



WITZENBERG

Municipality • Munisipaliteit • U Masipala Wasa



Annual Financial Statements

30 June 2012

[These financial statements have not been audited]



WITZENBERG MUNICIPALITY

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WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Witzenberg Municipality includes the following areas:

Ceres
Op-die-Berg
Prince Alfred's Hamlet
Tulbagh
Wolseley

MUNICIPAL MANAGER

D Nasson

CHIEF FINANCIAL OFFICER

PR Esau

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPLE BANKERS

ABSA, Ceres

RELEVANT LEGISLATION

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

WITZENBERG MUNICIPALITY

MEMBERS OF THE WITZENBERG MUNICIPALITY

COUNCILLORS

Position	Surname	Party	Seat type
Executive Mayor	Louw, S	DA	PR 1
Deputy Executive Mayor	Adams, K	Independent	Ward 6
Speaker	Godden, TT	COPE	PR 1
Member of Mayoral Committee	Hanekom, WJ	DA	Ward 3
Member of Mayoral Committee	Klaasen, BC	DA	PR 2
Member of Mayoral Committee	Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Ordinary Councillor	Badela, R	ANC	Ward 12
Ordinary Councillor	Du Plessis, JJ	DA	PR 3
Ordinary Councillor	Du Toit, MC	ANC	PR 1
Ordinary Councillor	Heradien, P	DA	Ward 7
Ordinary Councillor	Klazen, JNED	DCP	PR 1
Ordinary Councillor	Mouton, JS	ANC	PR 2
Ordinary Councillor	Ndwanya, SM	ANC	PR 4
Ordinary Councillor	Phungula, JT	ANC	PR 3
Ordinary Councillor	Salmon, L	ANC	Ward 8
Ordinary Councillor	Saula, MI	ANC	Ward 1
Ordinary Councillor	Sidego, EM	DA	Ward 11
Ordinary Councillor	Simpson, RJ	ANC	Ward 9
Ordinary Councillor	Swart, D	DA	Ward 2
Ordinary Councillor	De Beer, AHP	NPP	PR 1
Ordinary Councillor	Vischini, JA	VIP	PR 1
Ordinary Councillor	Waterboer, P	DA	Ward 10

APPROVAL OF FINANCIAL STATEMENTS

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

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



D Nasson
Municipal Manager

25 October 2012

Date

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	2011 R
ASSETS			
Current Assets		82 467 143	70 194 865
Cash and Cash Equivalents	2	32 561 785	21 874 092
Receivables from exchange transactions	3	31 644 842	33 783 765
Receivables from non-exchange transactions	4	2 663 061	2 934 334
Inventory	5	5 398 072	5 340 576
Current Portion of Long-term Receivables	6	29 011	67 325
Unpaid Conditional Government Grants and Receipts	7	5 599 933	6 194 773
VAT Receivable	8	1 686 201	
Non-current assets held for sale	9	2 884 238	-
Non-Current Assets		532 876 961	481 431 374
Long-Term Receivables	6	247 491	241 322
Non-Current Investments	10	23 025	23 025
Property, Plant and Equipment	11	459 618 594	404 559 310
Intangible Assets	12	1 477 002	1 621 669
Investment Property	13	69 578 007	72 149 247
Operating Lease Asset	14	31 997	32 897
Capitalised Restoration Cost	15	1 900 846	2 803 904
Total Assets		615 344 105	551 626 239
LIABILITIES			
Current Liabilities		81 816 473	66 640 917
Payables from exchange transactions	16	38 839 406	27 022 560
Consumer Deposits	17	1 741 866	1 691 142
Vat Payable	8		386 582
Provisions	18	7 348 043	2 260 556
Current Employee benefits	19	11 425 991	11 648 647
Unspent Conditional Government Grants and Receipts	7	13 137 816	15 094 080
Unspent Public Contributions	20	699 642	365 569
Current Portion of Long-term Liabilities	21	8 623 709	8 171 781
Non-Current Liabilities		109 962 489	113 740 731
Long-term Liabilities	21	36 679 101	42 745 893
Non-Current Provisions	22	15 600 880	19 484 847
Employee benefits	23	57 682 508	51 509 991
Total Liabilities		191 778 962	180 381 648
Net Assets		423 565 143	371 244 591
Capital Replacement Reserve	24	6 414 513	5 568 197
Accumulated Surplus		417 150 630	365 676 394
Total Net Assets and Liabilities		615 344 105	551 626 239

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 (Actual) R	2011 (Restated) R	Correction of error R	2011 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		152 750 074	132 514 528	130 107	132 384 422
Taxation Revenue		38 666 814	31 427 430	0	31 427 430
Property rates	25	37 624 624	30 681 075	0	30 681 075
Property Rates - penalties imposed and collection charges		1 042 190	746 355	-	746 355
Transfer Revenue		113 179 867	100 508 807	130 107	100 378 700
Government Grants and Subsidies - Capital	26	58 971 308	46 836 839	130 107	46 706 732
Government Grants and Subsidies - Operating	26	53 994 181	53 584 639	(0)	53 584 639
Public Contributions and Donations		214 378	87 329	-	87 329
Other Revenue		903 393	578 292	-	578 292
Actuarial Gains		5 920	19 316	-	19 316
Fines		897 473	558 976	-	558 976
Revenue from Exchange Transactions		200 523 106	175 453 608	(93 722)	175 547 330
Service Charges	27	180 073 921	155 680 875	(0)	155 680 875
Rental of Facilities and Equipment		6 944 276	6 483 446	-	6 483 446
Interest Earned - external investments		2 089 182	2 888 492	-	2 888 492
Interest Earned - outstanding debtors		3 798 921	4 065 990	-	4 065 990
Licences and Permits		167 515	193 678	-	193 678
Agency Services		2 852 993	2 666 670	-	2 666 670
Other Income	28	4 115 917	3 262 589	(301 210)	3 563 799
Unamortised Discount - Interest		3 169	4 379	-	4 379
Gain on disposal of Capital Assets		477 212	207 488	207 488	-
Total Revenue		353 273 180	307 968 136	36 385	307 931 751
EXPENDITURE					
Employee related costs	29	89 255 211	78 835 439	1 927 516	76 907 923
Remuneration of Councillors	30	6 638 931	5 577 034	(0)	5 577 034
Debt Impairment	31	20 637 333	12 887 170	0	12 887 170
Collection Costs		289 847	333 472	(0)	333 472
Depreciation and Amortisation	32	12 402 987	10 700 767	1 911 455	8 789 312
Impairments	33	242	77 186	77 186	-
Repairs and Maintenance		14 163 160	12 078 866	1 074 194	11 004 672
Unamortised Discount - Interest paid		1 865 803	1 874 434	(0)	1 874 434
Actuarial losses	23	297 837	11 495 612	-	11 495 612
Finance Charges	34	12 244 709	12 057 456	3 274	12 054 182
Bulk Purchases	35	102 547 908	79 826 385	(0)	79 826 385
Contracted services		9 576 007	9 141 617	0	9 141 617
Grants and Subsidies	36	793 804	652 614	0	652 614
Stock Adjustments		(9 326)	17 430	(0)	17 430
Operating Grant Expenditure		3 269 178	11 198 492	0	11 198 492
General Expenses	37	25 949 571	24 240 966	(28 156)	24 269 122
Loss on disposal of Assets		1 029 426	1 065 480	1 065 480	-
Total Expenditure		300 952 628	272 060 420	6 030 949	266 029 471
NET SURPLUS FOR THE YEAR		52 320 552	35 907 716	(5 994 564)	41 902 280

WITZENBERG MUNICIPALITY

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

	Notes	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R	R
Balance at 1 JULY 2010		3 247 432	7 172 401	45 168 691	55 588 524
Correction of error	38.1	-	-	279 748 352	279 748 352
Restated Balance at 1 JULY 2010		3 247 432	7 172 401	324 917 043	335 336 875
Contribution to Capital Replacement Reserve		-	13 677 803	(13 677 803)	-
Property, Plant and Equipment purchased		-	(15 282 007)	15 282 007	-
Contribution to/(from) Housing Development Fund		(3 247 432)	-	3 247 432	-
Net Surplus for the year		-	-	35 907 716	35 907 716
Balance at 30 JUNE 2011		0	5 568 197	365 676 394	371 244 591
Contribution to Capital Replacement Reserve		-	10 186 322	(10 186 322)	-
Property, Plant and Equipment purchased		-	(9 340 005)	9 340 005	-
Net Surplus for the year		-	-	52 320 552	52 320 552
Balance at 30 JUNE 2012		0	6 414 513	417 150 630	423 565 143

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 JUNE 2012 R	30 JUNE 2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	39	214 722 029	165 424 988
Government - operating		53 994 181	53 584 639
Government - capital		58 971 308	46 836 839
Interest		5 888 103	6 954 482
Payments			
Suppliers and employees		(235 138 377)	(214 338 025)
Finance charges	34	(12 244 709)	(12 057 456)
Transfers and Grants		(793 804)	(652 614)
Cash generated by operations	39	85 398 731	45 752 853
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(67 773 803)	(59 613 590)
Purchase of Investment property		-	-
Purchase of Intangible Assets		(390 527)	(879 061)
Proceeds on Disposal of Fixed Assets		1 000 578	260 688
Increase/(Decrease) in Long-term Receivables	6	(117 938)	33 720
Net Cash from Investing Activities		(67 281 690)	(60 198 242)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(7 480 072)	(7 241 245)
Increase in Consumer Deposits		50 724	58 375
Net Cash from Financing Activities		(7 429 348)	(7 182 871)
NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS)		10 687 693	(21 628 260)
Cash and Cash Equivalents at the beginning of the year		21 874 092	43 502 352
Cash and Cash Equivalents at the end of the year	2	32 561 785	21 874 092
NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS)		10 687 693	(21 628 260)

WITZENBERG MUNICIPALITY

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

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives

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

IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

WITZENBERG MUNICIPALITY

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

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 25	Employee Benefits Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 103	Heritage Assets No adjustments necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 104	Financial Instruments Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

1.7. RESERVES

1.7.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1 *Municipality as Lessee*

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

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

the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2 *Municipality as Lessor*

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.11. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.12. EMPLOYEE BENEFITS

1.12.1 *Post-Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.12.2 *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.12.3 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.12.4 Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

1.12.5 Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.12.7 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.13. PROPERTY, PLANT AND EQUIPMENT**1.13.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

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

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

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	<i>Years</i>		<i>Years</i>
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	15-60	Furniture and equipment	5-30
Other	10-15	Landfill sites	9-24
		Markets	30
<u>Community</u>		Other	3-30
Recreational Facilities	10-30	Other vehicles	5-67
Sport fields & Stadia	10-20	Plant and Equipment	5-32
Halls	5-97	Specialist vehicles	7-38
Libraries	10-30		
Parks and gardens	10	Intangible Assets	5-20
Other assets	5-30		
Cemeteries	5-30	Investment Property	99-100
<u>Finance lease assets</u>			
Office equipment	4		

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4 De-recognition

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

1.13.5 Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality is in the process of updating the Land and Buildings assets without cost to the fair value as determined by a valuator. The Land and Buildings without cost was updated before 30 June 2012. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.14. INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

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

1.14.2 Subsequent Measurement – Cost Model

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

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

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

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.14.4 De-recognition

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

1.15. INVESTMENT PROPERTY**1.15.1 Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	30

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.15.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS**1.16.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.16.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.17. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.18. INVENTORIES

1.18.1 *Initial Recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.18.2 *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.19. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.20.1 *Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.20.2 *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 *Receivables*

Receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 *Cash and Cash Equivalents*

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

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

1.20.3 *De-recognition of Financial Instruments*

1.20.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.21. REVENUE

1.21.1 *Revenue from Non-Exchange Transactions*

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

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

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

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Revenue from Exchange Transactions

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

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

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

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.21.3 *Grants, Transfers and Donations (Non-Exchange Revenue)*

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

1.22. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23. UNAUTHORISED EXPENDITURE

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

1.24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.26. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.27. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

WITZENBERG MUNICIPALITY

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.30. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

