



**MARULENG LOCAL MUNICIPALITY**  
(Registration number LIM 335)  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## General Information

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### Nature of business and principal activities

South African Grade 3 Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### Mayor

Cllr HM Thobejane

### Chief Whip

Cllr ML Mongadi

### Speaker

Cllr MJ Mahlo

### Councillors

Cllr HM Thobejane (Mayor)  
Cllr MJ Rakgoale (Exco Member)  
Cllr NV Lewele (Exco Member)  
Cllr MR Maakamela (Exco Member)  
Cllr PE Shai (Exco Member)  
Cllr ML Mongadi (Chief Whip)  
Cllr Cllr MJ Mahlo (Speaker)  
Cllr B Mohlabe  
Cllr DM Sebela  
Cllr EC Du Preez  
Cllr JT Morema  
Cllr LV Shaai  
Cllr MA Mathaba  
Cllr MD Popela  
Cllr MF Madike  
Cllr MJ Modiba  
Cllr MM Komane  
Cllr MO Mathipa  
Cllr MR Malepe  
Cllr MS Kgohloane  
Cllr MT Mongadi  
Cllr SC Shokane  
Cllr SF Mahlo  
Cllr SL Mkansi  
Cllr SV Mametja  
Cllr TD Mogale

### Acting Chief Finance Officer (CFO)

Ms MF Sekgobela

### Accounting Officers

Ms ML Mokonyane (Acting From January 2018)

### Registered office

Maruleng Municipal Offices  
65 Springbok Street  
Hoedspruit  
1380

### Business address

65 Springbok Street  
Hoedspruit  
1380

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## General Information

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<b>Postal address</b>	PO Box 627 Hoedspruit
<b>Telephone Number</b>	015-793 2409
<b>Fax Number</b>	015-7932341
<b>Email Address</b>	Info@Maruleng.gov.za
<b>Auditors</b>	Auditor-General of SA (AGSA)
<b>Bankers</b>	Standard Bank of SA LTD (Primary bank account) Investec Bank
<b>Audit Committee members</b>	Mr L Lankalebalele (Chairperson) Mr K Mosupa Ms M Makhongele

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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### ABBREVIATIONS

SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSCOA	Municipal standard chart of accounts

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Accounting Officer's Responsibilities and Approval

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The accounting officers is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the reporting period and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officers acknowledge the ultimate responsibility for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations given by management, the accounting officers are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officers have reviewed the municipality's cash flow forecast for the period ending 30 June 2019 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The municipality is wholly dependent on inter-governmental grants and transfers as well as service charges for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and the Maruleng Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The Accounting Officer further certifies that the remuneration of councillors as disclosed in the relevant note to the financial statements is in accordance with the Public Office Bearers Act (Act 20 of 1998) and the Minister of Co-operative Governance and Traditional Affairs' determination of upper limits of the salaries, allowances and benefits as promulgated annually.

The financial statements set out on pages 9 to 69, which have been prepared on the going concern basis, were approved and signed on behalf of the Municipality by:

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**Ms ML Mokonyane (Acting From January 2018)**  
**ACCOUNTING OFFICER**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2018.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 3 number of meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
Mr L Lankalebalele (Chairperson)	11
Mr K Mosupa	10
Ms M Makhongele	2

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

### Evaluation of financial statements

The audit committee has:

- reviewed and discussed the unaudited financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is not satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

# **MARULENG LOCAL MUNICIPALITY**

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Financial Statements for the year ended 30 June 2018

## **Audit Committee Report**

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### **Auditor-General of South Africa**

The audit committee has not met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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**Chairperson of the Audit Committee**

**Date:** \_\_\_\_\_

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Accounting Officer's Report

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The accounting officers submit their report under review.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the services to the community, which include refuse removal, traffic services, town planning services, community facility management services, and other general services.

The municipality implemented the regulated municipal standard chart of accounts from 1 July 2017 for transaction on the required segments. This is a major change from the prior period. According to management the change over was successful and although minor issues were experienced. The impact of mscoa on GRAP standards have been reviewed and the required changes were effected in order to comply with GRAP standards. Any restatements that was as a result of the implementation will be indicated in the relevant restatement note to the financial statements.

Net surplus of the municipality was R 71 718 658 (2017: surplus R 79 619 130).

### 2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R 520 975 806 and that the municipality's total assets exceed its liabilities by R 520 975 806.

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

### 3. Subsequent events

The accounting officers are not aware of any matter or circumstance arising since the end of the period under review.

The municipality implemented the regulated MSCOA (Municipal Standard Chart Of Accounts) and is currently in compliance with the relevant regulations. This will however have an effect on the annual financial statements and will result in disclosure changes. The changes are detailed in the relevant restatement note.

### 4. Accounting Officers' interest in contracts

The accounting officer declares not to have any interest in contracts of the municipality.

### 5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

The impact on the results of the municipality in adopting the above policies is reflected in note - to the financial statements.

The financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board (ASB) as the prescribed framework by National Treasury.

### 6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the period under review is set out in the notes to the financial statements.

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Accounting Officer's Report

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### 7. Accounting Officer

The position of the accounting officers of the municipality during the financial period under review was held by:

Name	Nationality	Changes
Mr SJ Lethole (Resigned January 2018)	South African	Resigned 01 January 2018
Ms ML Mokonyane (Acting From January 2018)	South African	

### 8. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all municipal activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

#### Councillors

The council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising;
  - Mayor
  - Speaker
  - Executive committee
  - Ordinary councillors.

#### Mayor and Municipal Manager

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The mayor and council perform their oversight role and duties in terms of the prescribed legislation and delegated authorities.

#### Audit committee

Mr L. Lankalebalele was the Chairperson of the audit committee. The audit committee met during the period under review to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors onto the audit committee.

### 9. Bankers

The municipality banks with Standard Bank of South Africa and Investec bank.

### 10. Auditors

The Auditor-General of SA (AGSA) will continue as the municipality's external auditors as prescribed by the Auditor-General Act (Act no 12 of 1995).

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	162 002	27 166
Receivables from exchange transactions	4	2 857 464	597 017
Receivables from non-exchange transactions	5	17 098 753	7 122 700
VAT receivable	6	12 906 087	27 036 185
Other debtors	7	1 363 251	739 253
Cash and cash equivalents	8	131 869 906	111 445 759
		<b>166 257 463</b>	<b>146 968 080</b>
<b>Non-Current Assets</b>			
Investment property	9	6 796 836	6 796 836
Community assets	10	392 607 036	330 759 361
Intangible assets	11	447 467	616 792
Heritage assets	12	222 000	222 000
		<b>400 073 339</b>	<b>338 394 989</b>
<b>Total Assets</b>		<b>566 330 802</b>	<b>485 363 069</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation		-	190 874
Payables from exchange transactions	13	21 699 136	16 742 461
Trade and other payables from non exchange transactions	14	6 445 398	5 388 099
Provisions	15	7 036 504	5 698 952
Unspent conditional grants and receipts	16	290	-
		<b>35 181 328</b>	<b>28 020 386</b>
<b>Non-Current Liabilities</b>			
Provisions - Employee benefit obligation	17	10 173 668	8 085 535
<b>Total Liabilities</b>		<b>45 354 996</b>	<b>36 105 921</b>
<b>Net Assets</b>		<b>520 975 806</b>	<b>449 257 148</b>
Accumulated surplus		520 975 806	449 257 148

\* See Note 47

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Agency services	18	2 129 794	1 585 500
Interest received - receivables	19	3 536 984	268 622
Interest received - investment	19	6 748 684	6 784 436
Licences and permits	20	2 490 110	2 526 173
Other revenue	21	2 426 985	2 000 832
Rental of facilities and equipment	49	224 089	307 525
Service charges	22	3 150 246	3 039 615
<b>Total revenue from exchange transactions</b>		<b>20 706 892</b>	<b>16 512 703</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	23	70 269 431	61 588 254
Donation of Heritage assets	12	-	6 000
Traffic fines	24	398 600	1 069 700
<b>Transfer revenue</b>			
Government grants & subsidies - Operating	25	102 321 808	94 154 004
Government grants & subsidies - Capital	25	27 222 902	49 660 371
<b>Total revenue from non-exchange transactions</b>		<b>200 212 741</b>	<b>206 478 329</b>
<b>Total revenue</b>		<b>220 919 633</b>	<b>222 991 032</b>
<b>Expenditure</b>			
Employee related costs	26	(56 873 978)	(51 917 860)
Remuneration of councillors		(10 367 363)	(9 367 302)
Depreciation and amortisation	28	(16 795 966)	(15 765 686)
Impairment loss/ Reversal of impairments	29	(4 459 298)	(304 025)
Finance costs	30	(25 165)	(26 259)
Lease rentals on operating lease		-	(17 281)
Debt Impairment	5	(8 774 365)	(20 826 577)
Contracted services	46	(9 599 233)	(6 768 979)
Loss on disposal of assets and liabilities	32	(159 149)	(4 236 482)
General Expenses	31	(42 146 458)	(34 141 451)
<b>Total expenditure</b>		<b>(149 200 975)</b>	<b>(143 371 902)</b>
<b>Surplus for the year</b>		<b>71 718 658</b>	<b>79 619 130</b>

\* See Note 47

# MARULENG LOCAL MUNICIPALITY

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## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2016</b>	<b>369 638 018</b>	<b>369 638 018</b>
Changes in net assets		
Surplus for the year	79 619 130	79 619 130
Total changes	79 619 130	79 619 130
Opening balance as previously reported	450 591 899	450 591 899
Prior year adjustments	(1 334 751)	(1 334 751)
<b>Restated* Balance at 01 July 2017 as restated*</b>	<b>449 257 148</b>	<b>449 257 148</b>
Changes in net assets		
Surplus for the year	71 718 658	71 718 658
Total changes	71 718 658	71 718 658
<b>Balance at 30 June 2018</b>	<b>520 975 806</b>	<b>520 975 806</b>
Note(s)	Correction of prior year errors <sup>47</sup>	

\* See Note 47

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

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## Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges		(5 624 119)	(17 786 962)
Property rates		70 269 431	61 588 254
Grants and subsidies		129 545 000	119 090 000
Interest income		10 285 668	7 053 058
Other receipts		(5 350 069)	(306 830)
		199 125 911	169 637 520
<b>Payments</b>			
Employee costs		(65 153 208)	(60 265 185)
Suppliers		(30 398 903)	(42 176 410)
Interest paid		(25 165)	(26 259)
		(95 577 276)	(102 467 854)
<b>Net cash flows from operating activities</b>	33	<b>103 548 635</b>	<b>67 169 666</b>
		103 548 635	67 169 666
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and other assets	10	(82 933 612)	(42 695 095)
Purchase of investment property	9	-	(2 371 000)
Purchases of heritage assets	12	-	(6 000)
<b>Net cash flows from investing activities</b>		<b>(82 933 612)</b>	<b>(45 072 095)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(190 874)	(194 650)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20 424 149</b>	<b>21 902 921</b>
Cash and cash equivalents at the beginning of the year		111 445 759	89 542 838
<b>Cash and cash equivalents at the end of the year</b>	8	<b>131 869 908</b>	<b>111 445 759</b>

