



## **Bushbuckridge Local Municipality**

**Annual Financial Statements  
for the year ended 30 June 2011**

Issued 31 August 2011

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Nature of business and principal activities</b>	Providing municipal services
<b>Mayoral committee</b>	
Executive Mayor	Khumalo RE
Speaker	Shabangu ST
Chief Whip	Nxumalo CS
Members	Sibuyi FF Manzini SJ Timba FS Selowe E
Councillors	Baloyi VX Khumalo PH Mokoena BT Masinga WS Makhubele RD Mathebula S Godi Z Khosa LE Mashaba DT Siwela PF Myanga BP Mathebula G Mzimba VN Mnisi SP Ndlovu RS Mathebula NL Kubayi N Hlathi XE Godi SM Ncube BR Khoza MJ Mashaba ME Thobakgale HP Mkhonto PM Sibulelo RS Shilakwe MC Sebatane GB Mokome MP Mohlala JT Chiloane LB Mashigo BK Malandule BW Khumalo S Monareng CP Nyundu EM Nonyane FS Khoza EN Malele LS

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## General Information

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Nxumalo TA  
Malibe HD  
Mnene F  
Mashego TD  
Lekhuleni ML  
Chabangu MM  
Makhubela BB  
Mokwena D  
Phelepe MS  
Malebe LR  
Raganya BR  
Zitha GS  
Rahlane SN  
Thabane AQ  
Bulunga SG  
Bongco PB  
Mthombeni T  
Mthabane J  
Tibane C  
Maphansa PT  
Makarlinge TM  
Mthisi CR  
Tshobede RD  
Chadi SM  
Mashabane DR  
Mnisi ML  
Mhaule LS  
Mabunda NL  
Malomane LM

**Grading of local authority**

4

**Accounting Officer**

Mnisi A (Acting)

**Chief Finance Officer (CFO)**

Nyalungu E

**Business address**

R533 Graskop Road  
Bushbuckridge  
1280

**Postal address**

Private Bag X9308  
Bushbuckridge  
1280

**Auditor**

Auditor General South Africa (AGSA)

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DWAF	Department of Water Affairs and Forestry
GRAP	Generally Recognised Accounting Practice
INEP	National Electrification Programme
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSIG	Municipal Systems Improvement Grant
FMG	Finance Management Grant
SA GAAP	South African Statements of Generally Accepted Accounting Practice

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

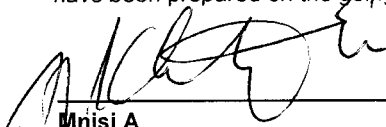
## Accounting Officer's Responsibilities and Approval

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

I am responsible for the preparation of these Annual Financial Statements, which are set out on the attached pages, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of the attached Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act. The Annual Financial Statements set out on pages 6 to 42, which have been prepared on the going concern basis, were approved by the acting accounting officer on 31 August 2011.



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Mnisi A  
Acting Accounting Officer

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Officer's Report

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The acting accounting officer submits his report for the year ended 30 June 2011.

### 1. Review of activities

#### Main business and operations

The municipality is a low capacity municipality engaged in providing municipal services. It delivers basic services such as water, sewerage and refuse removal services to the Acornhoek, Agincourt, Casteel, Dwarsloop, Hluvukani, Lillydale, Marite, Maviljan, Mkhuhlu, Shatale and Thulamahashe region.

The operating results and state of affairs of the municipality are fully set out in the attached Annual Financial Statements and do not require any further comment.

### 2. Going concern

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

### 3. Subsequent events

The acting accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Acting Accounting Officer's interest in contracts

None.

### 5. Accounting policies

The Annual Financial Statements prepared in accordance with effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	3,198,080	1,107,859
Other receivables from non-exchange transactions	3	3,661,180	3,000,186
VAT receivable	4	33,358,134	37,981,492
Consumer debtors	5	40,665,301	13,023,127
Cash and cash equivalents	6	4,358,665	2,003,211
		<b>85,241,360</b>	<b>57,115,875</b>
<b>Non-Current Assets</b>			
Investment property	7	254,801	254,801
Property, plant and equipment	8	1,254,479,275	1,045,834,903
Intangible assets	9	86,361	125,738
		<b>1,254,820,437</b>	<b>1,046,215,442</b>
<b>Total Assets</b>		<b>1,340,061,797</b>	<b>1,103,331,317</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	10	393,272,862	272,772,756
Consumer deposits	11	2,410,908	2,377,300
Unspent conditional grants and receipts	12	94,679,271	45,399,999
Bank overdraft	6	-	7,084,912
		<b>490,363,041</b>	<b>327,634,967</b>
<b>Total Liabilities</b>		<b>490,363,041</b>	<b>327,634,967</b>
<b>Net Assets</b>		<b>849,698,756</b>	<b>775,696,350</b>
<b>Net Assets</b>			
Accumulated surplus		849,698,756	775,696,350



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
<b>Revenue</b>			
Property rates	15	258,399,910	27,722,399
Service charges	16	24,313,309	24,089,661
Rental of facilities and equipment	17	413,469	573,936
Income from agency services		7,977,776	5,069,539
Fines		470,281	702,172
Grants and subsidies	18	531,844,091	504,498,727
Other income	19	3,252,360	4,056,105
Interest received	20	9,662,635	2,672,969
<b>Total Revenue</b>		<b>836,333,831</b>	<b>569,385,508</b>
<b>Expenditure</b>			
Personnel	21	(178,170,676)	(150,739,558)
Remuneration of councillors	22	(16,493,410)	(15,690,091)
Depreciation and amortisation	23	(49,871,118)	(44,320,156)
Debt impairment	24	(238,876,784)	(30,473,757)
Repairs and maintenance		(90,908,102)	(54,614,078)
Bulk purchases	25	(93,139,745)	(78,930,279)
General Expenses	26	(95,444,765)	(82,243,234)
<b>Total Expenditure</b>		<b>(762,904,600)</b>	<b>(457,011,153)</b>
(Loss) / gain on disposal of assets and liabilities		(77,855)	516,784
<b>Surplus for the year</b>		<b>73,351,376</b>	<b>112,891,139</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2009</b>	<b>652,233,930</b>	<b>652,233,930</b>
Changes in net assets		
Transfer to accumulated surplus	728,928	728,928
Addition of boreholes	12,491,785	12,491,785
Investment property written off	(2,649,432)	(2,649,432)
Net income / (losses) recognised directly in net assets	10,571,281	10,571,281
Surplus for the year	112,891,139	112,891,139
Total recognised income and expenses for the year	123,462,420	123,462,420
Total changes	123,462,420	123,462,420
<b>Balance at 01 July 2010</b>	<b>775,696,348</b>	<b>775,696,348</b>
Changes in net assets		
Surplus for the year	73,351,376	73,351,376
Accumulated surplus adjustment - VAT Adjustment previous year	651,032	651,032
Total changes	74,002,408	74,002,408
<b>Balance at 30 June 2011</b>	<b>849,698,756</b>	<b>849,698,756</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from ratepayers, government and others		731,168,729	563,747,315
Interest income		9,662,635	2,672,969
		<u>740,831,364</u>	<u>566,420,284</u>
<b>Payments</b>			
Employee costs		(174,391,294)	(150,739,557)
Suppliers		(299,096,766)	(199,806,615)
		<u>(473,488,060)</u>	<u>(350,546,172)</u>
<b>Net cash flows from operating activities</b>	28	<b><u>267,343,304</u></b>	<b><u>215,874,112</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(258,833,087)	(258,022,826)
Proceeds from sale of property, plant and equipment		279,116	516,784
Proceeds from sale of investment property	7	-	2,649,428
Purchase of other intangible assets	9	-	(13,267)
Other cash item		-	153,623
		<u>(258,553,971)</u>	<u>(254,716,258)</u>
<b>Net cash flows from investing activities</b>		<b><u>(258,553,971)</u></b>	<b><u>(254,716,258)</u></b>
<b>Cash flows from financing activities</b>			
Accumulated surplus adjustment - VAT Adjustment previous year		651,033	(1,920,501)
		<u>651,033</u>	<u>(1,920,501)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b><u>9,440,366</u></b>	<b><u>(40,762,647)</u></b>
Cash and cash equivalents at the beginning of the year		(5,081,701)	35,680,946
<b>Cash and cash equivalents at the end of the year</b>	6	<b><u>4,358,665</u></b>	<b><u>(5,081,701)</u></b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

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

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

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

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

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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

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

##### **Post retirement benefits**

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

##### **Allowance for doubtful debts**

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite

### 1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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

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

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

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

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

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

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

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

<b>Item</b>	<b>Average useful life</b>
Land	Indefinite
Buildings	15-30 years
Community	15-30 years
Furniture and fixtures	4-15 years
Recreational facilities	30 years
Roads and paving	15-80 years
Sewerage	55-60 years
Vehicles	7 years
Water reticulation	50-60 years
Water supply	20-50 years

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

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

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

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.4 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

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

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

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

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

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

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

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

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

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

<b>Item</b>	<b>Useful life</b>
Licenses	5 years
Computer software	5 years

### 1.5 Financial instruments

#### Initial recognition and measurement

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.5 Financial instruments (continued)

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

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

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

#### Subsequent measurement

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

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

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash 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.

