



FEZILE DABI DISTRICT MUNICIPALITY

Financial statements  
for the year ended 30 June 2013

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**General Information**

<b>Nature of business and principal activities</b>	District Municipality
<b>Mayoral committee</b>	
Executive Mayor	Cllr MP Moshodi
Councillors	Cllr SI Mbalo (Speaker) [Resigned 31 May 2013] Cllr KGL Nkethu (Speaker) Cllr ME Notsi Cllr AM Olifant Cllr K Khumalo Cllr GN Guza Cllr ME Magashule Cllr ML Hlapane
<b>Grading of local authority</b>	Low Capacity (Grade 1)
<b>Accounting Officer</b>	Dr. MMV Mongake (01/07/2011 to 30/09/2012) ML Molibeli (01/10/2012 to date)
<b>Chief Finance Officer (CFO)</b>	G Mashiyi
<b>Registered office</b>	John Vorster Road Sasolburg 1947
<b>Postal address</b>	P.O Box 10 Sasolburg 1947
<b>Bankers</b>	ABSA BANK
<b>Auditors</b>	The Auditor - General: Free State

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

<b>Index</b>	<b>Page</b>
Accounting Officer's Report	4
Statement of Financial Position	5
Statement of Changes in Net Assets	7
Statement of Financial Performance	6
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9
Accounting Policies	10 - 25
Notes to the Financial Statements	26 - 51
Appendixes:	
Appendix A: Schedule of External Loans	53
Appendix B: Analysis of Property, Plant and Equipment	54
Appendix C: Segmental analysis of Property, Plant and Equipment	55
Appendix D: Segmental Statement of Financial Performance	56
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	57
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	58
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	59

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Abbreviations**

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
EPWP	Expanded Public Works Programme
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IDP	Intergrated Development Plan
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
FDDM	Fezile Dabi District Municipality
DWA	Department of Water Affairs
COGTA	Cooperative Governance and Traditional Affairs

**Accounting Officer's Responsibilities and Approval**

I am responsible for the presentation of these financial statements which are set out on page 5 to 60 in terms of Section 126 (1) of the Municipal Finance Management Act (Act 56 of 2003), and which I have signed on behalf of the Municipality.

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 18 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The financial statements set out on page 5 to 60, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2013 and were signed on its behalf by:

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**ML Molibeli**  
**Municipal Manager**  
**Hons & Masters: Public Governance and**  
**Management**

FEZILE DABI DISTRICT MUNICIPALITY  
 Financial Statements for the year ended 30 June 2013

**Statement of Financial Position as at 30 June 2013**

	Note(s)	2013 R	2012 R
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	3	6,499,007	293,584
VAT receivable	4	1,710,476	4,224,101
Cash and cash equivalents	5	160,354,216	190,824,792
		<b>168,563,699</b>	<b>195,342,477</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	33,811,123	22,938,624
Intangible assets	7	358,362	137,057
		<b>34,169,485</b>	<b>23,075,681</b>
<b>Total Assets</b>		<b>202,733,184</b>	<b>218,418,158</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	17,888,586	19,938,513
Unspent conditional grants and receipts	9	6,946,414	35,507,082
Current portion of long term loans	10	5,919,300	5,287,916
		<b>30,754,300</b>	<b>60,733,511</b>
<b>Non-Current Liabilities</b>			
Retirement benefit obligation	11	8,417,000	6,440,000
Provisions	12	7,190,000	5,677,000
Long term loans	10	14,507,239	20,432,122
Operating lease liability		220,988	209,355
		<b>30,335,227</b>	<b>32,758,477</b>
<b>Total Liabilities</b>		<b>61,089,527</b>	<b>93,491,988</b>
<b>Net Assets</b>		<b>141,643,657</b>	<b>124,926,170</b>
<b>Net Assets</b>			
Reserves			
Revaluation reserve	13	15,229,404	7,835,140
Accumulated surplus		126,414,253	117,091,030
<b>Total Net Assets</b>		<b>141,643,657</b>	<b>124,926,170</b>

FEZILE DABI DISTRICT MUNICIPALITY  
 Financial Statements for the year ended 30 June 2013

**STATEMENT OF FINANCIAL PERFORMANCE**

	Note(s)	2013 R	2012 R
<b>Revenue</b>			
Administration and management fees received		59,280	46,450
Fees earned		-	272,233
Recoveries		-	13,381
Other income	15	1,410,161	2,212,514
Interest received	16	9,363,768	10,466,965
Government grants & subsidies	14	134,627,219	129,393,000
<b>Total revenue</b>		<b>145,460,428</b>	<b>142,404,543</b>
<b>Expenditure</b>			
Employee related costs	17	(61,983,411)	(56,907,301)
Remuneration of councillors	18	(5,934,951)	(5,414,800)
Administrative expense	19	-	(669,921)
Depreciation and amortisation	20	(4,211,362)	(3,634,351)
Bad debts written off	21	-	(724,431)
Finance charges	22	(2,922,635)	(3,488,495)
Repairs and maintenance		(711,796)	(641,844)
Contracted services	23	(11,540,610)	(15,043,831)
Grants and subsidies paid	24	(11,147,408)	(8,472,580)
General Expenses	25	(39,087,271)	(39,459,468)
<b>Total expenditure</b>		<b>(137,539,444)</b>	<b>(134,457,022)</b>
<b>Operating surplus</b>		<b>7,920,984</b>	<b>7,947,521</b>
Loss on disposal of assets		(98,773)	(579,097)
<b>Surplus for the year</b>		<b>7,822,211</b>	<b>7,368,424</b>
<b>Attributable to:</b>			
Owners of the controlling entity		7,822,211	7,368,424

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**STATEMENT OF CHANGES IN NET ASSETS**

	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
	R	R	R	R	R
<b>Balance at 01 July 2011</b>	<b>8,181,602</b>	<b>4,019,492</b>	<b>12,201,094</b>	<b>104,495,281</b>	<b>116,696,375</b>
Changes in net assets					
Revaluation reserve realised	(346,462)	-	(346,462)	346,462	-
Adjustment against accumulated surplus	-	-	-	861,371	861,371
Disestablishment of the Capital Replacement Reserve (CRR)	-	(4,019,492)	(4,019,492)	4,019,492	-
Net income (losses) recognised directly in net assets	(346,462)	(4,019,492)	(4,365,954)	5,227,325	861,371
Surplus for the year	-	-	-	7,368,424	7,368,424
Total recognised income and expenses for the year	(346,462)	(4,019,492)	(4,365,954)	12,595,749	8,229,795
Total changes	(346,462)	(4,019,492)	(4,365,954)	12,595,749	8,229,795
<b>Balance at 01 July 2012</b>	<b>7,835,140</b>	<b>-</b>	<b>7,835,140</b>	<b>117,091,031</b>	<b>124,926,171</b>
Changes in net assets					
Revaluation reserve realised	(346,462)	-	(346,462)	346,462	-
Adjustments against Equity	-	-	-	1,154,549	1,154,549
Revaluation Surplus	7,740,726	-	7,740,726	-	7,740,726
Net income (losses) recognised directly in net assets	7,394,264	-	7,394,264	1,501,011	8,895,275
Surplus for the year	-	-	-	7,822,211	7,822,211
Total recognised income and expenses for the year	7,394,264	-	7,394,264	9,323,222	16,717,486
Total changes	7,394,264	-	7,394,264	9,323,222	16,717,486
<b>Balance at 30 June 2013</b>	<b>15,229,404</b>	<b>-</b>	<b>15,229,404</b>	<b>126,414,253</b>	<b>141,643,657</b>
Note(s)	13				



FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**CASH FLOW STATEMENT**

	Note(s)	2013 R	2012 R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		134,627,219	129,393,000
Interest income		9,363,768	10,466,965
Other receipts		1,479,127	2,544,578
		<u>145,470,114</u>	<u>142,404,543</u>
<b>Payments</b>			
Employee costs		(67,918,942)	(62,322,101)
Suppliers		(96,108,042)	(84,013,330)
Finance costs		(2,922,635)	(3,488,495)
		<u>(166,949,619)</u>	<u>(149,823,926)</u>
<b>Net cash flows from operating activities</b>	26	<b><u>(21,479,505)</u></b>	<b><u>(7,419,383)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(3,808,289)	(2,610,726)
Proceeds from sale of property, plant and equipment	6	197,857	579,097
Purchase of intangible assets	7	-	(56,848)
Loss from sale of property, plant and equipment		(98,773)	(579,097)
		<u>(3,709,205)</u>	<u>(2,667,574)</u>
<b>Net cash flows from investing activities</b>		<b><u>(3,709,205)</u></b>	<b><u>(2,667,574)</u></b>
<b>Cash flows from financing activities</b>			
Movement in long term loans		(5,293,499)	(4,727,638)
Movement in operating lease liability		11,633	(558,983)
		<u>(5,281,866)</u>	<u>(5,286,621)</u>
<b>Net cash flows from financing activities</b>		<b><u>(5,281,866)</u></b>	<b><u>(5,286,621)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(30,470,576)</u></b>	<b><u>(15,373,578)</u></b>
Cash and cash equivalents at the beginning of the year		<u>190,824,792</u>	<u>206,198,370</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>160,354,216</u></b>	<b><u>190,824,792</u></b>