\* See Note 47

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue by source</b>						
Service charges-refuse revenue	3 607 170	(552 170)	<b>3 055 000</b>	3 150 246	<b>95 246</b>	
Rental of facilities and equipment	341 270	11 431	<b>352 701</b>	224 089	<b>(128 612)</b>	
Interest received (trading)	212 800	4 472 003	<b>4 684 803</b>	3 536 984	<b>(1 147 819)</b>	
Interest earned - external investments	5 360 744	1 467 404	<b>6 828 148</b>	6 748 684	<b>(79 464)</b>	
Licences and permits	3 228 598	5	<b>3 228 603</b>	2 490 110	<b>(738 493)</b>	
Agency services	2 337 155	(262 002)	<b>2 075 153</b>	2 129 794	<b>54 641</b>	
Other revenue	1 765 002	1 883 558	<b>3 648 560</b>	2 426 985	<b>(1 221 575)</b>	
Gains on disposal of PPE	5 500 000	(5 500 000)	-	-	-	
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>22 352 739</b>	<b>1 520 229</b>	<b>23 872 968</b>	<b>20 706 892</b>	<b>(3 166 076)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	51 279 016	13 697 121	<b>64 976 137</b>	70 269 431	<b>5 293 294</b>	
Traffic fines	336 187	5	<b>336 192</b>	398 600	<b>62 408</b>	
<b>Transfer revenue</b>						
Government grants & subsidies - Operating	102 322 000	-	<b>102 322 000</b>	102 321 808	<b>(192)</b>	
Government grants & subsidies - Capital	27 223 000	-	<b>27 223 000</b>	27 222 902	<b>(98)</b>	
<b>Total revenue from non-exchange transactions</b>	<b>181 160 203</b>	<b>13 697 126</b>	<b>194 857 329</b>	<b>200 212 741</b>	<b>5 355 412</b>	
<b>Total revenue</b>	<b>203 512 942</b>	<b>15 217 355</b>	<b>218 730 297</b>	<b>220 919 633</b>	<b>2 189 336</b>	
<b>Expenditure by type</b>						
Employee related costs	(66 786 699)	(656 055)	<b>(67 442 754)</b>	(56 873 978)	<b>10 568 776</b>	
Remuneration of councillors	(10 045 112)	(992 609)	<b>(11 037 721)</b>	(10 367 363)	<b>670 358</b>	
Depreciation and amortisation	(38 389 416)	15 000 000	<b>(23 389 416)</b>	(16 795 966)	<b>6 593 450</b>	
Depreciation and asset impairment	-	-	-	(4 459 298)	<b>(4 459 298)</b>	
Finance charges	(79 098)	-	<b>(79 098)</b>	(25 165)	<b>53 933</b>	
Debt impairment	(19 262 260)	(2 999 996)	<b>(22 262 256)</b>	(8 774 365)	<b>13 487 891</b>	7
Other materials	(3 723 244)	273 244	<b>(3 450 000)</b>	(1 026 186)	<b>2 423 814</b>	10
Contracted services	(8 332 015)	(1 667 985)	<b>(10 000 000)</b>	(9 599 233)	<b>400 767</b>	
Loss on disposal of assets	(2 349 390)	-	<b>(2 349 390)</b>	(159 149)	<b>2 190 241</b>	12
Other expenditure	(40 780 534)	(5 550 189)	<b>(46 330 723)</b>	(41 120 272)	<b>5 210 451</b>	11
<b>Total expenditure</b>	<b>(189 747 768)</b>	<b>3 406 410</b>	<b>(186 341 358)</b>	<b>(149 200 975)</b>	<b>37 140 383</b>	
<b>Surplus/ (Deficit) for the year</b>	<b>13 765 174</b>	<b>18 623 765</b>	<b>32 388 939</b>	<b>71 718 658</b>	<b>39 329 719</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>13 765 174</b>	<b>18 623 765</b>	<b>32 388 939</b>	<b>71 718 658</b>	<b>39 329 719</b>	

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	51 408 150	31 417 000	<b>82 825 150</b>	131 869 906	<b>49 044 756</b>	1&2
Other debtors	8 768 000	-	<b>8 768 000</b>	1 363 251	<b>(7 404 749)</b>	
Inventories	58 000	-	<b>58 000</b>	162 002	<b>104 002</b>	5
Receivables from exchange transactions	-	-	-	2 857 458	<b>2 857 458</b>	
Receivables from non-exchange transactions	4 650 000	8 500 004	<b>13 150 004</b>	17 098 753	<b>3 948 749</b>	3
VAT receivable	-	-	-	12 906 087	<b>12 906 087</b>	4
	<b>64 884 150</b>	<b>39 917 004</b>	<b>104 801 154</b>	<b>166 257 457</b>	<b>61 456 303</b>	
<b>Non-Current Assets</b>						
Investment property	4 450 836	2 346 000	<b>6 796 836</b>	6 796 836	-	
Community assets	341 732 862	3 488 397	<b>345 221 259</b>	392 607 036	<b>47 385 777</b>	
Intangible assets	800 000	550 000	<b>1 350 000</b>	447 467	<b>(902 533)</b>	6
Heritage assets	-	-	-	222 000	<b>222 000</b>	
	<b>346 983 698</b>	<b>6 384 397</b>	<b>353 368 095</b>	<b>400 073 339</b>	<b>46 705 244</b>	
<b>Total Assets</b>	<b>411 867 848</b>	<b>46 301 401</b>	<b>458 169 249</b>	<b>566 330 796</b>	<b>108 161 547</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	8 900 000	-	<b>8 900 000</b>	21 699 136	<b>12 799 136</b>	7
Taxes and transfers payable	-	-	-	6 445 398	<b>6 445 398</b>	
Provisions	4 555 000	-	<b>4 555 000</b>	7 036 504	<b>2 481 504</b>	8
Unspent conditional grants and receipts	1 500 000	-	<b>1 500 000</b>	290	<b>(1 499 710)</b>	36
	<b>14 955 000</b>	-	<b>14 955 000</b>	<b>35 181 328</b>	<b>20 226 328</b>	
<b>Non-Current Liabilities</b>						
Provisions - Employee benefit obligation	7 350 000	1 150 000	<b>8 500 000</b>	10 173 668	<b>1 673 668</b>	
<b>Total Liabilities</b>	<b>22 305 000</b>	<b>1 150 000</b>	<b>23 455 000</b>	<b>45 354 996</b>	<b>21 899 996</b>	
<b>Net Assets</b>	<b>389 562 848</b>	<b>45 151 401</b>	<b>434 714 249</b>	<b>520 975 800</b>	<b>86 261 551</b>	
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Community Wealth/ Equity</b>						
Accumulated surplus	389 562 848	45 151 401	<b>434 714 249</b>	520 975 806	<b>86 261 557</b>	
<b>Total community wealth/ equity</b>	<b>389 562 848</b>	<b>45 151 401</b>	<b>434 714 249</b>	<b>520 975 806</b>	<b>86 261 557</b>	

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	37 974 311	7 700 000	<b>45 674 311</b>	70 269 431	<b>24 595 120</b>	1
Service charges	3 115 446	-	<b>3 115 446</b>	(5 624 114)	<b>(8 739 560)</b>	2
Other revenue	8 145 212	2 920 537	<b>11 065 749</b>	(5 350 069)	<b>(16 415 818)</b>	
Government grants - Operating	102 322 000	-	<b>102 322 000</b>	102 322 000	-	
Government grants - capital	27 223 000	-	<b>27 223 000</b>	27 223 000	-	
Interest	5 573 544	1 467 404	<b>7 040 948</b>	10 285 668	<b>3 244 720</b>	3
	<b>184 353 513</b>	<b>12 087 941</b>	<b>196 441 454</b>	<b>199 125 916</b>	<b>2 684 462</b>	
<b>Payments</b>						
Suppliers and employees	(123 870 621)	(1 500 000)	<b>(125 370 621)</b>	(95 577 276)	<b>29 793 345</b>	4
<b>Net cash flows from/ (used) operating activities</b>	<b>60 482 892</b>	<b>10 587 941</b>	<b>71 070 833</b>	<b>103 548 640</b>	<b>32 477 807</b>	
<b>Cash flows from investing activities</b>						
Capital assets	(96 044 850)	(3 488 397)	<b>(99 533 247)</b>	(82 933 612)	<b>16 599 635</b>	
Proceeds from sale of community assets	5 000 000	(5 000 000)	-	-	-	6
<b>Net cash flows from investing activities</b>	<b>(91 044 850)</b>	<b>(8 488 397)</b>	<b>(99 533 247)</b>	<b>(82 933 612)</b>	<b>16 599 635</b>	
<b>Cash flows from financing activities</b>						
Finance lease receipts	-	-	-	(190 878)	<b>(190 878)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(30 561 958)</b>	<b>2 099 544</b>	<b>(28 462 414)</b>	<b>20 424 150</b>	<b>48 886 564</b>	
Cash and cash equivalents at the beginning of the year	-	-	-	111 445 759	<b>111 445 759</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>(30 561 958)</b>	<b>2 099 544</b>	<b>(28 462 414)</b>	<b>131 869 909</b>	<b>160 332 323</b>	

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Capital expenditure</b>						
<b>Description</b>						
Roads, pavements and bridges	80 666 106	10 338 397	91 004 503	77 385 738	(13 618 765)	-
Electrical Infrastructure	-	1 200 000	1 200 000	963 428	(236 572)	-
Capital Spares	1 000 000	(200 000)	800 000	-	(800 000)	-
Halls	1 700 000	(900 000)	800 000	1 232 159	432 159	-
Cemeteries	1 500 000	(200 000)	1 300 000	1 198 023	(101 977)	-
Stalls	-	200 000	200 000	-	(200 000)	-
Indoor Facilities	8 759 744	(7 300 000)	1 459 744	1 280 391	(179 353)	-
Municipal Offices	250 000	350 000	600 000	-	(600 000)	-
Computers - hardware/ equipment	1 053 000	-	1 053 000	145 045	(907 955)	-
Furniture and other office equipment	808 000	-	808 000	767 996	(40 004)	-
Machinery and Equipment	308 000	-	308 000	24 593	(283 407)	-
	96 044 850	3 488 397	99 533 247	82 997 373	(16 535 874)	

Statement of Comparison of budget and Actual Amount- Explanatory Notes

Explanatory notes for variance more than 10%

Statement of Financial Performance

### Statement of financial performance

#### REVENUE

##### Agency Services

- The traffic station increased the working days, it now opens on Saturdays which led to increased Agency transactions. There is also an increase in the number of applicants requesting renewal of Professional driving permits.

##### Interest received on debtors

- The municipality changed the way in which interest on overdue accounts is charged. Interest was charged on the current portion (prior month debt) of debt but is now charged on the total amount outstanding.

##### Rental of facilities and equipment

- Most of the clients did not review their service level agreement for rental.

##### Licence and permits

- The number of learners licence applicants has decreased (in the previous year two classes were held per day and only one is held in the current year).

##### Other revenue

- This is due to the implementation of Spatial Planning and Land Management Use Act (SPLUMA) in July 2017. Before SPLUMA, some town planning applications were sent to COGHSTA for approval, which lead to a loss of revenue.

##### Traffic fines

- The municipality experience a number of strikes during the year under review, which disturbed the day to day operations of the municipality.

#### EXPENDITURE

##### Employee related costs

- There was a delay in the appointment of top level management positions. The municipality has a total of 4 director posts that are still vacant. Namely Municipal Manager, Chief Financial Officer, Technical Director and Corporate Director.

##### Depreciation and amortisation

- There was a delay in some of projects which were expected to be completed in the 17/18 financial year (they are still in WIP and not depreciating). The projects include Lorraine Bellville access road and Kanana

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Mahlomelong road and the three bridges.

### Debt impairment

- The municipality incorrectly used last year's actual figures as a baseline. The large debt impairment in the prior year was due to a significant increase in property rates from 2015/16 to 2016/17, resulting in the adjustment of the provision for doubtful debts, and the contra entry of debt impairment, increasing significantly last year. The difference is therefore due to incorrect budgeting.

### Loss on sale of disposal

- Assets were fully impaired and only R159 149 on the assets register were disposed.

### Other Expenditure

- As part of expenditure curtailment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes. As a result thereof, the municipality made savings on line items considered to be not directly related to service delivery, such as operational programmes. The budget split other material and other expenditure while the AFS doesn't split the two function, there are all called other expenditure on the AFS.

### STATEMENT OF FINANCIAL POSITION

#### Receivables from exchange transactions

- The municipality changed the way in which interest on overdue accounts is charged. Interest was charged on the current portion (prior month debt) of debt but is now charged on the total amount outstanding. New tariffs were also approved by council, which increased rates of services. On the MBRR the budget is recorded as consumer debtors which include receivable from exchange transaction and receivable from non-exchange transactions.

#### Receivables from non - exchange transactions

- A new valuation roll was implemented for the period 1 July 2017 to 30 June 2022 which led to increased market value of properties which led to increased property rates. Supplementary valuation roll was also increased which led to increased property rates. New tariffs were also approved by council, which increased rates of services. On the MBRR the budget is recorded as consumer debtors which include receivable from exchange transaction and receivable from non-exchange transactions.

#### Other debtors

- On the MBRR/budget other debtors consists of vat receivable and other debtors. Salary suspense account were not 100% cleared.

#### VAT receivable

- VAT returns for the 16/17 financial year were paid in the 17/18 financial year which decreased the VAT receivable. The budget is included under other debtors.

#### Inventory

- Lot of stock at hand for 2017/18 as compared to last financial period.

#### Cash and Cash equivalents

- There was a delay in completion of roads projects. The Contractor applied to Eskom to remove electricity poles on the road, Eskom took time which delayed the projects (the project money was therefore not fully spent). There was also an increase in the municipality's call deposit account due to interest earned.

#### Property, plant and equipment

- There was a delay in some of projects which were expected to be completed in the 17/18 financial year (they are still in WIP and not depreciating). The projects include Lorraine Bellville access road and Kanana Mahlomelong road and the three bridges.

