

WATERBERG DISTRICT MUNICIPALITY

PRE-AUDITED ANNUAL FINANCIAL STATEMENTS 2012/2013



Waterberg
District Municipality

on the Go for Growth

WATERBERG DISTRICT MUNICIPALITY

PRE- AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

I am responsible for the preparation of these annual financial statements which are set out on pages 1 to 58, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 25 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, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Notice 1032 of Government Gazette no 35962 dated 7 December 2012.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



**MV LETSOALO
MUNICIPAL MANAGER**

30 AUGUST 2013

DATE

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The reports and statements set out below comprise the annual financial statements:

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WATERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

Members of the Council

N.R. Mogotlane
M.A.D. Monama
N.S. Murumudi
S. Lamola
K.J. Baloyi
M.M.A. Mogotsi
B.S. Mhlanga
R.Z. Moeletsi
M.L. Moremi
S.M. Molekwa

Mayor
Speaker
Chief Whip
Member of the Mayoral Committee
Member of the Mayoral Committee
Member of the Mayoral Committee
Member of the Mayoral Committee
Member of the Mayoral Committee
Member of the Mayoral Committee
Member of the Mayoral Committee

Municipal Manager

M.V. Letsoalo

Chief Financial Officer

N. Laubscher

Grading of the District Municipality

Grade 3

Auditors

Auditor - General

Bankers

First National Bank

Physical Address

Harry Gwala Street
Modimolle
0510

Postal Address

Private Bag X1018
Modimolle
0510

Telephone Number

(014) 718 3300

Fax Number

086 529 4621

E-mail address

nlaubscher@waterberg.gov.za

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Note	2013 R	Restated 2012 R
ASSETS			
Current assets		109 918 822	124 877 858
Cash and cash equivalents	1	83 984 800	97 739 482
Trade and other receivables from exchange transactions	2	4 733	10 970
Other receivables from non-exchange transactions	3	3 898 167	1 943 442
Inventory	4	113 505	99 994
Held-to-maturity investments	5	20 148 748	20 286 830
VAT receivable	6	1 650 460	4 723 043
Non-current assets held for sale	7	118 409	74 097
Non-current assets		58 541 485	60 142 771
Non-current receivables	8	34 775	34 775
Property, plant and equipment	9	56 082 991	57 492 315
Intangible assets	10	2 413 719	2 615 681
Total assets		168 460 307	185 020 629
LIABILITIES			
Current liabilities		11 532 155	10 874 219
Trade- and other payables	11	8 183 514	8 487 375
Consumer deposits	12	600	1 550
Provisions	13	325 595	280 672
Unspent conditional grants and receipts	14	1 398 080	670 256
Current portion of retirement health care liability	15	1 402 166	1 223 481
Current portion of long service awards liability	16	222 200	210 885
Non-current liabilities		13 838 419	12 851 777
Retirement health care liability	15	12 391 504	11 608 729
Long service awards liability	16	1 446 915	1 243 048
Total liabilities		25 370 574	23 725 995
Net assets		143 089 733	161 294 633
NET ASSETS			
Retained surplus and other reserves		143 089 733	161 294 633
Accumulated surplus and other reserves	29	143 089 733	161 294 633
Total net assets		143 089 733	161 294 633

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	Restated 2012 R
REVENUE			
Service charges	17	718 952	652 212
Interest earned - external investments	18	6 176 945	7 401 552
Interest earned - outstanding receivables	19	112 122	36 651
Government and other grants	20	93 442 384	99 297 570
Public contributions and donations	21	-	263 859
Gain on disposal of assets	22	22 540	10 607
Reversal of impairment loss on assets	23	-	58 167
Bad debts recovered		73 027	-
Other income		1 116 026	204 750
Total Revenue		101 661 976	107 925 368
EXPENDITURE			
Employee related costs	24	(49 139 594)	(43 351 405)
Remuneration of councillors	25	(5 472 702)	(4 978 982)
Post-retirement health care expenditure	15	(1 419 505)	(965 374)
Long-service award expenditure	16	(311 595)	(451 731)
Provision for doubtful debt		-	(35 434)
Depreciation and amortisation	26	(7 364 661)	(5 180 694)
Impairment of assets	23	(1 757 273)	(142 748)
Repairs and maintenance		(859 979)	(778 996)
Contracted services	27	(12 759 915)	(11 987 004)
General expenses	28	(16 040 441)	(14 178 888)
Project expenditure		(24 213 319)	(26 255 458)
Loss on disposal of Assets	22	(527 892)	(8 845)
Total Expenditure		(119 866 876)	(108 315 559)
LOSS FOR THE YEAR		(18 204 900)	(390 191)

Refer to Appendix E(1) for the comparison with the approved budget

WATERBERG DISTRICT MUNICIPALITY

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

	Revaluation Reserve		Government Grant		Donations and Public Reserve		Accumulated Surplus		Accumulated Surplus and Other Reserves		Total	
	Note	R	R	R	R	R	R	R	R	R	R	
Restated 2012												
Balance at 1 July 2011		-	735 644	1 393 219	159 555 961	161 684 824	161 684 824					
Net surplus for the year			-	-	(390 191)	(390 191)	(390 191)					
Capital grants used to obtain PPE			-	263 859	(263 859)	-	-					
Donated/contributed PPE			(2 014)	(32 553)	34 567	-	-					
Disposal of assets			(130 465)	(206 671)	337 136	-	-					
Offsetting of Depreciation			-	44 800	(44 800)	-	-					
Reversal of impairment on donated asset			-	-	-	-	-					
Balance at 30 June 2012		-	603 165	1 462 654	159 228 814	161 294 633	161 294 633					
2013												
Balance as at 1 July 2012		-	603 165	1 462 654	159 228 814	161 294 633	161 294 633					
Net surplus for the year			-	-	(18 204 900)	(18 204 900)	(18 204 900)					
Capital grants used to obtain PPE			-	-	-	-	-					
Donated/contributed PPE			(2)	(710)	712	-	-					
Disposal of assets			(129 322)	(204 132)	333 454	-	-					
Offsetting of Depreciation			-	(93 708)	93 709	-	-					
Impairment on donated asset			-	-	-	-	-					
Balance at 30 June 2013		-	473 841	1 164 103	141 451 789	143 089 733	143 089 733					

Note 29

WATERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	Restated 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts:			
Sales of goods and services		820 084	703 963
Grants		94 170 188	96 677 179
Interest received		6 289 067	7 438 203
Other receipts		1 093 209	129 190
Payments:			
Employee costs		(54 332 297)	(48 240 640)
Suppliers		(14 010 757)	(12 205 071)
Project expenditure		(24 853 067)	(25 420 476)
Fire fighting expenditure		(13 724 375)	(10 830 327)
Vat		3 072 584	(1 660 326)
Other payments		(4 380 455)	(3 771 327)
Net cash flows from operating activities	30	(5 835 819)	2 820 368
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8 338 550)	(10 538 185)
Purchase of intangible assets		(11 550)	(1 236 986)
Proceeds on sale of property, plant and equipment		279 788	17 218
Proceeds from recovery of investments		13 367	-
Decrease/(Increase) in held-to-maturity investments		138 082	(2 201 843)
(Increase) / Decrease in long term receivables		-	(32 750)
Net cash flows from investing activities		(7 918 863)	(13 992 546)
Net increase in net cash and cash equivalents		(13 754 682)	(11 172 178)
Net cash and cash equivalents at beginning of year		(97 739 482)	(108 911 660)
Net cash and cash equivalents at end of year	31	83 984 800	97 739 482

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- *Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;*
- *Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and*
- *Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008.*
- *Government Notice 80 of 2011, issued in Government Gazette no. 33991 of 2 February 2011.*
- *Government Notice 314 of 2012, issued in Government Gazette no. 35258 of 20 April 2012.*

The effective standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture (replaced by GRAP 27)
GRAP 102	Intangible Assets (replaced by GRAP 31)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

1. BASIS OF ACCOUNTING (continued)

1.1 BASIS OF PRESENTATION (continued)

Directives and Guidelines form part of the GRAP Reporting Framework. The ASB Directives and Guidelines applicable to Waterberg District Municipality comprise the following:

Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of the Standards of GRAP

Effective accrual based IPSASs considering the provisions in paragraphs 16 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
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Effective IFRSs that are applied considering the provisions in paragraphs 21 to 27 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IAS 19	Employee Benefits
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Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 and paragraph 12 of GRAP 3.

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

The accounting policies applied are consistent with those used in the previous financial year, unless explicitly stated.

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

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective, but may be considered for early adoption or formulating an accounting policy:

These standards are effective for financial years commencing on or after 1 April 2013 as published in *Government Notice 314 of 2012, issued in Government Gazette no. 35258 of 20 April 2012.*

GRAP 25	Employee Benefits
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Effective dates for the following standards have not yet been determined:

GRAP 20	Related party disclosures
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers
GRAP 18	Segment Reporting

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

1. BASIS OF ACCOUNTING *(continued)*

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE *(continued)*

The impact of GRAP standards issued but not yet effective on the financial statements of Waterberg District Municipality in the future are as follows:

GRAP 18 - This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.

GRAP 20 - Related parties are currently disclosed in terms of IPSAS20, but records of all potential new related parties are also kept for implementation of GRAP20. The impact on the municipality's financial statements would be minimal.

GRAP 25 - The Standard on Employee Benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS19 and there is no material change from IAS19 to GRAP25 that is affecting this municipality.

GRAP 105- The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

GRAP 106 - The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

GRAP 107 - The Standard will have no material impact on the financial statements of the municipality as the municipality has no mergers.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.5 COMPARATIVE INFORMATION

Budget information in accordance with GRAP24, has been provided in annexures to these financial statements and form part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

2 RESERVES

As GRAP23 does not require that the below reserves be disclosed separately on the Statement of Financial Position, they are disclosed as part of Accumulated Surplus And Other Reserves, but are disclosed separately on the Statements of Changes in Net Assets and note 29.

2.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit).

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

2.2 Donation and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment, financed from Donations and Public Contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus / (deficit).

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Initial recognition

Property, plant and equipment are tangible non-current 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 for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

3 PROPERTY, PLANT AND EQUIPMENT *(continued)*

3.1 Initial recognition *(continued)*

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, the deemed cost is the carrying amount of the asset(s) given up. The municipality has no assets of cultural, environmental or historical significance and therefore no heritage assets.

3.2 Subsequent measurement – cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Land, heritage assets and artwork are not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure is capitalised when it increases the capacity of future economic benefits associated with the asset.

Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component. Subsequent expenditure incurred on an asset is capitalized when it increases the capacity or future economic benefits associated with the asset.

3.3 Depreciation and impairment

Depreciation is calculated on cost minus the residual value, using the straight-line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Years</u>
Buildings and Facilities	15 to 60
Computer Equipment	5 to 10
Emergency Equipment	5 to 10
Furniture and Fittings	5 to 20
Office Equipment	5 to 15
Plant and Equipment	4 to 10
Motor Vehicles	3 to 15
Specialized vehicles	6 to 16

Assets have been tested for impairment and the municipality has also accounted for the impairment of assets in terms of GRAP21 and GRAP26 for cash-generating and non-cash-generating assets. Residual values and useful lives are reviewed annually and implemented prospectively as a change in estimate.

3.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value/residual value and is recognised in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

4 INTANGIBLE ASSETS

4.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalized. Research expenditure is never capitalized, while development expenditure is only capitalized to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

Where an intangible asset is acquired in exchange for a non-monetary asset of 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, the deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent measurement – cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is infinite, the asset is not amortised but is subject to an annual impairment test.

