



**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

Auditor - General  
South - Africa  
12 Nel Street Docex 39  
2012 -06- 31  
PO Box 2684 Nelspruit 1200  
Mpumalanga

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## GENERAL INFORMATION

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### LEGAL FORM OF ENTITY

Local Municipality

### MAYORAL COMMITTEE

Executive Mayor  
Speaker  
Chief Whip  
Member of Mayoral Committee  
Member of Mayoral Committee  
Member of Mayoral Committee  
Member of Mayoral Committee  
Member of Mayoral Committee

Khumalo RE  
Shabangu ST  
Nxumalo CS  
Sibuyi FF  
Manzini SJ  
Timba FS  
Selowe E  
Mokoena BT

### COUNCILLORS

.  
Baloyi VX  
Khumalo PH  
Mokoena BT  
Masinga WS  
Makhubele RD  
Mathebula S  
Godi SM  
Godi Z  
Khosa LE  
Mashaba DT  
Siwela PF  
Myanga BP  
Mathebula G  
Mzimba VN  
Mnisi SP  
Ndlovu RS  
Mathebula NL  
Kubayi N  
Hlathi XE  
Ncube BR  
Khoza MJ  
Mashaba ME  
Thobakgale HP  
Mkhonto PM  
Sibulelo RS  
Shilakwe MC  
Sebatane GB  
Mokome MP  
Mohlala JT  
Chiloane LB  
Mashingo BK  
Malandule BW  
Khumalo S  
Monareng CP  
Nyundu EM  
Nonyane FS  
Khoza EN

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## GENERAL INFORMATION

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Malele LS  
Nxumalo TA  
Mnene F  
Mashego TD  
Lekhuleni ML  
Chabangu MM  
Makhubela BB  
Mokwena D  
Phelepe MS  
Malebe LR  
Raganya BR  
Zitha GS  
Rahlane SN  
Thabane AQ  
Bulunga SG  
Bongco PB  
Mthombeni T  
Mthabine J  
Tibane C  
Maphansa PT  
Makaringe TM  
Mthisi CR  
Tshobede RD  
Chadi SM  
Mashabane DR  
Mnisi ML  
Mhaule LS  
Mabunda NL  
Malomane LM

**GRADING OF LOCAL AUTHORITY**

4

**ACCOUNTING OFFICER**

Shabangu DL

**CHIEF FINANCIAL OFFICER (CFO)**

Nyalungu E

**REGISTERED OFFICE**

R533 Graskop Road  
Bushbuckridge  
1280

**POSTAL ADDRESS**

Private Bag X9308  
Bushbuckridge  
1280

**AUDITORS**

The Auditor General South Africa (AGSA)

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

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## ABBREVIATIONS

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
INEP	Intergrated National Energy Programme
DWA	Department of Water Affairs

# **Bushbuckridge Local Municipality**

Annual Financial Statements for the year ended 30 June 2012

## **ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL**

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

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

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

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The municipality is largely dependent on the Grant Funding for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the National Fiscus has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The annual financial statements set out on pages 5 to 40, which have been prepared on the going concern basis, were approved by the Council on August 31, 2012. and were signed on its behalf by:

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**Shabangu DL**  
**Municipal Manager**

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2012	2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	2	3,389,737	3,198,080
Other receivables from non-exchange transactions	3	1,252,435	6,250,480
VAT receivable	4	47,719,116	33,358,134
Consumer debtors	5	109,636,081	38,076,001
Cash and cash equivalents	6	3,933,517	4,358,665
		<b>165,930,886</b>	<b>85,241,360</b>
<b>NON-CURRENT ASSETS</b>			
Investment property	7	246,290	254,801
Property, plant and equipment	8	1,338,678,930	1,254,479,275
Intangible assets	9	3,407,119	86,361
		<b>1,342,332,339</b>	<b>1,254,820,437</b>
Non-Current Assets		1,342,332,339	1,254,820,437
Current Assets		165,930,886	85,241,360
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>1,508,263,225</b>	<b>1,340,061,797</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables from exchange transactions	10	401,548,570	393,272,858
Consumer deposits		2,411,208	2,410,908
Unspent conditional grants and receipts	11	216,219,539	94,679,271
		<b>620,179,317</b>	<b>490,363,037</b>
Non-Current Liabilities		-	-
Current Liabilities		620,179,317	490,363,037
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>620,179,317</b>	<b>490,363,037</b>
Assets		1,508,263,225	1,340,061,797
Liabilities		(620,179,317)	(490,363,037)
<b>Net Assets</b>		<b>888,083,908</b>	<b>849,698,760</b>
<b>NET ASSETS</b>			
Accumulated surplus		888,083,908	849,698,760

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2012	2011
<b>Revenue</b>			
Property rates	13	252,815,619	258,399,910
Service charges	14	31,255,698	24,313,309
Rental of facilities and equipment	15	469,007	413,469
Income from agency services		9,887,740	7,977,776
Fines		1,419,308	470,281
Government grants & subsidies	16	545,253,907	531,844,091
Other income	18	4,866,194	3,252,360
Interest	17	28,373,483	9,662,635
<b>Total Revenue</b>		<b>874,340,956</b>	<b>836,333,831</b>
<b>Expenditure</b>			
Employee Related Costs	19	(189,210,316)	(178,170,676)
Remuneration of councillors	20	(19,991,963)	(16,493,410)
Depreciation and amortisation	21	(139,083,567)	(49,871,118)
Debt impairment		(210,263,817)	(238,876,784)
Repairs and maintenance		(62,736,195)	(90,908,102)
Bulk purchases	22	(101,085,561)	(93,139,745)
Loss on disposal of assets		-	(77,855)
General Expenses	23	(105,741,896)	(95,444,765)
<b>Total Expenditure</b>		<b>(828,113,315)</b>	<b>(762,982,455)</b>
Revenue		874,340,956	836,333,831
Expenditure		(828,113,315)	(762,982,455)
Other		-	-
<b>Surplus for the year</b>		<b>46,227,641</b>	<b>73,351,376</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## STATEMENT OF CHANGES IN NET ASSETS

<b>Figures in Rand</b>	<b>Accumulated surplus</b>	<b>Total net assets</b>
Opening balance as previously reported	775,696,352	775,696,352
Adjustments		
Accumulated Surplus Adjustment - VAT Adjustment Previous Year	651,032	651,032
<b>Balance at 01 July 2010 as restated</b>	<b>776,347,384</b>	<b>776,347,384</b>
Changes in net assets		
Surplus for the year	73,351,376	73,351,376
Total changes	73,351,376	73,351,376
Opening balance as previously reported	849,697,820	849,697,820
Adjustments		
Prior year adjustments	(7,841,553)	(7,841,553)
<b>Balance at 01 July 2011 as restated</b>	<b>841,856,267</b>	<b>841,856,267</b>
Changes in net assets		
Surplus for the year	46,227,641	46,227,641
Total changes	46,227,641	46,227,641
<b>Balance at 30 June 2012</b>	<b>888,083,908</b>	<b>888,083,908</b>