#### Bank overdraft and borrowings

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.6 Leases

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

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

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

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

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

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

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

#### Operating leases - lessee

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

### 1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.7 Inventories (continued)

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

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

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

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

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

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

### 1.8 Employee benefits

#### Short-term employee benefits

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

#### Defined contribution plans

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

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

### 1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.9 Provisions and contingencies (continued)

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

### 1.10 Revenue from exchange transactions

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

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.10 Revenue from exchange transactions (continued)

#### Measurement

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

#### Sale of goods

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

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

#### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### Interest, royalties and dividends

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

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

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

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.11 Revenue from non-exchange transactions

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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

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

#### Measurement

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

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

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

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

#### Levies

Levies are recognised as revenue when:

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

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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

- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

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

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.12 Investment income

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

### 1.13 Borrowing costs

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

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

### 1.14 Comparative figures

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

### 1.15 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.16 Fruitless and wasteful expenditure

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.16 Fruitless and wasteful expenditure (continued)

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

### 1.17 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

### 1.18 Use of estimates

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

### 1.19 Presentation of currency

These Annual Financial Statements are presented in South African Rand.

### 1.20 Offsetting

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.21 Investments

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

### 1.22 Conditional grants and receipts

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

### 1.23 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the Annual Financial Statements.

### 1.24 Budget information

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

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

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Annual Financial Statements.

Comparative information is not required.

### 1.25 Value added taxation (VAT)

The municipality accounts for Value Added Tax on the payments basis.

### 1.26 Standards and interpretations issued but not yet effective for implementation

GRAP 104 - Financial Instruments

GRAP 103 - Heritage Assets

GRAP 26 - Impairment of cash generating assets.

GRAP 24 - Presentation of budget information in the Financial Statement.

GRAP 23 - Revenue from non-exchange transactions

GRAP 21 - Impairment of non-cash generating assets

GRAP 18 - Segment reporting

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# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>2. Inventories</b>		
Consumable stores	724,763	136,542
Maintenance materials	2,473,317	971,317
	<b>3,198,080</b>	<b>1,107,859</b>
<b>3. Other receivables from non-exchange transactions</b>		
Other receivables	1,756,630	1,318,816
Deposits	1,252,435	913,371
Fines	639,611	755,495
Housing selling scheme loans	12,504	12,504
	<b>3,661,180</b>	<b>3,000,186</b>
<b>Other receivables from non-exchange transactions impaired</b>		
As of 30 June 2011, other receivables from non-exchange transactions (traffic summons) of R 3,001,769 (2010: R 2,264,375).		
The amount of the provision was R 2,362,159 as of 30 June 2011 (2010: R 1,508,880).		
<b>Other receivables from non-exchange transactions past due not impaired</b>		
Other receivables from non-exchange transactions (housing selling scheme loans) which are 12 months past due are not considered to be impaired. At 30 June 2011, R 12,504 (2010: R 12,504) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
Housing selling scheme loans	2,601,804	2,601,804
Less : provision for long term debt past due	(2,589,299)	(2,589,299)
<b>4. VAT receivable</b>		
VAT	33,358,134	37,981,492
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>5. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	290,868,437	45,981,654
Water	69,103,710	70,617,544
Sewerage	11,365,434	-
Refuse	12,690,060	-
Other	26,064,444	26,973,929
	<b>410,092,085</b>	<b>143,573,127</b>
<b>Less: Provision for debt impairment</b>		
Rates	(263,332,219)	(44,385,301)
Water	(60,719,430)	(61,065,239)
Sewerage	(10,289,480)	-
Refuse	(11,488,709)	-
Other	(23,596,946)	(25,099,460)
	<b>(369,426,784)</b>	<b>(130,550,000)</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>5. Consumer debtors (continued)</b>		
<b>Net balance</b>		
Rates	27,536,218	1,596,353
Water	8,384,280	9,552,305
Sewerage	1,075,954	-
Refuse	1,201,351	-
Other	2,467,498	1,874,469
	<b>40,665,301</b>	<b>13,023,127</b>
<b>Rates</b>		
Current (0 - 30 days)	2,980,017	636,020
31 - 60 days	3,007,405	883,399
61 - 90 days	2,875,450	76,934
91 - 120 days	2,744,575	-
121 - 365 days	3,780,764	-
> 365 days	12,148,007	-
	<b>27,536,218</b>	<b>1,596,353</b>
<b>Water</b>		
Current (0 - 30 days)	2,738,624	6,558,991
31 - 60 days	1,286,932	1,465,987
61 - 90 days	1,854,961	1,527,327
91 - 120 days	2,217,510	-
121 - 365 days	286,253	-
	<b>8,384,280</b>	<b>9,552,305</b>
<b>Sewerage</b>		
Current (0 - 30 days)	450,440	-
31 - 60 days	211,670	-
61 - 90 days	305,098	-
91 - 120 days	108,746	-
	<b>1,075,954</b>	<b>-</b>
<b>Refuse</b>		
Current (0 - 30 days)	502,939	-
31 - 60 days	236,340	-
61 - 90 days	340,657	-
91 - 120 days	121,415	-
	<b>1,201,351</b>	<b>-</b>
<b>Other</b>		
Current (0 - 30 days)	491,390	25,928
31 - 60 days	273,484	37,069
61 - 90 days	282,843	3,136
91 - 120 days	261,250	2,954
121 - 365 days	256,902	2,876
> 365 days	901,629	1,802,506
	<b>2,467,498</b>	<b>1,874,469</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>5. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 - 30 days)	5,944,817	1,292,340
31 - 60 days	3,907,457	1,865,062
61 - 90 days	4,784,588	1,206,354
91 - 120 days	3,355,738	1,491,006
121 - 365 days	1,850,885	1,082,500
> 365 days	297,317,425	59,989,988
	<b>317,160,910</b>	<b>66,927,250</b>
Less: Provision for debt impairment	(285,725,815)	(61,588,350)
	<b>31,435,095</b>	<b>5,338,900</b>
<b>Industrial / commercial</b>		
Current (0 - 30 days)	383,482	576,302
31 - 60 days	546,446	245,519
61 - 90 days	313,725	257,338
91 - 120 days	328,436	266,879
121 - 365 days	693,678	197,090
> 365 days	5,213,382	4,209,897
	<b>7,479,149</b>	<b>5,753,025</b>
Less: Provision for debt impairment	(6,731,214)	(4,673,866)
	<b>747,935</b>	<b>1,079,159</b>
<b>National and provincial government</b>		
Current (0 - 30 days)	835,113	5,606,263
31 - 60 days	561,931	529,802
61 - 90 days	560,698	469,002
91 - 120 days	2,311,131	494,246
121 - 365 days	3,513,660	478,404
> 365 days	77,662,913	63,315,135
	<b>85,445,446</b>	<b>70,892,852</b>
Less: Provision for debt impairment	(76,969,755)	(64,827,784)
	<b>8,475,691</b>	<b>6,065,068</b>
<b>Total</b>		
Current (0 - 30 days)	7,163,412	7,474,905
31 - 60 days	5,015,834	2,640,383
61 - 90 days	5,659,011	1,932,694
91 - 120 days	5,995,305	2,252,131
121 - 365 days	6,058,225	1,757,994
> 365 days	380,200,298	127,515,020
	<b>410,092,085</b>	<b>143,573,127</b>
Less: Provision for debt impairment	(369,426,784)	(130,550,000)
	<b>40,665,301</b>	<b>13,023,127</b>
<b>Provision for debt impairment</b>		
91 - 120 days	(1,276,986)	(1,276,986)
121 - 365 days	(1,757,994)	(1,757,994)
> 365 days	(366,391,804)	(127,515,020)
	<b>(369,426,784)</b>	<b>(130,550,000)</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>5. Consumer debtors (continued)</b>		
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(130,550,000)	(100,000,000)
Contributions to provision	(238,876,784)	(30,550,000)
	<b>(369,426,784)</b>	<b>(130,550,000)</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	131	4,588
Bank balances	4,143,171	440,980
Short-term deposits	215,363	1,557,643
Bank overdraft	-	(7,084,912)
	<b>4,358,665</b>	<b>(5,081,701)</b>
Current assets	4,358,665	2,003,211
Current liabilities	-	(7,084,912)
	<b>4,358,665</b>	<b>(5,081,701)</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
FNB Bank, Hazyview - Current Account - 62032953847	3,420,708	21,112,444	3,218,665	(7,084,912)
FNB Bank - Hazyview, Business Call Account - 62056013007	2,640	883,279	2,640	883,279
FNB Bank - Hazyview, Business Call Account - 62033151829	212,724	674,374	212,724	674,374
Standard Bank - Hazyview, Business Current Account - 330305832	919,993	436,467	924,505	440,970
<b>Total</b>	<b>4,556,065</b>	<b>23,106,564</b>	<b>4,358,534</b>	<b>(5,086,289)</b>

### 7. Investment property

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	254,801	-	254,801	254,801	-	254,801

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 7. Investment property (continued)

