



**ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2013**

**DR RUTH S MOMPATI DISTRICT MUNICIPALITY
GENERAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

General information

Name of the Municipality

Dr Ruth Segomotsi Mompati District Municipality

Municipal Manager

Mr Z.E. L Tshetlho

Chief Financial Officer

Ms Segomotso Phatudi

Grading of Local Authority

Grade 3 (NW DC39)

General information (continued)

Auditors

The Auditor General of South Africa

Bankers

Standard Bank, Vryburg

Physical address:

60 Market Street
Vryburg 8600

Postal address:

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Vryburg 8600

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MUNICIPAL MANAGER'S DECLARATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 65, in terms Section 122 of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the remuneration of Councillors and any remunerative benefits are within the upper limits of the framework, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Z TSHETLHO
MUNICIPAL MANAGER

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DR RUTH S MOMPATI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013 R	2012 R
ASSETS			
Current assets		175 827 290	157 497 872
Cash and cash equivalents	1	80 659 644	46 718 796
Trade and other receivables from exchange transactions	2	64 297 116	62 582 484
Prepayments	3	413 845	413 845
VAT receivable	4	30 095 538	47 421 598
Non-current assets held for sale	8	361 148	361 148
Non-current assets		1 688 859 231	1 602 657 586
Property, plant and equipment	5	1 684 833 231	1 598 631 586
Intangible assets	6	700 000	700 000
Investment property carried at fair value	7	3 326 000	3 326 000
Total assets		1 864 686 522	1 760 155 458
LIABILITIES			
Current liabilities		206 064 359	162 503 748
Trade and other payables from exchange transactions	9	36 572 727	91 064 341
Deposits	10	404 353	404 353
Current provisions	11	1 135 059	191 134
Current portion of unspent conditional grants and receipts	13	167 952 220	70 843 920
Current portion of borrowings	14	-	-
Non-current liabilities		18 660 736	19 159 352
Non-current provisions	12	18 660 736	19 159 352
Non-current borrowings	14	-	-
Total liabilities		224 725 095	181 663 100
Net assets		1 639 961 426	1 578 492 358
NETT ASSETS			
Reserves		7 445 632	7 445 632
Accumulated surplus / (deficit)		1 632 515 794	1 571 046 726
Total net assets		1 639 961 426	1 578 492 358

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	2012 R
REVENUE			
Revenue from non-exchange transaction:			
Rental of facilities and equipment	15	465 091	582 141
Interest earned - external investments	16	3 781 176	2 805 870
Interest earned - outstanding receivables	17	-	-
Government grants and subsidies	18	389 741 889	513 329 896
Other income	19	530 122	526 340
Total revenue		394 518 277	517 244 247
EXPENSES			
Employee related costs	20	65 055 609	67 393 639
Remuneration of councillors	21	5 288 382	4 953 979
Impairment of receivables		-	10 391 936
Depreciation and amortisation expense	22	35 413 198	48 589 675
Repairs and maintenance		1 735 498	1 823 492
Finance costs	23	755	19 411
Bulk purchases	24	50 816 884	45 350 052
Contracted services	25	70 453 551	52 508 216
Grants and subsidies paid	26	72 878 274	32 891 740
General expenses	27	31 407 057	26 164 810
Total expenses		333 049 208	290 086 949
Gain / (loss) on disposal of Property, Plant and Equipment (Impairment loss) / reversal of impairment loss on revaluation of	28	-	-180 934
Property, Plant and Equipment	29	-	-2 098 991
(Impairment loss) / reversal of impairment loss	29	-	16
Profit / (loss) on fair value adjustment	30	-	80 000
SURPLUS / (DEFICIT) FOR THE YEAR		61 469 069	224 957 390

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Note	Revaluation reserve R	Other reserves R	Accumulated surplus / (deficit) R	Total: Net assets R
2012					
Balance at 1 July 2011		7 414 632	-	1 346 089 336	1 353 503 968
Changes in accounting polic	34	-	-	-	-
Restated balance		7 414 632	-	1 346 089 336	1 353 503 968
Surplus / (deficit) for the year		-	-	224 957 390	224 957 390
Property, Plant and Equipment revalue		31 000	-	-	31 000
Capital grants used to purchase Property, Plant and Equipment		-	-	-	-
Offsetting of depreciator		-	-	-	-
Balance at 30 June 2012		7 445 632	-	1 571 046 726	1 578 492 358
2013					
Changes in accounting polic	34	-	-	-	-
Restated balance		7 445 632	-	1 571 046 726	1 578 492 358
Surplus / (deficit) for the year		-	-	61 469 068	61 469 068
Property, Plant and Equipment purchase		-	-	-	-
Property, Plant and Equipment revalue		-	-	-	-
Offsetting of depreciator		-	-	-	-
Balance at 30 June 2013		7 445 632	-	1 632 515 794	1 639 961 426

**DR RUTH S MOMPATI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other	31	486 130 769	517 813 415
Cash paid to suppliers and employees		-334 355 499	-229 111 935
Cash generated from / (utilised in) operations		151 775 271	288 701 480
Interest received		3 781 176	2 805 870
Interest paid		-755	-19 411
NET CASH FROM OPERATING ACTIVITIES		155 555 691	291 487 939
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-122 814 843	-277 953 968
Proceeds on disposal of property, plant and equipment		1 200 000	24 799
(Increase) / decrease in non-current receivables		-	-
NET CASH FROM INVESTING ACTIVITIES		-121 614 843	-277 929 169
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised / (repaid)		-	-
Increase / (Decrease) in consumer deposits		-	-356 075
Decrease / (increase) in short-term loans		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES		-	-356 075
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		33 940 848	13 202 695
Cash and cash equivalents at the beginning of the year	32	46 718 796	33 516 102
Cash and cash equivalents at the end of the year		80 659 644	46 718 796

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

1. BASIS OF ACCOUNTING

1.1 Basis of presentation

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

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

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

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted 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 policy.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Comparative information

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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

1.5 Standards, amendments to standards and interpretations 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. The nature of the impending changes in accounting policy and the impact on the Municipality's financial statements once implemented are as follows:

- GRAP 18 Segment Reporting - issued March 2005

The minister has not yet determined the effective date of required implementation and the impact on the annual financial statements is not known at this time.

- GRAP 103 Heritage Assets - issued July 2008

The minister has not yet determined the effective date of required implementation and there is no expected impact on the annual financial statements as the municipality does not control any heritage assets at this time.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

2. RESERVES

2.1 Re-valuation reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are not depreciated. Revaluations on land and buildings are performed on an annual basis. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 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 asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its 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.

3.2 Subsequent measurement

The revaluation model has been chosen for land and buildings.

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The cost model has been chosen for all other items of property, plant and equipment.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

3.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<u>PPE category</u>	<u>Method</u>	<u>Years</u>
Land and buildings	Revalued at fair value	Annually
Infrastructure		
Earthworks	Straight-line method over estimated useful life of assets	88
Pipes - Clay	Straight-line method over estimated useful life of assets	80
Pipes - Concrete	Straight-line method over estimated useful life of assets	80
Pipes - Steel	Straight-line method over estimated useful life of assets	80
Pipes - uPVC	Straight-line method over estimated useful life of assets	75
Buildings - Brick	Straight-line method over estimated useful life of assets	75
Buildings - Steel	Straight-line method over estimated useful life of assets	88
Buildings - Corrugated Iron	Straight-line method over estimated useful life of assets	15
Buildings - Concrete	Straight-line method over estimated useful life of assets	63
Borehole	Straight-line method over estimated useful life of assets	63
Meters : Bulk	Straight-line method over estimated useful life of assets	23
Meters: Consumer	Straight-line method over estimated useful life of assets	23
Valves	Straight-line method over estimated useful life of assets	50
Standpipes	Straight-line method over estimated useful life of assets	38
Fire Hydrants	Straight-line method over estimated useful life of assets	50
Telemetry	Straight-line method over estimated useful life of assets	18
Motor: Electrical	Straight-line method over estimated useful life of assets	18
Motor: Engine	Straight-line method over estimated useful life of assets	23
Pump: Submersible	Straight-line method over estimated useful life of assets	15
Pump: Centrifugal	Straight-line method over estimated useful life of assets	15
Windmill	Straight-line method over estimated useful life of assets	90
Manholes & Chambers (Bricks)	Straight-line method over estimated useful life of assets	73
Manholes & Chambers (Concrete)	Straight-line method over estimated useful life of assets	80
Storage - Steel	Straight-line method over estimated useful life of assets	70
Storage - Plastic	Straight-line method over estimated useful life of assets	48
Reservoirs - Concrete	Straight-line method over estimated useful life of assets	75
Storage - Concrete (Cattle Troughs)	Straight-line method over estimated useful life of assets	75
Support Structure - Steel	Straight-line method over estimated useful life of assets	70
Support Structure - Stone	Straight-line method over estimated useful life of assets	75
Perimeter Protection - Razor Wire	Straight-line method over estimated useful life of assets	28
Perimeter Protection - Precast	Straight-line method over estimated useful life of assets	43
Perimeter Protection - Wire Mesh	Straight-line method over estimated useful life of assets	28
Perimeter Protection - Electrical	Straight-line method over estimated useful life of assets	28
Perimeter Protection - Brick	Straight-line method over estimated useful life of assets	43
Perimeter Protection - Iron Palisade	Straight-line method over estimated useful life of assets	43
Wave Protection	Straight-line method over estimated useful life of assets	95
Switchgear	Straight-line method over estimated useful life of assets	18
Perimeter Protection - Wire	Straight-line method over estimated useful life of assets	28
	Depreciation is calculated as the difference between the opening carrying amount and the revalued amount (average of trade and retail values) at year end	
Official vehicles		Annually
Machinery and equipment	Straight-line method over estimated useful life of assets	7
Office equipment	Straight-line method over estimated useful life of assets	5
Office furniture	Straight-line method over estimated useful life of assets	7
Computer equipment	Straight-line method over estimated useful life of assets	5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 Derecognition

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

4. INTANGIBLE ASSETS

4.1 Initial recognition

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

Internally generated intangible assets are subject to strict recognition criteria before they are 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;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the municipality can reliably measure the expenditure attributed to the intangible assets during its development.

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, its deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent measurement

The cost model has been chosen for intangible assets.

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.

4.3 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.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

4.4 Derecognition

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

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

5. INVESTMENT PROPERTY

5.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or 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.