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## CASH FLOW STATEMENT

Figures in Rand	Note(s)	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Cash receipts from ratepayers, government and others		842,313,466	731,168,729
Interest income		28,373,483	9,662,635
		<u>870,686,949</u>	<u>740,831,364</u>
<b>Payments</b>			
Employee costs		209,202,278	(174,391,294)
Suppliers		(382,042,862)	(299,096,766)
		<u>(172,840,584)</u>	<u>(473,488,060)</u>
Total receipts		870,686,949	740,831,364
Total payments		(172,840,584)	(473,488,060)
<b>Undefined difference compared to the cash generated from operations note</b>		<b>(468,214,163)</b>	-
<b>Net cash flows from operating activities</b>	24	<b><u>229,632,202</u></b>	<b><u>267,343,304</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	8	(226,736,592)	(258,833,087)
Proceeds from sale of property, plant and equipment	8	-	279,118
Purchase of other intangible assets	9	(3,320,758)	-
<b>Net cash flows from investing activities</b>		<b><u>(230,057,350)</u></b>	<b><u>(258,553,969)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Accumulated surplus adjustment - VAT Adjustment Previous Year		-	651,033
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(425,148)</b>	<b>9,440,368</b>
Cash and cash equivalents at the beginning of the year		4,358,665	(5,081,703)
<b>Cash and cash equivalents at the end of the year</b>	6	<b><u>3,933,517</u></b>	<b><u>4,358,665</u></b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1. Presentation of Annual Financial Statements

The Annual 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 Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

#### 1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

#### TRADE RECEIVABLES / HELD TO MATURITY INVESTMENTS AND/OR LOANS AND RECEIVABLES

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

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

#### USEFUL LIVES OF WASTE AND WATER NETWORK AND OTHER ASSETS

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### 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.

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 .

#### ALLOWANCE FOR DOUBTFUL DEBTS

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 1.2 INVESTMENT PROPERTY

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

- use in the production or supply of goods or services or for
- administrative purposes, or

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.2 INVESTMENT PROPERTY (continued)

- sale in the ordinary course of operations.

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

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

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

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

### COST MODEL

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

ITEM	USEFUL LIFE
Property - land	Indefinite

### 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 at no cost, or for a nominal cost, 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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

---

### 1.3 PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE
Land	Indefinite
Buildings	15 - 30 Years
Furniture and fixtures	4 - 15 Years
Vehicles	7 Years
Community	15 - 30 Years
Water Reticulation	50 - 60 Years
Water Supply	20 - 50 Years
Roads and Paving	15 - 80 Years
Sewerage	55 - 60 Years
Recreational Facilities	30 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.4 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 at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.4 INTANGIBLE ASSETS (continued)

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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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:

ITEM	USEFUL LIFE
Computer software, other	5 Years
Licences	5 Years

### 1.5 FINANCIAL INSTRUMENTS

#### 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.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.5 FINANCIAL INSTRUMENTS (continued)

#### 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.

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.

#### RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

#### PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### BANK OVERDRAFT AND BORROWINGS

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

### 1.6 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.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.6 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.

### 1.7 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.7 INVENTORIES (continued)

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.8 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 surplus sharing and 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.

### 1.9 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.

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



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.9 PROVISIONS AND CONTINGENCIES (continued)

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 in note .

### 1.10 REVENUE FROM EXCHANGE TRANSACTIONS

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.

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

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

#### MEASUREMENT

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

#### SALE OF GOODS

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

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.10 REVENUE FROM EXCHANGE TRANSACTIONS (continued)

#### RENDERING OF SERVICES

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### INTEREST, ROYALTIES AND DIVIDENDS

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

#### MEASUREMENT

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

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

#### RATES, INCLUDING COLLECTION CHARGES AND PENALTIES INTEREST

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### FINES

Revenue from the issuing of fines is recognised when:

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

The municipality has two types of fines: spot fines and summons. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summons the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summons based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summons, the revenue from summons is recognised when the public prosecutor pays over to the entity the cash actually collected on summons issued.

#### LEVIES

Levies are recognised as revenue when:

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

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## ACCOUNTING POLICIES

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### 1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

#### GOVERNMENT GRANTS

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### OTHER GRANTS AND DONATIONS

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.12 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.13 BORROWING COSTS

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

### 1.14 COMPARATIVE FIGURES

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

### 1.15 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.

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.

# **Bushbuckridge Local Municipality**

Annual Financial Statements for the year ended 30 June 2012

## **ACCOUNTING POLICIES**

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### **1.16 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.

### **1.17 IRREGULAR EXPENDITURE**

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

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

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

### **1.18 USE OF ESTIMATES**

The preparation of Annual 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 Annual Financial Statements are disclosed in the relevant sections of the Annual 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.

### **1.19 PRESENTATION OF CURRENCY**

These Annual Financial Statements are presented in South African Rand.

# **Bushbuckridge Local Municipality**

Annual Financial Statements for the year ended 30 June 2012

## **ACCOUNTING POLICIES**

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### **1.20 OFFSETTING**

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

### **1.21 INVESTMENTS**

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

### **1.22 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.

### **1.23 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.

### **1.24 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 Annual 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 Annual Financial Statements.

Comparative information is not required.

