RENOSTERBERG LOCAL MUNICIPALITY

UNAUDITED ANNUAL FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

30 JUNE 2013

RENOSTERBERG LOCAL MUNICIPALITY

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RENOSTERBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Renosterberg Municipality includes the following areas:

Petrusville
Van der Kloof
Phillipstown

ACTING MUNICIPAL MANAGER	Appointed	Resigned
TF Mashilo	1 December 2011	14 May 2013

MUNICIPAL MANAGER	Appointed
G Niewenhuizen	15 May 2013

ACTING CHIEF FINANCIAL OFFICER

B Muller

REGISTERED OFFICE

School Street
Petrusville
8770

Private Bag X112
Petrusville
8770

AUDITORS

Auditor General
Northern Cape

PRINCIPLE BANKERS

Standard Bank
Visagie Street, Petrusville, 8770

Branch Code: 051001
Acc No: 041 8114 96000
Cheque Account

RELEVANT LEGISLATION

- Municipal Finance Management Act (Act no 56 of 2003)
- Division of Revenue Act (Act 5 of 2012)
- The Income Tax Act (Act 58 of 1962)
- Value Added Tax Act (Act 89 of 1991)
- Municipal Structures Act (Act no 117 of 1998)
- Municipal Systems Act (Act no 32 of 2000)
- Municipal Planning and Performance Management Regulations 2011
- Water Services Act (Act no 108 of 1997)

RELEVANT LEGISLATION (CONTINUE)

- Housing Act (Act no 107 of 1997)
- Municipal Property Rates Act (Act no 6 of 2004)
- Employment Equity Act (Act no 55 of 1998)
- Unemployment Insurance Act (Act no 30 of 1966)
- Basic Conditions of Employment Act (Act no 75 of 1997)
- Supply Chain Management Regulations, 2005
- Collective Agreements
- Infrastructure Grants
- SALGBC Leave Regulations
- Skills Development Levies Act (Act no 9 of 1999)
- Electricity Act (Act no 41 of 1987)

RENOSTERBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

MEMBERS OF THE RENOSTERBERG LOCAL MUNICIPALITY

A Kwinana	Mayor
H. Booysen	Councillor
J.D. Havenga	Councillor
M.E. Bitterbos	Councillor
J. Olifant	Councillor
K. Olifant	Councillor
J. Niklaas	Councillor

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

G Niewenhuizen
Municipal Manager

02 October 2013
Date

RENOSTERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net Assets		**365 473 499**	**367 537 858**
Accumulated Surplus/(Deficit)		365 473 499	367 537 858
Non-Current Liabilities		**15 551 228**	**23 893 871**
Long-term Liabilities	**2**	521 650	235 624
Employee benefits	**3**	3 767 457	1 813 000
Non-Current Provisions	**4**	11 262 121	21 845 247
Current Liabilities		**29 117 476**	**19 263 983**
Consumer Deposits	**5**	188 719	176 243
Current Employee benefits	**6**	193 948	-
Payables from exchange transactions	**7**	18 176 596	11 011 971
Unspent Conditional Government Grants and Receipts	**8**	10 402 877	8 040 875
Current Portion of Long-term Liabilities	**2**	155 336	34 895
Total Net Assets and Liabilities		**410 142 202**	**410 695 712**
ASSETS			
Non-Current Assets		**397 201 144**	**398 796 749**
Property, Plant and Equipment	**9**	372 770 144	374 138 704
Investment Property	**10**	24 431 000	24 431 000
Intangible Assets	**11**	-	227 045
Current Assets		**12 941 058**	**11 898 963**
Inventory	**12**	251 710	68 695
Receivables from exchange transactions	**13**	565 974	2 196 148
Receivables from non-exchange transactions	**14**	3 865 521	2 583 599
Cash and Cash Equivalents	**15**	8 257 853	7 050 521
Total Assets		**410 142 202**	**410 695 712**

RENOSTERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 Audited R
REVENUE					
Revenue from Non-exchange Transactions		**34 436 319**	**30 289 172**	**-**	**30 289 172**
Taxation Revenue		**1 769 477**	**2 212 476**	**-**	**2 212 476**
Property taxes	**16**	1 769 477	2 212 476		2 212 476
Transfer Revenue		**32 662 392**	**28 038 597**	**-**	**28 038 597**
Government Grants and Subsidies	**17**	32 662 392	28 038 597		28 038 597
Other Revenue		**4 450**	**38 098**	**-**	**38 098**
Third Party Payments		-	-		-
Fines		4 450	38 098		38 098
Revenue from Exchange Transactions		**10 713 548**	**9 931 746**	**-**	**9 931 746**
Service Charges	**18**	8 300 494	8 974 920		8 974 920
Rental of Facilities and Equipment		512 197	560 902		560 902
Interest Earned - external investments	**19**	1 629 932	258 100		258 100
Interest Earned - outstanding debtors		-	-		-
Licences and Permits		-	-		-
Other Income	**20**	270 925	137 824		137 824
Dividends received		-	-		-
Fair Value Adjustments		-	-		-
Total Revenue		**45 149 867**	**40 220 917**	**-**	**40 220 917**
EXPENDITURE					
Employee related costs	**21**	13 234 461	11 745 674	170 028	11 575 646
Remuneration of Councillors	**22**	2 110 990	1 877 990		1 877 990
Debt Impairment	**23**	5 175 843	8 083 339		8 083 339
Depreciation	**24**	18 204 886	18 641 783	(5 154 996)	23 796 779
Repairs and Maintenance		1 820 928	794 088	(11 259)	805 347
Actuarial losses	**3**	1 965 405	192 000	192 000	-
Finance Charges	**25**	1 120 610	309 132	309 132	-
Bulk Purchases	**26**	7 055 851	2 466 459	(1 303 599)	3 770 058
General Expenses	**27**	6 368 476	4 592 243	915 595	3 676 648
Total Expenditure		**57 057 450**	**48 702 707**	**(4 883 100)**	**53 585 807**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(11 907 583)**	**(8 481 790)**	**4 883 100**	**(13 364 890)**

RENOSTERBERG LOCAL MUNICIPALITY

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

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2011	**266 326 968**	**266 326 968**
Correction of error - Refer to note 29	109 692 680	109 692 680
Restated Balance at 1 JULY 2011	**376 019 648**	**376 019 648**
Net Surplus / (Deficit)	(13 364 890)	(13 364 890)
Correction of error - refer to note 30	4 883 100	4 883 100
Balance at 30 JUNE 2012	**367 537 858**	**367 537 858**
Net Deficit for the year	(11 907 583)	(11 907 583)
Adjustment in the current year relating to prior year error	9 843 223	9 843 223
Balance at 30 JUNE 2013	**365 473 499**	**365 473 499**

RENOSTERBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Taxation		487 555	2 212 476
Sale of goods and services		14 610 524	(553 205)
Grants		35 024 394	31 046 678
Interest income		1 629 932	258 100
Other receipts		787 573	736 824
Payments			
Employee costs		(15 162 451)	(13 476 664)
Suppliers		(18 846 771)	(1 922 941)
Finance costs		(1 120 610)	(309 132)
Cash generated by operations	**30**	**17 410 145**	**17 992 136**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**9**	(16 609 281)	(12 532 579)
Net Cash from Investing Activities		**(16 609 281)**	**(12 532 579)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long-term liabilities	**2**	406 468	270 518
Net Cash from Financing Activities		**406 468**	**270 518**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**1 207 332**	**5 730 075**
Cash and Cash Equivalents at the beginning of the year	**17**	7 050 521	1 320 447
Cash and Cash Equivalents at the end of the year	**15**	8 257 853	7 050 521
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**1 207 332**	**5 730 075**

RENOSTERBERG LOCAL MUNICIPALITY

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

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

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

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

In terms of Directive 4: “Transitional Provisions for Medium and Low Capacity Municipalities” issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 21 – Impairment of non-cash-generating assets
GRAP 23 – Revenue from non-exchange transactions
GRAP 24 – Presentation of budget information in financial statements
GRAP 26 – Impairment of cash-generating assets
GRAP 103 – Heritage assets
GRAP 104 – Financial instruments

1.2 PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand, which is the functional currency of the municipality and rounded to the nearest rand. No foreign exchange transactions are included in the statements.

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

1.4.1 Current year comparatives (Budget)

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

1.4.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, 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.

The presentation and classification of items in the current year is consistent with prior periods.

1.5 MATERIALITY

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

1.6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The municipality has not early-adopted GRAP 25 *Employee Benefits*.

Standard	Description	Effective Date
GRAP 18	**Segment Reporting** Information to a large extent is already included in the notes to the annual financial statements.	Not yet determined
GRAP 20	**Related party disclosure** Information to a large extent is already included in the notes to the annual financial statements therefore impact will be immaterial.	Not yet determined
GRAP 25	**Employee benefits** Information to a large extent is already included in the notes to the annual financial statements therefore impact will be immaterial.	1 April 2013
GRAP 105	**Transfer of Functions Between Entities Under Common Control** No significant impact is expected as the municipality does not participate in such business transactions.	Not yet determined
GRAP 106	**Transfer of Functions Between Entities Not Under Common Control** No significant impact is expected as the municipality does not participate in such business transactions.	Not yet determined
GRAP 107	**Mergers** No significant impact is expected as the municipality does not participate in such business transactions.	Not yet determined

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

1.7 LEASES

1.7.1 Municipality as Lessee

Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease,

are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

1.7.2 Municipality as Lessor

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

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

1.8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Equitable share allocations are recognised in the Statement of Financial Performance at the start of the financial year if no time-based restrictions exist.

Conditional grants are provided to meet specific objectives. Appropriate performance targets are set by the municipality and are used by both the municipality and the transferring entity to measure whether the objectives of the grant are being met.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be cash-backed.

1.8.1. Initial recognition

Unspent conditional grants are recognised as a liability when the grant is received.

1.8.2 Subsequent recognition

When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource

embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. 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.

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

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

1.10 EMPLOYEE BENEFITS

1.10.1 Post-retirement medical obligations

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with this accounting policy formulated based on GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is un-funded and is a defined benefit plan.