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Administration and management fees received	40,000	-	<b>40,000</b>	59,280	<b>19,280</b>	
Other income	80,000	-	<b>80,000</b>	1,410,161	<b>1,330,161</b>	
Interest received - investment	10,503,100	-	<b>10,503,100</b>	9,363,768	<b>(1,139,332)</b>	
<b>Total revenue from exchange transactions</b>	<b>10,623,100</b>	<b>-</b>	<b>10,623,100</b>	<b>10,833,209</b>	<b>210,109</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Government grants & subsidies	134,586,000	10,000,000	<b>144,586,000</b>	134,627,219	<b>(9,958,781)</b>	
<b>Total revenue</b>	<b>145,209,100</b>	<b>10,000,000</b>	<b>155,209,100</b>	<b>145,460,428</b>	<b>(9,748,672)</b>	
<b>Expenditure</b>						
Personnel	(71,836,032)	(629,500)	<b>(72,465,532)</b>	(61,983,411)	<b>10,482,121</b>	
Remuneration of councillors	(6,047,800)	(552,000)	<b>(6,599,800)</b>	(5,934,951)	<b>664,849</b>	
Transfer payments	25,018,042	16,349,373	<b>41,367,415</b>	-	<b>(41,367,415)</b>	
Depreciation and amortisation	(3,495,600)	-	<b>(3,495,600)</b>	(4,211,362)	<b>(715,762)</b>	
Finance costs	(8,299,500)	-	<b>(8,299,500)</b>	(2,922,635)	<b>5,376,865</b>	
Repairs and maintenance	(1,134,010)	(130,000)	<b>(1,264,010)</b>	(711,796)	<b>552,214</b>	
Contracted Services	(8,677,800)	(5,510,773)	<b>(14,188,573)</b>	(11,540,610)	<b>2,647,963</b>	
Grants and subsidies paid	(11,600,000)	(11,922,000)	<b>(23,522,000)</b>	(11,147,408)	<b>12,374,592</b>	
General Expenses	(65,266,700)	(9,950,000)	<b>(75,216,700)</b>	(39,087,271)	<b>36,129,429</b>	
<b>Total expenditure</b>	<b>(151,339,400)</b>	<b>(12,344,900)</b>	<b>(163,684,300)</b>	<b>(137,539,444)</b>	<b>26,144,856</b>	
<b>Operating surplus</b>	<b>(6,130,300)</b>	<b>(2,344,900)</b>	<b>(8,475,200)</b>	<b>7,920,984</b>	<b>16,396,184</b>	
Loss on disposal of assets and liabilities	-	-	-	(98,773)	<b>(98,773)</b>	
<b>Surplus before taxation</b>	<b>(6,130,300)</b>	<b>(2,344,900)</b>	<b>(8,475,200)</b>	<b>7,822,211</b>	<b>16,297,411</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(6,130,300)</b>	<b>(2,344,900)</b>	<b>(8,475,200)</b>	<b>7,822,211</b>	<b>16,297,411</b>	

## **ACCOUNTING POLICIES**

### **1. Basis of Presentation**

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### **1.1 Presentation of currency**

These financial statements are presented in South African Rand.

#### **1.2 Revaluation reserve**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

#### **1.3 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment 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.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by 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 property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

## ACCOUNTING POLICIES

### 1.3 Property, plant and equipment (continued)

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses except land and buildings which are revalued at least every five years. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Land and buildings are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses in respect of buildings.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. 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 asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The annual depreciation rates are based on the following estimated asset useful lives:

Item	Average useful life
Land	Indefinite
Buildings	30 years
Furniture and Fittings	3 - 10 years
Motor Vehicles	
• Ambulances	5 - 10 years
• Fire engines	20 years
• Buses	15 years
• Trucks and light delivery vehicles	5 - 7 years
• Ordinary motor vehicles	5 - 7 years
• Motor cycles	3 years
Office Equipment	
• Computer hardware	5 years
• Computer software	3 - 5 years
• Office machines	3 - 5 years
• Air conditioners	5 - 7 years
Emergency Equipment	
• Fire hoses	5 years
• Other fire-fighting equipment	15 years
• Emergency lights	5 years

## ACCOUNTING POLICIES

### 1.3 Property, plant and equipment (continued)

Other property, plant and equipment

• Lawn mowers	2 years
• Compressors	5 years
• Laboratory equipment	5 years
• Radio equipment	5 years
• Firearms	5 years
• Telecommunication equipment	5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

## **ACCOUNTING POLICIES**

### **1.3 Property, plant and equipment (continued)**

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

#### **Impairment**

The entity assess at each report date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

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

An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP (for example, in accordance with the revaluation model in the standard of GRAP on Property, Plant and Equipment). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall, except as described in paragraph. 65 of GRAP 21, be increased to its recoverable service amount. That increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods.

A reversal of an impairment loss for an asset shall be recognised immediately in surplus or deficit unless the asset is carried at revalued amount in accordance with another Standard of GRAP (for example, in accordance with the revaluation model in the standard of GRAP on Property, Plant and Equipment). Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that Standard of GRAP.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset shall be adjusted in future period to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **Derecognition**

The carrying amount of an item of property, plant and equipment shall be derecognised:

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

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in surplus or deficit when the item is derecognised. (unless the Standard of GRAP on Leases requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

## **ACCOUNTING POLICIES**

### **1.4 Financial instruments**

#### **Classification**

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Loans and receivables/payables are non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets/liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets/liabilities. The municipality's loans and receivables/payables comprise 'trade and other receivables/payables' and cash and cash equivalents in the balance sheet.

#### **Initial recognition and measurement**

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

#### **Subsequent measurement**

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

## **ACCOUNTING POLICIES**

### **1.4 Financial instruments (continued)**

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated equity.

#### **Receivables from exchange transactions**

Trade and other receivables are classified as loans and receivables

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

#### **Payables from exchange transactions**

Trade payables are stated at their nominal value.

#### **Cash and cash equivalents**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and short term deposits in financial instruments, net of bank overdrafts.

#### **Held to maturity**

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.



## ACCOUNTING POLICIES

### 1.4 Financial instruments (continued)

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### Derecognition

##### Financial assets

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

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

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

### 1.5 Revenue Recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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.

Interest revenue is recognised using the effective interest rate method.

## **ACCOUNTING POLICIES**

### **1.5 Revenue Recognition (continued)**

Government grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised.

Amounts received from government and donors for the purpose of acquiring item of property, plant and equipment are also recognised as revenue.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### **1.6 Conditional grants and receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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

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

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

The cash which backs up the creditor is invested until it is utilised.

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

### **1.7 Provisions and contingencies**

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.

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.

## ACCOUNTING POLICIES

### 1.7 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating deficits.

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed. 44

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

## **ACCOUNTING POLICIES**

### **1.7 Provisions and contingencies (continued)**

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### **1.8 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 No.56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.9 Irregular expenditure**

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

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.

### **1.10 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.11 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

## **ACCOUNTING POLICIES**

### **1.11 Leases (continued)**

#### **Finance leases - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### **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.

#### **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.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

### **1.12 Borrowing costs**

Borrowing costs are recognised as an expense in the statement of financial performance in the period in which they are incurred.

## **ACCOUNTING POLICIES**

### **1.13 Employee benefits**

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### **Defined benefit plans**

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### **Other post retirement obligations**

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

## **ACCOUNTING POLICIES**

### **1.13 Employee benefits (continued)**

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

### **1.14 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparative 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.

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior year comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

### **1.15 Significant judgements and sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

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

The municipality assesses its trade receivables, held to maturity investments 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.