#### Intangible assets

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

- The budget was based on the procurement of the software which was not done for 2017/18 FY.
- Heritage assets**
- On the budget for 2017/18 there is no line item for heritage assets and the budget was added on the property plant and equipment.
- Payable from exchange transactions**
- Lot of the project with an amount of R82 million were under construction, which lead to more unpaid retention of R14 million that will remain as a creditors. The budget document does not split between payable from exchange transaction and exchange transaction they both called trade and other payable.
- Payable from non-exchange transactions**
- The municipality had a lot of deposit for building plans and community halls which was remaining in our book as outstanding creditors, the money is only paid to the customer after the municipality receiving completion certificates from building unit. The budget document does not split between payable from exchange transaction and exchange transaction they both called trade and other payable.
- Unspent conditional grants**
- The municipality spent 99.99% on the conditional grants
- Provisions- Current liabilities**
- There was a change in the way in which leave provision is calculated. The Basic Condition for Employment act (BCEA) rating was not used to calculate leave provision. Before the BCEA rating, the number of days were used and salary were used to calculate provision. The BCEA rating considers additional factors like acting allowance, overtime.
- Provisions - Employee benefit obligation**
- The provision increased due to increase in inflation. The number of employees joining medical aid increased. New employees were also hired resulting in increased employee benefit obligation.
- CAPITAL EXPENTURE**
- Roads infrastructure**
- There was a delay in relocating of the Eskom poles for Lorraine Bellville and hlohlokwe access road projects, the municipality re-allocated the budget for these two in 2018/19 financial period.
- Capital spares- Roads**
- No appointment were made during the year under review.
- Electrical infrastructure**
- The project is completed, the municipality overestimated the budget of the project.
- Market stalls**
- No appointment were made during the year under review.
- Community halls**
- The project were wrongly allocated (misallocation of the project) to the other projects and identified after approval of the adjustment budget.
- Municipal offices**
- No appointment were made during the year under review.
- Computer equipment**
- Delay in the Supply chain process, the appointment was made in June 2018.
- Machinery and equipment**
- Delay in appointment of service provider for own funding projects.
- CASH FLOW STATEMENTS**
- Property rates, penalties and collection charges**
- The municipality revenue for property rates was based on the actual budget that was made on 2016/17 financial

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Statements of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

period, the municipality managed to receive more revenue on property rates than anticipated.

### Service charges

- The municipality revenue for services was based on the actual budget that was made on 2016/17 financial period, the municipality receive less revenue on services charges than anticipated.

### Interest

- The municipality cash flow revenue interests is more than anticipated. The interest was based on the money that was invested on 2017/18.

### Suppliers and employees

- As part of expenditure curtailment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes. As a result thereof, the municipality made savings on line items considered to be not directly related to service delivery, such as operational programmes. The budget split other material and other expenditure while the AFS doesn't split the two function, there are all called other expenditure on the AFS.

### Capital expenditure

There was a delay in relocating of the Eskom poles for Lorraine Bellville and hlohlokwe access road projects, the municipality re-allocated the budget for these two in 2018/19 financial period.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Municipal Finance Management Act (Act 56 of 2003).

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

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

The annual financial statements presents fairly the financial position, performance and cashflow of the municipality.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These financial statements are presented in South African Rand (R), rounded off to the nearest Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

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

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

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

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

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

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

##### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

##### **Useful lives of property plant, equipment and intangible assets**

The GPL's management determines the estimated useful lives and related depreciation charges for the property plant and equipment, and software and development cost. This estimate is based on pattern in which as assets future economic benefit or services potential are expected to be consumed by the entity.

##### **Effective interest rate**

The GPL uses an appropriate rate, taking into account guidance provided in the accounting standards and applying professional judgement to the specific circumstances to discount future cash flows.

#### 1.4 Comparative Information

##### 1.3.1 Current year comparative budget

Budget information in accordance with GRAP 1 and 24, has been provided in these annual financial statements.

##### 1.3.2 Prior year comparatives

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.4 Comparative Information (continued)

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.

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.5 Standards, Amendments to Standards and Interpretations issued but not yet effective

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

No	Title of Standard	Impact on GRAP Reporting Framework
GRAP 20	Related Party Disclosures	No material impact
GRAP 32	Service Concession Arrangements: Grantor	No material impact
GRAP 108	Statutory Receivables	No impact as no merger is anticipated in the foreseeable future

An effective date is yet to be determined for the other standards by the Minister.

### 1.6 Community assets

#### Initial recognition

Community assets 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 period.

The cost of an item of community assets is recognised as an asset when:

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

Community assets is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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.

#### Subsequent measurement - Cost model

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

Where the municipality replaces parts of an asset, it de-recognises 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

#### Subsequent measurement - Land

Land is not depreciated as it is deemed to have an indefinite useful life. Subsequent to initial recognition, land is measured at fair value.

#### Depreciation and impairment

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives as per the MFMA - Local Government Capital Assets Management Guideline:

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Asset Description	Depreciation method	Useful Lifespan
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# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.6 Community assets (continued)

Roads, pavements, bridges and storm water	Straight line	5- 100 years
Street names, signs and parking meters	Straight line	5-45 years
Community halls	Straight line	25 years
Libraries	Straight line	25 years
Recreation facilities	Straight line	25-100 years
Cemetery fencing	Straight line	10 years
Motor vehicles	Straight line	7-10 years
IT equipment	Straight line	5-7 years
Plant and equipment	Straight line	5-10 years
Office equipment	Straight line	5-7 years
Operational plant and equipment	Straight line	6-10 years
Finance Lease assets - Office equipment	Straight line	3-5 years
Books and Publications	Straight line	10-20 years
Office Furniture	Straight line	5-10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of community assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of community assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain community assets in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.7 Intangible assets

#### Initial recognition

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

Intangible assets are initially recognised at cost.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.7 Intangible assets (continued)

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition...

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

#### Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

#### Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Item	Useful life
Licenses and franchises	7 years
Computer software, other	7 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

Each item of intangible asset is amortised separately.

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

#### De-recognition.

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

### 1.8 Heritage assets

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

#### Initial recognition and measurement

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations

A heritage asset as an asset if:

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

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.8 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

A heritage asset shall not be depreciated but the municipality shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The carrying amount of a heritage asset shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

### 1.9 Investment property

#### Initial recognition

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

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

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

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

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

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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

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### 1.9 Investment property (continued)

#### Subsequent measurement

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

#### Derecognition

The carrying amount of investment property shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The nature OR type of properties classified as held for strategic purposes are as follows:

### 1.10 Inventories

#### Initial recognition

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

#### Subsequent recognition

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

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

Unsold properties are held for own use with the result that it should be carried at the lower of cost or current replacement cost.

#### Cost formula

The cost of inventories is assigned by using the weighted average cost formula.

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### 1.11 Financial instruments

#### Initial recognition

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with GRAP 104, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

#### Subsequent measurement

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

The municipality classifies its financial assets into the following categories:

- loans and receivables; and
- fair value through profit and loss

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

#### Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

#### Trade payables and borrowings

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

#### Cash and cash equivalents

Cash includes cash on hand and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities

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### 1.11 Financial instruments (continued)

of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

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

#### Impairment

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the financial asset.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

#### Impairment of non-financial assets

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or 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.

### 1.12 Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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### 1.12 Provisions and contingent liabilities (continued)

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

The municipality does not recognise a contingent liability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

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

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

### 1.13 Leases

#### Finance leases - lessee

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

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

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

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

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### 1.13 Leases (continued)

#### Operating leases - lessor

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

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

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

#### Operating leases - lessee

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

### 1.14 Revenue from exchange transactions

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

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

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

#### Service charges

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

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

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

#### Sale of goods

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

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

#### Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective interest yield on the asset.

#### Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when incurred.

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### 1.15 Revenue from non-exchange transactions

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

#### Rates (including collection charges and penalty interest)

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

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

#### Fines.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Law enforcement officials are able to impose fines on individuals considered to have breached the law. In these cases, the individual will normally have the choice of paying the fine, or going to court to defend the matter, where a defendant reaches an agreement with a prosecutor that includes the payment of penalty instead of being tried in court, the payment is recognised as a fine.

Fines are recognised at the full amount at transaction date. Subsequent to the initial recognition of revenue charged, the fines are assessed for impairment when the accounts fall into arrears.

#### Other revenue.

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

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

### 1.16 Employee benefits

#### Short-term employee benefits

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

#### Post employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

The cost of all short term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related services. The Municipality recognises the expected cost of performance bonus only when the Municipality has a present legal or constructive obligation to make such payments, and a reliable estimate can be made.

#### Termination benefits

Termination benefits are recognised when actions have been taken to indicate that 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.

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### 1.16 Employee benefits (continued)

#### Long term employee benefits

The Municipality provides long term incentives to eligible employees, payable on completion of years of employment. The liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long term incentives are accounted for through the Statement of Financial Performance.

### 1.17 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 1.18 Compound instruments

Conditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in an agreement/ arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Interest earned on the investment is treated in accordance with grant conditions.

### 1.19 Accumulated surplus

A statement of changes in net assets is included in the Annual Financial Statements that discloses the following:

- the effect of changes in accounting policies and correction of errors;
- the balance of retained earnings at the beginning of the period and at the balance sheet date and the changes during the period; and
- a reconciliation between the carrying amount of each class of reserves at the beginning and the end of the period.

### 1.20 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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### 1.20 Related parties (continued)

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

### 1.21 Changes in accounting policies and estimates and prior year errors

#### Accounting policies

Accounting policies are only changed if required by an accounting standards or interpretation, the change will provide more relevant and reliable information or in terms of the transitional provisions of the new standards.

Accounting policy changes are applied retrospectively, including all comparative periods shown and their opening balances.

#### Change in estimates

The effect of a change in an accounting estimate is recognised prospectively by including it in surplus or deficit in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

#### Prior period errors

Corrections are made retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period presented in which the error occurred; or
- (b) 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.

### 1.22 Significant judgements and estimates

#### Use of estimates.

The use of accounting estimates is an essential part in the preparation of financial statements. They arise as a result of uncertainties inherent in delivering goods, services and conducting trading activities.

The use of estimates does not undermine the reliability of the information presented as the estimate should be made using the latest available and most reliable information.

As and when the information on which the estimate is based changes, it also becomes necessary to revise the previous estimate. By nature, the revision of an estimate does not have an effect on prior periods and is therefore not a correction of a prior period error. A revision of an accounting estimate won't be seen to be a correction of an error provided the estimate was based on the latest and most reliable information available at the time that the estimate was made. An example of a change in accounting estimate will be the reassessment of the prior period impairment loss based on new information available in the current financial period.

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### 1.22 Significant judgements and estimates (continued)

Other provisions

Pension and other employment benefits

Post-employment benefits offered by the entity take the form of defined benefit plans. The cost of defined benefit pension plans, other post-employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations.

An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

For key actuarial assumptions, refer to Notes 17.

### 1.23 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

The notes to the financial statements must disclose the nature and amount of each material individual and each material class of capital expenditure commitment as well as non-cancellable operating leases contracted for at the reporting date.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.24 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

### 1.25 Presentation of budget policy

The following is presented as a note to the Financial Statement:

Last approved and final budget amounts (which includes changes made by management within the prescribed limits), budget and actual amounts on a comparable basis; and explanations of material differences between budget and actual amounts, except where explanations have been included in other documents published in conjunction with the financial statements and cross reference to these documents is made.

### 1.26 Unauthorised expenditure

Unauthorised expenditure means:

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

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 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.

### 1.27 Irregular expenditure

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

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### 1.27 Irregular expenditure (continued)

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

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

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

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

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.28 Fruitless and wasteful expenditure

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

### 1.29 Events after reporting date

Events that occur after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

#### Adjusting events

Events that provided additional evidence of the conditions that existed at the end of the reporting period.

#### Non-adjusting events.

Events which are indicative of the conditions that arose after the reporting period.

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

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.30 Value Added Tax (VAT)

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

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## Notes to the Financial Statements

Figures in Rand

2018

2017

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current period under review

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

##### **GRAP 12 (as amended 2016): Inventories**

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

##### **GRAP 16 (as amended 2016): Investment Property**

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

##### **GRAP 17 (as amended 2016): Property, Plant and Equipment**

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

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- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

### **GRAP 21 (as amended 2016): Impairment of non-cash-generating assets**

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

### **GRAP 26 (as amended 2016): Impairment of cash-generating assets**

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

### **GRAP 31 (as amended 2016): Intangible Assets**

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

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- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

### **GRAP 103 (as amended 2016): Heritage Assets**

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

### **2.3 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

#### **GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.

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- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

### **GRAP 105: Transfers of functions between entities under common control**

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 30 June 2018.