The liability was calculated by means of the projected unit credit actuarial valuation method. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged

against the Statement of Financial Performance as employee benefits upon valuation.

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

1.10.2 Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under this plan is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs.

1.10.3 Accrued Leave Pay

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

1.10.4 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expects to pay in exchange for that service and had accumulated at the reporting date.

1.10.5 Termination benefits

The municipality shall recognise termination benefits as a liability and an expense when, and only when, the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Where termination benefits fall due more than 12 months after the reporting date, the municipality shall be discounted using the discount rate.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial recognition and measurement

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 recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

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 directly 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. These major components are depreciated separately over their useful lives.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-

monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

1.11.2 Subsequent measurement and expenditure

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

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

1.11.3 Depreciation and impairment

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

	Years		***Years***
Infrastructure		**Other**	
Roads and Paving	3-100	Buildings	30-100
Refuse	3-30	Specialist vehicles	3-60
Electricity	3-100	Other vehicles	2-30
Water	3-100	Office equipment	1-25
Sewerage	3-100	Furniture and fittings	1-30
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Buildings	3-100	Equipment	1-40
Recreational Facilities	20-100	Other plant and	
Security	30	Equipment	1-40
Halls	30-100	Landfill sites	10-100

Libraries	100	Quarries	5-25
Parks and gardens	100	Emergency equipment	3-30
Other assets	10-100	Computer equipment	3-20

Finance lease assets

Office equipment	3-5
Other assets	3-5

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, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

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

1.11.4 Derecognition

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

1.12 INVESTMENT PROPERTY

1.12.1 Initial recognition and measurement

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

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

Investment property includes property 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. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However,

where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

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

1.12.2 Subsequent Measurement – Cost Model

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

1.12.3 Depreciation and Impairment

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. 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 estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

	Years
Investment Property	
Buildings	20-30

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 Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

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

1.12.4 De-recognition

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

1.13 INTANGIBLE ASSETS

1.13.1 Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The entity 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 entity and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the entity 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent measurement

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. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

1.13.3 Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

	Years
Intangible asset	
Computer software	3-5

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives 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 performed 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.

1.13.4 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 asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

1.14.1 Cash-generating assets

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

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an

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

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

1.14.2 Non-cash-generating assets

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

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

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

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

- Depreciated replacement cost approach: the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service

potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- Restoration cost approach: the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- Service unit approach: the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost

generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.15.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis for determining cost is first-in, first out (FIFO) method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15.3 Derecognition

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

1.16 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, loans and trade and other payables.

1.16.1 Initial Recognition

The municipality recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the municipality classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in

conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

1.16.2 Initial Measurement

When a financial instrument is recognised, the municipality measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.16.3 Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

The municipality assesses the subsequent measurement based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost.

1.16.4 Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm‘s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm‘s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

1.16.5 Derecognition

A financial asset is derecognised at trade date, when:
a) The cash flows from the asset expire, are settled or waived;
b) Significant risks and rewards are transferred to another party; or
c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.16.6 Gains and losses

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

1.16.7 Impairments

All financial assets measured at amortised cost, are subject to an impairment review. The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor‘s credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

1.16.8 Policies relating to specific financial instruments

1.16.8.1 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

1.16.8.2 Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. No interest is charged on overdue accounts.

1.16.8.3 Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

1.17 REVENUE

1.17.1 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

Service charges relating to sewerage are recognised on a monthly basis in arrears by applying the tariffs approved by Council. Tariffs are determined per category.

Interest revenue is recognised using the effective interest rate method.

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

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

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

Measurement

Revenue shall be measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the municipality and the purchaser or user of the asset or service.

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue.

1.17.2 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received value from another entity without directly giving approximately equal value in exchange.

Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

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

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

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

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.

Measurement

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

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

1.17.3 Grants, Transfers and Donations (Non-Exchange Revenue)

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

1.18 VALUE ADDED TAX

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

1.19 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

The municipality discloses the relationship and information about the transactions and outstanding balances where transactions occurred between the municipality and one or more related parties, and those transactions were not within:

(a) normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
(b) terms and conditions within the normal operating parameters established by that reporting entity's legal mandate.

1.20 UNAUTHORISED EXPENDITURE

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

1.21 IRREGULAR EXPENDITURE

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

1.22 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.23 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

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

Post-retirement medical obligations and Long service awards provision

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long-term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Rehabilitation of the landfill sites provision

The municipality has an obligation to rehabilitate its landfill sites in terms of legislation. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. The cost is determined by an environmental expert. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value at 6%, representing the time value of money.

Provision for impairment

Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this provision for impairment is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this provision the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment, investment property and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life.

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water with measuring indicators in the reservoirs, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. The water in pipes were measured based on the length and diameters of all the water pipes as per the fixed asset register which were then

use to calculate the volumes in the pipes. Refer to note 12 of the financial statements for detail on water inventory.

Revenue Recognition

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

1.24 CORRECTION OF PRIOR PERIOD ERRORS

Prior period errors are omissions from, and misstatements in, the municipality's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

The municipality shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the municipality shall restate the comparative information to correct the error prospectively from the earliest date practicable.

		2013 R	2012 R
2	**LONG-TERM LIABILITIES**		
	Other financial liabilities		
	Capitalised Lease Liability - At amortised cost	676 986	270 518
		676 986	**270 518**
	Current Portion Transferred to Current Liabilities	**155 336**	**34 895**
	Other Financial Liability - At amortised cost	-	-
	Capitalised Lease Liability - At amortised cost	155 336	34 895
		521 650	**235 624**
	Non-current long-term liabilities - At amortised cost using the effective interest rate method	**521 650**	**235 624**
	The obligations under finance leases are scheduled below:	**Minimum lease payments**	
	Amounts payable under finance leases:		
	Payable within one year	207 158	56 620
	Payable within two to five years	568 678	219 935
	Payable after five years	21 667	73 667
		797 503	350 221
	Less: Future finance charge obligations	120 515	79 703
	Present value of lease obligations	**676 987**	**270 518**

The two Asset Fin finance lease agreement (rental of photocopiers and faxes) loans expire on 24 January 2016 and 25 May 2016 respectively. The terms stipulates that payments should be made monthly of R12 775 which escalate at 15% per annum, interest accrues on the outstanding balance and the rate is 8,53% per annum.

The ElSat finance lease agreement (rental of satelite distribution system) loans expire on 17 Nov 2018. The terms stipulates that payments should be made monthly of R4 333, interest accrues on the outstanding balance at the average prime interest rate per annum.

Leases are secured by property, plant and equipment - Note 9

The net carrying value of the finance lease assets as presented according to note 9.

Leased assets		
Office Equipment & Vehicles	**447 844**	**13 607**

Defaults and breaches

There was no default during the period of principal, interest, sinking fund or redemption terms of loans payable. No terms were renegotiated before the financial statements were authorised for issue.

There are no contingent rent payable on finance lease agreements.

There no restrictions placed on the finance lease agreements.

3	**EMPLOYEE BENEFITS**		
	Post Retirement Medical Benefits	2 959 029	905 000
	Long Service Awards	1 002 376	908 000
	Total Non-current Employee Benefit Liabilities	**3 961 405**	**1 813 000**
	Post Retirement Medical Benefits		
	Balance 1 July	905 000	777 000
	Current service cost	11 000	8 000
	Interest Cost	72 000	67 000
	Expenditure for the year	(66 000)	(68 000)
	Actuarial Loss/(Gain)	2 037 029	121 000
	Total post retirement benefits 30 June	**2 959 029**	**905 000**
	Less: Transfer of Current Portion - Note 6	(71 196)	-
	Balance 30 June	**2 887 833**	**905 000**

		2013 R	2012 R
	Long Service Awards		
	Balance 1 July	908 000	717 000
	Current service cost	132 000	117 000
	Interest Cost	75 000	63 000
	Expenditure for the year	(41 000)	(60 000)
	Actuarial Loss/(Gain)	(71 624)	71 000
	Total long service 30 June	**1 002 376**	**908 000**
	Less: Transfer of Current Portion - Note 6	(122 752)	-
	Balance 30 June	**879 624**	**908 000**
	TOTAL NON-CURRENT EMPLOYEE BENEFITS		
	Balance 1 July	1 813 000	1 494 000
	Current service cost	143 000	125 000
	Interest cost	147 000	130 000
	Expenditure for the year	(107 000)	(128 000)
	Actuarial Loss/(Gain)	1 965 405	192 000
	Total employee benefits 30 June	**3 961 405**	**1 813 000**
	Less: Transfer of Current Portion - Note 6	(193 948)	-
	Balance 30 June	**3 767 457**	**1 813 000**

3.1 Post Retirement Medical Benefits

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

In-service (employee) members	5	5
In-service (employee) non-members	97	93
Continuation members (e.g. Retirees, widows, orphans)	4	4
Total Members	**106**	**102**

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

In-service members	2 361 513	87 000
Continuation members	597 516	818 000
Total Liability	**2 959 029**	**905 000**

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

	2011 R
In-service members	53 000
Continuation members	724 000
Total Liability	**724 000**

3 EMPLOYEE BENEFITS (CONTINUE)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
Bonitas
LA Health
Samwu Med

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9.21%	8.59%
Health Care Cost Inflation Rate	7.97%	5.38%
Net Effective Discount Rate	1.15%	1.60%

ii) Mortality rates

The PA90-1 ultimate table, rated down by 1 year of age was used by the actuaries.