#### **Provisions**

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

#### **Post retirement benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

## ACCOUNTING POLICIES

### 1.15 Significant judgements and sources of estimation uncertainty (continued)

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

### 1.16 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised 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.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:



## ACCOUNTING POLICIES

### 1.16 Intangible assets (continued)

Item	Useful life
Computer software, other	3 - 10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.17 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.18 Offsetting

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

### 1.19 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

## **ACCOUNTING POLICIES**

### **1.20 Research and development expenditure**

Research costs are charged against operating surplus as incurred. Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:

- The product or process is clearly defined and the costs attributable to the process or product can be separately identified and measured reliably;
- The technical feasibility of the product or process can be demonstrated;
- The existence of a market or, if to be used internally rather than sold, its usefulness to the municipality can be demonstrated;
- Adequate resources exist, or their availability can be demonstrated, to complete the project and then market or use the product or process; and
- The asset must be separately identifiable.

Where development costs are deferred, they are written off on a straight-line basis over the life of the process or product, subject to a maximum of five years. The amortization begins from the commencement of the commercial production of the product or use of the process to which they relate.

### **1.21 Budget information**

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### **1.22 Related parties**

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

FEZILE DABI DISTRICT MUNICIPALITY  
 Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013	2012
	R	R

**2. New standards and interpretations**

**2.1 Standards and interpretations effective and adopted in the current year**

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:

**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 2013 or later periods:

**3. Trade and other receivables**

Suspense	19,671	33,282
Fuel deposit	1,000	1,000
Pick n Pay Card	2,251	2,251
Other debtors	201,062	198,462
Bursary recoupments	5,430	56,089
N Xaba - Vehicle	-	2,500
Office of the Premier	6,269,593	-
	<b>6,499,007</b>	<b>293,584</b>

**4. VAT receivable**

VAT	1,710,476	4,224,101
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Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	31,595,916	68,305,534
Short-term deposits	128,758,300	122,519,258
	<u>160,354,216</u>	<u>190,824,792</u>

Short term deposits are for periods which are less than 3 months.

**Short-term deposits consist of the following balances at various institutions**

Absa bank	40,475,074	38,524,139
Nedbank	31,142,958	29,608,219
Rand merchant	11,463,949	10,941,142
Standard bank	45,676,319	43,445,758
	<u>128,758,300</u>	<u>122,519,258</u>

**The municipality had the following bank accounts**

**Cheque Account**

**ABSA BANK - Sasolburg**

**Account number: 520000100**

Cash book balance at the beginning of the year	3,667,675	21,674,920
Cash book balance at the end of the year	3,586,712	3,667,675
Bank statement balance at the beginning of the year	3,838,931	24,718,509
Bank statement balance at the end of the year	<u>3,744,526</u>	<u>3,838,931</u>

**Savings Account**

**ABSA Bank - Sasolburg**

**Account Number: 9070399717**

Cash book balance at the beginning of the year	63,210,824	67,484,814
Cash book balance at the end of the year	25,546,554	63,210,824
Bank statement balance at the beginning of the year	63,210,824	67,484,814
Bank statement balance at the end of the year	<u>25,546,554</u>	<u>63,210,824</u>

**HIV/Aids Project Bank Account**

**ABSA Bank - Sasolburg**

**Account number: 9209269956**

Cash book balance at the beginning of the year	1,427,035	1,189,219
Cash book balance at the end of the year	2,462,650	1,427,035
Bank statement balance at the beginning of the year	1,427,035	1,189,219
Bank statement balance at the end of the year	<u>2,462,650</u>	<u>1,427,035</u>

FEZILE DABI DISTRICT MUNICIPALITY  
 Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

2013  
R

2012  
R

**6. Property, plant and equipment**

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,590,000	-	2,590,000	2,025,000	-	2,025,000
Buildings	18,648,465	(245,737)	18,402,728	14,718,126	(3,335,095)	11,383,031
Plant and machinery	204,945	(47,056)	157,889	204,945	(36,295)	168,650
Furniture and fixtures	4,479,787	(3,022,655)	1,457,132	4,006,006	(3,093,829)	912,177
Motor vehicles	11,505,476	(4,083,548)	7,421,928	8,760,272	(3,109,079)	5,651,193
Office equipment	1,702,085	(1,133,383)	568,702	1,689,566	(1,326,786)	362,780
Computer equipment	5,559,034	(3,981,833)	1,577,201	5,321,858	(4,639,398)	682,460
Other Assets	2,892,253	(1,256,710)	1,635,543	2,778,213	(1,024,880)	1,753,333
<b>Total</b>	<b>47,582,045</b>	<b>(13,770,922)</b>	<b>33,811,123</b>	<b>39,503,986</b>	<b>(16,565,362)</b>	<b>22,938,624</b>

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand

**6. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2013**

	Opening balance	Additions	Disposals	Devaluation	Revaluation Surplus	Change in Estimate	Depreciation	Carrying Value
Land	2,025,000	-	-	(105,000)	670,000	-	-	2,590,000
Buildings	11,383,031	-	-	-	7,070,726	263,795	(314,824)	18,402,728
Plant and machinery	168,650	-	-	-	-	-	(10,761)	157,889
Furniture and fixtures	912,177	577,205	(197,857)	-	-	614,933	(449,326)	1,457,132
Motor vehicles	5,651,193	2,745,204	-	-	-	436,733	(1,411,202)	7,421,928
Office equipment	362,780	35,631	-	-	-	395,683	(225,392)	568,702
Computer Equipment	682,460	336,210	-	-	-	1,282,496	(723,965)	1,577,201
Other Assets	1,753,333	114,039	-	-	-	137,516	(369,345)	1,635,543
	<b>22,938,624</b>	<b>3,808,289</b>	<b>(197,857)</b>	<b>(105,000)</b>	<b>7,740,726</b>	<b>3,131,156</b>	<b>(3,504,815)</b>	<b>33,811,123</b>

**Reconciliation of property, plant and equipment - 2012**

	Opening balance	Additions	Disposals	Depreciation	Carrying Value
Land	2,025,000	-	-	-	2,025,000
Buildings	11,812,858	340,544	-	(770,371)	11,383,031
Plant and machinery	179,410	-	-	(10,760)	168,650
Furniture and fixtures	963,665	217,786	(5,400)	(263,874)	912,177
Motor vehicles	6,178,254	1,523,661	(573,697)	(1,477,025)	5,651,193
Office equipment	370,690	157,277	-	(165,187)	362,780
Computer Equipment	872,924	270,367	-	(460,831)	682,460
Other Assets	2,004,031	101,091	-	(351,789)	1,753,333
	<b>24,406,832</b>	<b>2,610,726</b>	<b>(579,097)</b>	<b>(3,499,837)</b>	<b>22,938,624</b>

**Notes to the Financial Statements**

	2013	2012
	R	R

**6. Property, plant and equipment (continued)**

**Revaluations**

The effective date of the revaluations was 28 June 2013. Revaluations were performed by Kgolofelo Property Services CC an independent valuer. Valuations were made on the basis of recent market transactions on arm length terms. The revaluation surplus was credited to revaluation reserve.

Land and buildings are re-valued independently every 5 years.

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

Land	178,810	178,810
Buildings	3,013,531	4,865,717

**Other information**

**Property, plant and equipment fully depreciated and still in use  
 (Gross carrying amount)**

Computer Equipment	630,802	4,156,241
Furniture and Fittings	335,808	2,296,970
Buildings	-	750,425
Motor Vehicles	-	45,000
Office Equipment	89,784	1,194,777
Other Assets	49,744	321,234
	<b>1,106,138</b>	<b>8,764,647</b>

As at year-end, Work-in-progress (WIP) contained the following amounts for assets as at year-end not yet delivered/received by the Municipality.

**The following are the assets that makes up the WIP;**

- Computer Equipment	-	13 514
- Furniture and Fittings	-	90 708
<b>TOTAL</b>	<b>-</b>	<b>104 222</b>

**Key Assumptions used to determine the recoverable service amount of assets during the period:**

The municipality conducted a stock-take/asset count, and in this process the assets' conditions were assessed, and it was determined that no assets were identified to be impaired.

No further information is therefore disclosed, as there were no assets impaired during the period under review.