The municipality expects to adopt the standard for the first time in the 2018 financial statements.

The impact of this amendment is currently being assessed.

### **GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

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It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

### 3. Inventories

Raw materials, components	162 002	27 166
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#### 3.1 Movement for inventories

Stationery	14 221	(10 680)
Consumables	(6 844)	(11 307)
Maintenance - Building material	127 459	-
	<b>134 836</b>	<b>(21 987)</b>

Held for own use with the aim that it should be carried at the lower of cost or current replacement cost. Inventory has not been pledged as security for liabilities.

### 4. Receivables from exchange transactions

Trade debtors - Refuse / waste management	1 868 275	2 862 916
Less: Provision for Doubtful Debts	(6 049 743)	(3 941 662)
Other debtors - sundry debtors	7 038 932	1 675 763
	<b>2 857 464</b>	<b>597 017</b>

#### Aged debtors

Refuse and other	2018	2017
Current (0 - 30 days)	1 097 128	493 172
31 - 60 days	248 959	256 041
61 - 90 days	684 603	231 829
91 - 120 days	698 391	170 963
120 days +	6 129 978	3 386 674
	<b>8 859 059</b>	<b>4 538 679</b>

Receivables from exchange transactions at 30/06/2018: R 8 859 059 (30/06/2016: R 4 538 679).

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	3 941 662	4 284 809
Provision for impairment	2 108 081	-
Unused amounts reversed	-	(343 147)
	<b>6 049 743</b>	<b>3 941 662</b>

### 5. Receivables from non-exchange transactions

Fines	2 919 845	2 726 435
Consumer debtors	68 892 544	52 972 574
Provision for Impairment - Debtors for rates and traffic fines	(54 713 636)	(48 576 309)
	<b>17 098 753</b>	<b>7 122 700</b>

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## Notes to the Financial Statements

Figures in Rand	2018	2017		
<b>Debtors for rates and traffic fines</b>				
Rates	68 892 544	52 972 574		
Less: Provision for debt impairment	(52 559 498)	(45 943 643)		
	<b>16 333 046</b>	<b>7 028 931</b>		
<b>Debtors for traffic fines</b>				
Debtors for traffic fines	2 919 845	2 726 435		
Less : Provision for debt impairment	(2 154 138)	(2 632 665)		
	<b>765 707</b>	<b>93 770</b>		
<b>Debtors ageing</b>				
<b>Rates</b>				
Current ( 0 - 30 days)	7 262 731	8 981 230		
31 - 60 days	3 962 104	3 531 866		
61 - 90 days	3 164 679	2 995 276		
91 - 120 days	2 968 791	2 739 178		
120 days +	51 534 239	34 725 024		
Sub-total (rates)	68 892 544	52 972 574		
Traffic fines	2 950 873	2 726 435		
	<b>71 843 417</b>	<b>55 699 009</b>		
Receivables from non-exchange transactions at 30/06/2018: R 71 843 417 (30/06/2017 : R55 699 009).				
<b>Summary of debtors.</b>				
<b>Summary of debtors by customers classification:</b>				
<b>Rates, traffic, refuse &amp; other</b>				
	Consumers	Industrial Commercial	Government	Total
Current (0 -30 days)	- 3 409 505	3 591 343	1 563 020	8 563 868
31 - 60 days	- 1 247 967	1 636 409	1 146 957	4 031 333
61 - 90 days	- 1 113 860	1 209 044	1 177 424	3 500 328
91- 120 days	- 926 699	1 464 118	1 159 182	3 549 999
120 days +	- 14 912 584	26 140 587	15 122 711	56 175 882
Subtotal (aged debtors)	- 21 610 615	34 041 501	20 169 294	75 821 410
Traffic fines (not aged)	-	-	-	2 950 873
	<b>- 21 610 615</b>	<b>34 041 501</b>	<b>20 169 294</b>	<b>78 772 283</b>
<b>Reconciliation of debt impairment provision</b>				
Balance at the beginning of the year		75 992 753	55 166 176	
Adjustments to provision		8 774 365	20 826 577	
Balance at the end of the year		(84 767 118)	(75 992 753)	
		-	-	
<b>Rates, traffic fines, refuse &amp; other</b>				
Balance at the beginning of the year		(52 517 940)	(33 856 322)	
Adjustments to provision:				
Refuse & other		(2 108 081)	343 148	
Rates		(6 615 855)	(18 153 126)	
Traffic fines		478 527	(851 670)	
		<b>(60 763 349)</b>	<b>(52 517 970)</b>	

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Figures in Rand	2018	2017
<b>Consists of:</b>		
Refuse & other	(6 049 743)	(3 941 662)
Rates	(52 559 498)	(45 943 643)
Traffic fines	(2 154 138)	(2 632 665)
	<b>(60 763 379)</b>	<b>(52 517 970)</b>

The amount for the provision as at 30 June 2018 was R 60 763 379 (2017: R-52 517 940)

In light with the accounting policy of Maruleng Municipality on account receivables, a provision is made on accounts which are overdue for more than 90 days. Based on the debtor's ageing analysis above, an average of 73% is noted on accounts which are overdue in the previous three years which indicates the significant backlog of recoverability of outstanding debtors that falls due for over 90 days and therefore the provision made based on 90 days plus benchmark appears to be reasonable.

### 6. VAT receivable

VAT	12 906 087	27 036 185
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VAT is accounted for on cash basis.

### 7. Other debtors

#### Other receivables

Other receivables	792 027	542 322
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#### Inter-municipal receivables

Gross debtors	24 003 740	23 474 784
Provision for debt impairment	(24 003 740)	(23 474 784)
	-	-

#### Other debtors

Other debtors	571 225	196 931
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Reconciliation of debt impairment provision

#### Inter-municipal debtors

Balance at the beginning of the year	(23 474 748)	(22 637 207)
Adjustments to provision	(528 992)	(837 577)
	<b>(24 003 740)</b>	<b>(23 474 784)</b>

### 8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on floats	710	710
Cash at bank	23 469 057	9 793 594
Call deposits	108 400 139	101 651 455
	<b>131 869 906</b>	<b>111 445 759</b>

The municipality has the following bank accounts:

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Figures in Rand	2018	2017
<b>Current account (primary bank account) - Standard Bank Hoedspruit Branch : Account Number 033355487</b>	2018	2017
Bank statement balance at beginning of the year	9 795 733	14 256 490
Bank statement balance at the end of the period	23 975 116	9 795 733
Cashbook balance at the beginning of year	9 793 594	14 675 109
Cashbook balance at the end of the period	23 469 057	9 793 594
<b>Standard Bank Account: Call deposit Account - Account number: 038579111-02</b>		
Bank statement balance at the beginning of the period	71 894 990	46 978 308
Bank statement balance at the end of period	76 745 655	71 894 990
Cashbook balance at the beginning of the period	71 894 990	46 978 308
Cashbook balance at the end of period	76 745 655	71 894 990
<b>Investec Bank Account: 32 days notice account - Account number 1100464721500</b>		
Bank statement balance at the beginning of the period	29 756 466	27 888 711
Bank statement balance at the end of the period	31 654 483	29 756 466
Cashbook balance at the beginning of the period	29 756 466	27 888 711
Cashbook balance at the end of period	31 654 483	29 756 466
<b>Call deposits Cash balances</b>		
Standard Bank Account	76 745 655	71 894 990
Investec Bank Account	31 654 483	29 756 466
	<b>108 400 138</b>	<b>101 651 456</b>

### 9. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	6 796 836	-	6 796 836	6 796 836	-	6 796 836

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2018

2017

### Reconciliation of investment property - June 2018

	Opening balance	Fair value adjustments	Total
Investment property	6 796 836	-	6 796 836

### Reconciliation of investment property - June 2017

	Opening balance	Transfers	Total
Investment property	4 425 836	2 371 000	6 796 836

Investment property is valued at fair value as at 30 June 2018.

The investment property relates to property on land owned by the municipality.

#### Valuation details.

The effective date of the valuation was 30 June 2016.

The valuation was performed by an independent valuer, Mr G Ramovha, who is not connected to the municipality and has experience and knowledge regarding the location and category of the property being valued.

The valuation was based on open market value for existing use on the income method (income capitalisation), and the capitalisation rate used was 10%.

The assumptions used to arrive at the fair values were based on current market conditions.

#### Pledged as security

During the financial period ended 30 June 2018, no components of investment property were pledged as security for borrowings or banking facilities.

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### 10. Community assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	20 871 999	-	20 871 999	20 871 999	-	20 871 999
Buildings	74 022 074	(29 393 842)	44 628 232	74 022 074	(25 921 007)	48 101 067
Plant and machinery	1 104 942	(579 971)	524 971	1 249 496	(543 006)	706 490
Furniture and fixtures	5 985 429	(4 107 329)	1 878 100	5 313 476	(3 600 105)	1 713 371
Motor vehicles	7 846 668	(2 881 635)	4 965 033	7 846 668	(2 073 865)	5 772 803
IT equipment	2 413 744	(1 740 177)	673 567	2 306 127	(1 311 331)	994 796
Roads - Infrastructure	125 876 142	(21 509 823)	104 366 319	102 926 698	(18 590 661)	84 336 037
Community assets	152 338 164	(60 159 920)	92 178 244	133 972 657	(48 531 131)	85 441 526
WIP - Infrastructure	105 496 317	-	105 496 317	68 899 815	-	68 899 815
Lv Network	10 688 345	(9 290 240)	1 398 105	11 119 212	(9 109 171)	2 010 041
Other assets	96 813	(77 475)	19 338	223 805	(156 876)	66 929
Solid waste infrastructure	552 410	(456 433)	95 977	552 410	(418 148)	134 262
Storm water infrastructure	16 854 820	(1 343 986)	15 510 834	12 801 551	(1 091 326)	11 710 225
<b>Total</b>	<b>524 147 867</b>	<b>(131 540 831)</b>	<b>392 607 036</b>	<b>442 105 988</b>	<b>(111 346 627)</b>	<b>330 759 361</b>

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### Reconciliation of property, plant and equipment - June 2018

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers received	Transfers	Foreign exchange movements	Depreciation	Impairment loss	Total
Land	20 871 999	-	-	-	-	-	-	-	-	20 871 999
Buildings	48 101 067	-	-	-	-	-	-	(3 472 835)	-	44 628 232
Plant and machinery	706 490	32 478	-	-	-	-	-	(181 596)	(32 401)	524 971
Furniture and fixtures	1 713 371	863 782	-	-	-	-	-	(675 629)	(23 424)	1 878 100
Transport assets	5 772 803	-	-	-	-	-	-	(807 770)	-	4 965 033
Computer equipment	994 796	136 762	-	-	-	-	-	(455 381)	(2 610)	673 567
Infrastructure - roads	84 336 037	29 100	-	(2 347)	-	23 015 273	-	(3 011 744)	-	104 366 319
Community assets	85 441 526	-	-	-	-	18 365 595	-	(7 254 915)	(4 373 962)	92 178 244
WIP - Infrastructure	68 899 815	82 030 639	-	-	-	(45 434 137)	-	-	-	105 496 317
Electrical infrastructure	2 010 041	-	-	(156 802)	-	-	-	(455 134)	-	1 398 105
Other assets	66 929	-	-	-	-	-	-	(20 691)	(26 900)	19 338
Solid waste infrastructure	134 262	-	-	-	-	-	-	(38 285)	-	95 977
Storm water infrastructure	11 710 225	-	-	-	-	4 053 269	-	(252 660)	-	15 510 834
	<b>330 759 361</b>	<b>83 092 761</b>	-	<b>(159 149)</b>	-	-	-	<b>(16 626 640)</b>	<b>(4 459 297)</b>	<b>392 607 036</b>

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### Reconciliation of property, plant and equipment - June 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	23 243 000	-	-	(2 371 001)	-	-	20 871 999
Buildings	51 572 569	6 930	-	-	(3 478 432)	-	48 101 067
Plant and machinery	883 501	630	-	-	(176 715)	(926)	706 490
Furniture and fixtures	2 166 836	223 353	-	-	(651 546)	(25 272)	1 713 371
Motor vehicles	6 189 910	-	-	-	(417 107)	-	5 772 803
Computer equipment	1 441 800	69 745	-	-	(491 824)	(24 925)	994 796
Infrastructure - roads	77 440 414	4 040	-	9 690 193	(2 708 181)	(90 429)	84 336 037
Community assets	91 960 577	-	-	179 414	(6 538 811)	(159 654)	85 441 526
WIP - Infrastructure	30 076 153	48 997 881	-	(10 174 219)	-	-	68 899 815
Electrical infrastructure	7 074 323	-	(4 236 482)	-	(827 800)	-	2 010 041
Other assets	92 003	-	-	-	(22 255)	(2 819)	66 929
Solid Waste Infrastructure	189 503	-	-	-	(55 241)	-	134 262
Storm water Infrastructure	11 632 111	-	-	304 612	(226 498)	-	11 710 225
	<b>303 962 700</b>	<b>49 302 579</b>	<b>(4 236 482)</b>	<b>(2 371 001)</b>	<b>(15 594 410)</b>	<b>(304 025)</b>	<b>330 759 361</b>

Land was fair valued on 30 June 2016.