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

Present value of fund obligations	2 887 833	905 000
Net liability/(asset)	**2 887 833**	**905 000**

	2013 R	2012 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	905 000	777 000
Total expenses	17 000	7 000
Current service cost	11 000	8 000
Interest Cost	72 000	67 000
Benefits Paid	(66 000)	(68 000)
Actuarial (gains)/losses	2 037 029	121 000
Present value of fund obligation at the end of the year	2 959 029	905 000
Less: Transfer of Current Portion - Note 6	(71 196)	-
Balance 30 June	**2 887 833**	**905 000**

The best estimate of benefit payments expected in the following financial periods:

	2015 R	2014 R
Opening accrued liability	**3 406 983**	**2 959 029**
Current-service cost	272 728	249 719
Interest cost	310 448	269 431
Benefits vesting	(76 870)	(71 196)
Total annual expenses	506 306	447 954
Closing accrued liability	**3 913 289**	**3 406 983**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**In-service members liability (Rm)**	**Continuation members liability (Rm)**	**Total liability (Rm)**
Central Assumptions			
The effect of movements in the assumptions are as follows:	2.362	0.598	2.960

Assumption	**Change**	**In-service members liability (Rm)**	**Continuation members liability (Rm)**	**Total liability (Rm)**	**% change**
Health care inflation	1%	2.846	0.638	3.484	18%
Health care inflation	-1%	1.965	0.561	2.526	-15%
Post-retirement mortality	-1 year	2.446	0.628	3.074	4%

3 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Interest Cost

Assumption	**In-service members liability (R)**	**Continuation members liability (R)**	**Total liability (R)**
Central Assumptions			
The effect of movements in the assumptions are as follows:	-		-

Assumption	**Change**	**In-service members liability**	**Continuation members liability**	**Total liability**	**% change**
Health care inflation	1%	-		-	
Health care inflation	-1%	-		-	
Post-retirement mortality	-1 year	-		-	

3.2 Long Service Awards

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	102	102

Key actuarial assumptions used:

i) Rate of interest

Discount rate	6.97%
General Salary Inflation (long-term)	6.64%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.31%

	2013 R	2012 R

ii) Key demographic assumptions

The table below summarises the key demographic assumptions used:

Assumptions	Value		
Average retirement age	63 for males; 58 for females		
Mortality during employment	SA85-90		
Withdrawal from service (sample annual rates)	Age	Rate	
		Female	Male
	20	9.0%	8.2%
	30	6.8%	6.8%
	40	3.5%	3.2%
	50	2.0%	1.8%
	55	0.6%	0.6%

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

Present value of fund obligations	1 002 376	908 000
Net liability	**1 002 376**	**908 000**

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

		2011 R
Total Liability		**717 000**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	908 000	717 000
Total expenses	166 000	120 000
Current service cost	132 000	117 000
Interest Cost	75 000	63 000
Benefits Paid	(41 000)	(60 000)
Actuarial (gains)/losses	(71 624)	71 000
Present value of fund obligation at the end of the year	1 002 376	908 000
Less: Transfer of Current Portion - Note 6	(122 752)	-
Balance 30 June	**879 624**	**908 000**

3 EMPLOYEE BENEFITS (CONTINUE)

The best estimate of benefit payments expected in the following financial periods:

	2015 R	2014 R
Opening accrued liability	**1 116 744**	**1 002 376**
Current-service cost	183 423	171 474
Interest cost	68 061	65 646
Benefits vesting	(284 915)	(122 752)
Total annual expenses	(33 431)	114 368
Closing accrued liability	**1 083 313**	**1 116 744**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.002	
General salary inflation	+1%	1.061	6%
General salary inflation	-1%	0.949	-5%
Average retirement age	-2 yrs	0.861	-14%
Average retirement age	+2 yrs	1.106	10%
Withdrawal rates	-50%	1.099	10%

The table above indicates that if salary inflation is 1% greater than the long-term assumption made, the liability will be 7% higher than disclosed on the statement of financial position.

Sensitivity Analysis on the Current-Service and Interest Cost

Assumption	Change	Current-Service Cost (R)	Interest Cost (R)	% change
Central assumptions		132 000	75 000	
General salary inflation	+1%	139 200	79 700	6%
General salary inflation	-1%	125 500	70 900	-5%
Average retirement age	-2 yrs	122 800	63 800	-10%
Average retirement age	+2 yrs	138 800	83 300	7%
Withdrawal rates	-50%	146 600	82 700	11%

No plan assets are disclosed as the benefit plan is unfunded.

		2013 R	2012 R
4	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	**11 262 121**	21 845 247
	Total Non-current Employee Benefit Liabilities	**11 262 121**	**21 845 247**
	Landfill Sites		
	Balance 1 July 2012	21 845 247	21 845 247
	Adjustment due to re-measurement of provision	(10 583 126)	
	Total provision 30 June 2013	**11 262 121**	**21 845 247**
	Less: Transfer of Current Portion to Current Provisions - Note 7	-	
	Balance 30 June 2013	**11 262 121**	**21 845 247**

The estimated rehabilitation cost are for the landfill sites at Van der Kloof,Petrusville and Philipstown. An once-off cost estimation were performed by independent consultants during July 2013 and it is expected that an estimation will be performed during June 2014. The provision has been made for the net present value of this cost, using the average cost of borrowing interest rate of 6% (2012: 5.5%). The expected timing is still uncertain as the expected use are still undeterminable. The uncertainty regarding the amount are based on the variation of the average borrowing interest rate in the future.

Due to the uncertainty of the period that the landfill sites will still be used before rehabilitation it is not possible to accurately determine the impact of the time value of money and the expenditure to be incurred in the future when rehabilitation commences.

There were reductions in the carrying amounts of provisions resulting from re-measurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity.

There were no unused amounts reversed during the period and the increase/decrease during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate are disclosed above as the provision due to the interest cost.

5	**CONSUMER DEPOSITS**		
	Water and Electricity	188 719	176 243
	Total Consumer Deposits	**188 719**	**176 243**
	Guarantees held in lieu of Electricity and Water Deposits	-	-

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

6	**CURRENT EMPLOYEE BENEFITS**		
	Current Portion of Post Retirement Medical Benefits - Note 3	71 196	-
	Current Portion of Long-Service Awards - Note 3	122 752	-
	Total Current Employee Benefits	**193 948**	**-**
7	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	16 679 111	10 639 832
	Unallocated Receipts	149 678	
	Staff bonus	319 174	308 028
	Staff Leave	1 028 633	64 111
	Sundry Creditors	-	
	Total Trade Payables	**18 176 596**	**11 011 971**

Payables are being recognised net of any discounts.

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

8	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	**10 402 877**	**8 040 875**
	MIG	9 956 614	8 040 875
	Librabry Grant	628 000	-
	DWA	(181 737)	-

		2013 R	2012 R
9	**PROPERTY, PLANT AND EQUIPMENT (CONTINUE)**		
	Assets pledged as security:		
	Finance Lease assets are pledged as security for finance leases.		
	Property, plant and equipment has been restated due to full compliance with GRAP for the year ended 30 June 2012. This restatement was made retrospectively for all years resented. Refer to Note 29.16 for details.		
10	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July 2012	**24 431 000**	**24 431 000**
	Cost	24 431 000	24 431 000
	Accumulated Depreciation	-	-
	Acquisitions	-	
	Depreciation for the year	-	-
	Net Carrying amount at 30 June 2013	**24 431 000**	**24 431 000**
	Cost	24 431 000	24 431 000
	Accumulated Depreciation	-	-
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	The carrying amount of these assets approximates their fair value.		
	The municipality has no contractual obligations to purchase, construct or develop investment property for the 2012/2013 year.		
	Revenue derived from the rental of investment property	512 197	560 902
11	**INTANGIBLE ASSETS**		
	Computer Software		
	Opening carrying value	**227 045**	**454 091**
	Cost	908 183	908 183
	Accumulated Amortisation	(681 138)	(454 092)
	Additions	-	
	Amortisation	(227 045)	(227 046)
	Impairments	-	-
	Disposals	-	-
	Closing carrying value	**-**	**227 045**
	Cost	908 183	908 183
	Accumulated Amortisation	(908 183)	(681 138)
	Accumulated Impairment	-	-
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
12	**INVENTORY**		
	Stores, materials and fuels	229 322	60 000
	Water – at cost	22 388	8 695
	Total Inventory	**251 710**	**68 695**
	There are no restrictions placed on the inventory and none of the inventory items are provided as security.		

		2013 R	2012 R
13	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity		
	Gross balance	8 051 124	7 438 926
	Provision for impairment	(7 710 749)	(6 636 253)
	Net balance	340 374	802 673
	Water		
	Gross balance	3 781 460	7 299 817
	Provision for impairment	(3 690 363)	(6 512 155)
	Net balance	91 097	787 662
	Refuse		
	Gross balance	1 298 474	1 982 259
	Provision for impairment	(1 252 530)	(1 768 370)
	Net balance	45 943	213 889
	Sewerage		
	Gross balance	1 903 707	3 170 259
	Provision for impairment	(1 831 404)	(2 828 183)
	Net balance	72 303	342 076
	Other		
	Gross balance	338 096	461 971
	Provision for impairment	(321 839)	(412 123)
	Net balance	16 257	49 848
	Total Receivables from Exchange Transactions	**15 372 860**	**20 353 232**
	Less: Provision for impairment	(14 806 886)	(18 157 084)
	Total Net Receivables from Exchange Transactions	**565 974**	**2 196 148**
	Ageing of Receivables from Exchange Transactions:		
	(Electricity): Ageing		
	Current (0 - 30 days)	1 395 064	128 768
	31 - 60 Days	497 170	369 363
	61 - 90 Days	678 369	261 913
	+ 90 Days	5 480 520	6 678 882
	Total	**8 051 124**	**7 438 926**
	(Water): Ageing		
	Current (0 - 30 days)	94 709	126 360
	31 - 60 Days	203 027	362 456
	61 - 90 Days	336 329	257 015
	+ 90 Days	3 147 394	6 553 986
	Total	**3 781 460**	**7 299 817**
	(Refuse): Ageing		
	Current (0 - 30 days)	77 080	34 313
	31 - 60 Days	76 545	98 425
	61 - 90 Days	74 697	69 792
	+ 90 Days	1 070 152	1 779 729
	Total	**1 298 474**	**1 982 259**
	(Sewerage): Ageing		
	Current (0 - 30 days)	121 531	54 877
	31 - 60 Days	120 213	157 412
	61 - 90 Days	117 021	111 620
	+ 90 Days	1 544 942	2 846 350
	Total	**1 903 707**	**3 170 259**
	(Other): Ageing		
	Current (0 - 30 days)	22 836	7 997
	31 - 60 Days	22 836	22 938
	61 - 90 Days	31 376	16 265
	+ 90 Days	261 047	414 771
	Total	**338 096**	**461 971**