**Notes to the Financial Statements**

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Microsoft Exchange 2010	56,848	(18,949)	37,899	56,848	-	56,848
Caseware	173,950	(91,807)	82,143	173,950	(125,630)	48,320
Microsoft Office 2007	163,027	(129,063)	33,964	163,027	(163,027)	-
E-Venus	468,460	(375,744)	92,716	468,460	(468,460)	-
Server Software	241,071	(147,056)	94,015	241,070	(209,181)	31,889
Payday System	89,052	(71,427)	17,625	89,052	(89,052)	-
<b>Total</b>	<b>1,192,408</b>	<b>(834,046)</b>	<b>358,362</b>	<b>1,192,407</b>	<b>(1,055,350)</b>	<b>137,057</b>

**Reconciliation of intangible assets - 2013**

	Opening balance	Change in Estimate	Amortisation	Carrying Value
Caseware	48,320	62,815	(28,992)	82,143
E-Venus	-	151,274	(58,558)	92,716
Microsoft Exchange 2010	56,848	-	(18,949)	37,899
Microsoft Office 2007	-	54,342	(20,378)	33,964
Payday System	-	28,757	(11,132)	17,625
Server Software	31,889	101,315	(39,189)	94,015
	<b>137,057</b>	<b>398,503</b>	<b>(177,198)</b>	<b>358,362</b>

**Reconciliation of intangible assets - 2012**

	Opening balance	Additions	Amortisation	Carrying Value
Caseware	106,303	-	(57,983)	48,320
Microsoft Exchange 2010	-	56,848	-	56,848
Server Software	108,422	-	(76,533)	31,889
	<b>214,725</b>	<b>56,848</b>	<b>(134,516)</b>	<b>137,057</b>

**Other information**

Fully amortised intangible assets still in use: 4,094 720,539

Fully amortised intangible assets still in use consist of:  
- MS Exchange 2003 Server

There were no intangible assets that were assessed as having an indefinite useful life.

There are no intangible assets whose title is restricted.

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



FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>8. Trade and other payables</b>		
Trade payables	8,845,498	6,269,987
Retention Creditors	3,481,799	8,879,287
Staff Leave Accrual	3,981,193	3,467,588
Service Bonus Accrual	1,580,096	1,321,651
	<u>17,888,586</u>	<u>19,938,513</u>

**9. Unspent conditional grants and receipts**

See appendix "F2" for a detailed reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld during the year.

**Unspent conditional grants and receipts comprises of:**

**Unspent conditional grants and receipts**

RWF Feasibility Study Funding	-	450,000
Department of Health - Relebohile Clinic: Ngwathe Local Municipality	2,731,142	4,335,865
Department of Roads, Transport and Police - Internal Roads: Ngwathe Local Municipality	732,391	732,391
EPWP Project - Sidewalks: Metsimaholo Local Municipality	509,434	117,428
Department of Public Works - Church: Ngwathe Local Municipality	85,794	85,794
Department of Sports - Grant: Fezile Dabi Stadium	(440,002)	24,410,077
EPWP - Metsimaholo Hospital	1,486,060	2,278,555
DWAF	137,294	656,147
EPWP - Upgrading and construction of the street network within the Ngwathe Municipal Area	-	540,825
LOTTO Grant	1,704,301	1,900,000
	<u>6,946,414</u>	<u>35,507,082</u>

**Movement during the year**

Balance at the beginning of the year	35,507,082	56,661,118
Additions during the year	11,541,688	20,534,284
Expenditure recognised during the year	(40,102,356)	(41,688,320)
	<u>6,946,414</u>	<u>35,507,082</u>

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

**10. Long term loans**

**Loans from DBSA**

External loans	20,432,122	25,720,038
Less: Current portion transferred to current liabilities	(5,919,300)	(5,287,916)
	<u>14,512,822</u>	<u>20,432,122</u>

**Notes to the Financial Statements**

	2013 R	2012 R
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**11. Retirement benefit obligation**

**Defined benefit plan**

The defined benefit plan, to which employees belong, consists of the Free State Municipal Pension Fund and the Councilors Pension Fund governed by the Pension Fund Act of 1956.

The actuarial valuation determined that the retirement plan was in a sound financial position.

**Post retirement medical aid plan**

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

In-service (employee) members	110	107
Continuation members (e.g: Retirees, widows, orphans)	3	3
<b>Total Members</b>	<b>113</b>	<b>110</b>

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

- LA Health Medical Scheme
- Bonitas Medical Scheme
- Hosmed Medical Scheme
- Samwumed Medical Scheme
- KeyHealth Medical Scheme
- Discovery Medical Scheme

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

**Carrying value**

Present value of the defined benefit obligation-wholly unfunded	(6,440,000)	(5,643,000)
Service Cost	(628,000)	(480,000)
Interest Cost	(617,000)	(541,000)
Actuarial gains or (losses)	(819,000)	127,000
Actual benefits paid	87,000	97,000
<b>Net liability</b>	<b><u>(8,417,000)</u></b>	<b><u>(6,440,000)</u></b>

**Key assumptions used**

Assumptions used at the reporting date:

Discount rates used	9.30 %	9.20 %
Healthcare cost inflation	8.00 %	7.50 %
Net discount rate	1.20 %	1.58 %

The basis on which the discount rate has been determined is as follow:

The discount rate used in the valuation is determined by reference to market yields on high quality corporate bonds as at the balance sheet date. In countries where there is no deep market in corporate bonds, government bonds are used. It is currently market practice to use government bond yields, as the South African corporate bond market is not considered to be sufficiently developed. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

The estimated discount rate was set equal to the yield on the BEASSA zero-coupon yield curve with a term of 20 years, the expected duration of the liability based on the current membership data, as at 30 June 2013.

**Notes to the Financial Statements**

2013	2012
R	R

**11. Retirement benefit obligation (continued)**

**Defined contribution plan**

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

**12. Provisions**

**Reconciliation of provisions - 2013**

	Opening Balance	Contributions	Total
Long Service Awards	5,677,000	1,513,000	7,190,000

**Reconciliation of provisions - 2012**

	Opening Balance	Contributions	Total
Long Service Awards	4,707,000	970,000	5,677,000

**Notes to the Financial Statements**

2013  
R

2012  
R

**12. Provisions (continued)**

The provision relates to the Long Service Award obligation for the municipal employees. The actuarial valuation was performed in line with the requirements of IAS 19.

**Amounts recognised in the statement of Financial Performance are as follows:**

Service cost	(1,031,000)	(849,000)
Interest cost	(465,000)	(401,000)
Expected benefits paid	485,000	696,000
Actuarial gains/(losses)	(502,000)	(416,000)
<b>Net Expenditure recognised</b>	<b>(1,513,000)</b>	<b>(970,000)</b>

**Amounts recognised in the statement of Financial Position are as follows:**

Defined benefit obligation	(7,190,000)	(5,677,000)
Plan Assets	-	-
Funded status	(7,190,000)	(5,677,000)
Unrecognised actuarial (gains) / losses	-	-
<b>Net obligation recognised in the Statement of Financial Position</b>	<b>(7,190,000)</b>	<b>(5,677,000)</b>

**Key assumptions used:**

Assumptions used at the reporting date:

Discount rates used	7.50%	8.00 %
Salary inflation	8.00%	7.50 %
Net discount rate	-0.46%	0.47 %

The basis on which the discount rate has been determined is as follow:

The discount rate used in the valuation is our best estimate assumption of a CPI inflation rate, consistent with the gross discount rate, is determined with reference to the difference between the yields on government conventional and index-linked bonds as at valuation date, adjusted by a liquidity risk premium of 0.35%. A 2% margin is added to these estimates to arrive at the best estimate assumption for a salary inflation.

**13. Revaluation reserve**

Opening balance	7,835,140	8,181,602
Reserve realised	(346,462)	(346,462)
Revaluation surplus	7,740,726	-
	<b>15,229,404</b>	<b>7,835,140</b>

**Revaluation surplus relating to property, plant and equipment**

Revaluation surplus beginning of period	7,835,140	8,181,602
Movements in the reserve for the year	(346,462)	(346,462)
Revaluation surplus	7,724,536	-
	<b>15,213,214</b>	<b>7,835,140</b>

**Notes to the Financial Statements**

	2013 R	2012 R
<b>14. Government grants and subsidies</b>		
Equitable share	131,146,000	127,132,000
Financial Management Grant	1,250,000	1,250,000
MSIG	1,000,000	790,000
Skills Levy (SETA)	231,219	-
Extended Public Works Program Incentive (EPWP)	1,000,000	221,000
	<u>134,627,219</u>	<u>129,393,000</u>

**Equitable Share**

Balance unspent at beginning of year	-	-
Current-year receipts	131,146,000	127,132,000
Conditions met - transferred to revenue	(131,146,000)	(127,132,000)
	<u>-</u>	<u>-</u>

The Equitable Share is an unconditional grant and is utilised to assist the municipalities to undertake service delivery.

