

WATERBERG DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS 2011/2012



Waterberg
District Municipality

on the Go for Growth

WATERBERG DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

I am responsible for the preparation of these annual financial statements which are set out on pages 1 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Notice 1064 of Government Gazette no 34869 dated 14 December 2011.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



MV LETSOALO
MUNICIPAL MANAGER

30. NOVEMBER. 2012
DATE

INDEX

The reports and statements set out below comprise the annual financial statements:

CONTENTS	PAGE(s)
AUDIT REPORT	
GENERAL INFORMATION	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF FINANCIAL PERFORMANCE	3
STATEMENT OF CHANGES IN NET ASSETS	4
CASH FLOW STATEMENT	5
ACCOUNTING POLICIES	6 - 20
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	21 – 43
APPENDIX A1: RECONCILIATION OF TABLE A1 BUDGET SUMMARY	44
UNAUDITED APPENDIX A2: RECONCILIATION OF TABLE A2 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY STANDARD CLASSIFICATION)	45
UNAUDITED APPENDIX A3: RECONCILIATION OF TABLE A3 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)	46
UNAUDITED APPENDIX A4: RECONCILIATION OF TABLE A4 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)	47
UNAUDITED APPENDIX A5: RECONCILIATION OF TABLE A5 BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING	48
UNAUDITED APPENDIX A6: RECONCILIATION OF TABLE A6 BUDGETED FINANCIAL POSITION	49
UNAUDITED APPENDIX A7: RECONCILIATION OF TABLE A7 BUDGETED CASH FLOWS	50

INDEX

The reports and statements set out below comprise the annual financial statements:

CONTENTS	PAGE(s)
UNAUDITED APPENDIX B: SCHEDULE OF EXTERNAL LOANS	51
UNAUDITED APPENDIX C: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	52 - 53
UNAUDITED APPENDIX D: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	54
UNAUDITED APPENDIX E: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	55
UNAUDITED APPENDIX F (1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)	56
UNAUDITED APPENDIX F (2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)	57

**REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE
AND THE COUNCIL ON THE WATERBERG DISTRICT MUNICIPALITY**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Waterberg District Municipality set out on pages XXX to XXX, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 06 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Waterberg District Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 06 of 2011) (DoRA).

Additional matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

8. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages XXX to XXX of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
12. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

13. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

Internal control

14. I did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report.

T. Ndlovu - General

Polokwane

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

WATERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

Members of the Council

N.R. Mogotlane
M.A.D. Monama
N.S. Murumudi
S. Lamola
K.J. Baloyi
M.M.A. Mogotsi
B.S. Mhlanga
R.Z. Moeletsi
M.L. Moremi
S.M. Molekwa

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

Municipal Manager

M.V. Letsoalo

Chief Financial Officer

N. Laubscher

Grading of the District Municipality

Grade 3

Auditors

Auditor - General

Bankers

First National Bank

Physical Address

Harry Gwala Street
Modimolle
0510

Postal Address

Private Bag X1018
Modimolle
0510

Telephone Number

(014) 718 3300

Fax Number

086 529 4621

E-mail address

nlaubscher@waterberg.gov.za

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Note	2012 R	2011 R
ASSETS			
Current assets		124 877 858	131 156 603
Cash and cash equivalents	1	97 739 482	108 911 660
Trade and other receivables from exchange transactions	2	10 970	22 594
Other receivables from non-exchange transactions	3	1 943 442	954 763
Inventory	4	99 994	93 134
Held-to-maturity investments	5	20 286 830	18 084 987
VAT receivable	6	4 723 043	3 062 714
Non-current assets held for sale	7	74 097	26 751
Non-current assets		60 109 774	53 269 687
Non-current receivables	8	34 775	2 025
Property, plant and equipment	9	57 449 743	51 632 039
Intangible assets	10	2 625 256	1 635 623
Total assets		184 987 632	184 426 290
LIABILITIES			
Current liabilities		10 874 219	10 429 914
Trade- and other payables	11	8 487 375	5 875 061
Consumer deposits	12	1 550	1 550
Provisions	13	280 672	-
Unspent conditional grants and receipts	14	670 256	3 290 647
Current portion of retirement health care liability	15	1 223 481	1 186 475
Current portion of long service awards liability	16	210 885	76 181
Non-current liabilities		12 851 777	12 311 552
Retirement health care liability	15	11 608 729	11 105 771
Long service awards liability	16	1 243 048	1 205 781
Total liabilities		23 726 996	22 741 466
Net assets		161 261 636	161 684 824
NET ASSETS			
Retained surplus and other reserves		161 261 636	161 684 824
Accumulated surplus and other reserves	29	161 261 636	161 684 824
Total net assets		161 261 636	161 684 824

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 R	2011 R
REVENUE			
Service charges	17	652 212	607 783
Interest earned - external investments	18	7 401 552	8 252 553
Interest earned - outstanding receivables	19	36 651	30 095
Government and other grants	20	99 297 570	97 037 325
Public contributions and donations	21	200 000	-
Gain on disposal of assets	22	10 607	-
Reversal of impairment loss on assets	23	58 167	3 640
Other income		204 750	192 658
Total Revenue		107 861 509	106 124 054
EXPENDITURE			
Employee related costs	24	(43 351 405)	(37 950 528)
Remuneration of councillors	25	(4 978 982)	(3 824 518)
Post-retirement health care expenditure	15	(965 374)	(3 001 922)
Long-service award expenditure	16	(451 731)	(389 675)
Provision for doubtful debt		(35 434)	(29 596)
Depreciation and amortisation	26	(5 106 721)	(4 181 612)
Impairment of assets	23	(142 748)	-
Repairs and maintenance		(778 996)	(481 058)
Contracted services	27	(11 987 004)	(8 388 959)
General expenses	28	(14 178 888)	(11 580 134)
Project expenditure		(26 298 569)	(19 807 768)
Loss on disposal of Assets	22	(8 845)	(230 403)
Total Expenditure		(108 284 697)	(89 866 173)
(LOSS) / SURPLUS FOR THE YEAR		(423 188)	16 257 881

