

# **Nama Khoi**

## **MUNICIPALITY**



## **FINANCIAL STATEMENTS**

**30 JUNE 2012**

# NAMA KHOI MUNICIPALITY

## Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Accounting Policies	8 - 38
Notes to the Financial Statements	39 - 84
 <b>APPENDICES</b>	
A Schedule of External Loans	85
B Segmental Statement of Financial Performance - Municipal Votes	86
C (1) Actual Versus Budget (Revenue and Expenditure)	87
C (2) Actual Versus Budget (Acquisition of Property, Plant and Equipment)	88
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	89

# NAMA KHOI MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Nama Khoi Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

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

#### JURISDICTION

The Nama Khoi Municipality includes the towns of Springbok, Concordia, Okiep, Steinkopf, Nababeep, Carolusberg, Vioolsdrift, Rooiwal, Goodhouse and Komaggas.

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	WT Cloete
Speaker	JC Losper
Executive Councillor	LF Faber
Executive Councillor	KS Ventura

#### MUNICIPAL MANAGER

NA Baartman

#### CHIEF FINANCIAL OFFICER

NP Mdaka

#### REGISTERED OFFICE

P.O. Box 17  
SPRINGBOK  
8240

#### AUDITORS

Auditor-General  
P.O. Box 446  
PRETORIA  
0001

#### PRINCIPLE BANKERS

ABSA Bank

#### ATTORNEYS

Bouwer & Kie  
JA Prinsloo  
Neville Cloete Attorney Incorporate  
Jooste Attorneys  
Schreuders  
Van der Vaal & Partners

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)	Electricity Act (Act no 41 of 1987)
Division of Revenue Act	Skills Development Levies Act (Act no 9 of 1999)
The Income Tax Act	Employment Equity Act (Act no 55 of 1998)
Value Added Tax Act	Unemployment Insurance Act (Act no 30 of 1966)
Municipal Structures Act (Act no 117 of 1998)	Basic Conditions of Employment Act (Act no 75 of 1997)
Municipal Systems Act (Act no 32 of 2000)	Supply Chain Management Regulations, 2005
Municipal Planning and Performance Management Regulations	Collective Agreements
Water Services Act (Act no 108 of 1997)	Infrastructure Grants
Housing Act (Act no 107 of 1997)	SALBC Leave Regulations
Municipal Property Rates Act (Act no 6 of 2004)	Municipal Budget and Reporting Regulations

# NAMA KHOI MUNICIPALITY

## MEMBERS OF THE NAMA KHOI MUNICIPALITY

WARD	COUNCILLOR
1	KR Groenewald
2	EF Maritz
3	FX Cupido
4	V van Dyk
5	S Kleinbooi
6	G Cloete
7	SD Hoskin
8	WJ Goedeman
9	GY Pieters
Proportional	AM Magerman
Proportional	SJC van Wyk
Proportional	WS Jordaan
Proportional	GJ Coetzee
Proportional	WT Cloete
Proportional	JC Losper
Proportional	LF Faber
Proportional	KS Ventura

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

\_\_\_\_\_  
NA Baartman  
Municipal Manager

\_\_\_\_\_  
Date

**NAMA KHOI MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	Notes	2012 R	2011 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>327 887 297</b>	<b>326 268 076</b>
Capital Replacement Reserve	2	-	1 500 000
Donations and Public Contribution Reserve	2	-	-
Accumulated Surplus/(Deficit)		327 887 297	324 768 076
<b>Non-Current Liabilities</b>		<b>30 912 839</b>	<b>28 717 624</b>
Long-term Liabilities	3	4 990 630	5 195 171
Non-current Provisions	4	10 626 661	10 264 088
Non-current Employee Benefits	5	15 295 547	13 258 365
<b>Current Liabilities</b>		<b>73 887 492</b>	<b>49 995 345</b>
Consumer Deposits	6	1 383 135	1 320 865
Current Employee Benefits	7	5 057 665	3 808 527
Payables from exchange transactions	8	51 034 081	21 030 558
Unspent Conditional Government Grants and Receipts	9	14 551 868	16 758 374
Unspent Conditional Public Contributions and Receipts	10	40 362	40 362
Taxes	11.1	-	3 075 974
Cash and Cash Equivalents	21.2	-	1 041 348
Current Portion of Long-term Liabilities	4	1 820 381	2 919 336
<b>Total Net Assets and Liabilities</b>		<b>432 687 628</b>	<b>404 981 045</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>389 249 001</b>	<b>368 571 300</b>
Property, Plant and Equipment	13	388 578 600	367 878 810
Investment Property	14	298 635	298 635
Intangible Assets	15	13 135	5 153
Long-term Receivables	16	358 630	388 702
<b>Current Assets</b>		<b>43 438 627</b>	<b>36 409 746</b>
Inventory	17	1 411 754	1 018 783
Receivables from exchange transactions	18	1 931 187	1 786 571
Receivables from non-exchange transactions	19	21 824 322	11 681 122
Unpaid Conditional Government Grants and Receipts	9	1 185 933	304 883
Operating Lease Asset	20.1	239 320	271 662
Taxes	12.2	(780 657)	-
Current Portion of Long-term Receivables	20	65 966	221 872
Cash and Cash Equivalents	21.1	17 560 801	21 124 852
<b>Total Assets</b>		<b>432 687 628</b>	<b>404 981 045</b>

**NAMA KHOI MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 R	2011 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>84 300 963</b>	<b>85 431 547</b>
<b>Taxation Revenue</b>		<b>22 194 992</b>	<b>22 059 458</b>
Property taxes	22	22 194 992	22 059 458
<b>Transfer Revenue</b>		<b>62 008 146</b>	<b>63 194 152</b>
Government Grants and Subsidies	23	62 008 146	63 130 652
Public Contributions and Donations		-	63 500
<b>Other Revenue</b>		<b>97 825</b>	<b>177 937</b>
Fines		94 756	177 937
Actuarial Gains	5	3 069	-
<b>Revenue from Exchange Transactions</b>		<b>77 703 732</b>	<b>69 778 893</b>
Property Rates - penalties imposed and collection charges		596 779	456 252
Service Charges	24	69 161 500	60 563 305
Rental of Facilities and Equipment	25	890 201	1 056 324
Interest Earned - external investments	26	717 853	716 465
Interest Earned - outstanding receivables	27	1 222 602	1 003 001
Licences and Permits		1 120 091	1 010 073
Income for Agency Services		1 096 664	988 298
Other Income	28	2 891 549	3 978 836
Unamortised Discount - Interest		6 493	6 338
<b>Total Revenue</b>		<b>162 004 695</b>	<b>155 210 440</b>
<b>EXPENDITURE</b>			
Employee related costs	29	(53 315 875)	(41 213 238)
Remuneration of Councillors	30	(4 226 523)	(3 738 771)
Debt Impairment	31	(8 355 596)	(6 081 512)
Collection Costs		(26 126)	-
Depreciation and Amortisation	32	(857 190)	(630 225)
Repairs and Maintenance		(6 106 327)	(7 404 267)
Unamortised Discount - Interest		(259 182)	(341 012)
Actuarial Losses	5	-	(919 729)
Finance Costs	33	(3 572 177)	(3 412 676)
Bulk Purchases	34	(57 304 308)	(47 690 327)
Contracted Services		(1 329 249)	(707 898)
Other Operating Grant Expenditure		(9 877 086)	(34 896 712)
General Expenses	35	(14 778 438)	(11 360 483)
<b>Total Expenditure</b>		<b>(160 008 075)</b>	<b>(158 396 851)</b>
<b>Operating Surplus for the Year</b>		<b>1 996 620</b>	<b>(3 186 410)</b>
Gains/(Loss) on Sale of Assets	36	(52 219)	-
(Impairment loss)/Reversal of impairment loss		-	-
Profit/(Loss) on Fair Value Adjustments		-	-
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	17	(325 180)	(152 778)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1 619 221</b>	<b>(3 339 188)</b>

NAMA KHOI MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Capital Replacement Reserve R	Donations and Public Contribution Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2010</b>	<b>1 500 000</b>	<b>23 854 809</b>	<b>317 199 682</b>	<b>342 554 491</b>
Correction of Error - note 37.19	-	(23 854 809)	10 907 583	(12 947 226)
<b>Restated balance</b>	<b>1 500 000</b>	<b>-</b>	<b>328 107 265</b>	<b>329 607 265</b>
Net Surplus/(Deficit) for the year	-	-	(3 339 188)	(3 339 188)
<b>Restated balance at 30 June 2011</b>	<b>1 500 000</b>	<b>-</b>	<b>324 768 076</b>	<b>326 268 076</b>
Net Surplus/(Deficit) for the year	-	-	1 619 221	1 619 221
Transfer to/from CRR	(1 500 000)	-	1 500 000	-
<b>Balance at 30 June 2012</b>	<b>-</b>	<b>-</b>	<b>327 887 297</b>	<b>327 887 297</b>

**NAMA KHOI MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		9 863 768	21 157 919
Sale of goods and services		64 631 222	60 853 326
Grants		57 018 886	46 158 134
Investment Income		1 940 455	1 725 700
Other receipts		6 690 040	3 626 260
Cash payments			
Employee costs		(57 542 397)	(42 141 880)
Suppliers		(59 300 227)	(71 965 136)
Finance costs		(1 394 372)	(2 461 639)
Other payments		-	(1 260 741)
<b>Net Cash from Operating Activities</b>	<b>38</b>	<b>21 907 374</b>	<b>15 691 943</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(22 503 909)	(2 592 835)
(Increase)/Decrease in Intangible Assets		(7 982)	(1)
(Increase)/Decrease in Long-term Receivables		(355 508)	10 419
<b>Net Cash from Investing Activities</b>		<b>(22 867 399)</b>	<b>(2 582 417)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		497 269	-
Loans repaid		(2 059 947)	(2 093 641)
<b>Net Cash from Financing Activities</b>		<b>(1 562 678)</b>	<b>(2 093 641)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2 522 703)</b>	<b>11 015 885</b>
Cash and Cash Equivalents at the beginning of the year		20 083 504	9 067 619
Cash and Cash Equivalents at the end of the year	<b>39</b>	<b>17 560 801</b>	<b>20 083 504</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2 522 703)</b>	<b>11 015 885</b>



**INSERT ACCOUNTING POLICY**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>2. NET ASSET RESERVES</b>		
RESERVES	-	1 500 000
Capital Replacement Reserve	-	1 500 000
Donations and Public Contribution Reserve	-	23 854 809
Correction of Error - Note 37.1	-	(23 854 809)
<b>Total Net Asset Reserve and Liabilities</b>	<b>-</b>	<b>1 500 000</b>

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

**3. LONG TERM LIABILITIES**

Annuity Loans - At amortised cost	6 532 446	8 045 688
Capitalised Lease Liability - At amortised cost	817 865	840 241
Correction of Error - Note 37.18	-	27 060
	<b>7 350 311</b>	<b>8 912 989</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(1 820 381)</b>	<b>(2 919 336)</b>
Annuity Loans - At amortised cost	(1 506 915)	(2 623 648)
Capitalised Lease Liability - At amortised cost	(313 466)	(295 688)
	<b>5 529 930</b>	<b>5 993 653</b>
<b>Plus:</b> Unamortised charges on loans	<b>(539 300)</b>	<b>(798 482)</b>
Balance 1 July	(798 482)	(1 139 494)
Adjustment for the period	259 182	341 012
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>4 990 630</b>	<b>5 195 171</b>

	2012 R	2011 R
<b>3.1 The obligations under finance leases are scheduled below:</b>		
		<b>Minimum lease payments</b>
Amounts payable under finance leases:		
Payable within one year	471 040	543 284
Payable within two to five years	692 827	623 657
Payable after five years	-	-
	<b>1 163 868</b>	<b>1 166 942</b>
<b>Less:</b> Future finance obligations	<b>(346 002)</b>	<b>(299 641)</b>
<b>Present value of finance lease obligations</b>	<b>817 866</b>	<b>867 301</b>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Smart	C Track CX15 Assists	7%	0%	5 Years	31/08/2012
Nashua	Photo Copiers	28%	0%	5 Years	30/06/2017
Vodacom	Cell Phones & Data Bundles	9%	0%	2 Years	31/05/2014

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 13

**4. NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites	10 626 661	10 264 088
<b>Total Non-current Provisions</b>	<b>10 626 661</b>	<b>10 264 088</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>4.1 Landfill Sites</b>		
Balance 1 July	10 264 088	7 261 963
Contribution for the year	962 463	264 415
Change in Provision for Rehabilitation Cost	(599 890)	-
Correction of Error - Note 37.2	-	2 737 710
<b>Total provision 30 June</b>	<b>10 626 661</b>	<b>10 264 088</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions	-	-
<b>Balance 30 June</b>	<b>10 626 661</b>	<b>10 264 088</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Bergsig	Nababeep	Steinkopf	Komaggas
Area (m <sup>2</sup> )	33 280	10 800	40 600	14 680
Rehabilitation volume (m <sup>3</sup> )	12 000	1 000	15 000	3 600
Fence (m)	1 480	580	900	450
Cost of fence (Rand)	614 200	240 700	373 500	186 750
Site Clearance (R48/m <sup>3</sup> )	576 000	48 000	720 000	172 800
Excavation cost (Rand)	-	-	-	162 000
Capping (R22/m <sup>2</sup> )	732 160	237 600	893 200	322 960
Preliminary and general (Rand)	288 354	78 945	298 005	126 677
Fees and expenses (Rand)	221 071	60 525	228 471	97 119
	Concordia	Bulletrap	Rooiwal	Violsdrif
Area (m <sup>2</sup> )	6 200	4 000	27 500	8 000
Rehabilitation volume (m <sup>3</sup> )	-	-	27 500	8 000
Fence (m)	350	260	-	-
Cost of fence (Rand)	145 250	107 900	-	-
Site Clearance (R48/m <sup>3</sup> )	-	-	1 320 000	384 000
Excavation cost (Rand)	-	-	-	-
Capping (R22/m <sup>2</sup> )	136 400	88 000	605 000	176 000
Preliminary and general (Rand)	42 248	29 385	288 750	84 000
Fees and expenses (Rand)	32 390	22 529	221 375	64 400

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

	Estimated decommission date	2012 R	2011 R
Location			
Bergsig	2020	2 431 785	1 999 317
Nababeep	2020	765 770	888 843
Steinkopf	2020	2 513 176	2 816 497
Komaggas	2015	1 068 305	1 044 271
Concordia	2020	456 287	619 783
Bulletrap	2020	247 814	290 741
Rooiwal	2011	2 435 125	2 017 675
Violsdrif	2011	708 400	586 960
		<b>10 626 661</b>	<b>10 264 088</b>

**5. NON-CURRENT EMPLOYEE BENEFITS**

Provision for Post Retirement Health Care Benefits	15 295 547	13 258 365
<b>Total Non-current Employee Benefits</b>	<b>15 295 547</b>	<b>13 258 365</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	13 449 561	10 967 318
Contribution for the year	1 025 637	751 102
Interest Cost	1 181 025	1 002 438
Expenditure for the year	(171 751)	(191 026)
Actuarial Loss/(Gain)	(3 069)	919 729
<b>Total provision 30 June</b>	<b>15 481 403</b>	<b>13 449 561</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	(185 856)	(191 196)
<b>Balance 30 June</b>	<b>15 295 547</b>	<b>13 258 365</b>

**5.1 Provision for Post Retirement Health Care Benefits**

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	69	62
In-service (employee) non-members	221	252
Continuation members (e.g. Retirees, widows, orphans)	8	8
<b>Total Members</b>	<b>298</b>	<b>322</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	12 327 382	9 982 151
Continuation members	3 154 021	3 467 410
<b>Total Liability</b>	<b>15 481 403</b>	<b>13 449 561</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 162 377, whereas the Interest Cost for the next year is estimated to be R1 254 276.