WITZENBERG MUNICIPALITY

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

2	CASH AND CASH EQUIVALENTS	2012 R	2011 R
	Assets		
	Call Investments Deposits	18 076 435	11 613 549
	Bank Accounts	14 476 952	10 252 347
	Cash Floats	8 398	8 196
	Total Cash and Cash Equivalents - Assets	32 561 785	21 874 092
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Primary Bank Account: ABSA Bank Limited - Account Number 350000011		
	Cash book balance at beginning of year	10 252 347	4 675 642
	Cash book balance at end of year	14 476 952	10 252 347
	Bank statement balance at beginning of year	12 518 038	6 851 791
	Bank statement balance at end of year	16 461 234	12 518 038
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	ABSA Bank Ltd - Account Number 9184483785	5 783 801	5 493 309
	First Rand Bank - Account Number 62192709164	61 437	58 556
	Nedbank Ltd - Account Number 03/7881032766/24	8 033 863	4 016 932
	Standard Bank of SA Ltd - Account Number 088779831-008	4 197 335	2 044 753
		18 076 435	11 613 549
	3 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	25 283 371	22 361 142
	Water	30 531 591	23 450 233
	Housing Rentals	1 421 901	1 208 229
	Refuse	18 111 213	14 387 790
	Sewerage	16 076 358	12 189 692
	Other	211 815	(17 629)
	Total Receivables from Exchange Transactions	91 636 249	73 579 457
	Less: Provision for Impairment	(59 991 407)	(39 795 692)
	Total Net Receivables from Exchange Transactions	31 644 842	33 783 765
	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 trade and other receivables on initial recognition is not deemed necessary.		
	Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):		
	Accrued Income Electricity	11 262 252	9 598 262
	Accrued Income Water	2 405 394	2 074 247
	Ageing of Receivables from Exchange Transactions:		
	(Electricity): Ageing		
	Accrued Income Electricity	11 262 252	9 598 262
	Current (0 - 30 days)	10 076 361	9 321 718
	31 - 60 Days	563 160	589 121
	61 - 90 Days	81 199	109 802
	+ 90 Days	3 300 399	2 742 238
	Total	25 283 371	22 361 142

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED		
<u>(Water): Ageing</u>		
Accrued Income Water	2 405 394	2 074 247
Current (0 - 30 days)	2 192 821	2 155 217
31 - 60 Days	946 925	1 130 197
61 - 90 Days	651 553	737 925
+ 90 Days	24 334 898	17 352 647
Total	30 531 591	23 450 233
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	48 605	58 110
31 - 60 Days	27 880	40 148
61 - 90 Days	22 479	28 455
+ 90 Days	1 322 937	1 081 516
Total	1 421 901	1 208 229
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 385 470	1 558 880
31 - 60 Days	526 627	469 872
61 - 90 Days	380 566	364 533
+ 90 Days	15 818 550	11 994 505
Total	18 111 213	14 387 790
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 752 259	1 074 162
31 - 60 Days	460 807	385 020
61 - 90 Days	331 869	301 405
+ 90 Days	12 031 129	8 928 811
Total	14 576 064	10 689 398
<u>(Other): Ageing</u>		
Current (0 - 30 days)	112 599	109 174
31 - 60 Days	62 623	41 053
61 - 90 Days	13 760	23 485
+ 90 Days	1 523 127	1 308 953
Total	1 712 109	1 482 665
<u>(Total): Ageing</u>		
Accrued Income	13 667 646	11 672 510
Current (0 - 30 days)	15 568 116	14 277 262
31 - 60 Days	2 588 022	2 655 411
61 - 90 Days	1 481 427	1 565 604
+ 90 Days	58 331 039	43 408 669
Total	91 636 249	73 579 456
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	39 795 690	52 648 755
Contribution to provision/(Reversal of provision)	21 486 850	8 298 165
Bad Debts Written Off	(1 291 135)	(21 151 230)
Balance at end of year	59 991 405	39 795 690

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.

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	11 556 746	10 464 109
Other Receivables	963 871	1 539 706
Accrued Fines	84 740	38 752
Irregular Expenditure	130 406	130 406
Deposits	224 615	224 615
SARS	524 110	524 109
DBSA	-	534 571
Other receivables	-	87 253
Total Receivables from Non-Exchange Transactions	12 520 617	12 003 815
Less: Provision for Impairment	(9 857 556)	(9 069 481)
Total Net Receivables from Non-Exchange Transactions	2 663 061	2 934 334
Ageing of Receivables from Non-Exchange Transactions:		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	1 414 356	1 256 837
31 - 60 Days	236 594	254 093
61 - 90 Days	75 474	137 655
+ 90 Days	9 830 322	8 815 524
Total	11 556 746	10 464 109
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	9 069 481	7 792 420
Contribution to provision/(Reversal of provision)	849 147	2 627 376
Bad Debts Written Off	(61 072)	(1 350 315)
Balance at end of year	9 857 556	9 069 481
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.		
5 INVENTORY		
Consumable Stores - At cost	5 383 826	5 320 497
Water - At purification cost	14 246	20 079
Total Inventory	5 398 072	5 340 576
Consumable stores materials written down due to losses as identified during the annual stores counts.	34	12 942
Consumable stores materials surpluses identified during the annual stores counts.	1 498	4 266
Consumable stores inventory recognised as an expense during the year	7 483 332	6 266 405

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
6 LONG-TERM RECEIVABLES		
Housing Loans	346 164	383 664
Sport Club Loans	60 332	82 294
Town Development	29 923	24 693
	<u>436 419</u>	<u>490 651</u>
Less: Unamortised Discount on Loans	(7 260)	(9 834)
Balance 1 July	(9 834)	(13 102)
Adjustment for the period	2 574	3 268
	<u>429 159</u>	<u>480 817</u>
Less: Current portion transferred to current receivables	(29 011)	(67 325)
Housing Loans	(22 371)	(53 730)
Sport Club Loans	(6 640)	(13 595)
	<u>400 148</u>	<u>413 492</u>
Less: Provision for Impairment	(152 657)	(172 170)
Total Long Term Receivables	<u>247 491</u>	<u>241 322</u>
 Reconciliation of Provision for Bad Debts		
Balance at beginning of year	172 170	2 896 151
Contribution to provision/(Reversal of provision)	21 528	(2 723 981)
Bad Debts Written Off	(41 041)	-
Balance at end of year	<u>152 657</u>	<u>172 170</u>
 7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	13 137 816	15 094 080
National Government Grants	5 714 787	9 109 061
Provincial Government Grants	7 114 445	4 094 955
District Municipality	308 584	1 890 064
Less: Unpaid Grants	5 599 933	6 194 773
National Government Grants	4 792 872	6 028 480
Provincial Government Grants	129 804	129 804
District Municipality	677 257	36 489
Total Conditional Grants and Receipts	<u>7 537 883</u>	<u>8 899 307</u>
 Reconciliation of total grants and receipts		
See appendix "Y" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Please refer to Correction of Error - Note 38.8		
 8 VAT		
VAT PAYABLE		
VAT output in suspense	3 673 786	3 494 502
Total Vat payable	<u>3 673 786</u>	<u>3 494 502</u>
VAT RECEIVABLE		
VAT input in suspense	5 359 987	3 107 920
Total VAT receivable	<u>5 359 987</u>	<u>3 107 920</u>
NET VAT RECEIVABLE/(PAYABLE)	<u>1 686 201</u>	<u>(386 582)</u>
VAT is receivable/payable on the cash basis.		

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
9 NON-CURRENT ASSETS HELD FOR SALE		
Erven	2 884 238	-
	<u>2 884 238</u>	<u>-</u>

Council resolved on 18 August 2011 to alienate erven not required for basic service delivery.

10 NON-CURRENT INVESTMENTS		
Unlisted		
Investment in Joint Ventures - at cost	23 025	23 025
Total Non-Current Investments	<u>23 025</u>	<u>23 025</u>

Unlisted investments comprise of the following. Valuations of investments by council are:

Ceres Koekedouw Bestuurskomitee - Joint Venture with Koekedouw Besproeingsraad	23 025	23 025
	<u>23 025</u>	<u>23 025</u>

The Municipality has a 41% interest in the Ceres Koekedouw Besproeings Committee. The equity method was used to recognise the interest in the joint venture. The joint venture operates the Koekedouw Dam. The financial statements are available at Witzenberg Municipality.

The financial statements of the joint venture is summarised as follow:

Income	1 081 391	802 485
Expenditure	(933 518)	(724 244)
Non-current Assets	46 456	73 112
Current Assets	871 381	634 439
Non-current Liabilities	(725 459)	(600 855)
Current Liabilities	(30 566)	(28 455)

WITZENBERG MUNICIPALITY

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

11 PROPERTY, PLANT AND EQUIPMENT

11.1 30 JUNE 2012

Reconciliation of Carrying Value	Land and buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2011	180 351 767	190 606 998	8 497 098	304 082	24 799 364	404 559 309
Cost	183 457 650	260 987 299	8 639 162	728 997	35 529 257	489 342 365
Original Cost	183 457 650	260 987 299	8 639 162	728 997	35 529 257	489 342 365
Accumulated Impairments	-	-	-	-	(95 536)	(95 536)
Original Cost	-	-	-	-	(95 536)	(95 536)
Accumulated Depreciation	(3 105 883)	(70 380 301)	(142 064)	(424 915)	(10 634 357)	(84 687 520)
Original Cost	(3 105 883)	(70 380 301)	(142 064)	(424 915)	(10 634 357)	(84 687 520)
Acquisitions	-	13 450 868	4 728 640	-	3 885 898	22 065 406
Capital under Construction	43 838	45 594 231	70 328	-	-	45 708 397
Transfers from/(to) Non-current Assets Held for Sale	(697 000)	-	-	-	-	(697 000)
Cost	(697 000)	-	-	-	-	(697 000)
Impairments	-	-	-	-	(242)	(242)
Impairments	-	-	-	-	(242)	(242)
Depreciation	(1 041 818)	(5 176 244)	(302 393)	(182 749)	(3 761 281)	(10 464 485)
Normal Depreciation	(1 041 818)	(5 176 244)	(302 393)	(182 749)	(3 761 281)	(10 464 485)
Carrying value of disposals	-	(495 391)	-	-	(1 057 401)	(1 552 792)
Cost	-	(1 200 869)	-	-	(1 458 195)	(2 659 064)
Accumulated Impairments	-	-	-	-	19 873	19 873
Accumulated Depreciation	-	705 478	-	-	380 921	1 086 399
Carrying value at 30 June 2012	178 656 787	243 980 461	12 993 673	121 333	23 866 338	459 618 592
Cost	182 804 488	318 831 529	13 438 130	728 997	37 956 960	553 760 104
Original Cost	182 804 488	318 831 529	13 438 130	728 997	37 956 960	553 760 104
Accumulated Impairments	-	-	-	-	(75 905)	(75 905)
Original Cost	-	-	-	-	(75 905)	(75 905)
Accumulated Depreciation	(4 147 701)	(74 851 067)	(444 457)	(607 664)	(14 014 717)	(94 065 606)
Original Cost	(4 147 701)	(74 851 067)	(444 457)	(607 664)	(14 014 717)	(94 065 606)

WITZENBERG MUNICIPALITY

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

11.2 30 JUNE 2011

Reconciliation of Carrying Value	Land and buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2010	181 568 380	147 394 407	2 623 470	486 331	22 465 693	354 538 281
Cost	183 655 383	213 125 470	2 658 309	728 997	30 060 076	430 228 235
Original Cost	183 655 383	213 125 470	2 658 309	728 997	30 060 076	430 228 235
Accumulated Depreciation	(2 087 003)	(65 731 063)	(34 839)	(242 666)	(7 594 383)	(75 689 954)
Original Cost	(2 087 003)	(65 731 063)	(34 839)	(242 666)	(7 594 383)	(75 689 954)
Acquisitions	86 781	16 298 747	4 228 219	-	5 488 045	26 101 792
Capital under Construction	676 486	31 854 699	1 752 633	-	-	34 283 818
Impairments	-	-	-	-	(95 536)	(95 536)
Impairments	-	-	-	-	(95 536)	(95 536)
Depreciation	(1 034 782)	(4 781 559)	(107 226)	(182 249)	(3 044 549)	(9 150 365)
Normal Depreciation	(1 034 782)	(4 781 559)	(107 226)	(182 249)	(3 044 549)	(9 150 365)
Carrying value of disposals	(945 097)	(159 295)	-	-	(14 288)	(1 118 680)
Cost	(961 000)	(291 616)	-	-	(18 863)	(1 271 479)
Accumulated Depreciation	15 903	132 321	-	-	4 575	152 799
Carrying value at 30 June 2011	180 351 768	190 606 999	8 497 096	304 082	24 799 365	404 559 310
Cost	183 457 650	260 987 300	8 639 161	728 997	35 529 258	489 342 366
Original Cost	183 457 650	260 987 300	8 639 161	728 997	35 529 258	489 342 366
Accumulated Impairments	-	-	-	-	(95 536)	(95 536)
Original Cost	-	-	-	-	(95 536)	(95 536)
Revaluation	-	-	-	-	-	-
Accumulated Depreciation	(3 105 882)	(70 380 301)	(142 065)	(424 915)	(10 634 357)	(84 687 520)
Original Cost	(3 105 882)	(70 380 301)	(142 065)	(424 915)	(10 634 357)	(84 687 520)