#### Reconciliation of investment property - 2011

	Opening balance	Total
Investment property	254,801	254,801

#### Reconciliation of investment property - 2010

	Opening balance	Disposals	Total
Investment property	2,904,229	(2,649,428)	254,801

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

### 8. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	35,321,407	-	35,321,407	19,079,940	-	19,079,940
Buildings	135,105,808	(11,268,102)	123,837,706	122,584,933	(6,717,862)	115,867,071
Infrastructure	894,259,870	(97,028,576)	797,231,294	688,643,609	(56,388,650)	632,254,959
Other property, plant and equipment	46,897,074	(19,437,359)	27,459,715	35,588,049	(14,923,811)	20,664,238
Work-in-progress	270,629,153	-	270,629,153	257,968,695	-	257,968,695
<b>Total</b>	<b>1,382,213,312</b>	<b>(127,734,037)</b>	<b>1,254,479,275</b>	<b>1,123,865,226</b>	<b>(78,030,323)</b>	<b>1,045,834,903</b>

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land	19,079,940	16,241,467	-	-	-	35,321,407
Buildings	115,867,071	11,356,176	-	1,164,699	(4,550,240)	123,837,706
Infrastructure	632,254,959	148,786,837	-	56,829,425	(40,639,927)	797,231,294
Other property, plant and equipment	20,664,238	11,794,025	(356,973)	-	(4,641,575)	27,459,715
Work-in-progress	257,968,695	70,654,582	-	(57,994,124)	-	270,629,153
	<b>1,045,834,903</b>	<b>258,833,087</b>	<b>(356,973)</b>	<b>-</b>	<b>(49,831,742)</b>	<b>1,254,479,275</b>

#### Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	19,079,940	-	-	-	19,079,940
Buildings	117,948,896	2,114,393	-	(4,196,218)	115,867,071
Infrastructure	624,164,473	31,584,301	12,491,785	(35,985,600)	632,254,959
Other property, plant and equipment	22,601,389	2,313,500	(430,459)	(3,820,192)	20,664,238
Work-in-progress	35,958,063	222,010,632	-	-	257,968,695
	<b>819,752,761</b>	<b>258,022,826</b>	<b>12,061,326</b>	<b>(44,002,010)</b>	<b>1,045,834,903</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

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Figures in Rand

2011

2010

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

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Refer to Appendix B for more detail on Property, Plant and Equipment.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand 2011      2010

### 9. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	216,077	(129,716)	86,361	216,077	(90,339)	125,738

#### Reconciliation of intangible assets - 2011

	Opening balance	Amortisation	Total
Computer software	125,738	(39,377)	86,361

#### Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Computer software	153,779	13,267	(41,308)	125,738

### 10. Trade and other payables from exchange transactions

Trade payables	208,401,924	167,630,525
Retentions	34,755,142	32,558,188
Staff leave accrual	12,708,698	8,915,052
Surety	607,191	851,952
Other creditors	136,799,907	62,817,039
	<b>393,272,862</b>	<b>272,772,756</b>

### 11. Consumer deposits

Water	2,410,908	2,377,300
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### 12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

MIG grant	92,689,548	41,528,152
FMG grant	-	606,887
MSIG grant	-	90,263
Department of roads and transport grant	1,989,723	1,989,723
DWAF grant	-	505,079
Neighborhood development grant	-	679,895
	<b>94,679,271</b>	<b>45,399,999</b>

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand 2011 2010

### 13. Retirement benefit information

Personnel and Councilors are members of the following funds:

#### **Municipal Employees Pension Fund (MEPF)**

The pension fund is structured as a Defined Benefit Pension Fund  
Actuarial valuations of the Fund are conducted at least every three years  
According to the latest valuation, the MEPF is 100% funded

#### **Municipal Councillors Pension Fund (MCPF)**

The pension fund is structured as a Defined Contribution Pension Fund

#### **Government Employees Pension Fund (GEPF)**

The pension fund is structured as a Defined Benefit Pension Fund  
Actuarial valuations of the Fund are conducted at least every three years  
According to the latest valuation, undertaken as at 31 March 2008, the GEPF is 100% funded

An amount of R22,9 million (2010: R19.5 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

### 14. Revenue

Property rates	258,399,910	27,722,399
Service charges	24,313,309	24,089,661
Rental of facilities and equipment	413,469	573,936
Income from agency services	7,977,776	5,069,539
Fines	470,281	702,172
Grants and subsidies	531,844,091	504,498,727
	<b>823,418,836</b>	<b>562,656,434</b>

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

Service charges	24,313,309	24,089,661
Rental of facilities and equipment	413,469	573,936
Income from agency services	7,977,776	5,069,539
	<b>32,704,554</b>	<b>29,733,136</b>

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

##### **Taxation revenue**

Property rates	258,399,910	27,722,399
Fines	470,281	702,172

##### **Transfer revenue**

Grants and subsidies	531,844,091	504,498,727
	<b>790,714,282</b>	<b>532,923,298</b>



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand 2011      2010

### 15. Property rates

#### Rates received

Residential	6,128,192	1,388,441
Commercial	15,422,403	1,196,298
State	230,880,347	25,137,660
Other	5,968,968	-
	<b>258,399,910</b>	<b>27,722,399</b>

#### Valuations in thousands

Residential	934,343	934,343
Commercial	425,441	425,441
State	1,196,544	1,196,544
Other	3,195,420	3,225,380
	<b>5,751,748</b>	<b>5,781,708</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations. Various rates apply for the different categories which are applied to property valuations to determine assessment rates.

### 16. Service charges

Sale of water	15,721,539	16,459,042
Refuse removal	3,103,185	2,795,526
Sewerage and sanitation charges	2,640,157	2,345,887
Other service charges	2,848,428	2,489,206
	<b>24,313,309</b>	<b>24,089,661</b>

Distribution losses of 24,001,126 kilolitre with a calculated value R82,803,885 of were suffered. These represent 88.74% of water purchased during the same period.

### 17. Rental of facilities and equipment

#### Premises

Premises	133,578	266,933
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#### Facilities and equipment

Rental of facilities	104,635	136,209
Rental of equipment	175,256	170,794
	<b>279,891</b>	<b>307,003</b>
	<b>413,469</b>	<b>573,936</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>18. Grants and subsidies</b>		
Equitable share	339,796,363	275,375,118
DWAF grant	29,290,079	63,137,888
Theta Internship grant	-	1,643,000
MSIG grant	840,263	644,737
Development Bank of South Africa grant	-	1,000,000
FMG grant	1,606,887	143,113
Neighbour Development grant	679,895	1,327,628
Expanded Public Works Programme Incentive Grant	1,466,000	-
Integrated National Electrification Programme	5,000,000	-
MIG	143,109,604	159,987,701
Department of roads and transport	-	1,239,542
Private Sector Grant	55,000	-
Mbombela Local Municipality	10,000,000	-
	<b>531,844,091</b>	<b>504,498,727</b>

### Equitable Share

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

#### Grant 1 - DWAF

Balance unspent at beginning of year	505,079	-
Current year receipts	28,785,000	63,642,967
Conditions met - transferred to revenue	(29,290,079)	(63,137,888)
	<b>-</b>	<b>505,079</b>

Grant used for operating and maintenance of water service.

#### Grant 2 - Theta Internship

Current year receipts	-	1,643,000
Conditions met - transferred to revenue	-	(1,643,000)
	<b>-</b>	<b>-</b>

#### Grant 3 - MSIG

Balance unspent at beginning of year	90,263	-
Current year receipts	750,000	735,000
Conditions met - transferred to revenue	(840,263)	(644,737)
	<b>-</b>	<b>90,263</b>

Grant used to improve systems of the municipality.

#### Grant 4 - Development Bank South Africa

Current year receipts	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)
	<b>-</b>	<b>-</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>18. Grants and subsidies (continued)</b>		
<b>Grant 5 - FMG</b>		
Balance unspent at beginning of year	606,887	-
Current year receipts	1,000,000	750,000
Conditions met - transferred to revenue	(1,606,887)	(143,113)
	<b>-</b>	<b>606,887</b>
<b>Grant 6 - Neighbourhood Development</b>		
Balance unspent at beginning of year	679,895	-
Current year receipts	-	2,007,523
Conditions met - transferred to revenue	(679,895)	(1,327,628)
	<b>-</b>	<b>679,895</b>
<b>Grant 7 - MIG</b>		
Balance unspent at beginning of year	41,528,152	35,476,853
Current year receipts	194,271,000	166,039,000
Conditions met - transferred to revenue	(143,109,604)	(159,987,701)
	<b>92,689,548</b>	<b>41,528,152</b>
Grant spent on capital expenditure for infrastructure development. Spending on project basis.		
<b>Grant 8 - Department of Roads and Transport</b>		
Balance unspent at beginning of year	1,989,723	3,229,265
Conditions met - transferred to revenue	-	(1,239,542)
	<b>1,989,723</b>	<b>1,989,723</b>
<b>Grant 9 - Equitable Share</b>		
Current-year receipts	339,796,363	275,375,118
Conditions met - transferred to revenue	(339,796,363)	(275,375,118)
	<b>-</b>	<b>-</b>
<b>Grant 10 - Expanded Public Works Programme Incentive Grant</b>		
Current-year receipts	1,466,000	-
Conditions met - transferred to revenue	(1,466,000)	-
	<b>-</b>	<b>-</b>
<b>Grant 11 - Integrated National Electrification Programme</b>		
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
	<b>-</b>	<b>-</b>
<b>Grant 12 - Private Sector Grant</b>		
Current-year receipts	55,000	-
Conditions met - transferred to revenue	(55,000)	-