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

5.2 Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5.3 Derecognition

Investment property will be derecognised when it is disposed off or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

6. NON-CURRENT ASSETS HELD FOR SALE

6.1 Initial recognition

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

6.2 Subsequent measurement

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

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

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

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

7. FINANCIAL INSTRUMENTS

7.1 Initial recognition

Financial instruments are initially recognized at fair value.

7.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and GRAP 104.

7.2.1 Investments

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

7.2.2 Trade and other receivables

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

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

7.2.3 Trade payables and borrowings

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

7.2.4 Cash and cash equivalents

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

Bank 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.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

8. UNAUTHORISED EXPENDITURE

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

9. IRREGULAR EXPENDITURE

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

10. FRUITLESS AND WASTEFUL EXPENDITURE

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

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at 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 pre-tax 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 probable.

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.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

12. LEASES

12.1 Municipality as lessee

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, 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 derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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

12.2 Municipality as lessor

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

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

13. REVENUE

13.1 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.

Interest revenue is recognised on a time proportion basis 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 from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

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

13.2 Revenue from non-exchange transactions

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

Revenue from 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.

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 received.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013

14. BORROWING COSTS

Borrowing costs that are 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 surplus or deficit when incurred.

15. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

16. IMPAIRMENT OF ASSETS

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17. CAPITAL COMMITMENTS

Capital Commitments disclosed are the estimated amounts of capital contracts remaining to be executed after year-end.

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the municipality if they have the ability to control or exercise significant influence over the municipality and (or vice versa) in making financial and operational decisions or if both parties are subject to common control. Related party relationships where control exists are disclosed irrespective of whether there have been transactions between the related parties. Related party disclosures for transactions that took place on terms and conditions considered to be "at arms length" and "in the ordinary course of business" are not disclosed. All other transactions with related parties not considered to be "in the ordinary course of business" are disclosed in accordance with GRAP 20: "Related Party Disclosures".

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash on hand	2 137	1 200
Cash at bank	43 269 988	10 533 764
Call deposits	37 387 519	36 183 833
	80 659 644	46 718 796

Refer to note **35.8** for a detail breakdown of call deposits.

The municipality has the following bank accounts:

Current account (Primary bank account)

Standard bank - Vryburg branch - Account number : 040423174

Cash book balance at beginning of year	10 533 764	1 330 389
Cash book balance at end of year	43 269 988	10 533 764
Bank statement balance at beginning of year	10 534 684	1 418 006
Bank statement balance at end of year	43 284 172	10 534 684

Cash on hand

	2 137	1 200
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2. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other debtors	85 831 091	84 116 459
Sub-total	85 831 091	84 116 459
Less: Provision for impairment of receivables	-21 533 975	-21 533 975
Total other debtors	64 297 116	62 582 484

Reconciliation of impairment of receivables provision

Balance at beginning of the year	21 533 975	11 149 626
Contribution to provision	-	10 391 936
Impairment of receivables written off against provision	-	-307
Reversal of provision	-	-7 279
Balance at end of year	21 533 975	21 533 975

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are normally not considered to be impaired. At 30 June 2013 : R51301,254 (30 June 2012 : R38614,360) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

- 1 month past due	30 164	24 436
- 2 months past due	10 712	10 132
- 3 months past due	10 425	4 046

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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Trade and other receivables impaired

As of 30 June 2013, the provision for the impairment of trade and other receivables of R21590816,120,50 (30 June 2012 : R11149625,4,0) were impaired and provided for.

The amount of the contribution to the provision was R,,0 (30 June 2012 : R10391935,660).

The ageing of these receivables is as follows:

- 3 to 6 months	6 582	3 421
- Over 6 months	21 584 234	11 146 204

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

3. PREPAYMENTS

Prepaid expenses	413 845	413 845
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SALGA membership and office equipment maintenance relating to the following financial year, were paid during the year. Office rental, SALGA membership fees and office equipment maintenance relating to the current financial year, were paid in the previous year.

4. VAT RECEIVABLE

VAT receivable	30 095 538	47 421 598
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VAT is payable on the invoice basis. Payment becomes due and payable to SARS upon issuing of tax invoices.

5. PROPERTY, PLANT AND EQUIPMENT

Refer **note 45** for reconciliation of carrying value.

5.1 Details of valuation of Land and buildings

The effective date of the revaluations was 30 June 2013. Revaluations were performed by an independent valuer, Mr. Philippus Venter (Candidate Valuer - Registration number: 6653/6), of the firm Venter Booysen and Ferreira. Mr. Philippus Venter was assisted in the valuation by his principal, Mr. HJ Swanepoel (Professional Valuer - Registration number: 3553/8) of the firm Kotze Low and Swanepoel. Venter Booysen and Ferreira and Kotze Low and Swanepoel are not connected to the entity.

Land and buildings are re-valued independently every year.

Land and buildings were revalued to fair value by using market values. Market values were determined by the averaging of the income capitalization method and the outcomes of comparable transactions. In the case where the market market of buildings can not be reasonably determined, fair value is based on depreciated replacement value.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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These assumptions are based on current market conditions and were determined as follow per asset:

57 McKenzie Street, Vryburg (EH Offices)

This property is revalued to fair value by using market values. Market values are determined by the averaging of the income capitalization method (income capitalization producing property) and the outcomes of comparable transactions of similar properties.

Income capitalization method (Nett income / Captilization rate of 16%):

Reasonable monthly rental	15 420	14 956
- Total offices for R60 (2012: R58) x 232 sq m	13 920	13 456
- Carports for R150 (2012: R150) x 10	1 500	1 500
Gross potential annual income	185 040	179 472
Less: Estimated expenses, insurance, property rates & repairs (15%)	-27 756	-26 921
Nett annual income	157 284	152 551
Market value by capitilization method	980 000	953 445

Comparable transactions method:

Current replacement cost of property	1 150 590	1 133 100
Less: 40% adjustment due to market value lower than replacement	-460 236	-453 240
Market value by comparable transaction method	690 354	679 860

Final market value (Average of Income capitilization and Comparable transaction methods):

	845 000	817 000
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DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

60 Market Street, Vryburg (Head office)

This property is revalued to fair value by using market values. Market values are determined by the averaging of the income capitalization method (income capitalization producing property) and the outcomes of comparable transactions of similar properties.

Income capitalization method (Nett income / Captilization rate of 16%):

Reasonable monthly rental	117 700	117 700
- Total offices for R60 (2012: R60) x 1200 sq m	72 000	72 000
- Other space for R40 (2012: R40) x 1000 sq m	40 000	40 000
- Carports for R150 (2012: R150) x 38	5 700	5 700
Gross potential annual income	1 412 400	1 412 400
Less: Estimated expenses, insurance, property rates & repairs (15%)	-211 860	-211 860
Nett annual income	1 200 540	1 200 540
Market value by capitilization method	7 503 375	7 503 375
Comparable transactions method:		
Current replacement cost of property	9 187 075	9 132 075
Less: 40% adjustment due to market value lower than replacement	-3 674 830	-3 652 830
Market value by comparable transaction method	5 512 245	5 479 245
Final market value (Average of Income capitilization and Comparable transaction methods):	6 500 000	6 491 000

Farm Nieuwejaarsfontein 73

Comparable sales method:

The property only consists of natural grazing and three bore holes and should be valued according to the comparable sales method of valuation. This method has been accepted as a sound evaluation principle by the Courts for agricultural land.

Recent sale of properties in vicinity were between R3,000 and R4,000 per hectare. Given the excellent fence and 3 strong boreholes the land is therefore valued at R4,600 (2012: R4,500) per hectare.

Land value for R4,600 (2012: R4,500) x 46,8936 per hectare	215 711	211 021
Final market value	215 000	211 000

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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47 Van Niekerk Street, Vryburg (Disaster House)

This property is revalued to fair value by using market values. Market values are determined by the averaging of the income capitalization method (income capitalization producing property) and the outcomes of comparable transactions of similar properties.

Income capitalization method (Nett income / Captilization rate of 16%):

Reasonable monthly rental	16 050	16 050
- Total offices for R60 (2012: R60) x 260 sq m	15 600	15 600
- Carports for R150 (2012: R150) x 3	450	450
Gross potential annual income	192 600	192 600
Less: Estimated expenses, insurance, property rates & repairs (15%)	-28 890	-28 890
Nett annual income	163 710	163 710
Market value by capitilization method	1 020 000	1 023 188
Comparable transactions method:		
Current replacement cost of property	1 254 547	1 234 380
Less: 45% adjustment due to market value lower than replacement	-564 546	-555 471
Market value by comparable transaction method	690 001	678 909
Final market value (Average of Income capitilization and Comparable transaction methods):	855 000	851 000

Taung Fire Station, Taung

Depreciated replacement value method:

The property is a fire station and therefore of a specialized nature or a specialized building. It is not possible to compare the value of the building to buildings of a similar nature in the vicinity as there are no comparable sales or rentals. The depreciated replacement value method is therefore used to value the building.

Offices, rest rooms, stores, etc. for R3,800 (2012: R3,750) x 283 sq m	1 075 400	1 061 250
Fire appliances for R2,750 (2012: R2,700) x 234 sq m	643 500	631 800
Parking for R1,350 (2012: R1,300) x 126 sq m	170 100	163 800
Store room for R2,600 (2012: R2,550) x 24.5 sq m	63 700	62 475
Verandah for R1,100 (2012: R1,000) x 8 sq m	8 800	8 000
Replacement value	1 961 500	1 927 325
Formula: Replacement value / expected lifespan (60 years) x remaining lifespan (47 years (2012: 48 years)):	1 536 508	1 541 860
Reasonable depreciated replacement cost	1 537 000	1 542 000

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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Kagisano Fire Station, Ganyesa

Depreciated replacement value method:

The property is a fire station and therefore of a specialized nature or a specialized building. It is not possible to compare the value of the building to buildings of a similar nature in the vicinity as there are no comparable sales or rentals. The depreciated replacement value method is therefore used to value the building.

Two offices for R4,900 (2012: R4,800) x 32 sq m	156 800	155 200
Fire appliances for R3,500 (2012: R3,400) x 52.54 sq m	183 890	181 263
Replacement value	340 690	336 463
Formula: Replacement value / expected lifespan (60 years) x remaining lifespan (52 years (2012: 53 years)):	295 265	297 208,98
Reasonable depreciated replacement cost	295 000	297 000

9 Van Niekerk Street, Vryburg (Mayoral Offices)

Property at 9 Van Niekerk street, registered as Erf no 1813, Vryburg, measuring 2 175 square meters with title deed no T653/2010 is a unique property in a small town like Vryburg because there are no similar properties with which it might be compared to. For this reason the comparable sales method cannot be used to determine the market value of the property. The valuation therefore has been conducted utilizing the replacement value method as well as using the willing buyer, willing seller at arms length principal.