		2013 R	2012 R
	(Total): Ageing		
	Current (0 - 30 days)	1 711 220	352 315
	31 - 60 Days	919 792	1 010 594
	61 - 90 Days	1 237 792	716 605
	+ 90 Days	11 504 055	18 273 718
	Total	**15 372 860**	**20 353 232**
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	(18 157 084)	(18 157 084)
	Contribution to provision/(Reversal of provision)	3 350 198	
	Balance at end of year	**(14 806 886)**	**(18 157 084)**

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

14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Rates		
	Gross balance	3 273 698	3 644 120
	Provision for impairment	(3 163 723)	(3 250 913)
	Net balance	109 975	393 207
	Sundry Debtors (Overpayment of Third parties)	537 382	508 934
	Balance Previously Reported		879 801
	Transferred to Accumulated Surplus - Refer to note 30.14		(370 867)
	VAT Recievable	2 578 791	1 681 459
	Interest receivable - Amortised cost adjustment to receivables		-
	Gross balance	1 080 567	
	Provision for impairment	(540 283)	
	Net balance	540 283	
	Manual receipting debtors	99 090	-
	Total Receivables from Non-Exchange Transactions	**7 569 527**	**5 834 512**
	Less: Allowance for Doubtful Debts	(3 704 006)	(3 250 913)
	Total Net Receivables from Non-Exchange Transactions	**3 865 521**	**2 583 599**

Ageing of Receivables from Non-Exchange Transactions:

	(Rates): Ageing		
	Current (0 - 30 days)	144 523	63 080
	31 - 60 Days	139 928	180 940
	61 - 90 Days	103 461	128 304
	+ 90 Days	2 885 786	3 271 796
	Total	**3 273 698**	**3 644 120**
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	(3 250 913)	(3 250 913)
	Contribution to provision/(Reversal of provision)	(453 093)	
	Balance at end of year	**(3 704 006)**	**(3 250 913)**

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

		2013 R	2012 R
15	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Deposits accounts	8 653 029	6 608 892
	Primary Bank Account	(395 176)	441 629
	Cash Floats	-	-
	Other Cash and Cash Equivalents	-	-
	Total Cash and Cash Equivalents - Assets	**8 257 853**	**7 050 521**
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Current Accounts		
	Standard Bank Cheque Account Number 041 8114 96000	(395 176)	441 629
		(395 176)	**441 629**
	Standard Bank Cheque Account Number 041 8114 96000		
	Cash book balance at beginning of year	441 629	
	Cash book balance at end of year	(395 176)	441 629
	Bank statement balance at beginning of year	441 629	
	Bank statement balance at end of year	665 317	441 629
	Call Deposits accounts - Standard Bank		
	Call investment deposits consist out of the following accounts:		
	Call Deposits accounts	8 653 029	6 608 892
	Housing Investment Account	5 041	4 948
	DWA Investment Account	680 143	209
	MIG Investment Account	6 749 826	4 783 141
	Upgrade Petrusville Waterpipe		394
	VDK Investment	401	
	Other FMG Funds	393 363	1 038 425
	Other MSIG Funds	175 000	448 455
	EPWP Funds	648 729	23 191
	Equitable Share	525	304 551
	ABSA 32 Day Deposit		5 577
		8 653 029	**6 608 892**
	No restrictions have been placed on the use of cash and cash equivalents for the operations of the entity.		
16	**PROPERTY TAXES**		
	Actual		
	Rateable Land and Buildings	1 769 477	2 212 476
	Residential, Commercial Property, State	1 769 477	2 212 476
	Less: Rebates	-	-
	Total Assessment Rates	**1 769 477**	**2 212 476**
	Valuations		
	Rateable Land and Buildings		
	Residential	330 075 500	330 075 500
	Business & Commercial	23 518 500	23 518 500
	Government	33 124 000	33 124 000
	Public Benefit Organisations	8 324 000	8 324 000
	Multiple Use Properties	1 620 500	1 620 500
	Agricultural	1 277 935 500	1 277 935 500
	Public Service Infrastructure	224 500	224 500
	Municipal	84 944 500	84 944 500
	Total value	**1 759 767 000**	**1 759 767 000**
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. The MEC for local government in the province has, in terms of section 32(2) of the Municipal Property Rates Act, 6 of 2004 considered and accordingly approved the municipality's request to extend the validity period of the current valuation roll with one financial year until 30 June 2014. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.		

		2013 R	2012 R
	Rates:	c/R	c/R
	Residential	0.00580	0.00540
	Commercial	0.00753	0.00700
	Agricultural	0.00145	0.00130

Rates are levied annually and monthly.

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

17 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	**13 161 000**	**12 200 000**
Equitable Share	13 161 000	12 200 000
Conditional Grants	**22 246 298**	**15 838 598**
MIG	16 178 591	4 357 299
FMG	1 500 000	1 450 000
MSIG	800 000	790 000
Housing Grant	-	325 000
INEP	404 263	-
Library Grant	140 000	843 000
EPWP	1 531 228.53	1 884 235
DWA	1 692 216.01	6 011 064
Flood disaster grant	-	178 000
Total Government Grants and Subsidies	**35 407 298**	**28 038 598**

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

17.01 Equitable share

Opening balance	-	-
Grants received	13 161 000	12 200 000
Conditions met	(13 161 000)	(12 200 000)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

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

17.02 Municipal Infrastructure Grant (MIG)

Opening balance	8 445 495	4 632 794
Grants received	17 689 710	8 170 000
Conditions met	(16 178 591)	(4 357 299)
Conditions still to be met	9 956 614	8 445 495

This grant was used construct municipal infrastructure to provide basic services for the benefit of the poor households. The conditions of the grants were met. No funds are withheld.

17.03 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 500 000	1 450 000
Conditions met	(1 500 000)	(1 450 000)
Conditions still to be met	-	-

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

17.04 Municipal Systems Improvement Grant

Opening balance	-	-
Grants received	800 000	790 000
Conditions met	(800 000)	(790 000)
Conditions still to be met	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

17.05 Housing Grants

Opening balance	-	-
Grants received		325 000
Conditions met		(325 000)
Grant expenditure to be recovered	-	-

		2013 R	2012 R
17.06	**INEP**		
	Opening balance	-	-
	Grants received	404 263	-
	Conditions met	(404 263)	-
	Grant expenditure to be recovered	-	-
17.07	**Library Grant**		
	Opening balance		-
	Grants received	768 000	843 000
	Conditions met	(140 000)	(843 000)
	Grant expenditure to be recovered	628 000	-
	The grant was used for the improvement of service delivery at the local library.		
17.08	**EPWP Grant**		
	Opening balance	(0)	-
	Grants received	1 531 229	1 884 235
	Conditions met	(1 531 229)	(1 884 235)
	Conditions still to be met	(0)	(0)
	The contribution was used to upgrade infrastructure in previously disadvantaged areas.		
17.09	**DWA Infrastructure Grant**		
	Opening balance	(0)	-
	Grants received	1 510 479	6 011 064
	Conditions met	(1 692 216)	(6 011 064)
	Conditions still to be met	(181 737)	(0)
	The grant was used to upgrade the water infrastructure in the municipal area.		
17.10	**Flood Disaster Grant**		
	Opening balance	-	-
	Grants received		178 000
	Conditions met		(178 000)
	Conditions still to be met	-	-
	The contribution was used to upgrade infrastructure in previously disadvantaged areas.		

		2013 R	2012 R
	Total Grants		
	Opening balance	8 445 495	4 632 794
	Grants received	37 364 680	31 851 298
	Conditions met	(35 407 298)	(28 038 597)
	Conditions still to be met/(Grant expenditure to be recovered)	**10 402 877**	**8 445 495**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	10 402 877	8 040 875
	Unpaid Conditional Government Grants and Receipts	-	-
		10 402 877	**8 040 875**
18	**SERVICE CHARGES**		
	Electricity	5 857 529	4 789 323
	Water	1 028 710	2 273 315
	Sewerage	920 776	1 160 345
	Refuse removal	493 479	751 937
		8 300 494	8 974 920
	Less: Rebates	-	-
	Total Service Charges	**8 300 494**	**8 974 920**
19	**INTEREST EARNED**		
	Interest on investments	549 365	258 100
	Interest due to adjustment of receivables to amortised cost	1 080 567	-
		1 629 932	**258 100**

		2013 R	2012 R
20	**OTHER INCOME**		
	Sundry income	270 925	137 824
	Grave Fees	-	-
	Total Other Income	**270 925**	**137 824**
	Sundry income represents sundry income such as copies, tender deposit, clearance certificate fees and reconnection fees.		
21	**EMPLOYEE RELATED COSTS**		
	Employee related cost - Salaries and wages	9 582 633	9 022 162
	Bonus	760 549	702 377
	Medical Aid - Company contributions	88 930	(44 459)
	UIF	33 983	86 542
	Defined Benefit Plan Expense	143 000	125 000
	SDL	68 751	56 995
	Industrial Council	65 196	3 346
	Leave accrual	964 522	-
	Bonuses accrual	11 146	308 028
	Contributions to Pension and Provident funds	1 376 790	1 297 187
	Overtime payments	122 053	128 652
	Housing benefits and allowance	14 508	17 640
	Allowance: Cell Phones	2 400	2 400
	Allowance: Locomotion - Fixed	-	39 805
	Allowance: Standby	-	-
	Allowance: Sundry	-	-
	Total Employee Related Costs	**13 234 461**	**11 745 674**
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager and all other Directors are appointed on fixed term contracts.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Current Acting Municipal Manager		
	The Acting Municipal Managers were on the Payroll of the Provincial CoGTA and was not paid by the Renosterberg Local Municipality for the 2012/2013 Financial Year.		
	Annual Remuneration		185 516
	Car Allowance		15 894
	Other Allowances		43 748
	Total	**-**	**245 158**
	Remuneration of the Acting Chief Financial Officer		
	The Acting Chief Financial Officer was on the Payroll of the Provincial Treasury and was not paid by the Renosterberg Local Municipality for the 2012/2013 Financial Year.		
	Annual Remuneration		1 887
	Car Allowance		
	Other Allowances		52 885
	Total	**-**	**54 772**
	Remuneration of the Corporate Service Manager		
	The position of the Corporate Services Manager was vacant for the 2012/2013 Financial year.		
	Annual Remuneration		132 815
	Car Allowance		7 259
	Other Allowances		23 120
	Annual Bonus		20 207
	Total	**-**	**183 401**
	Remuneration of the Technical Service Manager		
	The position of the Technical Services Manager was vacant for the 2012/2013 Financial year.		
	Annual Remuneration		103 783
	Car Allowance		13 008
	Other Allowances		19 160
	Annual Bonus		36 346
	Total	**-**	**172 297**
22	**REMUNERATION OF COUNCILLORS**		
	Mayor	474 070	360 339
	Councillors	1 636 920	1 517 651
	Total Councillors' Remuneration	2 110 990	1 877 990
	In-kind Benefits		
	The Mayor is full-time. The Mayor is provided with secretarial support and an office at the cost of the Council.		