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>18. Grants and subsidies (continued)</b>		
	-	-
<b>Grant 13 - Mbombela Local Municipality</b>		
Current-year receipts	10,000,000	-
Conditions met - transferred to revenue	(10,000,000)	-
	-	-
<b>Changes in level of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>19. Other income</b>		
Administration fees	207,279	162,630
LG Seta	764,671	1,096,718
Proof residence	224,649	178,308
Purchase installment	371,992	1,932,427
Tender documents	1,066,184	334,269
Other income	617,585	351,753
	<b>3,252,360</b>	<b>4,056,105</b>
<b>20. Investment revenue</b>		
<b>Interest revenue</b>		
Bank and deposits	2,250,905	2,672,969
Interest charged on trade and other receivables	7,411,730	-
	<b>9,662,635</b>	<b>2,672,969</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>21. Employee related costs</b>		
Salaries and wages	128,662,604	112,277,470
Post-employment benefits - Pension - Defined contribution plan	22,883,852	19,514,664
Performance and other bonuses	11,649,794	8,154,113
Medical aid contributions	5,642,519	4,372,727
Leave pay provision charge	4,592,781	1,587,153
Overtime payments	1,564,677	857,415
Housing benefits and allowances	667,627	318,391
Car allowance	99,417	-
Other	2,407,405	3,657,625
	<b>178,170,676</b>	<b>150,739,558</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	890,545	979,863
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	766,000	716,546
<b>Technical Services</b>		
Annual Remuneration	759,890	706,874
<b>Corporate and Human Resources (Corporate Services)</b>		
Annual Remuneration	880,580	706,874
<b>Community Services</b>		
Annual Remuneration	763,233	706,874
<b>Internal Audit</b>		
Annual Remuneration	810,802	706,874
<b>Local Economic Development</b>		
Annual Remuneration	539,058	706,874
<b>Water Services</b>		
Annual Remuneration	765,007	706,874
<b>Transversal Affairs</b>		
Annual Remuneration	573,181	479,163

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>22. Remuneration of councillors</b>		
Executive Major	694,626	631,465
Speaker	408,584	511,604
Mayoral Committee Members	3,121,789	2,874,250
Councillors	12,268,411	11,672,772
	<b>16,493,410</b>	<b>15,690,091</b>
<b>In-kind benefits</b>		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties.		
<b>23. Depreciation and amortisation</b>		
Property, plant and equipment	49,831,742	44,278,848
Intangible assets	39,376	41,308
	<b>49,871,118</b>	<b>44,320,156</b>
<b>24. Debt impairment</b>		
Consumer debt impairment provision	238,876,784	30,261,002
Debts impaired	-	212,755
	<b>238,876,784</b>	<b>30,473,757</b>
<b>25. Bulk purchases</b>		
Water	93,139,745	78,930,279

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>26. General expenses</b>		
Advertising	942,793	278,114
Asset Register and Verification	524,426	-
Audit Committee Allowance	192,030	240,430
Auditor's Remuneration	1,664,966	1,187,823
Awareness Campaign	252,591	334,599
Bank Charges	212,117	184,070
CBP Review (IDP)	228,815	160,654
Capacitation : Councillor	153,499	122,621
Cellphone Contract	1,950,413	1,927,246
Children and Elderly Affairs	256,449	126,179
Cleaning	250,228	218,321
Collection Costs	426	2,801,639
Communication Expenses	915,313	735,252
Community Development	692,832	737,073
Community Disaster Management	974,156	29,348
Conferences and Workshops	2,365,140	1,206,785
Community Affairs	1,072,504	532,196
Curtains and Blinds	26,251	89,423
Development of Policies	1,335,492	528,464
EM : Integrated Enviroment	-	130,342
Electricity (Free Basic Electricity)	21,500,735	17,704,195
Employee Bursaries	128,747	56,212
Environment Management	60,875	392,068
Equipment and Loose Tools	743,194	312,487
Exhuming of Graves	28,350	-
Free Basic Services	7,683,854	9,714,266
GIS - Updating, Capturing	272,586	35,534
Identification and Protection	-	19,547
Implementation - Performance	-	650,254
Implementation of Waste Management	236,058	135,000
Indigent Funeral	128,527	466,904
Insurance	3,029,835	2,255,339
Interview Attendance Expenses	1,300	60,451
LED	803,348	679,896
Land Use Management System	-	213,404
Legal fees	9,056,393	3,605,035
Library Daily News Papers	290,236	126,558
Masibambane Theme 3	-	194,133
Mayoral Excellence Awards	-	47,034
Mayoral Imbizos	1,177,039	359,053
Medical Fitness Examination	4,775	963
Motor Vehicle Expenses	6,000,501	6,370,155
Occupational Health	231,630	1,539,960
Officials Functions	40,550	1,750
Other Expenses	1,505,072	-
Plants, Seeds and Fertiliser	-	103,559
Postage and Courier	26,601	103,720
Printing and Stationery	3,617,044	2,097,748
Professional Fees	-	89,825
Property Valuation Roll	679,464	1,070,924
Protective Clothing	1,107,880	476,191
Public Forums	139,343	51,512
Refreshments	793,947	719,390
Relocation Expenses	28,500	36,223
Removal of Illegal Squaters	-	554,369
Removal of Informal Structures	277,590	-
Rental of Plant and Equipment	10,367	1,692,041
Risk Assessment	-	18,325

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>26. General expenses (continued)</b>		
Security	10,202,336	7,951,181
Service Level Agreements Office Equipment	493,983	89,675
Software Licence Fees	24,974	43,945
Special Services	577,617	830,885
Sports, Arts, Culture	1,226,600	1,007,647
Subscriptions and Membership Fees	639,987	601,710
Summons Books	16,061	117,176
Telephone and Fax	2,079,233	1,947,222
Training	4,385,866	4,431,019
Transport and Freight	436,558	538,631
Travel	1,731,168	720,604
Wall Pictures	-	45,546
Water Quality Management	15,600	393,389
	<b>95,444,765</b>	<b>82,243,234</b>
<b>27. Auditor's remuneration</b>		
Fees	1,664,966	1,187,823
<b>28. Cash generated from operations</b>		
Surplus	73,351,376	112,891,139
<b>Adjustments for:</b>		
Depreciation and amortisation	49,871,118	44,320,156
Gain / (loss) on sale of assets and liabilities	77,855	(516,784)
Debt impairment	238,876,784	30,473,757
Other non-cash items	-	76,244
<b>Changes in working capital:</b>		
Inventories	(2,090,221)	(628,063)
Other receivables from non-exchange transactions	(660,994)	(1,372,415)
Consumer debtors	(266,518,958)	(24,348,294)
Trade and other payables from exchange transactions	120,500,106	68,346,135
VAT	4,623,358	(20,795,944)
Unspent conditional grants and receipts	49,279,272	5,050,881
Consumer deposits	33,608	2,377,300
	<b>267,343,304</b>	<b>215,874,112</b>



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

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Figures in Rand	2011	2010
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### 29. Commitments

#### Authorised capital expenditure

#### Already contracted for but not provided for

- Infrastructure 384,939,232   245,748,541

This committed expenditure relates to infrastructure and will be financed by grants and subsidies received, existing cash resources, funds internally generated, etc.

#### Operating leases - as lessee (expense)

#### Minimum lease payments due

- within one year 102,831   116,927
- in second to fifth year inclusive 87,931   190,762
- 190,762   307,689**

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years. No contingent rent is payable.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

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Figures in Rand	2011	2010
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### 30. Contingencies

The municipality has been involved in various legal disputes. The following known contingent liabilities existed at year end:

Total potential liability and legal fees	53,106,485	19,152,176
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R175,000 : **Obed Sibuyi** - Damages allegedly caused by municipal employees.

R300,000 : **Various private individuals** - Eviction from road reserve of the R40 road.

R490,000 : **Gaza Homes & Civils** - Dispute on professional services rendered by this service provider.

R10,000 : **Albert Khoza** - Allegations of unfair expulsion as councillor.

R300,000 : **Mkhonto Nwamitwa Solomon** - Allegations of unfair labour practice.

R1,418,700 : **Niloti Ex-Services Construction** - Dispute on professional services rendered by this service provider.

R135,000 : **Gloria Bassie** - Contract dispute.

R3,000,000 : **Maluvana Mkhuhlu** - Demarcation of land.

R2,835,814 : **Perfect Strike** - Dispute on professional services rendered by this service provider.

R150,000 : **MGN Protection Security** - Dispute on professional services rendered by this service provider.

R850,000 : **BT & Monareng Construction CC** - Dispute on professional services rendered by this service provider.