Refer to Appendix E(1) for the comparison with the approved budget

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Note	Revaluation Reserve	Accumulated Surplus and Other Reserves	Total
		R	R	R
2011				
Balance at 1 July 2010		-	145 426 943	145 426 943
Net surplus for the year			16 257 881	16 257 881
Capital grants used to obtain PPE			-	-
Donated/contributed PPE			-	-
Disposal of assets			-	-
Offsetting of Depreciation			-	-
Balance at 30 June 2011		-	161 684 824	161 684 824
2012				
Balance as at 1 July 2011		-	161 684 824	161 684 824
Net surplus for the year			(423 188)	(423 188)
Capital grants used to obtain PPE			-	-
Donated/contributed PPE			-	-
Disposal of assets			-	-
Offsetting of Depreciation			-	-
Reversal of impairment on donated asset			-	-
Balance at 30 June 2012		-	161 261 636	161 261 636

Note 29

WATERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts:			
Sales of goods and services		703 963	593 460
Grants		96 677 179	98 154 511
Interest received		7 438 203	8 282 648
Other receipts		129 190	176 174
Payments:			
Employee costs		(48 240 640)	(41 533 054)
Suppliers		(12 205 071)	(9 224 963)
Project expenditure		(25 463 587)	(19 925 349)
Fire fighting expenditure		(10 830 327)	(8 739 012)
Vat		(1 660 326)	(340 755)
Other payments		(3 771 327)	(2 577 893)
Net cash flows from operating activities	30	2 777 257	24 865 767
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10 485 324)	(6 724 095)
Purchase of intangible assets		(1 246 736)	(876 324)
Proceeds on sale of property, plant and equipment		17 218	6 117
Proceeds from recovery of investments		-	3 640
Decrease/(Increase) in held-to-maturity investments		(2 201 843)	4 017 758
(Increase) / Decrease in long term receivables		(32 750)	-
Net cash flows from investing activities		(13 949 435)	(3 572 904)
Net increase in net cash and cash equivalents		(11 172 178)	21 292 863
Net cash and cash equivalents at beginning of year		(108 911 660)	(87 618 797)
Net cash and cash equivalents at end of year	31	97 739 482	108 911 660

WATERBERG DISTRICT MUNICIPALITY

ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- *Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;*
- *Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and*
- *Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008.*
- *Government Notice 80 of 2011, issued in Government Gazette no. 33991 of 2 February 2011.*

The effective standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Directives and Guidelines form part of the GRAP Reporting Framework. The ASB Directives and Guidelines applicable to Waterberg District Municipality comprise the following:

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of the Standards of GRAP

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

1. BASIS OF ACCOUNTING *(continued)*

1.1 BASIS OF PRESENTATION *(continued)*

Effective accrual based IPSASs considering the provisions in paragraphs 16 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non-cash generating assets

Effective IFRSs and IGRAPs that are applied considering the provisions in paragraphs 21 to 27 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IGRAP 3	Determining whether an Arrangement contains a Lease
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 and paragraph 12 of GRAP 3.

GAMAP 9 Revenue Section 29 to 54 pertaining to revenue from rates, fines, government grants, other grants, donations received and levies are not yet withdrawn as GRAP 9 only applies to exchange revenue and GRAP 23 Revenue from non-exchange transactions is not yet effective.

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

The accounting policies applied are consistent with those used in the previous financial year, unless explicitly stated.

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

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective, but may be considered for early adoption:

These standards are effective for financial years commencing on or after 1 April 2012 as published in *Government Notice* 80 of 2011, issued in *Government Gazette* no. 33991 of 2 February 2011.

GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

1. BASIS OF ACCOUNTING *(continued)*

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE *(continued)*

The following GRAP standards have been issued but are not yet effective, but may be considered in formulating an accounting policy:

Effective dates for the following standards have not yet been determined:

GRAP 25	Employee Benefits
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers

Approved Standards of GRAP that entities are not required to apply:

GRAP 18	Segment Reporting
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The impact of GRAP standards issued but not yet effective on the financial statements of Waterberg District Municipality in the future are as follows:

- GRAP 18 - This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.
- GRAP 21 - Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. The impact would be minimal as impairment testing is already being performed.
- GRAP 23 - The method or recognition and measurement of revenue from non-exchange transactions, specifically taxes and transfers. The municipality does not have taxes and the accounting policy for the disclosure and measurement of transfers implemented currently by the municipality already adheres to these requirements:
- Revenue is recognized to the extent that conditions have been met;
 - A liability is recognized to the extent that the present conditions have not yet been met.
 - An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.
- GRAP 24 - A comparison of budget and actual amounts as additional budget columns in the primary financial statements and a disclosure note on the explanations of changes between the approved and final budget is required. The impact on the municipality's financial statements would be minimal.
- GRAP 25 - The Standard on Employee Benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS 19 and there is no material change from IAS19 to GRAP25 that is affecting this municipality.
- GRAP 26 - Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. This Standard will be applicable to the Abattoir assets and the impact of this Standard would be minimal at this stage as the abattoir is currently undergoing an upgrade.
- GRAP 103 - This Standard will have no impact on the municipality as the municipality currently has no heritage assets.
- GRAP 104 - The Standard on financial instruments will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS32 and IAS39 and the changes from IAS32 and IAS39 to GRAP104 is not applicable to this municipality.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

1. BASIS OF ACCOUNTING *(continued)*

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE *(continued)*

GRAP 105– The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

GRAP 106 – The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

GRAP 107 – The Standard will have no material impact on the financial statements of the municipality as the municipality has no mergers.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

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

1.5 COMPARATIVE INFORMATION

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

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

2 RESERVES

As GRAP 9 does not require that the below reserves be disclosed separately on the Statement of Financial Position, they are disclosed as part of Accumulated Surplus And Other Reserves, but are disclosed separately on the Statements of Changes in Net Assets and note 29.