4.3 Amortisation

Amortisation is charged so as to write off the cost or valuation minus residual value of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	<u>Years</u>
Computer software	5 to 40 years depending on the individual review of each asset's useful life

The residual values, amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

4 INTANGIBLE ASSETS *(continued)*

4.3 Amortisation *(continued)*

The municipality test intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done annually. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value/residual value and is recognised in the Statement of Financial Performance.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered 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.

5.2 Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the lower of 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.

6 INVENTORY

6.1 Initial recognition

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

6 INVENTORY (continued)

6.2 Subsequent measurement

Inventories, consisting of consumables are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

7 FINANCIAL INSTRUMENTS

7.1 Initial recognition

Financial instruments are initially recognized at fair value.

7.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and is in accordance with GRAP104.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the municipality has the positive intention and ability to hold to maturity. The investments are disclosed as Held-to-maturity investments which are subsequently measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Amortised cost is calculated using the effective interest method.

7.3 Investments

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
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7 FINANCIAL INSTRUMENTS *(continued)*

7.4 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.5 Trade and payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

7.6 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

The credit risk disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

8 PROVISIONS

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

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

8 PROVISIONS *(continued)*

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

9 LEASES

9.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The average payments over the period of the lease are expensed and any difference between the average and actual payment is disclosed as a debtor or creditor in the Statement of Financial Position.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

9.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

10 REVENUE

10.1 Revenue from exchange transactions

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

10 REVENUE *(continued)*

10.1 Revenue from exchange transactions *(continued)*

Interest is recognised on a time proportion basis, using the effective interest method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

10.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Contributed property, plant and equipment are recognized at fair value.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

10.3 Grants, transfers and donations

GRAP 9 Revenue from Exchange Transactions only applies to exchange revenue. Therefore, the provision of GAMAP 9 Revenue Section 42 to 49 still applies pertaining to revenue from grants and donations received.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

10 REVENUE *(continued)*

10.3 Grants, transfers and donations *(continued)*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met, to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

11 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY
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ENDED 30 JUNE 2013**

14 EMPLOYEE BENEFITS

14.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits.

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognized in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized in the non-current liability for employee benefits and measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

14.2 Pensions and other post-retirement benefits

The municipality provides retirement benefits for its employees and councilors. The municipality has accounted for the defined contribution plan in compliance with IAS19 and GRAP25 Employee Benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity.

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

The municipality also provides post-retirement medical benefits to qualifying retirees. They are recognized in accordance with IAS 19 and GRAP25 on defined benefit plans.

The cost of providing health care is charged to the income statement so as to recognize current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments of settlements, net of expected returns on plan assets. Actuarial gains and losses are recognized in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognized in the statement of financial position based on the present value of defined benefit obligations, less any unrecognized past service costs.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013**

15 IMPAIRMENT OF ASSETS

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

Irrespective of whether there is any indication of impairment, the municipality also tests assets with an indefinite useful life or assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
1 CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748		
Cash book balance at beginning of year	6 402 922	5 537 272
Cash book balance at end of year	<u>5 713 605</u>	<u>6 402 922</u>
Bank statement balance at beginning of year	8 200 133	10 794 687
Bank statement balance at end of year	<u>7 253 820</u>	<u>8 200 133</u>
<u>Other accounts</u>		
Investments:		
Call deposits	20 097 992	13 057 773
14 Days fixed deposits	-	-
32 Days fixed deposits	-	-
60 Days fixed deposits	10 029 975	10 030 521
90 Days fixed deposits	48 138 028	68 246 066
	<u>78 265 995</u>	<u>91 334 360</u>
Cash on hand:		
Petty cash	5 200	2 200
Total cash and cash equivalents	<u>83 984 800</u>	<u>97 739 482</u>
A portion of cash represents restricted cash as it serves as security for unspent conditional grants.		
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>		
Abattoir	4 733	460 882
Gross Balance	<u>4 733</u>	<u>460 882</u>
Less: Provision for doubtful debts	-	(449 912)
Net Balance	<u>4 733</u>	<u>10 970</u>
<u>Other receivables</u>		
Councillor salaries	8 719	8 719
Gross Balance	<u>8 719</u>	<u>8 719</u>
Less: Provision for doubtful debts	(8 719)	(8 719)
Net Balance	<u>-</u>	<u>-</u>
Total Net Balance	<u>4 733</u>	<u>10 970</u>
<u>Abattoir: Ageing</u>		
Current (0 - 30 days)	4 032	11 426
31 - 60 days	701	3 238
61 - 90 days	-	2 844
91 - 365 days	-	4 593
+ 365 days	-	438 781
Total	<u>4 733</u>	<u>460 882</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
2. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
<u>Councillor salaries: Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 365 days	-	-
+ 365 days	8 719	8 719
Total	8 719	8 719

Summary of debtors by Customer Classification

Consumers as at 30 June:

Current (0 - 30 days)	4 032	11 426
31 - 60 days	701	3 238
61 - 90 days	-	2 844
91 - 365 days	-	4 593
+ 365 days	8 719	447 500
Sub-total	13 452	469 601
Less: Provision for doubtful debts	(8 719)	(458 631)
Total debtors by customer classification	4 733	10 970

Reconciliation of the doubtful debt provision

Balance at beginning of the year	458 631	423 197
Contributions to provision		35 434
Bad debts recovered	(73 027)	-
Bad debts written off	(376 885)	-
Balance at end of year	8 719	458 631

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

3. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Investments under liquidation	-	13 367
Prepayments	3 871 694	1 911 602
Sundry debtors	26 473	18 473
Total Other Debtors	3 898 167	1 943 442

An investment amounting to R 572 713 capital is held with New Republic Bank, which is under receivership. An investment amounting to R308 897 capital held with Regal Treasury Bank was written off during the current year. The investments were written down to fair value:

New Republic Bank Limited	-	-
Regal Treasury Private Bank Limited	-	13 367

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
4 INVENTORY		
Consumables:		
Opening balance	99 994	93 134
Additions	363 453	377 119
Issued (expensed)	(349 942)	(370 259)
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)	-	-
Closing balance	<u><u>113 505</u></u>	<u><u>99 994</u></u>

Inventory consists of stationery. No inventory is pledged as security. No circumstances or events existed that would have led to the write-down or the reversal of a write-down of inventories.

5 HELD-TO-MATURITY INVESTMENTS		
6 Month fixed deposits	<u><u>20 148 748</u></u>	<u><u>20 286 830</u></u>
6 VAT		
VAT receivable	<u><u>1 650 460</u></u>	<u><u>4 723 043</u></u>

VAT is accounted for on the payment basis.

7 NON-CURRENT ASSETS HELD FOR SALE		
Computer equipment	23 912	21 791
Emergency equipment	2 484	4 102
Furniture and fittings	7 842	12 389
Office equipment	4 301	9 750
Plant and equipment	1	2 455
Specialised vehicles	23 609	1
Motor vehicles	56 280	23 609
Property, plant and equipment	<u><u>118 409</u></u>	<u><u>74 097</u></u>
The movement is reconciled as follows:		
Balance at beginning of year	74 096	26 751
Assets transferred to Non-current assets held for sale	85 186	47 345
Assets disposed	<u>(40,853)</u>	<u></u>
Balance at year end	<u><u>118 409</u></u>	<u><u>74 096</u></u>

These assets are no longer being utilised by the municipality and has been approved by council for disposal. During the current year assets was donated and scrapped. Remaining computer equipment will be donated in the short term. An auction is to be arranged to dispose of the vehicles and remaining equipment.

8 NON-CURRENT RECEIVABLES		
Water & electricity	2 025	2 025
Office rentals	32 750	32 750
Deposits	<u><u>34 775</u></u>	<u><u>34 775</u></u>

Deposit water and electricity

These are deposits paid for water and electricity services and rental of office space in Mokopane and Thabazimbi for environmental health officials.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Work in Progress R	Land and Buildings R	Other Assets R	Total R
Carrying values at 1 July 2012				
Cost	-	34 413 339	23 078 976	57 492 315
Accumulated Depreciation	-	37 889 918	36 229 316	74 099 234
Accumulated Impairment	-	(3 456 579)	(13 150 340)	(16 606 919)
Acquisitions				
Additions to Work in Progress	-	642 959	7 895 591	8 338 550
Work in Progress completed	-	-	-	-
Depreciation				
(Impairment) / reversal of impairment	-	(3 365 621)	(3 785 528)	(7 151 149)
Carrying value of disposals	-	-	(829 452)	(829 452)
Cost	-	-	(1 775 414)	(1 775 414)
Accumulated depreciation	-	-	945 962	945 962
Accumulated impairment	-	-	-	-
Carrying values at 30 June 2013				
Cost	-	31 690 677	24 402 314	56 092 991
Accumulated Depreciation	-	36 512 677	42 149 493	80 662 370
Accumulated Impairment	-	(6 622 200)	(15 989 906)	(22 612 106)
	-	-	(1 757 273)	(1 757 273)
Reconciliation of Carrying Value				
Restated				
Carrying values at 1 July 2011				
Cost	4 978 842	29 747 787	16 905 410	51 632 039
Accumulated Depreciation	4 978 842	31 805 197	27 368 879	63 882 918
Accumulated Impairment	-	(1 657 410)	(10 326 098)	(12 185 508)
Acquisitions	-	-	(165 371)	(165 371)
Additions to Work in Progress	858 393	427 486	9 516 165	9 943 651
Work in Progress completed	(5 837 235)	5 837 235	-	858 383
Depreciation	-	(1 599 169)	(3 324 597)	(4 923 766)
(Impairment) / reversal of impairment	-	-	44 800	44 800
Carrying value of disposals	-	-	(62 802)	(62 802)
Cost	-	-	(665 728)	(665 728)
Accumulated depreciation	-	-	502 355	502 355
Accumulated impairment	-	-	120 571	120 571
Carrying values at 30 June 2012				
Cost	-	34 413 339	23 078 976	57 492 315
Accumulated Depreciation	-	37 889 918	36 229 316	74 099 234
Accumulated Impairment	-	(3 456 579)	(13 150 340)	(16 606 919)

Refer to Appendix C for more detail on property, plant and equipment, including those in the process of being constructed.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2012	2 615 681	2 615 681
Cost	3 752 534	3 752 534
Work in Progress	-	-
Accumulated amortisation and impairment losses	(1 136 853)	(1 136 853)
Acquisitions	11 550	11 550
Additions to Work in Progress	-	-
Work in Progress Completed	-	-
Work in Progress transferred to Cost	-	-
Amortisation	(213 512)	(213 512)
Carrying value of disposal	-	-
Cost	(246 553)	(246 553)
Accumulated amortisation	246 553	246 553
as at 30 June 2013	2 413 719	2 413 719
Cost	3 517 531	3 517 531
Work in Progress	-	-
Accumulated amortisation and impairment losses	(1 103 812)	(1 103 812)

10.2 Reconciliation of carrying value

	Computer Software	Total
Restated		
as at 1 July 2011	1 635 623	1 635 623
Cost	1 741 248	1 741 248
Work in Progress	774 300	774 300
Accumulated amortisation and impairment losses	(879 925)	(879 925)
Acquisitions	1 236 986	1 236 986
Additions to Work in Progress	-	-
Work in Progress Completed	(774 300)	(774 300)
Work in Progress transferred to Cost	774 300	774 300
Amortisation	(256 928)	(256 928)
Carrying value of disposal	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2012	2 615 681	2 615 681
Cost	3 752 534	3 752 534
Work in Progress	-	-
Accumulated amortisation and impairment losses	(1 136 853)	(1 136 853)
	2013	Restated
	R	2012
		R

11 TRADE AND OTHER PAYABLES

Trade creditors	2 123 461	2 975 492
Accruals	5 862 075	5 077 583
Retentions	197 978	434 300
	8 183 514	8 487 375

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

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
12 CONSUMER DEPOSITS		
Abattoir	<u>600</u>	<u>1 550</u>
Guarantees held in lieu of abattoir deposits	<u>12 000</u>	<u>12 000</u>
13 PROVISIONS		
Performance bonus	<u>325 595</u>	<u>280 672</u>
	<u>325 595</u>	<u>280 672</u>

Performance bonuses are paid one year in arrears when the municipality has a present obligation as a result of a past event which is the services rendered and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The bonus has been calculated based on the assessment of eligible employees at the reporting date.

