Bursaries	3,431,175	1,811,105
Free basic services	621,570	438,398
	<b>4,052,745</b>	<b>2,249,503</b>
Grants paid to ME's	-	-
Other subsidies	4,052,745	2,249,503



# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>30. Bulk purchases</b>		
Water	39,905,753	96,782,270
The district municipality purchase bulk water for local municipality.		
<b>31. Cash generated from operations</b>		
Surplus	184,482,107	6,315,613
<b>Adjustments for:</b>		
Depreciation and amortisation	137,763,159	107,023,783
Gain on disposal of assets and liabilities	10,620,185	26,267
Finance costs - Finance leases	92,305	185,051
Impairment deficit	17,234,114	3,363,675
Debt impairment	24,287,667	37,164,610
Movements in provisions	12,320,050	916,511
	-	721,478
Other non-cash items	(21,468,322)	(129,612,587)
<b>Changes in working capital:</b>		
Inventories	12,927,966	(53,000,991)
Receivables from exchange transactions	(189,672,311)	53,570,391
Consumer debtors	(115,733,717)	(16,656,104)
Payables from exchange transactions	122,467,158	110,316,417
VAT	(17,980,637)	(10,991,900)
Unspent conditional grants and receipts	100,628,412	103,582,257
Consumer deposits	(715,793)	767,506
	<b>277,252,343</b>	<b>213,691,977</b>
<b>32. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for:-</b>		
• Property, plant and equipment	424,716,673	517,138,737

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2013

2012

### 33. Contingencies

#### **Palm Nursery Trust/Mopani District Municipality**

Palm Kwekery Trust alleges that a veld fire started on the farm which belongs to Mopani District Municipality (Portion 82). The claim against the municipality amounts to R5 887 330.00 million.

#### **Magnavolt Trading 208 CC/Bohlabela District Municipality and Big Sunday Construction CC**

Big Sunday Construction CC subcontracted certain portions of the work including construction of the pavilion to Magnavolt Trading 208 CC. Magnavolt Trading 208 CC is claiming from Mopani District Municipality as a successor in title to Bohlabela District Municipality on issues related to cession. The claim against the municipality amounts to R1 million.

#### **Cycad Pipelines (Pty) Ltd / Mopani District Municipality**

Claim against the municipality amounting to R10 000 000.00 million.

#### **Flo Tek Pipes & Irrigation (Pty) Ltd / Mopani District Municipality**

Claim against the municipality amounting to R100 000.

#### **Esofranki pipelines (Pty) Ltd / Mopani District Municipality**

Claim against the municipality amounting to R10 284 387.10.

#### **C T Motjeing / Mopani District Municipality**

The claim relates to a disciplinary hearing regarding breach of trust. Claim against the municipality amounts to R200 000.

#### **M W Seerane / Mopani District Municipality**

The claim relates to a disciplinary hearing and amounts to R200 000.

#### **M M Mashava / Mopani District Municipality**

The claim relates to a civil case and amounts to R80 000.

#### **Various/Mopani District Municipality**

Eviction of 44 families from Moshupatsela Farm. Estimated claim amounting to R1 348 086.56.

#### **Motinki Mahlo/Mopani District Municipality**

Claim based on defamation.

#### **Kgafela Construction cc/ Mopani District Municipality**

The claim relates to the termination of contract for Mopani Office Building and the claim is estimated at an amount of R300 000.00

All contingent liabilities are from prior years.

### 34. Related parties

#### Relationships

Accounting Officer

Refer to accounting officer's report

Constituent Local Municipality of Mopani District

Ba - Phalaborwa Municipality

Greater Giyani Municipality

Greater Letaba Municipality

Greater Tzaneen Municipality

Maruleng Municipality

Audit Committee

Refer to General information page for details on composition of Audit Committee

Members of key management

Refer to disclosure on remuneration of senior management

The municipality had no related party transactions or balances during the financial year outside of contractual remuneration of senior management.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>35. Unauthorised expenditure</b>		
Opening Balance	209,045,577	203,247,603
Add: Unauthorised Expenditure - During the Year	8,574,899	5,797,974
Less: Amount Condoned	(210,253,838)	-
<b>Unauthorised expenditure awaiting condonement</b>	<b>7,366,638</b>	<b>209,045,577</b>

The amount of R1 208 261 was condoned by Council in terms of Section 32 of the MFMA and awaiting National Treasury for condonement in terms of Section 117 of the MFMA.