2.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit).

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012**

2 RESERVES *(continued)*

2.1 Government Grant Reserve *(continued)*

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

2.2 Donation and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment, financed from Donations and Public Contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus / (deficit).

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Initial recognition

Property, plant and equipment are tangible non-current 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 for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

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

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

3 PROPERTY, PLANT AND EQUIPMENT *(continued)*

3.2 Subsequent measurement – cost model

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

Subsequent expenditure is capitalised when it increases the capacity of future economic benefits associated with the asset.

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

3.3 Depreciation and impairment

Depreciation is calculated on cost minus the residual value, using the straight-line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Years</u>
Bins and Containers	7
Buildings and Facilities	7 to 30
Computer Equipment	5 to 10
Emergency Equipment	5 to 10
Furniture and Fittings	5 to 15
Office Equipment	5 to 10
Plant and Equipment	4 to 10
Motor Vehicles	5 to 20
Specialized vehicles	7 to 20

GRAP 17 was initially adopted on 1 July 2008. This measurement exemption was utilized up to the 09/10 financial statements, but the exemptions was implemented retrospectively on 1 July 2010.

Residual values and estimated remaining useful lives have thus been implemented retrospectively in the previous financial year. The municipality has also accounted for the impairment of assets in terms of GRAP21, GRAP26 and IAS36 Impairment of cash-generating and non-cash-generating assets. Assets have also been tested for impairment. Residual values and remaining useful lives are reviewed annually and implemented prospectively henceforth.

3.4 Derecognition

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012**

4 INTANGIBLE ASSETS

4.1 Initial recognition

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalized. Research expenditure is never capitalized, while development expenditure is only capitalized to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

Where an intangible asset is acquired in exchange for a non-monetary asset of 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, the deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent measurement – cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is infinite, the asset is not amortised but is subject to an annual impairment test.

4.3 Amortisation

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

	<u>Years</u>
Computer software	3 to 25 years depending on the individual review of each asset's useful life

The residual values, amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012**

4 INTANGIBLE ASSETS *(continued)*

4.3 Amortisation *(continued)*

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

4.4 Derecognition

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

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 Initial recognition

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

5.2 Subsequent measurement

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

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

6 INVENTORY

6.1 Initial recognition

Inventories comprise current assets held for consumption during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

6 INVENTORY *(continued)*

6.2 Subsequent measurement

Inventories, consisting of consumables are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

7 FINANCIAL INSTRUMENTS

7.1 Initial recognition

Financial instruments are initially recognized at fair value.

7.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and is in accordance with IAS 36, IAS39 and IFRS7.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the municipality has the positive intention and ability to hold to maturity. The investments are disclosed as Held-to-maturity investments which are subsequently measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Amortised cost is calculated using the effective interest method.

7.3 Investments

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

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

7 FINANCIAL INSTRUMENTS *(continued)*

7.4 Trade and other receivables

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

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

7.5 Trade and payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

7.6 Cash and cash equivalents

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

8 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012**

9 LEASES

9.1 Municipality as lessee

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The average payments over the period of the lease are expensed and any difference between the average and actual payment is disclosed as a debtor or creditor in the Statement of Financial Position.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

9.2 Municipality as lessor

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

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

10 REVENUE

10.1 Revenue from exchange transactions

Revenue from exchange transactions is recognized at fair value and refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest is recognised on a time proportion basis, using the effective interest method.

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

Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

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

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

10 REVENUE *(continued)*

10.1 Revenue from exchange transactions *(continued)*

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

10.2 Revenue from non-exchange transactions

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

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Contributed property, plant and equipment are recognized at fair value.

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

10.3 Grants, transfers and donations

GRAP 9 Revenue from Exchange Transactions only applies to exchange revenue. Therefore, the provision of GAMAP 9 Revenue Section 42 to 49 still applies pertaining to revenue from grants and donations received.

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

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

11 UNAUTHORISED EXPENDITURE

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

12 IRREGULAR EXPENDITURE

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

13 FRUITLESS AND WASTEFUL EXPENDITURE

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

14 EMPLOYEE BENEFITS

14.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits.

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognized in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized in the non-current liability for employee benefits and measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

14.2 Pensions and other post-retirement benefits

The municipality provides retirement benefits for its employees and councilors. The municipality has accounted for the defined contribution plan in compliance with IAS19 and GRAP25 Employee Benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

14 EMPLOYEE BENEFITS *(continued)*

14.2 Pensions and other post-retirement benefits *(continued)*

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

The municipality also provides post-retirement medical benefits to qualifying retirees. They are recognized in accordance with IAS 19 and GRAP25 on defined benefit plans.

The cost of providing health care is charged to the income statement so as to recognize current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments of settlements, net of expected returns on plan assets. Actuarial gains and losses are recognized in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognized in the statement of financial position based on the present value of defined benefit obligations, less any unrecognized past service costs.

15 IMPAIRMENT OF ASSETS

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

Irrespective of whether there is any indication of impairment, the municipality also tests assets with an indefinite useful life or assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2012