		2013 R	2012 R
23	**DEBT IMPAIRMENT**		
	Contribution to provision for receivables from exchange and non-exchange transactions	(2 897 105)	8 083 339
	Bad debts written off	8 072 948	-
	Total Contribution to Debt Impairment	**5 175 843**	**8 083 339**
24	**DEPRECIATION**		
	Property Plant and Equipment	17 977 842	18 414 737
	Investment Property	-	-
	Intangible Assets	227 045	227 046
		18 204 887	**18 641 782**
25	**FINANCE CHARGES**		
	Trade and Other payables	948 683	146 920
	Finance leases at amortised cost	24 927	32 212
	Actuarial Interest	147 000	130 000
	Total finance charges	**1 120 610**	**309 132**
26	**BULK PURCHASES**		
	Electricity	6 831 136	2 466 459
	Water	224 716	-
	Total Bulk Purchases	**7 055 851**	**2 466 459**
27	**GENERAL EXPENSES**		
	Advertising	271 301	36 739
	Audit fees	1 853 092	1 060 005
	Bankcharges	-	66 562
	Chemicals	321 946	386 087
	Fuel and oil	529 891	431 200
	FMG Expenses	-	168 880
	Insurance	437 428	406 429
	Materials / Toxins	67 288	-
	Postage and courier	69 909	43 869
	Printing and stationary	220 700	117 367
	Other General Expenses	1 099 413	1 052 757
	Telephone and fax	479 003	397 378
	Training Fees	75 168	-
	Travel, Accom. and Subsistence	913 701	413 416
	Uniforms	29 636	11 555
	General Expenses	**6 368 476**	**4 592 243**
28	**OPERATING LEASE ARRANGEMENTS**		
	The Municipality as Lessee (Liability)		
	Balance on 1 July	-	-
	Movement during the year		-
	Balance previously reported	-	-
	First time recognition of operating lease - Note	-	
	Balance on 30 June	**-**	**-**
		R	**R**
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating		
	Up to 1 Year	103 506	-
	1 to 5 Years	401 536	-
	More than 5 Years	74 384	-
	Total Operating Lease Arrangements	**579 426**	**-**
29	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

		2013 R	2012 R
	EFFECT OF CORRECTION ON THE ACCUMULATED SURPLUS/DEFICIT		
	Surplus for the year previously stated		252 962 078
	Correction of errors		235 920 980
	Changes in the statement of financial performance		(4 883 100)
	Changes in the statement of financial position		131 111 400
	Changes in the accumulated surplus opening balance of 2012		109 692 680
	Restated surplus for the year		488 883 058
	EFFECTS OF CORRECTIONS ON STATEMENT OF FINANCIAL PERFORMANCE		**(4 883 100)**
29.01	**BULK PURCHASES**		
	Bulk Purchases (Previously reported)		3 770 058
	Correction of error		(1 303 599)
	Bulk Purchases (Restated)		2 466 459
	Bulk purchases were overstated due to interest amounting to R146 920 that was incorrectly recorded as bulk purchases and 2011 bulk purchases amounting to R1 156 679 that was incorrectly recorded in the 2012 financial year. Finance charges for 2012 increased with R146 920 and the opening balance of accumulated surplus increased with R1 156 679 after the correction of error.		
29.02	**EMPLOYEE RELATED COSTS**		
	Employee related cost (Previously reported)		11 575 646
	Correction of error		170 028
	Correction of bonus accrual		308 028
	Correction of incorrect classification of actuarial interest		(130 000)
	Correction of post employment medical benefit contributions		(8 000)
	Employee related cost (Restated)		11 745 674
	A bonus accrual was not recorded in the 2012 financial statements submitted for audit. A calculation of the bonus accrual at 30 June 2012 was performed and the correction was made. This resulted in an increase in the employee cost and corresponding acrruals amounting to R308 028.		
	Interest cost as per the acturial calculations for the post retirement medical aid provision and the long service award provision amounting to R130 000 was incorrectly classified as employee related cost. The correction resulted in a decrease of employee related cost and an increase in finance charges amounting to R130 000.		
	Benefits paid in terms of the post retirement medical benefits and long service awards were recorded at R120 000 instead of R128 000. The correction was made recorded which resulted in a decrease of employee related cost.		
29.03	**REPAIRS AND MAINTANANCE**		
	Repairs and maintenance (Previously reported)		805 347
	Correction of error		(11 259)
	Repairs and maintenance (Restated)		794 088
	Repairs and maintenance amounting to R51 092 that relate to the 2011 financial year was incorrectly recorded in the 2012 financial year. The correction resulted in a decrease in repairs and maintenance of R51 092 with a corresponding increase in the opening balance of accumulated surplus for 2012.		
	Repairs and maintenance amounting to R39 833 that relate to the 2012 financial year was incorrectly recorded in the 2013 financial year. The correction resulted in a increase in repairs and maintenance of R39 833, an increase in VAT amounting to R5 577 and an increase in creditors amounting to R45 410.		
29.04	**ACTUARIAL LOSSES**		
	Actuarial losses (Previously reported)		-
	Correction of error		192 000
	Actuarial losses (Restated)		192 000
	The municipality did not recognise the acturial losses that occurred from the actuarial valuations performed on the post retirement medical benefit provision and long service award provision. The recognition of this actuarial losses resulted in an increase in the actuarial losses amounting to R192 000.		
29.05	**FINANCE CHARGES**		
	Finance charges (Previously reported)		
	Correction of error		309 132
	Correction of finance cost of finance leases		32 212
	Correction of classification of finance cost on PRMA and LSA provisions		130 000
	Correction of the finance cost on suppliers		146 920
	Finance charges (Restated)		309 132
	The municipality did not previously record for finance leases. The calculations for finance leases for 2012 was performed and recorded and the impact of the above correction is an increase in the finance cost amounting to R32 212.		

		2013 R	2012 R

Interest cost as per the acturial calculations for the post retirement medical aid provision and the long service award provision amounting to R130 000 was incorrectly classified as employee related cost. The correction resulted in a decrease of employee related cost and an increase in finance charges amounting to R130 000.

The interest charges on Eskom invoices amounting to R146 920 was incorrectly classified as bulk purchases. The correction of the error resulted in an decrease in bulk purchases and a corresponding increase in Finance charges.

29.06 GENERAL EXPENSES

General expenses (Previously reported)		
Correction of error		915 595
Correction of allocation of finance lease payments		(191 363)
Correction of understatement of audit fees		1 057 493
Correction of understatement of rehabilitation provision balance		20 000
Correction of general expenses recorded in the incorrect financial year		29 465
General expenses (Restated)		

Finance lease payments was incorrectly classified as rental expenses instead of decreasing the lease liability and recognising the finance charges. The correction of the error resulted in rental expenses being decreased with R191 363.

The amount payable to the Auditor General (AGSA) was understated in the 2012 financial year and the correction of error resulted in an increase of audit fees amounting to R1 057 493 with a corresponding increase in trade payables.

General expenditure amounting to R105 602 that relate to the 2011 financial year was incorrectly recorded in the 2012 financial year. The correction resulted in a decrease in general expenditure of R105 602 with a corresponding increase in the opening balance of accumulated surplus for 2012.

The rehabilitation provision was understated with R20 000 which resulted in the expense recognised in the Statement of financial performance also being understated by the same amount. A adjustment was processed to correct this error.

Repairs and maintenance amounting to R39 833 that relate to the 2012 financial year was incorrectly recorded in the 2013 financial year. The correction resulted in a increase in repairs and maintenance of R39 833, an increase in VAT amounting to R20 717 and an increase in creditors amounting to R150 208.

29.07 DEPRECIATION

Depreciation (Previously reported)		23 796 779
Correction of depreciation for leased assets not previously recognised		416 063
Correction of depreciation for 2011 incorrectly recorded in 2012		(5 571 060)
Depreciation (Restated)		18 641 782

The municipality did not account for finance lease assets. When this correction was made to the financial statements depreciation of R416 063 had to be recognised on the leased assets.

The municipality re-assessed all their assets for 2012 as well as their useful lives. Errors were identified and a correction was recorded which resulted in a decrease in the depreciation for 2012 amounting to R5 571 060.

EFFECTS OF CORRECTIONS OF THE STATEMENT OF FINANCIAL POSITION		**131 111 400**

29.08 CONSUMER DEPOSITS

Consumer deposits (Previously reported)		113 815
Correction of error		62 428
Consumer deposits (Restated)		176 243

The consumer deposit balance was understated and a correction was processed to ensure that the balance in the financial statements agree to the consumer deposit list.
Consumer deposits have also been reclassified as a separate item on the Statement of financial position and is no longer disclosed under Payables from exchange transactions.

29.09 PAYABLES FROM EXCHANGE TRANSACTIONS

Payables from exchange transactions (Previously reported)		5 082 122
Correction of error		5 929 848
Correction of bonus accrual		308 028
Correction of trade payables for expenses recorded in the incorrect financial year		195 618
Correction of trade payables - AGSA		1 057 493
Correction of understatement of creditors balance		4 368 709
Payables from exchange transactions (Restated)		11 011 970

A bonus accrual was not recorded in the 2012 financial statements submitted for audit. A calculation of the bonus accrual at 30 June 2012 was performed and the correction was made. This resulted in an increase in the employee cost and corresponding acrruals amounting to R308 028.