R34,500,000 : **Jozzis Partanose Electronics** - Dispute on professional services rendered by this service provider.

R600,000: **Bigen Africa Consulting** - Dispute on professional services rendered by this service provider.

R200,000: **Bookir William Mgiba** - Court order interdicting the municipality from proceeding with construction of fence

R237,579: **Nyathi Civils** : Dispute on professional services rendered by this service provider.

R360,547: **Dumatra Trading** - For payment of construction of rising main line with a 75mm class 9upvs pipeline

R100,000: **Michael Matloshe Real** - Eviction and demolition

R520,000: **Various private individuals** - Demolition of encroaching walls at Dwarsloop Phase 1

R10,000: **Mokete Consulting** - Dispute on termination of contract

R2,102,582: **Molemo Consulting Engineers** - For variation order of rate increase for imported pipes

R4,811.263: **Bela Rosa Nursery** - Claim for damages for vandalised property

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>31. Related parties</b>		
Relationships		
Accounting Officer	Refer to accounting officer's report note	
Members of key management	None	
Close family member of key management	None	
Post employment benefit plan for employees of municipality	Officials and Councillors	
Other related relationships	None	
Audit committee members	None	
Compensation to councillors and other key management	See detail notes	
<b>Compensation to accounting officer and other key management</b>		
Short-term employment benefits	(6,748,296)	(6,416,816)

### 32. Prior period adjustments

Boreholes that existed in prior years were not capitalised - R12,491,785

VAT adjustment in respect of prior years subsequent to detail VAT investigation - R621,109

Debtor account adjustments belonging to prior years - R29,923

Reversal of Investment Properties that could not be verified as belonging to the Municipality - R2,649,428

The correction of the adjustments are as follows:

#### Statement of Financial Position

Property, plant and equipment - boreholes	-	12,491,785
VAT receivable	621,109	-
Consumer debtors	29,923	-
Opening Accumulated Surplus or Deficit adjustment - VAT and consumer debtors	(651,032)	-
Opening Accumulated Surplus or Deficit adjustment - boreholes	-	(12,491,785)
Opening Accumulated Surplus or Deficit adjustment - investment property	-	2,649,428
Investment Property	-	(2,649,428)

### 33. Risk management

#### Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2011	<u>Not later than</u> <u>one month</u>	<u>Later than one</u> <u>month</u>
Trade and other payables	130,775,421	262,497,441
At 30 June 2010	<u>Not later than</u> <u>one month</u>	<u>Later than one</u> <u>month</u>
Trade and other payables	54,372,858	218,399,898

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand 2011 2010

### 33. Risk management (continued)

At year end, financial instruments exposed to interest rate risk were Call deposits and FNB overdraft.

#### Credit risk

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

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

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

Financial instrument		
FNB Bank	3,636,072	22,670,097
Standard Bank	919,993	436,467
Trade and other receivables	413,749,976	181,554,619

These balances represent the maximum exposure to credit risk.

### 34. Events after the reporting date

No significant events occurred.

### 35. Unauthorised expenditure

Opening balance	121,166,158	-
Employee and Councillor remuneration costs	2,810,843	10,818,900
Depreciation	-	44,320,155
Bad debts	-	25,261,002
Repairs and maintenance	10,232,734	-
Bulk purchases	9,139,745	24,930,279
General expenditure	-	15,835,822
Unspent grants not backed by cash	90,320,606	-
	<b>233,670,086</b>	<b>121,166,158</b>

### 36. Irregular expenditure

Opening balance	142,327,064	-
Add: Irregular expenditure for year	121,826,930	142,327,064
	<b>264,153,994</b>	<b>142,327,064</b>

#### Details of irregular expenses

Contravention of supply chain management policy	121,826,930	142,327,064
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### 37. Supply chain management policy deviations 2011

See Appendix G.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>38. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	635,000	597,175
Amount paid - current year	(635,000)	(597,175)
	<u>-</u>	<u>-</u>
<b>Audit fees</b>		
Fees	1,384,999	1,187,823
	<u>-</u>	<u>-</u>
<b>PAYE and UIF</b>		
Opening balance	(129,127)	129,127
Current year fee	16,545,385	15,088,958
Amount paid - current year	(14,831,280)	(15,088,958)
Amount paid - previous years	-	(129,127)
	<u><b>1,584,978</b></u>	<u>-</u>

### Councillors' arrear consumer accounts

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

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Sibuyi FF	1,243	2,056	3,299
Councillor Khumalo R	222	1,372	1,594
Councillor Nyundu EM	232	2,608	2,840
Councillor Nxumalo TA	1,654	12,835	14,489
Councillor Malibe HD	496	5,837	6,333
Councillor Makhubela BB	124	1,175	1,299
Councillor Malebe RL	117	340	457
Councillor Chadi MS	121	845	966
Councillor Bongco BP	840	12,380	13,220
Councillor Khumalo HP	124	1,218	1,342
Councillor Timba FS	1,224	8,160	9,384
Councillor Siwela FP	254	1,993	2,247
	<u><b>6,651</b></u>	<u><b>50,819</b></u>	<u><b>57,470</b></u>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

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

30 June 2010	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Sibuyi FF	691	1,647	2,338
Councillor Mabunda D	942	107	1,049
Councillor Malope A	103	819	922
Councillor Khoza SB	403	577	980
Councillor Makhubela BB	403	577	980
Councillor Moripe T	103	1,412	1,515
Councillor Mohlala V	491	1,633	2,124
Councillor Mashile EN	1,166	16,960	18,126
Councillor Mokoena L	491	1,581	2,072
Councillor Monareng P	586	2,178	2,764
Councillor Siwela P	182	1,245	1,427
Councillor Mashego T	286	371	657
Councillor Ngobeni G	917	4,617	5,534
Councillor Khumalo R	491	749	1,240
Councillor Godi S	103	31	134
	<b>7,358</b>	<b>34,504</b>	<b>41,862</b>

Deductions are made from councillors monthly remuneration regarding the arrears.

### 39. Actual Operating Expenditure versus Budgeted Operating Expenditure

Refer to Appendix E1 for the comparison of Actual Operating Expenditure versus Budgeted Expenditure.

### 40. Actual Capital Expenditure versus Budgeted Capital Expenditure

Refer to Appendix E2 for the comparison of Actual Capital Expenditure versus Budgeted Expenditure.

# **Bushbuckridge Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Bushbuckridge Local Municipality  
Appendix B**

**Analysis of Property, Plant and Equipment as at 30 June 2011**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Developed land	19,079,940	16,241,467	-	-	-	-	<b>35,321,407</b>	-	-	-	-	-	-	35,321,407
Buildings	122,584,933	8,146,984	-	3,229,409	-	-	<b>133,961,326</b>	(6,717,862)	-	-	(4,550,240)	-	<b>(11,268,102)</b>	122,693,224
	<b>141,664,873</b>	<b>24,388,451</b>	-	<b>3,229,409</b>	-	-	<b>169,282,733</b>	<b>(6,717,862)</b>	-	-	<b>(4,550,240)</b>	-	<b>(11,268,102)</b>	<b>158,014,631</b>
<b>Infrastructure</b>														
Main : Roads and Stormwater	295,947,063	35,520,792	-	19,693,072	-	-	<b>351,160,927</b>	(40,219,241)	-	-	(30,664,367)	-	<b>(70,883,608)</b>	280,277,319
Main: Water and Purification	347,516,427	61,341,912	-	35,071,643	-	-	<b>443,929,982</b>	(14,313,966)	-	-	(8,627,107)	-	<b>(22,941,073)</b>	420,988,909
Sewerage Mains and Purification	43,846,972	55,133,325	-	-	-	-	<b>98,980,297</b>	(1,707,827)	-	-	(1,307,495)	-	<b>(3,015,322)</b>	95,964,975
Waste purification works structure	1,333,147	-	-	-	-	-	<b>1,333,147</b>	(147,616)	-	-	(40,958)	-	<b>(188,574)</b>	1,144,573
	<b>688,643,609</b>	<b>151,996,029</b>	-	<b>54,764,715</b>	-	-	<b>895,404,353</b>	<b>(56,388,650)</b>	-	-	<b>(40,639,927)</b>	-	<b>(97,028,577)</b>	<b>798,375,776</b>