15 IMPAIRMENT OF ASSETS *(continued)*

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748		
Cash book balance at beginning of year	5 537 272	8 319 197
Cash book balance at end of year	<u>6 402 922</u>	<u>5 537 272</u>
Bank statement balance at beginning of year	10 794 687	14 231 024
Bank statement balance at end of year	<u>8 200 133</u>	<u>10 794 687</u>
<u>Other accounts</u>		
Investments:		
Call deposits	13 057 773	14 063 194
14 Days fixed deposits	-	-
32 Days fixed deposits	-	-
60 Days fixed deposits	10 030 521	37 095 441
90 Days fixed deposits	<u>68 246 066</u>	<u>52 213 553</u>
	<u>91 334 360</u>	<u>103 372 188</u>
Cash on hand:		
Petty cash	2 200	2 200
Total cash and cash equivalents	<u><u>97 739 482</u></u>	<u><u>108 911 660</u></u>
A portion of cash represents restricted cash as it serves as security for unspent conditional grants.		
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>		
Abattoir	460 882	435 767
Gross Balance	<u>460 882</u>	<u>435 767</u>
Less: Provision for doubtful debts	(449 912)	(423 197)
Net Balance	<u><u>10 970</u></u>	<u><u>12 570</u></u>
<u>Other receivables</u>		
Councillor salaries	8 719	10 024
Gross Balance	<u>8 719</u>	<u>10 024</u>
Less: Provision for doubtful debts	(8 719)	-
Net Balance	<u><u>-</u></u>	<u><u>10 024</u></u>
Total Net Balance	<u><u>10 970</u></u>	<u><u>22 594</u></u>
<u>Abattoir: Ageing</u>		
Current (0 - 30 days)	11 426	14 120
31 - 60 days	3 238	2 230
61 - 90 days	2 844	2 727
91 - 365 days	4 593	23 088
+ 365 days	<u>438 781</u>	<u>393 602</u>
Total	<u><u>460 882</u></u>	<u><u>435 767</u></u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (<i>continued</i>)		
<u>Councillor salaries: Ageing</u>		
Current (0 - 30 days)	-	10 024
31 - 60 days	-	-
61 - 90 days	-	-
91 - 365 days	-	-
+ 365 days	8 719	-
Total	8 719	10 024

Summary of debtors by Customer Classification

Consumers as at 30 June:

Current (0 - 30 days)	11 426	24 144
31 - 60 days	3 238	2 230
61 - 90 days	2 844	2 727
91 - 365 days	4 593	23 088
+ 365 days	447 500	393 602
Sub-total	469 601	445 791
Less: Provision for doubtful debts	(458 631)	(423 197)
Total debtors by customer classification	10 970	22 594

	2011 R	2010 R
<u>Reconciliation of the doubtful debt provision</u>		
Balance at beginning of the year	423 197	393 601
Contributions to provision	35 434	29 596
Bad debts written off	-	-
Balance at end of year	458 631	423 197

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

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Investments under liquidation	13 367	142 748
Prepayments	1 911 602	717 687
Sundry debtors	18 473	94 328
Total Other Debtors	1 943 442	954 763

An investment amounting to R 572 713 capital is held with New Republic Bank, which is under receivership. An investment amounting to R322 264 capital is held with Regal Treasury Bank which is under liquidation. The investments were written down to fair value:

New Republic Bank Limited	-	142 748
Regal Treasury Private Bank Limited	13 367	-

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
4 INVENTORY		
Consumables:		
Opening balance	93 134	80 614
Additions	377 119	93 134
Issued (expensed)	(370 259)	(80 614)
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)	-	-
Closing balance	99 994	93 134

Inventory consists of stationery. No inventory is pledged as security. No circumstances or events existed that would have led to the write-down of the reversal of a write-down of inventories.

5 HELD-TO-MATURITY INVESTMENTS

6 Month fixed deposits	20 286 830	18 084 987
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6 VAT

VAT receivable	4 723 043	3 062 714
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VAT is accounted for on the payment basis.

7 NON-CURRENT ASSETS HELD FOR SALE

Computer equipment	21 791	17 889
Emergency equipment	4 102	-
Furniture and fittings	12 389	7 697
Office equipment	9 750	1 164
Plant and equipment	2 455	-
Specialised vehicles	1	-
Motor vehicles	23 609	1
Property, plant and equipment	74 097	26 751

These assets are no longer being utilised by the municipality and has been approved by council for disposal. An auction is to be held to dispose of the assets in the short term and other assets will be donated or scrapped.

8 NON-CURRENT RECEIVABLES

Water & electricity	2 025	2 025
Office rentals	32 750	-
Deposits	34 775	2 025

Deposit water and electricity

These are deposits paid for water and electricity services and rental of office space in Mokopane and Thabazimbi for environmental health officials.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Work in Progress	Land and Buildings	Other Assets	Total
	R	R	R	R
Carrying values at 1 July 2011	4 978 842	29 747 787	16 905 410	51 632 039
Cost	4 978 842	31 605 197	27 398 879	63 982 918
Accumulated Depreciation	-	(1 857 410)	(10 328 098)	(12 185 508)
Accumulated Impairment	-	-	(165 371)	(165 371)
Acquisitions	-	427 486	9 399 445	9 826 931
Additions to Work in Progress	858 393	-	-	858 393
Work in Progress completed	(5 837 235)	5 837 235	-	-
Depreciation	-	(1 599 169)	(3 250 449)	(4 849 618)
(Impairment) / reversal of impairment	-	-	44 800	44 800
Carrying value of disposals	-	-	(62 802)	(62 802)
Cost	-	-	(885 728)	(885 728)
Accumulated depreciation	-	-	502 355	502 355
Accumulated Impairment	-	-	120 571	120 571
Carrying values at 30 June 2012	-	34 413 339	23 036 404	57 449 743
Cost	-	37 869 918	36 112 596	73 982 514
Accumulated Depreciation	-	(3 456 579)	(13 076 192)	(16 532 771)
Accumulated Impairment	-	-	-	-
Reconciliation of Carrying Value	Work in Progress	Land and Buildings	Other Assets	Total
	R	R	R	R
Carrying values at 1 July 2010	12 397 284	21 707 229	15 049 615	49 154 128
Cost	12 397 284	22 300 133	23 120 001	57 817 418
Accumulated Depreciation	-	(592 904)	(7 905 015)	(8 497 919)
Accumulated Impairment	-	-	(165 371)	(165 371)
Acquisitions	-	32 480	4 837 473	4 869 953
Additions to Work in Progress	1 854 142	-	-	1 854 142
Work in Progress completed	(9 272 584)	9 272 584	-	-
Depreciation	-	(1 264 506)	(2 745 157)	(4 009 663)
Impairment	-	-	-	-
Carrying value of disposals	-	-	(236 521)	(236 521)
Cost	-	-	(558 595)	(558 595)
Accumulated depreciation	-	-	322 074	322 074
Accumulated impairment	-	-	-	-
Carrying values at 30 June 2011	4 978 842	29 747 787	16 905 410	51 632 039
Cost	4 978 842	31 605 197	27 398 879	63 982 918
Accumulated Depreciation	-	(1 857 410)	(10 328 098)	(12 185 508)
Accumulated Impairment	-	-	(165 371)	(165 371)