### **1.25 VALUE ADDED TAXATION (VAT)**

The Municipality accounts for VAT on an accruals basis but pays over VAT to SARS on a payments basis.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>2. INVENTORIES</b>		
Inventories (Consumables)	3,389,737	3,198,080
<b>3. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Fines	-	639,611
Deposits	1,252,435	1,252,435
Other receivables	-	4,358,434
	<b>1,252,435</b>	<b>6,250,480</b>
<b>RECONCILIATION OF PROVISION FOR IMPAIRMENT OF OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
<b>4. VAT RECEIVABLE</b>		
VAT	47,719,116	33,358,134
VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>5. CONSUMER DEBTORS</b>		
<b>GROSS BALANCES</b>		
Rates	237,329,272	290,868,437
Water	280,685,084	69,103,710
Sewerage	103,815,960	11,365,434
Refuse	67,460,425	12,690,060
Other	2,625,241	26,064,443
	<b>691,915,982</b>	<b>410,092,084</b>
<b>LESS: PROVISION FOR DEBT IMPAIRMENT</b>		
Rates	-	(263,332,219)
Water	-	(60,719,430)
Sewerage	-	(10,289,480)
Refuse	-	(11,488,709)
Other	(582,279,901)	(26,186,245)
	<b>(582,279,901)</b>	<b>(372,016,083)</b>
<b>NET BALANCE</b>		
Rates	691,915,982	27,536,218
Water	-	8,384,280
Sewerage	-	1,075,954
Refuse	-	1,201,351
Other (specify)	(582,279,901)	(121,802)
	<b>109,636,081</b>	<b>38,076,001</b>
<b>RATES</b>		
Current (0 -30 days)	6,931,752	2,980,017
31 - 60 days	6,995,458	3,007,405
61 - 90 days	6,688,521	2,875,450
91 - 120 days	6,384,095	2,744,575
121 - 365 days	8,794,352	3,780,764
> 365 days	28,257,211	12,148,007
	<b>64,051,389</b>	<b>27,536,218</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>5. CONSUMER DEBTORS (continued)</b>		
<b>WATER</b>		
Current (0 -30 days)	6,370,253	2,738,624
31 - 60 days	2,993,504	1,286,932
61 - 90 days	4,314,784	1,854,961
91 - 120 days	5,158,101	2,217,510
121 - 365 days	665,847	286,253
	<b>19,502,489</b>	<b>8,384,280</b>
<b>SEWERAGE</b>		
Current (0 -30 days)	1,047,759	450,440
31 - 60 days	492,361	211,670
61 - 90 days	709,681	305,098
91 - 120 days	252,952	108,746
	<b>2,502,753</b>	<b>1,075,954</b>
<b>REFUSE</b>		
Current (0 -30 days)	1,169,875	502,939
31 - 60 days	549,745	236,340
61 - 90 days	792,395	340,657
91 - 120 days	282,421	121,415
	<b>2,794,436</b>	<b>1,201,351</b>
<b>HOUSING RENTAL</b>		
> 365 days	2,601,804	-
<b>OTHER (SPECIFY)</b>		
Current (0 -30 days)	1,143,011	491,390
31 - 60 days	636,145	273,484
61 - 90 days	657,915	282,843
91 - 120 days	607,688	261,250
121 - 365 days	597,574	256,902
> 365 days	2,097,260	901,628
	<b>5,739,593</b>	<b>2,467,497</b>
<b>RECONCILIATION OF DEBT IMPAIRMENT PROVISION</b>		
Balance at beginning of the year	(372,016,083)	(130,550,000)
Contributions to provision	(210,263,818)	(241,466,083)
	<b>(582,279,901)</b>	<b>(372,016,083)</b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Cash on hand	131	131
Bank balances	824,640	4,143,171
Short-term deposits	2,959,633	215,363
Other cash and cash equivalents	149,113	-
	<b>3,933,517</b>	<b>4,358,665</b>



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand 2012 2011

### 6. CASH AND CASH EQUIVALENTS (continued)

#### THE MUNICIPALITY HAD THE FOLLOWING BANK ACCOUNTS

Account number / description	Bank statement balances		Cash book balances			
	30 June 2012	30 June 2011	30 June 2012	30 June 2011		
FNB BANK - Hazyview - Current Account - 62032953847	1,677,270	3,420,708	-	824,840	3,218,665	-
FNB BANK - Hazyview - Business Call Account - 62056013007	2,552	2,640	-	2,552	2,640	-
FNB BANK - Hazyview - Business Call Account - 62033151829	2,957,081	212,724	-	2,957,081	212,274	-
Standard BANK - Hazyview, Business Current Account - 330305832	146,031	919,993	-	146,031	924,505	-
<b>Total</b>	<b>4,782,934</b>	<b>4,556,065</b>	<b>-</b>	<b>3,930,504</b>	<b>4,358,084</b>	<b>-</b>

### 7. INVESTMENT PROPERTY

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	246,290	-	246,290	254,801	-	254,801

#### RECONCILIATION OF INVESTMENT PROPERTY - 2012

	Opening balance	Depreciation	Total
Investment property	254,801	(8,511)	246,290

#### RECONCILIATION OF INVESTMENT PROPERTY - 2011

	Opening balance	Total
Investment property	254,801	254,801

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012			2011		
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>						
	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	42,575,646	-	42,575,646	35,321,407	-	35,321,407
Buildings	135,105,808	(22,109,334)	112,996,474	135,105,808	(11,268,102)	123,837,706
Infrastructure	926,391,873	(213,068,649)	713,323,224	894,259,870	(97,028,576)	797,231,294
Other property, plant and equipment	61,269,227	(285,883,495)	(224,614,268)	46,897,074	(19,437,359)	27,459,715
Assets Under Construction	694,397,854	-	694,397,854	270,629,153	-	270,629,153
<b>Total</b>	<b>1,859,740,408</b>	<b>(521,061,478)</b>	<b>1,338,678,930</b>	<b>1,382,213,312</b>	<b>(127,734,037)</b>	<b>1,254,479,275</b>

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2012

	Opening balance	Additions	Transfers	Total
Land	35,321,407	-	-	35,321,407
Buildings	123,837,706	-	-	123,837,706
Infrastructure	797,231,294	-	29,831,565	827,062,859
Other property, plant and equipment	27,459,715	-	1,692,064	29,151,779
Work In Progress	270,629,153	226,736,592	(34,886,660)	462,479,085
	<b>1,254,479,275</b>	<b>226,736,592</b>	<b>(3,363,031)</b>	<b>1,477,852,836</b>

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	19,079,940	16,241,467	-	-	-	35,321,407
Buildings	115,867,071	11,356,176	-	1,164,699	(4,550,240)	123,837,706
Infrastructure	632,254,959	148,786,837	-	56,829,425	(40,639,927)	797,231,294
Other property, plant and equipment	20,664,238	11,794,025	(356,973)	-	(4,641,575)	27,459,715
Work in Progress	257,968,695	70,654,582	-	(57,994,124)	-	270,629,153
	<b>1,045,834,903</b>	<b>258,833,087</b>	<b>(356,973)</b>	<b>-</b>	<b>(49,831,742)</b>	<b>1,254,479,275</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 9. INTANGIBLE ASSETS

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3,579,108	(171,989)	3,407,119	216,077	(129,716)	86,361