The unauthorised expenditure relates to the over - expenditure on Council vote amounting R846 172 and over expenditure on Finance Capital Vote amounting to R362 089

### 36. Fruitless and wasteful expenditure

Opening Balance	1,159,960	358,267
Add: Fruitless and Wasteful Expenditure - During the year	134,284	801,693
Less: Amount Condoned	(1,294,244)	-
<b>Transferred to Other receivables for recovery</b>	<b>-</b>	<b>1,159,960</b>

The amount of R134 284 was condoned by council in terms of Section 32 of the MFMA and awaiting National Treasury for condonement in terms of Section 117 of the MFMA.

The fruitless expenditure relates to Interest Paid on Eskom account amounting to R129 091 and Interest Paid on Telkom amounting to R5 192

### 37. Irregular expenditure

Opening balance	152,470,478	118,958,023
Add: Irregular Expenditure - current year	6,790,000	33,512,455
Less: Amounts condoned	(152,470,478)	-
<b>Irregular expenditure awaiting condonement</b>	<b>6,790,000</b>	<b>152,470,478</b>

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2013	2012
<b>38. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to SALGA</b>		
Current year subscription / fee	1,095,712	887,729
Amount paid - current year	(1,095,712)	(887,729)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	1,536,068	1,748,850
Amount paid - current year	(1,536,068)	(1,748,850)
	-	-
<b>PAYE and UIF</b>		
Current year subscription / fee	23,857,445	23,058,313
Amount paid - current year	(23,857,445)	(23,058,313)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	22,034,941	11,545,330
Amount paid - current year	(22,034,941)	(11,545,330)
	-	-
<b>VAT</b>		
VAT receivable	71,505,388	53,524,751

VAT is payable on the cash basis as from the 30th May 2013. VAT input receivables and VAT output receivable is shown in note 7. All VAT returns have been submitted by the due date throughout the year.

### 39. Deviation from supply chain management regulations

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the Municipal Manager. The total deviations for the year amounted to **R8 456 560. (2012: R19 583 239.73).**

Refer to Appendix F for details relating to deviation from supply chain management processes.

### 40. In Kind Service

COGHSTA has provided an in kind service in the form of a Resident Accountant as from December 2012.

# Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2013

## Notes to the Unaudited Annual Financial Statements

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Figures in Rand	2013	2012
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### 41. Other 5

## Appendix A

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

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
<b>Development Bank of South Africa</b>							
Greater Tzaneen Loan		8,400,000	-	-	8,400,000	-	-
		<b>8,400,000</b>	-	-	<b>8,400,000</b>	-	-
<b>Lease liability</b>							
Various		2,043,685	-	-	2,043,685	-	-
		<b>2,043,685</b>	-	-	<b>2,043,685</b>	-	-
<b>Total external loans</b>							
Development Bank of South Africa		8,400,000	-	-	8,400,000	-	-
Lease liability		2,043,685	-	-	2,043,685	-	-
		<b>10,443,685</b>	-	-	<b>10,443,685</b>	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2013

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
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	Opening Balance Rand	Additions Rand	Disposals Rand	Opening Cost Adj Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Opening Cost Adj Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Infrastructure</b>														
Roads	91,446,388	58,769,523	-	-	-	-	150,215,911	(12,224,758)	-	-	(3,986,612)	-	(16,211,370)	134,004,541
Infrastructure Under Construction	179,467,506	-	-	12,285,437	-	153,627,181	345,380,124	-	-	-	-	-	-	345,380,124
Building Under Construction	47,378,591	-	-	14,220,861	-	6,992,159	68,591,611	-	-	-	-	-	-	68,591,611
Water reservoirs & reticulation	1,739,220,422	91,905,621	(12,029,526)	-	-	269,566	1,819,366,083	(366,375,595)	1,626,252	-	(115,615,304)	(10,474,852)	(490,839,499)	1,328,526,584
Sewerage purification & reticulation	206,914,223	3,072,419	-	-	-	-	209,986,642	(41,032,545)	-	-	(12,067,582)	-	(53,100,127)	156,886,515
	<b>2,264,427,130</b>	<b>153,747,563</b>	<b>(12,029,526)</b>	<b>26,506,298</b>	<b>-</b>	<b>160,888,906</b>	<b>2,593,540,371</b>	<b>(419,632,898)</b>	<b>1,626,252</b>	<b>-</b>	<b>(131,669,498)</b>	<b>(10,474,852)</b>	<b>(560,150,996)</b>	<b>2,033,389,375</b>
<b>Community Assets</b>														
Land	7,449,526	730,000	-	-	-	-	8,179,526	-	-	-	-	-	-	8,179,526
Buildings	38,185,362	-	-	-	-	-	38,185,362	(5,329,177)	-	-	(1,278,833)	-	(6,608,010)	31,577,352
	<b>45,634,888</b>	<b>730,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,364,888</b>	<b>(5,329,177)</b>	<b>-</b>	<b>-</b>	<b>(1,278,833)</b>	<b>-</b>	<b>(6,608,010)</b>	<b>39,756,878</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2013