Key actuarial assumptions used:	2012 %	2011 %
<b>i) Rate of interest</b>		
Discount rate	8.15%	8.84%
Health Care Cost Inflation Rate	6.84%	7.35%
Net Effective Discount Rate	1.23%	1.39%

**ii) Mortality rates**

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

**iii) Normal retirement age**

The normal retirement age for employees of the municipality is 60 years.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	15 481 403	13 258 365
Fair value of plan assets	-	-
	<u>15 481 403</u>	<u>13 258 365</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b><u>15 481 403</u></b>	<b><u>13 258 365</u></b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	13 449 561	10 967 318
Total expenses	2 034 911	1 562 514
Current service cost	1 025 637	751 102
Interest Cost	1 181 025	1 002 438
Benefits Paid	(171 751)	(191 026)
Actuarial (gains)/losses	(3 069)	919 729
Present value of fund obligation at the end of the year	<u>15 481 403</u>	<u>13 449 561</u>
<b>Less: Transfer of Current Portion - Note 7</b>	<b>(185 856)</b>	<b>(191 196)</b>
<b>Balance 30 June</b>	<b><u>15 295 547</u></b>	<b><u>13 258 365</u></b>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

**Sensitivity Analysis on the Accrued Liability**

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
<b>Assumption</b>			
Central Assumptions	12.327	3.154	15.481

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
<b>Assumption</b>					
Health care inflation	1%	14.763	3.611	18.375	19%
Health care inflation	-1%	10.389	2.782	13.171	-15%
Post-retirement mortality	-1 year	12.742	3.257	15.999	3%
Average retirement age	-1 year	13.527	3.154	16.681	8%
Withdrawal Rate	-50%	12.807	3.154	15.961	3%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>5.3 Retirement funds</b>		
<p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.</p> <p><b><u>CAPE JOINT PENSION FUND</u></b></p> <p>The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 98.1% (30 June 2010 - 100%). Since the fund's financial year end at 30 June 2009, its actuary had been investigating the investment return for the past financial year. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The pro-rata portion owed by the Municipality was calculated at R302 337,74. Refer to note 7 for provision made.</p>		
Contributions paid recognised in the Statement of Financial Performance	19 111	30 679
<p><b><u>CAPE JOINT RETIREMENT FUND</u></b></p> <p>The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 116,9% (30 June 2010 - 100,3%).</p>		
Contributions paid recognised in the Statement of Financial Performance	587 286	328 031
<p><b><u>DEFINED CONTRIBUTION FUNDS</u></b></p> <p>Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.</p>		
Contributions paid recognised in the Statement of Financial Performance		
Sanlam	485 839	519 265
Municipal Councillors Pension Fund	-	35 131
Old Mutual	60 701	51 833
SAMWU National Provident Fund	3 497 288	3 115 977
	4 043 828	3 722 205
<b>6. CONSUMER DEPOSITS</b>		
Water	887 769	842 907
Electricity	495 366	477 919
Correction of Error - Note 37.3	-	39
<b>Total Consumer Deposits</b>	<b>1 383 135</b>	<b>1 320 865</b>

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>Guarantees held in lieu of Water Deposits</b>	<b>120 805</b>	<b>120 805</b>
<b>7. CURRENT EMPLOYEE BENEFITS</b>		
Staff Bonuses	1 233 341	886 247
Staff Leave	3 336 131	2 459 569
Shortfall in Cape Joint Pension Fund	302 338	268 021
Correction of Error - Note 37.4	-	3 494
Current Portion of Non-Current Provisions	185 856	191 196
Current Portion of Post Retirement Benefits - Note 5	185 856	191 196
<b>Total Provisions</b>	<b>5 057 665</b>	<b>3 808 527</b>

The movement in current provisions are reconciled as follows:

**7.1 Staff Bonuses**

Balance at beginning of year	889 741	886 247
Contribution to current portion	2 609 523	2 091 261
Expenditure incurred	(2 265 922)	(2 091 261)
Correction of Error - Note 37.4	-	3 494
Balance at end of year	<b>1 233 341</b>	<b>889 741</b>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**7.2 Staff Leave**

Balance at beginning of year	2 459 569	2 339 516
Contribution to current portion	954 906	524 701
Expenditure incurred	(78 344)	(404 648)
Balance at end of year	<b>3 336 131</b>	<b>2 459 569</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**7.3 Shortfall in Cape Joint Pension Fund**

Balance at beginning of year	268 021	221 047
Contribution to current portion	34 317	-
Correction of Error - Note 37.4	-	46 974
Balance at end of year	<b>302 338</b>	<b>268 021</b>

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision is made for the pro-rata portion owed by the Municipality.

For more information regarding the provisions for Post Retirement Benefits - Refer to Note 5 to the Financial Statements.

**8. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	32 132 071	9 996 819
Pre-paid Electricity	228 660	375 538
Retentions	569 774	860 233
Accrued Interest	42 113	49 728
Other Creditors	18 031 315	830 850
Deposits: Other	30 148	29 480
Correction of Error - Note 37.5	-	8 887 910
<b>Total Trade Payables</b>	<b>51 034 081</b>	<b>21 030 559</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

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

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

**9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent Grants	14 551 868	16 758 374
National Government Grants	11 036 388	10 695 699
Provincial Government Grants	2 870 408	7 810 136
District Municipality	645 072	861 028
Correction of Error - Note 37.6	-	(2 608 489)
<b>Less:</b> Unpaid Grants	(3 081 350)	(304 883)
National Government Grants	(3 081 037)	(1 197 905)
Provincial Government Grants	(312)	(312)
Correction of Error - Note 37.7	-	893 334
<b>Less:</b> Provision for Impairment of Unpaid Grants	1 895 416	-
<b>Total Conditional Grants and Receipts</b>	<b>13 365 935</b>	<b>16 453 491</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

**10. UNSPENT PUBLIC CONTRIBUTIONS AND RECEIPTS**

Wade Project	40 362	40 362
Namakwa District Municipality	-	603 894
Correction of Error - Note 37.8	-	(603 894)
<b>Total Unspent Public Contributions and Receipts</b>	<b>40 362</b>	<b>40 362</b>

The movement in unspent public contributions are reconciled as follows:

**10.1 Wade Project**

Balance at beginning of year	40 362	40 362
Contribution to provision	-	-
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>40 362</b>	<b>40 362</b>

This grant was used for groundwater investigations in the Buffelsrivier area.

**11. TAXES**

**11.1 VAT PAYABLE**

VAT Payable	-	-
VAT output in suspense	(4 409 594)	3 700 901
Correction of Error - Note 37.9	-	2 801 705
<b>Total Vat payable</b>	<b>(4 409 594)</b>	<b>6 502 606</b>



NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>11.2 VAT RECEIVABLE</b>		
VAT Refundable	(728 280)	1 295 562
VAT input in suspense	4 357 217	(211 093)
Correction of Error - Note 37.9	-	2 342 163
Total VAT receivable	<u>3 628 937</u>	<u>3 426 632</u>
<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<u>(780 657)</u>	<u>(3 075 974)</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**12. SHORT-TERM LOANS**

The Municipality has no short term loans.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
13. PROPERTY, PLANT AND EQUIPMENT			
<u>See attached sheet</u>	page 1		
	page 2		
	page 3		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>13.1 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R719 233 is secured for leases as set out in Note 3.		
<b>14. INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>298 635</b>	<b>298 635</b>
Cost	372 000	222 000
Correction of Error - Note 37.12	-	135 380
Accumulated Depreciation	(73 365)	(58 745)
Acquisitions	-	-
Fair Value Adjustments	-	-
Depreciation for the year	-	-
<b>Net Carrying amount at 30 June</b>	<b>298 635</b>	<b>298 635</b>
Cost	372 000	372 000
Accumulated Depreciation	(73 365)	(73 365)
<b>15. INTANGIBLE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	<b>5 153</b>	<b>5 153</b>
Cost	6 017	23 517
Correction of Error - Note 37.13	-	(14 249)
Accumulated Amortisation	(864)	(4 115)
Acquisitions	7 982	-
Amortisation	-	-
<b>Net Carrying amount at 30 June</b>	<b>13 135</b>	<b>5 153</b>
Cost	13 999	6 017
Accumulated Amortisation	(864)	(864)
<b>16. LONG TERM RECEIVABLES</b>		
Housing Loans	36 512	179 821
Eskom Loan	435 101	462 424
Receivables with repay arrangements - At amortised cost	3 320 218	2 778 733
Correction of Error - Note 37.14	-	21 838
	3 791 831	3 442 816
<b>Less:</b> Unamortised Discount on Loans	(47 016)	(53 509)
Balance 1 July	(53 509)	(59 847)
Adjustment for the period	6 493	6 338
	3 744 815	3 389 307
<b>Less:</b> Current portion transferred to current receivables	(1 143 644)	(1 162 781)
Receivables with repay arrangements - At amortised cost	(1 077 678)	-
Housing Loans	(35 570)	-
Eskom Loan	(30 396)	(27 323)
Correction of Error - Note 37.14	-	(1 135 458)
	2 601 171	2 226 525
<b>Less:</b> Provision for Impairment of Long Term Receivables	(2 242 541)	(1 837 823)
<b>Total Long Term Receivables</b>	<b>358 630</b>	<b>388 702</b>
The provision for Impairment could be allocated to the different classes of Long Term Receivables as follows:		
Receivables with repay arrangements	3 320 218	2 778 733
Eskom Loan	-	-
Housing Loans	-	-
	3 320 218	2 778 733
<b>Less:</b> Provision for Impairment of Receivables with repay arrangements disclosed under Receivables from Exchange Transactions	(745 166)	(579 334)
Provision for Impairment of Receivables with repay arrangements disclosed under Receivables from Non-Exchange Transactions	(332 512)	(361 576)
<b>Total Provision for Impairment</b>	<b>2 242 541</b>	<b>1 837 823</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>17. INVENTORY</b>		
Consumable Stores - Stationery and materials - At cost	1 363 781	1 656 641
Water - At purification cost	47 973	72 968
Correction of Error - Note 37.15	-	(710 826)
<b>Total Inventory</b>	<b>1 411 754</b>	<b>1 018 783</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
Inventory write-down to Net Replacement Value (NRV) or Net Replacement Cost (NRC):	<b>30 216</b>	<b>12 040</b>
Consumable stores materials written down due to losses as identified during the annual stores counts.		
	<b>294 964</b>	<b>140 738</b>
<b>18. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	4 394 479	3 567 841
Water	9 425 808	7 385 254
Loan Installments	745 166	-
Refuse	6 792 051	5 618 876
Sewerage	2 929 085	2 562 761
Other Arrears	2 269 182	4 296 079
Correction of Error - Note 37.16	-	(1 405 319)
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>26 555 769</b>	<b>22 025 492</b>
Provision for Impairments	(24 624 582)	(20 238 920)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>1 931 187</b>	<b>1 786 571</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
The fair value of receivables approximate their carrying value.		
Debtors with a total outstanding balance of R2 366 815 (2011 - R1 836 850) have arranged to settle their account over an re-negotiated period. Total payments to the value of R1 621 649 (2011 - R1 258 516) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.		
<b><u>(Electricity): Ageing</u></b>		
Current (0 - 30 days)	2 522 230	1 858 194
31 - 60 Days	301 046	245 249
61 - 90 Days	104 042	138 218
+ 90 Days	1 467 161	1 326 180
<b>Total</b>	<b>4 394 479</b>	<b>3 567 841</b>
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	718 846	651 589
31 - 60 Days	460 336	506 549
61 - 90 Days	447 844	353 273
+ 90 Days	7 798 782	5 873 843
<b>Total</b>	<b>9 425 808</b>	<b>7 385 254</b>
<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	574 874	481 040
31 - 60 Days	256 727	214 954
61 - 90 Days	170 558	145 935
+ 90 Days	5 789 892	4 776 947
<b>Total</b>	<b>6 792 051</b>	<b>5 618 876</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R	
<b><u>(Sewerage): Ageing</u></b>			
Current (0 - 30 days)	372 044	341 332	
31 - 60 Days	138 490	119 335	
61 - 90 Days	76 019	70 926	
+ 90 Days	2 342 532	2 031 168	
<b>Total</b>	<b><u>2 929 085</u></b>	<b><u>2 562 761</u></b>	
<b><u>(Other): Ageing</u></b>			
Current (0 - 30 days)	201 555	193 906	
31 - 60 Days	120 174	158 422	
61 - 90 Days	113 174	118 349	
+ 90 Days	1 834 279	3 825 402	
<b>Total</b>	<b><u>2 269 182</u></b>	<b><u>4 296 079</u></b>	
<b><u>(Total): Ageing</u></b>			
Current (0 - 30 days)	4 389 548	3 526 061	
31 - 60 Days	1 276 773	1 244 509	
61 - 90 Days	911 637	826 701	
+ 90 Days	19 232 646	17 833 540	
<b>Total</b>	<b><u>25 810 604</u></b>	<b><u>23 430 811</u></b>	
<b><u>Summary of Debtors by Customer Classification</u></b>			
	<b><u>Residential</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
<b>30 June 2012</b>			
Current (0 - 30 days)	1 651 797	1 919 628	381 768
31 - 60 Days	849 300	245 258	192 754
61 - 90 Days	676 438	164 606	80 490
+ 90 Days	16 362 503	3 485 122	546 104
<b>Total debtors by customer classification</b>	<b><u>19 540 038</u></b>	<b><u>5 814 614</u></b>	<b><u>1 201 117</u></b>
<b><u>Summary of Debtors by Customer Classification</u></b>			
	<b><u>Residential</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
<b>30 June 2011</b>			
Current (0 - 30 days)	2 356 420	1 334 039	296 985
31 - 60 Days	982 213	325 333	127 658
61 - 90 Days	623 074	163 493	56 903
+ 90 Days	14 067 634	2 552 779	544 281
<b>Total debtors by customer classification</b>	<b><u>18 029 341</u></b>	<b><u>4 375 644</u></b>	<b><u>1 025 826</u></b>
<b><u>Reconciliation of Provision for Bad Debts</u></b>			
Balance at beginning of year		20 238 920	12 278 935
Contribution to provision		4 219 830	1 299 996
VAT on provision		(579 334)	2 414 335
Provision on Current Receivables with repay arrangements		745 166	-
Bad Debts written off against provision		-	-
Reversal of provision		-	-
Correction of Error - Note 37.16		-	4 245 654
<b>Balance at end of year</b>		<b><u>24 624 582</u></b>	<b><u>20 238 920</u></b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
The total amount of this provision is R24 624 582 and consist of:		
Services	24 624 582	20 238 920
Other Debtors	-	-
<b>Total Provision for Bad Debts on Receivables from exchange transactions</b>	<b>24 624 582</b>	<b>20 238 920</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

**19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Taxes - Rates	12 324 398	9 434 426
Correction of Error - Note 37.17	-	8 704 549
Other Receivables	19 926 867	1 781 066
Accrued Fines	30 925	96 089
Fuel Deposits	10 000	10 000
Eskom Deposits	182 579	118 514
Estimate Consumption	840 266	1 284 863
Other	18 863 098	271 600
	32 251 265	19 920 041
<b>Less:</b> Provision for bad debts	(10 426 943)	(8 238 919)
<b>Total Receivables from non-exchange transactions</b>	<b>21 824 322</b>	<b>11 681 122</b>

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Debtors with a total outstanding balance of R953 403 (2011 - R941 883) have arranged to settle their account over an re-negotiated period. Total payments to the value of R620 891 (2011 - R580 307) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