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>9. INTANGIBLE ASSETS (continued)</b>		
<b>RECONCILIATION OF INTANGIBLE ASSETS - 2012</b>		
	Opening balance	Additions
Computer software, other	86,361	3,320,758
		Total
		3,407,119
<b>RECONCILIATION OF INTANGIBLE ASSETS - 2011</b>		
	Opening balance	Amortisation
Computer software, other	125,738	(39,377)
		Total
		86,361
<b>10. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade payables	240,243,906	208,401,920
Surety	781,421	607,191
Other payables	145,228,332	136,799,907
Staff Leave Accrual	15,294,911	12,708,698
	<b>401,548,570</b>	<b>393,272,858</b>
<b>11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS COMPRISES OF:</b>		
<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
MIG Grant	184,030,427	92,689,548
FMG Grant	5,895	-
Department of Roads and Transport Grant	1,989,723	1,989,723
NT-NDP Grant	729,683	-
Integrated National Electrification Programme	4,173,695	-
Disaster Grant	22,095,069	-
Rural Households Infrastructure Grant	3,195,047	-
	<b>216,219,539</b>	<b>94,679,271</b>
<b>12. REVENUE</b>		
Property rates	252,815,619	258,399,910
Service charges	31,255,698	24,313,309
Rental of facilities & equipment	469,007	413,469
Interest received	28,373,483	9,662,635
Income from agency services	9,887,740	7,977,776
Fines	1,419,308	470,281
Government grants & subsidies	545,253,907	531,844,091
Other income	4,866,194	3,252,360
	<b>874,340,956</b>	<b>836,333,831</b>
<b>THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES IS AS FOLLOWS:</b>		
Service charges	31,255,698	24,313,309
Rental of facilities & equipment	469,007	413,469
Income from agency services	9,887,740	7,977,776
	<b>41,612,445</b>	<b>32,704,554</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>12. REVENUE (continued)</b>		
<b>THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:</b>		
<b>TAXATION REVENUE</b>		
Property rates	252,815,619	258,399,910
Fines	1,419,308	470,281
<b>TRANSFER REVENUE</b>		
Grants and Subsidies	545,253,907	531,844,091
	<b>799,488,834</b>	<b>790,714,282</b>
<b>13. PROPERTY RATES</b>		
<b>RATES RECEIVED</b>		
Property Rates	258,534,174	271,039,272
Less: Income forgone	(5,718,555)	(12,639,362)
	<b>252,815,619</b>	<b>258,399,910</b>
<b>VALUATIONS</b>		
Residential	934,343	934,343
Commercial	425,441	425,441
State	1,196,544	1,196,544
Other	3,195,420	3,195,420
	<b>5,751,748</b>	<b>5,751,748</b>
<p>Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations. Various rates apply for the different categories which are applied to property valuations to determine assessment rates.</p>		
<b>14. SERVICE CHARGES</b>		
Sale of water	23,105,165	15,721,539
Sewerage and sanitation charges	2,618,569	2,640,157
Refuse removal	3,440,614	3,103,185
Other service charges	2,091,350	2,848,428
	<b>31,255,698</b>	<b>24,313,309</b>
<b>15. RENTAL OF FACILITIES AND EQUIPMENT</b>		
<b>PREMISES</b>		
Premises	262,636	133,578
<b>FACILITIES AND EQUIPMENT</b>		
Rental of facilities	89,270	104,635
Rental of equipment	117,101	175,256
	<b>206,371</b>	<b>279,891</b>
Premises	262,636	133,578
	-	-
Facilities and equipment	206,371	279,891
	<b>469,007</b>	<b>413,469</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>16. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	356,878,000	339,796,363
Financial Management Grant (FMG)	1,244,105	1,606,887
Department of Water Affairs	27,787,000	29,290,079
Expanded Public Works Programme Incentive Grant	1,684,000	1,466,000
Integrated National Electrification Programme	1,858,622	5,000,000
Municipal Infrastructure Grant (MIG)	144,493,121	143,109,604
Municipal Systems Improvement Grant (MSIG)	790,000	840,263
Neighbourhood Development Partnership Grant	-	679,895
Mbombela Capital Grant - Hoxane	-	10,000,000
Private Sector Opex Grant	-	55,000
Rural Households Infrastructure Grant	7,798,335	-
LG SETA	2,720,724	-
	<b>545,253,907</b>	<b>531,844,091</b>

### EQUITABLE SHARE

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

### UNSPENT GRANT : MUNICIPAL INFRASTRUCTURE GRANT

Balance unspent at beginning of year	92,689,548	41,528,152
Current-year receipts	235,834,000	194,271,000
Conditions met - transferred to revenue	(144,493,121)	(143,109,604)
	<b>184,030,427</b>	<b>92,689,548</b>

Conditions still to be met - remain liabilities.

### UNSPENT GRANT : FINANCIAL MANAGEMENT GRANT

Balance unspent at beginning of year	-	606,887
Current-year receipts	1,250,000	1,000,000
Conditions met - transferred to revenue	(1,244,105)	(1,606,887)
	<b>5,895</b>	<b>-</b>

Conditions still to be met - remain liabilities.

### UNSPENT GRANT : MUNICIPAL SYSTEMS IMPROVEMENT GRANT

Balance unspent at beginning of year	-	90,263
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(790,000)	(840,263)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities.

### UNSPENT GRANT : DEPARTMENT OF ROADS AND TRANSPORT

Balance unspent at beginning of year	1,989,723	1,989,723
--------------------------------------	-----------	-----------

Conditions still to be met - remain liabilities.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>16. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>UNSPENT GRANT : DEPARTMENT OF WATER AFFAIRS</b>		
Balance unspent at beginning of year	-	505,079
Current-year receipts	27,787,000	28,785,000
Conditions met - transferred to revenue	(27,787,000)	(29,290,079)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities.		
<b>UNSPENT GRANT : EXPANDED PUBLIC WORKS PROGRAMME</b>		
Current-year receipts	2,600,000	1,466,000
Conditions met - transferred to revenue	(1,870,317)	(1,466,000)
	<u>729,683</u>	<u>-</u>
Conditions still to be met - remain liabilities.		
<b>EQUITABLE SHARE</b>		
Current-year receipts	356,878,000	339,796,363
Conditions met - transferred to revenue	(356,878,000)	(339,796,363)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities.		
<b>UNSPENT GRANT : INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME</b>		
Current-year receipts	5,846,000	5,000,000
Conditions met - transferred to revenue	(1,672,305)	(5,000,000)
	<u>4,173,695</u>	<u>-</u>
Conditions still to be met - remain liabilities.		
<b>UNSPENT GRANT : MUNICIPAL DISASTER FUND</b>		
Current-year receipts	<u>22,095,069</u>	<u>-</u>
Conditions still to be met - remain liabilities.		
<b>UNSPENT GRANT: RURAL HOUSEHOLDS</b>		
Current-year receipts	10,993,382	-
Conditions met - transferred to revenue	(7,798,335)	-
	<u>3,195,047</u>	<u>-</u>
Conditions still to be met - remain liabilities.		