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Opening Cost Adj Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Opening Cost Adj Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Finance leases</b>														
<b>Other assets</b>														
Motor vehicles	10,982,214	16,087,369	(394,718)	504,901	-	-	<b>27,179,766</b>	(5,319,936)	197,750	(90,161)	(1,414,051)	-	<b>(6,626,398)</b>	20,553,368
Plant & equipment	12,785,676	5,413,029	(451,968)	-	-	-	<b>17,746,737</b>	(2,278,440)	-	(33,981)	(1,810,085)	-	<b>(4,122,506)</b>	13,624,231
Computer Equipment	2,350,367	731,837	(33,524)	12,375	-	-	<b>3,061,055</b>	(960,620)	13,581	(2,467)	(511,634)	-	<b>(1,461,140)</b>	1,599,915
Furniture & Fittings	2,648,729	711,227	-	39,268	-	-	<b>3,399,224</b>	(693,643)	-	(9,473)	(462,054)	-	<b>(1,165,170)</b>	2,234,054
Office Equipment	1,054,087	93,484	-	44,144	-	-	<b>1,191,715</b>	(394,502)	-	(9,638)	(261,930)	-	<b>(666,070)</b>	525,645
Specialised vehicles	6,847,188	-	-	-	-	-	<b>6,847,188</b>	(1,390,103)	-	-	(269,992)	-	<b>(1,660,095)</b>	5,187,093
	<b>36,668,261</b>	<b>23,036,946</b>	<b>(880,210)</b>	<b>600,688</b>	-	-	<b>59,425,685</b>	<b>(11,037,244)</b>	<b>211,331</b>	<b>(145,720)</b>	<b>(4,729,746)</b>	-	<b>(15,701,379)</b>	<b>43,724,306</b>



## Appendix B

### Analysis of property, plant and equipment as at 30 June 2013

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
-------------------------	---------------------------------

	Opening Balance Rand	Additions Rand	Disposals Rand	Opening Cost Adj Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Opening Cost Adj Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Infrastructure	2,264,427,130	153,747,563	(12,029,526)	26,506,298	-	<b>160,888,906</b>	<b>2,593,540,371</b>	(419,632,898)	1,626,252	-	(131,669,498)	(10,474,852)	<b>(560,150,996)</b>	2,033,389,375
Community Assets	45,634,888	730,000	-	-	-	-	<b>46,364,888</b>	(5,329,177)	-	-	(1,278,833)	-	<b>(6,608,010)</b>	39,756,878
Other assets	36,668,261	23,036,946	(880,210)	600,688	-	-	<b>59,425,685</b>	(11,037,244)	211,331	(145,720)	(4,729,746)	-	<b>(15,701,379)</b>	43,724,306
	<b>2,346,730,279</b>	<b>177,514,509</b>	<b>(12,909,736)</b>	<b>27,106,986</b>	-	<b>160,888,906</b>	<b>2,699,330,944</b>	<b>(435,999,319)</b>	<b>1,837,583</b>	<b>(145,720)</b>	<b>(137,678,077)</b>	<b>(10,474,852)</b>	<b>(582,460,385)</b>	<b>2,116,870,559</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	414,578	-	-	-	-	-	<b>414,578</b>	(154,410)	-	-	(85,081)	-	<b>(239,491)</b>	175,087
	<b>414,578</b>	-	-	-	-	-	<b>414,578</b>	<b>(154,410)</b>	-	-	<b>(85,081)</b>	-	<b>(239,491)</b>	<b>175,087</b>
<b>Total</b>														
Infrastructure	2,264,427,130	153,747,563	(12,029,526)	26,506,298	-	<b>160,888,906</b>	<b>2,593,540,371</b>	(419,632,898)	1,626,252	-	(131,669,498)	(10,474,852)	<b>(560,150,996)</b>	2,033,389,375
Community Assets	45,634,888	730,000	-	-	-	-	<b>46,364,888</b>	(5,329,177)	-	-	(1,278,833)	-	<b>(6,608,010)</b>	39,756,878
Other assets	36,668,261	23,036,946	(880,210)	600,688	-	-	<b>59,425,685</b>	(11,037,244)	211,331	(145,720)	(4,729,746)	-	<b>(15,701,379)</b>	43,724,306
Intangible assets	414,578	-	-	-	-	-	<b>414,578</b>	(154,410)	-	-	(85,081)	-	<b>(239,491)</b>	175,087
	<b>2,347,144,857</b>	<b>177,514,509</b>	<b>(12,909,736)</b>	<b>27,106,986</b>	-	<b>160,888,906</b>	<b>2,699,745,522</b>	<b>(436,153,729)</b>	<b>1,837,583</b>	<b>(145,720)</b>	<b>(137,763,158)</b>	<b>(10,474,852)</b>	<b>(582,699,876)</b>	<b>2,117,045,646</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2012