### Valuation details.

The effective date of the valuations remains 30 June 2016.

The valuation was performed by an independent valuer, Hangwani Petrus Matildza, who is not connected to the municipality and has experienced and knowledge regarding the location and category of the property being valued. The valuation was based on open market value for existing use. All assumptions used to arrive at the fair values were based on current market conditions. The Council policy is to revalue every four years.

### Pledged as security

During the financial year ended 30 June 2018, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

The municipality is initiating a process of engaging the private occupier in erf 196 to enter into a new arrangement. The land was leased to the private occupier pre 1994 at 99c per annum.

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand

2018

2017

### Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)	Number of assets	Residual Value
Furniture and Office Equipme	588	100 609
Machinery and Equipment	55	23 938
Transport Assets	2	407 169
Computer Equipment	70	16 131
Community Assets	8	77 958
Solid Waste Infrastructure	1	16 956
Library Books	208	809
	<b>932</b>	<b>643 570</b>

### 11. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 084 089	(636 622)	447 467	1 084 089	(467 297)	616 792

#### Reconciliation of intangible assets - June 2018

	Opening balance	Additions	Amortisation	Total
Computer software	616 792	-	(169 325)	447 467

#### Reconciliation of intangible assets - June 2017

	Opening balance	Amortisation	Total
Computer software	788 068	(171 276)	616 792

### Pledged as security

During the financial period ended 30 June 2018, no components of intangible assets were pledged as security for borrowings or banking facilities.

### 12. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	222 000	-	222 000	222 000	-	222 000

#### Reconciliation of heritage assets - June 2017

	Opening balance	Total
Heritage assets	222 000	222 000

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### Age and/or condition of heritage assets

During the financial year ended 30 June 2018, no components of heritage assets were pledged as security for borrowings or banking facilities. No inflow of future economic benefits or service potential associated with the above listed Heritage Assets has been deemed to be probable, as required by GRAP 103.13(b).

### 13. Payables from exchange transactions

Trade creditors	537 604	522 805
Accruals	4 863 931	5 292 610
Retentions	14 152 127	9 069 757
Unknown deposits	2 145 474	1 857 289
	<b>21 699 136</b>	<b>16 742 461</b>

### 14. Trade and other payables from non exchange transactions

Refunds arising from non-exchange revenue	79 003	-
Amounts received in advance - Consumer debtors	4 942 186	4 489 889
Trade and other payables	1 424 209	898 210
	<b>6 445 398</b>	<b>5 388 099</b>

### 15. Employee benefit obligations Short term

The total amounts recognised in the statement of financial position are as follows:

Leave provision	5 185 528	3 921 420
Bonus provision	1 239 513	1 027 272
Provision for performance bonuses	611 464	750 260
	<b>7 036 505</b>	<b>5 698 952</b>

Performance bonuses are paid one year in arrears as the assessment of eligible employees takes place after the reporting date. The performance bonuses are only applicable to directors. In order to qualify for a performance bonus, an employee must have been employed for a minimum period of twelve months.

### 16. Unspent conditional grants and receipts

<b>Conditional Grants from other spheres of government</b>	<b>2018</b>	<b>2017</b>
Municipal Infrastructure Grant	98	-
Expanded Public Works Programme Grant	192	-
	<b>290</b>	<b>-</b>

This highlights the nature and extent of the government grants recognised in the financial statements, indication of the other forms of government assistance from which the municipality has directly benefited, unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 25 for the reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised.

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

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Figures in Rand	2018	2017
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### 17. Provisions - Employee benefit obligation

<b>Amounts recognised in the statement of financial position are as follows:</b>	2018	2017
Long service awards	3 293 859	2 780 932
Post employment medical aid	6 879 809	5 304 603
	<b>10 173 668</b>	<b>8 085 535</b>

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Long service awards.

Long service awards relate to the legal obligation to provide long service leave awards.

Actuarial benefits has been performed on all 155 employees as at 30 June 2018 that are entitled to long services awards. The long service awards liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability.

Maruleng offers bonuses every five years of completed services from 10 years to 45 years.

The unfunded accrual liability at the valuation date is R3 293 859 (2017 - R2 780 932).

<b>The amount recognised in the statement of financial position is as follows:</b>	2018	2017
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	2 780 932	2 442 777

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<b>Change in the present value of the defined benefit obligation are as follows:</b>	2018	2017
Opening accrued liability	2 780 932	2 442 777
Current service cost	333 505	334 623
Interest cost	228 497	209 834
Actuarial gains and losses	235 156	(110 657)
Expected contributions (benefits paid)	(284 231)	(95 645)
	<b>3 293 859</b>	<b>2 780 932</b>

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<b>Calculation of actuarial gains and losses</b>	2018	2018
Actuarial losses/ (gains) - obligation	235 156	(110 657)

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## Notes to the Financial Statements

Figures in Rand	2018	2017
<b>Key assumptions used</b>		
<b>Assumption used at the reporting date</b>		
Discount rates used	9.18%	8.76%
General salary inflation	6.73%	6.47%
Net discount rate	2.30%	2.04%
Normal retirement age	63	63
<b>Post employment medical aid</b>		
An actuarial valuation has been performed in respect of post-employment medical benefits which employees may become entitled to after retirement.		
The employee post employment health care liability consists of the commitment to pay a portion of the Pensioners Medical Scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical schemes after the death of the pensioner.		
<b>A summary of assumptions was provided to the municipality.</b>		
The medical aid contribution is an actuarial calculation which was performed by Arch Actuarial Valuers, an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes. Currently there are no pensioners being subsidised for medical aid contributions hence no benefits payment		
<b>The amount recognised in the statement of financial position is as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation- wholly unfunded	6 879 809	5 304 603
<b>Change in the present value of the defined benefit obligation are as follows:</b>		
Opening accrued liability	5 304 603	4 622 781
Current service cost	596 420	554 574
Interest cost	535 377	459 013
Actuarial gains and losses	443 409	(331 765)
	<b>6 879 809</b>	<b>5 304 603</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial gains/ (losses)	443 409	(331 765)
<b>Key assumptions used</b>		
<b>Assumption used at the reporting date</b>		
Discount rates used	10.65%	10.09%
General salary inflation	7.39%	7.39%
Net discount rate	2.13%	1.61%
Health care cost inflation	8.34%	8.35%
Consumer cost inflation	6.84%	6.4%
<b>18. Agency fees</b>		
	2018	2017
Gross receipts from vehicle licensing	10 281 103	9 148 998
Transfers to Department of Roads and Transport	(8 348 824)	(7 738 154)
	<b>1 932 279</b>	<b>1 410 844</b>

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## Notes to the Financial Statements

Figures in Rand	2018	2017
	2018	2017
Agency fees from Mopani District Municipality	197 514	174 655
	2018	2017
Gross total	2 129 794	1 585 500
<b>19. Finance income</b>		
<b>Interest revenue</b>		
Interest receivables - external investments	6 748 684	6 784 436
Interest charged on trade and other receivables	3 536 984	268 622
	<b>10 285 668</b>	<b>7 053 058</b>
<b>20. Licences and permits</b>		
Traffic learners and drivers' licences	2 490 110	2 526 173
<b>21. Other revenue</b>		
Building inspection fee	279 417	135 936
Building plans	1 333 129	753 614
Certificate of occupancy	-	128 193
Library fines	694	875
Library membership fees	4 670	3 149
Membership fees	39 751	147
Other income	-	762
Clearance certificates	345 874	156 675
Handling fees	49 217	-
Penalties	-	3 947
Rezoning	149 779	37 586
Signboards, adverts etc	42 003	34 165
Site development	32 163	32 261
Special consent application	-	8 850
Swimming pool application fees	-	36 115
Tender documents	134 400	627 750
Town planning fees	976	1 910
Trading licence fees	1 282	37 516
Valuation certificates	7 407	152
Zoning certificates	6 223	1 229
	<b>2 426 985</b>	<b>2 000 832</b>
<b>22. Service charges</b>		
Refuse removal	3 150 246	3 039 615

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

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Figures in Rand	2018	2017
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### 23. Property rates

#### Rates received

Property rates	82 364 883	64 723 757
Less: Income forgone	(12 095 452)	(3 135 503)
	<b>70 269 431</b>	<b>61 588 254</b>

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#### Valuations

Residential	3 338 155 689	3 278 729 053
Commercial	524 466 700	2 020 064 729
State	540 362 000	514 474 300
Agricultural	5 390 872 105	2 182 760 216
Other	656 490 530	788 897 939
	<b>10 450 347 024</b>	<b>8 784 926 237</b>

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The current valuation roll was implemented with effect from 01 July 2012 for the period up to 30 June 2017. Supplementary valuations created additional billing and resulted in an increase of revenue due to the conducting and implementation supplementary valuations. The municipality implemented the supplementary general valuation roll for the period ended 30 June 2016 which led to an increase of debtors book and increase in billing for property rates. The implementation of a new general valuation roll was performed for the 2017/18 financial period.

### 24. Traffic fines

Traffic fines	398 600	1 069 800
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# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand 2018                      2017

### 25. Government grants and subsidies

#### Operating grants

Equitable share	99 298 000	91 329 004
Financial Management Grant (FMG)	1 900 000	1 825 000
Expanded Public Works Programme (EPWP)	1 123 808	1 000 000
	<b>102 321 808</b>	<b>94 154 004</b>

#### Capital grants

Municipal Infrastructure Grant	27 222 902	49 660 371
	<b>129 544 710</b>	<b>143 814 375</b>

#### Operating grants consist of:

Unconditional grants received - Equitable Share	99 298 000	91 329 003
Conditional grants received - Financial Management Grant (FMG)	1 900 000	1 825 000
Conditional grants received - Expanded Public Works Programme (EPWP) Grant	1 123 807	1 000 000
	<b>102 321 807</b>	<b>94 154 003</b>

#### Equitable Share

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

Current-year receipts	99 298 000	91 329 003
Conditions met - transferred to revenue	(99 298 000)	(91 329 003)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

The purpose of the grant is for institutional systems. No funds were withheld or delayed.

#### Finance Management Grant

Current-year receipts	1 900 000	1 825 000
Conditions met - transferred to revenue	(1 900 000)	(1 825 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

(See note 16).

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met.

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## Notes to the Financial Statements

Figures in Rand	2018	2017
<b>Expanded Public Works Programme Grant</b>		
Current-year receipts	1 124 000	1 000 000
Conditions met - transferred to revenue	(1 123 808)	(1 000 000)
<b>Unspent amount transferred to liabilities</b>	<b>192</b>	<b>-</b>

(See note 16).

This grant is used to provide skills and temporary work to unemployed people.

### Capital Grants

Balance unspent at beginning of year	-	20 242 371
Current-year receipts	27 223 000	29 418 000
Conditions met - transferred to revenue	(27 222 902)	(49 660 371)
	<b>98</b>	<b>-</b>

### Capital grants consist of:

Municipal Infrastructure Grant	27 222 902	49 660 371
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This grant was used to construct the municipal infrastructure to provide basic services for the benefits of the households within the municipality's jurisdiction. The conditions of the grant were met. No funds have been withheld by National Treasury and grounds of failure to meet grant conditions.

### Municipal Infrastructure Grant (MIG)

Current year receipts	27 223 000	49 660 371
Conditions met - transferred to revenue	(27 222 902)	(49 660 371)
<b>Balance unspent at beginning of financial year</b>	<b>98</b>	<b>-</b>

(See note 16)

This grant was used to construct the municipal infrastructure to provide basic services for the benefits of the households within the municipality's jurisdiction. The conditions of the grant were met. No funds have been withheld by National Treasury on grounds of failure to meet grant conditions.