The movement is reconciled as follows:

Balance at beginning of year	280 672	-
Contributions/(reversals) to provision	282 006	280 672
Expenditure incurred	(237,083)	-
Balance at year end	<u>325 595</u>	<u>280 672</u>

The assumptions and basis of calculation was done in terms of the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006. Provision for Performance bonuses are calculated as per the performance agreements & brackets indicated in Section 32(2) of the above Performance Regulations. The maximum exposure was calculated based on the final score of each individual manager at year end and in which bracket those scores fall.

14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Municipal Systems Improvement Grant	237 037	-
Finance Management Grant	83 335	-
Health Grant	-	-
Wildlife Centre Grant	131 708	399 256
VUNA Awards	-	-
Expanded Public Works Incentive Grant	771 000	171 000
LEDET	<u>140 000</u>	<u>100 000</u>
Total Unspent Conditional Grants and Receipts from other spheres of Government	1 363 080	670 256
Other conditional grants	-	-
Mayor's Golf Day Grant	<u>35 000</u>	<u>-</u>
Total Unspent Other Conditional Grants and Receipts	35 000	-
Total Unspent Conditional Grants and Receipts	<u>1 398 080</u>	<u>670 256</u>

See note 20 for reconciliation of grants.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

15 RETIREMENT HEALTH CARE LIABILITY

The municipality contributes to a number of defined contribution schemes for pension of all permanent employees and councillors. The funds are governed by the Pension Funds Act of 1956.

The following are defined contributions plans:

- Samwu Provident Fund
- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employee Fund
- Joint Municipal Pension Fund
- Municipal Councillors Pension Fund

The municipality also provides certain post-retirement medical benefits to qualifying pensioners. All post-retirement medical benefits are unfunded.

The following are defined benefit plans:

- LA Health
- SAMWU Med
- Bonitas Medical Fund
- Key Health Medical Scheme
- Hosmed

In accordance with prevailing legislation, the defined benefit funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2013.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions. The municipality intends to continue to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

The accumulated defined benefit obligation in respect of the post-retirement medical contributions are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2013 R	Restated 2012 R
Movement in the employee health-care benefit liability:		
Liability as at 1 July	12 832 210	12 292 246
Benefits paid	(750 928)	(718 172)
Plan participants contributions	292 883	292 762
Current service cost	635 445	577 143
Interest	1 002 936	1 050 610
Actuarial losses / (gains) recognised in Statement of Financial Performance	(218 876)	(662 379)
Unfunded accrued liability as at 30 June	<u>13 793 670</u>	<u>12 832 210</u>
Current portion of liability as at 30 June	<u>(1 402 168)</u>	<u>(1 223 481)</u>
Non-current portion of liability as at 30 June	<u>12 391 504</u>	<u>11 608 729</u>
The liability as at 30 June consists of:		
In-service members	6 911 568	6 414 517
Continuation members	6 882 102	6 417 693
	<u>13 793 670</u>	<u>12 832 210</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
15 RETIREMENT BENEFITS (continued)		
Expense recognised in (profit) or loss:		
Current service cost	635 445	577 143
Interest cost	1 002 936	1 050 610
Past service cost	-	-
Actuarial losses or (gains)	(218 876)	(662 379)
	<u>1 419 505</u>	<u>965 374</u>

Principal actuarial assumptions of valuation model used:

Discount rate	8.84%	7.94%
Health care cost inflation rate	7.62%	6.86%
Average remaining future working lifetime	18.6 years	18.9 years

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	19%	14%
Effect on the defined benefit obligation	13%	16%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-15%	-14%
Effect on the defined benefit obligation	-11%	-13%

The Municipality's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is R 637 395.

16 LONG SERVICE AWARDS LIABILITY

The municipality provides long-service awards to its permanent employees.

The benefit of long-service award is provided in the form of annual leave and a gift to a certain monetary value.

In accordance with prevailing legislation, the provision is actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2013.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2013 R	Restated 2012 R
Movement in the long-service award liability:		
Liability as at 1 July	1 453 933	1 281 962
Benefits paid	(96 413)	(279 760)
Current service cost	223 323	290 300
Interest	88 946	87 024
Actuarial losses / (gains)	(674)	74 407
Unfunded accrued liability as at 30 June	<u>1 669 115</u>	<u>1 453 933</u>
Current portion of liability as at 30 June	<u>(222 200)</u>	<u>(210 885)</u>
Non-current portion of liability as at 30 June	<u>1 446 915</u>	<u>1 243 048</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
16 LONG SERVICE AWARDS LIABILITY (continued)		
Expense recognised in (profit) or loss:		
Current service cost	223 323	290 300
Interest cost	88 946	87 024
Past service cost	-	-
Actuarial losses / (gains)	(674)	74 407
	<u>311 595</u>	<u>451 731</u>
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	7.34%	6.34%
General salary inflation rate	6.82%	5.97%
Average remaining future working lifetime	18.2 years	18.8 years
<i>The effect of a 1% movement in the assumed general salary inflation rate is as follows:</i>		
	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	7%	5%
Effect on the defined benefit obligation	6%	7%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-6%	-4%
Effect on the defined benefit obligation	-6%	-6%
The Municipality's best estimate of benefits expected to be paid to the plan during the annual period beginning after the balance sheet date is R 204 681.		
17 SERVICE CHARGES		
Abattoir services	<u>718 952</u>	<u>652 212</u>
18 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	6 176 945	7 401 552
Total interest	<u>6 176 945</u>	<u>7 401 552</u>
19 INTEREST EARNED - OUTSTANDING RECEIVABLES		
SARS	111 861	9 718
Abattoir	261	26 933
Deposits	-	-
Total interest	<u>112,122</u>	<u>36 651</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20	GOVERNMENT AND OTHER GRANTS	2013 R	Restated 2012 R
	Equitable share	90 530 000	87 880 000
	Municipal Systems Improvement Grant	762 963	1 130 921
	Finance Management Grant	1 166 665	1 685 453
	LG SETA Grant	215 188	220 679
	Municipal Health Grant	-	8 354 000
	Wildlife Centre Grant	267 548	-
	VUNA Awards	-	26 517
	LEDET Biosphere Grant	100 000	-
	Expanded Public Works Incentive Grant	400 000	-
		<u>93,442,364</u>	<u>99 297 570</u>
20.1	Equitable share		
	The equitable share is an unconditional grant and is utilised to fund disaster management services, environmental health services, projects and operating expenditure.		
20.2	Municipal Systems Improvement Grant		
	Balance unspent at beginning of year	-	340 921
	Current year receipts	-	790 000
	Conditions met - transferred to income	(762 963)	(1 130 921)
	Conditions still to be met - transferred to liabilities	<u>(762 963)</u>	<u>-</u>
	The grant is utilised for the implementation of new legislation, skills development and the GRAP compliance of the fixed asset register.		
20.3	Finance Management Grant		
	Balance unspent at beginning of year	-	436 453
	Current year receipts	-	1 250 000
	Conditions met - transferred to income	(1 166 665)	(1 685 453)
	Conditions still to be met - transferred to liabilities	<u>(1 166 665)</u>	<u>-</u>
	The grant is utilised for the appointment of financial and audit interns, financial training and assist with the implementation of the MFMA and compliance with GRAP.		
20.4	LG SETA Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	-	220 679
	Conditions met - transferred to income	(215 188)	(220 679)
	Conditions still to be met - transferred to liabilities	<u>(215 188)</u>	<u>-</u>
	The grant is utilised for training of officials in the District Municipality.		
20.5	Municipal Health Grant		
	Balance unspent at beginning of year	-	2 088 500
	Current year receipts	-	6 265 500
	Conditions met - transferred to income	-	(8 354 000)
	Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
	The grant was utilised to fund the Environmental Health function that was devolved to the District Municipality.		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
20 GOVERNMENT GRANTS (continued)		
20.6 Wildlife Centre Grant		
Balance unspent at beginning of year		399 256
Current year receipts	-	-
Conditions met - transferred to income	<u>(267 548)</u>	-
Conditions still to be met - transferred to liabilities	<u>(267 548)</u>	<u>399 256</u>
The grant is utilised to fund the feasibility study of a district wildlife centre.		
20.7 VUNA Awards		
Balance unspent at beginning of year	-	26 517
Current year receipts	-	-
Conditions met - transferred to income	<u>-</u>	<u>(26 517)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
The VUNA Awards grant was utilised to fund tourism signage erected in the district.		
20.8 LEDET Biosphere Grant		
Balance unspent at beginning of year	100 000	-
Current year receipts	-	100 000
Conditions met - transferred to income	<u>(100 000)</u>	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>100 000</u>
The grant is to be utilised to fund the operations of the Waterberg Biosphere Meander.		
20.9 Expanded Public Works Incentive Grant		
Balance unspent at beginning of year	171 000	-
Current year receipts		171 000
Conditions met - transferred to income	<u>(400 000)</u>	-
Conditions still to be met - transferred to liabilities	<u>(229 000)</u>	<u>171 000</u>
The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the the EPWP guidelines.		

20.10 Changes in levels of government grants

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

21 PUBLIC CONTRIBUTIONS AND DONATIONS

Donations		263 859
Total public contributions and donations	<u>-</u>	<u>263 859</u>

In the previous financial year Lephalale Local Municipality donated the Lephalale Disaster Centre land and Marce Fire Fighting Technology donated 3 skid units.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
22 GAIN / (LOSS) ON DISPOSAL OF ASSETS		
Gain on disposal of Property, plant and equipment	22 540	10 607
Loss on disposal of Property, plant and equipment	(527 892)	(8 845)
Total Gain / (Loss) on Disposal of Assets	(505 352)	1 762
23 (IMPAIRMENT) / REVERSAL OF IMPAIRMENT LOSS ON ASSETS		
Property, plant and equipment	(1 757 273)	44 800
This impairment is mainly on fire fighting vehicles that has been damaged and are in for repairs over year end. Impairment will be reversed as soon as they are repaired to their original lifespan and quality.		
Other financial assets		
An investment amounting to R 572 713 capital is held with New Republic Bank, which is presently under receivership. The investment was written down to fair value.	-	(142 748)
An investment amounting to R322 264 capital was held with Regal Treasury Bank for which the liquidation has been finalised. The final liquidation dividend was received and the remainder written off.	-	13 367
Total impairment loss	(1 757 273)	(84 581)
24 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	31 769 114	28 293 095
Employee related costs - Contributions for UIF, pension and medical aid & other statutory contributions	9 272 986	8 071 673
Travel and other allowances	7 313 963	6 383 295
Housing benefits and allowances	182 436	184 800
Overtime allowances	319 089	137 870
Performance and other bonuses (increase / (reversal) of provision)	282 006	280 672
Total Employee Related Costs	49 139 594	43 351 405
(Refer to Appendix E1)		
There were no advances to employees.		
Remuneration of Individual Managers:		
Remuneration of the Municipal Manager		
Annual Remuneration	677 847	635 382
Performance- and other bonuses	-	-
Travel and cellphone allowance	301 818	282 629
Contributions to UIF, Medical and Pension Funds	172 505	162 129
Total	1 152 170	1 080 140

The Municipal Manager was appointed on 1 January 2010.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24	EMPLOYEE RELATED COSTS (continued)	2013 R	Restated 2012 R
	Remuneration of Individual Managers (continued):		
	Remuneration of the Chief Financial Officer		
	Annual Remuneration	854 175	745 132
	Performance- and other bonuses	116 400	-
	Travel and cellphone allowance	192 072	180 000
	Contributions to UIF, Medical and Pension Funds	1 713	1 497
	Total	<u>1 164 360</u>	<u>926 629</u>

The Chief Financial Officer was appointed on 11 June 2007 and re-appointed on 1 June 2012.