### CHANGES IN LEVEL OF GOVERNMENT GRANTS

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>17. INTEREST</b>		
<b>INTEREST</b>		
Bank	1,436,871	2,250,905
Interest charged on trade and other receivables	26,936,612	7,411,730
	<b>28,373,483</b>	<b>9,662,635</b>
	-	-
	<b>28,373,483</b>	<b>9,662,635</b>
<b>18. OTHER INCOME</b>		
Sundry Income	3,628,646	1,051,474
Tender Documents	542,108	1,066,184
Bond Fee	192,789	46,840
Purchase Installment	-	371,992
Rubble Removal	5,618	762
Plan Approval Residential	44,299	44,192
Proof of Residence Service	249,947	224,649
Site Inspection	48,220	-
Reconnection fees	141,011	238,988
Admin fees	13,556	207,279
	<b>4,866,194</b>	<b>3,252,360</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>19. EMPLOYEE RELATED COSTS</b>		
Basic	129,051,228	128,662,604
Bonus	12,435,754	11,649,794
Medical aid - company contributions	6,604,203	5,642,519
UIF	835,356	1,053,811
SDL	1,567,069	3,145,445
Pension Contribution	24,626,066	22,883,852
Travel and related allowances	1,403,875	-
Overtime payments	2,274,472	1,564,677
Acting allowances	597,968	-
Car allowance	6,452,778	99,417
Housing benefits and allowances	2,706,733	500,410
SALGBC Levies	38,470	52,322
Shift Allowances	48,911	84,412
Standby Allowance	201,666	49,165
Leave	365,767	2,746,008
Other	-	36,240
	<b>189,210,316</b>	<b>178,170,676</b>
<b>REMUNERATION OF MUNICIPAL MANAGER</b>		
Annual Remuneration	82,500	890,545
There was no Municipal Manager from the 1st of July 2011 until the 31st May 2012, during which period various departmental heads acted in the capacity of Municipal Manager and their remuneration is included under their respective portfolios.		
<b>REMUNERATION OF CHIEF FINANCIAL OFFICER</b>		
Annual Remuneration	801,684	766,000
<b>REMUNERATION OF TECHNICAL SERVICES DIRECTOR</b>		
Annual Remuneration	882,180	759,890
<b>REMUNERATION OF CORPORATE AND HUMAN RESOURCES DIRECTOR</b>		
Annual Remuneration	935,844	880,580
<b>REMUNERATION OF COMMUNITY SERVICES DIRECTOR</b>		
Annual Remuneration	801,684	763,233
<b>REMUNERATION OF INTERNAL AUDIT DIRECTOR</b>		
Annual Remuneration	801,684	810,802
<b>REMUNERATION OF LOCAL ECONOMIC DEVELOPMENT DIRECTOR</b>		
Annual Remuneration	-	539,058

The position was vacant for the 2011/12 financial year.

### REMUNERATION OF WATER SERVICES DIRECTOR



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>19. EMPLOYEE RELATED COSTS (continued)</b>		
Annual Remuneration	<u>467,649</u>	<u>765,007</u>
The director worked less than a full financial year.		
<b>REMUNERATION TRANSVERSAL AFFAIRS DIRECTOR</b>		
Annual Remuneration	<u>661,431</u>	<u>573,181</u>
<b>20. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	635,343	694,626
Mayoral Committee Members	3,333,915	3,121,789
Speaker	508,275	408,584
Councillors	15,514,429	12,268,411
	<u><b>19,991,962</b></u>	<u><b>16,493,410</b></u>
<b>IN-KIND BENEFITS</b>		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of a Council owned vehicle for official duties.		
<b>21. DEPRECIATION AND AMORTISATION</b>		
Property, plant and equipment	139,083,567	49,831,742
Intangible assets	-	39,376
	<u><b>139,083,567</b></u>	<u><b>49,871,118</b></u>
<b>22. BULK PURCHASES</b>		
Water	<u>101,085,561</u>	<u>93,139,745</u>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>23. GENERAL EXPENSES</b>		
Advertising	1,771,536	942,793
Auditors remuneration	2,222,170	-
Consulting and professional fees	7,185,230	9,735,857
Insurance	4,037,425	3,029,835
Community development and training	2,112,901	1,666,988
Conferences and seminars	3,513,429	2,365,140
Lease rentals on operating lease	7,571	10,367
Magazines and periodicals	840,586	1,252,048
Motor vehicle expenses	5,962,605	6,000,501
Postage and courier	27,000	26,601
Printing and stationery	2,982,112	3,570,544
Protective clothing	208,793	847,437
Subscriptions and membership fees	1,540,062	639,987
Telephone and fax	5,371,853	4,029,646
Training	4,104,321	1,614,393
Travel - local	2,022,063	1,725,481
Assets expensed	1,602,846	743,194
Electricity	1,579,279	2,199,814
Sewerage and waste disposal	-	95,178
Free Basic Services	23,501,767	25,073,403
Audit Committee Allowance	118,348	192,030
LED	811,879	701,937
Contracted Services	10,036,217	9,631,441
Grant Funded Expenditure	1,331,693	-
Other expenses	22,850,210	19,350,150
	<b>105,741,896</b>	<b>95,444,765</b>
<b>24. CASH GENERATED FROM OPERATIONS</b>		
Surplus	46,227,641	73,351,376
<b>ADJUSTMENTS FOR:</b>		
Depreciation and amortisation	139,083,567	49,871,118
Gain on sale of assets and liabilities	-	77,855
Debt impairment	210,263,817	238,876,784
Other Adjustments	(4,380,606)	-
<b>CHANGES IN WORKING CAPITAL:</b>		
Inventories	(191,657)	(2,090,221)
Other receivables from non-exchange transactions	4,998,045	(660,994)
Consumer debtors	(281,823,897)	(266,518,958)
Payables from exchange transactions	8,275,706	120,500,106
VAT	(14,360,982)	4,623,358
Unspent conditional grants and receipts	121,540,268	49,279,272
Consumer deposits	300	33,608
	<b>229,632,202</b>	<b>267,343,304</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>25. COMMITMENTS</b>		
<b>AUTHORISED CAPITAL EXPENDITURE</b>		
<b>ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR</b>		
• Infrastructure	<u>222,162,868</u>	<u>384,939,232</u>
<p>This committed expenditure relates to infrastructure and will be financed by grants and subsidies received, existing cash resources, funds internally generated, etc.</p>		
<b>OPERATING LEASES - AS LESSEE (EXPENSE)</b>		
<b>MINIMUM LEASE PAYMENTS DUE</b>		
- within one year	90,400	102,831
- in second to fifth year inclusive	<u>116,269</u>	<u>87,931</u>
	<b><u>206,669</u></b>	<b><u>190,762</u></b>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years. No contingent rent is payable.

## 26. PRIOR PERIOD ERRORS

Creditors were accrued exclusive of VAT.

The correction of the error(s) results in adjustments as follows:

### STATEMENT OF FINANCIAL POSITION

VAT Input Provision	13,949,941	621,109
Sundry Creditors	(7,841,551)	29,923
Opening Accumulated Surplus or Deficit - Expenditure	7,841,551	-
Sundry Creditors	(13,949,941)	(651,031)

## 27. RISK MANAGEMENT

### LIQUIDITY RISK

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### INTEREST RATE RISK

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011
<b>27. RISK MANAGEMENT (continued)</b>		
<b>CREDIT RISK</b>		
Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument	2012	2011
FNB Bank	4,636,903	3,636,072
Standard Bank	146,031	919,993
Trade and other receivables	646,391,713	413,749,976
These balances represent the maximum exposure to credit risk.		
<b>28. EVENTS AFTER THE REPORTING DATE</b>		
No significant events occurred.		
<b>29. UNAUTHORISED EXPENDITURE</b>		
Opening balance	233,670,086	121,166,158
Employee and Councillor Remuneration costs	-	2,810,843
Repairs and Maintenance	-	10,232,734
Bulk Purchases	-	9,139,745
Unspent grants not backed by cash	216,219,539	90,320,606
	<b>449,889,625</b>	<b>233,670,086</b>
<b>30. IRREGULAR EXPENDITURE</b>		
Opening balance	264,153,994	142,327,064
Add: Irregular Expenditure - current year	5,457,434	121,826,930
	<b>269,611,428</b>	<b>264,153,994</b>
<b>31. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT</b>		
Current year subscription / fee	893,895	635,000
Amount paid - current year	(893,895)	(635,000)
	-	-
<b>AUDIT FEES</b>		
Current year subscription / fee	1,910,205	1,384,999
<b>PAYE AND UIF</b>		
Opening balance	1,584,978	(129,127)
Current year subscription / fee	21,880,519	16,545,385
Amount paid - current year	(21,802,134)	(14,831,280)
	<b>1,663,363</b>	<b>1,584,978</b>