# MARULENG LOCAL MUNICIPALITY

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## Notes to the Financial Statements

Figures in Rand	2018	2017
<b>26. Employee related costs</b>		
Employee related costs - Salaries and wages	39 674 581	37 359 538
Employee related costs - social contributions	9 899 368	8 776 716
Travel, motor car, accommodation, subsistence and other allowances	4 224 691	3 928 370
Long-service awards	779 861	444 048
Housing benefits and allowances	720 271	727 366
Post retirement benefits	1 575 206	681 822
	<b>56 873 978</b>	<b>51 917 860</b>

### Municipal Manager

Annual Remuneration	424 718	477 273
Performance and other bonuses	-	187 650
Travel and other allowances	230 704	201 988
Contributions to UIF, Medical and Pension Funds	119 509	90 409
Other benefits and allowance	-	655 731
Payments in lieu of leave	78 460	238 448
	<b>853 391</b>	<b>1 851 499</b>

The post of Accounting officer was acted by two officials during the year under review, (Ms Mokonyana L and Mr Lethole). The position of accounting officer was vacant from February 2018.

### Remuneration of Chief Financial Officer

Annual Remuneration	-	753 123
Travel and other allowances	-	199 799
Contributions to UIF, Medical and Pension Funds	-	97 220
Payments in lieu of leave	-	183 132
	-	<b>1 233 274</b>

Ms F Sekgobela was appointed as the acting Chief Financial Officer from 1 July 2017 to date and her acting allowance was R 2 694.

### Director: Technical Services

Annual Remuneration	-	508 507
Performance and other bonuses	-	64 404
Travel and other allowances	-	98 099
Contributions to UIF, Medical and Pension Funds	-	185 958
Payments in lieu of leave	-	134 768
	-	<b>991 736</b>

The position of Director Technical Services has been vacant during the reporting period.

### Director: Community Services

Annual Remuneration	784 560	696 285
Performance and other bonuses	130 827	59 310
Acting allowance	-	31 162
Travel and other allowances	95 641	94 799
Contributions to UIF, Medical and Pension Funds	182 096	195 692
	<b>1 193 124</b>	<b>1 077 248</b>

### Director: Spatial Development and Planning

Annual Remuneration	631 258	522 679
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## Notes to the Financial Statements

Figures in Rand	2018	2017
Performance and other bonuses	152 942	134 635
Acting allowance	-	46 503
Travel and other allowances	227 626	313 395
Contributions to UIF, Medical and Pension Funds	187 942	169 307
	<b>1 199 768</b>	<b>1 186 519</b>

### Director: Corporate Services

The position of Director Corporate Services has been vacant during the reporting period.

### 27. Remuneration of councillors

#### Remuneration of councillors

Mayor	836 713	785 603
Speaker	680 983	631 545
Executive Committee members	2 287 026	2 091 422
Councillors part time	5 560 863	4 938 588
Councillors full time	1 001 778	920 143
	<b>10 367 363</b>	<b>9 367 301</b>

Councillors are classified based on their respective positions as at 30 June 2018 or the last day of service, as the case may be.

The Mayor, Speaker and three councillors are full time. Each is provided with an office and secretarial support at the cost of Council.

The Mayor has access to a municipal vehicle for official duties and is allocated a municipal house that can also be used to entertain official guests.

### 28. Depreciation and amortisation

Community assets	807 770	417 107
Electrical Infrastructure	455 134	827 800
Machinery and Equipment	181 596	176 715
Furniture and Office Equipment	675 629	651 546
Computer Equipment	455 381	491 824
Roads Infrastructure	3 011 744	2 708 181
Storm water Infrastructure	252 660	226 498
Community Assets	7 254 915	6 538 811
Library assets	20 691	22 255
Buildings	3 472 836	3 478 432
Solid Waste Infrastructure	38 285	55 241
Intangible assets	169 325	171 276
	<b>16 795 966</b>	<b>15 765 686</b>

### 29. Impairment loss

#### Impairments

Community assets	4 373 962	159 654
Machinery and Equipment	32 401	926
Library books	26 900	2 819
Computer Equipment	2 610	24 925
Furniture and office equipment	23 424	25 272
Roads Infrastructure	-	90 429
	<b>4 459 297</b>	<b>304 025</b>

### 30. Finance costs

Finance leases	25 165	26 259
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# MARULENG LOCAL MUNICIPALITY

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## Notes to the Financial Statements

Figures in Rand	2018	2017
<b>31. General expenses</b>		
Compensation Commissioner	349 468	643 439
Advertising	343 507	292 114
Audit fees	3 373 397	2 520 979
Bank charges	225 217	242 573
Computer expenses	25 950	21 350
Legal expenses	486 447	490 111
Free basic electricity	559 213	1 276 122
Insurance	372 467	251 232
Functions and events	2 437 058	3 581 568
Fuel and oil	994 173	1 325 771
Printing and stationery	968 445	594 748
Repairs and maintenance	1 026 186	1 441 683
Refreshment	-	171 181
Subsistence, travel & accomodation	7 960 639	5 825 454
Training	752 513	526 205
Telephone & cellphone costs	582 741	474 131
Electricity	2 658 267	1 844 923
Internal Audit	269 041	189 837
Membership fees	779 374	608 554
Stores and material	197 402	427 711
Ward committes	2 956 956	894 778
EPWP	860 209	945 446
Strategic planning	-	238 261
Professional fees	12 910 405	7 110 960
Bursary Fund	293 727	252 403
Other expenses	763 656	1 949 917
	<b>42 146 458</b>	<b>34 141 451</b>
<b>32. Gain/ (Loss) on disposal of assets</b>		
<b>Loss on disposal of assests</b>		
Porperty, plant and equipment	159 149	4 236 482
<b>33. Cash generated from operations</b>		
Surplus	71 718 658	79 619 130
<b>Adjustments for:</b>		
Depreciation and amortisation	16 795 966	15 765 686
Impairment deficit	4 459 298	304 025
Movements in retirement benefit assets and liabilities	1 337 552	2 081 932
Movements in provisions	2 088 133	1 019 977
<b>Changes in working capital:</b>		
Inventories	(134 836)	21 987
Receivables from exchange transactions	(2 260 447)	19 357
Other receivables from non-exchange transactions	(9 976 053)	(3 342 614)
Other financial assets	(623 998)	(242 821)
Payables from exchange transactions	4 956 675	2 965 804
VAT	14 130 098	(9 046 329)
Taxes and transfers payable (non exchange)	1 057 299	2 505 716
Unspent conditional grants and receipts	290	(24 724 375)
Accumulated surplus	-	222 191
	<b>103 548 635</b>	<b>67 169 666</b>

# MARULENG LOCAL MUNICIPALITY

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## Notes to the Financial Statements

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### 34. Additional disclosures in terms of Section 125 of Municipal Finance

#### Contribution to SALGA

Council membership fees payable	768 318	608 554
Amount paid current year	(768 318)	(608 554)

-                      -

#### Audit fees

Current year audit fee	3 373 397	2 520 979
Amount paid current year	(3 373 397)	(2 520 979)

-                      -

#### PAYE & UIF

Current payroll deductions	9 106 305	8 318 637
Amount paid current year	(9 106 305)	(8 318 637)

-                      -

#### Pension and Medical Aid Deductions

Current payroll deductions	8 876 058	8 916 439
Amount paid current year	(8 876 058)	(8 916 439)

-                      -

#### VAT

VAT is accounted for on the cash basis. VAT input receivables and VAT output receivable are shown in note 6. All VAT returns have been submitted throughout the year.

### 35. Councillor's arrears consumer accounts

Councillors do not have services and rates accounts to the municipality.

### 36. Commitments

#### Commitments in respect of capital and current expenditure

##### Approved and contracted for:

Current	27 806 961	10 421 846
Capital	105 055 117	33 694 368

**132 862 078                      44 116 214**

The expenditure will be financed from:

##### Sources

Government grants	4 990 187	9 164 208
Internal sources	127 871 891	34 952 007

**132 862 078                      44 116 215**

### 37. Operating leases

The lease agreements for office machines became effective during the financial year 2014/15.

Monthly rentals on office machines which are in the municipality's premises are expensed directly as lease rentals while the process to regularise the agreements is still in progress.

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<b>38. Contingent liabilities</b>		
<b>Nature of the event</b>		
Dispute on subcontracting	-	179 075
Dispute on subcontracting	300 000	283 349
Claims on the house gutted by fire	3 555 702	3 055 702
Rent for water line in the complainant's property	-	100 000
Court interdict ( maruleng Civic Warriors)	431 060	-
Loss of livestock at the London landfill site Claim on House gutted by fire	-	1 369 390
Suspension for disciplinary hearing proceedings		
Application on Appeal by Maruleng Civic warriors	290 000	-
Interdict against approving and continuing with development of mall (the event occurred after year end)	300 000	-
Dispute on Account balance by Hoedspruit township developer (event occurred after year end)	844 671	-
Contractual claim	200 000	-
Application for access of information in terms of PAIA	350 000	-
Application to compel the municipality to approve the site development plan	400 000	-
Application to oppose exhumation of the body	300 000	-
	<b>6 971 433</b>	<b>4 987 516</b>

### 39. Unauthorised, irregular, fruitless and wasteful expenditure

#### Irregular expenditure

Opening balance	22 461 001	24 154 592
Irregular expenditure current year:		
Condoned during the year by Council	-	(2 251 918)
Suppliers in the service of the state	-	-
Procurement awarded to supplier(A Smith trust account) without following competitive bid process	-	40 557
Overpayment of lease contract	-	26 259
Procurement awarded to supplier( Mohale INC) without following competitive bid process	-	425 042
Procurement awarded supplier without following SCM procedures. (Moshwana Mabena Mogane Inc.)	500 000	-
Steyn & Clarke	42 377	26 716
Procurement awarded to supplier (Mohlaba & Moshwana Inc) without following competitive bid process	-	39 753
Award not approved by delegated official - MTW Global travel	7 800	-
Award advertised for less number of days - Nweti WaTilo	4 654 215	-
Closing balance	27 665 393	22 461 001
	<b>27 665 393</b>	<b>22 461 001</b>

The balance as at 30 June 2017 was R22 461 001. The balance as at 30 June 2018 was R27 665 393 that is currently under investigation.

# MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand	2018	2017
<b>Fruitless and wasteful expenditure</b>		
Opening balance	2 296 198	3 402 316
Condoned by Council	-	(1 146 312)
<b>Overpayment of retentions</b>	-	-
Zack's Business Enterprise	-	24 699
Lithalethu Trading	-	12 306
Nkutsulo Project Development	-	339
Erick Marule trading	-	2 850
Closing balance	2 296 198	2 296 198
	<b>2 296 198</b>	<b>2 296 198</b>

The balance as at 30 June 2018 was R2 296 198 and there were no movement in the current year. The balance for 30 June 2018 is currently under investigation.

<b>Unauthorised expenditure</b>		
Opening balance	14 229 699	6 807 502
Over-spending on the Budget & Treasury vote due to non-cash items ( depreciation & debt impairment)	-	7 422 197
	<b>14 229 699</b>	<b>14 229 699</b>

### 40. Related party disclosures

During the year, in the ordinary course of business, transactions between the Municipality and the under-mentioned parties have occurred under terms and condition no more favourable than those entered into with third parties in an arm's length transaction.]

#### Related party transactions

##### Amount included in the trade receivables regarding related parties

Mopani District Municipality	24 003 740	23 474 784
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##### Amount included in the agency fees under statements of financial performance

Department of roads and transport (agency)	1 932 279	1 410 844
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S55 and S57 Employees/Employees remuneration Refer to Employee related costs note 26

Remuneration of Councilors Refer to Remuneration of Councilors note 27

### 41. Change in accounting estimates

No changes were required in accounting estimates for the financial year ended 30 June 2018.

### 42. Change in accounting policies

#### Community assets

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

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### Other 1

There was no change of accounting policy in the period under review.

During the financial year 2014/15 the municipality changed its accounting policy in respect of the valuation of inventory from the first-in-first out to weighted average method. The change was aimed at giving effect to a more relevant and reliable presentation of the value of inventory.