**Bushbuckridge Local Municipality  
Appendix B**

**Analysis of Property, Plant and Equipment as at 30 June 2011  
Cost/Revaluation Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Other assets</b>														
Machinery and equipment	10,522,806	-	(485,000)	-	-	-	<b>10,037,806</b>	(2,771,083)	128,027	-	(725,661)	-	<b>(3,368,717)</b>	6,669,089
Furniture and Office Equipment	9,296,795	1,807,697	-	-	-	-	<b>11,104,492</b>	(4,644,039)	-	-	(1,250,684)	-	<b>(5,894,723)</b>	5,209,769
Computer equipment	4,682,664	1,722,943	-	-	-	-	<b>6,405,607</b>	(2,116,229)	-	-	(1,058,305)	-	<b>(3,174,534)</b>	3,231,073
Transport and vehicles	11,085,784	8,263,385	-	-	-	-	<b>19,349,169</b>	(5,392,459)	-	-	(1,606,925)	-	<b>(6,999,384)</b>	12,349,785
Work-in-progress	257,968,695	70,654,582	-	(57,994,124)	-	-	<b>270,629,153</b>	-	-	-	-	-	-	270,629,153
	<b>293,556,744</b>	<b>82,448,607</b>	<b>(485,000)</b>	<b>(57,994,124)</b>	-	-	<b>317,526,227</b>	<b>(14,923,810)</b>	<b>128,027</b>	-	<b>(4,641,575)</b>	-	<b>(19,437,358)</b>	<b>298,088,869</b>
<b>Total property plant and equipment</b>														
Land and buildings	141,664,873	24,388,451	-	3,229,409	-	-	<b>169,282,733</b>	(6,717,862)	-	-	(4,550,240)	-	<b>(11,268,102)</b>	158,014,631
Infrastructure	688,643,609	151,996,029	-	54,764,715	-	-	<b>895,404,353</b>	(56,388,650)	-	-	(40,639,927)	-	<b>(97,028,577)</b>	798,375,776
Other assets	293,556,744	82,448,607	(485,000)	(57,994,124)	-	-	<b>317,526,227</b>	(14,923,810)	128,027	-	(4,641,575)	-	<b>(19,437,358)</b>	298,088,869
	<b>1,123,865,226</b>	<b>258,833,087</b>	<b>(485,000)</b>	-	-	-	<b>1,382,213,313</b>	<b>(78,030,322)</b>	<b>128,027</b>	-	<b>(49,831,742)</b>	-	<b>(127,734,037)</b>	<b>1,254,479,276</b>
<b>Intangible assets</b>														
Computers - software & programming	216,077	-	-	-	-	-	<b>216,077</b>	(90,339)	-	-	(39,377)	-	<b>(129,716)</b>	86,361
	<b>216,077</b>	-	-	-	-	-	<b>216,077</b>	<b>(90,339)</b>	-	-	<b>(39,377)</b>	-	<b>(129,716)</b>	<b>86,361</b>
<b>Investment properties</b>														
Investment property	2,904,228	-	(2,649,432)	-	-	-	<b>254,796</b>	-	-	-	-	-	-	254,796
	<b>2,904,228</b>	-	<b>(2,649,432)</b>	-	-	-	<b>254,796</b>	-	-	-	-	-	-	<b>254,796</b>
<b>Total</b>														
Land and buildings	141,664,873	24,388,451	-	3,229,409	-	-	<b>169,282,733</b>	(6,717,862)	-	-	(4,550,240)	-	<b>(11,268,102)</b>	158,014,631
Infrastructure	688,643,609	151,996,029	-	54,764,715	-	-	<b>895,404,353</b>	(56,388,650)	-	-	(40,639,927)	-	<b>(97,028,577)</b>	798,375,776
Other assets	293,556,744	82,448,607	(485,000)	(57,994,124)	-	-	<b>317,526,227</b>	(14,923,810)	128,027	-	(4,641,575)	-	<b>(19,437,358)</b>	298,088,869
Intangible assets	216,077	-	-	-	-	-	<b>216,077</b>	(90,339)	-	-	(39,377)	-	<b>(129,716)</b>	86,361
Investment properties	2,904,228	-	(2,649,432)	-	-	-	<b>254,796</b>	-	-	-	-	-	-	254,796
	<b>1,126,985,531</b>	<b>258,833,087</b>	<b>(3,134,432)</b>	-	-	-	<b>1,382,684,186</b>	<b>(78,120,661)</b>	<b>128,027</b>	-	<b>(49,871,119)</b>	-	<b>(127,863,753)</b>	<b>1,254,820,433</b>

**Bushbuckridge Local Municipality  
Appendix C**

**Segmental analysis of Property, Plant and Equipment as at 30 June 2011  
Cost / Revaluation**

**Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
<b>Municipality</b>														
Finance	10,478,119	-	-	-	-	-	10,478,119	(3,186,594)	-	-	(39,377)	-	(3,225,971)	7,252,148
Corporate services	16,066,959	11,794,025	(485,000)	-	-	-	27,375,984	(7,646,091)	128,027	-	(4,641,575)	-	(12,159,639)	15,216,345
Administration	2,122,128	-	-	-	-	-	2,122,128	(973,180)	-	-	-	-	(973,180)	1,148,948
Economic development and planning	551,623	27,617,860	-	-	-	38,161,274	66,330,757	(228,077)	-	-	(4,550,240)	-	(4,778,317)	61,552,440
Community services	3,303,020	-	-	-	-	-	3,303,020	(1,083,671)	-	-	-	-	(1,083,671)	2,219,349
Disaster management	126,283	-	-	-	-	-	126,283	(42,093)	-	-	-	-	(42,093)	84,190
Municipal manager	626,315	-	-	-	-	-	626,315	(428,466)	-	-	-	-	(428,466)	197,849
Office of the speaker	56,007	-	-	-	-	-	56,007	(32,848)	-	-	-	-	(32,848)	23,159
Office of the mayor	24,455	-	-	-	-	-	24,455	(9,717)	-	-	-	-	(9,717)	14,738
Revenue	250,967	-	-	-	-	-	250,967	(153,432)	-	-	-	-	(153,432)	97,535
Regional manager	1,685,684	-	-	-	-	-	1,685,684	(626,875)	-	-	-	-	(626,875)	1,058,809
Water services	396,367,167	100,951,982	-	-	-	128,361,146	625,680,295	(17,225,491)	-	-	(8,627,107)	-	(25,852,598)	599,827,697
Community services	132,964,712	-	-	-	-	-	132,964,712	(5,762,270)	-	-	-	-	(5,762,270)	127,202,442
Municipal works	301,314,677	105,808,762	-	-	-	104,106,733	511,230,172	(40,618,259)	-	-	(32,012,820)	-	(72,631,079)	438,599,093
Internal audit	174,492	-	-	-	-	-	174,492	(103,597)	-	-	-	-	(103,597)	70,895
<b>866,112,608</b>	<b>246,172,629</b>	<b>(485,000)</b>	-	-	-	<b>270,629,153</b>	<b>1,382,429,390</b>	<b>(78,120,661)</b>	<b>128,027</b>	-	<b>(49,871,119)</b>	-	<b>(127,863,753)</b>	<b>1,254,565,637</b>
<b>Total</b>														
Municipality	866,112,608	246,172,629	(485,000)	-	-	270,629,153	1,382,429,390	(78,120,661)	128,027	-	(49,871,119)	-	(127,863,753)	1,254,565,637
<b>866,112,608</b>	<b>246,172,629</b>	<b>(485,000)</b>	-	-	-	<b>270,629,153</b>	<b>1,382,429,390</b>	<b>(78,120,661)</b>	<b>128,027</b>	-	<b>(49,871,119)</b>	-	<b>(127,863,753)</b>	<b>1,254,565,637</b>

**Bushbuckridge Local Municipality**  
**Appendix D**

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

<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus /(Deficit) Rand</b>		<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus /(Deficit) Rand</b>
<b>Municipality</b>						
275,459,986	57,642,128	217,817,858	Executive and Council	-	29,259,039	(29,259,039)
195,946,785	151,268,806	44,677,979	Finance and Admin	765,522,662	480,888,125	284,634,537
2,972,365	41,581,563	(38,609,198)	Planning and Development	1,520,158	41,306,695	(39,786,537)
-	3,650,577	(3,650,577)	Public Safety	-	3,715,045	(3,715,045)
2,345,887	908,483	1,437,404	Waste Water Management - Sewerage	2,640,156	1,941,829	698,327
9,541,932	35,428,751	(25,886,819)	Roads and Transport	13,477,114	32,816,384	(19,339,270)
80,839,811	136,365,982	(55,526,171)	Water Distribution	55,021,755	173,167,101	(118,145,346)
2,795,526	30,164,863	(27,369,337)	Waste Management - Refuse	3,103,185	2,202,980	900,205
<b>569,902,292</b>	<b>457,011,153</b>	<b>112,891,139</b>		<b>841,285,030</b>	<b>765,297,198</b>	<b>75,987,832</b>
569,902,292	457,011,153	112,891,139	Municipality	841,285,030	765,297,198	75,987,832
<b>569,902,292</b>	<b>457,011,153</b>	<b>112,891,139</b>	<b>Total</b>	<b>841,285,030</b>	<b>765,297,198</b>	<b>75,987,832</b>