WITZENBERG MUNICIPALITY

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

11	PROPERTY, PLANT AND EQUIPMENT (CONTINUE)	2012 R	2011 R
	Refer to appendix B and C for more detailed disclosure of Property, Plant and Equipment.		
	Impairment of property plant and equipment for the year		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Other	(242)	(95 536)
		<u>(242)</u>	<u>(95 536)</u>
	Cumulative impairment charges included in major balances		
	Other	(75 905)	(95 536)
		<u>(75 905)</u>	<u>(95 536)</u>

12	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	1 621 669	1 087 822
	Cost	2 591 100	1 712 040
	Accumulated Amortisation	(969 431)	(624 218)
	Additions	390 527	879 061
	Amortisation	(535 194)	(345 214)
	Net Carrying amount at 30 June	1 477 002	1 621 669
	Cost	2 981 627	2 591 100
	Accumulated Amortisation	(1 504 625)	(969 431)

Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:

Cost	2 591 100
Accumulated amortisation	(969 431)
Total not previously recognised now restated retrospectively	<u><u>1 621 669</u></u>

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

Please refer to Correction of Error - Note 38.4

WITZENBERG MUNICIPALITY

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

13 INVESTMENT PROPERTY	2012 R	2011 R
Net Carrying amount at 1 July	72 149 247	72 576 792
Cost	73 301 507	73 344 507
Accumulated Depreciation	(1 152 260)	(767 715)
Acquisitions	-	-
Disposals	-	(43 000)
Depreciation for the year	(384 002)	(384 545)
Impairment	-	-
Transfers from Inventory	-	-
Transfers	(2 187 238)	-
Net Carrying amount at 30 June	69 578 007	72 149 247
Cost	71 108 507	73 301 507
Accumulated Depreciation	(1 530 500)	(1 152 260)

Since the previous reporting date the following Investment Property were measured in accordance with GRAP 16 and restated retrospectively:

Cost	73 301 507
Accumulated Depreciation	(1 152 260)
Total not previously recognised now restated retrospectively	72 149 247

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

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

Please refer to Correction of Error - Note 38.5

14 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

Balance on 1 July	32 897	31 119
Movement during the year	(900)	1 778
Balance on 30 June	31 997	32 897

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	32 420	30 174
1 to 5 Years	106 721	139 141
Total Operating Lease Arrangements	139 141	169 315

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

The leases are in respect of land and buildings being leased out for periods ranging until 2016.

15 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July	2 803 904	3 030 997
Cost	10 785 035	10 209 835
Accumulated Depreciation	(7 981 131)	(7 178 838)
Acquisitions	116 249	575 200
Depreciation for the year	(1 019 307)	(802 293)
Net Carrying amount at 30 June	1 900 846	2 803 904
Cost	10 901 284	10 785 035
Accumulated Depreciation	(9 000 438)	(7 981 131)

Please refer to Correction of Error - Note 38.1

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
16 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	31 007 237	21 593 799
Audit Fees	-	-
Deposits: Other	380 980	225 407
Interest Accrued	1 321 575	1 491 662
Other Creditors	300 082	333 103
Library books	8 856	5 849
Payments Received in Advance	2 941 066	1 519 311
Pre-paid Electricity	622 432	656 725
Retentions	2 257 178	1 196 704
Total Trade Payables	38 839 406	27 022 560

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.

Sundry deposits include hall, builders and housing Deposits.

Please refer to Correction of Error - Note 38.7

17 CONSUMER DEPOSITS		
Water and Electricity	1 741 866	1 691 142
Total Consumer Deposits	1 741 866	1 691 142

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

18 CURRENT PROVISIONS		
Current Portion of Rehabilitation of Landfill-sites - Note 22	7 348 043	2 260 556
Total Provisions	7 348 043	2 260 556

19 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 23	1 263 000	1 244 568
Current Portion of Long-Service Provisions - Note 23	264 669	280 047
Current Portion of Ex-gratia Pension Provisions - Note 23	112 741	114 775
Staff Leave	6 668 415	4 748 020
Performance Bonuses	620 471	574 885
Staff Bonuses	2 496 695	2 225 686
Backdated Remuneration	-	2 460 666
Total Current Employee Benefits	11 425 991	11 648 647

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	4 748 020	4 192 859
Contribution to current portion	2 243 186	889 687
Expenditure incurred	(322 791)	(334 526)
Balance at end of year	6 668 415	4 748 020

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.

WITZENBERG MUNICIPALITY

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

CURRENT EMPLOYEE BENEFITS CONTINUED

	2012	2011
	R	R
<u>Performance Bonuses</u>		
Balance at beginning of year	574 885	529 945
Contribution to current portion	47 907	530 236
Expenditure incurred	(2 321)	(485 296)
Balance at end of year	620 471	574 885

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Bonuses

Balance at beginning of year	2 225 686	1 960 382
Contribution to current portion	4 195 331	3 868 331
Expenditure incurred	(3 924 322)	(3 603 027)
Balance at end of year	2 496 695	2 225 686

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

Backdated Remuneration

Balance at beginning of year	2 460 667	860 395
Contribution to current portion	-	2 845 018
Expenditure incurred	(2 460 667)	(1 244 746)
Balance at end of year	-	2 460 667

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive backpay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

Please refer to Correction of Error - Note 38.1

20 UNSPENT PUBLIC CONTRIBUTIONS

China - Water meters	276 740	277 370
Essen Belgium	422 902	88 199
Total Unspent Public Contributions	699 642	365 569

Reconciliation of public contributions

China - Water meters

Opening balance	277 370	286 822
Conditions met - Transferred to revenue	(630)	(9 452)
Closing balance	276 740	277 370

3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.

Essen Belgium

Opening balance	88 199	162 283
Contributions received	548 451	-
Conditions met - Transferred to revenue	(213 748)	(74 084)
Closing balance	422 902	88 199

A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.

WITZENBERG MUNICIPALITY

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

21 LONG-TERM LIABILITIES	2012 R	2011 R
Annuity Loans - At amortised cost	52 005 169	59 294 495
Capitalised Lease Liability - At amortised cost	-	190 745
	52 005 169	59 485 240
Current Portion transferred to Current Liabilities	(8 623 709)	(8 171 781)
Annuity Loans - At amortised cost	(8 623 709)	(7 981 036)
Capitalised Lease Liability - At amortised cost	-	(190 745)
	43 381 460	51 313 459
Unamortised charges on loans	(6 702 359)	(8 567 566)
Balance 1 July	(8 567 567)	(10 440 890)
Adjustment for the period	1 865 208	1 873 324
Total Long-term Liabilities - At amortised cost using the effective interest rate method	36 679 101	42 745 893

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	13 650 776	13 842 259
Payable within two to five years	48 395 339	50 299 867
Payable after five years	12 854 206	24 600 454
	74 900 320	88 742 579
Less: Future finance obligations	(22 895 151)	(29 257 339)
Present value of annuity obligations	52 005 169	59 485 240

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	-	201 450
	-	201 450
Less: Future finance obligations	-	(10 705)
Present value of lease obligations	-	190 745

Leases are secured by property, plant and equipment - Note 11

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

Please refer to Correction of Error - Note 38.6

22 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	15 600 880	19 484 847
Total Non-current Provisions	15 600 880	19 484 847

The Municipality did not measure the rehabilitation costs of the refuse sites in the past correctly in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality de-recognised the provision recognised in the past and recognised the following non-current provision:

The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The closing dates of the sites are:
 Ceres - 2010 (The site is longer in operation)
 Prince Alfred's Hamlet - 2014
 Op-die- Berg - 2015
 Tulbagh - 2014
 Wolseley - 2013

WITZENBERG MUNICIPALITY

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

NON-CURRENT PROVISIONS CONTINUED

	2012 R	2011 R
<u>Landfill Sites</u>		
Balance 1 July	21 745 403	20 106 487
Contribution for the year	1 203 520	1 638 916
Total provision 30 June	22 948 923	21 745 403
Less: Transfer of Current Portion to Current Provisions - Note 18	(7 348 043)	(2 260 556)
Balance 30 June	15 600 880	19 484 847

Please refer to Correction of Error - Note 38.2

23 EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1	55 584 812	49 771 106
Long Service Awards - Refer to Note 4.2	1 873 372	1 526 308
Ex-Gratia Pension Benefits	224 324	212 577
Total Non-current Employee Benefit Liabilities	57 682 508	51 509 991

Post Retirement Benefits

Balance 1 July	51 015 674	36 276 187
Contribution for the year	2 730 675	1 528 405
Interest Cost	4 401 759	3 336 517
Expenditure for the year	(1 304 409)	(1 190 967)
Actuarial Loss/(Gain)	4 113	11 065 532
Total post retirement benefits 30 June	56 847 812	51 015 674
Less: Transfer of Current Portion - Note 19	(1 263 000)	(1 244 568)
Balance 30 June	55 584 812	49 771 106

Long Service Awards

Balance 1 July	1 806 355	1 522 979
Contribution for the year	250 706	232 392
Interest Cost	127 576	120 610
Expenditure for the year	(340 320)	(499 707)
Actuarial Loss/(Gain)	293 724	430 081
Total long service 30 June	2 138 041	1 806 355
Less: Transfer of Current Portion - Note 19	(264 669)	(280 047)
Balance 30 June	1 873 372	1 526 308

Ex-Gratia Pensions

Balance 1 July	327 352	360 815
Contribution for the year	3 975	4 582
Interest Cost	26 436	29 662
Expenditure for the year	(14 778)	(48 391)
Actuarial Loss/(Gain)	(5 920)	(19 316)
Total Ex-Gratia 30 June	337 065	327 352
Less: Transfer of Current Portion - Note 19	(112 741)	(114 775)
Balance 30 June	224 324	212 577

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	53 149 381	38 159 981
Contribution for the year	2 985 356	1 765 379
Interest cost	4 555 771	3 486 789
Expenditure for the year	(1 659 507)	(1 739 065)
Actuarial Loss/(Gain)	291 917	11 476 297
Total employee benefits 30 June	59 322 918	53 149 381
Less: Transfer of Current Portion - Note 19	(1 640 410)	(1 639 390)
Balance 30 June	57 682 508	51 509 991

WITZENBERG MUNICIPALITY

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

EMPLOYEE BENEFITS CONTINUED

23.1 Post-employment Health Care Benefits

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

In-service (employee) members	248	254
In-service (employee) non-members	265	273
Continuation members (e.g. Retirees, widows, orphans)	53	53
Total Members	566	580

2012	2011
R	R

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

In-service members	38 525 020	32 437 101
Continuation members	18 322 792	18 578 573
Total Liability	56 847 812	51 015 674

2010	2009
R	R

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

In-service members	26 124 600	22 717 210
Continuation members	10 151 587	9 217 993
Total Liability	36 276 187	31 935 203

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

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

2012	2011
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i) Rate of interest

Discount rate	8.11%	8.73%
Health Care Cost Inflation Rate	6.94%	7.30%
Net Effective Discount Rate	1.09%	1.33%

ii) Mortality rates

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

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

2012	2011
R	R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	56 847 812	51 015 674
Net liability/(asset)	56 847 812	51 015 674

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

WITZENBERG MUNICIPALITY

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

EMPLOYEE BENEFITS CONTINUED

	2012 R	2011 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	51 015 674	36 276 187
Total expenses	5 828 025	3 673 955
Current service cost	2 730 675	1 528 405
Interest Cost	4 401 759	3 336 517
Benefits Paid	(1 304 409)	(1 190 967)
Actuarial (gains)/losses	4 113	11 065 532
Present value of fund obligation at the end of the year	56 847 812	51 015 674
<u>Less:</u> Transfer of Current Portion - Note 19	(1 263 000)	(1 244 568)
Balance 30 June	55 584 812	49 771 106

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)
Central Assumptions	38 525	18 323	56 848

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Central assumptions		38525	18323	56 848	
Health care inflation	1%	46 117	20 412	66 529	17
Health care inflation	-1%	32 498	16 532	49 030	-14
Post-retirement mortality	-1 year	39 678	19 027	58 705	3
Average retirement age	-1 year	41 748	18 323	60 071	6
Withdrawal Rate	-50%	43 002	18 323	61 325	8

23.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

504	502
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i) Rate of interest

	2012	2011
Discount rate	6.30%	7.66%
General Salary Inflation (long-term)	5.98%	6.25%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.31%	1.33%

The amounts recognised in the Statement of Financial Position are as follows:

	2012 R	2011 R
Present value of fund obligations	2 138 041	1 806 355
Net liability	2 138 041	1 806 355
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2010 R	2009 R
Net liability	1 522 979	1 393 580

WITZENBERG MUNICIPALITY

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

EMPLOYEE BENEFITS CONTINUED

	2012 R	2011 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 806 355	1 522 979
Total expenses	37 962	(146 705)
Current service cost	250 706	232 392
Interest Cost	127 576	120 610
Benefits Paid	(340 320)	(499 707)
Actuarial (gains)/losses	293 724	430 081
Present value of fund obligation at the end of the year	2 138 041	1 806 355
Less: Transfer of Current Portion - Note 19	(264 669)	(280 047)
Balance 30 June	1 873 372	1 526 308