Infrastructure Development

Annual Remuneration	170 728	508 311
Performance- and other bonuses	-	-
Travel and cellphone allowance	62 000	213 348
Contributions to UIF, Medical and Pension Funds	47 045	104 723
Total	<u>279 773</u>	<u>826 382</u>

The previous Infrastructure Development Manager was appointed on 9 July 2007 and his contract ended on 30 June 2012. The new manager was appointed from 1 March 2013.

Planning & Economic Development

Annual Remuneration	386 314	523 278
Performance- and other bonuses	56 645	-
Travel and cellphone allowance	124 125	172 099
Contributions to UIF, Medical and Pension Funds	88 401	123 974
Total	<u>655 485</u>	<u>819 351</u>

The previous Planning & Economic Development Manager was appointed on 1 March 2008 and his contract ended on 28 February 2013. The new manager appointed from 1 July 2013.

Corporate Support & Shared Services

Annual Remuneration	206 600	360 300
Performance- and other bonuses	-	-
Travel and cellphone allowance	32 018	122 443
Contributions to UIF, Medical and Pension Funds	63 165	110 663
Total	<u>301 783</u>	<u>593 406</u>

The Corporate Support & Shared Services Manager was appointed on 1 January 2008 and resigned on 14 February 2012. The new manager was appointed from 1 March 2013.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
24 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers (continued):		
Social Development & Community Services		
Annual Remuneration	553 993	518 978
Performance- and other bonuses	64 038	-
Travel and cellphone allowance	268 546	256 509
Contributions to UIF, Medical and Pension Funds	42 993	36 497
Total	<u>929 570</u>	<u>811 984</u>

The Social Development and Community Services Manager was appointed on 1 January 2010.

Executive Mayor's Office

Annual Remuneration	561 143	121 208
Performance- and other bonuses	-	-
Travel and cellphone allowance	185 272	43 750
Contributions to UIF, Medical and Pension Funds	135 301	31 691
Total	<u>881 716</u>	<u>196 649</u>

The Executive Support Manager was appointed on 1 April 2012.

There are no post-employment benefits, other long-term benefits or termination benefits provided to Section 56 managers.

25 REMUNERATION OF COUNCILLORS

Executive Mayor	602 269	570 876
Speaker	485 790	460 469
Full time Mayoral Committee members	1 655 507	1 340 447
Mayoral Committee members	993 182	1 058 612
Councillors	1 154 818	1 076 286
Councillors' pension, medical aid contributions and other statutory	581 336	472 292
Total Councillors' Remuneration	<u>5 472 702</u>	<u>4 978 982</u>

In kind benefits

The Executive Mayor, Speaker, Chief Whip and 3 other Mayoral Committee members are full time councillors. Each is provided with an office, tools of trade and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle for official duties and has a driver. The previous Executive Mayor's term in office ended on 21 May 2011 and a new Executive Mayor was elected on 3 June 2011.

26 DEPRECIATION AND AMMORTISATION

Property, plant and equipment - depreciation	7 151 150	4 923 766
Intangible assets - amortisation	213 511	256 928
Total Depreciation and Impairment	<u>7 364 661</u>	<u>5 180 694</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
27 CONTRACTED SERVICES		
Contracted service for: Fire Fighting	12 759 915	11 987 004
	<u>12 759 915</u>	<u>11 987 004</u>

This is a funded mandate of Waterberg District Municipality which is performed by local municipalities.

28 GENERAL EXPENSES

Included in general expenses are the following:

Advertising	134 303	181 104
Audit fees	944 034	842 484
Bank charges	60 246	57 148
Bursaries	101 370	40 078
Cleaning	100 870	123 121
Consumables	30 202	27 030
Damaged meat claims	1 167	909
Delegations	55 394	67 333
Entertainment	352 362	404 330
Financial management grant	626 320	1 275 990
Insurance	771 153	745 071
Legal expenses	431 063	204 655
Membership fees	521 189	435 349
Municipal account - water, rates & electricity	914 733	576 015
Municipal systems improvement grant	706 892	1 130 921
Postage	7 416	2 540
Printing and stationery	386 067	360 094
Programming	787 899	170 072
Rental of buildings / offices	447 923	105 779
Rental of office equipment	702 338	668 185
Security costs	1 651 811	922 336
Subscription and publication	4 420	21 415
Telephone & cell phone expenses	490 313	694 693
Training	309 910	385 031
Travel and subsistence	3 426 387	3 183 950
Vehicle costs	406 224	328 557
Other	1 668 435	1 224 696
	<u>16 040 441</u>	<u>14 178 888</u>

29 ACCUMULATED SURPLUS AND RESERVES

As the individual classification of the following reserves are not required in terms of GRAP 9, the following split is not disclosed on the face of the Statement of Financial Position and is merely utilised for internal reporting:

Government Grant Reserve	473 841	603 165
Donations and Public Contributions Reserve	1 164 103	1 462 654
Accumulated Surplus	141 451 789	159 228 814
	<u>143 089 733</u>	<u>161 294 633</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
30 CASH GENERATED FROM OPERATIONS		
Net surplus for the year	(18 204 900)	(390 191)
Adjustment for non-cash movements:		
Depreciation and amortisation	7 364 661	5 180 694
(Gain) / Loss on sale of assets	505 352	(1 762)
Donated property, plant & equipment	-	(263 859)
Impairment / (Reversal of impairment) on assets	1 757 273	84 581
Increase in retirement health care liability	981 480	539 964
Increase in long service awards liability	215 182	171 971
Contributions to provisions - current	44 923	280 672
Operating surplus before working capital changes	(7 356 049)	5 602 070
Decrease in trade receivables	6 237	11 624
Decrease/(Increase) in other receivables	(1 968 092)	(1 118 060)
Decrease/(Increase) in inventory	(13 511)	(6 860)
Decrease/(Increase) in VAT receivable	3 072 583	(1 660 329)
(Decrease)/Increase in trade payables	(303 861)	2 612 314
Decrease in consumer deposits	(950)	-
(Decrease)/Increase in Unspent Conditional Grants and Receipts	727 824	(2 620 391)
Cash generated from operations	(5 835 819)	2 820 368
31 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:		
Bank balance	5 713 605	6,402,922
Short-term investment deposits	78 265 995	91,334,360
Petty cash	5 200	2,200
	83,984,800	97 739 482

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

32 CORRECTION OF PRIOR PERIOD ERRORS 2011/2012

Debit / (Credit)

32.1 Incomplete disclosure of donations received

In the 2011/2012 financial statements capital assets was incorrectly capitalised from project expenditure instead of as donations received. Accordingly, the donations reserve and accumulated surplus also had to be adjusted for the additions and subsequent depreciation.

The comparative amounts for 2012 have been restated.

The effect on the 2011 and 2012 balances are as follows:

	Corrected R	Adjustment R	Previous R
As at 1 July 2011			
no change	-	-	-
There is no change related to period prior to 1 July 2011.			
Statement of Financial Performance 2012			
Donations Received	(63 859)	(63 859)	-
Project expenditure	26 362 428	63 859	26 298 569
Statement of Financial Position 2012			
Accumulated Surplus	(159 619 006)	59 188	(159 678 194)
Donations Reserve	(1 462 654)	(59 188)	(1 403 466)

32.2 Calculation error on depreciation

In the 2011/2012 financial statements depreciation was captured incorrectly on various assets due to corrections on the asset register that was not corrected on the general ledger.

The comparative amounts for 2012 have been restated.

The effect on the 2011 and 2012 balances are as follows:

	Corrected R	Adjustment R	Previous R
As at 1 July 2011			
no change	-	-	-
There is no change related to period prior to 1 July 2011.			
Statement of Financial Performance 2012			
Depreciation	4 913 991	64 373	4 849 618
Statement of Financial Position 2012			
PPE - Accumulated Depreciation	(16 597 144)	(64 373)	(16 532 771)

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

32 CORRECTION OF PRIOR PERIOD ERRORS 2011/2012 (continued)

Debit / (Credit)

32.3 Inaccurate capitalisation of intangible assets

The forensic search utility software for security cameras was incorrectly capitalised as an intangible assets instead of capitalising it with the corresponding tangible assets.

The comparative amounts for 2012 have been restated.

The effect on the 2011 and 2012 balances are as follows:

	Corrected R	Adjustment R	Previous R
As at 1 July 2011			
no change	-	-	-

There is no change related to period prior to 1 July 2011.

Statement of Financial Performance 2012

Depreciation	4 915 053	1 062	4 913 991
Ammortisation	256 928	(174)	257 103
Project expenditure	26 326 428	(36 000)	26 362 428

Statement of Financial Position 2012

PPE - Additions	15 709 916	45 750	15 664 166
PPE - Accumulated Depreciation	(16 598 206)	(1 062)	(16 597 144)
IA - Additions	2 011 286	(9 750)	2 021 036
IA - Accumulated Ammortisation	(1 136 853)	174	(1 137 028)

32.4 Inaccurate capitalisation of property, plant and equipment

The sound / recoding system was incorrectly capitalised at 90% of its cost excluding the 10% retention on the item.

The comparative amounts for 2012 have been restated.

The effect on the 2011 and 2012 balances are as follows:

	Corrected R	Adjustment R	Previous R
As at 1 July 2011			
no change	-	-	-

Statement of Financial Performance 2012

Depreciation	4 918 442	3 388	4 915 053
Project expenditure	26 283 728	(42 700)	26 326 428

Statement of Financial Position 2012

PPE - Additions	15 752 616	42 700	15 709 916
PPE - Accumulated Depreciation	(16 601 594)	(3 388)	(16 598 206)

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

32 CORRECTION OF PRIOR PERIOD ERRORS 2011/2012 (continued)

Debit / (Credit)

32.5 Assets not capitalised

3 laptops purchased in July 2011 was not capitalised.

The comparative amounts for 2012 have been restated.