**(Rates): Ageing**

Current (0 - 30 days)	976 865	1 765 270
31 - 60 Days	556 753	482 964
61 - 90 Days	390 356	328 400
+ 90 Days	10 067 912	6 857 792
<b>Total</b>	<b>11 991 886</b>	<b>9 434 426</b>

**Summary of Debtors (Rates) by Customer Classification**

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2012</b>			
Current (0 - 30 days)	1 138 218	267 023	3 167
31 - 60 Days	427 113	88 446	30 655
61 - 90 Days	287 301	64 719	28 439
+ 90 Days	8 475 313	1 208 031	305 974
<b>Total debtors by customer classification</b>	<b>10 327 945</b>	<b>1 628 219</b>	<b>368 234</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Summary of Debtors (Rates) by Customer Classification**

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2011</b>			
Current (0 - 30 days)	975 377	280 413	48 097
31 - 60 Days	230 468	40 180	21 621
61 - 90 Days	213 094	76 916	21 621
+ 90 Days	6 508 822	755 149	262 667
<b>Total debtors by customer classification</b>	<b><u>7 927 761</u></b>	<b><u>1 152 658</u></b>	<b><u>354 007</u></b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year		8 238 919	1 356 341
Contribution to provision		2 217 088	-
Provision for Current Receivables with repay arrangements		(29 064)	-
Bad Debts written off against provision		-	-
Reversal of provision		-	-
Correction of Error - Note 37.17		-	6 882 578
Balance at end of year		<b><u>10 426 943</u></b>	<b><u>8 238 919</u></b>

The total amount of this provision is R10 426 943 and consist of:

Taxes	10 426 943	8 238 919
Other	-	-
<b>Total Provision for Bad Debts on Trade Receivables from non-exchange transactions</b>	<b><u>10 426 943</u></b>	<b><u>8 238 919</u></b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

**20. OPERATING LEASE ARRANGEMENTS**

**20.1 The Municipality as Lessor**

Operating Lease Asset	<u>239 320</u>	<u>271 662</u>
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**Reconciliation**

Balance at the beginning of the year	271 662	277 077
Movement during the year	(32 342)	(5 415)
Balance at the end of the year	<b><u>239 320</u></b>	<b><u>271 662</u></b>

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	404 904	428 002
1 to 5 Years	783 668	1 185 250
More than 5 Years	4 263	7 586
<b>Total Operating Lease Arrangements</b>	<b><u>1 192 835</u></b>	<b><u>1 620 838</u></b>

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

**20.2 The Municipality as Lessee**

Operating Lease Liability	<u>-</u>	<u>-</u>
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>Reconciliation</b>		
Balance at the beginning of the year	-	3 645
Movement during the year	-	(3 645)
Balance at the end of the year	-	-

At the Statement of Financial Position date, where the municipality acts as a lesser under operating leases, it will receive operating lease income as follows:

Up to 1 Year	-	13 275
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	-	<b>13 275</b>

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

**21. BANK ACCOUNTS**

**21.1 Cash and Cash Equivalents**

Current Accounts	2 776 504	-
Call Investments Deposits	14 764 667	21 120 886
Cash Floats	19 630	19 630
Correction of Error - Note 37.10	-	(15 664)
<b>Total Cash and Cash Equivalents - Assets</b>	<b>17 560 801</b>	<b>21 124 852</b>

**21.2 Liabilities**

Current Accounts	-	(5 295 995)
Correction of Error - Note 37.10	-	4 254 647
<b>Total Cash and Cash Equivalents - Liabilities</b>	-	<b>(1 041 348)</b>

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

Call Investments Deposits to an amount of R14 763 667 are held to fund the Unspent Conditional Grants (2011: R18 704 060).

The municipality has the following bank accounts:

**Current Accounts**

ABSA Bank Limited - Account Number 4052704442 (Primary Bank Account):	2 776 504	(1 041 348)
	<b>2 776 504</b>	<b>(1 041 348)</b>

**Call Investment Deposits**

ABSA Bank Limited - Account Number 9233473306 (Housing):	2 352 238	7 280 601
ABSA Bank Limited - Account Number 9233471702 (MIG):	9 954 277	5 483 399
ABSA Bank Limited - Account Number 9233472871 (DME):	1 369 148	5 338 060
ABSA Bank Limited - Account Number 9233473372 (Land Sales):	1 000	2 416 826
ABSA Bank Limited - Account Number 9270778034 (Library):	772 000	-
ABSA Bank Limited - Account Number 9249138970 (FMG):	197 668	1 000
ABSA Bank Limited - Account Number 9255092704 (NDFT):	100 000	600 000
ABSA Bank Limited - Account Number 9249915702 (MSIG)	18 337	1 000
	<b>14 764 667</b>	<b>21 120 886</b>



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Details of bank accounts are as follow:

	2012 R	2011 R
<b>ABSA Bank Limited - Account Number 4052704442 (Primary Bank Account):</b>		
Cash book balance at beginning of year	(1 041 348)	1 694 590
Cash book balance at end of year	2 776 504	(1 041 348)
Bank statement balance at beginning of year	2 209 038	5 359 669
Bank statement balance at end of year	3 263 626	2 209 038
<b>ABSA Bank Limited - Account Number 9233473306 (Housing):</b>		
Cash book balance at beginning of year	7 280 601	995 075
Cash book balance at end of year	2 352 238	7 280 601
Bank statement balance at beginning of year	7 280 601	995 075
Bank statement balance at end of year	2 352 238	7 280 601
<b>ABSA Bank Limited - Account Number 9233471702 (MIG):</b>		
Cash book balance at beginning of year	5 483 399	2 677 507
Cash book balance at end of year	9 954 277	5 483 399
Bank statement balance at beginning of year	5 483 399	2 677 507
Bank statement balance at end of year	9 954 277	5 483 399
<b>ABSA Bank Limited - Account Number 9233472871 (DME):</b>		
Cash book balance at beginning of year	5 338 060	1 349 810
Cash book balance at end of year	1 369 148	5 338 060
Bank statement balance at beginning of year	5 338 060	1 349 810
Bank statement balance at end of year	1 369 148	5 338 060
<b>ABSA Bank Limited - Account Number 9233473372 (Land Sales):</b>		
Cash book balance at beginning of year	2 416 826	2 337 107
Cash book balance at end of year	1 000	2 416 826
Bank statement balance at beginning of year	2 416 826	2 337 107
Bank statement balance at end of year	1 000	2 416 826
<b>ABSA Bank Limited - Account Number 9270778034 (Library):</b>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	772 000	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	772 000	-
<b>ABSA Bank Limited - Account Number 9249138970 (FMG):</b>		
Cash book balance at beginning of year	1 000	-
Cash book balance at end of year	197 668	1 000
Bank statement balance at beginning of year	1 000	-
Bank statement balance at end of year	197 668	1 000
<b>ABSA Bank Limited - Account Number 9255092704 (NDFT):</b>		
Cash book balance at beginning of year	600 000	-
Cash book balance at end of year	100 000	600 000
Bank statement balance at beginning of year	600 000	-
Bank statement balance at end of year	100 000	600 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b><i>ABSA Bank Limited - Account Number 9249915702 (MSIG)</i></b>		
Cash book balance at beginning of year	1 000	-
Cash book balance at end of year	18 337	1 000
<hr/>		
Bank statement balance at beginning of year	1 000	-
Bank statement balance at end of year	18 337	1 000
<hr/>		

22. PROPERTY RATES

**Actual**

<b>Rateable Land and Buildings</b>	22 194 992	22 060 825
Correction of Error - Note 37.20	-	(1 367)
<b>Total Assessment Rates</b>	<b>22 194 992</b>	<b>22 059 458</b>
<hr/>		

**Valuations - 1 July 2011**

<b>Rateable Land and Buildings</b>	2 430 765 364	2 463 165 679
Residential Property	1 419 116 478	1 331 416 905
Industrial Property	416 835 328	469 304 901
Agricultural Purposes	561 342 440	630 662 755
State - National/ Provincial Services	23 349 345	23 198 305
Municipal Property	10 121 773	8 582 813
<b>Total Assessment Rates</b>	<b>2 430 765 364</b>	<b>2 463 165 679</b>
<hr/>		

**Valuations on 1 July 2011:**

	<b>Building Clause Valuation</b>	<b>Site Valuation</b>	<b>Total Valuation</b>
Residential Property	34 060 000	1 385 056 478	1 419 116 478
Industrial Property	1 170 000	415 665 328	416 835 328
Agricultural	-	561 342 440	561 342 440
State - National/ Provincial Services	-	23 349 345	23 349 345
Municipal Property	1 690 000	8 431 773	10 121 773
<b>Total Property Valuations</b>	<b>36 920 000</b>	<b>2 393 845 364</b>	<b>2 430 765 364</b>
<hr/>			

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

Residential	1.362c/R
Commercial	1.416c/R
Agricultural	0.3405c/R
State	1.416c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential and Commercial	- The first R15 000 on the valuation is exempted.
Indigents	- 33½ %
Pensioners	- 33½ %
Commercial Farmers - Agricultural Land	- 33½ %
Government	- 20%

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>23. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b><u>Unconditional</u></b>		
Equitable Share	28 625 000	27 221 134
<b><u>Conditional</u></b>	33 383 146	70 186 805
Grants and Donations	33 383 146	34 347 031
Correction of Error - Note 37.20	-	35 839 774
<b>Total Government Grants and Subsidies</b>	<b>62 008 146</b>	<b>97 407 939</b>
Government Grants and Subsidies - Operating	43 822 338	47 195 475
Government Grants and Subsidies - Capital	18 185 808	15 935 177
<b>Total Government Grants and Subsidies</b>	<b>62 008 146</b>	<b>63 130 652</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	28 625 000	27 221 134
Community Services: Community Development	2 306 855	19
Community Services: Public Safety	-	21 624
Financial Services	2 002 985	-
Infrastructure, Engineering and Technical	19 530 377	35 839 774
Municipal Manager	9 542 929	48 100
<b>Total Government Grants and Subsidies</b>	<b>62 008 146</b>	<b>63 130 652</b>

**23.1 Equitable Share**

Opening balance	-	-
Correction of Error - Note 37.6	-	-
Grants received	28 625 000	27 221 134
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(28 625 000)	(27 221 134)
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	-	-

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

**23.2 Local Government Financial Management Grant (FMG)**

Opening balance	(217 839)	(260 163)
Correction of Error - Note 37.7	-	275 529
Grants received	1 450 000	1 200 000
Repaid to National Revenue Fund	(446 000)	-
Interest	-	-
Conditions met - Operating	(1 228 867)	(1 433 205)
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	(442 706)	(217 839)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>23.3 <u>DME: Electrification</u></b>		
Opening balance	3 580 198	(3 748 687)
Correction of Error - Note 37.7	-	(248 435)
Grants received	7 156 000	15 000 000
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(10 714 810)	(7 422 680)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>21 388</u>	<u>3 580 198</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

<b>23.4 <u>Municipal Infrastructure Grant (MIG)</u></b>		
Opening balance	4 233 223	1 062 268
Correction of Error - Note 37.6	-	(1 366 956)
Grants received	13 263 000	12 052 050
Repaid to National Revenue Fund	(532 000)	-
Interest	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(6 126 591)	(7 514 139)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>10 837 631</u>	<u>4 233 223</u>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

<b>23.5 <u>Municipal Systems Improvement Grant (MSIG)</u></b>		
Opening balance	1 456	(357 930)
Correction of Error - Note 37.7	-	617 805
Grants received	790 000	748 086
Repaid to National Revenue Fund	(622 000)	-
Interest	-	-
Conditions met - Operating	(634 303)	(442 144)
Conditions met - Capital	(139 815)	(564 361)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>(604 662)</u>	<u>1 456</u>

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

<b>23.6 <u>EPWP Grant</u></b>		
Opening balance	738 122	-
Correction of Error - Note 37.6	-	-
Grants received	-	900 000
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(2 422 285)	(94 055)
Conditions met - Capital	-	(67 823)
Provision for Debt Impairment	1 684 163	-
Conditions still to be met	<u>0</u>	<u>738 122</u>

The EPWP Grant was used for job creation.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>23.7 <u>DWAF - Drought Relief Grant</u></b>		
Opening balance	(88 188)	-
Correction of Error - Note 37.7	-	-
Grants received	-	172 402
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(50 064)	(260 590)
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>(138 252)</u>	<u>(88 188)</u>

The grant was used for drought relief for emerging farmers.

<b>23.8 <u>DWAF - WSACDBP</u></b>		
Opening balance	510 747	479 654
Correction of Error - Note 37.6	-	(18 018)
Grants received	669 487	49 111
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(177 090)	-
Conditions met - Capital	(830 582)	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>172 563</u>	<u>510 747</u>

The grant was used for Blue and Green Drop investigations.

<b>23.9 <u>Library Grant</u></b>		
Opening balance	533 160	-
Correction of Error - Note 37.6	-	-
Grants received	772 000	575 849
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(530 547)	(34 831)
Conditions met - Capital	(7 858)	(7 858)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>766 755</u>	<u>533 160</u>

The grant was used for library activities.

<b>23.10 <u>Project Nala Grant</u></b>		
Opening balance	400 000	-
Correction of Error - Note 37.6	-	400 000
Grants received	-	-
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(611 253)	-
Conditions met - Capital	-	-
Provision for Debt Impairment	211 253	-
Conditions still to be met	<u>-</u>	<u>400 000</u>

The grant was used for various projects.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>23.11 Taxi Rank Grant</b>		
Opening balance	(312)	-
Correction of Error - Note 37.6	-	-
Grants received	-	-
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	(312)
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>(312)</u>	<u>(312)</u>

The grant was used to build a taxi rank.

<b>23.12 Department of Agriculture Grant</b>		
Opening balance	-	(162 040)
Correction of Error - Note 37.6	-	-
Grants received	-	162 040
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The grant was used to assist emerging farmers.

<b>23.13 Tourism</b>		
Opening balance	-	-
Correction of Error - Note 37.6	-	-
Grants received	730 000	-
Repaid to National Revenue Fund	-	-
Interest	1 482	-
Conditions met - Operating	(694 924)	-
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>36 558</u>	<u>-</u>

The grant was used for tourism activities.

<b>23.14 Sport Development Grant</b>		
Opening balance	308 500	308 500
Correction of Error - Note 37.6	-	284 084
Grants received	-	-
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(284 084)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>308 500</u>	<u>308 500</u>

The grant was used to upgrade sportfields.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>23.15 Housing Grant</b>		
Opening balance	5 490 962	1 825 074
Correction of Error - Note 37.6	-	(1 761 598)
Grants received	5 115 638	21 548 103
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	(8 848 004)	(16 120 617)
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>1 758 596</u>	<u>5 490 962</u>

The Housing grant was utilised for the development of erven and the erection of top structures.

**23.16 District Municipality - Various Projects**

Opening balance	906 821	851 168
Correction of Error - Note 37.6	-	102 435
Grants received	-	-
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(366 151)	(46 782)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>540 670</u>	<u>906 821</u>

The grant was used for various projects in the Nama Khoi jurisdiction.

**23.17 District Municipality - Fire Equipment**

Opening balance	4 503	-
Correction of Error - Note 37.6	-	-
Grants received	47 761	31 953
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(27 450)
Provision for Debt Impairment	-	-
Conditions still to be met	<u>52 264</u>	<u>4 503</u>

The grant was used to upgrade fire equipment.