Refer to Appendix C for more detail on property, plant and equipment, including those in the process of being constructed.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2011	1 635 623	1 635 623
Cost	1 741 248	1 741 248
Work in Progress	774 300	774 300
Accumulated amortisation and impairment losses	(879 925)	(879 925)
Acquisitions	1 246 736	1 246 736
Additions to Work in Progress	-	-
Work in Progress Completed	(774 300)	(774 300)
Work in Progress transferred to Cost	774 300	774 300
Amortisation	(257 103)	(257 103)
Carrying value of disposal	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2012	2 625 256	2 625 256
Cost	3 762 284	3 762 284
Work in Progress	-	-
Accumulated amortisation and impairment losses	(1 137 028)	(1 137 028)

10.2 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2010	931 247	931 247
Cost	1 544 524	1 544 524
Work in Progress	94 700	94 700
Accumulated amortisation and impairment losses	(707 977)	(707 977)
Acquisitions	102 024	102 024
Additions to Work in Progress	774 300	774 300
Work in Progress Completed	(94 700)	(94 700)
Work in Progress transferred to Cost	94 700	94 700
Amortisation	(171 948)	(171 948)
Carrying value of disposal	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2011	1 635 623	1 635 623
Cost	1 741 248	1 741 248
Work in Progress	774 300	774 300
Accumulated amortisation and impairment losses	(879 925)	(879 925)

11 TRADE AND OTHER PAYABLES

	2012 R	2011 R
Trade creditors	2 975 492	1 258 491
Accruals	5 077 583	4 579 192
Retentions	434 300	37 378
	8 487 375	5 875 061

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

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
12 CONSUMER DEPOSITS		
Abattoir	<u>1 550</u>	<u>1 550</u>
Guarantees held in lieu of abattoir deposits	<u>12 000</u>	<u>12 000</u>
13 PROVISIONS		
Performance bonus	<u>280 672</u>	<u>-</u>
	<u>280 672</u>	<u>-</u>

Performance bonuses are paid one year in arrears when the municipality has a present obligation as a result of a past event which is the services rendered and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The bonus has been calculated based on the assessment of eligible employees at the reporting date.

The movement is reconciled as follows:

Balance at beginning of year	-	179 830
Contributions/(reversals) to provision	280 672	(62,693)
Expenditure incurred	-	(117,137)
Balance at year end	<u>280 672</u>	<u>-</u>

The assumptions and basis of calculation was done in terms of the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006. Provision for Performance bonuses are calculated as per the performance agreements & brackets indicated in Section 32(2) of the above Performance Regulations. The maximum exposure was calculated based on the final score of each individual manager at year end and in which bracket those scores fall.

14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Municipal Systems Improvement Grant	-	340 921
Finance Management Grant	-	435 453
Health Grant	-	2 088 500
Wildlife Centre Grant	399 256	399 256
VUNA Awards	-	26 517
Expanded Public Works Incentive Grant	171 000	-
LEDET	100 000	-
Total Unspent Conditional Grants and Receipts from other spheres of Government	<u>670 256</u>	<u>3 290 647</u>
Other conditional grants	<u>-</u>	<u>-</u>
Total Unspent Other Conditional Grants and Receipts	<u>-</u>	<u>-</u>
Total Unspent Conditional Grants and Receipts	<u>670 256</u>	<u>3 290 647</u>

See note 20 for reconciliation of grants.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

15 RETIREMENT HEALTH CARE LIABILITY

The municipality contributes to a number of defined contribution schemes for pension of all permanent employees and councillors. The funds are governed by the Pension Funds Act of 1956.

The following are defined contributions plans:

- Samwu Provident Fund
- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employee Fund
- Joint Municipal Pension Fund
- Municipal Councillors Pension Fund
- Government Employee Pension Fund
- National Fund for Municipal Workers

The municipality also provides certain post-retirement medical benefits to qualifying pensioners. All post-retirement medical benefits are unfunded.

The following are defined benefit plans:

- LA Health
- Discovery Health
- Bonitas Medical Fund
- Key Health Medical Scheme
- Hosmed

In accordance with prevailing legislation, the defined benefit funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2012.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions. The municipality intends to continue to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

The accumulated defined benefit obligation in respect of the post-retirement medical contributions are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2012 R	2011 R
Movement in the employee health-care benefit liability:		
Liability as at 1 July	12 292 246	9 703 879
Benefits paid	(718 172)	(644 430)
Plan participants contributions	292 762	230 875
Current service cost	577 143	423 963
Interest	1 050 610	876 978
Actuarial losses / (gains) recognised in Statement of Financial Performance	(662 379)	1 700 981
Unfunded accrued liability as at 30 June	12 832 210	12 292 246
 Current portion of liability as at 30 June	 1 223 481	 1 186 475
Non-current portion of liability as at 30 June	11 608 729	11 105 771

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
15 RETIREMENT BENEFITS (continued)		
The liability as at 30 June consists of:		
In-service members	6 414 517	5 319 264
Continuation members	6 417 693	6 972 982
	<u>12 832 210</u>	<u>12 292 246</u>
Expense recognised in (profit) or loss:		
Current service cost	577 143	423 963
Interest cost	1 050 610	876 978
Past service cost	-	-
Actuarial losses or (gains)	(662 379)	1 700 981
	<u>965 374</u>	<u>3 001 922</u>
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	7.94%	8.70%
Health care cost inflation rate	6.86%	7.27%
Average remaining future working lifetime	18.9 years	19.6 years
<i>The effect of a 1% movement in the assumed medical cost trend rate is as follows:</i>		
	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	14%	19%
Effect on the defined benefit obligation	16%	13%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-14%	-15%
Effect on the defined benefit obligation	-13%	-12%

The Municipality's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is R 635 445.