Expenditure relating to 2012 was incorrectly recorded in 2013 which resulted in the expenditure, VAT and trade payables being understated for 2012. A correction to the trade payables amounting to R195 618 was adjusted.

		2013 R	2012 R

The amount payable to the Auditor General (AGSA) was understated in the 2012 financial year and the correction of error resulted in an increase of audit fees amounting to R1 057 493 with a corresponding increase in trade payables.

A recalculation of the trade payables closing balance at 30 June 2012 was performed and an understatement of R4 368 709 was identified. The correction of the error resulted in an increase of trade payables and decrease in accumulated surplus amounting to R4 368 709.

29.10 RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Receivables from exchange and non-exchange transactions (Previously reported)	354 716
Correction of error	4 425 031
Correction of duplication of other debtors from rental of properties	(370 867)
Correction of VAT receivable for VAT claimed in incorrect financial year	20 717
Correction of closing balance of VAT receivable to agree to the balance per the billing system	42 776
Correction of closing balance of debtors to agree to the billing system	4 732 404
Receivables from exchange and non-exchange transactions (Restated)	4 779 747

The balance of other debtors for the rental of properties was duplicated under Receivables from non-exchange transactions. The correction of the error resulted in a decrease of Receivables from non-exchange transactions as well as a decrease in the accumulated surplus opening balance amounting to R370 867.

Expenditure relating to 2012 was incorrectly recorded in 2013 which resulted in the expenditure, VAT and trade payables being understated for 2012. A correction to the VAT amounting to R20 717 was adjusted.

The municipality made an adjustment to the VAT receivable balance to ensure that the VAT receivable at 30 June 2012 agrees to the amount as per the billing system reconciliation. The impact of the correction resulted in an increase in VAT receivable with a corresponding increase in the opening accumulated surplus amounting to R42 776.

The municipality made an adjustment to the debtor control account to ensure that the receivables recorded in the financial statements agrees to the balance as per the billing system/age analysis. The impact of the correction resulted in an increase in Receivables with a corresponding increase in the opening accumulated surplus amounting to R4 732 404.

29.11 LONG TERM LIABILITIES

Long term liabilities (Previously reported)	Non-Current and Current liability	-
Correction of error		270 518
Long term liabilities (Restated)	Non-Current and Current liability	270 518

The municipality did not previously account for any agreements that qualify as finance leases obligations. The impact of the above is an increase in the finance lease obligation with R270 518.

29.12 EMPLOYEE BENEFITS

Employee benefits (Previously reported)	Non-Current and Current liability	1 629 000
Correction of error		184 000
Employee benefits (Restated)	Non-Current and Current liability	1 813 000

The municipality recorded the post retirement medical benefit provision and the long service awards provision at 30 June 2012 at the incorrect amounts. The understatement was corrected and the impact of the correction is increase in these provisions and an increase in the actuarial loss amounting to R184 000.

29.13 NON-CURRENT AND CURRENT PROVISIONS

Rehabilitation of Landfill-sites (Previously reported)	Non-Current and Current liability	21 825 247
Correction of error		20 000
Rehabilitation of Landfill-sites (Restated)	Non-Current and Current liability	21 845 247

The rehabilitation provision at 30 June 2012 was understated by R20 000. The impact of the correction was an increase in the rehabilitation provision amounting to R20 000 and a corresponding increase in the general expenditure.

29.14 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES

Unspent conditional grants and subsidies (Previously reported)	8 445 495
Correction of error	(404 620)
Unspent conditional grants and subsidies (Restated)	8 040 875

The municipality did not previously account for expenditure transactions and payments made. The impact of the above correction resulted in the decrease in unspent conditional grants and increase in accumulated surplus with R2 992 736.

29.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents (Previously reported)	7 121 849
Correction of error	(71 327)
Cash and cash equivalents (Restated)	7 050 522

		2013 R	2012 R
	Various errors were identified in the balances of investments which resulted in an overstatement of investments. As adjustment to correct the error was processed and the impact of the correction resulted in a decrease in investments amounting to R71 327 and a corresponding decrease in the opening balance of accumulated surplus.		
29.16	**PROPERTY, PLANT AND EQUIPMENT**		
	Property, plant and equipment (Previously reported)		257 854 453
	Correction of assets not recognised and incorrectly depreciated		116 270 643
	Correction of leases assets not previously recorded		13 607
	Property, plant and equipment (Restated)		374 138 703
	The municipality re-assessed all their assets for 2012 as well as their useful lives. Errors were identified and a correction was recorded which resulted in an increase in the carrying value of PPE amounting to R116 270 643 with a corresponding increase in the opening balance of accumulated surplus.		
	The municipality did not previously account for any agreements that qualify as finance leases which resulted in an understatement of leased assets. A correction was processed which resulted in an increase in the carrying value of leased assets amounting to R13 607.		
	EFFECTS OF CORRECTIONS OF DISCLOSURES		4 512 790
29.17	**IRREGULAR EXPENDITURE**		
	Irregular expenditure (Previously reported)		45 117 790
	Correction of error		4 411 272
	Irregular expenditure (Restated)		49 529 062
	Various over- and understatements of the irregular expenditure disclosure were identified. This misstatement was corrected which resulted in a net increase of R4 441 272 in the amount disclosed as irregular expenditure.		
29.18	**FRUITLESS AND WASTEFUL EXPENDITURE**		
	Fruitless and wasteful expenditure (Previously reported)		182 063
	Correction of error		101 518
	Fruitless and wasteful expenditure (Restated)		283 581
	Cancellation fees amounting to R101 518 was not disclosed as fruitless and wasteful expenditure for which a correction was processed which resulted in the increase in this disclosure.		
29.19	**CONTINGENT LIABILITIES**		
	Contingent liabilities (Previously reported)		42 000
	Correction of error		9 958 000
	Contingent liabilities (Restated)		10 000 000
	An amount of R42 000 was incorrectly disclosed as a contingent liability while the amount was already paid before 30 June 2012. This amount is no longer disclosed as a contingent liability. The financial statements did not disclose the possible penalty of R10 million due to the fact that the municipality does not have a permit to operate the landfil sites. A correction was recorded which resulted in a contingent liabilty of R10 million being disclosed.		
29.20	**Commitments**		
	Commitments (Previously reported)		-
	Correction of error		11 797 437
	Commitments (Restated)		11 797 437
	The financial statements did not disclose the municipality's commitments at 30 June 2012. A calculation was performed of the commitments and a correction was made which resulted in the disclosure of commitments to increase by R11 797 437.		

		2013 R	2012 R
30	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH**		
	Surplus/(Deficit) for the year	(11 907 583)	(8 481 790)
	Adjustments for:		
	Depreciation and impairment	17 977 841	18 414 737
	Amortisation of Intangible Assets	227 045	227 046
	Gain on disposal of property, plant and equipment	-	-
	Loss on disposal of property, plant and equipment	-	-
	Adjustment in the current year relating to prior year error	4 667 380	(9 966 031)
	Debt Impairment	5 175 843	8 083 339
	Operating Surplus/(Deficit) before changes in working capital	16 140 526	8 277 301
	Changes in working capital	1 269 619	9 714 835
	Increase/(Decrease) in Trade and Other Payables	7 164 625	5 929 849
	Increase/(Decrease) in Consumer Deposits	12 476	62 428
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 362 002	3 008 081
	Increase/(Decrease) in Provisions	(8 434 721)	339 000
	(Increase)/Decrease in Inventory	(183 015)	-
	(Increase)/Decrease in Trade and other receivables	1 630 174	1 208 706
	(Increase)/Decrease in Receivables from non-exchange transactions	(1 281 922)	(833 228)
	Cash generated/(absorbed) by operations	**17 410 145**	**17 992 136**
		-	
31	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 15	8 653 029	6 608 892
	Cash Floats - Note 15	-	-
	Bank - Note 15	(395 176)	441 629
	Bank overdraft - Note 15	-	-
	Other Cash and Cash Equivalents - Note 15	-	-
	Total cash and cash equivalents	**8 257 853**	**7 050 521**
	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 31	8 257 853	7 050 521
	Investments - Note 10	-	-
	Cash and Cash Equivalents - Note 31	8 257 853	7 050 521
	Less:	10 402 877	8 040 875
	Unspent Committed Conditional Grants - Note 8	10 402 877	8 040 875
	VAT - Note 9	-	-
	Resources available/(unavailable) for working capital requirements	**(2 145 024)**	**(990 354)**
	Allocated to:		
	Capital Replacement Reserve	-	-
	Employee Benefits Reserve	-	-
	Social Contribution Reserve	-	-
	Non-Current Provisions Reserve	-	-
	Valuation Roll Reserve	-	-
	Resources available for working capital requirements	(2 145 024)	(990 354)
	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 2	676 986	270 518
	Used to finance property, plant and equipment - at cost	(676 986)	(270 518)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	**-**	**-**