# Bushbuckridge Local Municipality

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2012

2011

### 31. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

#### COUNCILLORS' ARREAR CONSUMER ACCOUNTS

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

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Sibuyi FF	1,308	30	1,338
Councillor Khumalo R	231	1,720	1,951
Councillor Nyundu EM	272	3,033	3,305
Councillor Nxumalo TA	1,857	16,509	18,366
Councillor Malibe HD	587	7,508	8,095
Councillor Makhubela BB	125	1,244	1,369
Councillor Mlebi RL	125	676	801
Councillor Chadi MS	125	892	1,017
Councillor Bongco BP	791	14,887	15,678
Councillor Khumalo HP	166	1,607	1,773
Councillor Timba FS	1,262	12,170	13,432
Councillor Siwela FP	297	2,513	2,810
	<b>7,146</b>	<b>62,789</b>	<b>69,935</b>
30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Sibuyi FF	1,243	2,056	3,299
Councillor Khumalo R	222	1,372	1,594
Councillor Nyundu EM	232	2,608	2,840
Councillor Nxumalo TA	1,654	12,835	14,489
Councillor Malibe HD	496	5,837	6,333
Councillor Makhubela BB	124	1,175	1,299
Councillor Malebe RL	117	340	457
Councillor Chadi MS	121	845	966
Councillor Bongco BP	840	12,380	13,220
Councillor Khumalo HP	124	1,218	1,342
Councillor Timba FS	1,224	8,160	9,384
Councillor Siwela FP	254	1,993	2,247
	<b>6,651</b>	<b>50,819</b>	<b>57,470</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

### 32. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

2012

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>FINANCIAL PERFORMANCE</b>								
Property rates	281,595,000	143,595,000	143,595,000	252,815,619		(109,220,619)	176 %	90 %
Service charges	53,167,013	43,156,000	43,156,000	31,255,698		11,900,302	72 %	59 %
Investment revenue	12,344,000	1,792,000	1,792,000	28,373,483		(26,581,483)	1,583 %	230 %
Transfers recognised - operational	428,179,000	386,651,000	386,651,000	545,253,907		(158,602,907)	141 %	127 %
Other own revenue	34,472,000	49,143,000	49,143,000	16,642,249		32,500,751	34 %	48 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>809,757,013</b>	<b>624,337,000</b>	<b>624,337,000</b>	<b>874,340,956</b>		<b>(250,003,956)</b>	<b>140 %</b>	<b>108 %</b>
Employee costs	(183,802,300)	(180,452,000)	(180,452,000)	(189,210,316)	7,190,294	8,758,316	105 %	103 %
Remuneration of councillors	(27,689,013)	(23,689,000)	(23,689,000)	(19,991,963)	-	(3,697,037)	84 %	72 %
Debt impairment	(56,000,000)	(56,000,000)	(56,000,000)	(210,263,817)	-	154,263,817	375 %	375 %
Depreciation and asset impairment	(51,000,000)	(51,000,000)	(51,000,000)	(139,083,567)	-	88,083,567	273 %	273 %
Bulk purchases	(91,000,000)	(91,000,000)	(91,000,000)	(101,085,561)	10,085,561	10,085,561	111 %	111 %
Other expenditure	(179,800,001)	(176,670,000)	(176,670,000)	(168,478,091)	56,257,110	(8,191,909)	95 %	94 %
<b>Total expenditure</b>	<b>(589,291,314)</b>	<b>(578,811,000)</b>	<b>(578,811,000)</b>	<b>(828,113,315)</b>	<b>73,532,965</b>	<b>249,302,315</b>	<b>143 %</b>	<b>141 %</b>
Total revenue (excluding capital transfers and contributions)	809,757,013	624,337,000	624,337,000	874,340,956	-	(250,003,956)	140 %	108 %
Total expenditure	(589,291,314)	(578,811,000)	(578,811,000)	(828,113,315)	73,532,965	249,302,315	143 %	141 %
<b>Surplus/(Deficit)</b>	<b>220,465,699</b>	<b>45,526,000</b>	<b>45,526,000</b>	<b>46,227,641</b>		<b>(701,641)</b>	<b>102 %</b>	<b>21 %</b>

# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

### 32. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	(355,170,000)	(356,070,000)	(356,070,000)	159,344,802		(515,414,802)	(45)%	(45)%
Surplus/(Deficit)	220,465,699	45,526,000	45,526,000	46,227,641	-	(701,641)	102 %	21 %
Capital transfers and contributions	(355,170,000)	(356,070,000)	(356,070,000)	159,344,802	-	(515,414,802)	(45)%	(45)%
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(134,704,301)</b>	<b>(310,544,000)</b>	<b>(310,544,000)</b>	<b>205,572,443</b>		<b>(516,116,443)</b>	<b>(66)%</b>	<b>(153)%</b>
Surplus (Deficit) after capital transfers and contributions	(134,704,301)	(310,544,000)	(310,544,000)	205,572,443	-	(516,116,443)	(66)%	(153)%
<b>Surplus/(Deficit) for the year</b>	<b>(134,704,301)</b>	<b>(310,544,000)</b>	<b>(310,544,000)</b>	<b>205,572,443</b>		<b>(516,116,443)</b>	<b>(66)%</b>	<b>(153)%</b>

# **Bushbuckridge Local Municipality**

Annual Financial Statements for the year ended 30 June 2012

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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**Figures in Rand**

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### **32. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)**



# Bushbuckridge Local Municipality

Annual Financial Statements for the year ended 30 June 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Figures in Rand

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### 32. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
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## Appendix B

June 2012

### Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

**Land and buildings  
Infrastructure**

Roads, Pavements & Bridges	1,081,955,215	514,398,530	-	-	-	-	1,596,353,745	(213,068,649)	-	-	-	-	(213,068,649)	1,383,285,096
	<b>1,081,955,215</b>	<b>514,398,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,596,353,745</b>	<b>(213,068,649)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213,068,649)</b>	<b>1,383,285,096</b>

**Community Assets**

## Appendix B

June 2012

### Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Heritage assets													
Specialised vehicles													
Other assets													
Other buildings	170,427,215	38,161,274	-	-	-	208,588,489	(22,109,334)	-	-	-	-	(22,109,334)	186,479,155
Other	46,983,071	-	-	-	-	46,983,071	(31,588,836)	-	-	-	-	(31,588,836)	15,394,235
	<b>217,410,286</b>	<b>38,161,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,571,560</b>	<b>(53,698,170)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,698,170)</b>	<b>201,873,390</b>