Gross replacement value	4 425 000	4 380 000
- Main residence house for R6,700 (2012: R6,600) x 350 sq m	2 345 000	2 310 000
- Entertainment area for R6,700 (2012: R6,600) x 100 sq m	670 000	660 000
- Two erven for R400,000 each	800 000	800 000
- Swimming pool for R50,000	50 000	50 000
- Two boreholes for R20,000	20 000	20 000
- Double garage & outbuildings for R2,500 (2012: 2,500) x 200 sq m	500 000	500 000
- Carport for 5 vehicles	40 000	40 000
Less: Replacement value to market value adjustment (32% reduction)	-1 450 000	-1 420 000
Reasonable market value	2 975 000	2 960 000
Reasonable market value (rounded to R'000)	2 975 000	2 960 000

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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The carrying value of the revalued assets under the cost model would have been:

57 McKenzie Street, Vryburg (EH Offices)	437 546	454 317
60 Market Street, Vryburg (Head office)	2 969 266	3 103 671
47 Van Niekerk Street, Vryburg (Disaster House)	458 861	477 585
Taung Fire Station, Taung	1 039 734	1 067 099
Kagisano Fire Station, Ganyesa	189 350	193 754
Farm Nieuwejaarsfontein 73	154 000	154 000
9 Van Niekerk Street, Vryburg (Mayoral Offices)	2 514 060	2 555 708
	7 762 817	8 006 133

Where the original cost price for the above revalued assets could not be reasonably determined, the initial valuation was used to determine the carrying value at 30 June 2006. The registration date per the title deed is utilised to determine the remaining useful life for depreciation purposes. For the purposes of the above disclosure useful life of 50 years is used. Residual value is set at 20% of the cost price for the offices to take into account the land value portion.

5.2 Property plant and equipment pledged as security

No property, plant and equipment is pledged as security.

6. INTANGIBLE ASSETS

6.1 Reconciliation of carrying value

Balance brought forward	700 000	700 000
Cost	700 000	700 000
Change in accounting policy (Note 33)	-	-
Accumulated amortisation and impairment losses	-	-
Acquisitions	-	-
Amortisation	-	-
Carrying value of disposals	-	-
Cost	-	-
Cost accumulated amortisation	-	-
Impairment loss / Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
Balance carried forward	700 000	700 000
Cost	700 000	700 000
Accumulated amortisation and impairment losses	-	-

6.2 Intangible assets with indefinite useful lives

Wentzel Dam Water Rights

Water use entitlements in terms of section 25 of the National Water Act (Act 36 of 1998) was permanently transferred from the Schweizer-Reneke Irrigation Board to the Municipality on 1 July 2007 at a cost of R700,000. Due to the fact that water is a renewable natural resource, this intangible asset is regarded as having an indefinite useful life with the result that no amortisation is implemented.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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7. INVESTMENT PROPERTY CARRIED AT FAIR VALUE

7.1 Reconciliation of fair value

Balance brought forward	3 326 000	3 246 000
Acquisitions	-	-
Fair value adjustment	-	80 000
Fair value of disposals	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
Balance carried forward	3 326 000	3 326 000

7.2 Investment property pledged as security

No investment property is pledged as security.

7.3 Details of property

The carrying value of the revalued assets under the cost model would have been:

Moffat street stores	1 133 846	1 272 203
	1 133 846	1 272 203

Where the original cost price for the above revalued assets could not be reasonably determined, the initial valuation was used to determine the carrying value at 30 June 2006. The registration date per the title deed is utilised to determine the remaining useful life for depreciation purposes. For the purposes of the above disclosure useful life of 50 years is used. Residual value is set at 35% of the cost price to take into account the land value portion.

Rental income from investment property	465 091	582 141
Direct operating expenses from rental generating property	-	-
Direct operating expenses from non-rental generating property	-	-

7.4 Details of valuation

The effective date of the revaluations was 30 June 2013. Revaluations were performed by an independent valuer, Mr. Philippus Venter (Candidate Valuer - Registration number: 6653/6), of the firm Venter Booysen and Ferreira. Mr. Philippus Venter was assisted in the valuation by his principal, Mr. HJ Swanepoel (Professional Valuer - Registration number: 3553/8) of the firm Kotze Low and Swanepoel. Venter Booysen and Ferreira and Kotze Low and Swanepoel are not connected to the entity.

Investment property are re-valued independently every year.

Venter Booysen and Ferreira have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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These assumptions are based on current market conditions and were determined as follow per asset:

Moffat street stores

This property is revalued to fair value by using market values. Market values are determined by the averaging of the income capitalization method (income capitalization producing property) and the outcomes of comparable transactions of similar properties.

Income capitalization method (Nett income / Captilization rate of 16%):

Reasonable monthly rental	64 010	61 487
- Total are of offices, store rooms and workshops for R50 (2012: R48) x 1,204 sq m	60 200	57 792
- Pre fabricated sinc structure for R20 (2012: R20) x 18 sq m	360	360
- Carports for R150 (2012: R145) x 23	3 450	3 335
Gross potential annual income	768 120	737 844
Less: Estimated expenses, insurance, property rates & repairs (15%)	-115 218	-110 677
Nett annual income	652 902	627 167
Market value by capitilization method	4 080 638	3 919 796

Comparable transactions method:

Current replacement cost of property	4 286 324	4 286 324
Less: 40% adjustment due to market value lower than replacement	-1 714 530	-1 714 530
Market value by comparable transaction method	2 571 794	2 571 794

Final market value (Average of Income capitilization and Comparable transaction methods):

	3 326 000	3 246 000
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Investment property comprises of land and buildings that are leased to third parties. The lease is cancellable with 6 months notice and has a term of 3 years, with annual rents determined by annual escalation of 8%. Subsequent renewals are negotiated with the lessee and on average renewal periods are 3 years.

7.5 Amounts recognised

Amounts recognised in surplus or deficit for the year.	-	80 000
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8. NON-CURRENT ASSETS HELD FOR SALE

Property, plant and equipment	361 148	361 148
Investment property	-	-
Other assets	-	-
	361 148	361 148

Land parcels registered to the Municipality

Land parcels to the value of R361,148 are held by the Municipality and will be disposed of within the next 12 months. As these individual land parcels are of no or little economic benefit to the municipality it was decided that it would be more beneficial for them to be transferred to the local municipalities and land owners adjacent to the land parcels.

Land parcels not registered to the Municipality

Land parcels to the value of R311,500 are currently in the process of being transferred to the Municipality from National Government. Once transferred to the Municipality, these land parcels will be transferred to the owners adjacent to the land parcels. It is expected that this process will be completed by 30 June 2013

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
9. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	5 820 721	65 783 078
Payments received in advance	-	-
Retentions	18 778 696	20 308 690
Staff leave accrual	2 512 863	2 160 179
Bonus accrual	1 180 721	1 161 977
Operating lease payments liability	-	20 241
Other creditors	8 279 726	1 630 176,87
Total creditors	36 572 727	91 064 341

The movement in staff leave accrual above are reconciled as follows:

Balance at beginning of year	2 160 179	2 091 235
Transfer from non-current	-	-
Contribution to provision	2 213 178	2 032 593
Expenditure incurred	-1 860 494	-1 963 649
Balance at end of year	2 512 863	2 160 179

The movement in bonus accrual above are reconciled as follows:

Balance at beginning of year	1 161 976,88	1 085 481,06
Transfer from non-current	-	-
Contribution to provision	18 744,24	76 495,82
Expenditure incurred	-	-
Balance at end of year	1 180 721	1 161 977

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

10. DEPOSITS

Construction guarantees	404 353	404 353
Total deposits	404 353	404 353

Construction guarantees are reflected at fair value as they are linked to interest bearing call accounts held by the municipality.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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11. CURRENT PROVISIONS

Performance bonus	-	-
Current portion of long-service awards	181 598	191 134
Current portion of continued medical aid contributions	953 461	-
Total current provisions	1 135 059	191 134

Performance bonuses are paid once a year in arrear. The assessment of eligible employees had not taken place at the reporting date and has therefore now been provided for based on the previous year's average performance bonuses paid.

12. NON-CURRENT PROVISIONS

Long-service awards	4 378 876	4 060 879
Continued medical aid contributions	14 281 861	15 098 473
Total non-current provisions	18 660 736	19 159 352

Long-service awards are initially payable after 10 years and thereafter every 5 years of continuous service. The provision is an estimate of the long-service based on the current staff complement and remuneration adjusted for fair value.

Continued medical aid contributions are paid on behalf of former officials who have retired at retirement age after at least 10 consecutive years in the service of the municipality. The provision is an estimate of the continued medical aid contributions based on the current staff complement and pensioners adjusted for fair value.

The movement in non-current provisions are reconciled as follows:

12.1 Long-service awards

Balance at beginning of year	4 252 013	3 183 422
Contributions to provision	308 461	1 123 134
Expenditure incurred	-	-54 543
	4 560 474	4 252 013
Transfer to current provision	-181 598	-191 134
Balance at end of year	4 378 876	4 060 879

Key assumptions

In estimating the unfunded liability for Long-service awards of the Municipality a number of actuarial assumptions are required. The IAS19 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the Long-service awards arrangement – these are determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and current-service costs are recognised over time.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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The key financial and demographic assumptions are summarised below:

Key Financial Assumptions

Discount rate	7,0%
General salary inflation (long-term)	7,0%

Key Demographic Assumptions

Average retirement age	63
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Sensitivity analysis

The extent to which the actual liability faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made.