The effect on the 2011 and 2012 balances are as follows:

As at 1 July 2011
no change

Statement of Financial Performance 2012

	Corrected R	Adjustment R	Previous R
Depreciation	4 923 766	5 325	4 918 442
Project expenditure	26 255 458	(28 270)	26 283 728

Statement of Financial Position 2012

PPE - Additions	15 780 886	28 270	15 752 616
PPE - Accumulated Depreciation	(16 606 919)	(5 325)	(16 601 594)

2013
R

2012
R

33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

33.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening Balance	24 045	-
Fruitless and wasteful expenditure awaiting condonement	23 445	-
To be recovered - Contingent Asset	600	-
Fruitless and wasteful expenditure current year	6 017	24 045
Fruitless and wasteful expenditure recovered during the current year	(5 450)	-
Condoned or written off by Council	(23 445)	-
Closing balance	1 167	24 045
Fruitless and wasteful expenditure awaiting condonement	1 167	23 445
To be recovered - Current Asset	-	600

Current year

Flies infestation and incorrect dispatch at the abattoir led to damaged meat claims to a total of R 1 167 during the current financial year. The matter was investigated and no deliberate or negligent intent was found. The incidences will be reported to Council to condone and write off.

Traffic fines and penalties on late licensing of municipal vehicles to an amount of R 4 850 was deducted from the responsible employees' salaries during the current financial year.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		

33.1 Fruitless and wasteful expenditure (continued)

Prior year

R 22 535 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Lephalele Disaster Centre which constitutes an unlawful development. The matter was investigated, condoned and written off.

R 600 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys was with records officer who was on strike. The full amount was deducted from the salary of the acting manager in Corporate Support & Shared Services.

R 909 was incurred on damaged meat claims for the death of a pig due to the faulty dehairing machine. The matter was investigated, condoned and written off.

33.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	7 134	140 200
Irregular expenditure awaiting condonement	-	140 200
To be recovered - Contingent Asset	7 134	-
Irregular expenditure incurred current year	-	52 107
Irregular expenditure recovered during the current year	(7 134)	(44 973)
Condoned or written off by Council	-	(140 200)
Closing balance	-	7 134
Irregular expenditure awaiting condonement	-	-
To be recovered - Current Asset	-	7 134

Current year

There were no material incidents of irregular expenditure in the current financial year.

Prior year

The Office of the Executive Mayor incurred irregular expenditure of R 140 200 on the provision of transport to the voter registration mobilization campaign for the youth. Voter registration is an activity unrelated to the functional area of the vote utilised, which is Community Participation. Council condoned and wrote off this expenditure in the previous financial year.

R 7 134 owed by an official for abuse of 3G card above the monthly capping constitutes irregular expenditure as official was granted deduction in installments instead of once off deduction which then classifies as a loan to an officials which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was recovered from the responsible employee.

R 35 016 No-Work-No-Pay deduction for August 2011 strike was postponed and deducted in installments instead of once off deduction which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The second delayed installment is reported as irregular expenditure. The full amount was deducted in the November 2011 salaries.

R 9 957 personal telephone calls deduction for July to October 2011 was postponed due to No-Work-No-Pay deductions of strike and deducted in December 2011 instead of once off deduction in October 2011 which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was deducted in the December 2011 salaries.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
34 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
34.5 PENSION AND MEDICAL AID DEDUCTIONS		
Opening balance	-	-
Current year payroll deductions and council contributions	13 091 426	11 751 346
Amount Paid - Current year	(13 091 426)	(11 751 346)
Amount Paid - Previous years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
34.6 SUPPLY CHAIN MANAGEMENT REGULATIONS		
<p>In terms of section 36 of the Municipal Supply Chain Management Regulations, the Municipal Manager may dispense with the official procurement process in certain instances and ratify minor breaches.</p> <p>These expenses incurred, approved by the Municipal Manager and reported to Council, are listed below:</p>		
Deviations on goods and services less than R 30 000	553 922	594 986
Deviations on goods and services between R 30 000 and R 200 000	2 961 253	1 605 252
Deviations on goods and services more than R 200 000	2 150 304	284 983
	<u>5 665 479</u>	<u>2 485 221</u>
<p>The expenditure was incurred as listed below:</p>		
Urgent and emergency procurement	131 621	116 011
Limited bidding procurement	5 119 827	2 175 225
Minor breaches	414 031	193 985
	<u>5 665 479</u>	<u>2 485 221</u>
35 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	<u>79 602</u>	<u>42 665</u>

3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses. The 3 year term of the new audit committee commenced on 1 August 2011 and ends on 31 July 2014. Four meetings were held during the current year, but the chairperson also attended council meetings.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		

33.1 Fruitless and wasteful expenditure (continued)

Prior year

R 22 535 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Lephalale Disaster Centre which constitutes an unlawful development. The matter was investigated, condoned and written off.

R 600 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys was with records officer who was on strike. The full amount was deducted from the salary of the acting manager in Corporate Support & Shared Services.

R 909 was incurred on damaged meat claims for the death of a pig due to the faulty dehairing machine. The matter was investigated, condoned and written off.

33.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	7 134	140 200
Irregular expenditure awaiting condonement	-	140 200
To be recovered - Contingent Asset	7 134	-
Irregular expenditure incurred current year	-	52 107
Irregular expenditure recovered during the current year	(7 134)	(44 973)
Condoned or written off by Council	-	(140 200)
Closing balance	-	7 134
Irregular expenditure awaiting condonement	-	-
To be recovered - Current Asset	-	7 134

Current year

There were no material incidents of irregular expenditure in the current financial year.

Prior year

The Office of the Executive Mayor incurred irregular expenditure of R 140 200 on the provision of transport to the voter registration mobilization campaign for the youth. Voter registration is an activity unrelated to the functional area of the vote utilised, which is Community Participation. Council condoned and wrote off this expenditure in the previous financial year.

R 7 134 owed by an official for abuse of 3G card above the monthly capping constitutes irregular expenditure as official was granted deduction in installments instead of once off deduction which then classifies as a loan to an officials which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was recovered from the responsible employee.

R 35 016 No-Work-No-Pay deduction for August 2011 strike was postponed and deducted in installments instead of once off deduction which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The second delayed installment is reported as irregular expenditure. The full amount was deducted in the November 2011 salaries.

R 9 957 personal telephone calls deduction for July to October 2011 was postponed due to No-Work-No-Pay deductions of strike and deducted in December 2011 instead of once off deduction in October 2011 which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was deducted in the December 2011 salaries.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		

33.1 Fruitless and wasteful expenditure (continued)

Prior year

R 22 535 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Lephalale Disaster Centre which constitutes an unlawful development. The matter was investigated, condoned and written off.

R 600 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys was with records officer who was on strike. The full amount was deducted from the salary of the acting manager in Corporate Support & Shared Services.

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Irregular expenditure recovered during the current year	(7 134)	(44 973)
Condoned or written off by Council	-	(140 200)
Closing balance	-	7 134
Irregular expenditure awaiting condonement	-	-
To be recovered - Current Asset	-	7 134

Current year

There were no material incidents of irregular expenditure in the current financial year.

Prior year

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WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)		
33.3 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening Balance	-	-
Unauthorised expenditure current year	-	-
Condoned or approved by Council	-	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>-</u>
Current year		
There were no material incidents of unauthorised expenditure in the current financial year.		
Prior year		
There were no material incidents of unauthorised expenditure in the previous financial year.		
34 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
34.1 Contributions to organised local government		
Opening Balance	-	-
Council subscriptions	427 064	353 716
Amount Paid - current year	(427 064)	(353 716)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
34.2 Audit fees		
Opening balance	-	-
Current year audit fees - statutory	944 034	842 484
Prior year audit fee - forensic	-	-
Amount paid - current year	(944 034)	(842 484)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
34.3 VAT		
VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.		
34.4 PAYE		
Opening Balance	-	-
Current year payroll deductions	8 508 015	7 646 747
Amount Paid - Current year	(8 508 015)	(7 646 747)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
34 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
34.5 PENSION AND MEDICAL AID DEDUCTIONS		
Opening balance	-	-
Current year payroll deductions and council contributions	13 091 426	11 751 346
Amount Paid - Current year	(13 091 426)	(11 751 346)
Amount Paid - Previous years	-	-
	<u>-</u>	<u>-</u>

34.6 SUPPLY CHAIN MANAGEMENT REGULATIONS

In terms of section 36 of the Municipal Supply Chain Management Regulations, the Municipal Manager may dispense with the official procurement process in certain instances and ratify minor breaches.

These expenses incurred, approved by the Municipal Manager and reported to Council, are listed below:

Deviations on goods and services less than R 30 000	553 922	594 986
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	<u>5 685 479</u>	<u>2 485 221</u>

The expenditure was incurred as listed below:

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Limited bidding procurement	5 119 827	2 175 225
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35 REMUNERATION OF AUDIT COMMITTEE MEMBERS

Remuneration	<u>79 602</u>	<u>42 665</u>
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3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses. The 3 year term of the new audit committee commenced on 1 August 2011 and ends on 31 July 2014. Four meetings were held during the current year, but the chairperson also attended council meetings.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
36 CAPITAL COMMITMENTS		
36.1 Commitments in respect of capital expenditure:		
Approved and contracted for		
- Computer software	293 527	-
- Disaster Management	3 812 576	2 603 664
	<u>4 106 103</u>	<u>2 603 664</u>
The expenditure will be financed from:		
- Own resources	<u>4 106 103</u>	<u>2 603 664</u>
36.2 Commitments in respect of operating expenditure:		
Approved and contracted for		
- Communication & Community Participation	-	753 166
- Infrastructure	1 119 329	2 977 893
- Solid waste and environment	220 600	-
- Local Economic Development	673 477	390 489
- Land development	-	318 509
- Institutional development	4 861 201	672 895
	<u>6 874 607</u>	<u>5 112 952</u>
The expenditure will be financed from:		
- Own resources	<u>6 874 607</u>	<u>5 112 952</u>
36.3 Commitments in respect of operating leases:		
The municipality has no finance leases. At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:		
Operating leases - lessee		
Within one year	522 717	1 005 732
In the second to fifth year inclusive	-	55 619
Total	<u>522 717</u>	<u>1 061 351</u>
Operating lease payments represent rentals payable by the municipality for copiers and faxes with Xerox and office space in Mokopane and Thabazimbi for environmental health practitioners.		
All rentals are either fixed term fixed amount contracts or contingent rentals and therefore no smoothing of leases is necessary.		
37 CONTINGENT LIABILITIES		
The following are legal cases pending at year end and the potential liability thereof:		
Verveen Attorneys - defend action against motor vehicle accidents	4 169 240	-
Unlikely that we will pay as these damages are covered by the Road Accident Fund		
Verveen Attorneys - defend action against alleged breach of contract	1 800 000	-
Alleged contract breach with LIBSA due to not meeting reporting requirement		
Verveen Attorneys - defend action against Directory Publishers for contract breach	83 214	-
Provider alleges printer and advertising work for municipality, but municipality denies this contract ever existed.		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

38 RELATED PARTIES

Municipal Entity	Waterberg Economic Development Agency
Key Management	Refer to note 24

There are no other related party transactions or balances for the current year. Waterberg Economic Development Agency is currently dormant.

39 EVENTS AFTER THE REPORTING DATE

There are no material events that occurred after the reporting date.