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R'000)	% change
Central assumptions		2 138	
General salary inflation	1.00%	2 258	6%
General salary inflation	-1.00%	2 028	-5%
Average retirement age	-2 yrs	1 742	-19%
Average retirement age	2 yrs	2 539	19%
Withdrawal rates	-50.00%	2 591	21%

23.3 Ex-Gratia Pension Benefits

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	2012	2011
	47	50

i) Rate of interest

Discount rate	6.13%	8.11%
General Salary Inflation (long-term)	6.26%	6.48%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	-0.13%	1.53%

The amounts recognised in the Statement of Financial Position are as follows:

	2012 R	2011 R
Present value of fund obligations	337 065	327 352
Net liability	337 065	327 352

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R	2009 R
Net liability	360 815	346 951

	2012 R	2011 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	327 352	360 815
Total expenses	15 633	(14 147)
Current service cost	3 975	4 582
Interest Cost	26 436	29 662
Benefits Paid	(14 778)	(48 391)
Actuarial (gains)/losses	(5 920)	(19 316)
Present value of fund obligation at the end of the year	337 065	327 352
Less: Transfer of Current Portion - Note	(112 741)	(114 775)
Balance 30 June	224 324	212 577

WITZENBERG MUNICIPALITY

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

EMPLOYEE BENEFITS CONTINUED

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	In-service members liability (R'000)	Pensioner liability (R'000)	Total liability (R'000)	% change
Central assumptions		149	188	337	
General salary inflation	+1%	149	190	339	1%
General salary inflation	-1%	149	185	334	-1%
Average retirement age	-1 yrs	149	197	346	3%
Average retirement age	+1 yrs	158	188	346	2%
Withdrawal rates	-50%	156	188	344	2%

23.3 Retirement funds	2012 R	2011 R
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CAPE JOINT PENSION FUND

The funding level of the CJPF Defined Benefit section was 98.1% as at the 30 June 2011 valuation date compared with a 100% funding level as at 30 June 2010. The valuation actuary recommended a total contribution rate of 32.40% which was in excess of the 27.0% contribution rate prevailing as at 30 June 2011.

Contributions paid recognised in the Statement of Financial Performance	251 351	253 495
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SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The funding level at the most recent actuarial valuation (1 July 2011) of 98.1% was calculated on a Discounted Cash Flow (DCF) basis. This deficit was lower than as at the previous valuation on 1 July 2010.

The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2011 be maintained at 19.18%. This includes a margin of 3.53% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs.

The valuation actuary expected that the funding level would be close to 100% as at the next statutory valuation date of 1 July 2012.

Contributions paid recognised in the Statement of Financial Performance	241 334	178 448
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, Nationale Fund for Municipale Employees (IMATU) and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Cape Joint Retirement Fund	6 878 930	5 370 754
Municipal Councillors Pension Fund	288 103	559 021
Nasionale Fonds Vir Munisipale Werknemers (IMATU)	83 999	77 641
SAMWU National Provident Fund	2 375 442	2 313 306
	9 626 474	8 320 722

24 NET ASSET RESERVES

Capital Replacement Reserve	6 414 513	5 568 197
Total Net Asset Reserves	6 414 513	5 568 197

Please refer to Correction of Error - Note 38.110

WITZENBERG MUNICIPALITY

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

25	PROPERTY RATES	2012 R	2011 R
	<u>Actual</u>		
	Rates Levied	38 071 975	31 141 680
	Business	5 669 553	5 029 581
	Building Clauses	34 651	85 828
	Rural	7 806 394	5 644 606
	Industrial	4 165 394	3 651 957
	Residential	15 508 888	12 738 047
	State	4 024 023	3 258 755
	Vacant Land	855 524	727 404
	Public Service Infrastructure	7 548	5 502
	Less: Revenue Forgone	(447 351)	(460 605)
	Total Assessment Rates	37 624 624	30 681 075
	<u>Valuations - 1 JULY</u>		
	Rateable Land and Buildings		
	Residential Property	2 379 660 190	2 323 890 800
	Commercial Property	609 952 122	595 027 000
	Industrial Property	323 842 000	317 018 000
	Informal Property	21 816 000	21 490 000
	Agricultural Purposes	3 847 479 123	3 815 733 000
	State - National/ Provincial Services	317 813 000	308 042 000
	Municipal Property	280 572 510	289 285 510
	Vacant Property	91 464 310	93 438 200
	Total Valuation	7 872 599 255	7 763 924 510

Assessment Rates are levied on the value of land and improvements. The 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.

Rates:

Residential	0.685c/R	0.582c/R
Commercial	1.301c/R	1.060c/R
Industrial	1.301c/R	1.194c/R
Agricultural	0.171c/R	0.146c/R

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

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R15 000 on the valuation is exempted.

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.

26	GOVERNMENT GRANTS AND SUBSIDIES	2012 R	2011 R
	Unconditional Grants	39 305 000	36 682 814
	Equitable Share	39 305 000	36 682 814
	Conditional Grants	73 660 489	63 738 664
	Grants and donations	72 995 489	63 122 664
	Subsidies	665 000	616 000
	Total Government Grants and Subsidies	112 965 489	100 421 478
	Government Grants and Subsidies - Capital	58 971 308	46 836 839
	Government Grants and Subsidies - Operating	53 994 181	53 584 639
		112 965 489	100 421 478

Please refer to appendix F for more detailed disclosure of Government Grants and Subsidies.

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

WITZENBERG MUNICIPALITY

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

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED		
	2012	2011
	R	R
26.1 Equitable share		
Grants received	39 305 000	36 682 814
Conditions met - Operating	<u>(39 305 000)</u>	<u>(36 682 814)</u>
Conditions still to be met/(Grant expenditure to be recovered)	<u>-</u>	<u>-</u>
<p>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.</p>		
26.2 Local Government Financial Management Grant (FMG)		
Opening balance	(328 670)	(274 862)
Grants received	1 250 000	3 000 000
Conditions met - Operating	(1 343 585)	(2 164 236)
Conditions met - Capital	-	(889 572)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(422 255)</u>	<u>(328 670)</u>
<p>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</p>		
26.3 Municipal Systems Improvement Grant		
Opening balance	21 830	630 247
Grants received	1 200 000	1 200 000
Conditions met - Operating	(442 042)	(1 366 464)
Conditions met - Capital	(673 514)	(441 953)
Conditions still to be met/(Grant expenditure to be recovered)	<u>106 274</u>	<u>21 830</u>
<p>The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</p>		
26.4 Municipal Infrastructure Grant (MIG)		
Opening balance	(1 211 704)	1 223 910
Grants received	18 229 000	10 160 000
Conditions met - Operating	(2 091 353)	(1 528 893)
Conditions met - Capital	(15 730 787)	(11 066 721)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(804 844)</u>	<u>(1 211 704)</u>
<p>The grant was used to upgrade infrastructure in previously disadvantaged areas.</p>		
26.5 Housing Grants		
Opening balance	3 652 233	3 770 685
Grants received	15 703 209	17 476 606
Conditions met - Operating	(1 394 363)	(6 840 157)
Conditions met - Capital	(11 767 387)	(10 754 901)
Conditions still to be met/(Grant expenditure to be recovered)	<u>6 193 692</u>	<u>3 652 233</u>
<p>Housing grants was utilised for the development of erven and the erection of top structures.</p>		
26.6 Integrated National Electrification Grant		
Opening balance	772 895	626 309
Grants received	-	2 000 000
Conditions met - Operating	(189 836)	(78 502)
Conditions met - Capital	(1 407 100)	(1 774 912)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(824 041)</u>	<u>772 895</u>
<p>The National Electrification Grant was used for electrical connections in previously disadvantaged areas.</p>		

WITZENBERG MUNICIPALITY

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

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED

	2012 R	2011 R
26.7 Other Grants		
Opening balance	5 992 723	18 776 075
Grants received	35 916 856	14 049 001
Conditions met - Operating	(9 228 003)	(4 923 573)
Conditions met - Capital	(29 392 520)	(21 908 780)
Write off / Transfers	-	-
Conditions still to be met/(Grant expenditure to be recovered)	3 289 056	5 992 723

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

26.8 Total Grants

Opening balance	8 899 307	24 752 364
Grants received	111 604 066	84 568 421
Conditions met - Operating	(53 994 182)	(53 584 639)
Conditions met - Capital	(58 971 308)	(46 836 839)
Conditions still to be met/(Grant expenditure to be recovered)	7 537 883	8 899 307

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	13 137 816	15 094 080
Unpaid Conditional Government Grants and Receipts	(5 599 933)	(6 194 773)
	7 537 883	8 899 307

27 SERVICE CHARGES

Electricity	129 808 712	107 587 485
Water	29 191 110	26 351 434
Refuse removal	19 661 672	18 356 890
Sewerage and Sanitation Charges	17 168 496	16 346 220
Bulk service levies	409 110	112 319
	196 239 100	168 754 348
Less: Revenue Forgone	(16 165 179)	(13 073 473)
Total Service Charges	180 073 921	155 680 875

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.

28 OTHER INCOME

Application fees - Town Planning	54 027	44 649
Building Plan Fees	529 358	702 049
Cemetery Fees	198 585	170 388
Clip Cards	103 008	72 618
Collection Fees	2 047	43 007
Damages Income	17 813	6 057
Fire combating fees	-	88
Housing	239 460	311 845
Insurance Claims Received	244 748	180 279
Mayor's Golf Day	-	2 800
Re-connection fees	175 768	215 711
Refuse Bags	5 597	999
Skills Development Levies received	97 632	-
Special Projects	32 178	11 350
Sundry Income	2 415 696	1 500 749
Total Other Income	4 115 917	3 262 589

WITZENBERG MUNICIPALITY

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

29 EMPLOYEE RELATED COSTS

	2012	2011
	R	R
Salaries and Wages	56 902 632	51 826 032
Bargaining Council Levy	26 765	25 711
Bonuses	4 885 413	4 398 944
Contributions For Pensions	9 074 785	8 143 285
Contributions For Medical Aids	3 895 804	3 590 611
Contributions For UIF	576 224	502 579
Ex-Gratia Pension	3 975	95 040
Group Life Insurance	1 160 272	884 452
Housing Benefits and Allowances	704 452	697 660
Leave Reserve	2 195 278	889 687
Long service awards	250 706	232 392
Overtime	4 389 813	3 718 860
Post Employment Health Care Benefits	2 728 332	1 528 405
Travel, Motor Car, Accomodation, Subsistance and Other Allowances	2 849 380	2 476 915
	<hr/>	<hr/>
	89 643 831	79 010 573
Less: Employee Cost allocated elsewhere	(388 620)	(175 134)
	<hr/>	<hr/>
Total Employee Related Costs	89 255 211	78 835 439

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	771 370	724 059
Performance Bonuses	140 903	129 889
Car Allowance	108 000	108 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	188 772	175 584
	<hr/>	<hr/>
Total	1 209 045	1 137 532

Remuneration of the Director Technical Services

Annual Remuneration	339 272	551 272
Performance Bonuses	108 496	100 014
Travelling Allowance	50 478	86 534
Contributions to UIF, Medical, Pension Funds and Bargaining Council	89 624	140 255
	<hr/>	<hr/>
Total	587 870	878 075

Remuneration of the Director Corporate Services

Annual Remuneration	588 053	548 623
Performance Bonuses	108 495	69 653
Travelling Allowance	119 363	119 362
Contributions to UIF, Medical, Pension Funds and Bargaining Council	115 743	110 075
	<hr/>	<hr/>
Total	931 654	847 713

Remuneration of the Director Financial Services

Annual Remuneration	588 053	548 623
Performance Bonuses	108 495	100 014
Car Allowance	119 363	119 363
Acting Allowance	5 651	
Contributions to UIF, Medical, Pension Funds and Bargaining Council	115 743	110 075
	<hr/>	<hr/>
Total	937 305	878 075

Remuneration of the Director Community Services

Annual Remuneration	587 223	551 272
Performance Bonuses	108 495	85 726
Car Allowance	86 534	86 534
Contributions to UIF, Medical, Pension Funds and Bargaining Council	149 401	140 225
	<hr/>	<hr/>
Total	931 653	863 757