**Financial Management Grant**

Balance unspent at beginning of year	-	-
Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,250,000)
	<u>-</u>	<u>-</u>

The purpose of the financial management grant is to assist municipalities to implement financial reforms required by MFMA.

**MSIG**

Balance unspent at beginning of year	-	-
Current-year receipts	1,000,000	790,000
Conditions met - transferred to revenue	(1,000,000)	(790,000)
	<u>-</u>	<u>-</u>

The fund is used to assist the district in building capacity to perform its functions and stabilise institutional and governance systems as required by the Municipal Systems (Act 32 of 2000).

**Extended Public Works Program Incentive (EPWP)**

Balance unspent at beginning of year	-	-
Current-year receipts	1,000,000	221,000
Conditions met - transferred to revenue	(1,000,000)	(221,000)
	<u>-</u>	<u>-</u>

The extended Public Works Program Incentive grant was received by the municipality based on its ability to meet the performance requirements as set by the Department of Public Works.

FEZILE DABI DISTRICT MUNICIPALITY  
 Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013	2012
	R	R

**14. Levies (continued)**

**Changes in level of government grants**

Based on the allocations set out in the Division of Revenue Act, (Act No.5 of 2012), no significant changes in the level of government grant funding are expected over the forthcoming 2 financial years.

**15. Other Income**

Telephone deductions - Officials and Councillors	2,720	-
Jazz festival income	75,000	1,646,186
Insurance claim received	70,809	58,361
Donations received	901,816	208,578
Other	359,816	299,389
	<b>1,410,161</b>	<b>2,212,514</b>

**16. Interest received**

**Interest revenue**

Unlisted financial assets	6,239,042	6,557,630
Bank	3,124,726	3,904,526
Interest charged on trade and other receivables	-	4,809
	<b>9,363,768</b>	<b>10,466,965</b>

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>17. Employee related costs</b>		
Employee related costs - Salaries and Wages	36,928,489	32,254,799
Performance Bonus	716,797	837,522
Employee related cost - Contributions of UIF, pension and medical aids	8,868,414	7,959,368
Leave pay provision charge	2,883,377	2,122,744
Overtime payments	1,188,358	1,247,457
Long-service awards	1	970,000
Annual Bonus	2,772,986	2,666,700
Travel, motor car and allowances	8,303,572	7,219,256
Housing benefits and allowances	321,417	832,455
Termination benefits	-	797,000
	<b><u>61,983,411</u></b>	<b><u>56,907,301</u></b>

**Remuneration of Municipal Manager**

Annual Remuneration	1,027,228	751,224
Car Allowance	373,750	220,000
Performance Bonuses	170,666	164,220
Housing	27,000	108,000
Contributions to UIF, Medical and Pension Funds	170,326	149,114
	<b><u>1,768,970</u></b>	<b><u>1,392,558</u></b>

**Remuneration of Chief Finance Officer**

Annual Remuneration	825,952	271,694
Car Allowance	275,317	90,565
Performance Bonuses	-	147,798
Contributions to UIF, Medical and Pension Funds	4,586	6,363
	<b><u>1,105,855</u></b>	<b><u>516,420</u></b>

The CFO's remuneration covers only the 10 months period during the financial year.

**Acting**

Car Allowance Acting	44,054	41,057
Acting Allowance	191,423	150,366
	<b><u>235,477</u></b>	<b><u>191,423</u></b>

Mr J Reyneke was appointed as the Acting Chief Financial Officer effectively from 1 November 2011 until 31 August 2012.

**Remuneration of Director: LED**

Annual Remuneration	695,274	692,674
Car Allowance	120,000	120,000
Performance Bonuses	136,533	131,376
Contributions to UIF, Medical and Pension Funds	50,957	172,226
	<b><u>1,002,764</u></b>	<b><u>1,116,276</u></b>

**Notes to the Financial Statements**

	2013 R	2012 R
<b>17. Employee related costs (continued)</b>		
<b>Remuneration of Director: PMU</b>		
Annual Remuneration	322,463	770,716
Car Allowance	83,884	201,322
Performance Bonuses	136,533	131,376
Contributions to UIF, Medical and Pension Funds	821	12,372
	<b><u>543,701</u></b>	<b><u>1,115,786</u></b>
<b>Remuneration of Director: Corporate Services</b>		
Annual Remuneration	621,219	595,394
Car Allowance	220,995	243,041
Performance Bonuses	136,533	131,376
Contributions to UIF, Medical and Pension Funds	36,243	144,738
	<b><u>1,014,990</u></b>	<b><u>1,114,549</u></b>
<b>Remuneration of Director: Health and Safety</b>		
Annual Remuneration	622,416	600,073
Car Allowance	220,995	243,041
Performance Bonuses	136,533	131,376
Contributions to UIF, Medical and Pension Funds	37,944	140,501
	<b><u>1,017,888</u></b>	<b><u>1,114,991</u></b>



FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>18. Remuneration of councillors</b>		
Executive Mayor	712,849	677,569
Mayoral Committee Members	2,022,839	1,985,438
Speaker	536,877	527,987
Councillors	2,662,386	2,223,806
	<b><u>5,934,951</u></b>	<b><u>5,414,800</u></b>
<b>Executive Mayor - Cllr MP Moshodi</b>		
Basic Salary	425,248	402,459
Car Allowances	167,571	158,836
Cellphone Allowance	38,963	37,752
Social Contributions	81,067	78,522
	<b><u>712,849</u></b>	<b><u>677,569</u></b>
<b>Speaker - Cllr SI Mbalo (01/07/2012 - 17/05/2013)</b>		
Basic Salary	294,495	316,457
Car Allowances	113,473	127,068
Cellphone Allowance	7,296	18,840
Social Contributions	59,379	65,622
	<b><u>474,643</u></b>	<b><u>527,987</u></b>
<b>Speaker - Cllr KGL Nkethu (01/06/2012 - 30/06/2013)</b>		
Basic Salary	29,143	-
Car Allowances	11,171	-
Cellphone Allowance	18,840	-
Social Contributions	5,811	-
	<b><u>64,965</u></b>	<b><u>-</u></b>
<b>MMC - CORPORATE SERVICES: Cllr AM Olifant (01/07/2012 - 30/06/2013)</b>		
Basic Salary	189,316	179,289
Car Allowances	74,913	73,235
Cellphone Allowance	6,916	6,924
Social Contributions	43,163	41,288
	<b><u>314,308</u></b>	<b><u>300,736</u></b>
<b>MMC - TECHNICAL SERVICES: Cllr K Khumalo (01/07/2012 - 30/06/2013)</b>		
Basic Salary	231,788	205,143
Car Allowances	74,913	73,235
Cellphone Allowance	6,916	6,924
Social Contributions	45,259	15,434
	<b><u>358,876</u></b>	<b><u>300,736</u></b>
<b>MMC - SOCIAL DEVELOPMENT: Cllr GN Guza (01/07/2012 - 30/06/2013)</b>		

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>18. Remuneration of councillors (continued)</b>		
Basic Salary	318,998	295,739
Car Allowances	124,220	119,127
Cellphone Allowance	19,872	18,840
Social Contributions	65,130	62,514
	<b>528,220</b>	<b>496,220</b>
<b>MMC - EHS &amp; PUBLIC SAFETY: Cllr Ndai (01/07/2011 - 31/10/2011)</b>		
Basic Salary	-	58,673
Car Allowances	-	24,412
Cellphone Allowance	-	2,364
Social Contributions	-	15,060
	-	<b>100,509</b>
<b>MMC - EHS &amp; PUBLIC SAFETY: Cllr ME Magashule (01/11/2012 - 30/06/2013)</b>		
Basic Salary	146,469	146,469
Car Allowances	48,823	48,823
Cellphone Allowance	4,560	4,560
Social Contributions	374	374
	<b>200,226</b>	<b>200,226</b>
<b>MMC - LED &amp; TOURISM: Cllr ML Hlapane (01/07/2012 - 30/06/2013)</b>		
Basic Salary	186,528	181,780
Car Allowances	74,913	73,235
Cellphone Allowance	6,916	6,924
Social Contributions	46,180	31,371
	<b>314,537</b>	<b>293,310</b>
<b>MMC - FINANCE: Cllr ME Notsi (01/07/2012 - 30/06/2013)</b>		
Basic Salary	196,715	186,459
Car Allowances	73,114	71,476
Cellphone Allowance	7,336	6,924
Social Contributions	29,507	28,842
	<b>306,672</b>	<b>293,701</b>
<b>Part Time Councillors</b>		
<b>Cllr's: ME Mokoena, ML Pietersen, SJMT Mahlakazela, DP van der Westhuizen, MC Spruit, SH Pittaway, MS Taje, DLS George, KJ Ngozo, D de Hart</b>		
Basic Salary	1,520,338	1,446,636
Car Allowances	488,957	476,508
Cellphone Allowance	171,992	165,512
	<b>2,181,287</b>	<b>2,088,656</b>
Sitting Allowance for Seconded Councillors of Local Municipalities	172,176	135,150
<b>In-kind benefits</b>		