The assumptions which tend to have the greatest impact on the results are:

- (i) The discount rate relative to the salary inflation assumptions; and
- (ii) The average retirement age of employees;

The liability at the valuation date was recalculated to show the effect of increases and decreases on the central assumptions made:

Assumption and change	% change		
Central assumptions		4 560 473	4 252 013
General salary increase: +1%	3%	4 703 835	4 703 835
General salary increase: -1%	-15%	3 858 250	3 858 250
Discount rate: +1%	-15%	3 861 657	3 861 657
Discount rate: -1%	3%	4 708 405	4 708 405
Average retirement age: +1 year	-2%	4 486 335	4 486 335
Average retirement age: -1 year	-12%	4 033 230	4 033 230

12.2 Continued medical aid contributions

Balance at beginning of year	15 098 473	15 098 473
Contributions to provision	136 848	-
Expenditure incurred	-	-
	15 235 321	15 098 473
Transfer to current provision	-953 461	-
Balance at end of year	14 281 861	15 098 473

Key assumptions

In estimating the liability for Continued medical aid contributions of the Municipality a number of actuarial assumptions are required. The IAS19 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the Continued medical aid contributions arrangement – these are determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and current-service costs are recognised over time.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

The key financial and demographic assumptions are summarised below:

Key Financial Assumptions

Discount rate	7,0%
Health care cost inflation rate	7,0%

Key Demographic Assumptions

Average retirement age	63
Continuation of membership at retirement	90%
Mortality during employment	Life expectancy as per the regulations to the Estate Duty Act

Withdrawal from service (Average age: 40 at 30 June 2012 and 39 at 30 June 2011)	6%
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Sensitivity analysis

The extent to which the actual liability faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made.

The assumption which tends to have the greatest impact on the results is the rate of health care cost inflation relative to the discount rate.

The liability at the valuation date was recalculated to show the effect of increases and decreases on the central assumptions made:

Assumption and change	% change		
Central assumptions		15 235 321	15 098 473
Health care inflation: +1%	8%	16 454 147	16 942 869
Health care inflation: -1%	6%	16 149 440	13 570 799
Discount rate: +1%	8%	16 454 147	13 583 701
Discount rate: -1%	6%	16 149 440	16 962 025
Average retirement age: +1 year	0%	15 235 321	14 251 516
Average retirement age: -1 year	5%	15 942 512	15 942 512
Continuation of membership at retirement: +5%	-3%	14 707 816	14 707 816
Continuation of membership at retirement: -5%	2%	15 489 130	15 489 130
Withdrawal from service: +5%	-3%	14 707 816	14 707 816
Withdrawal from service: -5%	2%	15 489 130	15 489 130

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.1 Conditional grants from other spheres of government

	167 952 220	71 198 584
Municipal infrastructure grant	29 190 727	6 351 647
Provincial LED projects	-	-
National infrastructure grant	-	-
DWAF grant	117 505 864	35 893 172
New municipalities grant	-	-
Department of sport grant	897 237	897 237
IMMIS grant	34 030	34 030
Disaster management fund	579 406	2 169 889
Municipal systems improvement grant	-	-
Local government support grant	-	-
IDP / PMS support (DDLG&H)	-	-
Department of social services - Paypoint development	-	-
Two room clinic fund	-	-
Financial management grant	157 669	-
Fire and emergency grant	2 415 163	3 466 730
Rural sanitation program (DDLG&H)	35 039	35 039
Deployment of engineers grant (DDLG&H)	0	13 220
Bucket eradication grant (DDLG&H)	-	-
Election fund	-	-
Rural water program (DDLG&H)	-	-
National heritage council	-	-
Vuna awards grant	710	710
Department of transport grant	-178 842	-178 842
National public works grant	-0	3 879 158
Provincial infrastructure grant	17 315 218	18 636 594
DBSA conditional grant	-	-

13.2 Other conditional receipts

LG SETA grant	-0	-354 664
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Total unspent conditional grants and receipts

	167 952 220	70 843 920
Non-current unspent conditional grants and receipts	-	-
Current portion of unspent conditional grants and receipts	167 952 220	70 843 920

See **Note 18** for reconciliation of grants and receipts. These amounts are invested in ring-fenced investments until utilised.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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14. BORROWINGS

Long-term loans	-	-
Sub-total	-	-
Less: Current portion transferred to current liabilities	-	-
Long-term loans	-	-
Total external loans	-	-

Refer to Appendix A for more detail on long-term liabilities.

15. RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	-6 009 143	582 141
Total rentals	-6 009 143	582 141

Rental of facilities are straight lined over the period of the rental agreement. The balance of the resulting sundry debtor at 30 June 2013 amounted to R,0 (30 June 2012: R42276,068).

16. INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	2 087 201	1 410 984
Call accounts	1 693 975	1 394 885
Total interest	3 781 176	2 805 870

17. INTEREST EARNED - OUTSTANDING RECEIVABLES

Other	-	-
Total interest	-	-

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	209 603 000	188 347 000
Municipal infrastructure grant	88 258 921	84 451 563
Provincial LED projects	-	-
National infrastructure grant	-	-
DWAF grant	76 680 545	227 651 116
New municipalities grant	-	-
Department of sport grant	-	-
IMMIS grant	-	-
Disaster management fund	1 790 483	-
Municipal systems improvement grant	1 000 000	790 000
Local government support grant	-	-
IDP / PMS support (DDL&H)	-	-
Department of social services - Paypoint development	-	-
Two room clinic fund	-	-
Financial management grant	1 092 331	1 250 000
Fire and emergency grant	1 051 567	1 996 950
Rural sanitation program (DDL&H)	-	-
Deployment of engineers grant (DDL&H)	13 219	103 413
Bucket eradication grant (DDL&H)	-	-
Election fund	-	-
Rural water program (DDL&H)	-	-
National heritage council	-	-
Department of transport grant	-	-
Vuna awards grant	-	946 662
Provincial infrastructure grant	-	1 046 423
National public works grant	6 910 110	1 343 042
Provincial Infrastructure grant	-	328 063
Rural Transport and Infrastructure grant	3 096 377	-
LG SETA grant	245 336	5 075 664
Total government grants and subsidies	389 741 889	513 329 896

18.1 Equitable share

This grant is utilised to fund the operations of the municipality in accordance with the approved MTREF budget.

18.2 Municipal infrastructure grant

Balance unspent at beginning of year	6 351 647	-
Current year receipts	111 098 000	90 803 211
Conditions met - transferred to revenue	-88 258 921	-84 451 563
Conditions still to be met - transferred to liabilities (see Note 13)	29 190 727	6 351 647

This grant was used to construct various water, sewerage and roads infrastructure as part of the upliftment of poorer communities. No funds have been withheld.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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18.3 Provincial LED projects

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

Provincial LED project grants are used to promote small, medium and micro enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

18.4 National infrastructure grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant was used to construct various water, sewerage and roads infrastructure as part of the upliftment of poorer communities. No funds have been withheld.

18.5 DWAF grant

Balance unspent at beginning of year	35 893 172	5 000 756
Current year receipts	158 293 237	258 543 533
Conditions met - transferred to revenue	-76 680 545	-227 651 116
Conditions still to be met - transferred to liabilities (see Note 13)	117 505 864	35 893 172

This grant was used to construct various water and sewerage infrastructure as part of the upliftment of poorer communities. It was further utilised to fund water services operating subsidy. No funds have been withheld.

18.6 New municipalities grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant is used to establish systems within the Dr Ruth S Mompoti District Municipality and the Molopo - and Kagisano Local Municipalities. No funds have been withheld.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18.7 Department of sport grant		
Balance unspent at beginning of year	897 237	897 237
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	897 237	897 237

This grant was used to construct and upgrade various sporting facilities. No funds have been withheld.

18.8 IMMIS grant

Balance unspent at beginning of year	34 030	34 030
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	34 030	34 030

This grant was used to establish IT systems within the greater Dr Ruth S Mompoti District municipalities. No funds have been withheld.

18.9 Disaster management fund

Balance unspent at beginning of year	2 169 889	1 269 889
Current year receipts	200 000	900 000
Conditions met - transferred to revenue	-1 790 483	-
Conditions still to be met - transferred to liabilities (see Note 13)	579 406	2 169 889

This grant was used to develop disaster management plans for the municipality. No funds have been withheld.

18.10 Municipal systems improvement grant

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	790 000
Conditions met - transferred to revenue	-1 000 000	-790 000
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant was used to establish systems within the entire district. No funds have been withheld.

18.11 Local government support grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant was used to establish systems within the entire district. No funds have been withheld.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18.12 IDP / PMS support (DDL&H)		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-
This grant was used to establishment and futher development of IDP and PMS systems within the entire district. No funds have been withheld.		
18.13 Department of social services - paypoint development		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-
This grant was used to construct and upgrade various pension paypoints in the district. No funds have been withheld.		
18.14 Two room clinic fund		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-
This grant was used to construct and upgrade various clinics in the district. No funds have been withheld.		
18.15 Financial management grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	-1 092 331	-1 250 000
Conditions still to be met - transferred to liabilities (see Note 13)	157 669	-
This grant was used to establish financial management systems within the municipality and to fund the salaries of the National Treasury interns. No funds have been withheld.		
18.16 Fire and emergency grant		
Balance unspent at beginning of year	3 466 730	963 680
Current year receipts	-	4 500 000
Conditions met - transferred to revenue	-1 051 567	-1 996 950
Conditions still to be met - transferred to liabilities (see Note 13)	2 415 163	3 466 730
This grant was used to fund the acquisition of fire and emergency vehicles for the Mamusa Local Municipality. No funds have been withheld.		

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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18.17 Rural sanitation program (DDL&H)

Balance unspent at beginning of year	35 039	35 039
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	35 039	35 039

This grant was used for the construction of VIP toilets in the district. No funds have been withheld.

18.18 Deployment of engineers grant (DDL&H)

Balance unspent at beginning of year	13 220	116 633
Current year receipts	-	-
Conditions met - transferred to revenue	-13 219	-103 413
Conditions still to be met - transferred to liabilities (see Note 13)	0	13 220

This grant was used for the deployment of engineers and engineering interns throughout the entire district. No funds have been withheld.

18.19 Bucket eradication programme (DDL&H)

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant was used for the municipality's bucket eradication program in the Lekwa-Teemane and Mamusa Local Municipalities. No funds have been withheld.

18.20 DBSA conditional grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant was used to assist municipalities in the District with the compilation of valuation rolls. No funds have been withheld.

18.21 Election fund

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant is used to fund local government elections in the District. No funds have been withheld.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18.22 Rural water program (DDL&H)		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant is used to fund the the repayment of DBSA loans taken up to to implement various rural water projects. No funds have been withheld.

18.23 National heritage council

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 13)	-	-

This grant is used to fund the operations of various LED tourism projects. No funds have been withheld.