16 LONG SERVICE AWARDS LIABILITY

The municipality provides long-service awards to its permanent employees.

The benefit of long-service award is provided in the form of annual leave and a gift to a certain monetary value.

In accordance with prevailing legislation, the provision is actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2012.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2012 R	2011 R
Movement in the long-service award liability:		
Liability as at 1 July	1 281 962	972 179
Benefits paid	(279 760)	(79 892)
Current service cost	290 300	142 620
Interest	87 024	84 801
Actuarial losses / (gains)	74 407	162 254
Unfunded accrued liability as at 30 June	<u><u>1 453 933</u></u>	<u><u>1 281 962</u></u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
16 LONG SERVICE AWARDS LIABILITY (continued)		
Current portion of liability as at 30 June	<u>210,885</u>	<u>76,181</u>
Non-current portion of liability as at 30 June	<u>1 243 048</u>	<u>1 205 781</u>
Expense recognised in (profit) or loss:		
Current service cost	290 300	142 620
Interest cost	87 024	84 801
Past service cost	-	-
Actuarial losses / (gains)	<u>74 407</u>	<u>162 254</u>
	<u>451 731</u>	<u>389 675</u>
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	6.34%	7.67%
General salary inflation rate	5.97%	6.24%
<i>The effect of a 1% movement in the assumed general salary inflation rate is as follows:</i>		
	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	5%	6%
Effect on the defined benefit obligation	7%	6%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-4%	-5%
Effect on the defined benefit obligation	-6%	-5%
The Municipality's best estimate of benefits expected to be paid to the plan during the annual period beginning after the balance sheet date is R 223 323.		
17 SERVICE CHARGES		
Abattoir services	<u>652 212</u>	<u>607 783</u>
18 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	<u>7 401 552</u>	<u>8 252 553</u>
Total interest	<u>7 401 552</u>	<u>8 252 553</u>
19 INTEREST EARNED - OUTSTANDING RECEIVABLES		
SARS	9 718	-
Abattoir	26 933	30 095
Deposits	-	-
Total interest	<u>36,651</u>	<u>30 095</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
20 GOVERNMENT AND OTHER GRANTS		
Equitable share	87 880 000	85 214 698
Municipal Systems Improvement Grant	1 130 921	757 296
Finance Management Grant	1 685 453	967 755
DBSA Grant	-	698 058
LG SETA Grant	220 679	114 055
Municipal Health Grant	8 354 000	7 881 000
VUNA Awards	26 517	719 443
Disaster Grant	-	25 620
Expanded Public Works Incentive Grant	-	659 400
	99,297,570	97 037 325

20.1 Equitable share

The equitable share is an unconditional grant and is utilised to fund disaster management services, environmental health services, projects and operating expenditure.

20.2 Municipal Systems Improvement Grant

Balance unspent at beginning of year	340 921	348 217
Current year receipts	790 000	750 000
Conditions met - transferred to income	(1 130 921)	(757 296)
Conditions still to be met - transferred to liabilities	-	340 921

The grant is utilised for the implementation of new legislation, skills development and the GRAP compliance of the fixed asset register. The conditions of the grant were met. No funds have been withheld.

20.4 Finance Management Grant

Balance unspent at beginning of year	435 453	403 208
Current year receipts	1 250 000	1 000 000
Conditions met - transferred to income	(1 685 453)	(967 755)
Conditions still to be met - transferred to liabilities	-	435 453

The grant is utilised for the appointment of financial and audit interns, financial training and assist with the implementation of the MFMA and compliance with GRAP. The conditions of the grant were met. No funds have been withheld.

20.5 DBSA Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	698 058
Conditions met - transferred to income	-	(698 058)
Conditions still to be met - transferred to liabilities	-	-

The grant was utilised to fund the implementation of a Performance Management System in the District and Local Municipalities.

20.6 LG SETA Grant

Balance unspent at beginning of year	-	-
Current year receipts	220 679	114 055
Conditions met - transferred to income	(220 679)	(114 055)
Conditions still to be met - transferred to liabilities	-	-