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>18. Remuneration of councillors (continued)</b>		
The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties.		
The Executive Mayor has two full-time bodyguards.		
<b>19. Administrative expenditure</b>		
Administrative expense	-	669,921
<b>20. Depreciation and amortisation</b>		
Property, plant and equipment	4,034,165	3,499,835
Intangible assets	177,197	134,516
	<u>4,211,362</u>	<u>3,634,351</u>
<b>21. Bad debt written off</b>		
<b>Impairments</b>		
Office of the Premier	-	724,431
<b>22. Finance costs</b>		
Interest on long term liabilities	2,922,635	3,488,495
<b>23. Contracted services</b>		
Various Contractors	11,540,610	15,043,831
These payments are contracts which have been entered into during the current and prior financial year.		
Jazz Festival	5,470,017	4,892,106
IDP Implementation Monitoring	1,128,263	646,229
Municipal systems improvement programme	1,000,000	750,000
Cleaning Services	237,305	457,583
Performance Management systems	-	492,296
Renovations - Mafube Fire Station	1,537,985	3,724,345
Security Services - Building	131,332	513,314
Sport Development Programs	819,322	781,996
Upgrading of Municipal Resorts	8,550	508,921
Establishment of District Centre	860,921	1,250,926
Other	346,915	1,026,115
	<u>11,540,610</u>	<u>15,043,831</u>

FEZILE DABI DISTRICT MUNICIPALITY  
 Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>24. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Mafube Local Municipality	(26,818)	3,199,209
Metsimaholo Municipality	1,474,920	793,494
Ngwathe Local Municipality	2,109,499	3,793,010
Moqhaka Local Municipality	7,589,807	6,123
District Rural Areas	-	680,744
	<b><u>11,147,408</u></b>	<b><u>8,472,580</u></b>

The Municipality identifies projects which are funded through grants and subsidies in the various local municipalities within the District. Projects are identified through the Integrated Development Plan. The operation and control of items of property, plant and equipment funded through these grants and subsidies vests in the local municipalities.

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>25. General expenses</b>		
Accounting fees	-	78,947
Advertising	231,576	231,772
Auditors remuneration	2,085,047	1,796,318
Bank charges	74,232	77,542
Cleaning	235,638	82,778
Consulting and professional fees	105,450	1,358,112
Consumables	424,033	295,038
Donations	769,919	782,081
Entertainment	686,421	945,474
Rental Equipment	2,870,327	3,479,263
Insurance	250,496	225,600
Community development and training	2,381,815	3,170,778
Conferences and seminars	376,884	-
IT expenses	1,042,548	1,183,388
Fleet	72,609	65,295
Marketing	1,415,410	1,665,123
Magazines, books and periodicals	36,407	76,162
Medical Expenses	-	7,800
Assistance to Local Municipalities	1,200,000	3,351,288
Fuel and oil	690,369	852,977
Postage and courier	21,917	10,206
Printing and stationery	561,237	420,771
Promotions	2,680,407	4,235,351
Protective clothing	227,040	195,987
Research and development costs	144,318	167,564
Royalties and license fees	9,463	8,138
Security (Guarding of municipal property)	21,400	92,966
Staff welfare	-	720,207
Subscriptions and membership fees	592,125	479,743
Telephone and fax	785,676	756,509
Training	1,090,992	877,191
Travel - local	3,488,694	3,103,910
Tourism development	758,357	219,268
Strategic sessions	159,239	-
Bursaries: External Students	902,075	953,645
Rental property	-	183,231
Other expenses	12,695,150	7,309,045
	<b>39,087,271</b>	<b>39,459,468</b>

**Donations**

All donations made by the municipality are in terms of the council's donation policy.

**Notes to the Financial Statements**

	2013 R	2012 R
<b>26. Cash used in operations</b>		
Surplus	7,822,211	7,368,424
<b>Adjustments for:</b>		
Depreciation and amortisation	4,211,362	3,634,351
Loss on sale of assets	98,773	579,097
Impairment deficit	-	724,431
Movements in retirement benefits	1,977,000	797,000
Movements in provisions	1,513,000	970,000
Other non-cash items	(2,799,458)	861,368
<b>Changes in working capital:</b>		
Trade and other receivables	(6,205,423)	72,839
Trade and other payables	(2,049,927)	(251,089)
VAT	2,513,625	(1,021,768)
Unspent conditional grants and receipts	(28,560,668)	(21,154,036)
	<u><b>(21,479,505)</b></u>	<u><b>(7,419,383)</b></u>

**27. Retirement Benefit Information**

Councillors and employees belong to two defined benefit retirement funds which are the Free State Municipal Pension Fund and the Councillors Pension Fund governed by the Pension Fund Act of 1956. These Funds are subject to triennial actuarial valuation.

The last valuation of the Free State Municipal Pension Fund was performed June 2005. The Free State Municipal Pension Fund, net assets that are available for benefits at 30 June 2005 was R 1 530 775 000.

The actuarial valuation determined that the fund was in a sound financial position. The estimated liability of the funds is R1 308 118 000 which is adequately financed.

No new information was available at balance sheet date.

**28. Going concern**

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.

**29. Unauthorised expenditure**

Balance at the beginning of the year	272,771	-
Unauthorised expenditure - current year	-	272,771
Approved/condoned by council	(272,771)	-
	<u>-</u>	<u>272,771</u>

**30. Fruitless and wasteful expenditure**

Opening balance	5,290	-
Fruitless and wasteful expenditure - current year	12,140	5,290
Approved/condoned by council	(5,290)	-
Transfer to receivables for recovery	(9,686)	-
	<u>2,454</u>	<u>5,290</u>

FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>31. Irregular expenditure</b>		
Opening balance	482,789	46,300
Add: Irregular Expenditure - current year	-	4,253,383
Less: Amounts condoned by council	-	(3,816,894)
	<u><b>482,789</b></u>	<u><b>482,789</b></u>

**Analysis of expenditure awaiting condonation per age classification**

Current year	-	482,789
Prior years	482,789	-
	<u><b>482,789</b></u>	<u><b>482,789</b></u>

**Details of irregular expenditure – current year**

	Disciplinary steps taken/criminal proceedings	
SCM procedures not followed: Order class-Urgent	None	26,761
SCM procedures not followed: Order class-Sole Supplier	None	14,575
SCM procedures not followed: Order class-Specialised Services	None	117,750
SCM procedures not followed: Order class-Other	None	323,703
		<u><b>482,789</b></u>

**Details of irregular expenditure condoned**

Supply Chain Policy procedures not followed.	Condoned by (condoning authority) Municipality Council	<u>46,300</u>
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**32. In-kind donations and assistance**

No in-kind donations or assistance were received during the year.

**33. Additional disclosure in terms of Municipal Finance Management Act**

**Contributions to organised local government**

Current year subscription	569,697	454,986
Amount paid - current year	(569,697)	(454,986)
	<u>-</u>	<u>-</u>

**Audit fees**

Current year fee	2,085,047	1,796,318
Amount paid - current year	(2,085,047)	(1,796,318)
	<u>-</u>	<u>-</u>

**PAYE and UIF**

Current year payroll deduction	13,252,006	11,638,051
Amount paid - current year	(13,252,006)	(11,638,051)
	<u>-</u>	<u>-</u>

**Notes to the Financial Statements**

	2013 R	2012 R
<b>33. Leases (Effects of transitional provisions) (continued)</b>		
<b>Pension and Medical Aid Deductions</b>		
Current year payroll deduction	13,697,409	9,925,513
Amount paid - current year	(13,697,409)	(9,925,513)
	<u>-</u>	<u>-</u>
<b>VAT</b>		
VAT receivable	<u>1,710,476</u>	<u>4,224,101</u>

All VAT returns have been submitted by the due date throughout the year.