18.24 VUNA awards grant

Balance unspent at beginning of year	710	947 372
Current year receipts	-	-
Conditions met - transferred to revenue	-	-946 662
Conditions still to be met - transferred to liabilities (see Note 13)	710	710

This grant is used to fund the re-branding of the district LED project. No funds have been withheld.

18.25 Department of transport grant

Balance unspent at beginning of year	-178 842	-
Current year receipts	-	867 581
Conditions met - transferred to revenue	-	-1 046 423
Conditions still to be met - transferred to liabilities (see Note 13)	-178 842	-178 842

This grant is used to fund the building of new municipal roads in the District. No funds have been withheld.

18.26 National public works grant

Balance unspent at beginning of year	3 879 158	4 324 200
Current year receipts	3 030 952	898 000
Conditions met - transferred to revenue	-6 910 110	-1 343 042
Conditions still to be met - transferred to liabilities (see Note 13)	-0	3 879 158

This grant is used to fund the building of new municipal roads in the District. No funds have been withheld.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18.27 Provincial infrastructure grant		
Balance unspent at beginning of year	16 948 594	2 276 657
Current year receipts	-	15 000 000
Conditions met - transferred to revenue	-	-328 063
Conditions still to be met - transferred to liabilities (see Note 13)	16 948 594	16 948 594
<p>This grant is used to fund the building of new municipal roads in the District. No funds have been withheld.</p>		
18.28 LG SETA grant		
Balance unspent at beginning of year	-354 664	50 000
Current year receipts	750 000	4 671 000
Conditions met - transferred to revenue	-395 336	-5 075 664
Conditions still to be met - transferred to liabilities (see Note 13)	-0	-354 664
<p>This grant is used to fund various learnerships aimed at the youth in the District. No funds have been withheld.</p>		
18.28 Rural Transport Service and Infrastructure Grant		
Balance unspent at beginning of year	1 688 000	-
Current year receipts	1 775 000	1 688 000
Conditions met - transferred to revenue	-3 096 377	-
Conditions still to be met - transferred to liabilities (see Note 13)	366 623	1 688 000
<p>This grant is used to fund the establishment of a rural roads management system and asset register. No funds have been withheld.</p>		
18.29 Changes in levels of government grants		
<p>Based on the allocations set out in the Division of Revenue Act, significant increases in the level of government grant funding are expected over the forthcoming 3 financial years.</p>		
19. OTHER INCOME		
Sundry Income	79 551	4 592
Tender document fees	144 791	141 006
Surplus cash	200	-
SDL grant	283 915	327 806
Bursaries for officials recovered	21 664	28 258
Insurance claims received	-	10 926
Reversal of impairment of receivables	-	7 279
Sundry creditors written off	-	6 474
PPE transfer received	-	-
Recovery of unauthorised, irregular, fruitless & wasteful exp (Note 34)	-	-
Total other income	530 122	526 340

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
20. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	41 524 966	40 008 218
Employee related costs - Contributions to UIF, pensions and medical	10 472 450	13 597 158
Travel and motor car allowances	9 348 109	8 487 027
Housing benefits and allowances	1 812 101	2 642 893
Overtime payments	1 255 829	1 535 209
Performance and other bonuses	-	-
Long-service awards	642 155	1 123 134
Other employee related costs	-	-
Total employee related costs	65 055 609	67 393 639

There were no advances to employees.

Remuneration of the Municipal Manager

Annual remuneration	941 319	1 935 720
Performance and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	94 500	70 000
Contributions to UIF, medical and pension funds	104 331	77 503
Total	1 140 150	2 083 223

Remuneration of the Chief Financial Officer

Annual remuneration	646 699	1 015 054
Performance bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Contributions to UIF, medical and pension funds	35 144	34 509
Total	681 843	1 049 563

Remuneration of individual executive managers

Remuneration of individual executive managers are reflected per **Note 44**.

21. REMUNERATION OF COUNCILLORS

Executive mayor	567 472	525 467
Speaker	440 863	408 730
Mayoral committee members	2 461 461	1 971 331
Councillors	1 228 583	1 555 096
Councillors' pension, medical aid and SDL contributions	590 003	493 355
Total councillors' remuneration	5 288 382	4 953 979

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
22. DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	35 413 198	48 589 675
Total depreciation and amortisation	35 413 198	48 589 675
23. FINANCE COSTS		
Borrowings	-	-
Bank overdraft	-	-
Other	755	19 411
Total finance costs	755	19 411
24. BULK PURCHASES		
Water	50 816 884	45 350 052
Total bulk purchases	50 816 884	45 350 052
25. CONTRACTED SERVICES		
GRAP conversion	-	15 643
Payroll processing	107 012	61 353
IMMIS Project	-	-
Accounting services	-	-
Website Development	-	115 833
Document and Registry Services	-	-
Spatial Development Framework	312 532	310 275
Integrated Man Information Systems (GIS)	-	-
IDP documentation	-	-
Strategic Planning & IDP	-	631 158
Operationalisation of PMS	-	-
Business plans and feasibility studies	-	98 900
Section 78 Assessment and WSDP	-	896 531
Integrated Man Information Systems (GIS)	6 482 810	4 477 716
Business plans and feasibility studies	3 285 950	2 918 519
Professional Services	-	72 179
Rural Sanitation Program	60 014 302	41 983 002
Development of LED and Tourism Strategy	52 749	522 000
Benchmarking in Local Economic Development	-	60 000
Feasibility study on Food Extrusion Plan	198 198	-
Total contracted services	70 453 551	52 163 111

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
26. GRANTS AND SUBSIDIES PAID		
Grants paid to Local Municipalities	66 442 308	23 652 424
Transfers to Community Members	-	-
Grants paid to tourism projects	250 000	260 000
Grants paid to LED projects	3 481 416	3 863 531
Community learnership programs	2 704 551	5 115 785
Total grants and subsidies paid	72 878 274	32 891 740

Transfers to Community Members consists of the transfer of toilet structures and related yard connections to community members on whose stands the structures were erected per the bucket eradication projects implemented by the municipality.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
27. GENERAL EXPENSES		
Included in general expenses are the following:		
Advertising	533 626	608 410
Community Functions	1 251 260	1 305 416
Audit fee	4 597 560	502 714
Congresses and Conferences	192 852	500 599
Bank charges	67 746	70 861
Donations : Executive Mayor's Fund	247 087	471 110
Electricity	550 481	464 946
Entertainment Allowance - SPM	5 066	-
Books and publications	6 591	65 774
Entertainment Allowance - Mayor	-	1 734
Cleaning materials and consumables	58 975	70 324
Entertainment Allowance - Councillors	19	2 881
Entertainment Allowance - Officials	6 213	-
Insurance Premiums	955 233	871 191
Internet Charges	483 061	293 409
Kitchen Ware and Cutlery	5 367	1 830
Legal expenses	1 254 266	361 979
Membership Fees : Societies	29 209	499 189
Postage stamps and telegraphs	3 715	7 959
Printing and Stationery	1 227 939	1 227 991
Property Rates	221 677	70 388
Refreshments and Meals	1 248 221	926 284
Rental: Equipment	982 041	1 141 410
Rental : Office	1 101 586	1 018 806
Sitting Allowance	362 500	243 500
Sanitary and Refuse Removal	62 871	65 202
Small Tools & Equipment	27 526	183 814
Software Expenses	143 921	900 774
Special Projects	952 521	607 548
Security Services	1 255 851	742 330
Sundry Expenses	14 547	12 494
Telephone	1 286 034	1 368 768
Training and Courses	1 739 531	1 052 276
Travel and subsistence : Councillors	1 626 819	1 091 285
Travel and subsistence : Officials	4 552 982	4 533 166
Vehicles : Fuel and Oil	1 133 438	1 138 257
Vehicles : Licenses	44 789	43 093
Water supply	70 245	101 130
Workman's Compensation	376 741	377 722
Bacterial Testing and Analysis	157 815	125 865
Pauper Burials	-	-
Pest Control	1 700	17 868
Uniforms and Protective Clothing	13 256	250 265
Furniture removal costs	18 100	-
Bursaries for Officials	300 200	158 845
Fraud hotline	-	1 732
Promotion and marketing	392 934	318 319
Employee assistance program	-	-
Community learnership programs	353 705	402 347
Other	1 489 242	1 943 003
	31 407 057	26 164 810

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
28. GAIN / (LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	-	-180 934
Investment property	-	-
Other financial assets	-	-
Total gain / (loss) on disposal of Property, Plant and Equipment	-	-180 934
29. (IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT LOSS		
Property, plant and equipment	-	-2 098 975
Investment property	-	-
Other financial assets	-	-
Total gain / (loss) on impairment	-	-2 098 975
30. PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Investment property carried at fair value	-	80 000
Other financial assets	-	-
Total profit / (loss) on fair value adjustment	-	80 000
31. CASH GENERATED BY OPERATIONS		
Surplus for the year	61 469 069	224 957 390
Adjustment for:		
Depreciation and amortisation	35 413 198	48 589 675
Gain / (loss) on disposal of Property, Plant and Equipment	-	180 934
PPE transfer received	-	-
Contribution to provisions - non-current	-498 616	4 888 116
Contribution to provisions - current	943 925	273 974
Finance costs	755	19 411
Fair value adjustments	-	-80 000
(Impairment loss) / reversal of impairment loss	-	2 098 975
Interest earned	-3 781 176	-2 805 870
Operating surplus before working capital changes:	93 547 155	278 122 604
(Increase) / decrease in trade receivables	-1 714 632	-51 372 456
(Increase) / decrease in other receivables	-	-
(Decrease) / increase in conditional grants and receipts	97 108 300	54 928 428
(Decrease) / increase in trade payables	-54 491 613	40 819 414
(Decrease) / increase in deposits	-	-
(Increase) / decrease in VAT receivable	17 326 061	-33 796 510
Cash generated by / (utilised in) operations	151 775 271	288 701 480

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following :

Bank balances and cash	80 659 644	46 718 796
Bank overdrafts	-	-
Total cash and cash equivalents (net of bank overdrafts)	80 659 644	46 718 796

33. CHANGE IN ACCOUNTING POLICY, CORRECTION OF ERROR, CHANGE IN ESTIMATE AND RESTATEMENT OF COMPARATIVE INFORMATION

No adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies.

34. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

34.1 Unauthorised expenditure

Balance brought forward	232 581 039	145 557 761
Unauthorised expenditure current year	-40 618 963	87 023 278
Condoned or written-off by council	-232 581 039	-
Recovery of unauthorised expenditure	-	-
Balance carried forward	-40 618 963	232 581 039

34.2 Fruitless and wasteful expenditure

Balance brought forward	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written-off by council	-	-
Recovery of fruitless and wasteful expenditure	-	-
Balance carried forward	-	-

34.3 Irregular expenditure

Balance brought forward	16 509 196	16 178 072
Irregular expenditure current year	1 838 157	331 124
Condoned or written-off by council	-	-
Recovery of irregular expenditure	-	-
Balance carried forward	18 347 353	16 509 196

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
34.3.4 Contract appointment: BDM2007-012C	-	5 863 287
<p>The contract for the internal sewer network on the Utlwanang Bucket Eradication project was awarded to Shatsane / Above and Beyond Trading JV. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.</p>		
34.3.5 Contract appointment: BDM2007-013C	-	7 482 065
<p>The contract for the internal sewer network on the Boitumelong Bucket Eradication project was awarded to Faiaud Transport Services / Are Berekeng JV. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.</p>		
34.3.6 Contract appointment: BDM2007-019C	-	1 567 155
<p>The contract for the Supply and Installation of Water Connections and Pre-Cast Toilets to 150 stands in Colridge project was awarded to Tshupetso Dikiro Construction. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.</p>		
34.3.7 Contract appointment: BDM2007-025A	-	611 400
<p>The contract for the supply of security services was awarded to M and DJ Security Solutions. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.</p>		
34.3.8 Mayoral vehicle: deemed private use	-	445 426
<p>The municipality provided a council vehicle to the former Executive Mayor for his exclusive use. As no accurate records were maintained to distinguish between private and business use, the entire kilometers travelled for the year is deemed to be private. The deemed private portion of the use thereof is in excess of the upper limits for remuneration of councillors per the Public Office Bearers Act. This expense will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.</p>		
34.3.9 Contract appointment: Mayoral house security services	-	282 895
<p>The contract for the supply of security services was extended to include the Mayoral House. No proper process was followed in terms of the SCM Regulations. This appointment will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.</p>		
34.3.10 Wits Business School		
An amount paid to where only one quotation was obtained	182 000	
34.3.11 Protea Hotel Christiana		
An amount paid with only one quotation	35 550	-
34.3.12 Other Creditors	135 139	-
34.3.13 Orange Toyota	973 038	-
Erroneous calculation of points in the bid		

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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34.3.10 Contract appointment: Vehicle tracking system	<u><u>-</u></u>	<u><u>149 997</u></u>
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The contract for the supply of the vehicle tracking system was extended to accommodate additional vehicles. The contract was modified without the approval of a properly delegated official as required by SCM Regulations 5. This appointment will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.

34.3.11 Non-compliance: MSA Sections 54(2A)(a) and 56(1)(c)	<u><u>-</u></u>	<u><u>95 058</u></u>
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Mr. Z. Tshetlho acted as the municipal manager from 1 December 2011 up till 30 June 2012. This period exceeded the legislated 3 months without obtaining authority from the MEC for local government. This expense will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.

34.3.12 Non-compliance with MFMA: SCM Regulation 13 (c)	<u><u>-</u></u>	<u><u>11 914</u></u>
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Certain minor orders were issued to suppliers with members who are in the service of the state. This is in contravention with MFMA: SCM Regulation 13 (c). These appointments will be investigated and presented to council for decision on recovery or write-off in the 2012/13 financial year.

34.3.13 Disclosure of Interest for Persons in the Service of the State.	<u><u>512 430</u></u>	<u><u>-</u></u>
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Declaration of interest for persons in service of the state were submitted for MLM Consulting and Centinial Trading but the companies were still awarded bids.

i) No further material losses or material irregular or fruitless and wasteful expenditures or material unauthorized expenditure had occurred during the financial year.

ii) No criminal or disciplinary steps were taken as a result of losses from the above.

iii) No material losses have been recovered or written-off.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

35.1 Contributions to organised local government: SALGA NW

Opening balance	-	-
Council subscriptions	2 813 244	219 280
Amount paid - current year	-2 813 244	-219 280
Amount paid - previous year	-	-
Balance overpaid (included in debtors)	-	-

35.2 Audit fees

Opening balance	-	-
Current year audit fees	4 597 560	502 714
Amount paid - current year	-4 597 560	-502 714
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

35.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in **Note 4**. All VAT returns have been submitted by the due date throughout the year.

35.4 PAYE and UIF

Opening balance	6 474	6 474
Current year payroll deductions	12 376 419	12 403 927
Amount paid - current year	-12 376 419	-12 403 927
Amount paid - previous year	-	-
Amounts written-off	-	-
Balance unpaid (included in debtors)	-	6 474

The balance carried forward represents overpayments made to SARS in previous years. This matter was resolved with SARS in the 2009/10 financial year.

35.5 Pension and medical aid deductions

Opening balance	3 520	1 541
Current year payroll deductions and council contributions	13 469 232	12 507 844
Amount paid - current year	-13 469 232	-12 507 844
Amount paid - previous year	-3 142	1 979
Amounts written-off	-	-
Balance unpaid (included in debtors)	-5 508	3 520

The balance unpaid represents pension and medical aid differences on control accounts brought forward from previous years. These accounts have now been reconciled.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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35.6 Councillors' arrear consumer accounts

The following sundry debtor balances were outstanding for more than 90 days from councillors:

Cllr. GKM Lobelo	46 035	46 035
Cllr. CE Tladinyane	9 066	9 066
Cllr. SKM Namusi	774	774
Cllr. P Letebele	5 356	5 356
	61 231	61 231

No arrears are outstanding from any councillor to the municipality for rates or services.

35.7 Non-compliance with Chapter 11 of the Municipal Finance Management Act

No non-compliance with Chapter 11 of the MFMA

35.8 Summary of investments (call accounts)

Description	Bank	Account no	Balance R
MIG	Standard Bank	048558575-001	113 229
Provincial Led Projects	Standard Bank	048558583-001	-
NIG	Standard Bank	048558591-001	-
DWAF	Standard Bank	048558605-001	69 536
Department of Sport Grant	Standard Bank	048558621-001	959 253
Disaster Management Fund	Standard Bank	048558648-001	2 309 089
MSIG	Standard Bank	048558672-001	840 651
Two Room Clinic Fund	Standard Bank	048558818-001	-
FMG	Standard Bank	048558834-001	509 998
Rural Sanitation Program (DDLG&H)	Standard Bank	048547123-002	36 151
Deployment of Engineer Grant (DDLG&H)	Standard Bank	048558877-001	49 136
Bucket Eradication Grant (DDLG&H)	Standard Bank	048558702-001	-
LG Seta Grant	Standard Bank	048558826-001	-
Guarantees	Standard Bank	048558842-001	798 492
Leave Provision	Standard Bank	048558850-001	2 120 630
Transition grant: IMMIS	Standard Bank	348481713	110 234
Fire and emergency	Standard Bank	348481721	5 031 747
Election fund	Standard Bank	348481748	-
Rural Water Program (DDLG&H)	Standard Bank	048551627-001	61
Vuna Awards Grant	Standard Bank	048551635-001	565 255
Department of Transport Grant	Standard Bank	048551643-001	-
Six month investment	First National Bank	71230646229	4 520 325
National Department of Public Works	Standard Bank	048551376-001	19 353 733
			37 387 519

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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35.9 Deviation from and ratification of minor breaches of procurement processes

No deviation from and ratification of minor breaches of procurement processes during the year.

36. CAPITAL COMMITMENTS

36.1 Commitments in respect of capital expenditure

- Approved and contracted for	-	97 900 250
Infrastructure	-	94 366 233
Other	-	3 534 017
- Approved but not yet contracted for	-	349 187 296
Infrastructure	-	339 578 992
Other	-	9 608 304
Total	-	447 087 546
This expenditure will be financed from:		
- External loans	-	-
- Government grants	-	413 373 776
- Own resources	-	33 713 770
Total	-	447 087 546

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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36.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

- Within one year
- In the second to fifth year inclusive
- After five years

1 734 997	1 734 997
1 587 475	1 587 475
-	-

Total

3 322 472	3 322 472
------------------	------------------

There are no future sublease payments expected.

Operating leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties and office equipment. Leases are negotiated for an average term of 3 years and rentals are fixed. The municipality does not have the option to purchase the assets at the end of the lease period. The municipality has the option to renew the above leases once the period comes to an end. No contingent rent is payable. There are no unusual restrictions imposed by the lease arrangements.

Operating leases - lessor

Minimum lease payments due

- Within one year
- In the second to fifth year inclusive
- After five years

437 293	437 293
-	-
-	-

Total

437 293	437 293
----------------	----------------

Operating leases consists of the following:

Certain of the municipality's property is held to generate rental income. Rental of property is expected to generate rental yields of 18% on an ongoing basis. The lease agreement is cancellable with 6 months notice and has a term of 3 years. There are no contingent rents receivable.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

37. EMPLOYEE BENEFIT INFORMATION

37.1 Pension Funds

Councillors and employees belong to 4 defined contribution retirement funds:

37.1.1 Cape Joint Retirement Fund

The last actuarial valuation of the Cape Joint Retirement Pension Fund was done at 30 June 2009. This valuation indicated that the fund is in a sound financial condition at the valuation date.

37.1.2 Municipal Councillors Pension Fund

The last actuarial valuation of the Municipal Councillors Pension Fund was done at 30 June 2008. This valuation indicated that the fund is in a sound financial condition at the valuation date.

37.1.3 National Fund for Municipal Workers

The last actuarial valuation of the National Fund for Municipal Workers was done at 30 June 2008. This valuation indicated that the fund is in a sound financial condition at the valuation date.

37.1.4 Municipal Gratuity Fund

The last actuarial valuation of the Municipal Gratuity Fund was done at 30 June 2008. This valuation indicated that the fund is in a sound financial condition at the valuation date.