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

		2013 R	2012 R

32 BUDGET COMPARISONS

32.1 Operational	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Revenue by source				
Fines	4 450	45 000	(40 550)	(90%)
Government Grants and Subsidies	32 662 392	17 630 000	15 032 392	85%
Public Contributions and Donations	-	-	-	0%
Contributed PPE	-	-	-	0%
Third Party Payments	-	-	-	0%
Interest Earned - external investments	1 629 932	-	1 629 932	100%
Other Income	270 925	149 000	121 925	82%
Property Taxes	1 769 477	5 628 000	(3 858 523)	(69%)
Rental of Facilities and Equipment	512 197	435 000	77 197	18%
Interest Earned - outstanding debtors	-	-	-	0%
Licences and Permits	-	-	-	0%
Agency Services	-	-	-	0%
Service Charges	8 300 494	10 296 000	(1 995 506)	(19%)
Dividends received	-	-	-	0%
Fair Value Adjustments	-	-	-	0%
Gain on disposal of Property, Plant and Equipment	-	1 950 000	(1 950 000)	-100%
	45 149 867	36 133 000	9 016 867	25%
Expenditure by nature				
Bulk Purchases	7 055 851	6 330 000	(725 851)	11%
Capital expenditure	-	-	-	0%
Debt Impairment	5 175 843	2 970 000	(2 205 843)	74%
Depreciation	18 204 886	4 684 000	(13 520 886)	289%
Employee Related Costs	13 234 461	13 414 364	179 903	(1%)
Finance Charges	1 120 610	-	(1 120 610)	(100%)
Actuarial losses	1 965 405	-	(1 965 405)	(100%)
Stock Adjustments	-	-	-	0%
General Expenses	6 368 476	6 754 000	385 524	(6%)
Impairments	-	-	-	0%
Contracted services	-	-	-	0%
Grants and Subsidies	-	2 806 336	2 806 336	(100%)
Remuneration of Councillors	2 110 990	2 144 700	33 710	(2%)
Repairs and Maintenance	1 820 928	1 169 000	(651 928)	56%
Loss on disposal of Property,Plant and Equipment	-	-	-	0%
Fair Value Adjustments	-	-	-	0%
	57 057 450	40 272 400	(16 785 050)	42%
Net Surplus for the year	**(11 907 583)**	**(4 139 400)**	**(7 768 183)**	188%

32.2 Expenditure by Vote	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Cemeteries	-	-	-	0%
Community & Social Services	24 453	509 000	(484 547)	(95%)
Corporate Services	2 689 243	2 945 000	(255 757)	(9%)
Council General	3 225 207	2 915 700	309 507	11%
Electricity	11 988 428	8 254 000	3 734 428	45%
Financial Services	9 640 735	5 458 336	4 182 399	77%
Housing	-	-	-	0%
Libraries	726 243	599 964	126 279	21%
Municipal Manager	737 065	1 219 700	(482 635)	(40%)
Office of the Mayor	-	-	-	0%
Office of the Speaker	-	-	-	0%
Parks and Recreation	703 487	867 400	(163 913)	(19%)
Properties	1 985 468	2 857 000	(871 532)	(31%)
Public Works	12 940 857	2 461 200	10 479 657	426%
Rates	-	-	-	0%
Refuse	447 816	1 718 600	(1 270 784)	(74%)
Sewerage	3 133 526	4 590 500	(1 456 974)	(32%)
Town Hall & Offices	-	-	-	0%
Traffic	-	-	-	0%
Water	505 645	5 876 000	(5 370 355)	(91%)
	48 748 174	**40 272 400**	**8 475 774**	**21%**

Details of material variances: Implementation of GRAP: Allocation according to GRAP line items and new GRAP line items as depreciation, actuarial losses and debt impairment.

		2013 R	2012 R

32 BUDGET COMPARISONS (CONTINUE)

32.3 Capital expenditure by vote

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Cemeteries			-	0%
Community & Social Services			-	0%
Corporate Services			-	0%
Council General			-	0%
Depreciation			-	0%
Electricity			-	0%
Financial Services	-		-	0%
Housing			-	0%
Libraries			-	0%
Municipal Manager			-	0%
Office of the Mayor			-	0%
Office of the Speaker			-	0%
Parks and Recreation	-		-	0%
Properties			-	0%
Public Works	9 911 000	10 911 000	(1 000 000)	-9%
Rates			-	0%
Refuse			-	0%
Remuneration of councillors			-	0%
Sewerage	5 500 000		5 500 000	100%
Town Hall & Offices	-		-	0%
Traffic			-	0%
Water			-	0%
	15 411 000	**10 911 000**	**4 500 000**	**41%**

Details of material variances: Implementation of a GRAP compliance Asset Register.

33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

33.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	17 367 759	2 437 277
Unauthorised expenditure current year - operating	18 832 271	14 930 482
Unauthorised expenditure awaiting authorisation	**36 200 030**	**17 367 759**

Unauthorised expenditure on operating votes is mainly due to provisional amounts recognised for depreciation and amortisation of R4 684 000 and debt impairment of R2 970 000.

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes	*None*		
Over expenditure on capital according to votes	*None*	-	
		-	**-**

33.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	283 581	-
Fruitless and wasteful expenditure current year	1 025 640	283 581
Written off by council	-	-
Fruitless and wasteful expenditure awaiting further action	**1 309 221**	**283 581**

Incident	Disciplinary steps/criminal proceedings		
Interest payments on the late payments of suppliers, PAYE, UIF	*None*		
Interest payments on the late payments of suppliers of water	*None*		
Interest payments on the late payments of suppliers of electricity	*None*	-	
		-	**-**

		2013 R	2012 R
33.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	49 529 062	15 502 610
	Irregular expenditure excluding VAT current year	20 420 333	34 026 452
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	**69 949 395**	**49 529 062**
	Irregular expenditure awaiting condonement by National Treasury	**69 949 395**	**49 529 062**

The irregular expenditure is due to supply chain management processes not being followed

Incident	Disciplinary steps/criminal proceedings
Procurement regulations not followed for purchases between R2 000 and R10 000 and no deviation documented.	*None*
Procurement regulations not followed for purchases between R10 001 and R30 000 and no deviation documented.	*None*
Procurement regulations not followed for purchases between R30 001 and R200 000 and no deviation documented.	*None*

		-	**-**
33.4	**Material Losses**		
	Water distribution losses		
	- Kilo litres disinfected/purified/purchased	958 348	
	- Kilo litres lost during distribution	357 098	
	- Percentage lost during distribution	37.26%	
	Electricity distribution losses		
	- Units purchased (Kwh)	7 715 488	
	- Units lost during distribution (Kwh)	2 738 732	
	- Percentage lost during distribution	35.50%	
34	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
34.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance	102 325	147 664
	Council subscriptions	406 000	500 000
	Amount paid - current year	(6 000)	(100 000)
	Amount paid - previous years	(102 325)	-
	Balance unpaid (included in trade creditors)	**400 000**	**547 664**
34.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	2 282 030	
	Current year audit fee	2 235 747	
	Amount paid - current year	-	-
	Amount paid - previous year	-	
	Balance unpaid (included in trade creditors)	**4 517 777**	**2 282 030**
34.3	**VAT - [MFMA 125 (1)(b)]**		
	VAT	2 578 791	1 681 459
	Closing balance - VAT Payable / (Receivable)	**2 578 791**	**1 681 459**
34.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	-	
	Current year payroll deductions and Council Contributions	944 656	1 399 611
	Amount paid - current year	(944 656)	(1 399 611)
	Amount paid - previous year	-	-
	Balance unpaid	**-**	**-**
34.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance		
	Current year payroll deductions and Council Contributions		
	Amount paid - current year	2 278 648	
	Amount paid - previous year	(2 278 648)	-
	Balance unpaid	**-**	**-**

		2013 R	2012 R

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

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2013:

	2013 R	2012 R
Mayor	**Outstanding more than 90 days**	
A Kwinana	15 851	
Councillors		
H. Booysen	5 285	1 734
J.D. Havenga	-	5 018
M.E. Bitterbos	-	404
J. Olifant	17 309	3 841
K. Olifant	1 034	354
J. Niklaas	6 674	1 182
Total Councillor Arrear Consumer Accounts	**46 153**	**12 533**

34.7 Other non-compliance (MFMA 125(2)(e))

• Section 75 of the MFMA - Information to be placed on websites of municipalities. The website of Renosterberg Municipality was functional for part of the 12/13 financial year and not all information is included

• Section 65 of the MFMA - Expenditure management. All money owing by the municipality must be paid within 30 days of receiving the relevant invoices or statement. Renosterberg Municipality did not comply with above section due to serious cash flow problems.

• Municipal Systems Act – No job descriptions for municipal employees as required by section 66 of the MSA.

• Unspent Grants are not cash backed as required by the DORA.

• Section 126 of the MFMA - Submission and auditing of annual financial statements. The annual financial statements was not submitted to the Auditor-General within two months after the end of the financial year.

35 COMMITMENTS

Commitments in respect of expenditure:

Approved and contracted for:	**39 954 762**	**11 797 437**
Approved but not yet contracted for:	**-**	**-**
Total approved commitments:	**39 954 762**	**11 797 437**

This committed expenditure relates to infrastructure development and will be financed by available bank facilities, existing cash resources and government grants and subsidies.

For the disclosure of the commitments per finance lease obligations, refer to note 2 to the financial statements.

36 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

		2013 R	2012 R
36	**FINANCIAL RISK MANAGEMENT (CONTINUE)**		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
	1% (2011 - 0.5%) Increase in interest rates	(76 427)	(84 391)
	1% (2011 - 0.5%) Decrease in interest rates	76 427	84 391
	(d) Credit Risk		
	Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.		
	Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.		
	Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.		
	The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.		
	Receivables are individually evaluated annually at Balance Sheet date for impairment.		
	Financial assets exposed to credit risk at year end are as follows:		
	Receivables from exchange transactions	565 974	2 196 148
	Receivables from non-exchange transactions	3 865 521	2 583 599
	Cash and Cash Equivalents	8 257 853	7 050 521
		12 689 348	11 830 268
	(e) Liquidity Risk		
	Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.		
	The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.		
	The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.		

2012	**Less than 1 year**	**Between 1 and 5 years**	**Between 5 and 10 years**	**Over 10 Years**
Long Term liabilities	207 158	568 678	-	-
Trade and Other Payables	18 176 596	-	-	-
	18 383 755	568 678	-	-

2011	**Less than 1 year**	**Between 1 and 5 years**	**Between 5 and 10 years**	**Over 10 Years**
Long Term liabilities	56 620	219 935	-	-
Trade and Other Payables	11 011 971	-	-	-
	11 068 591	219 935	-	-

37 FINANCIAL INSTRUMENTS

Financial instruments of the municipality are classified as follows:

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

37.1	**Financial Assets**	**Classification**

			2013 R	2012 R
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	565 974	5 971 931
	Receivables from non-exchange transactions	Financial instruments at amortised cost	3 865 521	3 805 281
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	(395 176)	-
	Primary Bank Account	Financial instruments at amortised cost	(395 176)	-
	Call Deposits Accounts	Financial instruments at amortised cost	8 653 029	6 608 892
			4 036 320	**16 386 104**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		4 036 320	16 386 104
	At amortised cost		**4 036 320**	**16 386 104**
37.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	521 650	235 624
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	16 679 111	10 639 832
	Sundry Creditors	Financial instruments at amortised cost	1 497 486	
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	155 336	34 895
			18 853 582	**10 910 350**
	SUMMARY OF FINANCIAL LIABILITIES			
	Financial instruments at amortised cost		18 853 582	10 910 350
	At amortised cost		**18 853 582**	**10 910 350**

38 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2013.