**34. Actual operating expenditure versus budgeted operating expenditure**

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

**35. Actual capital expenditure versus budgeted capital expenditure**

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

**36. Related parties**

The were no related party transactions identified during the financial year under review.

**37. Risk Management**

**Financial risk management**

The District municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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.

The financial liabilities of the District Municipality are backed by appropriate assets and it has adequate liquid resources. The District Municipality monitors the cash projections by ensuring that borrowing facilities are available to meet its cash requirements.

No significant financial risk pertaining to the creditors exists except for mainly operational risks that are not covered in here.



**Notes to the Financial Statements**

2013	2012
R	R

**37. Risk Management (continued)**

**Interest rate risk**

The District Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates.

The risk is managed on an on-going basis.

**Credit risk**

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

**Foreign exchange risk**

The District Municipality does not engage in foreign currency transactions.

**38. Events after the reporting date**

No events took place after the reporting date which has an impact on the Annual Financial Statements.

**39. Deviation from supply chain management regulations**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Deviations from supply chain management regulations did occur. These deviations were submitted and noted by council. A detailed deviation register is available at the municipality for inspection.

**Notes to the Financial Statements**

2013  
R

2012  
R

**40. Financial assets by category**

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

**2013**

	Loans and receivables	Held to maturity investments	Total
Trade and other receivables	6,499,007	-	6,499,007
VAT Receivable	1,710,476	-	1,710,476
Cash and Cash Equivalents	-	31,595,916	31,595,916
Short-term Deposits	-	128,758,300	128,758,300
	<b>8,209,483</b>	<b>160,354,216</b>	<b>168,563,699</b>

**2012**

	Loans and receivables	Held to maturity investments	Total
Trade and other receivables	293,584	-	293,584
VAT Receivable	4,224,101	-	4,224,101
Cash and Cash Equivalents	-	68,305,534	68,305,534
Short-term Deposits	-	122,519,258	122,519,258
	<b>4,517,685</b>	<b>190,824,792</b>	<b>195,342,477</b>

**Notes to the Financial Statements**

2013  
R

2012  
R

**41. Financial liabilities by category**

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

**2013**

	Financial liabilities at amortised cost	Total
Annuity Loans	14,507,239	14,507,239
Retirement benefit obligation	8,417,000	8,417,000
Trade and other payables	17,888,586	17,888,586
Operating lease liability	220,988	220,988
Current portion of Long-term Liabilities	5,919,300	5,919,300
Provisions	7,190,000	7,190,000
Unspent conditional grants and receipts	6,946,414	6,946,414
	<b>61,089,527</b>	<b>61,089,527</b>

**2012**

	Financial liabilities at amortised cost	Total
Annuity Loans	20,432,122	20,432,122
Retirement benefit obligation	6,440,000	6,440,000
Trade and other payables	19,938,513	19,938,513
Operating lease liability	209,355	209,355
Current portion of Long-term Liabilities	5,287,916	5,287,916
Provisions	5,677,000	5,677,000
Unspent conditional grants and receipts	35,507,082	35,507,082
	<b>93,491,988</b>	<b>93,491,988</b>

**Notes to the Financial Statements**

	2013	2012
	R	R

**42. Operating lease**

The municipality rents photocopy machines from Nashua Vaal, being the major supplier:

- no contingent rent is payable in terms of the lease agreements.
- there is no renewal as per lease agreement terms, and the lease escalates as determined in the various lease agreements with the renter; and
- no restrictions are imposed by lease arrangements, with regards to additional debt and further leasing.

The lease agreements is for a total period of 36 months (3 years).

**43. Commitments**

**Operating leases - as lessee (expense)**

**Minimum lease payments due**

- within one year	1,252,400	1,289,819
- in second to fifth year inclusive	3,968,492	-
	<b>5,220,892</b>	<b>1,289,819</b>

**44. Contingencies**

The municipality had the following contingent liabilities as at year-end:

The certainty and timing of the outflow of these liabilities are uncertain. The amount disclosed below are possible outflow;

Maseko Tilana - Civil not finalised Ref (MMW/1/M/5M0728/11)	-	16,630
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FEZILE DABI DISTRICT MUNICIPALITY  
Financial Statements for the year ended 30 June 2013

**FEZILE DABI DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

<b>SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013</b>								
	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2012</b>	<b>Received during the year</b>	<b>Redeemed written off during the year</b>	<b>Balance at 30 June 2013</b>	<b>Carrying Value of Property, Plant &amp; Equipment</b>	<b>Other Costs in accordance with the MFMA</b>
<b>EXTERNAL LOANS</b>			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>								
Stock Loan @ 10% - Tumahole Parys	10055/1	30 June 2015	1 861 125	-	560,818	1 300 307	-	-
Stock Loan @ 10% - Maokeng	10054/1	30 June 2015	1 835 434	-	553,077	1 282 357	-	-
Stock Loan @ 12% - Maokeng	10054/2	31 December 2016	1 165 905	-	208,961	956 944	-	-
Stock Loan @ 12% - Maokengbrentpark	10057/1	31 December 2015	3 099 800	-	760,575	2 339 225	-	-
Stock Loan @ 12% - Mokwallo Vredefort	10056/1	31 December 2015	2 855 356	-	700,598	2 154 758	-	-
Stock Loan @ 10% - Phiritona Heilbron	10058/1	31 December 2016	8 129 419	-	1,511,124	6 618 295	-	-
Stock Loan @ 10% - Viljoenskroon	10066/1	31 December 2015	354 406	-	89,217	265 189	-	-
Stock Loan @ 10% - Zamdela	10076/1	31 December 2015	190 844	-	57,508	133 337	-	-
Stock Loan @ 10% - Zamdela	10076/2	31 December 2015	335 191	-	101,004	234 187	-	-
Stock Loan @ 15.25% - Sasolburg	10243/3	31 December 2016	1 048 667	-	177,048	871 619	-	-
Stock Loan @ 16.50% - Sasolburg	13304/1	31 December 2018	1 931 168	-	184,060	1 747 108	-	-
Stock Loan @ 16.50% - Sasolburg	13304/2	31 December 2018	1 393 142	-	132,956	1 260 186	-	-
Stock Loan @ 15.25% - Sasolburg Kroonstad	10243/5	31 December 2016	1 519 579	-	256,553	1 263 026	-	-
<b>TOTAL EXTERNAL LOANS</b>			<b>25 720 038</b>	<b>-</b>	<b>5 293 498</b>	<b>20 426 539</b>	<b>-</b>	<b>-</b>

FEZILE DABI DISTRICT MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED 30 JUNE 2013

	COST				Accumulated Depreciation					Carrying Value	Budget Additions 2012
	Opening	Additions	Disposals	Closing	Opening	Revision of	Depreciation	Disposals	Closing		
	balance			balance	balance	Asset Useful Life			balance		
<b>Land and Buildings</b>											
Land	2 025 000	565 000	-	<b>2 590 000</b>	-	-	-	-	-	<b>2 590 000</b>	-
Buildings	15 017 655	4 035 340	( 105 000)	<b>19 157 995</b>	3 335 096	(2 899 652)	319 824	-	<b>755 267</b>	<b>18 402 728</b>	-
<b>Other PPE</b>											
Office equipment	1 672 738	35 631	( 23 113)	<b>1 731 482</b>	1 326 785	( 412 510)	225 392	( 23 113)	<b>1 162 780</b>	<b>568 702</b>	-
Furniture and Fittings	4 011 564	577 205	( 103 424)	<b>4 692 193</b>	3 093 830	( 402 528)	449 326	( 94 433)	<b>3 235 061</b>	<b>1 457 132</b>	-
Computer equipment	5 324 627	336 210	( 99 036)	<b>5 759 873</b>	4 639 399	(1 278 756)	723 965	( 98 064)	<b>4 182 672</b>	<b>1 577 201</b>	-
Plant and Machinery	204 945	-	-	<b>204 945</b>	36 295	0	10 760	-	<b>47 055</b>	<b>157 890</b>	-
Motor Vehicles	8 760 270	2 745 204	-	<b>11 505 474</b>	3 109 078	( 436 735)	1 411 202	-	<b>4 083 545</b>	<b>7 421 929</b>	-
Other Assets	2 487 188	114 039	-	<b>2 601 227</b>	1 024 880	( 428 540)	369 345	-	<b>965 684</b>	<b>1 635 543</b>	-
<b>TOTAL</b>	<b>39 503 987</b>	<b>8 408 630</b>	<b>( 330 573)</b>	<b>48 243 190</b>	<b>16 565 362</b>	<b>(5 858 721)</b>	<b>3 509 814</b>	<b>( 215 610)</b>	<b>14 432 065</b>	<b>33 811 125</b>	<b>-</b>