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
-------------------------	---------------------------------

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Under Construction Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Additions Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Infrastructure</b>														
Roads, Pavements & Bridges	48,255,625	-	-	-	-	-	<b>48,255,625</b>	(9,651,125)	-	-	(2,573,633)	-	<b>(12,224,758)</b>	36,030,867
Water Reservoirs & Reticulation	1,742,182,523	60,816,134	-	-	50,916,470	-	<b>1,853,915,127</b>	(274,162,436)	-	-	(90,345,979)	(1,867,181)	<b>(366,375,596)</b>	1,487,539,531
Sewerage purification & Reticulation	231,140,839	199,728	-	-	24,740,735	-	<b>256,081,302</b>	(31,409,819)	-	-	(9,622,726)	-	<b>(41,032,545)</b>	215,048,757
	<b>2,021,578,987</b>	<b>61,015,862</b>	-	-	<b>75,657,205</b>	-	<b>2,158,252,054</b>	<b>(315,223,380)</b>	-	-	<b>(102,542,338)</b>	<b>(1,867,181)</b>	<b>(419,632,899)</b>	<b>1,738,619,155</b>
<b>Community Assets</b>														
Land	2,900,000	4,549,526	-	-	-	-	<b>7,449,526</b>	-	-	-	-	-	-	7,449,526
Buildings	66,067,586	-	-	-	-	<b>19,398,798</b>	<b>85,466,384</b>	(4,175,435)	-	-	(1,130,489)	-	<b>(5,305,924)</b>	80,160,460
	<b>68,967,586</b>	<b>4,549,526</b>	-	-	-	<b>19,398,798</b>	<b>92,915,910</b>	<b>(4,175,435)</b>	-	-	<b>(1,130,489)</b>	-	<b>(5,305,924)</b>	<b>87,609,986</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2012

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
-------------------------	---------------------------------

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Under Construction Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Additions Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Other assets</b>														
Plant & equipment	5,122,774	6,946,401	(3,933)	-	-	-	<b>12,065,242</b>	(221,210)	1,771	-	(1,130,264)	-	<b>(1,349,703)</b>	10,715,539
Computer Equipment	2,094,705	453,500	(592,527)	-	-	-	<b>1,955,678</b>	(1,263,589)	572,668	-	(253,031)	-	<b>(943,952)</b>	1,011,726
Furniture & Fittings	2,578,966	91,641	(17,730)	-	-	-	<b>2,652,877</b>	(563,146)	14,544	-	(146,710)	(1,258)	<b>(696,570)</b>	1,956,307
Office Equipment	1,004,727	85,259	(4,175)	-	-	-	<b>1,085,811</b>	(311,026)	4,175	-	(96,877)	(858)	<b>(404,586)</b>	681,225
Motor Vehicles	10,982,214	-	-	-	-	-	<b>10,982,214</b>	(4,495,929)	-	-	(806,384)	(17,622)	<b>(5,319,935)</b>	5,662,279
Fencing	97,569	-	-	-	-	-	<b>97,569</b>	(20,001)	-	-	(3,252)	-	<b>(23,253)</b>	74,316
Health Equipment	184,536	-	-	-	-	-	<b>184,536</b>	(113,275)	-	-	(14,253)	-	<b>(127,528)</b>	57,008
Specialised Vehicles	6,847,188	-	-	-	-	-	<b>6,847,188</b>	(1,155,301)	-	-	(234,803)	-	<b>(1,390,104)</b>	5,457,084
<b>28,912,679</b>	<b>7,576,801</b>	<b>(618,365)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,871,115</b>	<b>(8,143,477)</b>	<b>593,158</b>	<b>-</b>	<b>(2,685,574)</b>	<b>(19,738)</b>	<b>(10,255,631)</b>	<b>25,615,484</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2012