WITZENBERG MUNICIPALITY

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

30	REMUNERATION OF COUNCILLORS	2012 R	2011 R
	Executive Mayor	558 662	407 175
	Deputy Mayor	436 081	398 095
	Speaker	455 200	409 019
	Mayoral Committee Members	1 711 828	1 214 356
	Councillors	2 724 945	2 527 538
	Pension fund contributions	734 935	587 485
	Medical aid contributions	17 280	33 366
	Total Councillors' Remuneration	6 638 931	5 577 034
	<i>In-kind Benefits</i>		
	The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.		
31	DEBT IMPAIRMENT		
	Long term Receivables - Note 6	152 657	125 202
	Receivables from exchange transactions - Note 3	19 696 600	10 745 749
	Receivables from non-exchange transactions - Note 4	788 076	2 016 219
	Total Contribution to Debt Impairment	20 637 333	12 887 170
32	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	10 464 485	9 168 715
	Investment Property	384 002	384 545
	Intangible Assets	535 193	345 214
	Capitalised restoration cost	1 019 307	802 293
		12 402 987	10 700 767
33	IMPAIRMENTS		
	Property Plant & Equipment	242	77 186
		242	77 186
34	FINANCE CHARGES		
	Long-term Liabilities	6 563 637	7 506 942
	Ex-Gratia Pension	26 436	29 662
	Bank Overdraft	25	9
	Post Employment Health Care Benefits	4 401 759	3 336 517
	Long service awards	127 576	120 610
	Capitalised restoration cost	1 087 271	1 063 716
	Other	38 005	-
	Total finance charges	12 244 709	12 057 456
35	BULK PURCHASES		
	Electricity	102 547 908	79 826 385
	Total Bulk Purchases	102 547 908	79 826 385
36	GRANTS AND SUBSIDIES		
	Sport	50 000	-
	Council	216 054	172 514
	Tourism	527 750	480 100
	Total Grants and Subsidies	793 804	652 614

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
37 GENERAL EXPENSES		
Audit Fees	2 197 757	1 718 578
Asset Losses	-	-
Bank Charges	423 928	345 727
Cellphone	438 079	484 593
Chemicals	773 220	667 475
Communication & Events	234 549	93 607
Commission	859 644	674 934
Consultant Fees	428 303	520 406
Developing Projects	196 059	216 258
Dog Expenses	339 250	132 072
Entertainment	486 303	401 753
Escom Electricity	671 316	709 874
Expenditure against Public Donations	226 007	59 534
Indigent costs	710 011	370 471
Insurance	782 949	1 433 898
Investigations	443 167	684 969
Koekedouw	-	945 748
Membership Fees	674 381	490 526
Printing and Stationary	2 321 138	1 924 116
Projects	329 837	289 181
Protective Clothing	417 834	581 692
Refuse bags	975 045	1 011 273
Rental of Offices	458 095	345 971
Sewerage analysis	461 876	534 961
Strategic Partnerships	322 465	424 904
Telephone and Postage	1 791 621	1 777 887
Training	492 105	548 756
Travel and Accommodation	1 490 281	1 020 139
TV Transponder	210 328	186 399
Valuation Costs	242 043	378 035
Vehicle Fleet Costs	4 790 679	3 603 618
Water levies	290 852	338 189
Other	1 470 449	1 325 422
General Expenses	25 949 571	24 240 966

38 CORRECTION OF ERROR IN TERMS OF GRAP 3

STATEMENT OF FINANCIAL POSITION

38.1 Capitalised Restoration Cost

Balance previously reported	1 389 228
Derecognised of Capitalised Restoration Cost - Note 38.12	(7 312 398)
Derecognised of Accumulated Depreciation - Note 38.12	5 107 227
Derecognised of Accumulated Impairment - Note 38.12	39 319
Derecognised of Capitalised Restoration Cost - Depreciation 2010/2011 - Note 38.13	647 197
Derecognised of Capitalised Restoration Cost - Impairment 2010/2011 - Note 38.13	129 427
First time recognition of Capitalised Restoration Cost - Non-current Provision - Note 38.2	9 241 169
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 38.12	(7 178 838)
Recognition of Capitalised Restoration Cost - Depreciation 2010/2011 - Note 38.13	(802 293)
Adjusting to provision/asset for the changes in interest rate 2009/2010 - Note 38.2	968 666
Adjusting to provision/asset for the changes in interest rate 2010/2011 - Note 38.2	575 200
Balance now reported	2 803 904

38.2 Non-current Provisions

Balance previously reported	21 870 188
Derecognised of Landfill Provision - Note 38.12	(19 553 501)
Derecognition of unwinding off interest - Note 38.12	(1 256 245)
Derecognition of Provision for Restoration Cost - Finance Charges 2010/2011 - Note 38.13	(1 060 442)
First time recognition of Landfill Site Provision - Recognised Assets - Note 38.1	9 241 169
First time recognition of Provision for Restoration Cost - Backlog Finance Charges - Note 38.12	9 896 652
Recognition of Provision for Restoration Cost - Finance Charges 2010/2011 - Note 38.13	1 063 716
Adjusting to provision/asset for the changes in interest rate 2009/2010 - Note 38.1	968 666
Adjusting to provision/asset for the changes in interest rate 2010/2011 - Note 38.1	575 200
Balance now reported	21 745 403

WITZENBERG MUNICIPALITY

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

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2012 R	2011 R
38.3	Property, Plant and Equipment		
	Balance previously reported		203 328 576
	Recognised of Retention 2010/2011 - Note 38.7		165 301
	Derecognised of Accumulated Depreciation on Consolidatd Assets - Note 38.12		224 844 141
	Derecognised of Depreciation on Consolidated Assets 2010/2011 - Note 38.13		7 950 464
	Writing back of Profit/Loss on disposal of assets: 2010/2011 - Note 38.13		2 478
	Recognised of Accumulated Depreciation on Unbundeld Assets - Note 38.12		(75 689 953)
	Writing back land and building values - Note 38.12		(124 366 537)
	Bringing in PPE land and building values - Note 38.12		183 508 575
	New Property Plant & Equipment found - Note 38.12		1 178 731
	Expenditure capitalised which refers to Repairs and maintenance - Note 38.12		(2 240 306)
	Assets replaced bedore 1 July 2010 - Note 38.12		(613 816)
	Unknown descriptions and assets no longer in use - Note 38.12		(1 670 533)
	Proper plant and Equipment transferred to Intangible Assets - Note 38.4		256 700
	Proper plant and Equipment transferred to Investment Property - Note 38.5		(650 292)
	Recognised of Depreciation on Componentised Assets 2010/2011 - Note 38.13		(9 150 365)
	Expenditure capitalised which refers to Repairs and maintenance 2010/2011 - Note 38.13		(1 107 793)
	Assets replaced 2010/2011 - Note 38.13		(159 295)
	Assets disposed 2010/2011 - Note 38.13		(959 386)
	Recognised of Impairment on Componentised Assets 2010/2011 - Note 38.13		(95 536)
	Reversal of Asset losses 2011/2012 - Note 38.13		28 156
	Balance now reported		404 559 309
38.4	Intangible Assets		
	Balance previously reported		1 010 614
	Derecognised of Accumulated Amortisation on Consolidatd Assets - Note 38.12		817 544
	Derecognised of Amortisation on Consolidated Assets 2010/2011 - Note 38.13		62 224
	Recognised of Assets previously expensed 2010/2011 - Note 38.13		33 600
	Recognised of Accumulated Amortisation on Unbundeld Assets - Note 38.12		(624 218)
	New Intangible Assets found - Note 38.12		1 490 556
	Unknown descriptions and intangible assets no longer in use - Note 38.12		(566 738)
	Proper plant and Equipment transferred to Intangible Assets - Note 38.3		(256 700)
	Recognised of Amortisation on Componentised Assets 2010/2011 - Note 38.13		(345 214)
	Balance now reported		1 621 669
38.5	Investment Property		
	Balance previously reported		-
	Bringing in Investment Property land and building values - Note 38.12		72 694 215
	Recognised of Accumulated Amortisation on Investment Property - Note 38.12		(767 715)
	Property plant and Equipment transferred to Investment Property - Note		650 292
	Recognised of Amortisation on Investment Propertys 2010/2011 - Note 38.13		(384 545)
	Investment property disposed 2010/2011 - Note 38.13		(43 000)
	Balance now reported		72 149 247
38.6	Long-term Liabilities		
	Balance previously reported		51 103 674
	Correction of Nedbank Redemption of Loans - Note 38.12		(186 000)
	Balance now reported		50 917 674
38.7	Payables from exchange transactions		
	Balance previously reported		26 857 259
	Recognised of Retention 2010/2011 - Note 38.3		165 301
	Balance now reported		27 022 560

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		
38.8 Unpaid Conditional Government Grants and Receipts		
Balance previously reported		6 176 179
Recognition of Capital Grant Income 2010/2011 - Note 38.13		<u>18 594</u>
Balance now reported		<u>6 194 773</u>
38.9 Unspent Conditional Government Grants and Receipts		
Balance previously reported		15 205 593
Recognition of Capital Grant Income 2010/2011 - Note 38.13		<u>(111 513)</u>
Balance now reported		<u>15 094 080</u>
38.10 Current Employee benefits		
Balance previously reported		9 721 131
Correction of Provision for Standby Backpay 2010/2011 - Note 38.13		<u>1 927 516</u>
Balance now reported		<u>11 648 647</u>
38.11 Capital Replacement Reserve		
Balance previously reported		5 636 990
Recognised of Retention from CRR 2010/2011 - Note 38.14		<u>(68 794)</u>
Balance now reported		<u>5 568 196</u>
38.12 Accumulated Surplus/(Deficit) 1 July 2010		
Balance previously reported		45 168 691
Derecognised of Capitalised Restoration Cost - Note 38.1		(7 312 398)
Derecognised of Accumulated Depreciation - Note 38.1		5 107 227
Derecognised of Accumulated Impairment - Note 38.1		39 319
Derecognised of Landfill Provision - Note 38.2		19 553 501
Derecognition of unwinding off interest - Note 38.2		1 256 245
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 38.1		(7 178 838)
First time recognition of Provision for Restoration Cost - Backlog Finance Charges- Note 38.2		(9 896 652)
Correction of Nedbank Redemption of Loans - Note 38.6		186 000
Derecognised of Accumulated Depreciation on Consolidatd Assets - Note 38.3		224 844 141
Derecognised of Accumulated Amortisation on Consolidatd Intangible Assets - Note 38.4		817 544
Recognised of Accumulated Depreciation on Unbundeld Assets - Note 38.3		(75 689 953)
Writing back land and building values - Note 38.3		(124 366 537)
Bringing in PPE land and building values - Note 38.3		183 508 575
New Property Plant & Equipment found - Note 38.3		1 178 731
Expenditure capitalised which refers to Repairs and maintenance - Note 38.3		(2 240 306)
Assets replaced - Note 38.3		(613 816)
Unknown descriptions and assets no longer in use - Note 38.3		(1 670 533)
Recognised of Accumulated Amortisation on Unbundeld Intangible Assets - Note 38.4		(624 218)
New Intangible Assets found - Note 38.4		1 490 556
Unknown descriptions and intangible assets no longer in use - Note 38.4		(566 738)
Recognised of Accumulated Depreciation on Investment Property - Note 38.5		(767 715)
Bringing in Investment Property land and building values - Note 38.5		72 694 215
Balance now reported		<u>324 917 043</u>

WITZENBERG MUNICIPALITY

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

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2012	2011
		R	R
STATEMENT OF FINANCIAL PERFORMANCE			
38.13 Net Surplus For The Year			
Surplus previously reported			41 902 280
Derecognised of Capitalised Restoration Cost - Depreciation 2010/2011 - Note 38.1			647 197
Derecognised of Capitalised Restoration Cost - Impairment 2010/2011 - Note 38.1			129 427
Derecognition of Provision for Restoration Cost - Finance Charges 2010/2011 - Note 38.2			1 060 442
Recognition of Capitalised Restoration Cost - Depreciation 2010/2011 - Note 38.1			(802 293)
Recognition of Provision for Restoration Cost - Finance Charges 2010/2011 - Note 38.2			(1 063 716)
Derecognised of Depreciation on Consolidated Assets 2010/2011 - Note 38.3			7 950 464
Writing back of Profit/Loss on disposal of assets: 2010/2011 - Note 38.3			2 478
Derecognised of Amortisation on Consolidated Intangible Assets 2010/2011 - Note 38.4			62 224
Correction of Provision for Standby Backpay 2010/2011 - Note 38.10			(1 927 516)
Recognition of Capital Grant Income 2010/2011 - Note 38.8			18 594
Recognition of Capital Grant Income 2010/2011 - Note 38.9			111 513
Recognised of Assets previously expensed 2010/2011 - Note 38.4			33 600
Recognised of Depreciation on Componentised Assets 2010/2011 - Note 38.3			(9 150 365)
Expenditure capitalised which refers to Repairs and maintenance 2010/2011 - Note 38.3			(1 107 793)
Assets replaced 2010/2011 - Note 38.3			(159 295)
Assets disposed 2010/2011 - Note 38.3			(959 386)
Recognised of Impairment on Componentised Assets 2010/2011 - Note 38.3			(95 536)
Reversal of Asset losses 2011/2012 - Note 38.3			28 156
Recognised of Amortisation on Componentised Intangible Assets 2010/2011 - Note 38.4			(345 214)
Recognised of Amortisation on Investment Property 2010/2011 - Note 38.5			(384 545)
Investment property disposed 2010/2011 - Note 38.5			(43 000)
Surplus now reported			35 907 716