## Appendix B

June 2012

### Analysis of property, plant and equipment as at 30 June 2012

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Infrastructure	1,081,955,215	514,398,530	-	-	-	-	<b>1,596,353,745</b>	(213,068,649)	-	-	-	-	<b>(213,068,649)</b>	1,383,285,096
Other assets	217,410,286	38,161,274	-	-	-	-	<b>255,571,560</b>	(53,698,170)	-	-	-	-	<b>(53,698,170)</b>	201,873,390
	<b>1,299,365,501</b>	<b>552,559,804</b>	-	-	-	-	<b>1,851,925,305</b>	<b>(266,766,819)</b>	-	-	-	-	<b>(266,766,819)</b>	<b>1,585,158,486</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	216,077	3,363,031	-	-	-	-	<b>3,579,108</b>	(171,989)	-	-	-	-	<b>(171,989)</b>	3,407,119
	<b>216,077</b>	<b>3,363,031</b>	-	-	-	-	<b>3,579,108</b>	<b>(171,989)</b>	-	-	-	-	<b>(171,989)</b>	<b>3,407,119</b>
<b>Investment properties</b>														
Investment property	246,290	-	-	-	-	-	<b>246,290</b>	-	-	-	-	-	-	246,290
	<b>246,290</b>	-	-	-	-	-	<b>246,290</b>	-	-	-	-	-	-	<b>246,290</b>
<b>Total</b>														
Infrastructure	1,081,955,215	514,398,530	-	-	-	-	<b>1,596,353,745</b>	(213,068,649)	-	-	-	-	<b>(213,068,649)</b>	1,383,285,096
Other assets	217,410,286	38,161,274	-	-	-	-	<b>255,571,560</b>	(53,698,170)	-	-	-	-	<b>(53,698,170)</b>	201,873,390
Intangible assets	216,077	3,363,031	-	-	-	-	<b>3,579,108</b>	(171,989)	-	-	-	-	<b>(171,989)</b>	3,407,119
Investment properties	246,290	-	-	-	-	-	<b>246,290</b>	-	-	-	-	-	-	246,290
	<b>1,299,827,868</b>	<b>555,922,835</b>	-	-	-	-	<b>1,855,750,703</b>	<b>(266,938,808)</b>	-	-	-	-	<b>(266,938,808)</b>	<b>1,588,811,895</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
<b>Infrastructure</b>														
Roads, Pavements & Bridges	894,194,001	232,533,748	-	-	-	-	<b>1,126,727,749</b>	(97,028,576)	-	-	-	-	<b>(97,028,576)</b>	1,029,699,173
	<b>894,194,001</b>	<b>232,533,748</b>	-	-	-	-	<b>1,126,727,749</b>	<b>(97,028,576)</b>	-	-	-	-	<b>(97,028,576)</b>	<b>1,029,699,173</b>
<b>Community Assets</b>														

## Appendix B

June 2012

### Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation						Accumulated depreciation						Carrying value Rand	
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand		Closing Balance Rand
Heritage assets														
Specialised vehicles														
Other assets														
Other buildings	170,427,215	38,161,274	-	-	-	-	208,588,489	(11,268,102)	-	-	-	-	(11,268,102)	197,320,387
Other	46,897,074	-	-	-	-	-	46,897,074	(19,437,359)	-	-	-	-	(19,437,359)	27,459,715
	<b>217,324,289</b>	<b>38,161,274</b>	-	-	-	-	<b>255,485,563</b>	<b>(30,705,461)</b>	-	-	-	-	<b>(30,705,461)</b>	<b>224,780,102</b>

## Appendix B

June 2012

### Analysis of property, plant and equipment as at 30 June 2011

<b>Cost/Revaluation</b>	<b>Accumulated depreciation</b>
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Infrastructure	894,194,001	232,533,748	-	-	-	-	1,126,727,749	(97,028,576)	-	-	-	-	(97,028,576)	1,029,699,173
Other assets	217,324,289	38,161,274	-	-	-	-	255,485,563	(30,705,461)	-	-	-	-	(30,705,461)	224,780,102
	<b>1,111,518,290</b>	<b>270,695,022</b>	-	-	-	-	<b>1,382,213,312</b>	<b>(127,734,037)</b>	-	-	-	-	<b>(127,734,037)</b>	<b>1,254,479,275</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	216,077	-	-	-	-	-	216,077	(129,716)	-	-	-	-	(129,716)	86,361
	<b>216,077</b>	-	-	-	-	-	<b>216,077</b>	<b>(129,716)</b>	-	-	-	-	<b>(129,716)</b>	<b>86,361</b>
<b>Investment properties</b>														
Investment property	254,801	-	-	-	-	-	254,801	-	-	-	-	-	-	254,801
	<b>254,801</b>	-	-	-	-	-	<b>254,801</b>	-	-	-	-	-	-	<b>254,801</b>
<b>Total</b>														
Infrastructure	894,194,001	232,533,748	-	-	-	-	1,126,727,749	(97,028,576)	-	-	-	-	(97,028,576)	1,029,699,173
Other assets	217,324,289	38,161,274	-	-	-	-	255,485,563	(30,705,461)	-	-	-	-	(30,705,461)	224,780,102
Intangible assets	216,077	-	-	-	-	-	216,077	(129,716)	-	-	-	-	(129,716)	86,361
Investment properties	254,801	-	-	-	-	-	254,801	-	-	-	-	-	-	254,801
	<b>1,111,989,168</b>	<b>270,695,022</b>	-	-	-	-	<b>1,382,684,190</b>	<b>(127,863,753)</b>	-	-	-	-	<b>(127,863,753)</b>	<b>1,254,820,437</b>





## Appendix D

June 2012

### Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
-	29,259,039	(29,259,039)	Executive & Council/Mayor and Council	-	28,951,565	(28,951,565)
765,522,662	480,888,125	284,634,537	Finance & Admin/Finance	681,679,493	464,808,436	216,871,057
1,520,158	41,306,695	(39,786,537)	Planning and Development/Economic Development/Plan	8,588,335	1,692,892	6,895,443
-	3,715,045	(3,715,045)	Comm. & Social/Libraries and archives	9,372	14,635,656	(14,626,284)
2,640,156	1,941,829	698,327	Public Safety/Police	11,307,048	3,429,922	7,877,126
3,103,185	2,202,980	900,205	Waste Water Management/Sewerage	6,073,279	6,446,017	(372,738)
13,477,114	32,816,384	(19,339,270)	Road Transport/Roads	144,493,121	43,311,443	101,181,678
55,021,755	173,167,101	(118,145,346)	Water/Water Distribution	22,190,307	182,846,026	(160,655,719)
<b>841,285,030</b>	<b>765,297,198</b>	<b>75,987,832</b>		<b>874,340,955</b>	<b>746,121,957</b>	<b>128,218,998</b>
<b>Municipal Owned Entities Other charges</b>						
841,285,030	765,297,198	75,987,832	Municipality	874,340,955	746,121,957	128,218,998
<b>841,285,030</b>	<b>765,297,198</b>	<b>75,987,832</b>	<b>Total</b>	<b>874,340,955</b>	<b>746,121,957</b>	<b>128,218,998</b>