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Under Construction Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Additions Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Infrastructure	2,021,578,987	61,015,862	-	-	75,657,205	-	2,158,252,054	(315,223,380)	-	-	(102,542,338)	(1,867,181)	(419,632,899)	1,738,619,155
Community Assets	68,967,586	4,549,526	-	-	-	19,398,798	92,915,910	(4,175,435)	-	-	(1,130,489)	-	(5,305,924)	87,609,986
Other assets	28,912,679	7,576,801	(618,365)	-	-	-	35,871,115	(8,143,477)	593,158	-	(2,685,574)	(19,738)	(10,255,631)	25,615,484
	<b>2,119,459,252</b>	<b>73,142,189</b>	<b>(618,365)</b>	<b>-</b>	<b>75,657,205</b>	<b>19,398,798</b>	<b>2,287,039,079</b>	<b>(327,542,292)</b>	<b>593,158</b>	<b>-</b>	<b>(106,358,401)</b>	<b>(1,886,919)</b>	<b>(435,194,454)</b>	<b>1,851,844,625</b>
<b>Finance Lease</b>														
FINANCE LEASE ASSETS	2,774,534	-	(255,737)	-	-	-	2,518,797	(785,411)	-	255,937	(571,839)	-	(1,101,313)	1,417,484
	<b>2,774,534</b>	<b>-</b>	<b>(255,737)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,518,797</b>	<b>(785,411)</b>	<b>-</b>	<b>255,937</b>	<b>(571,839)</b>	<b>-</b>	<b>(1,101,313)</b>	<b>1,417,484</b>
<b>Investment properties</b>														
<b>Total</b>														
Infrastructure	2,021,578,987	61,015,862	-	-	75,657,205	-	2,158,252,054	(315,223,380)	-	-	(102,542,338)	(1,867,181)	(419,632,899)	1,738,619,155
Community Assets	68,967,586	4,549,526	-	-	-	19,398,798	92,915,910	(4,175,435)	-	-	(1,130,489)	-	(5,305,924)	87,609,986
Other assets	28,912,679	7,576,801	(618,365)	-	-	-	35,871,115	(8,143,477)	593,158	-	(2,685,574)	(19,738)	(10,255,631)	25,615,484
Finance Lease	2,774,534	-	(255,737)	-	-	-	2,518,797	(785,411)	-	255,937	(571,839)	-	(1,101,313)	1,417,484
	<b>2,122,233,786</b>	<b>73,142,189</b>	<b>(874,102)</b>	<b>-</b>	<b>75,657,205</b>	<b>19,398,798</b>	<b>2,289,557,876</b>	<b>(328,327,703)</b>	<b>593,158</b>	<b>255,937</b>	<b>(106,930,240)</b>	<b>(1,886,919)</b>	<b>(436,295,767)</b>	<b>1,853,262,109</b>