STATEMENT OF CHANGES IN NET ASSETS

38.14 Accumulated Surplus/(Deficit) 30 June 2011			
Balance previously reported			91 853 814
Recognised of Retention from CRR 2010/2011 - Note 38.11			68 794
Correction of errors in Accumulated Surplus as at 30 June 2010 - Note 38.12			279 748 352
Correction of errors in Statement of Financial Performance 2010/2011 - Note 38.13			(5 994 564)
Balance now reported			365 676 396

39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	52 320 552	35 907 716
Adjustments for:		
Depreciation	11 867 793	10 355 553
Amortisation of Intangible Assets	535 194	345 214
Gain on disposal of property, plant and equipment	(477 212)	(207 488)
Loss on disposal of property, plant and equipment	1 029 426	1 065 480
Unamortised Discount on Loans	1 862 634	1 870 055
Debt Impairment	20 484 676	12 761 968
Debt Impairment - Long term receivables	152 657	125 202
Contribution to staff leave	1 920 395	555 161
Contribution from/to provisions	1 203 520	1 638 916
Contribution from/to employee benefits	3 737 548	5 423 619
Actuarial Loss	291 917	11 476 297
Asset losses at carrying value	-	(1 118 680)
Impairment written off	242	77 186
Operating lease income accrued	900	(1 778)
Operating Surplus/(Deficit) before changes in working capital	94 930 242	80 274 421
Changes in working capital	(9 415 264)	(34 521 566)
Increase/(Decrease) in Trade and Other Payables	11 816 846	2 037 529
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1 956 264)	(9 933 146)
Increase/(Decrease) in Unspent Public Contributions	334 073	(83 535)
Increase/(Decrease) in Taxes	(2 072 783)	(691 225)
(Increase)/Decrease in Inventory	(57 496)	(914 329)
(Increase)/Decrease in Trade and other receivables	(18 074 480)	(19 016 948)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	594 840	(5 919 911)
Cash generated/(absorbed) by operations	85 514 978	45 752 855

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 2	32 561 785	21 874 092
Investments - Note 10	23 025	23 025
	<hr/>	<hr/>
	32 584 810	21 897 117
Less:	13 137 816	15 480 662
Unspent Committed Conditional Grants - Note 7	13 137 816	15 094 080
VAT - Note 8	-	386 582
	<hr/>	<hr/>
Resources available for working capital requirements	19 446 994	6 416 455
Allocated to:		
Capital Replacement Reserve	6 414 513	5 568 197
Employee Benefits Reserve	69 108 499	63 158 638
Non-Current Provisions Reserve	15 600 880	19 484 847
	<hr/>	<hr/>
Shortfall in working capital requirements	(71 676 898)	(81 795 227)
	<hr/>	<hr/>
41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 21	52 005 169	59 485 240
Used to finance property, plant and equipment - at cost	(52 005 169)	(59 485 240)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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

42 BUDGET COMPARISONS	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%) (Variance)
42.1 Operational				
Revenue by source				
Property Rates	37 624 624	35 900 534	1 724 090	5%
Property Rates - penalties imposed and collection charges	1 042 190	675 000	367 190	54%
Government Grants and Subsidies - Capital	58 971 308	47 941 006	11 030 302	23%
Government Grants and Subsidies - Operating	53 994 181	56 513 589	(2 519 408)	-4%
Public Contributions and Donations	214 378	509 915	(295 537)	-58%
Actuarial Gains	5 920	-	5 920	100%
Fines	897 473	2 046 028	(1 148 555)	-56%
Service Charges	180 073 921	180 271 775	(197 854)	0%
Rental of Facilities and Equipment	6 944 276	7 310 346	(366 070)	-5%
Interest Earned - external investments	2 089 182	1 846 488	242 694	13%
Interest Earned - outstanding debtors	3 798 921	3 904 743	(105 822)	-3%
Licences and Permits	167 515	230 349	(62 834)	-27%
Agency Services	2 852 993	2 702 124	150 869	6%
Other Income	4 115 917	3 081 774	1 034 143	34%
Unamortised Discount - Interest	3 169	-	3 169	100%
Gain on disposal of Capital Assets	477 212	1 771	475 441	26846%
	<hr/>	<hr/>	<hr/>	
	353 273 180	342 935 442	10 337 738	3%

WITZENBERG MUNICIPALITY

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

BUDGET COMPARISONS CONTINUED				
	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%) (Variance)
Expenditure by nature				
Employee Related Costs	89 255 211	93 095 804	3 840 593	-4%
Remuneration of Councillors	6 638 931	6 689 815	50 884	-1%
Debt Impairment	20 637 333	9 858 239	(10 779 094)	109%
Collection Costs	289 847	494 553	204 706	-41%
Depreciation and Amortisation	12 402 987	15 884 067	3 481 080	-22%
Impairments	242	-	(242)	100%
Actuarial losses	297 837	-	(297 837)	100%
Unamortised Discount - Interest paid	1 865 803	-	(1 865 803)	100%
Repairs and Maintenance	14 163 160	16 189 900	2 026 740	-13%
Stock Adjustments	-9 326	-	9 326	100%
Finance Charges	12 244 709	9 755 138	(2 489 571)	26%
Bulk Purchases	102 547 908	96 738 980	(5 808 928)	6%
Contracted services	9 576 007	10 013 920	437 913	-4%
Grants and Subsidies	793 804	797 750	3 946	0%
Operating Grant Expenditure	3 269 178	3 316 928	47 750	-1%
General Expenses	25 949 571	27 443 257	1 493 686	-5%
Loss on disposal of Property, Plant and Equipment	1 029 426	-	(1 029 426)	100%
	300 952 628	290 278 351	(10 674 277)	4%
Net Surplus for the year	52 320 552	52 657 091	(336 539)	-1%
	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%) (Variance)
42.2 Operating expenditure by Vote				
Budget & Treasury Office	25 351 976	23 560 611	1 791 365	8%
Civil Services	69 867 287	64 312 035	5 555 252	9%
Community & Social Services	14 323 889	15 275 870	(951 981)	-6%
Corporate Services	22 578 260	22 581 856	(3 596)	0%
Electro Technical Services	121 724 600	115 083 622	6 640 978	6%
Executive & Council	17 562 015	17 562 971	(956)	0%
Housing	3 673 417	4 269 890	(596 473)	-14%
Planning	3 827 558	3 927 138	(99 580)	-3%
Public Safety	6 846 648	7 500 662	(654 014)	-9%
Sport & Recreation	15 196 978	16 203 696	(1 006 718)	-6%
	300 952 628	290 278 351	10 674 277	4%
	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%) (Variance)
BUDGET COMPARISONS CONTINUED				
42.3 Capital expenditure by vote				
Budget & Treasury Office	54 416	64 068	(9 652)	-15%
Civil Services	56 628 393	61 403 089	(4 774 696)	-8%
Community & Social Services	684 964	828 597	(143 633)	-17%
Corporate Services	979 347	1 168 801	(189 454)	-16%
Electro Technical Services	3 628 139	3 805 806	(177 667)	-5%
Executive & Council	56 535	66 966	(10 431)	-16%
Housing	5 813	5 890	(77)	-1%
Planning	10 190	15 650	(5 460)	-35%
Public Safety	1 164 830	1 932 404	(767 574)	-40%
Sport & Recreation	4 885 898	4 812 339	73 559	2%
	68 098 525	74 103 610	(6 005 085)	-8%

The under spending on capital votes are due to: grants received during the financial year and only included in the adjustment budget approved at the council meeting of 27 Januarie 2012. Taking into account that the required supply chain processes had to be followed it was not possible to complete the projects by 30 June 2012.

WITZENBERG MUNICIPALITY

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

BUDGET COMPARISONS CONTINUED		2012	2011				
		R	R				
42.4	Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance						
	Net surplus/deficit per the statement of financial performance	52 320 552					
	Adjusted for:						
	Fair value adjustments	a) 279 422					
	Impairments recognised / reversed	b) (3 480 838)					
	Surplus / deficit on the sale of assets	553 985					
	Increases / decreases in provisions	c) 10 779 094					
	Employee related cost	d) (3 891 477)					
	Other Expenditure	e) 5 949 561					
	Rates & Service Charges	f) (1 893 426)					
	Grants & Donations	g) (8 215 357)					
	Other Income	h) 255 575					
	Net surplus/deficit per approved budget	52 657 091					
	a) Actuarial losses on Employee Benefits						
	b) Depreciation less than expected due to slow capital spending						
	c) Collection ratio less than expected.						
	d) Employee cost less than budget due to vacancies not filled timeously						
	e) Bulk purchases more than expected.						
	f) Property rates increase due to the inclusion of the District Management Area .						
	g) Improved spending of Grants received.						
	h) More interest earned than expected.						
43	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED						
43.1	<u>Unauthorised expenditure</u>						
	Reconciliation of unauthorised expenditure:						
	Opening balance	14 625 714	13 192 216				
	Unauthorised expenditure current year - capital	73 559	37 570				
	Unauthorised expenditure current year - operating	13 987 595	14 588 144				
	Condoned by council	(28 686 868)	(13 192 216)				
	Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>14 625 714</u>				
	Unauthorised expenditure on operating votes are due to:						
	- Unforeseen actuarial losses on employee benefits,						
	- Unexpected increase in bulk purchases from Eskom,						
	- Debt impairment of old housing loans.						
	Unauthorised expenditure on capital votes are due to:						
	- Over expenditure on the upgrading of the Kluitjieskraal houses.						
43.2	<u>Irregular expenditure</u>						
	Reconciliation of irregular expenditure:						
	Opening balance	110 720	248 872				
	Irregular expenditure current year	-	110 720				
	Condoned by Council	(110 720)	(248 872)				
	Irregular expenditure awaiting further action	<u>-</u>	<u>110 720</u>				
	<table border="1"> <tr> <td>Incident</td> <td>Disciplinary steps/criminal proceedings</td> </tr> <tr> <td>Refer to Note 44.8</td> <td>Investigated report to Council</td> </tr> </table>	Incident	Disciplinary steps/criminal proceedings	Refer to Note 44.8	Investigated report to Council	-	110 720
Incident	Disciplinary steps/criminal proceedings						
Refer to Note 44.8	Investigated report to Council						
		<u>-</u>	<u>110 720</u>				

WITZENBERG MUNICIPALITY

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

	2012	2011
	R	R
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED CONTINUED		
43.3 Material Losses		
Water distribution losses		
- Kilolitres purified	6 666 785	6 454 910
- Kilolitres sold	4 560 196	4 240 398
- Kilolitres lost during distribution	2 106 589	2 214 512
- Percentage lost during distribution	31.60%	34.31%
- Value of kilolitres lost during distribution	1 458 349	1 860 190
- The value of kilolitres lost is based on The treatment cost of water.		
Electricity distribution losses		
- Units purchased (Kwh)	187 611 752	185 072 560
- Units sold (Kwh)	175 646 878	170 359 063
- Units lost during distribution (Kwh)	11 964 875	14 713 497
- Percentage lost during distribution	6.38%	7.95%
- Value of units lost during distribution (Kwh)	6 539 957	6 346 198
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Council subscriptions	667 416	485 830
Amount paid - current year	(667 416)	(485 830)
Balance unpaid (included in Payables from exchange transactions)	-	-
44.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	291 989	1 459
Current year audit fee	3 490 996	3 233 725
External Audit - Auditor-General	1 905 768	1 717 120
Internal Audit	1 505 062	1 489 312
Audit Committee	80 166	27 293
Amount paid - current year	(3 074 168)	(2 941 736)
Amount paid - previous year	(291 989)	(1 459)
Balance unpaid (included in Payables from exchange transactions)	416 828	291 989
44.3 VAT - [MFMA 125 (1)(b)]		
Opening balance	678 043	(275 218)
Amounts received - current year	(19 593 009)	(18 754 378)
Amounts claimed - current year (payable)	16 324 400	16 538 086
Amount paid - current year	2 280 012	2 894 335
Amount paid - previous year	(678 043)	275 218
Closing balance	(988 597)	678 043
Vat in suspense due to cash basis of accounting		
Input VAT	5 359 987	3 107 920
Receivable	1 686 201	(386 582)
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
44.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	10 051 891	8 483 448
Amount paid - current year	(10 051 891)	(8 483 448)
Balance unpaid (included in Payables from exchange transactions)	-	-

WITZENBERG MUNICIPALITY

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

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT CONTINUE	2012	2011
	R	R
44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	21 691 510	19 421 855
Amount paid - current year	(21 691 510)	(19 421 855)
Balance unpaid (included in Payables from exchange transactions)	-	-