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

**Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2011**

	<b>Act. Bal.</b>	<b>Adjusted budget</b>	<b>Variance</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Var</b>
<b>Revenue</b>				
Property rates	258,399,910	249,404,455	8,995,455	3.6
Service charges	24,313,308	16,703,033	7,610,275	45.6
Rental of facilities and equipment	413,469	371,452	42,017	11.3
Income from agency services	7,977,776	11,470,421	(3,492,645)	(30.4)
Fines	470,281	500,000	(29,719)	(5.9)
Government grants and subsidies	531,844,091	643,428,000	(111,583,909)	(17.3) MIG underspending
Other income	3,252,361	4,489,531	(1,237,170)	(27.6)
Interest received - investment	9,662,635	6,800,000	2,862,635	42.1
	<b>836,333,831</b>	<b>933,166,892</b>	<b>(96,833,061)</b>	<b>(10.4)</b>
<b>Expenses</b>				
Personnel	(178,170,676)	(175,359,833)	(2,810,843)	1.6
Remuneration of councillors	(16,493,410)	(17,948,000)	1,454,590	(8.1)
Depreciation	(49,831,742)	(48,000,000)	(1,831,742)	3.8
Amortisation	(39,376)	-	(39,376)	-
Debt impairment	(238,876,784)	(50,000,000)	(188,876,784)	377.8 Additional provision for doubtful debts
Repairs and maintenance	(90,908,102)	(80,374,467)	(10,533,635)	13.1
Bulk purchases	(93,139,745)	(84,000,000)	(9,139,745)	10.9
General expenses	(98,138,264)	(121,634,302)	23,496,038	(19.3)
	<b>(765,598,099)</b>	<b>(577,316,602)</b>	<b>(188,281,497)</b>	<b>32.6</b>
<b>Other revenue and costs</b>				
Gain or loss on disposal of assets and liabilities	(77,858)	-	(77,858)	-
	<b>(77,858)</b>	<b>-</b>	<b>(77,858)</b>	<b>-</b>
<b>Net surplus/ (deficit) for the year</b>	<b>70,657,874</b>	<b>355,850,290</b>	<b>(285,192,416)</b>	<b>(80.1)</b>

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

**Budget Analysis of Capital Expenditure as at 30 June  
2011**

	<b>Additions</b>	<b>Revised Budget</b>	<b>Variance</b>	<b>Variance</b>	<b>Explanation of significant variances from budget</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>%</b>	
<b>Municipality</b>					
Executive and Council	14,498,978	19,559,751	5,060,773	<b>26</b>	
Community and Social	-	500,000	500,000	<b>100</b>	
Sport and Recreation	7,449,488	9,000,000	1,550,512	<b>17</b>	
Environmental Protection	21,592,582	34,450,000	12,857,418	<b>37</b>	Late appointment of Contractor - refer note on capital commitments
Waste Water Management - Sewerage	62,105,794	85,000,000	22,894,206	<b>27</b>	Late appointment of Contractor - refer note on capital commitments
Roads and Transport	52,141,746	103,300,000	51,158,254	<b>50</b>	Late appointment of Contractor - refer note on capital commitments
Water Distribution	96,506,069	189,071,000	92,564,931	<b>49</b>	Late appointment of Contractor - refer note on capital commitments
Waste Management - Refuse	-	500,000	500,000	<b>100</b>	
	<b>254,294,657</b>	<b>441,380,751</b>	<b>187,086,094</b>	<b>42</b>	

Bushbuckridge Local Municipality  
Appendix F  
Additional disclosure

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance	
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun				Yes/ No
MIG		41,528	82,000	89,000	23,271	-	-	26,317	14,026	21,506	81,259	-	-	-	-	-	Yes
PUBLIC WORKS		-	-	19	-	1,447	-	-	-	-	1,466	-	-	-	-	-	Yes
DWAF		505	6,610	8,087	14,088	-	-	14,987	12,324	1,718	261	-	-	-	-	-	Yes
MSIG		90	750	-	-	-	-	265	524	51	-	-	-	-	-	-	Yes
INEP		-	-	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	Yes
FMG		606	1,000	-	-	-	-	606	582	314	104	-	-	-	-	-	Yes
NEIGHBOURHOOD		681	-	-	-	-	-	-	681	-	-	-	-	-	-	-	Yes
OTHER		1,989	4,040	5,975	-	40	-	4,040	5,975	-	40	-	-	-	-	-	Yes
		45,399	94,400	103,081	42,359	1,487	-	46,215	34,112	28,589	83,130	-	-	-	-	-	

Note: A municipality should provide additional information

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**APPENDIX G**

**SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39**

**July 2010**

<b>Date</b>	<b>End User</b>	<b>IRF</b>	<b>Description</b>	<b>Supplier</b>	<b>Amount R</b>	<b>Reason</b>
15 July 2010		1773	Laptops for 4 directors	Incredible connections	R 63,199.60	Emergency and budget constraints
21 July 2010		1634	Electrical materials	Voltex pty ltd	R 36,152.70	Emergency (due to the absence of this service category in the database,a retailer for electrical materials was used.)
08 July 2010			Catering	Phi hla trading	R 3,690.00	Late submission
18 July 2010			Transport for elders	Bushbuckridge taxi association	R 35,275.00	Late submission
20 July 2010			Mhala dlrc forms	Minit print	R 46,031.00	Sole provider
09 July 2010		1141	Installation of ball valves	Masikhane civil contractors	R 199,889.28	Emergency
21 July 2010		1135	Borehole equipment	Zmg-watech	R 46,775.34	Emergency (services providers were sent request for quotation but did not submit quotations)
21 July 2010		1543	Water chemicals	Zmg-watech	R 77,178.00	Emergency(service providers did not submit quotations after receiving requests for quotation)
21 July 2010		1545	Water chemicals	Zmg-watech	R 80,508.51	Emergency(service providers were sent requests for quotation but did not submit quotation)
13 July 2010		1625	Transportation	Minosa trading	R 20,000.00	Late submission
16 July 2010		1609	Servicing of grader	Forestry plant and equipment	R 86,473.20	Sole provider
02 July 2010		1608	Servicing of grader	Babcock equipment	R 7,404.11	Sole provider
16 July 2010		1809	Transportation	Mindlosky trading	R 28,000.00	Late submission

**Total for month**

**R 730,576.74**

**August 2010**

<b>Date</b>	<b>End User</b>	<b>IRF</b>	<b>Description</b>	<b>Supplier</b>	<b>Amount R</b>	<b>Reason</b>
05 August 2010		2288	Constructing of manholes	Zakhula trading	R 96,850.22	Emergency
23 August 2010		1843	Catering	Leshapo la motsomi	R 4,200	Emergency
27 August 2010		1393	Transport	Sochisi transport	R 4,400	Emergency

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**APPENDIX G**

**SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39**

**Total for month**

**R 105,450.22**

**September 2010**

Date	End User	IRF	Description	Supplier	Amount R	Reason
01 September 2010		1007	Supplying of new uniform for traffic officers	Sunday kit uniform supplies cc	R 147,021.98	Sole supplier
02 September 2010		2162	Emergency sewer problem	Zamosizwe investment	R 324,000.00	Emergency
03 September 2010		2468	Optec orthorator vision tester machines	Genop holdings pty ltd	R 51,745.60	Sole provider
17 September 2010		814	Library furniture:dwarsloop	Mukulu library furniture	R 59,936.64	Sole provider
22 September 2010		2418	Firearm training	Aim training academy	R 72,728.87	Sole supplier

**Total for month**

**R 655,433.09**

**October 2010**

Date	End User	IRF	Description	Supplier	Amount R	Reason
01 October 2010	Water services		Electrical equipment	Voltex nelspruit	R 16,881.30	Urgent, the electrical equipments were to be used for connecting of damaged pipelines.
01 October 2010	Corporate services		Desktop for led unit	Incredible connections	R 22,299.65	Retailers
01 October 2010	Corporate services		2 way radio	Contact communications	R 10,032.00	Sole trader
01 October 2010	Corporate services		Computer equipments for maviiljan region	Incredible connections	R 27,599.55	Retailers, saving of costs.
01 October 2010	Corporate services		Printer	Incredible connections	R 8,099.70	Retailers
01 October 2010	Corporate services		Cartidges for pixma mx700	Incredible connections	R 6,598.90	Retailers
01 October 2010	Corporate services		Pedestrial drawers	Waltons	R 17,845.82	Retailers
01 October 2010	Water services		Brushcutters,stroke oil and plugs	Rundamas nelspruit	R 8,071.00	Sole trader
01 October 2010	Municipal works		Fixing of a gate at mkhuhlu	Luni lungani Mc bee trading	R 9,000.00 R 8,996.00	Urgent,only two service providers submitted quotations

**Total for month**

**R 135,423.92**

**November 2010**



**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**APPENDIX G**

**SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39**

<b>Date</b>	<b>End User</b>	<b>IRF</b>	<b>Description</b>	<b>Supplier</b>	<b>Amount R</b>	<b>Reason</b>
01 November 2010	Corporate services		Computers	Incredible connections	R 7,099.85	Retailer
01 November 2010	Municipal works		Cleaning of grader radiator	One way brake	R 20,235.00	Sole provider
01 November 2010	Corporate services		Canon eos 450d digital slr Camera	Incredible connections Incredible connections	R 6,999.95	Retailer
01 November 2010	Community services		Transport to merriam mogakane community hall	Khuci trading	R 34,700.00	Late submission from only two quotations received from two local service providers from the database.the lowestamongst the two was considered.
01 November 2010	Transversal affairs		Transport for disabled	Mjungwana trading enterprise	R 5,500.00	Late submission from only two quotations received from two local service providers from the database.the lowestamongst the two was considered.
01 November 2010	Edpe		Catering for 50 people	Nhlanula sewing & general trading	R 3,900.00	Urgent, directorate indicated that the meetings was arranged as a matter of urgency.
01 November 2010	Water services		Plumbing materials for angincourt	Inclledon	R 37,111.77	Materials were needed urgently.
01 November 2010	Corporate services		Red tapes	Spectrum utilities	R 62,700.00	Sole trader
01 November 2010	Corporate services		Laptop for senior pmu technician	Incredible connections	R 8,899.80	Retailer