# Appendix C

## Segmental analysis of property, plant and equipment as at 30 June 2013

### Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Impairment deficit Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
<b>Municipality</b>														
General Council	47,500,544	13,697	-	(6,849)	-	4,301,972	51,809,364	(28,123)	-	113	-	(5,477)	(33,487)	51,775,877
Executive Mayor	478,057	32,205	-	-	-	-	510,262	(142,297)	-	-	-	(75,225)	(217,522)	292,740
Municipal Manager	14,586,333	27,897	-	(10,495)	-	1,993	14,605,728	(3,365,930)	-	6,483	-	(537,492)	(3,896,939)	10,708,789
Internal Audit	363,840	4,995	-	-	-	-	368,835	(71,917)	-	-	-	(59,980)	(131,897)	236,938
Budget & Treasury	15,241,472	1,029,122	-	(224,263)	-	5,383	16,051,714	(3,387,811)	-	62,266	-	(1,698,149)	(5,023,694)	11,028,020
Planning and Development	7,809,661	24,057	-	-	-	25,815	7,859,533	(114,636)	-	-	-	(61,451)	(176,087)	7,683,446
Local Economic Development	79,418	84,860	-	-	-	699	164,977	(48,868)	-	-	-	(14,357)	(63,225)	101,752
I.D.P.	4,673,367	96,293	-	-	-	1,723	4,771,383	(1,113,687)	-	-	-	(417,265)	(1,530,952)	3,240,431
Communication	160,693	6,819	-	-	-	-	167,512	(56,085)	-	-	-	(33,533)	(89,618)	77,894
Engineering Service	162,834,835	59,283,866	24,234,661	(9,798)	-	-	246,343,564	(6,722,849)	39,086,137	3,581	-	(6,549,681)	25,817,188	272,160,752
Water Service	2,017,423,704	32,137,344	10,546,428	(12,029,526)	-	416,144	2,048,494,094	(401,296,962)	108,352,511	1,626,252	(10,474,852)	(120,693,643)	(422,486,694)	1,626,007,400
Roads, Transport and Electricity	48,320,256	299,021	-	-	-	-	48,619,277	(12,224,758)	-	-	-	(3,302,744)	(15,527,502)	33,091,775
Community Services	8,837,738	83,952	-	-	-	-	8,921,690	(1,066,157)	-	-	-	(315,503)	(1,381,660)	7,540,030
Fire Service	15,552,331	8,970,920	-	(170,455)	-	176,074	24,528,870	(5,335,415)	-	135,484	-	(1,769,346)	(6,969,277)	17,559,593
Disaster Management	1,259,134	1,541,643	-	-	-	19,542	2,820,319	(487,816)	-	-	-	(307,580)	(795,396)	2,024,923
Corporate Services	736,550	41,274	-	-	-	4,538	782,362	(397,462)	-	-	-	(129,505)	(526,967)	255,395
Human Resources	133,597	71,968	-	-	-	-	205,565	(54,691)	-	-	-	(27,840)	(82,531)	123,034
Administration	240,030	82,235	-	(6,383)	-	3,695	319,577	(160,554)	-	3,404	-	(34,012)	(191,162)	128,415
Legal Services	22,637	-	-	-	-	-	22,637	(4,984)	-	-	-	(4,509)	(9,493)	13,144
Office of the Speaker	98,314	115,972	-	-	-	-	214,286	(37,225)	-	-	-	(20,164)	(57,389)	156,897
Council Services	36,309	20,952	-	-	-	5,450	62,711	(17,528)	-	-	-	(8,530)	(26,058)	36,653
GIS	152,561	-	-	-	-	-	152,561	(17,973)	-	-	-	(33,286)	(51,259)	101,302
Water	-	73,545,416	-	-	-	-	73,545,416	-	-	-	-	(1,718,708)	(1,718,708)	71,826,708
<b>Total</b>	<b>2,346,541,381</b>	<b>177,514,508</b>	<b>34,781,089</b>	<b>(12,457,769)</b>	<b>-</b>	<b>4,963,028</b>	<b>2,551,342,237</b>	<b>(436,153,728)</b>	<b>148,312,143</b>	<b>1,837,583</b>	<b>(10,474,852)</b>	<b>(137,817,980)</b>	<b>(434,296,834)</b>	<b>2,117,045,403</b>
<b>Total</b>														
Municipality	2,346,541,381	177,514,508	34,781,089	(12,457,769)	-	4,963,028	2,551,342,237	(436,153,728)	148,312,143	1,837,583	(10,474,852)	(137,817,980)	(434,296,834)	2,117,045,403
<b>Total</b>	<b>2,346,541,381</b>	<b>177,514,508</b>	<b>34,781,089</b>	<b>(12,457,769)</b>	<b>-</b>	<b>4,963,028</b>	<b>2,551,342,237</b>	<b>(436,153,728)</b>	<b>148,312,143</b>	<b>1,837,583</b>	<b>(10,474,852)</b>	<b>(137,817,980)</b>	<b>(434,296,834)</b>	<b>2,117,045,403</b>