**23.18 District Municipality - World Cup 2010**

Opening balance	52 139	(29 061)
Correction of Error - Note 37.6	-	-
Grants received	-	107 300
Repaid to National Revenue Fund	-	-
Interest	-	-
Conditions met - Operating	-	(26 100)
Conditions met - Capital	-	-
Provision for Debt Impairment	-	-
Conditions still to be met	<u>52 139</u>	<u>52 139</u>

The grant was used to finance World Cup 2010 activities.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>23.19 Total Grants</b>		
Opening balance	16 453 491	(31 217)
Correction of Error - Note 37.6 & 37.7	-	(1 715 155)
Grants received	58 618 886	79 768 028
Repaid to National Revenue Fund	(1 600 000)	-
Interest	1 482	-
Conditions met - Operating	(43 822 338)	(45 632 988)
Conditions met - Capital	(18 185 808)	(15 935 177)
Provision for Debt Impairment - Note 31	1 895 416	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>13 361 130</u>	<u>16 453 491</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	14 547 062	16 758 374
Unpaid Conditional Government Grants and Receipts	(1 185 932)	(304 883)
<b>Total</b>	<u><b>13 361 130</b></u>	<u><b>16 453 491</b></u>
<b>24. SERVICE CHARGES</b>		
<b>Electricity</b>	<b>39 560 582</b>	<b>32 885 194</b>
Service Charges	45 138 250	38 402 206
Correction of Error - Note 37.20	-	7 397
<u>Less:</u> Income Forgone	(5 577 668)	(5 524 409)
<b>Water</b>	<b>17 837 253</b>	<b>16 793 624</b>
Service Charges	17 837 253	16 796 208
Correction of Error - Note 37.20	-	(2 584)
<b>Refuse Removal</b>	<b>6 442 125</b>	<b>5 945 432</b>
Service Charges	6 442 125	5 945 886
Correction of Error - Note 37.20	-	(454)
<b>Sewerage and Sanitation Charges</b>	<b>5 321 540</b>	<b>4 939 055</b>
Service Charges	5 321 540	4 941 358
Correction of Error - Note 37.20	-	(2 303)
<b>Total Service Charges</b>	<u><b>69 161 500</b></u>	<u><b>60 563 305</b></u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
<b>25. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	262 492	237 360
Other rentals	627 709	803 946
Correction of Error - Note 37.20	-	15 018
<b>Total Rental of Facilities and Equipment</b>	<u><b>890 201</b></u>	<u><b>1 056 324</b></u>
<b>26. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	125 097	251 801
Financial assets	592 756	470 919
Correction of Error - Note 37.20	-	(6 255)
<b>Total Interest Earned - External Investments</b>	<u><b>717 853</b></u>	<u><b>716 464</b></u>



NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>27. INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
Long-term Receivables	52 023	54 786
Trade Receivables	1 169 050	948 194
Other Receivables	1 529	-
Correction of Error - Note 37.20	-	21
<b>Total Interest Earned - Outstanding Receivables</b>	<b>1 222 602</b>	<b>1 003 001</b>
<b>28. OTHER INCOME</b>		
Airport Fuel Service	1 207	3 971
Blocked Sewer Removal	379	182
Building Plans	166 906	133 844
Cash Surpluses	737	-
Cemetery Fees	73 922	42 622
Commission Collections	35 221	42 535
Communal Water Taps	5 654	14 735
Connection Fee	250 822	666 221
Fire Brigade Fees	22 017	16 520
Fuel Sales	85 406	70 636
Grazing Fees	614 838	674 657
Insurance Claims	11 843	-
Land Sales	618 421	303 443
Landing Fees	14 863	35 893
Legal Actions Collections	26 126	-
Photocopies	16 786	14 122
Private Jobs	12 391	26 512
Refuse Removal	1 227	4 363
Rezoning Fees	47 063	45 964
SCM Database Fee	1 005	1 412
Sundry	829 408	1 266 343
Tender/Quotation Fee	35 622	49 224
Testing of Meters	391	-
Valuation Certificates	19 294	29 077
Correction of Error - Note 37.20	-	536 560
<b>Total Other Income</b>	<b>2 891 549</b>	<b>3 978 836</b>
<b>29. EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages	36 214 767	27 332 160
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6 077 732	5 211 123
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 965 749	3 236 260
Housing Benefits and Allowances	288 577	326 098
Overtime Payments	2 178 985	1 553 205
Bonuses	2 609 523	2 094 755
Provision for leave	954 906	524 701
Contribution to provision - Post Retirement Medical - Note 5	1 025 637	751 102
Correction of Error - Note 37.20	-	183 834
	53 315 875	41 213 238
<b>Less:</b> Employee Costs allocated elsewhere	-	-
<b>Total Employee Related Costs</b>	<b>53 315 875</b>	<b>41 213 238</b>

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager - Mr NA Baartman (Current)</i>		
Annual Remuneration	407 640	-
Back Pay	17 532	-
Severance Package	160 000	-
Car Allowance	95 000	-
Telephone Allowance	13 579	-
Bonus	10 064	-
Contributions to UIF, Medical and Pension Funds	74 535	-
<b>Total</b>	<b>778 349</b>	<b>-</b>
<i>Remuneration of the Municipal Manager - Me M L Brandt (Former)</i>		
Annual Remuneration	-	734 702
Car Allowance	-	120 000
Housing Allowance	-	27 500
Contributions to UIF, Medical and Pension Funds	-	105 258
<b>Total</b>	<b>-</b>	<b>987 460</b>
<i>Remuneration of the Municipal Manager - Me M Booysen (Acting)</i>		
Annual Remuneration	155 301	-
Acting Allowance	137 748	-
Car Allowance	13 327	-
Housing Allowance	168	-
Telephone allowance	360	-
Bonus	19 206	-
Contributions to UIF, Medical and Pension Funds	28 341	-
<b>Total</b>	<b>354 453</b>	<b>-</b>
<i>Remuneration of Chief Financial Officer - Me NP Mdaka (Current)</i>		
Annual Remuneration	78 058	-
Car Allowance	10 000	-
Contributions - UIF, Medical, Pension	129	-
<b>Total</b>	<b>88 187</b>	<b>-</b>
<i>Remuneration of Head: Finance - Mr WJ Bowers (Former)</i>		
Annual Remuneration	315 380	330 650
Back Pay	28 574	-
Car Allowance	127 600	139 200
Housing Allowance	2 974	3 610
Bonus	26 939	-
Contributions to UIF, Medical and Pension Funds	91 483	89 227
<b>Total</b>	<b>592 950</b>	<b>562 687</b>
<i>Remuneration of Head: Corporate Services - Mr D C Magerman (Acting)</i>		
Annual Remuneration	174 019	420 517
Acting Allowance	51 961	-
Back Pay	2 327	-
Car Allowance	39 982	53 310
Telephone allowance	4 500	-
Bonus	19 206	-
Contributions - UIF, Medical, Pension	41 556	48 499
<b>Total</b>	<b>333 551</b>	<b>522 326</b>
<i>Remuneration of Head: Corporate Services - Mr JP Mapanka (Current)</i>		
Annual Remuneration	138 497	-
Car Allowance	24 000	-
Contributions - UIF, Medical, Pension	387	-
<b>Total</b>	<b>162 884</b>	<b>-</b>

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>Remuneration of Head: Community Development - Mrs BB Williams (Acting)</b>		
Annual Remuneration	91 173	438 851
Acting Allowance	17 915	-
Car Allowance	13 327	53 310
Housing Allowance	-	1 506
Telephone allowance	1 500	-
Contributions - UIF, Medical, Pension	22 995	64 947
<b>Total</b>	<b>146 910</b>	<b>558 614</b>
<b>Remuneration of Head: Community Development - Mr M Booysen (Acting)</b>		
Annual Remuneration	181 033	-
Acting Allowance	60 905	-
Back Pay	21 040	-
Car Allowance	39 982	-
Housing Allowance	505	-
Telephone allowance	1 080	-
Bonus	-	-
Contributions - UIF, Medical, Pension	33 746	-
<b>Total</b>	<b>338 290</b>	<b>-</b>
<b>Remuneration of Head: Electrical Services - Mr PJ Opperman</b>		
Annual Remuneration	407 366	415 056
Car Allowance	271 584	236 000
Housing Allowance	3 000	1 250
Bonus	33 947	-
Contributions - UIF, Medical, Pension	1 547	1 547
<b>Total</b>	<b>717 444</b>	<b>653 853</b>
<b>Remuneration of Head: Internal Audit - Mrs AM Beukes</b>		
Annual Remuneration	337 228	318 134
Back Pay	47 640	-
Car Allowance	139 200	139 200
Housing Allowance	-	1 185
Telephone allowance	7 327	-
Bonus	25 456	-
Contributions - UIF, Medical, Pension	109 287	95 355
<b>Total</b>	<b>666 138</b>	<b>553 874</b>
<b>Remuneration of Head: Technical Services - Mr JS Cloete</b>		
Annual Remuneration	346 129	330 650
Back Pay	34 289	-
Car Allowance	139 200	139 200
Housing Allowance	5 909	5 676
Bonus	30 749	-
Contributions - UIF, Medical, Pension	85 683	76 321
<b>Total</b>	<b>641 959</b>	<b>551 847</b>
<b>Remuneration of Head: LED and Housing - Mr RC Hartley</b>		
Annual Remuneration	281 014	277 134
Acting Allowance	13 846	-
Back Pay	15 105	-
Car Allowance	127 200	127 200
Housing Allowance	6 264	5 676
Telephone allowance	-	-
Bonus	22 579	-
Contributions - UIF, Medical, Pension	83 449	76 325
<b>Total</b>	<b>549 457</b>	<b>486 335</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>30. REMUNERATION OF COUNCILLORS</b>		
Mayor	630 735	550 631
Speaker	508 356	442 683
Mayoral Committee Members	548 310	478 741
Councillors	2 539 122	2 242 717
Correction of Error - Note 37.20	-	23 999
<b>Total Councillors' Remuneration</b>	<b>4 226 523</b>	<b>3 738 771</b>
<b><i>In-kind Benefits</i></b>		
<p>The Executive Mayor and Speaker are full-time Councillors. Each is provided with an office and secretarial support at the cost of the Municipality. Each councillor is provided with a laptop at the cost of the Municipality for official duties.</p>		
<b><i>Certification by the Municipal Manager</i></b>		
<p>I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.</p>		
<p>.....  <b>Signed: Municipal Manager</b></p>		
<b>31. DEBT IMPAIRMENT</b>		
Long-term Receivables - Note 20	541 486	-
Receivables from exchange transactions - Note 22	4 219 830	1 299 996
Receivables from non-exchange transactions - Note 23	2 217 088	-
Unpaid Government Grants and Receipts - Note 23.18	1 895 416	-
Correction of Error - Note 37.20	-	4 777 081
	<b>8 873 820</b>	<b>6 077 077</b>
<b>Less:</b> VAT Portion on Debt Impairment	(518 225)	4 434
<b>Total Debt Impairment</b>	<b>8 355 596</b>	<b>6 081 512</b>
<b>32. DEPRECIATION AND AMORTISATION</b>		
Property, plant and equipment	857 190	1 261 368
Intangible assets	-	-
Investment property carried at cost	-	-
Correction of Error - Note 37.20	-	(631 143)
<b>Total Depreciation and Amortisation</b>	<b>857 190</b>	<b>630 225</b>
<b>33. FINANCE COSTS</b>		
Long-term Liabilities	864 906	1 089 711
Payables from exchange transactions	529 466	105 075
Non-current Employee Benefits	1 181 025	1 002 438
Non-current Provisions	962 463	264 415
Current Employee Benefits	34 317	-
Correction of Error - Note 37.20	-	951 037
<b>Total Finance Costs</b>	<b>3 572 177</b>	<b>3 412 676</b>
<b>34. BULK PURCHASES</b>		
Electricity	42 624 492	32 463 281
Water	14 679 815	14 392 567
Correction of Error - Note 37.20	-	834 479
<b>Total Bulk Purchases</b>	<b>57 304 308</b>	<b>47 690 327</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>35. GENERAL EXPENSES</b>		
Advertisement	355 457	212 124
Audit Committee	188 087	164 061
Audit Fees	1 441 195	1 035 823
Bank Charges	423 166	340 170
Books, Magazines & Publication	33 848	15 322
Cash Shortages	-	693
Cleaning	180 737	89 957
Conferences & Seminars	16 945	-
Consultancy	-	69 496
Data Lines & Modem Costs	106 858	87 695
Employee Recruitment Expense	100 663	22 588
Entertainment	2 394	2 545
Feed Purchases	1 320	2 842
Fuel Airport	104 867	64 669
Fuel and Oil	3 197 104	2 388 649
Insurance	510 167	489 735
Internal Audit	-	7 205
Lease Payments	222 944	74 674
Legal Expenses	590 518	548 292
Library Programs	134 049	50 942
Library Week	-	908
Licences	172 422	180 674
Live Stock - Dip/Vaccination	13 218	-
Medical Examinations	30 384	4 054
Membership & Subscriptions	270 003	32 141
Other	1 418 867	919 616
Pauper Burials	-	1 366
Postage	502 697	529 491
Printing and Stationary	425 878	299 107
Refreshments	155 066	91 441
Refuse Bags	17 003	7 420
Refuse Bins	-	204
Refuse Cleaning Project	140 330	52 000
Rent	-	8 100
Security	18 580	-
Sport Governing Bodies	-	147 800
Stray Dogs	6 484	10 549
Telephone	1 118 042	1 103 886
Test of Smamples	101 197	61 709
Test Station Service	121 932	4 380
Toolbox Items	11 080	-
Training	815 834	41 466
Travelling and Subsistence	1 556 009	685 132
Unforeseen Expenditure	87 379	267 671
Valuation Appeal Board	-	20 337
Ward Meetings	19 477	2 898
Water Analysis	-	44 618
Water Week	166 237	-
Correction of Error - Note 37.20	-	1 176 033
Total General Expenses	<b>14 778 438</b>	<b>11 360 483</b>
<b>36. GAIN/ (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment	(52 219)	-
<b>Total Gain/ (Loss) on Sale of Assets</b>	<b>(52 219)</b>	<b>-</b>
<b>37. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>37.1 Donations and Public Contributions Reserve</b>		
<b>Balance previously reported</b>	-	23 854 808
Transfer to Accumulated Surplus - Note 2	-	(23 854 808)
<b>Restated Balance</b>	<u>-</u>	<u>-</u>
Transfer Donations and Public Contribution Reserve to Accumulated Surplus.		
<b>37.2 Non-Current Provisions</b>		
<b>Balance previously reported</b>	-	7 526 378
Contribution for the year - periods before 1 July 2010 - Note 4	-	2 703 171
Contribution for the year - 2010/2011 - Note 4	-	34 539
<b>Restated Balance</b>	<u>-</u>	<u>10 264 088</u>
Contributions to Rehabilitation of Landfill-sites not previously recognised.		
<b>37.3 Consumer Deposits</b>		
<b>Balance previously reported</b>	-	1 320 826
Correction of Consumer Deposit Account - Note 6	-	39
<b>Restated Balance</b>	<u>-</u>	<u>1 320 865</u>
Reversal of repayment of Consumer Deposit.		
<b>37.4 Current Employee Benefits</b>		
<b>Balance previously reported</b>	-	3 758 059
Contribution to Staff Bonuses - periods before 1 July 2010 - Note 7	-	3 033
Contribution to Staff Bonuses - 2010/2011 - Note 7	-	461
Interest on Shortfall in Cape Joint Pension Fund not previously recognised - periods before 1 July 2010 - Note 7	-	12 751
Interest on Shortfall in Cape Joint Pension Fund not previously recognised - 2010/2011 - Note 7	-	34 223
<b>Restated Balance</b>	<u>-</u>	<u>3 808 527</u>
Correction of Contribution to Staff Bonuses and interest on Shortfall of Cape Joint Pension Fund.		
<b>37.5 Payables from Exchange Transactions</b>		
<b>Balance previously reported</b>	-	9 754 751
Correction of Trade Payables - Note 8	-	1 821 581
Correction of Retentions - Note 8	-	(879 504)
Correction of Other Creditors - Note 8	-	3 691 386
Correction of Other Deposits - Note 8	-	(200)
Correction of Payments recorded in the incorrect financial period - Note 8	-	3 957 576
Reversal of cancelled cheques - Note 8	-	297 072
Contra Suspense Account disclosed under Receivables from Non-Exchange Transactions - Note 8	-	2 387 897
<b>Restated Balance</b>	<u>-</u>	<u>21 030 558</u>
Correction of Payables from Exchange Transactions.		
<b>37.6 Unspent Conditional Government Grants and Receipts</b>		
<b>Balance previously reported</b>	-	19 366 863
Transactions not previously recorded - Note 9	-	(1 400 685)
Grant from Namakwa District Municipality previously disclosed under Unspent Public Contributions - Note 9	-	600 000
Expenses for Housing Grant recorded under Receivables from Non-Exchange Transactions - Note 9	-	(1 807 804)
<b>Restated Balance</b>	<u>-</u>	<u>16 758 374</u>
Correction of transactions on Unspent Conditional Government Grants and Receipts.		