44.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

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

	Outstanding more than 90 days	Outstanding more than 90 days
Godden, TT&C		38 602
Heradien, P		3 844
Mouton, JS	1 664	1 338
Phungula, SL&JT	6 186	670
Veschini, JA		3 376
Total Councillor Arrear Consumer Accounts	7 850	47 830

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

	Highest Amount Outstanding	Highest Amount Outstanding
Godden, TT&C	36 451	38 602
Heradien, P	2 844	3 844
Mouton, JS	1 755	1 338
Phungula, SL&JT	7 354	670
Veschini, JA	-	3 376
R Sikondlo	-	14 850
	48 404	62 680

44.7 Disclosers 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	Type of deviation			
		Single Supplier	Impossible	Impractical	Emergency
July	275 566	15	-	9	-
August	362 133	20	-	9	5
September	398 314	16	-	8	4
October	776 199	44	-	8	7
November	466 376	38	-	9	1
December	776 199	16	-	11	4
January	527 406	29	-	6	8
February	423 143	20	-	11	8
March	314 820	21	-	8	3
April	875 862	13	-	8	3
May	766 325	28	-	12	3
June	770 181	8	-	7	6
	6 732 524	268	-	106	52

WITZENBERG MUNICIPALITY

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

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT CONTINUE

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Witzenberg Builders and Painters	G Hanse	Father	T Davids	Cape Winelands District Municipality; Health inspector	R 13 320.00
Girly's Catering Services	G De Bruyn	Mother	M De Bruyn	Witzenberg Municipality; Clerk Debt collection	R 11 202.00
Williams Loodgieters	SR Williams	Husband	R Williams	Department of Health: Nurse	R 56 535.00
L & E Blinds	AHE De Jongh	Husband	E De Jongh	Department of Correctional Services; Correctional officer	R 15 272.28
Queens Cake	M Zimri	Wife	JJ Zimri	Department of Correctional Services; Correctional officer	R 173 538.00
		Mother	MM Zimri	Witzenberg Municipality; Intern: Financial Services	
RRR Cleaning Services	R Louw	Father	RML Louw	Witzenberg Municipality; Artisan, Housing	R 55 730.00
		Husband	M Louw	Department of Health: Nurse	
Creative Minds	R Louw	Husband	WA Jordaan	Department of Education: Occupational therapist	R 66 320.00

45 CAPITAL COMMITMENTS	2012 R	2011 R
Commitments in respect of capital expenditure:		
Approved and contracted for:	12 862 767	12 125 037
Infrastructure	12 572 667	12 125 037
Community	63 000	-
Other	227 100	-
Approved but not yet contracted for	74 942 595	55 571 778
Infrastructure	57 712 341	47 613 125
Community	12 450 789	5 161 579
Other	4 779 465	2 797 074
Total	87 805 362	67 696 815
This expenditure will be financed from:		
Government Grants	73 237 095	57 360 391
Own Resources	14 552 067	10 336 424
Public Contributions	16 200	-
Total	87 805 362	67 696 815

WITZENBERG MUNICIPALITY

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

46	FINANCIAL RISK MANAGEMENT	2012 R	2011 R						
	<p>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.</p>								
	<p>(a) Foreign Exchange Currency Risk</p> <p>The municipality does not engage in foreign currency transactions.</p>								
	<p>(b) Price risk</p> <p>The municipality is not exposed to price risk.</p>								
	<p>(c) Interest Rate Risk</p> <p>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.</p> <p>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.</p> <p>The municipality did not hedge against any interest rate risks during the current year.</p> <p>The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">1% (2012 - 0.5%) Increase in interest rates</td> <td style="width: 10%; text-align: right;">(63 632)</td> <td style="width: 10%; text-align: right;">(145 144)</td> </tr> <tr> <td>0.5% (2012 - 0.5%) Decrease in interest rates</td> <td style="text-align: right;">63 632</td> <td style="text-align: right;">145 144</td> </tr> </table>	1% (2012 - 0.5%) Increase in interest rates	(63 632)	(145 144)	0.5% (2012 - 0.5%) Decrease in interest rates	63 632	145 144		
1% (2012 - 0.5%) Increase in interest rates	(63 632)	(145 144)							
0.5% (2012 - 0.5%) Decrease in interest rates	63 632	145 144							
	<p>(d) Credit Risk</p> <p>Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.</p> <p>Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.</p> <p>Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors 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 debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.</p> <p>All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 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 3 for balances included in receivables that were re-negotiated for the period under review.</p>								

WITZENBERG MUNICIPALITY

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

FINANCIAL RISK MANAGEMENT CONTINUED

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<u>Long Term Receivables</u>				
Rates & other	57.67%	247 491	50.19%	241 322
<u>Non-Exchange Receivables</u>				
Rates & other charges	21.27%	2 663 061	24.45%	2 934 334
<u>Exchange Receivables</u>				
Electricity	83.38%	21 080 524	83.67%	18 710 534
Water	17.74%	5 414 968	31.72%	7 437 930
Housing Rentals	7.46%	106 098	14.99%	181 127
Refuse	12.88%	2 333 596	28.34%	4 077 365
Sewerage	24.96%	4 012 037	37.21%	4 535 677
Other	-614.87%	(1 302 380)	6573.64%	(1 158 866)
	34.53%	31 644 843	45.91%	33 783 767

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 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 debtors as

	2012 %	2012 R	2011 %	2011 R
<u>Long Term Receivables</u>				
Rates & other	0.22%	152 657	0.35%	172 170
<u>Non-Exchange Receivables</u>				
Rates & other	14.08%	9 857 556	18.50%	9 069 481
<u>Exchange Receivables</u>				
Electricity	6.00%	4 202 847	7.44%	3 650 608
Water	35.88%	25 116 623	32.65%	16 012 303
Housing Rentals	1.88%	1 315 803	2.09%	1 027 102
Refuse	22.54%	15 777 617	21.03%	10 310 425
Sewerage	17.23%	12 064 321	15.61%	7 654 015
Other	2.16%	1 514 195	2.33%	1 141 237
	85.70%	59 991 406	81%	39 795 690

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Residential	86.30%	60 414 257	80.96%	39 699 645
Commercial	0.00%	1	0.13%	62 711
Business	8.08%	5 653 335	9.51%	4 662 715
Government	0.45%	315 968	3.18%	1 557 669
Other	5.17%	3 618 058	6.23%	3 054 601
	100.00%	70 001 619	100.00%	49 037 341

WITZENBERG MUNICIPALITY

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

FINANCIAL RISK MANAGEMENT CONTINUED	2012	2012	2011	2011
	%	R	%	R
Bad debts written off per debtor class:				
<u>Long Term Receivables</u>				
Rates & other	2.95%	41 041	0.00%	-
<u>Non-Exchange Receivables</u>				
Rates	4.38%	61 072	6.00%	1 350 315
<u>Exchange Receivables</u>				
Electricity	25.57%	356 237	28.57%	6 427 958
Water	30.88%	430 184	29.96%	6 741 029
Housing Rentals	1.44%	20 034	1.54%	347 319
Refuse	18.32%	255 183	18.38%	4 135 930
Sewerage	16.26%	226 512	15.57%	3 504 062
Other	0.21%	2 984	-0.02%	(5 068)
	<u>92.67%</u>	<u>1 291 135</u>	<u>94.00%</u>	<u>21 151 230</u>

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.

	2012	2011
	R	R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	276 502	308 647
Receivables from exchange transactions	31 644 842	33 783 765
Receivables from non-exchange transactions	963 871	1 539 706
Cash and Cash Equivalents	32 561 785	21 874 092
Non-Current Investments	23 025	23 025
Unpaid conditional grants and subsidies	5 599 933	6 194 773
	<u>71 069 958</u>	<u>63 724 008</u>

(e) Liquidity Risk

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

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

WITZENBERG MUNICIPALITY

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

FINANCIAL RISK MANAGEMENT CONTINUED

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Long Term liabilities	13 650 775	48 395 338	12 315 712	538 494
Capital repayments	7 648 923	33 901 504	9 931 265	523 476
Interest	6 001 852	14 493 834	2 384 447	15 018
Trade and Other Payables	38 149 488	-	-	-
Unspent conditional government grants and receipts	13 137 816	-	-	-
	<u>64 938 079</u>	<u>48 395 338</u>	<u>12 315 712</u>	<u>538 494</u>
2011				
Long Term liabilities	13 842 259	50 299 866	22 443 760	2 156 694
Capital repayments	7 289 326	31 830 624	18 160 353	2 014 192
Interest	6 552 933	18 469 242	4 283 407	142 502
Trade and Other Payables	26 458 201	-	-	-
Unspent conditional government grants and receipts	15 094 080	-	-	-
	<u>55 394 540</u>	<u>50 299 866</u>	<u>22 443 760</u>	<u>2 156 694</u>

47

FINANCIAL INSTRUMENTS

**2012
R**

**2011
R**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

47.1 Financial Assets

Classification

Long-term Receivables

Officials Housing Loans	Financial instruments at amortised cost	346 164	383 664
Rates (Re-negotiated terms)	Financial instruments at amortised cost	60 332	82 294
Councillor Allowances	Financial instruments at amortised cost	29 923	24 693

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	31 644 842	33 783 765
Receivables from non-exchange transactions	Financial instruments at amortised cost	963 871	1 539 706

Other Receivables

Government Subsidies and Grants	Financial instruments at amortised cost	5 599 933	6 194 773
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Current Portion of Long-term Receivables

Officials Housing Loans	Financial instruments at amortised cost	22 371	53 730
Sport Club Loans	Financial instruments at amortised cost	-	-

Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	18 076 435	11 613 549
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Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	14 476 952	10 252 347
Cash Floats and Advances	Financial instruments at amortised cost	8 398	8 196

71 229 221

63 936 717

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	71 229 221	63 936 717
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At amortised cost

71 229 221

63 936 717

WITZENBERG MUNICIPALITY

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

		2012 R	2011 R
FINANCIAL INSTRUMENTS CONTINUED			
47.2	<u>Financial Liability</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans	60 628 878	67 275 531
	Capitalised Lease Liability	-	381 490
	Payables from exchange transactions		
	Trade creditors	31 007 237	21 593 799
	Retentions	2 941 066	1 519 311
	Deposits	622 432	656 725
	Other	3 578 753	2 688 366
	Other Payables		
	Government Subsidies and Grants	13 137 816	15 094 080
	Current Portion of Long-term Liabilities		
	Annuity Loans	(8 623 709)	(7 981 036)
	Capitalised Lease Liability	-	(190 745)
		103 292 473	101 037 521
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	103 292 473	101 037 521
48	EVENTS AFTER THE REPORTING DATE		
	Witzenberg Municipal Council in principle decided on 28 September 2011 under item (7/1/4/1) to continue with the proposed Public Private Partnership for the Pine Forest Resort in terms of Section 120 of the Municipal Finance Management Act 56 of 2003.		
49	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
50	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
51	CONTINGENT LIABILITY		
	Claims against Council	3 679 716	25 314 485
	Estimate legal Fees	272 504	518 354
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	GP Bezuidenhout	844 349	864 000
	Daniels & Norman	196 944	237 000
	WH Robinson		15 150 000
	Ceres Inn	823	823
	F Daniels		9 000 000
	D C Louw		62 662
	Benjamin Weitz	1 210 000	
	L Louw	1 427 600	
		3 679 716	25 314 485

WITZENBERG MUNICIPALITY

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

	2012 R	2011 R
CONTINGENT LIABILITY CONTINUED		
The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure.		
The municipality is the defendant in three matters where the claims are substantial. It needs to be noted that these matters are all more than two years old. The plaintiffs have failed to apply to court for trial dates. Management believe that the matters of William Robinson, Frank Daniels and Gert Bezuidenhout are malicious, trivial and without any merits. In the case of Mr. Robinson he alleged that he was an employee of the municipality and that he injured himself whilst on duty. This is vehemently denied by the municipality and will be proven. Mr. Frank Daniels is an ex-employee who was convicted in a disciplinary case by external Presiding Officers. He alleges that he was wrongly dismissed as an employee. In the matter of Gert Bezuidenhout judgement was rescinded and Mr. Bezuidenhout also failed to bring the matter to finality. We are respectfully of opinion that these matters will be successfully defended.		
52	CONTINGENT ASSETS	
	39 105	-
Claims against Council		
	<u>3 207</u>	<u>-</u>
Estimate legal Fees		
The municipality is currently engaged in litigation which could result in damages/costs being awarded to Council if successful in their actions. The following are the estimates:		
	39 105	
World Focus	<u>39 105</u>	<u>-</u>
52	RELATED PARTIES	
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
52.1	Related Party Loans	
Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in Note 6 to the Annual Financial Statements.		
52.2	Compensation of key management personnel	
The compensation of key management personnel is set out in Note 29 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:		
A payment was made to Klaasen Attorney's who acted as correspondent attorney for HM Smith attorneys who did transfers of properties. Monies were deposited in terms of the attorneys act in a specific trust account for the benefit of the instructing attorney. Councillor Bernito Klaasen is a director of Klaasen Attorney's		13 540

WITZENBERG MUNICIPALITY

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

CONTINGENT LIABILITY CONTINUED	2012	2011
	R	R

The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure.