Appendix D

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

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
-	39,579,943	(39,579,943)	Executive & Council/Mayor and Council	-	43,075,310	(43,075,310)
726,621,899	84,454,491	642,167,408	Finance & Admin/Finance	943,091,949	39,271,799	903,820,150
-	9,098,203	(9,098,203)	Planning and Development/Economic Development/Plan	-	7,765,209	(7,765,209)
-	2,365,648	(2,365,648)	Health/Clinics	-	2,707,831	(2,707,831)
-	7,391,552	(7,391,552)	Comm. & Social/Libraries and archives	-	5,807,682	(5,807,682)
-	34,731,230	(34,731,230)	Public Safety/Police	-	38,801,403	(38,801,403)
-	122,970,390	(122,970,390)	Waste Water Management/Sewerage	-	473,408,060	(473,408,060)
-	103,417,000	(103,417,000)	Road Transport/Roads	-	19,619,206	(19,619,206)
-	420,294,677	(420,294,677)	Water/Water Distribution	-	117,830,804	(117,830,804)
-	677,054	(677,054)	Electricity /Electricity Distribution	-	659,033	(659,033)
<b>726,621,899</b>	<b>824,980,188</b>	<b>(98,358,289)</b>		<b>943,091,949</b>	<b>748,946,337</b>	<b>194,145,612</b>
<b>Municipal Owned Entities Other charges</b>						
726,621,899	824,980,188	(98,358,289)	Municipality	943,091,949	748,946,337	194,145,612
<b>726,621,899</b>	<b>824,980,188</b>	<b>(98,358,289)</b>	<b>Total</b>	<b>943,091,949</b>	<b>748,946,337</b>	<b>194,145,612</b>

## Appendix E(1)

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

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Service charges	165,015,010	86,177,095	78,837,915	91.5	Non - Collection of revenue by MLM due to w
Interest and Outstanding Receivables	15,430,117	560,162,090	(544,731,973)	(97.2)	
Other income	13,816,163	12,011,555	1,804,608	15.0	
Interest received	676,173	52,000	624,173	200.3	
	<u>194,937,463</u>	<u>658,402,740</u>	<u>(463,465,277)</u>	<u>(70.4)</u>	
<b>Expenses</b>					
Employee Related Costs	(222,440,670)	(209,220,046)	(13,220,624)	6.3	
Remuneration of councillors	(8,217,300)	(7,732,833)	(484,467)	6.3	
Depreciation	(148,166,433)	(122,732,997)	(25,433,436)	20.7	
Finance costs	(502,802)	(365,306)	(137,496)	37.6	
Debt impairment	(24,287,667)	(33,918,386)	9,630,719	(28.4)	
Bulk purchases	(39,905,753)	(161,827,266)	121,921,513	(75.3)	
Contracted Services	(23,555,375)	(4,101,270)	(19,454,105)	474.3	
General Expenses	(290,917,687)	(328,086,532)	37,168,845	(11.3)	
	<u>(757,993,687)</u>	<u>(867,984,636)</u>	<u>109,990,949</u>	<u>(12.7)</u>	
Other revenue and costs					
Net surplus/ (deficit) for the year	<u>(563,056,224)</u>	<u>(209,581,896)</u>	<u>(353,474,328)</u>	<u>168.7</u>	

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun					Jun												
FMG	NT	1,250	-	-	-	-	471	174	72	842	-	-	-	-	-	-	-		
MIG	CoGTA	-	93,088	49,627	15,852	-	39,359	34,402	9,394	35,189	-	-	-	-	-	-	-		
MSIG	CoGTA	1,000	-	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Nkambako(RBI G)	DWA	-	-	7,767	-	-	-	7,767	-	-	-	-	-	-	-	-	-		
DWAF (O&M)	DWA	14,133	-	-	-	-	14,133	-	-	-	-	-	-	-	-	-	-		
Expanded Works Programme	DPW	3,013	575	-	-	-	3,013	575	-	-	-	-	-	-	-	-	-		
Mametja Sekororo	DWA	4,536	7,502	5,120	1,009	-	4,536	7,501	5,119	1,009	-	-	-	-	-	-	-		
DWAF (Refurbishment)	DWA	-	-	-	-	-	9,738	-	-	-	-	-	-	-	-	-	-		
DWA Nandoni	DWA	-	-	-	-	-	-	-	11,889	-	-	-	-	-	-	-	-		
Rural Transport Grant	DRT	-	-	-	-	-	234	794	168	1,080	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		23,932	01,165	62,514	16,861	-	71,484	52,213	26,642	38,120	-	-	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share. These figures are rounded off to the nearest one thousand rands (R'000)