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>37.7 Unpaid Conditional Government Grants and Receipts</b>		
<b>Balance previously reported</b>	-	1 198 217
Transactions not previously recorded - Note 9	-	(893 334)
<b>Restated Balance</b>	<u>-</u>	<u>304 883</u>

Correction of transactions on Unpaid Conditional Government Grants and Receipts.

<b>37.8 Unspent Conditional Public Contributions and Receipts</b>		
<b>Balance previously reported</b>	-	644 256
Grant from Namakwa District Municipality previously disclosed under Unspent Public Contributions - Note 10	-	(600 000)
Interest capitalised incorrectly as Unspent Conditional Public Contribution - Note 10	-	(3 894)
<b>Restated Balance</b>	<u>-</u>	<u>40 362</u>

Government Grant recognised incorrectly as Public Grant in prior year.

<b>37.9 Taxes</b>		
<b>Balance previously reported</b>	-	2 616 432
Correction of VAT Suspense Accounts - Note 11	-	2 873 878
Correction of VAT on Debt Impairment - periods before 1 July 2010 - Note 11	-	(2 418 770)
Correction of VAT on Debt Impairment - 2010/2011 - Note 11	-	4 434
<b>Restated Balance</b>	<u>-</u>	<u>3 075 974</u>

Correction of VAT Suspense Accounts and provision for VAT on Debt Impairment.

<b>37.10 Cash and Cash Equivalents</b>		
<b>Balance previously reported</b>	-	15 845 721
Correction of Payments recorded in the incorrect financial period - Note 21.2	-	3 957 576
Reversal of cancelled cheques - Note 21.2	-	297 072
Petty Cash transactions not recorded - Note 21.1	-	(16 864)
<b>Restated Balance</b>	<u>-</u>	<u>20 083 504</u>

Correction of payments made to suppliers and petty cash expenses recorded in the incorrect financial period.

<b>37.11 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>	-	371 148 329
Cost	-	(170 270)
Property, Plant and Equipment previously recognised as Intangible Assets - Note 13	-	17 500
Investment Property previously recognised as Property, Plant and Equipment - Note 13	-	(150 000)
Land and Buildings previously recognised incorrectly - Note 13	-	(13 885)
Infrastructure previously recognised incorrectly - Note 13	-	2 412 592
Community Assets previously recognised incorrectly - Note 13	-	(26 228)
Other Assets previously recognised incorrectly - Note 13	-	(2 703 169)
Items of Property, Plant and Equipment not capitalised in 2010/2011 - Note 13	-	248 592
Lease Assets not recognised in prior years - Note 13	-	44 328
Accumulated Depreciation	-	(3 099 250)
Depreciation previously recognised as Amortisation - Note 13	-	(3 251)
Depreciation on Land and Buildings recognised incorrectly - Note 13	-	14 978
Depreciation on Infrastructure recognised incorrectly - Note 13	-	(3 128 913)
Depreciation on Community Assets recognised incorrectly - Note 13	-	898
Depreciation on Other Assets recognised incorrectly - Note 13	-	35 266
Depreciation on Lease Assets not recognised in prior years - Note 13	-	(18 229)
<b>Restated Balance</b>	<u>-</u>	<u>367 878 810</u>

Items of Property, Plant and Equipment recognised incorrectly in prior years and correction of depreciation of Property, Plant and Equipment.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>37.12 Investment Property</b>		
<b>Balance previously reported</b>	-	163 255
Cost	-	150 000
Investment Property previously recognised as Property, Plant and Equipment - Note 14	-	150 000
Accumulated Depreciation	-	(14 620)
Depreciation not recognised in periods before 1 July 2010 - Note 14	-	(4 873)
Depreciation not recognised in 2010/2011 - Note 14	-	(9 747)
<b>Restated Balance</b>	<b>-</b>	<b>298 635</b>

Investment Property not recognised in prior years.

**37.13 Intangible Assets**

<b>Balance previously reported</b>	-	19 402
Cost	-	(17 500)
Property, Plant and Equipment previously disclosed as Intangible Assets - Note 15	-	(17 500)
Accumulated Depreciation	-	3 251
Depreciation previously recognised as amortisation - Note 15	-	3 251
<b>Restated Balance</b>	<b>-</b>	<b>5 153</b>

Property, Plant and Equipment previously disclosed as Intangible Assets.

**37.14 Long-term Receivables**

<b>Balance previously reported</b>	-	561 413
Correction of Housing Loans - Note 16	-	21 838
Receivables with repay arrangements previously disclosed under Receivables from Non-Exchange Transactions - Note 16	-	941 883
Receivables with repay arrangements previously disclosed under Receivables from Exchange Transactions - Note 16	-	1 836 850
Current Portion of Housing Loans not disclosed under Receivables from Exchange Transactions in prior years - Note 16	-	(194 549)
Current Portion of Receivables with repay arrangements not disclosed under Receivables from Exchange Transactions in prior years - Note 16	-	(579 334)
Current Portion of Receivables with repay arrangements not disclosed under Receivables from Non-Exchange Transactions in prior years - Note 16	-	(361 576)
Provision for Debt Impairment on current portion of Receivables with repay arrangements not disclosed under Receivables from Exchange Transactions - Note 16	-	579 334
Provision for Debt Impairment on current portion of Receivables with repay arrangements not disclosed under Receivables from Non-Exchange Transactions - Note 16	-	361 576
Provision for Debt Impairment previously disclosed under Receivables from Exchange Transactions - Note 16	-	(3 186 548)
Provision for Debt Impairment for 2010/2011 - Note 16	-	407 816
<b>Restated Balance</b>	<b>-</b>	<b>388 702</b>

Correction of Housing Loans, Receivables with repay arrangements and provision for Debt Impairment on Long-term Receivables.

**37.15 Inventory**

<b>Balance previously reported</b>	-	1 729 609
Correction of Consumable Stores - Note 17	-	(710 826)
<b>Restated Balance</b>	<b>-</b>	<b>1 018 783</b>

Correction of Consumable Stores.



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>37.16 Receivables from Exchange Transactions</b>		
<b>Balance previously reported</b>	-	9 851 880
Correction of Consumer Accounts - Electricity - Note 18	-	698
Correction of Consumer Accounts - Water - Note 18	-	164
Correction of Consumer Accounts - Refuse - Note 18	-	42
Correction of Consumer Accounts - Sewerage - Note 18	-	47
Correction of Unidentified Deposits - Note 18	-	(148 754)
Receivables with repay arrangements longer than 12 months previously disclosed under Current Assets - Note 18	-	(1 836 850)
Current Portion of Receivables with repay arrangements not disclosed under Receivables from Exchange Transactions in prior years - Note 18	-	579 334
Provision for Debt Impairment on current portion of Receivables with repay arrangements not disclosed under Receivables from Exchange Transactions - Note 18	-	(579 334)
Provision for Debt Impairment for Long-term Receivables previously disclosed under Receivables from Exchange Transactions - Note 18	-	3 186 548
Additional provision for Debt Impairment for periods before 1 July 2010 - Note 18	-	(10 603 308)
Reversal of provision for Debt Impairment for 2010/2011 - Note 18	-	1 299 996
Provision for Debt Impairment for 2010/2011 - Note 18	-	36 109
<b>Restated Balance</b>	<b>-</b>	<b>1 786 571</b>

Correction of Consumer Accounts and Provision for Debt Impairment.

<b>37.17 Receivables from Non-Exchange Transactions</b>		
<b>Balance previously reported</b>	-	10 801 034
Correction of Consumer Accounts - Property Taxes - Note 19	-	489
Correction of Motor Vehicle Registrations - Note 19	-	7 787 033
Correction of RD Cheques - Note 19	-	(2 363)
Correction of Sundry Debtors - Note 19	-	(22 279)
Contra Suspense Account previously disclosed under Payables from Exchange Transactions - Note 37.5	-	2 387 897
Expenses for Housing Grant recorded under Receivables from Non-Exchange Transactions - Note 9	-	(1 807 804)
Current Portion of Receivables with repay arrangements not disclosed under Receivables from Non-Exchange Transactions in prior years - Note 19	-	361 576
Provision for Debt Impairment on current portion of Receivables with repay arrangements not disclosed under Receivables from Non-Exchange Transactions - Note 19	-	(361 576)
Receivables with repay arrangements longer than 12 months previously disclosed under Current Assets - Note 19	-	(941 883)
Provision for Debt Impairment for 2010/2011 - Note 19	-	(6 521 002)
<b>Restated Balance</b>	<b>-</b>	<b>11 681 122</b>

Correction of Consumer Accounts, Sundry Debtors and Provision for Debt Impairment.

<b>37.18 Long-term Liabilities</b>		
<b>Balance previously reported</b>	-	5 168 111
Finance Leases not recognised in prior years - Note 3	-	44 328
Redemption on Finance Leases not recognised in prior years - Note 3	-	(17 268)
<b>Restated Balance</b>	<b>-</b>	<b>5 195 171</b>

Cellphone Leases not recognised in prior years.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>37.19 Accumulated Surplus/(Deficit) - 1 July 2010</b>		
Reversal of Donations and Public Contributions Reserve - Note 37.1	-	23 854 808
Contribution to Rehabilitation of landfill-sites - periods before 1 July 2010 - Note 37.2	-	(2 703 171)
Interest on Shortfall in Cape Joint Pension Fund not previously recognised - Note 37.4	-	(12 751)
Contribution to Staff Bonuses - periods before 1 July 2010 - Note 37.4	-	(3 033)
Correction of Payables from Exchange Transactions - Note 37.5	-	474 431
Correction of Retentions - Note 37.5	-	860 233
Correction of VAT Suspense Accounts - Note 37.9	-	(2 732 430)
Correction of VAT on Debt Impairment - Note 37.9	-	2 418 770
Additional provision for Debt Impairment - Note 37.16	-	(10 603 308)
Correction of Consumable Stores - Note 37.15	-	(315 276)
Land and Buildings previously recognised incorrectly - Note 37.11	-	(13 885)
Infrastructure previously recognised incorrectly - Note 37.11	-	2 412 592
Community Assets previously recognised incorrectly - Note 37.11	-	(26 228)
Other Assets previously recognised incorrectly - Note 37.11	-	(2 703 169)
<b>Total</b>	<b>-</b>	<b>10 907 583</b>

**37.20 Changes to Statement of Financial Performance**

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>			
Property taxes	22 060 825	(1 367)	22 059 458
Government Grants and Subsidies	27 290 878	35 839 774	63 130 652
Public Contributions and Donations	63 500	-	63 500
Fines	177 837	100	177 937
Property Rates - penalties imposed and collection charges	456 252	-	456 252
Service Charges	60 561 249	2 056	60 563 305
Rental of Facilities and Equipment	1 041 306	15 018	1 056 324
Interest Earned - external investments	722 720	(6 255)	716 465
Interest Earned - outstanding receivables	1 002 980	21	1 003 001
Licences and Permits	1 010 881	(808)	1 010 073
Income for Agency Services	941 878	46 420	988 298
Other Income	3 442 085	536 751	3 978 836
Unamortised Discount - Interest	6 338	-	6 338
<b>Total</b>	<b>118 778 729</b>	<b>36 431 711</b>	<b>155 210 440</b>
<b>Expenditure</b>			
Employee related costs	(41 029 404)	(183 834)	(41 213 238)
Remuneration of Councillors	(3 714 772)	(23 999)	(3 738 771)
Debt Impairment	(1 299 996)	(4 781 516)	(6 081 512)
Collection Costs	-	-	-
Depreciation and Amortisation	(1 261 368)	631 143	(630 225)
Repairs and Maintenance	(7 118 357)	(285 910)	(7 404 267)
Unamortised Discount - Interest	(341 012)	-	(341 012)
Actuarial Losses	(919 729)	-	(919 729)
Finance Costs	(2 461 639)	(951 037)	(3 412 676)
Bulk Purchases	(46 855 848)	(834 479)	(47 690 327)
Contracted Services	(842 942)	135 045	(707 898)
Other Operating Grant Expenditure	(19 425)	(34 877 287)	(34 896 712)
General Expenses	(10 184 450)	(1 176 033)	(11 360 483)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	(152 778)	(152 778)
<b>Total</b>	<b>(116 048 942)</b>	<b>(42 500 687)</b>	<b>(158 549 629)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>2 729 787</b>	<b>(6 068 975)</b>	<b>(3 339 188)</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>38. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	1 619 221	(3 339 188)
<b>Adjustments for:</b>		
Depreciation and amortisation	857 190	-
Loss/(Gain) on disposal of property, plant and equipment	52 219	-
Impairment Loss/(Reversal of Impairment Loss)	294 820	-
Contribution to provisions – Non-Current Provisions	962 463	-
Contribution from/to provisions - Non-Current Employee Benefits	2 034 911	2 602 296
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(3 069)	-
Contribution to provisions – Bad debt	8 355 596	1 299 996
Unamortised Discounts - Interest Paid	259 182	-
Operating lease income accrued	32 342	-
Operating lease expenses accrued	-	(3 645)
Operating Surplus/(Deficit) before changes in working capital	14 464 874	559 459
Changes in working capital	7 442 500	15 132 484
Increase/(Decrease) in Consumer Deposits	62 269	61 197
Increase/(Decrease) in Employee Benefits	1 254 478	264 415
Increase/(Decrease) in Trade and Other Payables	30 003 523	(9 126 016)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(2 206 506)	15 444 092
Increase/(Decrease) in Taxes	(2 295 317)	726 769
(Increase)/Decrease in Inventory	(392 971)	(1 037 837)
(Increase)/Decrease in Trade Receivables from exchange transactions	(3 846 221)	(4 793 330)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(12 360 288)	10 233 530
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(2 776 467)	3 359 664
<b>Cash generated/(absorbed) by operations</b>	<b>21 907 374</b>	<b>15 691 943</b>
<b>39. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 21.1	2 776 504	-
Call Investments Deposits - Note 21.1	14 764 667	21 120 886
Cash Floats - Note 21.1	19 630	3 966
Bank Overdraft - Note 21.2	-	(1 041 348)
<b>Total cash and cash equivalents</b>	<b>17 560 801</b>	<b>20 083 504</b>
<b>40. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 39	17 560 801	20 083 504
<b>Less:</b>	(15 372 887)	(19 874 711)
Unspent Committed Conditional Grants - Note 10	(14 551 868)	(16 758 374)
Unspent Public Contribution - Note 11	(40 362)	(40 362)
VAT - Note 11	(780 657)	(3 075 974)
Net cash resources available for internal distribution	2 187 914	208 794
Allocated to:		
Capital Replacement Reserve	-	(1 500 000)
<b>Resources available for working capital requirements</b>	<b>2 187 914</b>	<b>(1 291 206)</b>