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2013

	COST					Accumulated Depreciation				Carrying Value
	Opening balance	Additions	Additions Under Construction	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	
Executive & Council	17 132 427	4 779 728	-	( 138 536)	<b>22 050 690</b>	4 343 624	357 940	( 33 536)	<b>4 735 100</b>	<b>17 315 591</b>
Municipal Manager	989 665	99 502	-	-	<b>1 089 166</b>	587 843	82 271	-	<b>670 114</b>	<b>419 053</b>
Finance	144 189	40 615	-	( 16 868)	<b>201 672</b>	67 979	66 172	( 16 868)	<b>151 019</b>	<b>50 653</b>
Information Technology	1 445 528	318 583	-	( 104 503)	<b>1 868 613</b>	1 775 476	1 016 998	( 104 503)	<b>2 896 977</b>	<b>(1 028 364)</b>
PMU	9 182 506	640 288	-	( 6 189)	<b>9 828 982</b>	5 660 711	857 676	( 6 189)	<b>6 524 575</b>	<b>3 304 407</b>
Corporate Support Services	3 529 248	55 106	-	( 4 432)	<b>3 588 785</b>	1 448 759	74 207	( 4 432)	<b>1 527 398</b>	<b>2 061 388</b>
Fire & Emergency Services	4 132 313	2 165 655	-	-	<b>6 297 968</b>	1 750 250	754 752	-	<b>2 505 001</b>	<b>3 792 966</b>
Disaster Management	260 843	39 725	-	( 12 763)	<b>313 330</b>	183 311	93 474	( 9 572)	<b>286 357</b>	<b>26 973</b>
LED	323 334	1 978	-	( 4 874)	<b>330 186</b>	269 891	24 496	( 4 874)	<b>299 262</b>	<b>30 925</b>
Environmental Health	2 363 939	267 451	-	( 42 408)	<b>2 673 797</b>	477 519	181 829	( 35 636)	<b>694 984</b>	<b>1 978 814</b>
<b>TOTAL</b>	<b>39 503 989</b>	<b>8 408 630</b>	-	<b>( 330 573)</b>	<b>48 243 191</b>	<b>16 565 363</b>	<b>3 509 814</b>	<b>( 215 610)</b>	<b>20 290 787</b>	<b>27 952 404</b>



FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

2012 REVENUE	2012 EXPENSES	2012 Surplus/ (Deficit)		2013 REVENUE	2013 EXPENSES	2013 Surplus/ (Deficit)
R	R	R		R	R	R
-	26 990 973	(26 990 973)	Executive & Council	-	31 643 930	(31 643 930)
-	14 010 946	(14 010 946)	Corporate Support Services	-	16 398 142	(16 398 142)
-	19 398 560	(19 398 560)	Municipal Manager	-	14 827 816	(14 827 816)
-	14 861 289	(14 861 289)	Finance	-	2 984 463	(2 984 463)
-	2 786 471	(2 786 471)	Information Technology	-	16 890 304	(16 890 304)
-	16 330 032	(16 330 032)	PMU	-	13 200 358	(13 200 358)
-	14 964 365	(14 964 365)	Environmental Health	-	8 538 491	(8 538 491)
-	4 568 265	(4 568 265)	Disaster Management	-	4 454 401	(4 454 401)
-	10 477 681	(10 477 681)	LED	-	10 763 099	(10 763 099)
-	10 647 536	(10 647 536)	Fire & Emergency Services	-	16 139 604	(16 139 604)
142 404 543	-	142 404 543	Income	145 460 428	-	145 460 428
<b>142 404 543</b>	<b>135 036 118</b>	<b>7 368 425</b>	<b>Sub Total</b>	<b>145 460 428</b>	<b>135 840 606</b>	<b>9 619 822</b>

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

FOR THE YEAR ENDED 30 JUNE 2013

	<u>2013 Actual</u>	<u>2013 Under Construction</u>	<u>2013 Total Additions</u>	<u>2013 Budget</u>	<u>2013 Variance</u>	<u>2013 Variance</u>	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
	R	R	R	R	R	%	
Executive & Council	179 388	-	179 388	410 000	( 230 612)	-56.25%	Vacant Post not Filled
Municipal Manager	99 502	-	99 502	100 000	( 498)	-0.50%	Vacant Post not Filled
Finance	40 615	-	40 615	50 000	( 9 385)	-18.77%	Vacant Post not Filled
Information Technology	-	-	-	-	-	0.00%	New Servers were not procured
PMU	318 583	-	318 583	500 000	( 181 417)	-36.28%	Vacant Post not Filled
Corporate Support Services	579 549	-	579 549	750 000	( 170 451)	-22.73%	Vacant Post not Filled
Fire & Emergency Services	60 738	-	60 738	500 000	( 439 262)	-87.85%	Frankfort Fire Station not Completed
Disaster Management	55 106	-	55 106	120 000	( 64 894)	-54.08%	Disaster Management Centre No Completed
LED	2 165 655	-	2 165 655	3 150 000	( 984 345)	-31.25%	Vacant Post not Filled
Environmental Health	39 725	-	39 725	100 000	( 60 275)	-60.28%	Vacant Post not Filled & Laborotary not Completed
<b>TOTAL</b>	<b>3 538 861</b>	<b>-</b>	<b>3 538 861</b>	<b>5 680 000</b>	<b>(2 141 139)</b>	<b>-37.70%</b>	

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX F1

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 56 OF 2003

FOR THE YEAR ENDED 30 JUNE 2013

Name of Grants	Name Organ of State or Municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reasons for delay / withholding of funds	Compliance with conditions (Y/N)	Reasons for non-compliance
		September	December	March	June	September	December	March	June	September	December	March	June			
Equitable Share	National Treasury	54,644,000	43,715,000	32,787,000	-	26,004,237	35,951,642	25,822,082	43,368,039	-	-	-	-	-	Y	-
FMG	National Treasury	1,250,000	-	-	-	104,455	101,850	397,104	646,590	-	-	-	-	-	Y	-
MSIG	National Treasury	1,000,000	-	-	-	158,000	-	185,120	656,880	-	-	-	-	-	Y	-
EPWP	Department of Public Works, Roads and Transport	400,000	300,000	-	300,000	432,126	461,664	85,160	-	-	-	-	-	-	Y	-

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX F2

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 56 OF 2003

FOR THE YEAR ENDED 30 JUNE 2013

Grant Description	Opening Balance 30 June 2012	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Closing Balance 30 June 2013
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>							
	R	R	R	R	R	R	R
Provincial Treasury - Church (Parys)	(85,794)	-	-	-	-	-	(85,794)
EPWP - Sidewalks (Metsimaholo)	(117,428)	-	-	-	-	-	(117,428)
RWF Feasibility Study Funding	(450,000)	-	-	-	450,000	-	-
Department of Health - Clinic (Relebohile)	(4,335,865)	-	-	-	1,604,722.79	-	(2,731,142)
Department of Roads, Transport and Police - Internal Roads	(732,391)	-	-	-	-	-	(732,391)
Department of Water Affairs (DWA)	(656,147)	-	-	-	518,853.31	-	(137,294)
EPWP Metsimaholo Hospital	(2,278,555)	(11,541,688)	-	-	12,334,183.11	-	(1,486,060)
EPWP - Paved Roads (Mafube)	(540,825)	-	-	-	148,819.08	-	(392,006)
LOTTO-GRANT	(1,900,000)	-	-	-	195,699	-	(1,704,301)
<b>Total</b>	<b>(34,850,935)</b>	<b>(11,541,688)</b>	-	-	<b>15,252,277</b>	-	<b>(7,386,416)</b>
<b>UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>							
Department of Sports - Stadium	(24,410,077)	-	-	-	24,850,078.38	-	440,002
<b>Total</b>	<b>(656,147)</b>	-	-	-	<b>24,850,078</b>	-	<b>440,002</b>
<b>TOTAL UNSPENT CONDITIONAL GRANTS</b>	<b>(35,507,082)</b>	<b>(11,541,688)</b>	-	-	<b>40,102,356</b>	-	<b>(6,946,414)</b>