**Total for month**

**R 187,146.37**

**December 2010**

<b>Date</b>	<b>End User</b>	<b>IRF</b>	<b>Description</b>	<b>Supplier</b>	<b>Amount R</b>	<b>Reason</b>
02 December 2010	Corporate services		Soap dispencer	Michem	R 21,254.96	Sole provider
02 December 2010	Corporate services		Dlrc forms	Minit print	R 39,501.00	Sole provider
02 December 2010	Municipal works		Movac 3 controller spare	Syntel pty ltd	R 8,125.20	Sole provider
21 December 2010	Municipal works		Major services	Bell equipment & sales	R 19,695.15	Sole provider
28 December 2010	Edpe		Bins	Phuti trading and suppliers	R 157,776.00	Manufacture

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

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**SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39**

29 December 2010	Corporate services		Compute equipments	Incredible connections	R 13,799.95	Retailer
29 December 2010	Corporate services		Computer equipments	Incredible connections	R 20,999.65	Retailer

**Total for month**

**R 281,151.91**

**January 2011**

Date	End User	IRF	Description	Supplier	Amount R	Reason
27 January 2011	Council support	664	Refreshments	Silinda Spar	R 3,592.92	Retailer

**Total for month**

**R 3,592.92**

**February 2011**

Date	End User	IRF	Description	Supplier	Amount R	Reason
02 February 2011	Corporate	4011	Refreshments	Silinda Spar	R 4,599.58	Retailer
18 February 2011	Community Services	3710	Traffic Uniform	Sunday Kit	R 149,883.13	Specialist
18 February 2011	Water Services	3841	Water Connections	Mechciv	R 189,856.17	Specialist
21 February 2011	Traffic	3709	Firearms service	Aim training Academy	R 37,450.00	Sole Supplier
21 February 2011	Traffic	3708	Pepper sprays	Aim Training Academy	R 39,700.00	Sole Supplier
22 February 2011	Corporate	4030	Groceries	Silinda Spar	R 3,877.14	Retailer

**Total for month**

**R 425,366.02**

**March 2011**

Date	End User	IRF	Description	Supplier	Amount R	Reason
10 March 2011	Corporate	4422	Posters: Acts	Lexis Nexis	R 17,123.76	Specialist
10 March 2011	EDPE	2582	Demolition	Enny Ndlovu	R 125,000.00	Emergency

**Total for month**

**R 142,123.76**

**April 2011**

Date	End User	IRF	Description	Supplier	Amount R	Reason
01 April 2011	Community Services	4621	Transport	Great North	R 27,300.00	Sole supplier
05 April 2011	Municipal Works	5936	Repair Grader	Forestry	R 313,366.00	Dealer
05 April 2011	Corporate	4455	Advertising	Dumiteko	R 45,857.25	Impractical to request quotes
06 April 2011	Municipal works	5951	Repair Road	Senny	R 11,384.00	Emergency
12 April 2011	EDPE	2485	Licensing Forms	Minuteman	R 22,405.56	Sole Supplier
13 April 2011	Municipal Works	5944	Service Brushcutters	Rudamans	R 5,771.34	Dealer

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**SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39**

13 April 2011	Corporate	4473	Accommodation	Diamond Rose	R	535.00	Accommodation
14 April 2011	Corporate	2327	ISS Traffic Forms	PRODIBA	R	47,318.00	Sole Supplier
14 April 2011	Municipal Works	5986	Locks & Tools	Laduma	R	22,162.70	Hardware/ Retailer
14 April 2011	Municipal Works	5992	Road repairs	Shamila	R	85,414.50	Emergency
14 April 2011	Municipal Works	5993	Roads repairs	Sodasi	R	196,000.00	Emergency
15 April 2011	Corporate	2488	Traffic Tablet PC	PCubed	R	52,440.00	Sole Supplier
18 April 2011	Municipal works	5983	Repair Grader	Komatsu	R	133,378.21	Principal Dealer
19 April 2011	Municipal works	5991	10x Brushcutters	Rudamans	R	56,544.00	Sole Supplier
19 April 2011	Municipal Works	5201	Repair roads	Senny	R	5,600.00	Emergency
19 April 2011	Transversal	4635	Training	All Connections	R	121,980.00	Specialized Service

**Total for month**

**R 1,147,456.56**

**May 2011**

Date	End User	IRF	Description	Supplier	Amount R	Reason
03 May 2011	Water Services	5014	Advert	Langa Media	R 34,365.57	Impractical to request quotes
05 May 2011	Municipal Works	5204	Repair Traffic Lights	Arnesto	R 124,900.00	Emergency
06 May 2011	Water Services	5025	3x Jojo tanks	Cashbuild	R 8,921.85	Emergency
09 May 2011	Water Services	3890	Pumps Bushes	Babata	R 34,627.50	Emergency
10 May 2011	Finance	4248	Server	Ya Hina	R 57,148.00	Emergency
12 May 2011	Municipal works	5220	Fix Grader	Volvo Babcock	R 37,023.84	Principal Dealer
12 May 2011	Municipal Works	5219	Fix Grader	Forestry	R 144,982.00	Principal Dealer
12 May 2011	Municipal Works	5218	Service Grader	Komatsu	R 6,735.21	Principal Dealer
13 May 2011	Community Services	4936	Transport	Great North	R 46,700.00	Sole Supplier
23 May 2011	Municipal Works	5212	Gravel materials	Mafuyeka	R 225,720.00	Emergency
24 May 2011	Finance	4253	2x Scanners	PWC Combined	R 37,620.00	Sole Supplier
24 May 2011	Corporate	6005	Accommodation	Holiday Inn	R 4,952.62	Accommodation

**Total for month**

**R 763,696.59**

**June 2011**

Date	End User	IRF	Description	Supplier	Amount R	Reason
01 June 2011	Municipal Works	5228	Roads Maintenance	KE Mhlanga	R 360,430.00	Emergency
02 June 2011	Corporate	4258	Advert	Montajuluka	R 8,424.00	Impractical to call quotes
02 June 2011	Water Services	5031	Tools	Cashbuild	R 4,399.20	Hardware

## BUSHBUCKRIDGE LOCAL MUNICIPALITY

### APPENDIX G

#### SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39

03 June 2011	Internal Audit	6201	Quality Assurance	IIA	R	90,000.00	Specialized Service
07 June 2011	Corporate	5233	Accommodation	Dolphin west	R	2,700.00	Accommodation
08 June 2011	Community Services	5628	Security	Isinakhokonke	R	35,340.00	Specialised service
14 June 2011	Water Services	5018	Repair 34 Motors	Dumakude	R	196,749.72	Complex
14 June 2011	Corporate	672	Advert	Montajuluka	R	196,821.00	Impractical to call quotes
15 June 2011	Community Services	5630	Accommodation	The Ridge	R	1,511.80	Accommodation
21 June 2011	Water Services	5072	Accommodation	Garden Court	R	11,917.71	Accommodation

**Total for month**

**R 908,293.43**

#### Other Deviations for the year

Date	End User		Description	Amount R	
01 Jul '10 to 30 Jun '11	All Departments		Awards were made to persons employed by the municipality.	R 209,230.00	
01 Jul '10 to 30 Jun '11	All Departments		Awards were made to persons employed by other state insitutions.	R 8,539,223.00	
01 Jul '10 to 30 Jun '11	All Departments		Goods and services with a transaction value of between R2000 and R10,000 were procured without obtaining written and verbal price quotations from atleast three different prospective providers and the deviation was not approved.	R 1,232,590.00	
01 Jul '10 to 30 Jun '11	All Departments		Deviations were approved for the invitations of three written price quotations from accredited prospective providers even though it was possible to comply.	R 1,233,737.00	
01 Jul '10 to 30 Jun '11	All Departments		Procurement of goods and services was deliberately split into parts or items of smaller value merely to avoid complying with the requirements.	R 204,462.00	
01 Jul '10 to 30 Jun '11	All Departments		Evaluation criteria applied in evaluating quotations/ bids for functionality, price and/or preference points were not stipulated in the bidding dociments/request for quotations.	R 1,502,741.00	
01 Jul '10 to 30 Jun '11	All Departments		Goods or services of a transaction value of R10,000 to R200,000 were procured without inviting atleast three written price quotations from accredited prospective providers and the deviation was not approved by the CFO or his designate.	R 624,551.00	

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**APPENDIX G**

**SUPPLY CHAIN MANAGEMENT POLICY DEVIATIONS AS INDICATED UNDER NOTE 39**

01 Jul '10 to 30 Jun '11	All Departments		Advertisements for tenders above R10 milion not available	R 101,594,712.00	
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**Total for period**

**R 115,141,246.00**