Contributions

An amount of R6417942,790 (2012 : R5894648,57,0) was contributed by Council in respect of councillor and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

37.2 Medical aid

An amount of R3860513,4,0 (2012 : R7510347,63,0) was provided and contributed by Council in respect of councillors and employees medical aid. These contributions have been expensed and are included in employee related costs for the year.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

38. CONTINGENT LIABILITIES

38.1 DBSA loans transfer from Dr Kenneth Kaunda District Municipality

The then Southern District Municipality had prior to 2000 taken up loans from the DBSA to finance the upgrading of infrastructure assets in the Mamusa and Lekwa-Teemane Local Municipalities. On 29 September 2000, the then Bophirima District Municipality was established in accordance with the demarcation process. As a result of this process these infrastructure assets were then located within the area of jurisdiction of the Dr Ruth S Mompoti District Municipality. Certain transitional provisions relating to the transfer of assets and liabilities were proclaimed. In accordance with this clause, these matters will vest in the Dr Ruth S Mompoti District Municipality with effect from the date when such a determination is made by the MEC. On 5 December 2008, Official Notice no 18 of 2008 per Provincial Gazette 6562 was issued in terms of which the DBSA loans were transferred retrospectively to the Dr Ruth S Mompoti District Municipality. The municipality is objecting to the Official Notice based on the following main principles:

a) Proper consultation with the Dr Ruth S Mompoti District Municipality regarding the transfer of the loans was not done prior to the issuing of the Notice as per Section 16(1)(h) of the Municipal Structures Act.

b) The transfer of the loans will affect the Municipality's cash flow and as a consequence limit it from performing its functions or exercising the powers assigned to it. This is contrary to the requirements per Section 14(2)(b)(iii) of the Municipal Structures Act.

The Dr Ruth Segomotsi Mompoti District Municipality remains committed in resolving the matter in order to reach agreement with all parties involved for the transfer of assets and liabilities from the Dr Kenneth Kaunda District Municipality. The total outstanding balance (including arrears) of the DBSA loans as at 30 June 2013 amount to R101,826,013,00.

38.2 Various legal proceedings

38.2.1 Khasu Engineering (Pty) Ltd

A letter of demand was directed to the Municipality by Messrs. Khasu Engineering [PTY] Ltd. claiming an amount of R2,000,000.00 in respect of services rendered.

Mr Khasu intends to pursue the matter. The Municipality's financial exposure is estimated at R2,500 000.

38.2.2 GEPF

The GEPF claimed payment from the municipality in an amount of R74,457,89 allegedly being a loss suffered by the pension fund as a result of Mr Rathebe's early retirement. The municipal financial exposure is estimated at an amount of R100,000.00 being capital, costs and interest. It would seem that the Plaintiff have no intention of pursuing this matter.

38.2.3 Lucky Makwati

This person directed a letter to the municipality imitating that he has a claim against the municipality in respect of defamation of character. The matter has been dormant for a considerable period and it is not clear whether Mr Makwati intends to pursue the matter further. The possible financial exposure could therefore not be determined on this matter.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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38.2.4 G & HG Silver Blue Construction JV

This Joint Venture instituted legal proceedings against the municipality for payment of an amount of R15,549,361.55 allegedly being due to them in respect of Bid nr BDM2007-013B and the termination of the Joint Venture's services in respect thereof.

The plaintiff has not taken any initiative in quite a while and the municipal legal representative is awaiting a Notice of set down.

The Municipality' financial exposure, should the claim be successful will amount to R15,549,361.55 plus interest at 15.5% per annum and legal costs.

38.2.5 Nkgamodira Trade and Enterprise

This firm directed a letter of demand to the Municipality through its attorneys claiming payment of an amount of R10,570,000.00 being in respect of alleged damages suffered as a result of an alleged breach of contract by the Municipality.

No formal legal process has been instituted.

We estimate the Municipality's financial exposure in an amount of R11 000,000.00 at most although we are of the opinion that there is not much merit in the claim against the Municipality.

38.2.6 Masseramule Attorneys

This firm rendered an account of approximately R115,000,00 in respect of a legal opinion. The municipality denied liability and demanded the said bill be presented for taxation, but the said firm thus far failed to proceed with taxation.

Should the claim be pursued and be successful we estimate the Municipality's financial exposure in an amount of R150,000.00 being capital, interests and legal costs.

38.2.7 Jorian Construction CC

The Municipality received correspondence from Messers Gous Verture and Ass attorneys of Bloemfontein questioning the award of Bid RDM2012-012B. The correspondence received from Messers Gous Verture and Ass Attorneys have been replied to and it is not clear whether the municipality will have financial exposure regarding this matter and as to what the extent thereof may be.

38.2.8 Tshireletso Security Force

This entity applied for information in terms of the provisions of the access to information legislation and it appeared as if they intended to dispute the awarding of a tender for the rendering of security services

The matter has been dormant for some time and it would seem that the other party does not intend to pursue this matter further. We are unable to estimate any possible financial exposure to the municipality regarding this matter. Ref no Bid RDM2012-016A.

38.2.9 Various Ex-Employees

The municipality received a letter of demand from Messers Tsogo Bareki Attorneys of Mothibistad. The matter however dates from 2011 and it would seem as if they do not intend to pursue the matter further.

We are of the opinion that there is no financial exposure for the municipality regarding this matter as there seems to be no merits in the relevant claim.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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38.2.10 Botshelo Water

The municipality received a letter of demand from Botshelo Water for the payment of an amount of R12 238 641,20. The municipality's financial exposure should Botshelo Water claim succeed is estimated at R12 238 641,20

38.2.11 Contingencies arising from pending litigation on wage curve agreement

As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this payable prior to the outcome of the pending litigation.

39. CONTINGENT ASSETS

39.1 Land to be transferred

Land to the value of R311,500 which is owned by the Municipality, but never correctly registered in the name of the Municipality, is currently still in the process of being transferred to the Dr Ruth S Mompoti District Municipality from National Government before it can be transferred to the respective land owners in terms of the various sales agreements. The transactions are estimated to be completed by 30 June 2013.

40. RELATED PARTIES

40.1 Catering services

	58 445	54 240
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Certain catering services were performed for the municipality during the year by the wife of the Chairperson of the Finance Potfolio Committee, Cllr. PK Thiba.

40.2 Sports equipment

	62 400	80 985
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Certain sports equipment and clothing were supplied to the municipality during the year by the husband of the Senior Accountant: Salaries, Me. Anna-Marie Dubber.

40.3 Accomodation

40.3.1 Golden Leopard Resorts

Certain accomodation services rendered by the Golden Leopard Resorts during the year. Kgosi NC Motlhabane is a related party to that entity.

	2 012	-
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40.3.2 Lefika Bed and Breakfast

Certain accomodation services rendered by the Lefika Bed and Breakfast during the year. B.C Chichindua is a related party to that entity.

	4 500	-
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40.4 Repairs and Maintanance

Certain repairs and maintenance were performed by Tahuti Trading which KN Khonkhobe was a party.

	15 331	-
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The remuneration of councillors and executive managers are disclosed in note 21 and note 44 respectively.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R

41. EVENTS AFTER THE REPORTING DATE

No material litigation is outstanding against the Municipality and no post balance events have occurred after year-end and up to the date of the completion of these financial statements.

42. RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, 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.

42.1 Maximum credit risk exposure

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

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. 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. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

42.2 Liquidity risk

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

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

Liquidity risk is mitigated by the fact that sundry debtors have been adequately provided for as impaired and that the Municipality has no consumer debtors that will affect available cash balances.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

42.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

42.4 Other price risk

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

The municipality does not carry any direct consumer debtors as the Water Services Authority in the District. Water and sewerage services are currently performed by appointed water service providers. The municipality is therefore not exposed to the non-payment risk that consumer debtors present.

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

43 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in **Annexures E(1)** and **E(2)**.

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Annual remuneration	Performance bonuses	Car allowance	Contributions to UIF, medical and pension funds	Total
	R	R	R	R	R

44. REMUNERATION TO INDIVIDUAL EXECUTIVE MANAGERS

30 June 2013

Corporate services	1 012 506,28	-	107 000,00	90 303,80	1 209 810,08
Special projects	393 261,98	-	31 500,00	27 160,16	451 922,14
Internal audit	129 411,17	-	-	129 411,17	258 822,34
Engineering services	600 408,08	-	-	-	600 408,08
Project management unit	965 331,21	-	75 000,00	95 334,78	1 135 665,99
Economic development, tourism & agriculture	885 512,66	-	180 000,00	-	1 065 512,66
Community services	413 252,74	-	99 922,08	-	513 174,82
Total	4 399 684	-	31 500,00	120 903,42	5 235 316,11

30 June 2012

Corporate services	793 738	-	105 000	118 679	1 017 417
Special projects	737 535	-	94 500	77 537	909 572
Internal audit	578 087	-	45 500	83 315	706 902
Fire and disaster management	293 837	-	75 000	56 969	425 807
Engineering services	895 019	-	180 000	11 912	1 086 930
Project management unit	734 297	-	94 500	77 513	906 310
Economic development, tourism & agriculture	676 752	-	126 000	92 529	895 281
Community services		-			-
Total	4 709 265	-	720 500	518 454	5 948 219

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Land and buildings R	Infrastructure R	WIP R	Official vehicles R	Machinery and equipment R	Office equipment R	Office furniture R	Computer equipment R	Total R
45. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION OF CARRYING VALUE									
Carrying values at 1 July 2012	17 265 097	1 135 679 999	428 701 960	12 150 624	1 004 988	482 183	897 332	2 449 405	1 598 631 586
Cost	4 096 097	1 282 284 962	428 701 960	19 071 442	2 167 423	1 173 532	1 799 869	5 992 172	1 745 287 456
Correction of error (Note 33)	-	-	-	-	-	-	-	-	-
Revaluation	13 169 000	-	-	-	-	-	-	-	13 169 000
Accumulated depreciation	-	-146 604 964	-	-6 920 818	-1 162 435	-691 348	-902 537	-3 542 768	-159 824 870
- Cost	-	146 604 964	-	6 920 818	1 162 435	691 348	902 537	3 542 768	159 824 870
- Revaluation	-	-	-	-	-	-	-	-	-
Acquisitions	44 860	-	-	1 385 688	14 615	247 097	212 957	536 204	2 441 422
Capital under construction	-	-	120 373 421	-	-	-	-	-	120 373 421
Increases in revaluation	-	-	-	-	-	-	-	-	-
Decreases in revaluation	-	-	-	-	-	-	-	-	-
Depreciation	-	32 299 794	-	2 143 807	154 505	115 894	155 595	543 603	35 413 198
- based on cost	-	32 299 794	-	2 143 807	154 505	115 894	155 595	543 603	35 413 198
- based on revaluation	-	-	-	-	-	-	-	-	-
Profit / Loss on disposal of assets	-	-	-	-	-	-	-	-	-
Proceeds on disposal of assets	-	-	-	-	-	-	-	-	-
Carrying value on disposals	-	-	-	-1 411 138	-	-	-	-	-1 411 138
Cost / revaluation	-	-	-	-4 028 349	-	-	-	-	-4 028 349
Accumulated depreciation	-	-	-	2 617 211	-	-	-	-	2 617 211
Impaired losses / Reversal of impairment loss	-	-	-	-211 138	-	-	-	-	-211 138
Other movements	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2013	17 309 956	1 103 380 205	549 075 381	10 192 505	865 098	613 386	954 694	2 442 006	1 684 833 231
Cost	4 140 956	1 282 284 962	549 075 381	16 428 782	2 182 038	1 420 629	2 012 826	6 528 376	1 864 073 950
Revaluation	13 169 000	-	-	-	-	-	-	-	13 169 000
Accumulated depreciation	-	-178 904 758	-	-6 236 276	-1 316 940	-807 243	-1 058 132	-4 086 371	-192 409 719
- Cost	-	178 904 758	-	6 236 276	1 316 940	807 243	1 058 132	4 086 371	192 409 719
- Revaluation	-	-	-	-	-	-	-	-	-