## Appendix E(1)

June 2012

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

	Forecast # 2 2012 Act. Bal.	Forecast # 2 2012 Bud. Amt	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Property rates	252,815,619	143,595,000	109,220,619	76.1	
Service charges	31,255,698	43,156,000	(11,900,302)	(27.6)	
Rental of facilities and equipment	469,007	525,000	(55,993)	(10.7)	
Income from agency services	9,887,740	-	9,887,740	-	
Fines	1,419,308	15,240,000	(13,820,692)	(90.7)	
Government grants & subsidies	545,253,907	386,651,000	158,602,907	41.0	MIG Under-Expenditure and Disaster Relief Grants (New Grant)
Other income	4,866,194	8,626,000	(3,759,806)	(43.6)	
Interest received	28,373,483	26,544,000	1,829,483	6.9	
	874,340,956	624,337,000	250,003,956	40.0	
Expenses					
Employee Costs	(189,210,315)	(180,452,000)	(8,758,315)	4.9	Introduction of Car Allowances
Remuneration of councillors	(19,991,963)	(23,689,000)	3,697,037	(15.6)	
Depreciation	(57,092,266)	(51,000,000)	(6,092,266)	11.9	
Debt impairment	(210,263,817)	(56,000,000)	(154,263,817)	275.5	Additional Provision for Bad Debts
Repairs and maintenance - General	(62,736,195)	(66,207,000)	3,470,805	(5.2)	
Bulk purchases	(101,085,561)	(91,000,000)	(10,085,561)	11.1	Reduction of Debt Due to Water Board
General Expenses	(105,741,843)	(110,463,000)	4,721,157	(4.3)	Disaster Grant Projects
	(746,121,960)	(578,811,000)	(167,310,960)	28.9	
Net surplus/ (deficit) for the year	128,218,996	45,526,000	82,692,996	181.6	

## Appendix E(2)

June 2012

### Budget Analysis of Capital Expenditure as at 30 June 2012

	Year to Date		Year to Date		Explanation of significant variances from budget
	Additions	Revised Budget	Variance	Variance	
	Rand	Rand	Rand	%	
<b>Municipality</b>					
Executive & Council	273,992	-	(273,992)	-	
Budget and Treasury	1,460	(21,958,000)	(21,959,460)	<b>100</b>	
Planning and Development	6,617	(23,442,000)	(23,448,617)	<b>100</b>	
Community Services	3,957	(4,000,000)	(4,003,957)	<b>100</b>	
Public Safety	3,538	-	(3,538)	-	
Environmental Protection	274	-	(274)	-	
Waste Water Management	83,112	(97,750)	(180,862)	<b>185</b>	
Roads	80,093	(63,958,000)	(64,038,093)	<b>100</b>	
Water Distribution	102,879	(263,150,000)	(263,252,879)	<b>100</b>	
	<b>555,922</b>	<b>(376,605,750)</b>	<b>(377,161,672)</b>	<b>100</b>	
Municipal Owned Entities	<b>558,754</b>	-	<b>(558,754)</b>	-	

**Appendix F**  
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**  
June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun		
FMG	National Treasury	1,250,000	-	-	-	429,941	169,846	219,420	364,019	Yes	
MSIG	National Treasury	-	790,000	-	-	20,038	80,850	288,982	400,131	Yes	
DWA	DWA	5,831,000	15,829,000	6,127,000	-	7,325,938	9,921,476	7,173,120	3,068,466	Yes	
EPWP	Public Works	916,000	1,684,000	-	-	51,722	306,744	540,992	970,859	Yes	
MIG	COGTA	117,917,000	80,184,000	37,733,000	-	58,469,847	39,086,826	16,479,892	30,643,050	Yes	Late appointment of the contractor
INEP	DME	2,781,000	2,779,000	286,000	-	316,447	107,426	-	1,248,433	Yes	Late appointment of contractors
DGR	National Treasury	-	-	22,095,069	-	-	-	-	-	Yes	Implemented by District
ACIP	Human Settlement	-	7,911,202	3,082,180	-	-	1,611,435	5,196,900	-	Yes	Late appointment of contractors
		128,695,000	109,177,202	69,323,249	-	66,613,933	51,284,603	29,899,306	36,694,958		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

**Appendix F**  
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**  
June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun		
FMG	National Treasury	1,250,000	-	-	-	429,941	169,846	219,420	364,019	Yes	
MSIG	National Treasury	-	790,000	-	-	20,038	80,850	288,982	400,131	Yes	
DWA	DWA	5,831,000	15,829,000	6,127,000	-	7,325,938	9,921,476	7,173,120	3,068,466	Yes	
EPWP	Public Works	916,000	1,684,000	-	-	51,722	306,744	540,992	970,859	Yes	
MIG	COGTA	117,917,000	80,184,000	37,733,000	-	58,469,847	39,086,826	16,479,892	30,643,050	Yes	Late appointment of the contractor
INEP	DME	2,781,000	2,779,000	286,000	-	316,447	107,426	-	1,248,433	Yes	Late appointment of contractors
DGR	National Treasury	-	-	22,095,069	-	-	-	-	-	Yes	Implemented by District
ACIP	Human Settlement	-	7,911,202	3,082,180	-	-	1,611,435	5,196,900	-	Yes	Late appointment of contractors
		128,695,000	109,177,202	69,323,249	-	66,613,933	51,284,603	29,899,306	36,694,958		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

**Appendix F**  
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**  
June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun		
FMG	National Treasury	1,250,000	-	-	-	429,941	169,846	219,420	364,019	Yes	
MSIG	National Treasury	-	790,000	-	-	20,038	80,850	288,982	400,131	Yes	
DWA	DWA	5,831,000	15,829,000	6,127,000	-	7,325,938	9,921,476	7,173,120	3,068,466	Yes	
EPWP	Public Works	916,000	1,684,000	-	-	51,722	306,744	540,992	970,859	Yes	
MIG	COGTA	117,917,000	80,184,000	37,733,000	-	58,469,847	39,086,826	16,479,892	30,643,050	Yes	Late appointment of the contractor
INEP	DME	2,781,000	2,779,000	286,000	-	316,447	107,426	-	1,248,433	Yes	Late appointment of contractors
DGR	National Treasury	-	-	22,095,069	-	-	-	-	-	Yes	Implemented by District
ACIP	Human Settlement	-	7,911,202	3,082,180	-	-	1,611,435	5,196,900	-	Yes	Late appointment of contractors
		128,695,000	109,177,202	69,323,249	-	66,613,933	51,284,603	29,899,306	36,694,958		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.