The grant is utilised for training of officials in the District Municipality.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
20 GOVERNMENT GRANTS (continued)		
20.7 Municipal Health Grant		
Balance unspent at beginning of year	2 088 500	-
Current year receipts	6 265 500	9 969 500
Conditions met - transferred to income	(8 354 000)	(7 881 000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>2 088 500</u>
The grant is utilised to fund the Environmental Health function that was devolved to the District Municipality.		
20.8 Wildlife Centre Grant		
Balance unspent at beginning of year	399 256	399 256
Current year receipts	-	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>399 256</u>	<u>399 256</u>
The grant is utilised to fund the feasibility study of a district wildlife centre.		
20.9 VUNA Awards		
Balance unspent at beginning of year	26 517	745 960
Current year receipts	-	-
Conditions met - transferred to income	(26 517)	(719 443)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>26 517</u>
The VUNA Awards grant was utilised to fund tourism signage erected in the district.		
20.10 Disaster Grant		
Balance unspent at beginning of year	-	25 620
Current year receipts	-	-
Conditions met - transferred to income	-	(25 620)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised to fund relief operations after disasters in the District.		
20.11 Expanded Public Works Incentive Grant		
Balance unspent at beginning of year	-	251 200
Current year receipts	171 000	408 200
Conditions met - transferred to income	-	(659 400)
Conditions still to be met - transferred to liabilities	<u>171 000</u>	<u>-</u>
The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the the EPWP guidelines.		
20.12 LEDET Grant		
Balance unspent at beginning of year	-	-
Current year receipts	100 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>100 000</u>	<u>-</u>
The grant is to be utilised to fund the operations of the Waterberg Biosphere Meander.		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
20 GOVERNMENT GRANTS (continued)		
20.13 Changes in levels of government grants		
Based on the allocations as set out in the Division of Revenue Act, (Act No 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
21 PUBLIC CONTRIBUTIONS AND DONATIONS		
Donations	200 000	-
Total public contributions and donations	200 000	-
The donation of Lephalale Disaster Centre land from Lephalale Local Municipality.		
22 GAIN / (LOSS) ON DISPOSAL OF ASSETS		
Gain on disposal of Property, plant and equipment	10 607	-
Loss on disposal of Property, plant and equipment	(8 845)	(230 403)
Total Gain / (Loss) on Disposal of Assets	1 762	(230 403)
23 (IMPAIRMENT) / REVERSAL OF IMPAIRMENT LOSS ON ASSETS		
Property, plant and equipment	44 800	-
Other financial assets		
An investment amounting to R 572 713 capital is held with New Republic Bank, which is presently under receivership. The investment was written down to fair value.	(142 748)	-
An investment amounting to R322 264 capital is held with Regal Treasury Bank which is presently under liquidation. The investment was written off. Subsequently the final liquidation dividend was received after year end.	13 367	3 640
Total Reversal of Impairment loss	(84 581)	3 640
24 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	28 293 095	25 712 640
Employee related costs - Contributions for UIF, pension and medical aid & other statutory contributions	8 071 673	6 662 195
Travel and other allowances	6 383 295	5 423 048
Housing benefits and allowances	184 800	168 295
Overtime allowances	137 870	47 043
Performance and other bonuses (increase / (reversal) of provision)	280 672	(62 693)
Total Employee Related Costs	43 351 405	37 950 528
(Refer to Appendix E1)		
There were no advances to employees.		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
24 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers:		
Remuneration of the Municipal Manager		
Annual Remuneration	635 382	600 829
Performance- and other bonuses	-	-
Travel and cellphone allowance	282 629	267 395
Contributions to UIF, Medical and Pension Funds	162 129	152 316
Total	1 080 140	1 020 540

The Municipal Manager was appointed on 1 January 2010.

Remuneration of the Chief Financial Officer

Annual Remuneration	745 132	719 853
Performance- and other bonuses	-	74 250
Travel and cellphone allowance	180 000	180 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	926 629	975 600

The Chief Financial Officer was appointed on 11 June 2007 and re-appointed on 1 June 2012.

Infrastructure Development

Annual Remuneration	508 311	479 107
Performance- and other bonuses	-	42 887
Travel and cellphone allowance	213 348	192 634
Contributions to UIF, Medical and Pension Funds	104 723	98 792
Total	826 382	813 420

The Infrastructure Development Manager was appointed on 9 July 2007 and his contract ended on 30 June 2012. The post is still vacant.

Planning & Economic Development

Annual Remuneration	523 278	494 300
Performance- and other bonuses	-	-
Travel and cellphone allowance	172 099	163 905
Contributions to UIF, Medical and Pension Funds	123 974	116 624
Total	819 351	774 829

The Planning & Economic Development Manager was appointed on 1 March 2008.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
24 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers (continued):		
Corporate Support & Shared Services		
Annual Remuneration	360 300	555 374
Performance- and other bonuses	-	-
Travel and cellphone allowance	122 443	186 980
Contributions to UIF, Medical and Pension Funds	110 663	155 759
Total	593 406	898 113

The Corporate Support & Shared Services Manager was appointed on 1 January 2008 and resigned on 14 February 2012. The post is still vacant.

Social Development & Community Services

Annual Remuneration	518 978	511 668
Performance- and other bonuses	-	-
Travel and cellphone allowance	256 509	237 462
Contributions to UIF, Medical and Pension Funds	36 497	17 470
Total	811 984	766 600

The Social Development and Community Services Manager was appointed on 1 January 2010.

Executive Mayor's Office

Annual Remuneration	121 208	-
Performance- and other bonuses	-	-
Travel and cellphone allowance	43 750	-
Contributions to UIF, Medical and Pension Funds	31 691	-
Total	196 649	-

The previous Manager in the Executive Mayor's Office resigned on 16 February 2009. The current Manager in the Executive Mayor's office was appointed on 1 April 2012.

There are no post-employment benefits, other long-term benefits or termination benefits provided to Section 56 managers.

25 REMUNERATION OF COUNCILLORS

Executive Mayor	570 876	516 207
Speaker	460 469	417 530
Full time Mayoral Committee members	1 340 447	423 404
Mayoral Committee members	1 058 612	827 667
Councillors	1 076 286	1 246 998
Councillors' pension, medical aid contributions and other statutory	472 292	392 712
Total Councillors' Remuneration	4 978 982	3 824 518

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
25 REMUNERATION OF COUNCILLORS (<i>continued</i>)		
In kind benefits		
The Executive Mayor, Speaker, Chief Whip and 3 other Mayoral Committee members are full time councillors. Each is provided with an office, tools of trade and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle for official duties and has a driver. The previous Executive Mayor's term in office ended on 21 May 2011 and a new Executive Mayor was elected on 3 June 2011.		
26 DEPRECIATION AND AMMORTISATION		
Property, plant and equipment - depreciation	4 849 618	4 009 663
Intangible assets - amortisation	257 103	171 949
Total Depreciation and Impairment	5 106 721	4 181 612
27 CONTRACTED SERVICES		
Contracted service for:		
Fire Fighting	11 987 004	8 388 959
	11 987 004	8 388 959
This is a funded mandate of Waterberg District Municipality which is performed by local municipalities.		
28 GENERAL EXPENSES		
Included in general expenses are the following:		
Advertising	181 104	99 504
Audit fees	842 484	1 258 702
Bank charges	57 148	48 168
Bursaries	40 078	34 436
Cleaning	123 121	105 723
Consumables	27 030	47 994
Damaged meat claims	909	-
Delegations	67 333	81 367
Entertainment	404 330	222 396
Financial management grant	1 275 990	480 493
Insurance	745 071	664 858
Legal expenses	204 655	602 369
Membership fees	435 349	353 004
Municipal account - water, rates & electricity	576 015	593 982
Municipal systems improvement grant	1 130 921	757 296
Postage	2 540	4 785
Printing and stationery	360 094	257 847
Rental of buildings / offices	105 779	35 961
Rental of office equipment	668 185	697 401
Security costs	922 336	856 118
Subscription and publication	21 415	8 988
Telephone & cell phone expenses	694 693	584 624
Training	385 031	251 584
Travel and subsistence	3 183 950	2 056 100
Vehicle costs	328 557	323 873
Other	1 394 770	1 152 561
	14 178 888	11 580 134