39 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

40 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

41 CONTINGENT LIABILITY

Landfill sites
The Municipality has three active landfill sites in Van der Kloof, Petrusville and Philipstown. It has been identified that not all landfill sites are licensed as required by the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

In accordance with section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in section 67(1)(a), (g) or (h) is liable to a fine not exceeding R10 000 000 or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.

The necessary steps have been taken by the Municipality to obtain the required permits and licenses and the process has been started.	10 000 000	10 000 000
	10 000 000	**10 000 000**

42 CONTINGENT ASSETS

The Municipality was not engaged in any transaction or event during the year under review involving contingent assets	-	
	-	
	-	**-**

43 RELATED PARTIES

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

	2013 R	2012 R

43.01 Related Party Transactions and Balances

Year ended 30 JUNE 2013	Rates - Levied 1 Jul 12 - 30 Jun 13	Service Charges - Levied 1 Jul 12 - 30 Jun 13	Other - Levied 1 Jul 12 - 30 Jun 13	Outstanding Balances 30 June 2013
Councillors	**8 053**	**34 359**	**-**	**57 333**
A Kwinana	-	6 872	-	18 975
H. Booysen	-	1 999	-	6 045
J.D. Havenga	7 380	7 117	-	2 951
J. Olifant	664	14 197	-	20 910
K. Olifant	-	1 420	-	1 408
J. Niklaas	6	1 309	-	7 146
D. Bitterbos	3	1 444		-102

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public.

43.02 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted according to Section 164 (c) - Forbidden activities of the MFMA.

43.03 Compensation of key management personnel

The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.

44 GOING CONCERN

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

The municipality made a net deficit of R11 907 583 for the current financial year.

The liquidity ratio (current assets versus current liabilities) for the current year is 0,44 (2012: 0,62). This negative ratio is due to significant creditor balances at year end and a material amount of debtors that are included in the provision for impairment.

The muncicipality's main source of income are government grants which are provided by National Treasury and COGHSTA on a annual basis as gazetted in the DORA.

On 12 December 2012 a letter was issued by the Minister of Finance regarding a decision to invoke section 216 of the constitution and halt the transfer of equitable share and all conditional grants to the municipality. Subsequently, the Minister recalled his decision to invoke section 2016 based on the condition that the financial statements for the current financial year must be submitted on time. This commitment was however not complied with as the financial statements were not submitted on time and this can lead to a possible withdrawal of funding.

Other indicators of going concern issues:
- Inability to pay creditors on due dates.
- Loss of key management without replacement.
- Difficulties in recovering consumer debtors

The above indicators create significant doubt on the municipality's ability to continue as a going concern in the foreseeable future. However, it is uncommon for the operational existence of a public sector auditee to cease as a result of an inability to finance its operations or of net liabilities due to continued support from government and legislative right to levy and collect rates and taxes.

Based on this the going concern assumption is considered appropriate.

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value	Cost						Accumulated Depreciation & Impairment					Carrying Value
	Opening Balance	Additions	Corrections	Work-In-Progress	Disposals	Closing Balance	Opening Balance	Additions	Corrections	Current Year	Closing Balance	
	R	R		R	R	R	R	R		R	R	R
Land and Buildings	**28 498 519**	**-**	**-**	**-**	**-**	**28 498 519**	**-**	**-**	**-**	**-**	**-**	**28 498 519**
Land and Buildings	28 498 519		-	-	-	28 498 519	-	-		-	-	28 498 519
Infrastructure	**619 936 486**	**-**	**-**	**-**	**-**	**619 936 486**	**309 499 822**	**-**	**-**	**17 498 024**	**326 997 847**	**292 938 639**
Stormwater and Roads	367 226 965		-	-	-	367 226 965	214 580 055		-	12 136 533.22	226 716 588	140 510 376
Sewerage	71 550 000	-		-	-	71 550 000	30 313 243			1 735 350.06	32 048 593	39 501 407
Electricity	12 064 900	-		-	-	12 064 900	5 065 583.33		-	202 623.33	5 268 207	6 796 693
Water	157 832 500		-	-	-	157 832 500	52 894 754.14	-		3 048 113.49	55 942 868	101 889 633
Solid Waste disposal (Refuse)	11 262 121	-	-	-	-	11 262 121	6 646 186.64			375 404.02	7 021 591	4 240 530
Community Assets	**8 973 983**	**608 989**		**-**	**-**	**9 582 972**	**-**	**-**			**-**	**9 582 972**
Recreation Grounds	8 973 983	608 989		-	-	9 582 972	-	-		-	-	9 582 972
Lease Assets	**429 670**	**450 551**	**-**		**-**	**880 221**	**416 063**	**-**	**-**	**16 313**	**432 376**	**447 844**
Office Equipment & Vehicles	429 670	450 551	-	-	-	880 221	416 063			16 313	432 376	447 844
Other Assets	**6 474 852**	**35 754**	**-**	**-**	**-**	**6 510 606**	**3 251 589**	**-**	**-**	**463 504**	**3 715 093**	**2 795 513**
Office Equipment	-			-	-	-	-			-	-	-
Furniture & Fittings	1 568 784	-		-	-	1 568 784	782 437			147 519.55	929 957	638 827
Plant and Equipment	-			-	-	-	-			-	-	-
Motor vehicles	4 541 400		-	-	-	4 541 400	2 223 408			256 618.67	2 480 027	2 061 373
Emergency equipment	-			-	-	-	-			-	-	-
Computer equipment	364 668	35 754		-	-	400 422	245 743			59 366.11	305 109	95 313
Work in Progress	**22 992 668**	**15 513 987**	**-**	**-**	**-**	**38 506 655**	**-**	**-**	**-**	**-**	**-**	**38 506 655**
Infrastructure	22 992 668	15 513 987	-		-	38 506 655	-	-	-	-	-	38 506 655
	687 306 178	**16 609 281**	**-**	**-**	**-**	**703 915 459**	**313 167 474**	**-**	**-**	**17 977 842**	**331 145 316**	**372 770 144**

30 JUNE 2012

Reconciliation of Carrying Value	Cost						Accumulated Depreciation & Impairment					Carrying Value
	Opening Balance	Additions	Corrections	Work-In-Progress	Disposals	Closing Balance	Opening Balance	Additions	Corrections	Current Year	Closing Balance	
	R	R		R	R	R	R	R		R	R	R
Land and Buildings	**28 498 519**	**-**	**-**	**-**	**-**	**28 498 519**	**-**	**-**	**-**	**-**	**-**	**28 498 519**
Land and Buildings	28 498 519	-	-	-	-	28 498 519	-	-	-	-	-	28 498 519
Infrastructure	**494 215 801**	**-**	**125 720 685**	**-**	**-**	**619 936 486**	**254 697 412**	**-**	**37 304 387**	**17 498 024**	**309 499 822**	**310 436 663**
Stormwater and Roads	361 358 053	-	5 868 912	-	-	367 226 965	180 251 791.89		22 191 730.13	12 136 533.22	214 580 055	152 646 909
Sewerage	110 550 000	-	(39 000 000)	-	-	71 550 000	66 330 000.00	-	(37 752 106.96)	1 735 350.06	30 313 243	41 236 757
Electricity	462 500	-	11 602 400	-	-	12 064 900	222 000.00	-	4 640 960.00	202 623.33	5 065 583	6 999 317
Water		-	157 832 500	-	-	157 832 500		-	49 846 640.65	3 048 113.49	52 894 754	104 937 746
Solid Waste disposal (Refuse)	21 845 248	-	(10 583 127)		-	11 262 121	7 893 619.93	-	(1 622 837.31)	375 404.02	6 646 187	4 615 934
Community Assets	**8 973 983**	**-**		**-**	**-**	**8 973 983**	**-**	**-**		**-**	**-**	**8 973 983**
Community Assets	8 973 983	-		-	-	8 973 983	-	-		-	-	8 973 983
Lease Assets	**-**	**-**	**429 670**	**-**	**-**	**429 670**	**-**	**-**	**-**	**416 063**	**416 063**	**13 607**
Office Equipment & Vehicles	-		429 670	-	-	429 670				416 063	416 063	13 607
Other Assets	**8 105 402**	**-**	**-1 630 550**	**-**	**-**	**6 474 852**	**3 672 106**	**-**	**-921 167**	**500 649**	**3 251 589**	**3 223 264**
Office Equipment			-	-	-	-			-	-	-	-
Furniture & Fittings	1 568 784.39		-	-	-	1 568 784	628 436.94		-	154 000.54	782 437	786 347
Plant and Equipment			-	-	-	-			-	-	-	-
Motor vehicles	6 171 950.00		(1 630 550.00)	-	-	4 541 400	2 887 956.00		(921 166.67)	256 618.67	2 223 408	2 317 992
Emergency equipment			-	-	-	-			-	-	-	-
Computer equipment	364 668.00		-	-	-	364 668	155 712.93		-	90 030.22	245 743	118 925
Work in Progress	**-**	**-**	**10 460 089**	**12 532 579**	**-**	**22 992 668**	**-**	**-**	**-**	**-**	**-**	**22 992 668**
Infrastructure	-	-	10 460 089	12 532 579	-	22 992 668	-	-	-	-	-	22 992 668
	539 793 705	**-**	**134 979 894**	**12 532 579**	**-**	**687 306 178**	**258 369 518**	**-**	**36 383 220**	**18 414 737**	**313 167 474**	**374 138 704**