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	7 350 311	8 912 989
Used to finance property, plant and equipment - at cost	(7 350 311)	(8 912 989)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

**42. BUDGET COMPARISONS**

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
<b>42.1 Operational Budget by source/type</b>				
<b>Revenue by source</b>				
Property rates	22 194 992	20 693 477	1 501 515	7.26%
Property rates - penalties & collection charges	596 779	557 530	39 249	7.04%
Service charges - electricity revenue	39 560 582	39 975 855	(415 273)	-1.04%
Service charges - water revenue	17 837 253	16 727 788	1 109 465	6.63%
Service charges - sanitation revenue	5 321 540	5 287 128	34 412	0.65%
Service charges - refuse revenue	6 442 125	6 391 732	50 393	0.79%
Service charges - other	-	-	-	-
Rental of facilities and equipment	890 201	867 366	22 835	2.63%
Interest earned - external investments	717 853	683 584	34 269	5.01%
Interest earned - outstanding debtors	1 222 602	1 133 036	89 566	7.90%
Dividends received	-	-	-	-
Fines	94 756	235 650	(140 894)	-59.79%
Licences and Permits	1 120 091	1 160 382	(40 291)	-3.47%
Agency services	1 096 664	1 114 078	(17 414)	-1.56%
Transfers recognised	62 008 146	34 724 579	27 283 567	78.57%
Other revenue	2 901 111	3 248 308	(347 197)	-10.69%
Gains on disposal of PPE	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>162 004 695</b>	<b>132 800 493</b>	<b>29 204 202</b>	<b>21.99%</b>
	<b>2012 Actual R</b>	<b>2012 Budget R</b>	<b>2012 Variance R</b>	<b>2012 Variance %</b>
<b>Expenditure by Type</b>				
Employee related costs	(53 315 875)	(49 053 752)	(4 262 123)	8.69%
Remuneration of councillors	(4 226 523)	(3 755 930)	(470 593)	12.53%
Debt Impairment	(8 355 596)	(1 380 540)	(6 975 056)	505.24%
Collection Cost	(26 126)	-	(26 126)	-
Depreciation & asset impairment	(857 190)	-	(857 190)	-
Finance charges	(3 831 359)	(1 104 636)	(2 726 723)	246.84%
Bulk purchases	(57 304 308)	(61 537 291)	4 232 983	-6.88%
Other materials	(6 106 327)	(8 052 036)	1 945 709	-24.16%
Contracted services	(1 329 249)	(436 500)	(892 749)	204.52%
Transfers and grants	(9 877 086)	(932 458)	(8 944 628)	959.25%
Other expenditure	(14 778 438)	(17 012 601)	2 234 163	-13.13%
Loss on disposal of PPE	(52 219)	-	(52 219)	-
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(325 180)	-	(325 180)	-
<b>Total Expenditure</b>	<b>(160 385 474)</b>	<b>(143 265 744)</b>	<b>(17 119 730)</b>	<b>11.95%</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 619 221</b>	<b>(10 465 251)</b>	<b>12 084 472</b>	<b>-115.47%</b>

**Details of material variances**

Refer to Appendix C() for detail explanations.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
<b>42.2 Operational Budget by Standard Classification</b>				
<b><u>Revenue - Standard</u></b>				
Governance and Administration	52 312 543	48 979 514	3 333 029	6.80%
Executive and council	1 407 751	62 690	1 345 061	2145.57%
Budget and Treasury Office	50 319 645	48 739 318	1 580 327	3.24%
Corporate Services	585 147	177 506	407 641	229.65%
Community and Public Safety	15 082 271	7 391 791	7 690 480	104.04%
Community and Social Services	10 997 255	2 808 196	8 189 059	291.61%
Sport and Recreation	1 922 065	2 321 004	(398 939)	-17.19%
Public Safety	2 162 951	2 262 591	(99 640)	-4.40%
Housing	-	-	-	-
Health	-	-	-	-
Economic and Environmental Services	1 489 069	40 876	1 448 193	3542.89%
Planning and Development	-	-	-	-
Road Transport	1 480 486	29 302	1 451 184	4952.51%
Environmental Protection	8 582	11 574	(2 992)	-25.85%
Trading Services	93 120 076	76 388 312	16 731 764	21.90%
Electricity	56 059 438	45 954 550	10 104 888	21.99%
Water	21 504 671	17 192 926	4 311 745	25.08%
Waste Water Management	9 112 616	6 847 762	2 264 854	33.07%
Waste Management	6 443 351	6 393 074	50 277	0.79%
Other	-	-	-	-
<b>Total Revenue</b>	<b>162 003 958</b>	<b>132 800 493</b>	<b>29 203 465</b>	<b>21.99%</b>
	<b>2012 Actual R</b>	<b>2012 Budget R</b>	<b>2012 Variance R</b>	<b>2012 Variance %</b>
<b><u>Expenditure - Standard</u></b>				
Governance and Administration	(44 302 641)	(30 698 940)	(13 603 701)	
Executive and council	(20 965 541)	(13 735 507)	(7 230 034)	52.64%
Budget and Treasury Office	(12 772 733)	(8 855 138)	(3 917 595)	44.24%
Corporate Services	(10 564 367)	(8 108 295)	(2 456 072)	30.29%
Community and Public Safety	(20 154 156)	(11 293 514)	(8 860 642)	
Community and Social Services	(14 780 430)	(6 417 493)	(8 362 937)	130.31%
Sport and Recreation	(768 701)	(513 951)	(254 750)	49.57%
Public Safety	(4 605 025)	(4 362 070)	(242 955)	5.57%
Housing	-	-	-	-
Health	-	-	-	-
Economic and Environmental Services	(8 163 048)	(8 856 782)	693 734	
Planning and Development	-	-	-	-
Road Transport	(8 031 365)	(8 831 060)	799 695	-9.06%
Environmental Protection	(131 683)	(25 722)	(105 961)	411.95%
Trading Services	(87 764 891)	(92 416 508)	4 651 617	
Electricity	(50 806 715)	(51 307 444)	500 729	-0.98%
Water	(21 391 210)	(24 347 556)	2 956 346	-12.14%
Waste Water Management	(6 751 907)	(6 675 012)	(76 895)	1.15%
Waste Management	(8 815 059)	(10 086 496)	1 271 437	-12.61%
Other	-	-	-	-
<b>Total Expenditure</b>	<b>(160 384 737)</b>	<b>(143 265 744)</b>	<b>(17 118 993)</b>	<b>11.95%</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 619 221</b>	<b>(10 465 251)</b>	<b>12 084 472</b>	<b>-115.47%</b>
<b><u>Details of material variances</u></b>				

Refer to Appendix C(1) for detail explanations.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
<b>42.3 Capital Expenditure by Standard Classification</b>				
Governance and Administration				
Executive and council	734 362	-	734 362	100.00%
Budget and Treasury Office	13 180	-	13 180	100.00%
Corporate Services	1 177	-	1 177	100.00%
Community and Public Safety				
Community and Social Services	3 000 000	3 400 000	(400 000)	-11.76%
Sport and Recreation	2 123 434	4 157 000	(2 033 566)	-48.92%
Public Safety	-	-	-	-
Housing	-	-	-	-
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	-	-	-	-
Road Transport	1 079 554	4 744 000	(3 664 446)	-77.24%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	11 149 846	9 949 000	1 200 846	12.07%
Water	119 437	2 929 000	(2 809 563)	-95.92%
Waste Water Management	4 678 054	4 775 000	(96 946)	-2.03%
Waste Management	-	-	-	-
Other	-	-	-	-
<b>Total Capital Expenditure</b>	<b>22 899 044</b>	<b>29 954 000</b>	<b>(7 054 956)</b>	<b>-23.55%</b>

Details of material variances

Refer to Appendix C(2) for detail explanations.

**42.4 Operational Budget by Municipal Vote**

Revenue - Vote

Municipal Manager	10 260 141	71 462	9 493 755	
Council General and Administration	68 279	62 690	5 589	8.92%
Council Salaries and Allowances	26 126	-	26 126	-
Housing	8 848 004	-	8 848 004	-
IDP	694 924	-	-	-
Museum	4 386	8 772	(4 386)	-50.00%
Office of the Municipal Manager	618 421	-	618 421	-
Head: Finance	50 320 381	48 739 318	1 581 063	
Accounting, Budget and Finance Management	611 829	591 032	20 797	3.52%
Expenditure & Supply Chain	20 455	34 810	(14 355)	-41.24%
Manager: Financial Services	27 493 105	27 419 999	73 106	0.27%
Property Rates and Valuation Services	22 194 992	20 693 477	1 501 515	7.26%
Head: Corporate Services	1 180 254	712 626	467 628	
Human Resources	3 069	-	3 069	-
Manager: Corporate Services	582 078	177 506	404 572	227.92%
Municipal Property Management	595 106	535 120	59 986	11.21%
Head: Community Services - Community Development	9 919 480	10 982 062	(1 062 582)	
Cemeteries	75 633	70 490	5 143	7.30%
Commonage Farms	741 014	885 668	(144 654)	-16.33%
Environmental Health	8 582	11 574	(2 992)	-25.85%
Libraries & Information Services	560 612	792 384	(231 772)	-29.25%
Municipal Airport	139 662	490 640	(350 978)	-71.53%
Parks and Open Areas	28 562	17 228	11 334	65.79%
Refuse Removal and Waste Management	6 443 351	6 393 074	50 277	0.79%
Sport Facilities	1 922 065	2 321 004	(398 939)	-17.19%
Head: Community Services - Public Safety	2 167 227	2 270 485	(103 258)	
Emergency, Fire & Disaster	22 017	72 597	(50 580)	-69.67%
Law Enforcement Services	50 138	54 670	(4 532)	-8.29%
Municipal Pound	4 276	7 894	(3 618)	-45.84%
Traffic Services	2 090 796	2 135 324	(44 528)	-2.09%

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Head: Electrical Engineering	56 059 438	45 954 550	10 104 888	
Electrical Engineering Services	56 059 438	45 954 550	10 104 888	21.99%
Head: Infrastructure, Engineering & Technical Services	32 097 774	24 069 990	8 027 784	
Manager: Infrastructure	366 151	-	366 151	-
Roads	1 114 335	29 302	1 085 033	3702.93%
Sewerage and Sanitation	9 112 616	6 847 762	2 264 854	33.07%
Water	21 504 671	17 192 926	4 311 745	25.08%
<b>Total Revenue</b>	<b>162 004 695</b>	<b>132 800 493</b>	<b>28 509 277</b>	<b>21.47%</b>
	<b>2012 Actual R</b>	<b>2012 Budget R</b>	<b>2012 Variance R</b>	<b>2012 Variance %</b>
<b>Expenditure - Vote</b>				
Municipal Manager	(29 950 837)	(13 823 900)	(16 126 937)	
Council General and Administration	(13 525 081)	(7 696 549)	(5 828 532)	75.73%
Housing	(8 848 004)	-	(8 848 004)	-
Internal Auditing	(1 174 366)	(1 096 685)	(77 681)	7.08%
Information Technology	(11 100)	-	(11 100)	-
Museum	(126 192)	(88 393)	(37 799)	42.76%
Office of the Municipal Manager	(6 266 094)	(4 942 273)	(1 323 821)	26.79%
Head: Finance	(12 773 469)	(8 855 138)	(3 918 331)	
Accounting, Budget and Finance Management	(1 188 360)	-	(1 188 360)	-
Expenditure & Supply Chain	(497 737)	-	(497 737)	-
Income and Debtors	(26 306)	(360)	(25 946)	7207.18%
Manager: Financial Services	(11 083 150)	(8 854 778)	(2 228 372)	25.17%
Property Rates and Valuation Services	22 085	-	22 085	-
Head: Corporate Services	(11 071 215)	(8 482 793)	(2 588 422)	
Cleaning Services	(1 748 998)	(1 506 800)	(242 198)	16.07%
Human Resources	(100 663)	(38 432)	(62 231)	161.92%
Manager: Corporate Services	(8 703 606)	(6 563 063)	(2 140 543)	32.62%
Municipal Property Management	(517 948)	(374 498)	(143 450)	38.30%
Head: Community Services - Community Development	(15 002 289)	(16 578 191)	1 575 902	
Cemeteries	(58 356)	(753 255)	694 899	-92.25%
Commonage Farms	(949 537)	(1 048 232)	98 695	-9.42%
Environmental Health	(131 683)	(25 722)	(105 961)	411.95%
Community Development	(6 240)	-	(6 240)	-
Libraries & Information Services	(1 957 125)	(2 213 724)	256 599	-11.59%
Manager: Community Development	(941 312)	(541 822)	(399 490)	73.73%
Municipal Airport	(269 958)	(574 038)	304 080	-52.97%
Parks and Open Areas	(1 104 318)	(820 951)	(283 367)	34.52%
Refuse Removal and Waste Management	(8 815 059)	(10 086 496)	1 271 437	-12.61%
Sport Facilities	(768 701)	(513 951)	(254 750)	49.57%
Head: Community Services - Public Safety	(4 616 921)	(4 364 650)	(252 271)	
Emergency, Fire & Disaster	(460 548)	(390 401)	(70 147)	17.97%
Law Enforcement Services	(1 072 705)	(1 190 077)	117 372	-9.86%
Municipal Pound	(1 440)	(2 580)	1 140	-44.19%
Traffic Services	(3 071 772)	(2 781 592)	(290 180)	10.43%
Vehicle Testing and Licences	(10 456)	-	(10 456)	-
Head: Electrical Engineering	(50 806 715)	(51 307 444)	500 729	
Electrical Engineering Services	(50 806 715)	(51 307 444)	500 729	-0.98%
Head: Infrastructure, Engineering & Technical Services	(36 164 026)	(39 853 628)	3 689 602	
Manager: Infrastructure	(694 084)	(655 016)	(39 068)	5.96%
Workshops	(2 150 697)	(2 090 617)	(60 080)	2.87%
Roads	(4 214 661)	(3 238 808)	(975 853)	30.13%
Sewerage and Sanitation	(6 751 907)	(6 675 012)	(76 895)	1.15%
Vehicle, Plant and Machinery	(961 467)	(2 846 619)	1 885 152	-66.22%
Water	(21 391 210)	(24 347 556)	2 956 346	-12.14%
<b>Total Expenditure</b>	<b>(160 385 474)</b>	<b>(143 265 744)</b>	<b>(17 119 730)</b>	<b>11.95%</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 619 221</b>	<b>(10 465 251)</b>	<b>11 389 548</b>	<b>-108.83%</b>
<b>Details of material variances</b>				

Refer to Appendix C(1) for detail explanations.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>43.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	70 892 256	65 708 475
Unauthorised expenditure current year - operational	22 885 962	5 183 781
Unauthorised expenditure current year - capital	1 949 565	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>95 727 783</b>	<b>70 892 256</b>

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure of approved budget</i>	<i>To be investigated</i>

**43.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 196 987	1 196 987
Fruitless and wasteful expenditure current year	529 466	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>1 726 453</b>	<b>1 196 987</b>

Incident	Disciplinary steps/criminal proceedings
<i>Interest on late payment of creditors</i>	<i>To be investigated</i>

**43.3 Irregular expenditure**

Reconciliation of irregular expenditure:		
Opening balance	57 104 529	28 721 155
Irregular expenditure current year	-	28 383 374
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	<b>57 104 529</b>	<b>57 104 529</b>

Irregular expenditure awaiting condonement from National Treasury	<b>57 104 529</b>	<b>57 104 529</b>
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Incident	Disciplinary steps/criminal proceedings
<i>Non compliance with SCM Regulations</i>	<i>To be investigated</i>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

**44. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**44.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**

Opening balance	-	(173 815)
Council subscriptions	241 487	200 240
Amount paid - current year	(241 487)	(26 425)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**44.2 Audit fees - [MFMA 125 (1)(c)]**