Refer to **Appendix B** for more detail on property, plant and equipment

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost / Revaluation						Accumulated depreciation					Transfers	Other movements	Carrying value
	Opening balance	Additions	Increase in revaluation	Under construction	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Impairment loss / reversal of impairment loss	Closing balance			
	R	R	R	R	R	R	R	R	R	R	R			
Land and buildings	17 265 097	44 860	-	-	-	17 309 956	-	-	-	-	-	-	-	17 309 956
Infrastructure	1 710 986 922	-	-	-	-	1 710 986 922	146 604 964	32 299 794	-	-	178 904 758	-	-	1 532 082 165
Official vehicles	19 071 442	1 385 688	-	-	-4 028 349	16 428 782	6 920 818	2 143 807	-2 617 211	-211 138	6 236 276	-	-	10 192 505
Machinery and equipment	2 167 423	14 615	-	-	-	2 182 038	1 162 435	154 505	-	-	1 316 940	-	-	865 098
Office equipment	1 173 532	247 097	-	-	-	1 420 629	691 348	115 894	-	-	807 243	-	-	613 386
Office furniture	1 799 869	212 957	-	-	-	2 012 826	902 537	155 595	-	-	1 058 132	-	-	954 694
Computer equipment	5 992 172	536 204	-	-	-	6 528 376	3 542 768	543 603	-	-	4 086 371	-	-	2 442 006
TOTAL	1 758 456 456	2 441 422	-	-	-4 028 349	1 756 869 529	159 824 870	35 413 198	-2 617 211	-211 138	192 409 719	-	-	1 564 459 810

1 135 679 998,10
575 306 924,01

12 150 623,95

482 183,16

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost / Revaluation						Accumulated depreciation					Carrying value
	Opening balance	Additions	Increase in revaluation	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Impairment loss / reversal of impairment loss	Closing balance	
	R	R	R	R	R	R	R	R	R	R	R	
Office of the Executive Mayor	2 408 373	129 938	-	-	-	2 538 311	1 015 840	-	-	-	1 015 840	1 522 470
Office of the Speaker	522 240	-	-	-	-	522 240	196 622	-	-	-	196 622	325 618
Office of the Municipal Manager	161 441	16 921	-	-	-	178 363	85 994	-	-	-	85 994	92 368
Internal audit	895 022	51 089	-	-	-	946 110	562 294	-	-	-	562 294	383 817
Budget and treasury office	2 288 315	97 814	-	-	-	2 386 128	1 364 094	-	-	-	1 364 094	1 022 035
Corporate services	11 330 111	1 429 983	-	-	-	12 760 094	2 104 843	-	-2 617 211	-	-512 368	13 272 462
IDP and PIMS	367 665	38 947	-	-	-	406 613	237 470	-	-	-	237 470	169 142
Environmental health	515 625	29 528	-	-	-	545 152	299 825	-	-	-	299 825	245 328
Fire and disaster management	18 137 383	507 786	-	-	-	18 645 169	6 065 629	-	-	-	6 065 629	12 579 540
Engineering services	1 594 817 002	71 075	-	95 110 546	-	1 689 998 623	147 000 377	-	-	-	147 000 377	1 542 998 246
Project management unit	125 333 268	18 164	-	25 262 875	-	150 614 307	198 601	-	-	-	198 601	150 415 707
Economic development, tourism and	1 680 010	50 178	-	-	-	1 730 189	693 282	-	-	-	693 282	1 036 907
TOTAL	1 758 456 456	2 441 422	-	120 373 421	-	1 881 271 300	159 824 870	-	-2 617 211	-	157 207 659	1 724 063 640

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	2013			2012		
	Actual income R	Actual Expenditure R	Surplus / (Deficit) R	Actual income R	Actual Expenditure R	Surplus / (Deficit) R
Office of the Executive Mayor	13 400 319	13 795 651	-395 332	11 631 728	14 000 864	-2 369 136
Office of the Speaker	4 110 181	3 468 708	641 473	2 496 629	3 197 044	-700 416
Office of the Municipal Manager	3 348 173	1 970 697	1 377 476	2 171 041	2 746 345	-575 305
Internal audit	8 975 548	8 115 546	860 003	9 290 178	7 738 809	1 551 369
Budget and treasury office	14 756 648	14 912 282	-155 634	17 683 367	20 440 239	-2 756 872
Corporate services	19 256 397	25 730 631	-6 474 234	23 775 089	31 922 961	-8 147 872
IDP and PIMS	4 609 577	4 219 490	390 087	5 180 906	4 708 686	472 221
Environmental health	7 500 205	6 513 092	987 113	7 884 118	7 765 568	118 550
Fire and disaster management	28 494 259	27 978 242	516 017	16 352 477	16 072 591	279 886
Engineering services	181 842 417	148 570 128	33 272 289	315 724 609	123 725 828	191 998 781
Project management unit	88 210 621	64 072 588	24 138 033	84 824 784	45 715 758	39 109 026
Economic development, tourism and agriculture	20 013 932	13 702 154	6 311 778	20 310 901	14 333 744	5 977 157
Clinics	-	-	-	-	-	-
Total	394 518 277	333 049 208	61 469 069	517 325 826	292 368 436	224 957 390

DR RUTH S MOMPATI DISTRICT MUNICIPALITY
APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

	2013				Explanation of significant variances greater than 10% versus budget
	Actual R	Budget R	Variance		
			R	%	
REVENUE					
Property rates	-	-	-	0%	
Property rates - penalties imposed and collection charge	-	-	-	0%	
Service charges	-	-	-	0%	
Rental of facilities and equipment	465 091	594 000	-128 909	0%	
Interest earned - external investments	3 781 176	3 000 000	781 176	0%	Higher than expected investment balances maintained during the year
Interest earned - outstanding debtors	-	-	-	0%	
Dividends received	-	-	-	0%	
Fines	-	-	-	0%	
Licenses and permits	-	-	-	0%	
Income for agency services	-	-	-	0%	
Government grants and subsidies	389 741 889	608 913 695	-219 171 806	-36%	Mainly due to DWA conditional grant increased during the year on RBIG programme
Other income	530 122	320 600	209 522	65%	Mainly due to higher than expected SDL grant - not known at time of budget compilation
TOTAL REVENUE	394 518 277	612 828 295	-218 310 018	-36%	
EXPENDITURE					
Employee related costs	65 055 609	68 443 789	3 388 180	5%	-
Remuneration of councillors	5 288 382	5 346 224	57 842	1%	-
Impairment of receivables	0	320 000	320 000	100%	Mainly due to provision for non-payment by other organs of state
Collection costs	-	-	-	0%	-
Depreciation	35 413 198	2 765 500	-32 647 698	-1181%	Mainly due to Infrastructure asset depreciation - difficult to predict at budget time
Repairs and maintenance	1 735 498	1 952 081	216 583	11%	-
Interest paid	755	-	-755	0%	Lower than expected - no new loans taken up during the financial year
Bulk purchases	50 816 884	-	-50 816 884	0%	-
Contracted services	70 453 551	69 060 790	-1 392 761	-2%	Higher than expected expenditure on rural sanitation and other key projects
Grants and subsidies paid	72 878 274	117 003 061	44 124 787	38%	Mainly due to faster implementation of NURP and community learnerships not expected
General expenses	31 407 057	27 538 800	-3 868 257	-14%	Mainly due to audit fees, travel and subsistence, special projects, etc.
TOTAL EXPENDITURE	333 049 208	292 430 245	-40 618 963	-14%	
Gain / (loss) on disposal of PPE	-	-	-	-100%	Not anticipated per budget compilation
(Impairment loss) / reversal of impairment loss	-	-	-	100%	Not anticipated per budget compilation
Profit / (loss) on fair value adjustmen	-	-	-	100%	Not anticipated per budget compilation
NET SURPLUS / (DEFICIT) FOR THE YEAR	61 469 069	320 398 050	-177 691 055	-55%	

**DR RUTH S MOMPATI DISTRICT MUNICIPALITY
APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013**

	2013							Explanation of significant variances greater than 10% versus budget
	Actual R	Increase in revaluation R	Under construction R	Total additions R	Budget R	Variance		
						R	%	
Office of the Executive Mayor	129 938	-	-	129 938	105 000	-24 938	-24%	
Office of the Speaker	-	-	-	-	35 000	35 000	100%	
Office of the Municipal Manager	16 921	-	-	16 921	40 000	23 079	58%	
Internal audit	51 089	-	-	51 089	90 000	38 911	43%	
Budget and treasury office	97 814	-	-	97 814	95 000	-2 814	-3%	
Corporate services	1 429 983	-	-	1 429 983	420 000	-1 009 983	-240%	
IDP and PIMS	38 947	-	-	38 947	45 000	6 053	13%	
Environmental health	29 528	-	-	29 528	50 000	20 472	41%	
Fire and disaster management	507 786	-	-	507 786	6 102 872	5 595 086	92%	
Engineering services	71 075	-	95 110 546	95 181 621	239 333 958	144 152 337	60%	
Project management unit	18 164	-	25 262 875	25 281 039	74 026 000	48 744 961	66%	
Economic development, tourism and agriculture	50 178	-	-	50 178	55 000	4 822	9%	
TOTAL	2 441 422	-	120 373 421	122 814 843	320 397 830	197 582 987	62%	