### Statement of profit/loss

Increase/ (decrease) in surplus due to (increase)/ decrease in general expenses	-	21 313
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### Statement of financial position

Increase/ (decrease) in inventory	-	2 411
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## 43. Risk management

### Interest rate risk

The municipality has significant interest-bearing assets and as a result there of the municipality's income and operating cashflows are substantially dependent of changes in market interest rate.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

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

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

### Maximum credit risk exposure

Receivables from exchange transactions	2 857 464	597 017
Receivables from non-exchange transactions	17 098 753	7 122 700
Cash and cash equivalents	131 869 906	111 445 759
Other receivables	1 363 251	739 253
	<b>153 189 374</b>	<b>119 904 729</b>

# MARULENG LOCAL MUNICIPALITY

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### 44. Deviation from supply chain management regulations

Regulation 36 of the Municipal SCM Regulation of 2005 provides for deviation from and rectification of minor breaches of procurement processes. The deviation reports includes limited bidding, emergency and urgent procurement as well as avoidable deviations. The following expectations were recorded for the period under review:

DATE	SERVICE PROVIDER	DESCRIPTION OF GOODS AND SERVICES	AMOUNT	REASON FOR DEVIATION
17/07/2017	Government Printing Works	Advertisement of valuation property rates	R8 000.00	The advert is done by government printing works
19/07/2017	SAQA	Verification of qualifications for shortlisted candidates	R5 102.00	SAQA is the institution that verifies qualification in South Africa.
20/07/2017	Great North	Transportation of participants to Willows for games.	R8 800.00	Great North Transport is the only company in our database that provides bus transport services.
21/07/2017	Regenesys Management	Training fee for Ntimane H	R16 960.00	Regenesys Management is the institute that provides this training.
01/08/2017	30TH ANNUAL LABOUR LAW	REGISTRATION FEE	R7 000.00	The institution that runs the conference.
04/08/2017	IMPS-SA	Registration fee for	R4 300.00	The institution that runs the IMPSA conference
-	-	Conference.	R -	-
04/08/2017	SAGE	Payment for Gouws A & Seoke T for report for training on report writing.	R5 107.20	SAGE has contract with the municipality.
04/08/2017	SOUTHERN AFRICAN SOLUTION PTY LTD(EXPO SOLUTION)	PAYMENT FOR EXHIBITION STAND FURNITURE GETAWAY SHOW	R29 166.90	Expo Solution is the company that runs the gateway show.
07/08/2017	SAGE	Mid-Year Payroll Seminar	R3 990.00	SAGE has contract with the municipality.
22/08/2017	Maruleng Community Radio	Placement of advert for Mayoral Tournament.	R4 550.00	It is the only local radio station.
25/08/2017	Department of Transport	Refresher Course for Examiners.	R 600.00	Department of Transport is the institution that runs the conference
25/08/2017	Great North Transport	Transportation of participants to Mayoral tournament.	R21 500.00	Great North Transport is the only company in our database that provides bus transport services.
25/08/2017	Great North Transport	Transportation of participants to Mayoral tournament.	R10 400.00	Great North Transport is the only company in our database that provides bus transport services.
05/09/2017	University of Limpopo	Training fee for Mogoboya TA attending EMP training	R26 950.00	University of Limpopo is the institution that provides the training.
-	-	-	R -	-
06/09/2017	Institute Internal Auditors South Africa	Registration fee for Somo L and Magoro M attending leaders plenary session.	R23 997.00	The plenary session is arranged by the Institute Internal Auditors South Africa.
-	-	-	R -	-

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06/09/2017	Limpopo Department of Health And Social Development	Provision of ambulance services during Mayoral Tournament.	R	5 746.00	The Department of Health And Social Development is the only institution registered on our suppliers database for provision of ambulance services.
05/10/2017	Truvelo Manufacturers(Pty)Ltd	Calibration of speed trap machine for Traffic Department.	R	3 920.16	Truvelo Manufacturers (Pty) Ltd is the manufacturer of the speed trap machine used by the municipality.
12/10/2017	Institute of Municipal Administrators of South Africa	Registration fee for departmental secretaries attending training.	R	44 000.00	Institute of Municipal Administrators of South Africa provides the training.
12/10/2017	Institute of Municipal People Practitioners of Southern Africa	Registration fee for Lethole SJ, Mthethwa L and Ramohlola K attending conference on ethics and behavior		R10 950.00	The institution that runs the conference.
19/10/2017	MSPW	Registration fee for IMPSA conference	R	8 970.00	The institution that runs the conference.
30/10/2017	SAGE	Registration fee for Gouws A, Seoke T, and Mafologela J attending SAGE VIP training		R14 307.00	SAGE has contract with the municipality.
08/11/2017	Reed Exhibition	Procurement of stand for exhibition.	R	31 254.47	Reed Exhibition is the institution that runs the conference.
10/11/2017	Institute Internal Auditors South Africa	Renewal of membership for Somo L; Magoro MJ And Mangena FM	R	5 814.00	The officials are members of the institute.
13/11/2017	South African Qualification Authority (SAQA)	Verification of qualifications for shortlisted candidates for the posts of Debtors Clerk, Cashiers & Finance Intern		R4 176.00	SAQA is the institution that verifies qualification in South Africa.
17/11/2017	South African Cemeteries Association(SACA)	Registration fee for Lewele M and Mokonyane ML attending Pan African Cemeteries & Crematoria Conference.	R	10 000.00	SACA is the institution that runs the conference
22/11/2017	Intelligence Skill Training	Training registration fee for Paulina Mohlala.		R8 999.00	The institution that runs the conference.
27/11/2017	MUNSOFT	ANNUAL GENERAL MEETING FOR MASILO & BEAUTY MAPONYA	R	25 000.00	It has the contract with Maruleng municipality to provide munsoft system
19/12/2017	Truvelo Manufacturers(Pty)Ltd	Calibration of speed trap machine for Traffic Department.	R	3 920.16	Truvelo Manufacturers (Pty) Ltd is the manufacturer of the speed trap machine used by the municipality.
06/02/2018	South African Qualification Authority(SAQA)	Verification of qualifications for shortlisted candidates for the posts of Manager PMU		R2 998.00	SAQA is the institution that verifies qualification in South Africa.
14/02/2018	MUNSOFT	Registration fee for Phiri K, Malomane C, Sabeka N And Mohlala S		R20 520.00	Munsoft has contract with the municipality.
15/02/2018	Reed Exhibition	Procurement of stand for exhibition.	R	54 665.14	Reed Exhibition is the institution that runs the conference.
28/02/2018	CIGFARO	Registration Fee For Thobejane MH, Mahlo M, Mathaba A, Rakgoale J, Mokonyane L, Sekgobela F, Phasha M, Maponya B, Mabothe K		R32 598.00	The institution that runs the conference.

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05/03/2018	South African Institute Architectural Technologists(SAIAT)	Training registration fee for Morema K.		R2 900.00	The institution that provides the training
18/03/2018	Public Service and Administration	Training Fee for Linah Ntemane And Ramohlola Kedibone	R	14 300.00	The custodian that runs the training
22/03/2018	CIGFARO	Registration fee for Public Indaba for Maria baloyi, lephalala phuti,Modiba Masilo, Malepe Eugene & Somo Lesley	R	31 055.00	The institution that runs the conference.
26/03/2018	Regenesys Management	Registration fee for Happy Ntemane	R	26 523.24	Regenesys is the Institution that runs the training
27/03/2018	LIASA	Registration for Nelly Sekgobela	R	2 900.00	The institution that runs the Exhibition
27/03/2018	Reed exhibition	Payment of exhibition for stand furniture	R	30 319.44	The institution that runs the Exhibition
29/03/2018	SETPLAN	Payment registration for Sithole K,Mailula G,Sithole K,Morema A,Phasha and Phahlane I	R	35 910.00	The institution that runs the Exhibition
15/05/2018	MUNSOFT	Registration for finance department training	R	75 240.00	It has the contract with Maruleng municipality to provide munsoft system
18/05/2018	SACPLAN	Registration for mr smith,Mr Masete,Sithole K,AND Mokonyane ML	R	825.00	The institution that runs the Exhibition
18/05/2018	Academy of York	Registration for Sekgobela P	R	12 190.00	The institution that runs the training
24/05/2018	Phalaborwa Printers	Procurement of order Books	R	29 974.75	The institution registered with us for printing purposes
11/06/2018	SALGA	Registration fee for Maponya Mokonyane M AND Maakamela R	R	5 000.00	The institution that runs the conference.
11/06/2018	IIASA	Registration fee for Magoro M, Mangena F, Malepe E and Mahlo C	R	7 800.00	The institution that runs the training
11/06/2018	IIASA	Renewal of membership fee for Magoro M, Mangena F and Somo L	R	6 727.50	The institution that runs the training

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### 45. Commitments

#### Current commitments 2017/18

Description	Contract Number	Appointment date	Name of Companies	Contract amount	Total Expenditure 2017/2019	Balance at 30 June 2018
Provision of waste removal and landfill site management services for a period of three years	MLM/SCM/23/2017	01/11/2017	Nweti Wa Tilo T/A dai	24 349 683.61	4 654 215.15	19 695 468.46
Supply and delivery of promotional material	MLM/SCM/02/2018	21/06/2018	White Hall Trading &	121 151.20	-	121 151.20
Protective Clothing	MLM/SCM/24/2017	17/10/2017	ntimed	528 485.00	-	528 485.00
Compilation of Operational Risk Register.	MLM/SCM/03/2017	16/05/2018	Cathu Consulting Inc	389 196.00	-	389 196.00
Professional services	MLM/SCM/11/2016	18/05/2016	Faranani Consulting s	500 000.00	-	500 000.00
Compilation of GRAP Compliant Asset Register for a period of three years	MLM/SCM/11/2018	26/06/2018	Cathu Consulting Inc	5 545 702.50	-	5 545 702.50
Supply and delivery of Computer Software	MLM/SCM/07/2018	29/06/2018	Fhima Consultancy at	660 218.40	-	660 218.40
Supply and delivery of laptops and Carry bags	MLM/SCM/10/2018	29/06/2018	Rosie Makgo Projects	210 000.00	-	210 000.00
Supply and promotional material	MLM/SCM/26/2018	26/06/2018	A New Awakening Trz	129 950.00	-	129 950.00
Cash collectors	MLM/SCM/0001/2017	31/10/2018	Fidelity Security Servi	87 894.00	61 104.74	26 789.26
-	-	-	-	<b>32 522 280.71</b>	<b>4 715 319.89</b>	<b>27 806 960.82</b>

# MARULENG LOCAL MUNICIPALITY

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### Capital Commitments 2017/18