Opening balance	801 089	470 655
Current year audit fee	1 745 185	1 337 138
External Audit - Auditor-General	<b>1 745 185</b>	<b>1 337 138</b>
Amount paid - current year	(267 885)	(544 376)
Amount paid - previous year	(792 762)	(462 329)
<b>Balance unpaid (included in creditors)</b>	<b>1 485 626</b>	<b>801 089</b>



NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>44.3 PAYE and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	459 300	359 811
Current year payroll deductions	5 725 824	4 582 133
Amount paid - current year	(5 670 428)	(4 482 644)
<b>Balance unpaid (included in creditors)</b>	<b>514 696</b>	<b>459 300</b>

<b>44.4 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	9 355 291	7 833 357
Amount paid - current year	(9 355 291)	(7 833 357)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

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

The following Councillors had arrear accounts for more than 90 days as at 30 June 2012:

	Outstanding more than 90 days
SJC van Wyk	1 951

The following Councillors had arrear accounts outstanding for more than 90 days during the year. These accounts were however settled before year-end:

	Highest amount outstanding	Ageing
SJC van Wyk	1 638	> 150 days
	157	> 120 days
	156	> 90 days

**44.6 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Single Supplier	Type of Deviation			Emergency
			Impossible	Impractical		
July	611 506	28	-	26	1	
August	547 929	41	11	41	1	
September	461 608	33	3	38	-	
October	1 099 922	28	8	47	1	
November	838 867	38	7	50	3	
December	1 171 557	17	10	26	1	
January	581 364	24	3	36	3	
February	488 423	32	2	29	1	
March	1 322 137	32	4	45	-	
April	298 698	10	1	10	-	
May	89 825	5	11	5	-	
June	843 822	33	22	50	5	
	8 355 657	293	82	377	15	

**44.7 Material losses**

**Electricity distribution losses**

Units purchased (Kwh)	63 126 498	62 503 295
Units lost during distribution (Kwh)	13 186 456	13 384 610
Percentage lost during distribution	20.89%	21.41%
Distribution loss (Rand Value)	602 621	496 277

**Water distribution losses**

Units purchased (ml)	2 088 107	2 131 197
Units lost during distribution (ml)	532 122	505 550
Percentage lost during distribution	25.48%	23.72%
Distribution loss (Rand Value)	5 363 790	4 722 784

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>45. CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of capital expenditure:</b>		
Approved and contracted for:	7 509 079	-
Infrastructure	4 764 630	-
Community	2 744 450	-
Other	-	-
<b>Total</b>	<b>7 509 079</b>	<b>-</b>
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	7 509 079	-
Own Resources	-	-
District Council Grants	-	-
<b>Total</b>	<b>7 509 079</b>	<b>-</b>

**46. FINANCIAL RISK MANAGEMENT**

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

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

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

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

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

	2012 R	2011 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2011: 1%) Increase in interest rates	101 909	183 294
1% (2011: 1%) Decrease in interest rates	(101 909)	(183 294)

**(d) Credit Risk**

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

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

	2012 %	2012 R	2011 %	2011 R
<b>Non-exchange Receivables</b>				
Rates	100.00%	12 324 398	100.00%	9 434 426
<b>Exchange Receivables</b>				
Electricity	17.03%	4 394 479	15.23%	3 567 841
Water	36.52%	9 425 808	31.52%	7 385 254
Refuse	26.31%	6 792 051	23.98%	5 618 876
Sewerage	11.35%	2 929 085	10.94%	2 562 761
Other	8.79%	2 269 182	18.34%	4 296 079
	100.00%	25 810 604	100.00%	23 430 811

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2012 %	2012 R	2011 %	2011 R
Long-term Receivables	6.01%	2 242 541	6.06%	1 837 823
Receivables from Exchange Transactions	66.03%	24 624 582	66.76%	20 238 920
Receivables from Non-Exchange Transactions	27.96%	10 426 943	27.18%	8 238 919
	100.00%	37 294 065	100.00%	30 315 662

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2012 R	2011 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	3 791 831	3 442 816
Receivables from exchange transactions	26 555 769	22 025 492
Receivables from non-exchange transactions	32 251 265	19 920 041
Cash and Cash Equivalents	17 541 171	21 120 886
Unpaid Conditional Grants and Subsidies	3 081 350	304 883
	83 221 386	66 814 117

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2012</b>				
Long-term Liabilities	2 902 562	5 821 284	-	-
Non-Current Provisions	10 626 661	1 887 809	2 125 690	-
Trade and Other Payables	51 034 081	-	-	-
Unspent Conditional Grants and Receipts	14 551 868	-	-	-
	<u>79 115 173</u>	<u>7 709 093</u>	<u>2 125 690</u>	<u>-</u>
<b>2011</b>				
Long-term Liabilities	3 289 503	7 817 072	-	-
Non-Current Provisions	9 664 198	1 852 973	2 584 100	-
Trade and Other Payables	21 030 559	-	-	-
Unspent Conditional Grants and Receipts	16 758 374	-	-	-
	<u>50 742 634</u>	<u>9 670 045</u>	<u>2 584 100</u>	<u>-</u>

47. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

47.1 Financial Assets	Classification		
<b>Long-term Receivables</b>			
Housing Loans	Financial Instruments at amortised cost	36 512	179 821
Eskom Loan	Financial Instruments at amortised cost	435 101	462 424
Receivables with repay arrangements	Financial Instruments at amortised cost	3 320 218	2 778 733
<b>Receivables from Exchange Transactions</b>			
Electricity	Financial Instruments at amortised cost	4 394 479	3 567 841
Refuse	Financial Instruments at amortised cost	6 792 051	5 618 876
Sewerage	Financial Instruments at amortised cost	2 929 085	2 562 761
Water	Financial Instruments at amortised cost	9 425 808	7 385 254
Loan Instalments	Financial Instruments at amortised cost	745 166	-
Other Debtors	Financial Instruments at amortised cost	2 269 182	4 296 079
<b>Receivables from Non-Exchange Transactions</b>			
Sundry Debtors	Financial Instruments at amortised cost	18 863 098	271 600
Sundry Deposits	Financial Instruments at amortised cost	192 579	128 514
<b>Unpaid Government Grants and Subsidies</b>			
National Government Grants	Financial Instruments at amortised cost	3 081 037	1 197 905
Provincial Government Grants	Financial Instruments at amortised cost	312	312
<b>Current Portion of Long-term Receivables</b>			
Receivables with repay arrangements	Financial Instruments at amortised cost	1 077 678	-
Housing Loans	Financial Instruments at amortised cost	35 570	-
Eskom Loan	Financial Instruments at amortised cost	30 396	27 323
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	2 776 504	-
Call Deposits	Financial Instruments at amortised cost	14 764 667	21 120 886
<b>Total Financial Assets</b>		<u><b>71 169 441</b></u>	<u><b>49 598 329</b></u>

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
<b>Financial Instruments at amortised cost:</b>			
Long-term Receivables	Housing Loans	36 512	179 821
Long-term Receivables	Eskom Loan	435 101	462 424
Long-term Receivables	Receivables with repay arrangements	3 320 218	2 778 733
Receivables from Exchange Transactions	Electricity	4 394 479	3 567 841
Receivables from Exchange Transactions	Refuse	6 792 051	5 618 876
Receivables from Exchange Transactions	Sewerage	2 929 085	2 562 761
Receivables from Exchange Transactions	Water	9 425 808	7 385 254
Receivables from Exchange Transactions	Loan Instalments	745 166	-
Receivables from Exchange Transactions	Other Debtors	2 269 182	4 296 079
Receivables from Non-exchange Transactions	Sundry Debtors	18 863 098	271 600
Receivables from Non-exchange Transactions	Sundry Deposits	192 579	128 514
Unpaid Government Grants and Subsidies	National Government Grants	3 081 037	1 197 905
Unpaid Government Grants and Subsidies	Provincial Government Grants	312	312
Current Portion of Long-term Receivables	Housing Loans	1 077 678	-
Current Portion of Long-term Receivables	Eskom Loan	35 570	-
Current Portion of Long-term Receivables	Receivables with repay arrangements	30 396	27 323
Cash and Cash Equivalents	Bank Balances	2 776 504	-
Cash and Cash Equivalents	Call Deposits	14 764 667	21 120 886
<b>Total Financial Assets</b>		<b>71 169 441</b>	<b>49 598 329</b>

**47.2 Financial Liabilities**

**Classification**

**Long-term Liabilities**

Annuity Loans	Financial Instruments at amortised cost	6 532 446	8 045 688
Capitalised Lease Liability	Financial Instruments at amortised cost	817 865	840 241

**Consumer Deposits**

Electricity and Water	Financial Instruments at amortised cost	1 383 135	1 320 865
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**Trade and Other Payables**

Trade Creditors	Financial Instruments at amortised cost	32 132 071	9 996 819
Payments received in advance	Financial Instruments at amortised cost	-	-
Retentions	Financial Instruments at amortised cost	569 774	860 233
Sundry Deposits	Financial Instruments at amortised cost	30 148	29 480
Other Creditors	Financial Instruments at amortised cost	18 031 315	830 850

**Unspent Conditional Grants and Receipts**

National Government Grants	Financial Instruments at amortised cost	11 036 388	10 695 699
Provincial Government Grants	Financial Instruments at amortised cost	2 870 408	7 810 136
District Municipality Grants	Financial Instruments at amortised cost	645 072	861 028

**Cash and Cash Equivalents**

Bank Overdraft	Financial Instruments at amortised cost	-	1 041 348
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**Current Portion of Long-term Liabilities**

Annuity Loans	Financial Instruments at amortised cost	1 506 915	2 623 648
Capitalised Lease Liability	Financial Instruments at amortised cost	313 466	295 688

**75 869 003**      **45 251 723**

**SUMMARY OF FINANCIAL LIABILITIES**

**Financial instruments at amortised cost:**

Long-term Liabilities	Annuity Loans	6 532 446	8 045 688
Long-term Liabilities	Capitalised Lease Liability	817 865	840 241
Consumer Deposits	Electricity and Water	1 383 135	1 320 865
Trade and Other Payables	Trade Creditors	32 132 071	9 996 819
Trade and Other Payables	Payments received in advance	-	-
Trade and Other Payables	Retentions	569 774	860 233
Trade and Other Payables	Sundry Deposits	30 148	29 480
Trade and Other Payables	Other Creditors	18 031 315	830 850
Unspent Conditional Grants and Receipts	National Government Grants	11 036 388	10 695 699
Unspent Conditional Grants and Receipts	Provincial Government Grants	2 870 408	7 810 136
Unspent Conditional Grants and Receipts	District Municipality Grants	645 072	861 028
Cash and Cash Equivalents	Bank Overdraft	-	1 041 348
Current Portion of long-term liabilities	Annuity Loans	1 506 915	2 623 648
Current Portion of long-term liabilities	Capitalised Lease Liability	313 466	295 688
		<b>75 869 003</b>	<b>45 251 723</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>48. EVENTS AFTER THE REPORTING DATE</b>		
The Municipality is not aware of any events after the reporting date.		
<b>49. IN-KIND DONATIONS AND ASSISTANCE</b>		
The municipality did not receive any in-kind donations or assistance during the year under review.		
<b>50. PRIVATE PUBLIC PARTNERSHIPS</b>		
Council has not entered into any private public partnerships during the financial year.		
<b>51. CONTINGENT LIABILITY</b>		
The municipality is currently engaged in litigation which could result in costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
A Baartman	-	1 114 700
C Zandberg	60 000	522 694
J Carstens	60 000	351 842
M Cloete	-	60 000
JW Nortje	3 000	-
P Lombard	65 000	-
	<u>188 000</u>	<u>2 049 236</u>

**52. RELATED PARTIES**

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

**52.1 Related Party Transactions**

	Rates	Service Charges	Other	Outstanding Balance
<b>Year ended 30 June 2012</b>				
<b>Councillors</b>				
KR Groenewald	1 940	1 762	1 280	469
EF Maritz	3 065	2 911	77	519
FX Cupido	2 637	3 906	1 532	899
V van Dyk	8 227	11 393		686
S Kleinbooï	1 491	4 506	134	533
G Cloete	3 114	3 314	1 724	685
SD Hoskin	60	1 969		142
WJ Goedeman	896	641	77	2 107
AM Magerman	21	2 107		177
SJC van Wyk	731	2 038		3 037
JC Losper	7 818	7 488		1 185
WT Cloete	6 734	2 452	218	907
WS Jordaan	1 751	11 454		2 446
GJ Coetzee	1 737	4 644		402
	<u>40 222</u>	<u>60 584</u>	<u>5 042</u>	<u>14 193</u>
<b>Municipal Manager and Section 57 Employees</b>				
NA Baartman	5 162	6 401		430
M Booyesen	847	2 463		293
JS Cloete	3 108	4 265		620
	<u>9 117</u>	<u>13 129</u>	<u>-</u>	<u>1 343</u>

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Year ended 30 June 2011	Rates	Service Charges	Other	Outstanding Balance
<b>Councillors</b>				
KR Groenewald	1 940	1 632	-	162
EF Maritz	2 847	2 825	77	218
FX Cupido	2 637	585	245	-
V van Dyk	8 227	5 307	-	-
S Kleinbooi	1 491	-	25	114
G Cloete	3 114	-	-	479
SD Hoskin	60	-	-	1 930
WJ Goedeman	896	84	13	1 459
AM Magerman	-	-	-	1 591
SJC van Wyk	731	217	-	113
JC Losper	7 616	807	-	582
WT Cloete	6 734	377	39	515
WS Jordaan	17 151	12 241	-	-
GJ Coetzee	1 737	3 831	-	133
H Dirkse	5 773	2 846	-	-
J van der Westhuizen	1 288	2 686	-	-
F van den Heever	3 451	-	-	-
S de Jongh	4 477	-	-	-
	<b>70 170</b>	<b>33 437</b>	<b>399</b>	<b>7 295</b>
<b>Municipal Manager and Section 57 Employees</b>				
M Booysen	847	2 032	-	65
JS Cloete	3 108	3 982	-	238
	<b>3 955</b>	<b>6 015</b>	<b>-</b>	<b>302</b>

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

**52.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 34 to the Annual Financial Statements.

**52.3 Other related party transactions**

The following purchases were made during the year where Councillors or staff have an interest:

<u>Staff Member</u>	<u>Entity</u>	2012 R	2011 R
W Bowers	H Bowers	84 379	57 703
I Cloete	JJ Cloete	3 000	-
		<b>87 379</b>	<b>57 703</b>

The following purchases were made during the year where the supplier was in the service of the state:

<u>Supplier</u>	<u>Service</u>	<u>Capacity</u>	2012 R	2011 R
E Richards	Event Management	Employed by Namaqua District Municipality	6 500	-
Z Pieters	Notebooks	Employed by Provincial Government & SEDA	51 485	-
			<b>57 985</b>	<b>-</b>