The municipality is the defendant in three matters where the claims are substantial. It needs to be noted that these matters are all more than two years old. The plaintiffs have failed to apply to court for trial dates. Management believe that the matters of William Robinson, Frank Daniels and Gert Bezuidenhout are malicious, trivial and without any merits. In the case of Mr. Robinson he alleged that he was an employee of the municipality and that he injured himself whilst on duty. This is vehemently denied by the municipality and will be proven. Mr. Frank Daniels is an ex-employee who was convicted in a disciplinary case by external Presiding Officers. He alleges that he was wrongly dismissed as an employee. In the matter of Gert Bezuidenhout judgement was rescinded and Mr. Bezuidenhout also failed to bring the matter to finality. We are respectfully of opinion that these matters will be successfully defended.

52 CONTINGENT ASSETS

Claims against Council	39 105	-
Estimate legal Fees	<u>3 207</u>	<u>-</u>

The municipality is currently engaged in litigation which could result in damages/costs being awarded to Council if successful in their actions. The following are the estimates:

World Focus	39 105	-
	<u>39 105</u>	<u>-</u>

52 RELATED PARTIES

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

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

52.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in Note 6 to the Annual Financial Statements.

52.2 Compensation of key management personnel

The compensation of key management personnel is set out in Note 29 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:

A payment was made to Klaasen Attorney's who acted as correspondent attorney for HM Smith attorneys who did transfers of properties. Monies were deposited in terms of the attorneys act in a specific trust account for the benefit of the instructing attorney. Councillor Bernito Klaasen is a director of Klaasen Attorney's

13 540

**APPENDIX A - Unaudited
WITZENBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Correction	Balance at 30 JUNE 2011 Restated	Received during the period	Corrections during the period	Redeemed / written off during the period	Balance at 30 JUNE 2012
				R	R	R	R	R	R	R
ANNUITY LOANS										
ABSA	14.50%	30-0814-4283	2011/11/25	89 677		89 677			89 677	0
ABSA	13.05%	30-0969-8128	2013/02/14	104 362		104 362			48 809	55 552
ABSA	12.80%	30-0969-8770	2013/02/14	14 988		14 988			7 019	7 969
ABSA	12.80%	30-0969-9043	2013/02/14	246 837		246 837			115 596	131 241
ABSA	10.21%	90-9200-8204	2015/12/30	48 880		48 880			9 244	39 636
ABSA	10.21%	20-9200-9990	2015/12/30	83 582		83 582			15 809	67 774
ABSA	10.21%	0-9205-8859	2015/12/30	22 961		22 961			4 345	18 617
NED BANK	8.00%	5032172 0001	2013/05/30	1 579 979	30 874	1 549 105			757 242	791 863
NED BANK	8.00%	5032156 0001	2015/05/30	882 391	2 869	879 522			197 215	682 307
NED BANK	8.00%	5032113 0001	2018/05/30	1 335 480	18 407	1 317 073			153 118	1 163 954
NED BANK	8.00%	5032032 0001	2023/05/30	9 991 559	133 879	9 857 680			552 782	9 304 898
CERES GOLF CLUB	18.00%	49	2018/06/30	35 515		35 515			2 854	32 661
DBSA	12.00%	10478/102	2017/09/30	2 816 271		2 816 271			386 994	2 429 277
DBSA	12.00%	10525/104	2017/03/31	28 393 623		28 393 623			3 364 332	25 029 291
DBSA	15.25%	11188/101	2018/09/30	8 008 448		8 008 448			628 629	7 379 819
DBSA	15.50%	10772/101	2018/09/30	1 812 186		1 812 186			140 952	1 671 234
DBSA	9.50%	102040/1	2021/09/30	288 963		288 963			16 984	271 979
DBSA	9.49%	102040/2	2013/09/30	704 347		704 347			262 319	442 028
DBSA	15.79%	11484/101	2011/12/31	26 467		26 467			26 467	0
DBSA	15.79%	11485/101	2011/12/31	28 014		28 014			28 014	0
DBSA	15.79%	11487/101	2011/12/31	127 204		127 204			127 204	0
DBSA	15.79%	11488/101	2011/12/31	8 143		8 143			8 143	0
DBSA	15.79%	11490	2011/12/31	28 666		28 666			28 666	0
DBSA	15.79%	1811491	2011/12/31	26 060		26 060			26 060	0
DBSA	15.79%	1911492	2011/12/31	2 525		2 525			2 525	0
DBSA	14.65%	12977/101	2012/12/31	2 248		2 248			1 446	802
DBSA	14.35%	12978/101	2013/12/31	109 218		109 218			39 186	70 031
DBSA	11.25%	13160/101	2011/12/31	24 435		24 435			24 435	0
DBSA	10.75%	13161/101	2014/12/31	13 318		13 318			3 319	9 999
DBSA	15.25%	13164/101	2014/12/31	8 134		8 134			1 912	6 222
DBSA	8.59%	100605/1	2023/06/30	2 616 017		2 616 017			218 002	2 398 014
Total Annuity Loans				59 480 496	186 029	59 294 467	-	-	7 289 298	52 005 169
LEASE LIABILITY										
Office Equipment		Various	2012/02/29	190 745		190 745			190 745	-
Total Lease Liabilities				190 745	-	190 745	-	-	190 745	-
TOTAL EXTERNAL LOANS				59 671 241	186 029	59 485 212	-	-	7 480 043	52 005 169

**APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
44 802 673	(25 605 180)	19 197 493	Budget & Treasury Office	49 941 073	(25 351 976)	24 589 098
90 650 392	(56 569 361)	34 081 031	Civil Services	110 641 951	(69 867 287)	40 774 664
36 803 200	(12 965 216)	23 837 984	Community & Social Services	43 828 427	(14 323 889)	29 504 538
4 263 335	(28 501 620)	(24 238 285)	Corporate Services	1 053 683	(22 578 260)	(21 524 577)
108 346 463	(95 947 061)	12 399 402	Electro Technical Services	130 065 559	(121 724 600)	8 340 959
1 401 037	(16 102 629)	(14 701 593)	Executive & Council	1 448 675	(17 562 015)	(16 113 340)
7 852 476	(12 431 307)	(4 578 831)	Housing	1 521 595	(3 673 417)	(2 151 822)
936 405	(3 015 933)	(2 079 528)	Planning	991 039	(3 827 559)	(2 836 521)
3 470 458	(5 893 480)	(2 423 023)	Public Safety	3 848 709	(6 846 648)	(2 997 940)
9 441 697	(15 028 630)	(5 586 933)	Sport & Recreation	9 932 469	(15 196 978)	(5 264 509)
307 968 136	(272 060 420)	35 907 717	Total	353 273 180	(300 952 629)	52 320 551

**APPENDIX C - Unaudited
WITZENBERG 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
1 401 037	(14 924 996)	(13 523 959)	Executive & Council	1 368 549	(16 404 673)	(15 036 124)
44 802 673	(25 605 180)	19 197 493	Budget & Treasury Office	49 941 073	(25 351 976)	24 589 098
4 263 896	(31 012 010)	(26 748 114)	Corporate Services	1 053 683	(24 649 600)	(23 595 917)
936 405	(4 890 932)	(3 954 527)	Planning & Development	1 071 165	(5 908 076)	(4 836 910)
36 802 639	(10 296 373)	26 506 266	Community & Social Services	43 828 427	(11 627 995)	32 200 432
7 852 476	(12 431 307)	(4 578 831)	Housing	1 521 595	(3 673 417)	(2 151 822)
693 803	(4 313 520)	(3 619 717)	Public Safety	883 770	(4 969 740)	(4 085 970)
9 441 697	(15 028 630)	(5 586 933)	Sport & Recreation	9 932 469	(15 196 978)	(5 264 509)
-	(607 663)	(607 663)	Environmental Protection	-	(712 950)	(712 950)
15 515 552	(17 801 809)	(2 286 256)	Waste Management	15 504 641	(22 482 114)	(6 977 473)
19 271 073	(16 085 377)	3 185 696	Waste Water Management	28 436 539	(20 750 046)	7 686 494
18 957 547	(9 338 797)	9 618 750	Road Transport	21 814 757	(11 221 607)	10 593 150
39 682 874	(14 923 338)	24 759 536	Water	47 850 952	(17 290 429)	30 560 523
108 346 463	(94 800 486)	13 545 977	Electricity	130 065 559	(120 713 031)	9 352 528
-	-	-	Other	-	-	-
307 968 136	(272 060 420)	35 907 717	Total	353 273 180	(300 952 629)	52 320 551

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

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2011	Grants Operating Received	Grants Capital Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2012	Unspent 2011 (Payable)	Unpaid 2011 (Receivable)
	R	R	R	R	R	R	R	R	R
<u>National Government Grants</u>									
Finance Management Grant	(328 669)	1 250 000	-	-	(1 343 586)	-	(422 255)	-	422 255
Transformation funds	167 188	-	-	-	-	-	167 188	167 188	-
DWAF - Drought relief	1 832 232	-	-	6 300 971	(1 281 713)	(3 665 733)	3 185 757	3 185 757	-
Municipal Systems Improvement Grant	21 831	1 200 000	-	-	(442 043)	(673 514)	106 274	106 274	-
Municipal Infrastructure Grant - Tulbagh Main Supply	13 945	-	-	(13 945)	-	-	-	-	-
Municipal infrastructure Grant	(1 225 648)	8 633 000	9 596 000	13 945	(2 091 353)	(15 730 788)	(804 844)	-	804 844
Regional Bulk Infrastructure Grant	(2 116 345)	2 942 744	12 041 081	-	(1 818 897)	(13 250 787)	(2 202 205)	-	2 202 205
Housing - Kluitjieskraal	(85 704)	-	-	-	-	-	(85 704)	-	85 704
Integrated National Electricity Program	772 895	-	-	-	(189 836)	(1 407 099)	(824 041)	-	824 041
DWAF - Drought relief	6 300 971	-	-	(6 300 971)	-	-	-	-	-
Equitable share	-	39 305 000	-	-	(39 305 000)	-	-	-	-
Department of Rural Development	(2 272 114)	2 254 884	2 739 872	-	(389 253)	(2 787 213)	(453 823)	-	453 823
ACIP funds (DWAF)	-	7 218 275	-	-	-	(6 342 001)	876 275	876 275	-
Neighbourhood Development Plan	-	-	2 000 000	-	(66 014)	(554 692)	1 379 294	1 379 294	-
<u>Provincial Government Grants</u>									
Library services	82 620	4 547 000	-	-	(4 354 499)	-	275 121	275 121	-
CDW	15 413	208 000	-	-	(143 475)	-	79 938	79 938	-
Main roads	-	665 000	-	-	(665 000)	-	-	-	-
Wolseley Landbouprojek	59 411	-	-	-	-	-	59 411	59 411	-
Hand Crafts Project	42 760	-	-	-	-	-	42 760	42 760	-
Aqua Culture Project	21 134	-	-	-	-	-	21 134	21 134	-
Planning	(8 151)	-	-	-	-	-	(8 151)	-	8 151
Housing	3 652 233	4 727 603	10 975 606	-	(1 394 363)	(11 767 387)	6 193 692	6 193 692	-
Sport	109 458	-	-	-	-	-	109 458	109 458	-
Library Capital	1 982	-	-	-	-	-	1 982	1 982	-
Public Transport Infrastructure Grant	79 945	500 000	500 000	-	(128 824)	(920 171)	30 950	30 950	-
Multipurpose Centre	(121 653)	-	-	-	-	-	(121 653)	-	121 653
CDW Capital	-	-	-	-	-	-	-	-	-
Cleanest Town Award	30 000	-	-	-	(30 000)	-	-	-	-
Financial Management Training	-	300 000	-	-	-	-	300 000	300 000	-
<u>District Municipality</u>									
Performance Management	-	-	-	-	-	-	-	-	-
Asset Investigation - Electricity	57 508	-	-	-	-	-	57 508	57 508	-
Water & Sanitation Informal Areas	(36 489)	-	-	-	(77 443)	-	(113 932)	-	113 932
Housing Consumer Education Training	5 675	-	-	-	(10 813)	-	(5 138)	-	5 138
Hawkers Sites (Op die Berg)	251 076	-	-	-	-	-	251 076	251 076	-
Upgrading of Streets & Sidewal	1 275 805	-	-	-	(215 869)	(1 541 923)	(481 987)	-	481 987
Solid Waste	300 000	-	-	-	(46 200)	(330 000)	(76 200)	-	76 200
Total	8 899 307	73 751 506	37 852 559	-	(53 994 182)	(58 971 308)	7 537 883	13 137 816	5 599 933