40 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant and equipment
Useful lives and residual values of intangible assets
Recoverable amounts of property, plant and equipment
Recoverable amounts of intangible assets
Impairment of assets
Present value of defined benefit obligations
Provision of long-term long-service awards

41 RISK MANAGEMENT

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

41.1 Cash flow interest rate risk

The municipality's interest rate risk arises from investments. Investments at variable rates expose the municipality to cash flow interest rate risk. Investments at fixed rates expose the municipality to fair value interest rate risk. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

	2013 R	Restated 2012 R
At year-end, financial instruments exposed to interest rate risk were as follows:		
- Current bank account	5,713,605	6,402,922
- Call deposits	20,097,992	13,057,773
- 60 days fixed deposits	10,029,975	10,030,521
- 90 days fixed deposits	48,138,028	68,246,066
- 6 month fixed deposits	20,148,748	20,286,830
	<u>104 128 348</u>	<u>118 024 112</u>

41.2 Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

41 RISK MANAGEMENT (continued)

41.3 Liquidity risk (continued)

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterparty credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

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

30 June 2013	Not later than one month	One to three months
Trade and other payables	2 123 461	197 978
Consumer deposits	-	-
Provisions	-	-
Unspent conditional grants & receipts	-	-

30 June 2013	Later than three months	One to five years
Trade and other payables	970 811	4 891 264
Consumer deposits	-	600
Provisions	325 595	-
Unspent conditional grants & receipts	1 398 080	-

41.4 Credit risk

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

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

41.5 Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

42 RESTATEMENT OF COMPARATIVE INFORMATION

There has been restatements on comparative figures as disclosed in note 32 on prior period errors.

43 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix A(1) to A(7). The difference between the Adjusted Budget and final budget relates to virements approved by the Municipal Manager and savings declared on completed projects.

WATERBERG DISTRICT MUNICIPALITY

Appendix A1: Reconciliation of Table A1 Budget Summary

Description	2012/2013						2011/2012								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Original Budget	Budget Adjustments (1 to 828 and 871 of the M.M.M.)	Final adjustments budget	Shifting of funds (1 to 871 of the M.M.M.)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcomes as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousands															
Financial Performance															
Property rates	735	-	735	-	-	735	719	-	(16)	98%	96%	-	-	-	652
Service charges	6,300	(470)	5,830	-	-	5,830	6,289	-	459	108%	100%	-	-	-	7,439
Investment revenue	102,752	(8,502)	94,250	-	-	94,250	93,442	-	(808)	99%	91%	-	-	-	90,298
Transfers recognised - operational	83	-	83	-	-	83	1,212	-	1,129	1461%	5481%	-	-	-	274
Other own revenue															
Total Revenue (including capital transfers and contributions)	189,870	(8,972)	180,898	-	-	180,898	101,662	-	794	56%	60%	-	-	-	107,662
Employee costs	56,313	(2,703)	53,610	-	(105)	53,505	50,871	-	(2,633)	95%	90%	-	-	-	44,760
Remuneration of councillors	5,475	(100)	5,375	-	95	5,480	5,472	-	(7)	100%	100%	-	-	-	4,979
Debt impairment															
Depreciation & asset impairment	7,367	1,050	8,417	-	-	8,417	9,122	-	705	108%	123%	-	-	-	5,303
Finance charges															
Materials and bulk purchases															
Transfers and grants	30,258	11,473	41,731	-	-	41,711	24,213	-	(17,498)	58%	8%	-	-	-	26,255
Other expenditure	32,423	1,716	34,139	-	-	34,136	30,189	-	(3,950)	88%	93%	-	-	-	24,989
Total Expenditure	131,865	11,376	143,241	-	-	143,241	119,987	-	(23,453)	84%	91%	-	-	-	116,316
Surplus/(Deficit)	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,203)	-	24,179	43%	53%	-	-	-	(854)
Transfers recognised - capital															
Contributions recognised - capital & controlled assets															
Surplus/(Deficit) after capital transfers & contributions	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,203)	-	24,179	43%	53%	-	-	-	264
Share of surplus/(deficit) of associates															
Surplus/(Deficit) for the year	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,203)	-	24,179	43%	53%	-	-	-	(393)
Capital expenditure & funds sources															
Capital expenditure	6,812	13,307	20,209	-	-	20,209	8,350	-	(11,859)	41%	122%	-	-	-	12,039
Transfers recognised - capital															
Public contributions & donations															
Borrowing															
Internally generated funds	6,812	13,307	20,209	-	-	20,209	8,350	-	(11,859)	41%	123%	-	-	-	11,502
Total sources of capital funds	6,812	13,307	20,209	-	-	20,209	8,350	-	(11,859)	41%	123%	-	-	-	11,502
Cash flows															
Net cash from (used) operating	(13,499)	(15,202)	(28,699)	-	-	(28,698)	(5,235)	-	23,462	20%	43%	-	-	-	2,777
Net cash from (used) investing	(6,812)	(13,307)	(20,209)	-	-	(20,209)	(7,919)	-	12,290	36%	116%	-	-	-	(13,949)
Net cash from (used) financing															
Cash/cash equivalents at the year end	58,220	10,500	68,720	-	-	68,720	83,935	-	14,866	122%	144%	-	-	-	(11,172)

Notes
 1 = sum of column 1 and 2
 2 represents movements in original budget to get to final adjustment budget (including shifting of funds)
 3 = sum of columns 1, 2 and 3
 4 = sum of columns 3, 4 and 5
 5 does not necessarily equal the difference between 9 and 8 because over-spending is not the only reason for unauthorised expenditure
 6 = 7 - 5
 10 = (7/6)*100
 11 = (9/1)*100
 14 = 13 - 12
 15 in revenue equals Audited Outcome plus funds actually recovered
 16 in expenditure equals Audited Outcome less funds actually recovered
 18 in Cash Flow equals Audited Outcome plus funds recovered

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:
Appendix A.2: Reconciliation of Table A.2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2012/2013										2011/2012				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the SFMA)	Final budget	Shifting of funds (i.e. s31 of the SFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
Revenue - Standard															
Governance and administration	99,333	(470)	98,863	-	-	98,863	98,150	-	207	100%	100%	-	-	-	98,449
Executives and council	1,300	-	1,300	-	-	1,300	1,062	-	(238)	83%	83%	-	-	-	1,416
Budget and treasury office	97,853	(470)	97,383	-	-	97,383	97,600	-	447	100%	100%	-	-	-	96,804
Corporate services	200	-	200	-	-	200	238	-	38	119%	110%	-	-	-	228
Community and public safety	8,772	(8,772)	-	-	-	-	23	-	23	0%	0%	-	-	-	8,736
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	23	-	23	-	-	-	-	-	354
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	8,772	(8,772)	-	-	-	-	-	-	-	-	-	-	-	-	8,354
Economic and environmental services	1,800	270	1,270	-	-	1,270	1,697	-	427	134%	170%	-	-	-	60
Planning and development	-	100	100	-	-	100	368	-	268	368%	-	-	-	-	60
Road transport	1,000	170	1,170	-	-	1,170	1,300	-	130	114%	133%	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	745	-	745	-	-	745	792	-	47	106%	146%	-	-	-	679
Total Revenue - Standard	109,870	(8,972)	100,898	-	-	100,898	101,982	-	764	101%	95%	-	-	-	107,905
Expenditure - Standard															
Governance and administration	99,334	1,255	60,799	-	-	60,799	55,141	-	(5,617)	91%	92%	-	-	-	48,312
Executives and council	30,694	865	31,560	-	-	31,560	29,870	-	(1,690)	95%	97%	-	-	-	25,209
Budget and treasury office	11,113	(520)	10,593	-	-	10,593	9,746	-	(847)	92%	86%	-	-	-	8,065
Corporate services	17,696	910	18,606	-	-	18,606	15,525	-	(3,081)	83%	88%	-	-	-	15,048
Community and public safety	48,200	467	48,768	-	-	48,768	42,759	-	(6,007)	87%	92%	-	-	-	38,114
Community and social services	2,639	(190)	2,449	-	-	2,449	3,033	-	(584)	79%	83%	-	-	-	4,270
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	26,968	61	27,029	-	-	27,029	25,183	-	(1,846)	96%	97%	-	-	-	21,163
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	17,592	596	18,188	-	-	18,188	15,742	-	(2,446)	87%	89%	-	-	-	12,679
Economic and environmental services	22,170	9,418	31,588	-	-	31,588	18,127	-	(13,461)	57%	82%	-	-	-	18,390
Planning and development	7,036	1,600	8,637	-	-	8,637	5,211	-	(2,645)	70%	86%	-	-	-	5,762
Road transport	15,134	7,598	22,732	-	-	22,732	11,915	-	(10,816)	52%	79%	-	-	-	12,508
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	3,932	208	4,168	-	-	4,168	3,840	-	(328)	92%	98%	-	-	-	3,498
Total Expenditure - Standard	131,903	11,376	143,281	-	-	143,281	119,987	-	(23,415)	84%	91%	-	-	-	108,316
Surplus/(Deficit) for the year	(22,033)	(20,348)	(42,384)	-	-	(42,384)	(18,255)	-	24,119	42%	83%	-	-	-	(392)

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:

Appendix A3: Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/2013										2011/2012				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcomes	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Revenue by Vote															
Vote 1 - BUDGET & TREASURY	97,853	(470)	97,383	-	-	97,383	97,830	-	447	100%	100%	-	-	-	96,604
Vote 2 - MUNICIPAL MANAGER	1,300	-	1,300	-	-	1,300	1,064	-	(236)	82%	82%	-	-	-	1,416
Vote 3 - CORPORATE SERVICES	200	-	200	-	-	200	238	-	38	119%	119%	-	-	-	228
Vote 4 - PLANNING	-	100	100	-	-	100	368	-	268	368%	-	-	-	-	60
Vote 5 - INFRASTRUCTURE	1,000	170	1,170	-	-	1,170	1,330	-	160	114%	133%	-	-	-	-
Vote 6 - EXECUTIVE SUPPORT	-	-	-	-	-	-	18	-	18	-	-	-	-	-	-
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - DISASTER	-	-	-	-	-	-	23	-	23	0%	0%	-	-	-	384
Vote 9 - ENVIRONMENTAL HEALTH	8,772	(8,772)	-	-	-	-	-	-	-	-	-	-	-	-	8,354
Vote 10 - ABBATOIR	745	-	745	-	-	745	792	-	47	106%	105%	-	-	-	679
Total Revenue by Vote	109,870	(8,972)	100,898	-	-	100,898	101,662	-	764	101%	93%	-	-	-	107,925
Expenditure by Vote to be appropriated															
Vote 1 - BUDGET & TREASURY	11,113	(520)	10,593	-	-	10,593	9,746	-	(847)	92%	89%	-	-	-	8,055
Vote 2 - MUNICIPAL MANAGER	8,714	588	9,312	-	-	9,312	8,294	-	(1,018)	89%	95%	-	-	-	9,133
Vote 3 - CORPORATE SERVICES	17,696	940	18,636	-	-	18,636	15,525	-	(3,081)	83%	88%	-	-	-	15,048
Vote 4 - PLANNING	7,036	1,820	8,857	-	-	8,857	6,211	-	(2,645)	70%	88%	-	-	-	5,782
Vote 5 - INFRASTRUCTURE	15,134	7,598	22,732	-	-	22,732	11,915	-	(10,817)	52%	79%	-	-	-	12,608
Vote 6 - EXECUTIVE SUPPORT	21,981	267	22,248	-	-	22,248	21,576	-	(671)	97%	98%	-	-	-	16,077
Vote 7 - SOCIAL SERVICES	2,639	(190)	2,449	-	-	2,449	1,833	-	(616)	75%	69%	-	-	-	4,270
Vote 8 - DISASTER	26,068	61	26,129	-	-	26,129	25,183	-	(946)	96%	97%	-	-	-	21,165
Vote 9 - ENVIRONMENTAL HEALTH	17,562	596	18,158	-	-	18,158	15,742	-	(2,415)	87%	89%	-	-	-	12,679
Vote 10 - ABBATOIR	3,932	236	4,168	-	-	4,168	3,840	-	(328)	92%	95%	-	-	-	3,499
Total Expenditure by Vote	131,965	11,376	143,281	-	-	143,281	119,867	-	(23,415)	84%	91%	-	-	-	3,499
Surplus/(Deficit) for the year	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,205)	-	24,179	43%	83%	-	-	-	(390)

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule.