**53. GOING CONCERN**

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

NAMA KHOI MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

13. PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2012

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2011</b>	14 218 985	312 174 022	31 433 216	691 089	9 361 497	367 878 810
<b>Cost</b>	15 761 010	345 966 562	35 778 944	1 431 041	14 146 218	413 083 774
Original Cost	15 761 010	345 966 562	35 778 944	1 431 041	14 146 218	413 083 774
Revaluation	-	-	-	-	-	-
<b>Accumulated Depreciation</b>	(1 542 025)	(33 792 540)	(4 345 728)	(739 952)	(4 784 721)	(45 204 965)
Original Cost	(1 542 025)	(33 792 540)	(4 345 728)	(739 952)	(4 784 721)	(45 204 965)
Revaluation	-	-	-	-	-	-
<b>Acquisitions</b>	270 020	5 227 845	-	452 941	1 257 773	7 208 579
<b>Capital under Construction</b>	-	13 171 896	2 123 434	-	-	15 295 330
<b>Depreciation</b>	-	(484 612)	-	(372 578)	-	(857 190)
Normal Depreciation	-	(484 612)	-	(372 578)	-	(857 190)
Backlog Depreciation previously not recorded	-	-	-	-	-	-
<b>Carrying value of disposals</b>	-	-	-	(52 219)	-	(52 219)
Cost	-	-	-	(244 990)	-	(244 990)
Accumulated Depreciation	-	-	-	192 771	-	192 771
<b>Impairment losses</b>	-	(894 710)	-	-	-	(894 710)
Cost	-	(894 710)	-	-	-	(894 710)
Accumulated Depreciation	-	-	-	-	-	-
<b>Carrying value at 30 June 2012</b>	14 489 005	329 194 442	33 556 650	719 233	10 619 270	388 578 601
<b>Cost</b>	16 031 030	363 471 594	37 902 378	1 638 992	15 403 991	434 447 984
Original Cost	16 031 030	363 471 594	37 902 378	1 638 992	15 403 991	434 447 984
Revaluation	-	-	-	-	-	-
<b>Accumulated Depreciation</b>	(1 542 025)	(34 277 151)	(4 345 728)	(919 758)	(4 784 721)	(45 869 383)
Original Cost	(1 542 025)	(34 277 151)	(4 345 728)	(919 758)	(4 784 721)	(45 869 383)
Revaluation	-	-	-	-	-	-

13.2 30 JUNE 2011

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2010</b>	14 218 985	312 491 206	31 433 216	948 190	6 824 603	365 916 200
<b>Cost</b>	15 761 010	345 966 562	35 778 944	1 466 398	11 518 026	410 490 939
Original Cost	15 924 895	343 553 970	35 805 172	1 422 070	13 955 102	410 661 209
Correction of Error - Note 37.11	(163 885)	2 412 592	(26 228)	44 328	(2 437 076)	(170 270)
Revaluation	-	-	-	-	-	-
<b>Accumulated Depreciation</b>	(1 542 025)	(33 475 356)	(4 345 728)	(518 208)	(4 693 423)	(44 574 739)
Original Cost	(1 557 003)	(29 715 301)	(4 346 626)	(499 979)	(4 725 438)	(40 844 347)
Correction of Error - Note 37.11	14 978	(3 760 055)	898	(18 229)	32 015	(3 730 392)
Revaluation	-	-	-	-	-	-
<b>Acquisitions</b>	-	-	-	59 990	2 532 845	2 592 835
<b>Capital under Construction</b>	-	-	-	-	-	-
<b>Transfers between Asset Classes</b>	-	-	-	(4 049)	4 049	-
Cost	-	-	-	(95 347)	95 347	-
Accumulated Depreciation	-	-	-	91 298	(91 298)	-
<b>Depreciation</b>	-	(317 183)	-	(313 042)	-	(630 225)
Normal Depreciation	-	(948 326)	-	(313 042)	-	(1 261 368)
Backlog Depreciation previously not recorded - Note 37.11	-	631 143	-	-	-	631 143
<b>Carrying value at 30 June 2011</b>	14 218 985	312 174 022	31 433 216	691 089	9 361 497	367 878 810
<b>Cost</b>	15 761 010	345 966 562	35 778 944	1 431 041	14 146 218	413 083 774
Original Cost	15 761 010	345 966 562	35 778 944	1 431 041	14 146 218	413 083 774
Revaluation	-	-	-	-	-	-
<b>Accumulated Depreciation</b>	(1 542 025)	(33 792 540)	(4 345 728)	(739 952)	(4 784 721)	(45 204 965)
Original Cost	(1 542 025)	(33 792 540)	(4 345 728)	(739 952)	(4 784 721)	(45 204 965)
Revaluation	-	-	-	-	-	-



**APPENDIX A**  
**NAMA KHOI MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2011</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2012</b>
<b>ANNUITY LOANS</b>							
DBSA	12.00%	61001063	2016/03/31	1 662 140	-	259 487	1 402 653
DBSA	5.00%	61000603	2017/03/01	2 757 413	-	378 202	2 379 211
DBSA	5.00%	61000604	2012/03/01	200 211	-	102 274	97 937
DBSA	5.00%	61000605	2012/03/01	637 839	-	637 839	-
DBSA	13.41%	61002728	2015/06/30	655 970	-	24 671	631 299
DBSA	17.36%	61002729	2015/06/30	755 570	-	9 290	746 280
DBSA	15.57%	61002732	2011/06/30	-	-	-	-
DBSA	10.77%	61003324	2014/12/31	1 376 545	-	101 480	1 275 065
<b>Total Annuity Loans</b>				<b>8 045 688</b>	<b>-</b>	<b>1 513 243</b>	<b>6 532 445</b>
<b>LEASE LIABILITY</b>							
Nashua	Various		Various	688 990	329 785	322 965	695 810
Smart	Various		2012/08/01	151 251	-	127 872	23 379
Vodacom	Various		Various	-	167 484	68 807	98 677
<b>Total Lease Liabilities</b>				<b>840 241</b>	<b>497 269</b>	<b>519 644</b>	<b>817 866</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>8 885 929</b>	<b>497 269</b>	<b>2 032 887</b>	<b>7 350 311</b>

**APPENDIX B**  
**NAMA KHOI MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
432 104	10 815 296	(10 383 192)	Executive & Council	1 407 751	20 965 541	(19 557 791)
48 383 398	14 300 235	34 083 163	Budget & Treasury Office	50 319 645	12 772 733	37 546 912
193 930	9 395 446	(9 201 516)	Corporate Services	585 147	10 564 367	(9 979 220)
-	-	-	Planning & Development	-	-	-
-	-	-	Health	-	-	-
1 868 666	4 729 167	(2 860 501)	Community & Social Services	10 997 255	14 780 430	(3 783 175)
-	-	-	Housing	-	-	-
2 083 239	3 760 383	(1 677 144)	Public Safety	2 162 951	4 605 025	(2 442 074)
132 636	527 642	(395 006)	Sport and Recreation	1 922 065	768 701	1 153 364
5 462	187 461	(181 999)	Environmental Protection	8 582	131 683	(123 101)
6 086 631	7 110 714	(1 024 083)	Waste Management	6 443 351	8 815 059	(2 371 708)
4 816 186	6 356 146	(1 539 960)	Waste Water Management	9 112 616	6 751 907	2 360 709
91 464	6 421 069	(6 329 605)	Road Transport	1 480 486	8 031 365	(6 550 879)
16 954 514	19 854 535	(2 900 021)	Water	21 504 671	21 391 210	113 461
39 284 923	38 874 048	410 875	Electricity	56 059 438	50 806 715	5 252 723
120 333 153	122 332 142	(1 998 989)	Sub Total	162 003 958	160 384 737	1 619 221
-	-	-	Less Inter-Departmental Charges	-	-	-
120 333 153	122 332 142	(1 998 989)	<b>Total</b>	162 003 958	160 384 737	1 619 221

**APPENDIX C(1)**  
**NAMA KHOI MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property rates	22 194 992	20 693 477	1 501 515	7.26%	
Government Grants and Subsidies	62 008 146	34 724 579	27 283 567	78.57%	Capital Grants not included in Budget
Public Contributions and Donations	-	-	-	0.00%	
Contributed PPE	-	-	-	0.00%	
Fines	94 756	235 650	(140 894)	-59.79%	Decrease in Fines collected
Third Party Payments	-	-	-	0.00%	
Actuarial gains	3 069	-	3 069	0.00%	
Dividends received	-	-	-	0.00%	
Property rates - Penalties & Collection Charges	596 779	557 530	39 249	7.04%	
Service Charges	69 161 500	68 382 503	778 997	1.14%	
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	890 201	867 366	22 835	2.63%	
Interest Earned - External Investments	717 853	683 584	34 269	5.01%	
Interest Earned - Outstanding Receivables	1 222 602	1 133 036	89 566	7.90%	
Licences and Permits	1 120 091	1 160 382	(40 291)	-3.47%	
Agency Services	1 096 664	1 114 078	(17 414)	-1.56%	
Other Income	2 891 549	3 248 308	(356 759)	-10.98%	Decrease in Other Income
Unamortised discount - Interest	6 493	-	6 493	0.00%	
Gains on Disposal of PPE	-	-	-	0.00%	
Reversal of Impairment Loss	-	-	-	0.00%	
Changes in Fair Value	-	-	-	0.00%	
Inventory: Reversal of write-down to Net Realisable Value	-	-	-	0.00%	
<b>Total Revenue</b>	<b>162 004 695</b>	<b>132 800 493</b>	<b>29 204 202</b>	<b>21.99%</b>	
<b>EXPENDITURE</b>					
Executive & Council	(20 965 541)	(13 735 507)	(7 230 034)	52.64%	Incorrect Budgeting
Budget & Treasury Office	(12 773 469)	(8 855 138)	(3 918 331)	44.25%	Incorrect Budgeting
Corporate Services	(10 564 367)	(8 108 295)	(2 456 072)	30.29%	Incorrect Budgeting
Planning & Development	-	-	-	0.00%	
Health	-	-	-	0.00%	
Community & Social Services	(14 780 430)	(6 417 493)	(8 362 937)	130.31%	Incorrect Budgeting
Housing	-	-	-	0.00%	
Public Safety	(4 605 025)	(4 362 070)	(242 955)	5.57%	
Sport & Recreation	(768 701)	(513 951)	(254 750)	49.57%	Incorrect Budgeting
Environmental Protection	(131 683)	(25 722)	(105 961)	411.95%	Incorrect Budgeting
Waste Management	(8 815 059)	(10 086 496)	1 271 437	-12.61%	Incorrect Budgeting
Waste Water Management	(6 751 907)	(6 675 012)	(76 895)	1.15%	
Road Transport	(8 031 365)	(8 831 060)	799 695	-9.06%	
Water	(21 391 210)	(24 347 556)	2 956 346	-12.14%	Incorrect Budgeting
Electricity	(50 806 715)	(51 307 444)	500 729	-0.98%	
Less: Interdepartmental Charges	-	-	-	0.00%	
<b>Total Expenditure</b>	<b>(160 385 474)</b>	<b>(143 265 744)</b>	<b>(17 119 730)</b>	<b>11.95%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1 619 221</b>	<b>(10 465 251)</b>	<b>46 323 931</b>	<b>-442.65%</b>	

**APPENDIX C(2)**  
**NAMA KHOI MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2012 Actual	2012 Under Construction	2012 Total Additions	2012 Budget	2012 Variance	2012 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	734 362	-	734 362	-	734 362	100.00%	Not included in Budget
Budget & Treasury Office	13 180	-	13 180	-	13 180	100.00%	Not included in Budget
Corporate Services	1 177	-	1 177	-	1 177	100.00%	Not included in Budget
Planning & Development	-	-	-	-	-	-	
Health	-	-	-	-	-	-	
Community & Social Services	3 000 000	-	3 000 000	3 400 000	(400 000)	-11.76%	Roll-over to following year
Housing	-	-	-	-	-	-	
Public Safety	-	-	-	-	-	-	
Sport & Recreation	-	2 123 434	2 123 434	4 157 000	(2 033 566)	-48.92%	Roll-over to following year
Environmental Protection	-	-	-	-	-	-	
Waste Management	-	-	-	-	-	-	
Waste Water Management	2 260 869	2 022 050	4 678 054	4 775 000	(96 946)	-2.03%	
Road Transport	1 079 554	-	1 079 554	4 744 000	(3 664 446)	-77.24%	Roll-over to following year
Water	119 437	-	119 437	2 929 000	(2 809 563)	-95.92%	Roll-over to following year
Electricity	-	11 149 846	11 149 846	9 949 000	1 200 846	12.07%	
		-	-				
<b>Total</b>	<b>7 208 579</b>	<b>15 295 330</b>	<b>22 899 044</b>	<b>29 954 000</b>	<b>(7 054 956)</b>	<b>-23.55%</b>	

**APPENDIX D**  
**NAMA KHOI MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2011	Correction of Error	Contributions during the year	Repaid to National Revenue Fund	Interest on Investments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Provision for Debt Impairment	Balance 30 June 2012	Unspent 30 June 2012 (Creditor)	Unpaid 30 June 2012 (Debtor)
<b><u>National Government Grants</u></b>											
Equitable Share	-	-	28 625 000	-	-	(28 625 000)	-	-	-	-	-
Finance Management Grant	(493 368)	275 529	1 450 000	(446 000)	-	(1 228 867)	-	-	(442 706)	-	(442 706)
DME: Electrification	3 828 633	(248 435)	7 156 000	-	-	-	(10 714 810)	-	21 388	21 388	-
Municipal Infrastructure Grant	5 600 179	(1 366 956)	13 263 000	(532 000)	-	-	(6 126 591)	-	10 837 631	10 837 631	-
Municipal System Improvement Grant	(616 349)	617 805	790 000	(622 000)	-	(634 303)	(139 815)	-	(604 662)	-	(604 662)
Public Works - EPWP	738 122	-	-	-	-	(2 422 285)	-	1 684 163	-	-	-
DWAF-Drought Relief Grant	(88 188)	-	-	-	-	(50 064)	-	-	(138 252)	-	(138 252)
DWAF: WSACDBP	528 765	(18 018)	669 487	-	-	(177 090)	(830 582)	-	172 563	172 563	-
<b>Total National Government Grants</b>	<b>9 497 794</b>	<b>(740 075)</b>	<b>51 953 487</b>	<b>(1 600 000)</b>	<b>-</b>	<b>(33 137 609)</b>	<b>(17 811 798)</b>	<b>1 684 163</b>	<b>9 845 962</b>	<b>11 031 582</b>	<b>(1 185 620)</b>
<b><u>Provincial Government Grants</u></b>											
Library	533 160	-	772 000	-	-	(530 547)	(7 858)	-	766 755	766 755	-
Project Nala	-	400 000	-	-	-	(611 253)	-	211 253	-	-	-
Taxi Rank	(312)	-	-	-	-	-	-	-	(312)	-	(312)
Tourism	-	-	730 000	-	1 482	(694 924)	-	-	36 558	36 558	-
Sports Development	24 416	284 084	-	-	-	-	-	-	308 500	308 500	-
Housing	7 252 560	(1 761 598)	5 115 638	-	-	(8 848 004)	-	-	1 758 596	1 758 596	-
<b>Total Provincial Government Grants</b>	<b>7 809 824</b>	<b>(1 077 515)</b>	<b>6 617 638</b>	<b>-</b>	<b>1 482</b>	<b>(10 684 729)</b>	<b>(7 858)</b>	<b>211 253</b>	<b>2 870 096</b>	<b>2 870 408</b>	<b>(312)</b>
<b><u>District Municipality</u></b>											
Various Projects	804 386	102 435	-	-	-	-	(366 151)	-	540 670	540 670	-
Fire Equipment	4 503	-	47 761	-	-	-	-	-	52 264	52 264	-
World Cup 2010	52 139	-	-	-	-	-	-	-	52 139	52 139	-
<b>Total District Municipality Grants</b>	<b>861 028</b>	<b>102 435</b>	<b>47 761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(366 151)</b>	<b>-</b>	<b>645 072</b>	<b>645 072</b>	<b>-</b>
<b>Total Grants</b>	<b>18 168 646</b>	<b>(1 715 155)</b>	<b>58 618 886</b>	<b>(1 600 000)</b>	<b>1 482</b>	<b>(43 822 338)</b>	<b>(18 185 808)</b>	<b>1 895 416</b>	<b>13 361 130</b>	<b>14 547 062</b>	<b>(1 185 932)</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.