PROJECT NAME	TYPE	CONTRACT		APPOINTMENT AMOUNT	PAYMNETS (incl VAT)	RETENTION (incl VAT)	ACCRUAL	BALANCE	STATUS	RETENSIONS PAID OUT (excl VAT)	RETENSION (INCL VAT)	CLOSING BALANCE
		START DATE	END DATE									
-	-	-	-	-	-	-	-	-	-	-	-	-
INDOOR SPORTS	CONSULTANT	28/02/2013	30/06/2019	10 571 612.05	9 662 904.60	-	-	908 707.45	In progress	-	-	908 707.45
-	CONTRACTOR	28/11/2014	30/06/2019	43 455 238.20	35 223 208.36	3 751 113.07	-	8 232 029.84	In progress	-	-	8 232 029.84
-	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRIFICATION OF SCO	CONSULTANT	06/08/2015	14/03/2018	488 733.30	446 431.30	-	-	42 302.00	Completed	-	-	42 302.00
-	CONTRACTOR	24/02/2016	14/03/2019	4 526 465.11	4 002 805.91	421 347.99	-	523 659.20	Completed	184 801.75	210 674.00	312 985.21
-	-	-	-	-	-	-	-	-	-	-	-	-
BALLON ACCESS ROAD	CONSULTANT	01/02/2016	30/06/2020	R 6 886 318.59	2 099 148.00	-	-	4 787 170.59	In progress	-	-	4 787 170.59
-	CONTRACTOR	29/06/2018	-	R 45 009 570.74	-	-	-	45 009 570.74	In progress	-	-	45 009 570.74
-	-	-	-	-	-	-	-	-	-	-	-	-
TURKEY 3 COMMUNITY HA	CONSULTANT	-	14/07/2017	665 836.82	609 726.80	-	-	56 110.02	Completed	-	-	56 110.02
-	CONTRACTOR	28/09/2015	14/07/2017	R 5 349 212.88	4 835 645.47	534 901.23	-	513 567.41	Completed	234 605.80	267 450.61	246 116.79
-	-	-	-	-	-	-	-	-	-	-	-	-
HLOHLOKWE ACCESS ROA	CONTRACTOR	21/12/2016	30/07/2018	8 202 060.32	6 543 487.28	604 022.62	-	1 658 573.04	In progress	-	-	1 658 573.04
-	-	-	-	-	-	-	-	-	-	-	-	-
METZ INTERNAL STREET	CONSULTANT	28/02/2013	14/11/2017	3 011 941.12	2 740 388.92	-	-	271 552.20	Completed	-	-	271 552.20
-	CONTRACTOR	22/12/2016	14/11/2017	10 318 776.41	9 103 748.74	988 278.79	-	1 215 027.67	Completed	251 110.70	286 266.20	928 761.47
-	-	-	-	-	-	-	-	-	-	-	-	-
BOCHABELO HALL	CONSULTANT	-	10/02/2017	1 066 350.58	1 157 478.03	-	-	(91 127.45)	Completed	-	-	(91 127.45)
-	CONTRACTOR	21/12/2016	10/02/2017	4 844 999.89	4 436 299.85	484 497.27	-	408 700.04	Completed	212 498.81	242 248.64	166 451.40
-	-	-	-	-	-	-	-	-	-	-	-	-
WILLOWS SPORT CENTRE	CONSULTANT	-	23/8/2017	2 207 199.20	1 867 280.89	-	-	339 918.31	Completed	-	-	339 918.31
-	CONTRACTOR	25/09/2015	23/8/2017	6 161 144.82	5 071 242.26	495 382.10	-	1 089 902.56	Completed	247 136.56	281 735.68	808 166.88
-	-	-	-	-	-	-	-	-	-	-	-	-
FINALE ACCESS ROAD	CONSULTANT	03/05/2016	22/6/2018	3 200 715.67	1 968 347.50	-	-	1 232 368.17	Completed	-	-	1 232 368.17
-	CONTRACTOR	04/07/2017	22/6/2018	13 698 785.03	12 411 099.41	1 369 011.34	-	1 287 685.62	Completed	599 986.34	683 984.43	603 701.19
-	-	-	-	-	-	-	-	-	-	-	-	-
MAKGAUNG ACCESS ROAI	CONSULTANT	11/01/2016	17/7/2018	1 955 884.61	1 959 209.84	-	-	(3 325.23)	In progress	-	-	(3 325.23)
-	CONTRACTOR	04/07/2017	17/7/2018	14 113 708.11	12 609 408.29	1 401 045.43	-	1 504 299.82	In progress	-	-	1 504 299.82
-	-	-	-	-	-	-	-	-	-	-	-	-
LORRAINE ACCESS ROAD	CONTRACTOR	04/07/2017	30/9/2018	14 915 791.62	9 891 100.67	1 157 234.32	-	5 024 690.95	In progress	-	-	5 024 690.95
LORRAINE ACCESS ROAD	CONSULTANT	19/04/2016	30/9/2018	2 216 715.91	2 203 031.72	-	-	13 684.19	In progress	-	-	13 684.19
-	-	-	-	-	-	-	-	-	-	-	-	-
KANANA TO MAHLOMELON	CONSULTANT	11/01/2016	17/7/2018	2 298 447.70	1 888 190.33	-	-	410 257.37	In progress	-	-	410 257.37
-	CONTRACTOR	04/07/2017	17/7/2018	14 070 146.99	12 433 622.34	1 381 513.59	-	1 636 524.65	In progress	-	-	1 636 524.65
-	-	-	-	-	-	-	-	-	-	-	-	-
Maruleng Low level bridges	CONSULTANT	03/05/2016	24/07/2018	2 539 408.74	2 066 908.94	-	-	472 499.80	In progress	-	-	472 499.80
-	-	-	-	-	-	-	-	-	-	-	-	-
REHABILITATION OF HOEI	CONSULTANT	08/06/2015	15/01/2015	5 305 912.61	4 532 270.07	771 990.96	-	773 642.54	Completed	211 898.99	243 683.84	529 958.70
-	-	-	-	-	-	-	-	-	-	-	-	-
MADEIRA ACCESS ROAD	CONSULTANT	07/12/2017	30/6/2020	2 889 549.69	342 307.42	-	-	2 547 242.27	In progress	-	-	2 547 242.27
-	-	-	-	-	-	-	-	-	-	-	-	-

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Ga-Mametja low level bridge	CONTRACTOR	21/07/2017	24/07/2018	4 388 879.62	3 945 301.05	438 366.76	920 932.13	443 578.57	In progress	-	-	443 578.57
-	-	-	-	-	-	-	-	-	-	-	-	-
Mets low level bridge	CONTRACTOR	21/07/2017	24/07/2018	4 907 647.50	4 397 889.48	488 654.40	585 136.66	509 758.02	In progress	-	-	509 758.02
-	-	-	-	-	-	-	-	-	-	-	-	-
Mahlomelong lo level bridge	CONTRACTOR	21/07/2017	24/07/2018	4 823 727.70	4 356 505.06	484 056.11	551 186.41	467 222.64	In progress	-	-	467 222.64
-	-	-	-	-	-	-	-	-	-	-	-	-
Lorraine low level bridge	CONTRACTOR	21/07/2017	24/04/2017	4 063 583.24	3 871 958.35	407 444.10	-	191 624.89	Completed	178 227.34	203 179.17	(11 554.28)
-	-	-	-	-	-	-	-	-	-	-	-	-
BISMARK ACCESS ROAD	CONSULTANT	18/05/2018	30/6/2021	2 433 353.98	200 000.00	-	-	2 233 353.98	In progress	-	-	2 233 353.98
-	-	-	-	-	-	-	-	-	-	-	-	-
Madeira Access Roads	CONSULTANT	18/05/2018	30/6/2020	2 889 549.69	342 307.41	-	-	2 547 242.28	In progress	-	-	2 547 242.28
The Oaks Internal Street	CONSULTANT	18/05/2018	30/6/2020	2 845 444.72	402 500.00	-	-	2 442 944.72	In progress	-	-	2 442 944.72
Santeng Graveyard Access R	CONSULTANT	21/05/2018	30/6/2021	2 205 184.70	-	-	-	2 205 184.70	In progress	-	-	2 205 184.70
Calais Sports Field	CONSULTANT	25/05/2018	30/6/2020	5 397 301.35	-	-	-	5 397 301.35	In progress	-	-	5 397 301.35
Rehabilitation of Kampersrus	CONSULTANT	25/05/2018	30/6/2021	3 082 249.54	114 819.80	-	-	2 967 429.74	In progress	-	-	2 967 429.74
Newline Ga-Fani Access Roa	CONSULTANT	31/05/2018	30/6/2021	3 158 639.72	-	-	-	3 158 639.72	In progress	-	-	3 158 639.72
Butswana acces road	CONSULTANT	10/05/2018	30/6/2021	2 352 000.00	-	-	-	2 352 000.00	In progress	-	-	2 352 000.00
Willows Access Road	CONSULTANT	31/05/2018	30/6/2021	2 692 825.52	-	-	-	2 692 825.52	In progress	-	-	2 692 825.52
-	-	-	-	<b>275 210 913.99</b>	<b>167 736 574.09</b>	<b>15 178 860.08</b>	<b>057 255.20</b>	<b>107 474 339.90</b>	-	<b>2 120 266.29</b>	<b>2 419 222.56</b>	<b>105 055 117.34</b>

# MARULENG LOCAL MUNICIPALITY

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<b>46. Contracted services</b>		
Refuse and waste removal	5 791 133	3 245 179
Outsourced Services: Security Services	3 808 100	3 523 800
	<b>9 599 233</b>	<b>6 768 979</b>

### 47. Correction of prior year errors

#### Statement of financial position

#### Accumulated surplus

Corrections were made and appropriated to the accumulated surplus account for the financial years ended 30 June 2017 and 30 June 2018.

Accumulated surplus were affected as follows:

Employee costs	
Correction of leave provision previously understated in the prior year	R1 334 751

Corrections were made and appropriated to the accumulated surplus account for the financial year ended 30 June 2018.

### 48. Actual capital expenditure versus budgeted capital expenditure

### 49. Rental of facilities and equipment

Rental of facilities and equipment	224 089	307 525
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MARULENG LOCAL MUNICIPALITY

APPENDIX A: PROPERTY PLANT AND EQUIPMENT

	COST					ACCUMULATED DEPRECIATION AND IMPAIEMENT					Net Amount
	Opening Balance	Additions	Disposals	Transfers	Closing balance	Opening Balance	Depreciation	Impairments	Disposals	Closing Balance	
<b>Land and Buildings</b>											
Land	20 872 000	-	-		20 872 000	-	-	-	-	-	20 872 000
Buildings	74 022 074	-	-		74 022 074	25 921 006	3 472 836	-	-	29 393 842	44 628 232
Community Assets	133 972 657	-	-	18 365 595	152 338 252	48 531 043	7 254 915	4 373 962	-	60 159 920	92 178 332
<b>Total</b>	<b>228 866 731</b>	<b>-</b>	<b>-</b>	<b>18 365 595</b>	<b>247 232 326</b>	<b>74 452 049</b>	<b>10 727 751</b>	<b>4 373 962</b>	<b>-</b>	<b>89 553 762</b>	<b>157 678 564</b>
<b>Infrastructure</b>											
Solid Waste Infrastructure	552 410	-	-		552 410	418 148	38 285	-	-	456 433	95 977
Roads Infrastructure	102 836 269	29 100	4 500	23 015 273	125 876 142	18 500 232	3 011 744	-	2 152	21 509 823	104 366 319
LV Networks	11 209 641	-	521 296		10 688 346	9 199 599	455 134	-	364 494	9 290 240	1 398 106
Storm water Infrastructure	12 801 551	-	-	4 053 269	16 854 820	1 091 326	252 660	-	-	1 343 986	15 510 834
Construction work in progress	68 899 815	82 030 639	-	(45 434 137)	105 496 317	-	-	-	-	-	105 496 317
<b>Total</b>	<b>196 299 687</b>	<b>82 059 739</b>	<b>525 795</b>	<b>(18 365 595)</b>	<b>259 468 035</b>	<b>29 209 305</b>	<b>3 757 823</b>	<b>-</b>	<b>366 646</b>	<b>32 600 482</b>	<b>226 867 553</b>
<b>Other Assets</b>											
Furniture and Fixtures	5 313 476	863 779	191 828		5 985 427	3 600 105	675 629	23 424	191 828	4 107 330	1 878 098
Transport Assets	7 846 668	-	-		7 846 668	2 073 865	807 770	-	-	2 881 635	4 965 033
IT Equipment	2 306 128	136 762	29 146		2 413 744	1 311 331	455 381	2 610	29 146	1 740 177	673 567
Machinery and Equipment	1 249 496	32 479	177 032		1 104 942	543 006	181 596	32 401	177 032	579 971	524 971
Other Assets	223 805	-	126 780		97 025	156 687	20 691	26 900	126 780	77 498	19 527
<b>Total</b>	<b>16 939 572</b>	<b>1 033 020</b>	<b>524 786</b>	<b>-</b>	<b>17 447 806</b>	<b>7 684 994</b>	<b>2 141 068</b>	<b>85 334</b>	<b>524 786</b>	<b>9 386 611</b>	<b>8 061 195</b>
<b>Heritage Assets</b>											
Heritage Assets	222 000	-	-		222 000	-	-	-	-	-	222 000
<b>Total</b>	<b>222 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222 000</b>
<b>Intangible Assets</b>											
Intangible Assets	1 084 089	-	-		1 084 089	467 297	169 325	-	-	636 623	447 466
<b>Total</b>	<b>1 084 089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 084 089</b>	<b>467 297</b>	<b>169 325</b>	<b>-</b>	<b>-</b>	<b>636 623</b>	<b>447 466</b>
<b>Investment Property</b>											
Investment Property	6 796 836	-	-		6 796 836	-	-	-	-	-	6 796 836
<b>Total</b>	<b>6 796 836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 796 836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 796 836</b>
<b>SUMMARY</b>											
Land and Buildings	228 866 731	-	-	18 365 595	247 232 326	74 452 049	10 727 751	4 373 962	-	89 553 762	157 678 564
Infrastructure	196 299 687	82 059 739	525 795	(18 365 595)	259 468 035	29 209 305	3 757 823	-	366 646	32 600 482	226 867 553
Other Assets	16 939 572	1 033 020	524 786	-	17 447 806	7 684 994	2 141 068	85 334	524 786	9 386 611	8 061 195
Heritage Assets	222 000	-	-	-	222 000	-	-	-	-	-	222 000
Intangible Assets	1 084 089	-	-		1 084 089	467 297	169 325	-	-	636 623	447 466
Investment Property	6 796 836	-	-		6 796 836	-	-	-	-	-	6 796 836
<b>Total</b>	<b>450 208 914</b>	<b>83 092 758</b>	<b>1 050 581</b>	<b>0</b>	<b>532 251 091</b>	<b>111 813 645</b>	<b>16 795 967</b>	<b>4 459 296</b>	<b>891 432</b>	<b>132 177 477</b>	<b>400 073 614</b>