Appendix A4: Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2012/2013						2011/2012								
	Original Budget	Budget Adjustments (i.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.o. s31 of the MFMA)	Virement (i.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	735	-	735	-	-	735	719	-	(16)	98%	98%	-	-	-	652
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	6,300	(470)	5,830	-	-	5,830	6,177	-	347	103%	98%	-	-	-	7,402
Interest earned - outstanding debtors	10	-	10	-	-	10	112	-	102	1121%	1121%	-	-	-	37
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	23	-	23	-	-	-	-	-	70
Transfers recognised - operational	102,752	(8,502)	94,250	-	-	94,250	93,442	-	(808)	89%	91%	-	-	-	96,298
Other revenue	73	-	73	-	-	73	1,166	-	1,093	1596%	1596%	-	-	-	187
Gains on disposal of PPE	-	-	-	-	-	-	23	-	23	-	-	-	-	-	11
Total Revenue (excluding capital transfers and contributions)	169,870	(8,972)	160,898	-	-	160,898	161,662	-	764	101%	93%	-	-	-	167,662
Expenditure By Type															
Employee related costs	56,373	(2,763)	53,610	-	(105)	53,505	50,671	-	(2,838)	95%	90%	-	-	-	44,769
Remuneration of councillors	5,475	(100)	5,375	-	105	5,480	5,473	-	(7)	100%	100%	-	-	-	4,979
Debt impairment	10	-	10	-	-	10	-	-	(10)	0%	0%	-	-	-	35
Depreciation & asset impairment	7,397	1,090	8,487	-	-	8,447	8,122	-	675	108%	123%	-	-	-	5,323
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	13,224	332	13,556	-	-	13,555	12,760	-	(795)	94%	96%	-	-	-	11,967
Transfers and grants	30,238	11,473	41,711	-	-	41,711	24,213	-	(17,498)	58%	80%	-	-	-	26,255
Other expenditure	18,864	1,084	19,948	-	-	19,948	16,900	-	(3,048)	85%	90%	-	-	-	14,958
Loss on disposal of PPE	325	300	625	-	-	625	528	-	(97)	82%	91%	-	-	-	9
Total Expenditure	131,955	11,376	143,331	-	-	143,281	119,667	-	(23,614)	84%	91%	-	-	-	168,318
Surplus/(Deficit)	(22,035)	(26,348)	(42,384)	-	-	(42,384)	(18,205)	-	24,179	43%	63%	-	-	-	(654)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	264
Surplus/(Deficit) after capital transfers & contributions	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,205)	-	24,179	43%	63%	-	-	-	(390)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,205)	-	24,179	43%	63%	-	-	-	(390)
Share of surplus/(deficit) of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,205)	-	24,179	43%	63%	-	-	-	(390)
Surplus/(Deficit) for the year	(22,035)	(20,348)	(42,384)	-	-	(42,384)	(18,205)	-	24,179	43%	63%	-	-	-	(390)

Unaudited schedule:

Appendix A5: Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

R thousand	Vote Description	2012/2013						2011/2012			Restated Audited Outcome					
		Original Budget	Budget Adjustments (i.i.o. s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.i.o. s31 of the MFMA)	Virement (i.i.o. Council approved policy)	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget		Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Capital expenditure - Vote Multi-year expenditure															
	Vote 1 - BUDGET & TREASURY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 3 - CORPORATE SERVICES	250	(50)	300	-	-	300	-	-	(300)	0%	0%	-	-	-	-
	Vote 4 - PLANNING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 5 - INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 6 - EXECUTIVE SUPPORT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 8 - DISASTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 9 - ENVIRONMENTAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 10 - ABATOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital multi-year expenditure sub-total	355	(50)	300	-	-	300	-	-	454	0%	0%	-	-	-	-
	Single-year expenditure															
	Vote 1 - BUDGET & TREASURY	-	-	-	-	-	-	0	-	0	-	-	-	-	-	62
	Vote 2 - MUNICIPAL MANAGER	3,457	80	4,665	-	-	4,665	24	-	(50)	30%	34%	(3,105)	-	-	51
	Vote 3 - CORPORATE SERVICES	-	1,228	4,665	-	-	4,665	1,560	-	-	46%	46%	-	-	-	2,050
	Vote 4 - PLANNING	-	1,004	1,004	-	-	1,004	-	-	(1,234)	0%	0%	-	-	-	28
	Vote 5 - INFRASTRUCTURE	-	300	600	-	-	600	23	-	850	2%	4%	-	-	-	1,345
	Vote 6 - EXECUTIVE SUPPORT	2,515	10,715	13,230	-	-	13,230	6,243	-	(6,967)	47%	346%	-	-	-	7,337
	Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
	Vote 8 - DISASTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	943
	Vote 9 - ENVIRONMENTAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,775
	Vote 10 - ABATOR	8,482	13,447	19,929	-	-	19,929	8,350	-	(11,569)	42%	0%	-	-	-	11,775
	Capital single-year expenditure sub-total	6,812	13,397	20,209	-	-	20,209	8,350	-	(11,455)	41%	0%	-	-	-	11,775
	Total Capital Expenditure - Vote															
	Capital Expenditure - Standard															
	Governance and administration	3,807	1,258	3,095	-	-	3,095	1,835	-	(3,430)	32%	42%	-	-	-	3,438
	Executive and council	-	80	80	-	-	80	40	-	(40)	68%	-	-	-	-	1,396
	Budget and treasury office	-	-	-	-	-	-	0	-	0	-	-	-	-	-	62
	Corporate services	3,807	1,178	4,985	-	-	4,985	1,560	-	(3,425)	32%	41%	-	-	-	2,000
	Community and public safety	3,005	11,955	14,110	-	-	14,110	6,261	-	(7,849)	64%	208%	-	-	-	7,339
	Community and social services	490	390	880	-	-	880	18	-	(862)	2%	4%	-	-	-	-
	Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Public safety	2,515	10,715	13,230	-	-	13,230	6,243	-	(6,967)	47%	346%	-	-	-	7,337
	Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
	Economic and environmental services	-	1,624	1,624	-	-	1,624	-	-	(1,234)	0%	-	-	-	-	34
	Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
	Road transport	-	1,034	1,034	-	-	1,034	-	-	(1,034)	0%	-	-	-	-	7
	Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	454	-	454	-	-	-	-	-	943
	Total Capital Expenditure - Standard	6,812	13,397	20,209	-	-	20,209	8,350	-	(11,855)	41%	123%	-	-	-	11,775
	Funded by:															
	National Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Internally generated funds	6,812	13,397	20,209	-	-	20,209	8,350	-	(11,855)	41%	123%	-	-	-	11,775
	Total Capital Funding	6,812	13,397	20,209	-	-	20,209	8,350	-	(11,855)	41%	123%	-	-	-	11,775

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:
Appendix A6: Reconciliation of Table A6 Budgeted Financial Position

Description	2012/2013					2011/2012									
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ASSETS															
Current Assets															
Cash	5,002	-	5,002	-	-	5,002	80,885	-	78,883	1679%	1679%	-	-	-	97,739
Call investment deposits	53,217	10,900	64,117	-	-	64,117	20,149	-	(43,968)	31%	38%	-	-	-	20,287
Consumer division	124	-	124	-	-	124	5	-	(119)	4%	4%	-	-	-	11
Other debtors	4,139	(443)	3,696	-	-	3,696	5,540	-	1,853	150%	134%	-	-	-	6,666
Short term portion of receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	90	-	90	-	-	90	114	-	24	128%	128%	-	-	-	100
Total current assets	63,572	10,457	73,029	-	-	73,029	108,690	-	36,771	150%	175%	-	-	-	124,804
Non-Current Assets															
Long-term receivables	2	-	2	-	-	2	35	-	33	1717%	1717%	-	-	-	36
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	54,847	4,504	59,351	-	-	59,791	56,093	-	(13,658)	80%	87%	-	-	-	57,492
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	2,901	(2,257)	644	-	-	644	2,414	-	1,769	375%	85%	-	-	-	2,616
Non-current assets held for sale	27	49	76	-	-	76	118	-	43	158%	443%	-	-	-	74
Total non current assets	67,777	2,696	70,473	-	-	70,473	58,683	-	(11,813)	85%	87%	-	-	-	60,217
TOTAL ASSETS	130,349	13,153	143,502	-	-	143,502	168,469	-	24,899	117%	129%	-	-	-	185,021
LIABILITIES															
Current liabilities															
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer deposits	7	-	7	-	-	7	1	-	(7)	8%	3%	-	-	-	2
Trade and other payables	9,311	(1,110)	8,202	-	-	8,202	9,582	-	1,380	117%	103%	-	-	-	9,168
Provisions	1,715	(215)	1,500	-	-	1,500	1,500	-	450	130%	114%	-	-	-	1,715
Total current liabilities	11,034	(1,325)	9,709	-	-	9,709	11,532	-	1,823	199%	105%	-	-	-	10,874
Non-Current Liabilities															
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	14,314	-	14,314	-	-	14,314	13,238	-	(1,076)	97%	97%	-	-	-	12,852
Total non current liabilities	14,314	-	14,314	-	-	14,314	13,238	-	(1,076)	97%	97%	-	-	-	12,852
TOTAL LIABILITIES	25,348	(1,325)	24,023	-	-	24,023	24,771	-	1,249	108%	100%	-	-	-	23,726
NET ASSETS	105,001	14,478	119,479	-	-	119,479	143,696	-	23,611	120%	130%	-	-	-	161,295
COMMUNITY WEALTH / EQUITY															
Accumulated Surplus / (Deficit) Reserves	106,001	14,478	119,479	-	-	119,479	143,696	-	23,611	120%	130%	-	-	-	161,295
TOTAL COMMUNITY WEALTH / EQUITY	106,001	14,478	119,479	-	-	119,479	143,696	-	23,611	120%	130%	-	-	-	161,295

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:
Appendix A7: Reconciliation of Table A7 Budgeted Cash Flows

Description	2012/2013						2011/2012		
	Original Budget	Budget Adjustments (i.e. 528)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
R thousand	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	107,502	(3,747)	103,755	103,755	102,373	(1,383)	99%	95%	104,949
Government - operating	(1,360)	5,225	3,865	3,865	1,913	(1,952)	52%	123%	833
Government - capital	102,752	(8,502)	94,250	94,250	94,170	(80)	100%	92%	96,677
Interest	-	-	-	-	-	-	-	-	-
Dividends	6,310	(470)	5,840	5,840	6,269	449	108%	100%	7,438
Payments									
Suppliers and employees	(120,968)	(11,486)	(132,453)	(132,453)	(108,208)	24,245	82%	89%	(102,128)
Finance charges	(90,730)	(13)	(90,743)	(90,743)	(83,365)	7,387	92%	92%	(75,708)
Transfers and Grants	(30,238)	(11,473)	(41,711)	(41,711)	(24,853)	16,858	60%	82%	(25,420)
NET CASH FROM/(USED) OPERATING ACTIVITIES	(13,466)	(15,232)	(28,698)	(28,698)	(5,838)	22,862	20%	43%	2,820
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	431	431	-	-	(2,217)
Decrease (increase) in non-current debtors	-	-	-	-	280	280	-	-	17
Decrease (increase) other non-current receivables	-	-	-	-	13	13	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	(33)
Payments									
Capital assets	(6,812)	(13,397)	(20,209)	(20,209)	(8,350)	11,859	41%	123%	(11,775)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(6,812)	(13,397)	(20,209)	(20,209)	(7,919)	12,290	39%	116%	(13,993)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(20,278)	(28,629)	(48,907)	(48,907)	(13,755)	35,152	28%	68%	(11,172)
Cash/cash equivalents at the year begin:	78,497	39,529	118,026	118,026	97,739	(20,287)	83%	125%	108,912
Cash/cash equivalents at the year end:	58,220	10,900	69,119	69,119	83,985	14,866	122%	144%	97,739

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX B

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2012/06/30	Received during the period	Redeemed written off during the period	Balance at 2013/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
None								
TOTAL EXTERNAL LOANS			-	-	-	-	-	-

UNAUDITED SCHEDULE
APPENDIX C

WATERBERG DISTRICT MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Description	Cost / Revaluation						Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Domestic / Hostel Furniture	54,196	-	-	-	54,196	9,886	4,044	-	13,730	40,466
Other Furniture and Fittings	60,553	750	-	(50)	61,253	22,405	7,941	(44)	30,303	30,950
Office Equipment:										
Air Conditioners (Individual)	434,434	77,130	-	-	511,564	230,945	73,852	-	304,797	206,767
Audiovisual Equipment	684,892	533	-	(9,043)	676,202	158,260	106,093	(5,030)	259,323	416,980
Chairs, Decorations and Robes	25,000	-	-	-	25,000	24,868	132	-	25,000	-
Kitchen Appliances	89,836	-	-	(1,100)	88,736	59,291	12,025	(1,087)	70,231	18,505
Learning / Training Materials	5,456	-	-	-	5,456	2,602	952	-	3,554	1,901
Office Equipment / Machines	96,718	65,748	-	(2,578)	159,888	62,291	15,387	(2,354)	75,323	84,563
Paintings, Sculptures and	56,947	-	-	-	56,947	28,207	3,240	-	31,447	25,500
Ornaments	24,084	-	-	-	24,084	13,773	2,550	-	16,323	7,761
Photographic Equipment	40,367	28,620	-	(217)	68,770	21,904	6,944	(211)	28,637	40,133
Plant and Equipment:										
Abattoir Equipment / Tools	165,485	21,320	-	(19,616)	167,189	131,191	9,134	(19,609)	120,715	48,473
Compressors, Generators and Allied Equipment	628,888	748,266	-	(360)	1,376,824	256,656	98,511	(350)	354,827	1,021,998
Gardening Equipment	22,441	-	-	(50)	22,391	9,437	6,521	(53)	15,905	8,480
Health Equipment / Tools	14,563	-	-	(3,170)	11,393	13,714	244	(3,167)	10,790	603
Laundry Equipment	85,000	-	-	-	85,000	120	12,140	-	12,259	72,741
Telecommunication Equipment	133,305	-	-	(11,842)	121,463	71,756	20,944	(10,137)	82,563	38,900
Tents, Flags and Accessories	26,260	-	-	(60)	26,200	6,989	2,732	(60)	9,681	16,516
Workshop Equipment	19,788	-	-	-	19,788	15,137	2,031	-	17,168	2,620
Workshop Tools	6,201	-	-	(5,334)	867	5,951	130	(5,333)	747	119
Other Plant and Equipment	36,318	-	-	-	36,318	17,359	3,821	-	21,180	15,136
Motor Vehicles:										
Bakkies (LDV's)	2,523,399	1,203,892	-	(199,013)	3,528,278	1,049,749	338,636	(142,754)	1,245,631	2,282,647
Motor Cars	2,034,099	-	-	(1,129,971)	904,118	648,189	141,796	(441,835)	348,119	555,989
Trailers and Accessories	1,055,098	154,616	-	-	1,209,714	99,520	41,989	-	141,509	1,068,205
Specialised Vehicles:										
Fire Engines	16,500,062	4,019,969	-	-	20,520,031	4,028,716	3,061,268	-	7,090,223	13,430,108
Rescue Vehicles	2,496,783	-	-	-	2,496,783	801,317	165,831	-	967,148	1,529,635
Total	36,489,760	7,695,591	-	(1,775,414)	42,409,937	12,293,146	5,542,802	(945,962)	16,889,986	26,519,951
	74,099,235	8,338,550	-	(1,775,414)	80,662,370	15,606,919	8,908,423	(945,962)	24,669,378	56,082,961

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX D

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Department	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Budget & Treasury Office	574,833	8,967	-	(66,870)	(26,654)	490,296	338,007	52,551	(15,922)	(20,866)	353,770	136,526	
Municipal Manager's Office	307,191	23,684	-	(92,725)	-	238,150	199,096	17,983	(45,484)	-	171,594	66,556	
Corporate Support & Shared Services	13,621,626	1,568,293	-	1,950,833	(565,786)	16,574,967	3,491,328	2,510,418	600,960	(444,766)	6,157,941	10,417,026	
Planning & Economic Development	265,603	-	-	(89,177)	-	176,426	156,741	18,253	(44,336)	-	130,658	45,768	
Infrastructure Development	214,896	-	-	(22,066)	-	192,832	140,659	24,169	(8,901)	-	155,927	36,995	
Executive Mayor's Office	3,782,285	22,724	-	(1,470,388)	(993,313)	1,341,309	1,375,695	137,904	(169,089)	(350,317)	984,193	347,116	
Social Development & Community Services	214,120	17,869	-	(15,494)	(11,368)	205,126	139,768	25,475	(5,714)	(7,685)	151,844	53,263	
Fire Fighting	47,298,072	6,243,117	-	(134,946)	(123,305)	53,282,938	9,979,851	5,639,371	(69,167)	(72,209)	15,477,826	37,805,112	
Environmental Health	408,405	-	-	39,145	(23,244)	424,306	283,358	60,931	17,704	(18,363)	343,599	60,696	
Abattoir	7,412,200	453,876	-	(98,312)	(31,745)	7,736,018	502,417	421,368	(260,032)	(31,736)	632,018	7,104,000	
Total	74,099,234	8,338,550	-	-0.00	(1,775,414)	80,662,370	16,606,919	8,908,423	-	(945,963)	24,569,379	56,092,991	

UNAUDITED SCHEDULE
APPENDIX F(1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

REVENUE	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Abolish service charges	718 952	735 000	(16 048)	-2%	
Interest earned - external investments	6 176 945	5 830 000	346 945	6%	Investment returns was at higher rate than projected due to improvement in rates by different banks to remain competitive.
Interest earned - outstanding debtors	112 122	10 000	102 122	1021%	Received interest on late VAT refunds from SARS which was not budgeted for.
Government grants and subsidies	93 442 364	94 250 000	(807 636)	-1%	
Other income	1 116 026	72 950	1 043 076	1430%	Includes a recovery from Roads Agency Limpopo for previous project completed on behalf of the municipality which was not budgeted.
Gain on disposal of property, plant and equipment	22 540	-	22 540	100%	Gain on disposals of property, plant and equipment was not budgeted for. The proceeds relate to insurance claims on assets.
Reversal on provision for bad debt	73 027	-	73 027	100%	A settlement was reached with a long outstanding debtors which was not budgeted.
Total Revenue	101 561 976	100 897 950	764 026		
EXPENDITURE					
Employee related costs	(49 139 594)	(51 607 244)	2 467 650	-5%	
Remuneration of Councilors	(5 472 702)	(5 478 962)	7 260	0%	
Post-retirement health care expenditure	(1 418 505)	(1 573 523)	154 018	-10%	The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were budgeted based on the prior year forecast but actual discount rates were different.
Long-service award expenditure	(311 595)	(324 440)	12 845	-4%	
Bad debt	-	(10 000)	10 000	-100%	Provision for bad debts was overbudgeted as no new disputes occurred.
General expenses	(16 040 441)	(16 763 640)	2 723 199	-16%	Mainly due to underprovisioning on audit fees, because of improved audit, reduced Subsistence & Travel costs due to austerity measures implemented and reduced insurance fees due to new tender award.
Repairs & Maintenance	(859 979)	(1 194 394)	324 415	-27%	Decreased spending on repairs and maintenance for office equipment due to replacement of damaged assets and reduced maintenance on new mayoral vehicle due to increased suitability to district roads.
Fire Fighting	(12 759 915)	(13 555 336)	795 421	-6%	
Project expenditure	(24 213 319)	(41 710 918)	17 497 597	-42%	Under spending on projects for the majority due to late appointments and re-advertisements on the tender process.
Depreciation and amortisation	(7 364 661)	(8 430 000)	1 065 339	-13%	Assets were procuring later during the year than what was anticipated which led to a reduced depreciation period.
Impairment of assets	(1 757 273)	(17 000)	(1 740 273)	100%	Impairment relates to a fire fighting vehicle which was involved in an accident and subsequently impaired. This event could not have been anticipated.
Loss on disposal of Property, Plant and Equipment	(527 862)	(625 000)	97 108	-16%	Loss on disposal was slightly overbudgeted due to the fact that some of the write offs were offset against insurance claims which could not have been realistically anticipated at the time of the budget compilation.
Total Expenditure	(119 856 876)	(143 281 475)	33 414 599		
NET SURPLUS FOR THE YEAR	(19 294 900)	(42 383 525)	24 178 625		

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX F (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013

	<u>2013 Actual</u>	<u>2013 Under Construction</u>	<u>2013 Total Additions</u>	<u>2013 Budget</u>	<u>2013 Variance</u>	<u>2013 Variance</u>	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
	R	R	R	R	R	%	
Land and Buildings							
Land	-	-	-	-	-	100%	
Buildings & Facilities	642 959	-	642 959	1 002 257	(359 298)	-36%	Some components of CCTV camera roll-out was expensed rather than capitalised.
Other Assets							
Computer Equipment	570 077	-	570 077	1 661 429	(1 091 352)	-66%	IT equipment to assist local municipalities still has to be procured, delays in tender processes of district wide VOIP project
Emergency Equipment	777 557	-	777 557	1 345 846	(568 289)	-42%	Poor performance of service providers which led to projects being cancelled and re-advertised.
Furniture and Fittings	27 742	-	27 742	381 372	(353 630)	-93%	Some funding has been rolled over to assist with planned movable asset procurements.
Office Equipment	172 131	-	172 131	700 000	(527 869)	-75%	Installation of new lift at WDM Head Office was postponed to 13/14 year due to budget constraints.
Plant and Equipment	769 606	-	769 606	844 805	(75 199)	-9%	Procurement at lower cost than projected.
Motor vehicles	1 358 508	-	1 358 508	2 515 184	(1 156 676)	-46%	2 pool vehicles and a 23 seater bus was postponed to the 13/14 budget year due to the consideration of a new project for full maintenance leases.
Specialised vehicles	4 019 969	-	4 019 969	9 982 019	(5 962 050)	-60%	Budget on high rise fire engine was insufficient, scope had to be adjusted which led to delays in procurement. 4 projects are multi-year projects which are not yet complete.
TOTAL	8 338 550	-	8 338 550	18 432 912	(10 094 362)		