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
29 ACCUMULATED SURPLUS AND RESERVES		
As the individual classification of the following reserves are not required in terms of GRAP 9, the following split is not disclosed on the face of the Statement of Financial Position and is merely utilised for internal reporting:		
Government Grant Reserve	603 165	735 644
Donations and Public Contributions Reserve	1 403 466	1 393 219
Accumulated Surplus	159 255 005	159 555 960
	161 261 636	161 684 823

30 CASH GENERATED FROM OPERATIONS		
Net surplus for the year	(423 188)	16 257 881
Adjustment for non-cash movements:		
Depreciation and amortisation	5 106 721	4 181 612
(Gain) / Loss on sale of assets	(1 762)	230 403
Donated property, plant & equipment	(200 000)	-
Impairment / (Reversal of impairment) on assets	84 581	(3 640)
Increase in retirement health care liability	539 964	2 588 367
Increase in long service awards liability	171 971	309 783
Contributions to provisions - current	280 672	(179 830)
Operating surplus before working capital changes	5 558 959	23 384 576
Decrease in trade receivables	11 624	4 338
Decrease/(Increase) in other receivables	(1 118 060)	443 298
Decrease/(Increase) in inventory	(6 860)	(12 520)
Increase in VAT receivable	(1 660 329)	(340 752)
(Decrease)/Increase in trade payables	2 612 314	275 192
Decrease in consumer deposits	-	(5 550)
(Decrease)/Increase in Unspent Conditional Grants and Receipts	(2 620 391)	1 117 185
Cash generated from operations	2 777 257	24 865 767

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance	6 402 922	5,537,272
Short-term investment deposits	91 334 360	103,372,188
Petty cash	2 200	2,200
	97,739,482	108 911 660

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2012
R

2011
R

32.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening Balance	-	76 844
Fruitless and wasteful expenditure awaiting condonement	-	10 529
To be recovered - Contingent Asset	-	66 315
Fruitless and wasteful expenditure current year	24 045	-
Fruitless and wasteful expenditure recovered during the current year	-	-
Condoned or written off by Council	-	(76 844)
Closing balance	24 045	-
Fruitless and wasteful expenditure awaiting condonement	23 444	-
To be recovered - Current Asset	600	-

Current year

R 22 535 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Lephalale Disaster Centre which constitutes an unlawful development. The matter is still to be investigated and reported to Council.

R 600 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys was with records officer who was on strike. Full amount to be deducted from acting manager in Corporate Support & Shared Services. The matter still has to be reported to Council.

R 909 was incurred on damaged meat claims for the death of a pig due to the faulty dehairing machine. The matter is still to be investigated and reported to Council.

Prior year

The R 66 315 expenditure arose from late payment to a contractor on an MIG project. The disciplinary case against the employee responsible was finalised in December 2006. The municipality wrote off the balance owed in the previous financial year.

One cattle was lost at a value of R 10 529, the amount was reimbursed to client. Four sheep and one cattle was stolen at the abattoir at a value of R 9 759, the clients were reimbursed and the value of the theft was recovered from the WDM security company.

2012
R

2011
R

32.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	140 200	1 160 204
Irregular expenditure awaiting condonement	140 200	1 160 204
To be recovered - Contingent Asset	-	-
Irregular expenditure incurred current year	52 107	140 200
Irregular expenditure recovered during the current year	(44 973)	-
Condoned or written off by Council	(140 200)	(1 160 204)
Closing balance	7 134	140 200
Irregular expenditure awaiting condonement	-	140 200
To be recovered - Current Asset	7 134	-

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED *(continued)*

32.2 Irregular expenditure *(continued)*

Current year

R 7 134 owed by an official for abuse of 3G card above the monthly capping constitutes irregular expenditure as official was granted deduction in installments instead of once off deduction which then classifies as a loan to an officials which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The matter is still to be investigated and reported to Council.

R 35 016 No-Work-No-Pay deduction for August 2011 strike was postponed and deducted in installments instead of once off deduction which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The second delayed installment is reported as irregular expenditure. The full amount was deducted in the November 2011 salaries. The matter is still to be investigated and reported to Council.

R 9 957 personal telephone calls deduction for July to October 2011 was postponed due to No-Work-No-Pay deductions of strike and deducted in December 2011 instead of once off deduction in October 2011 which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was deducted in the December 2011 salaries. The matter is still to be investigated and reported to Council.

Prior year

The Office of the Executive Mayor incurred irregular expenditure of R 140 200 on the provision of transport to the voter registration mobilization campaign for the youth. Voter registration is an activity unrelated to the functional area of the vote utilised, which is Community Participation. Council condoned and wrote off this expenditure in the current financial year.

The Infrastructure Department incurred irregular expenditure of R 366 070 on the consulting fees of the construction project on the Modimolle Disaster Centre. The fees of the contractor was adjusted without a subsequent adjustment to the consulting fees which lead to irregular expenditure at the conclusion of the contract. The municipality wrote off the balance owed in the previous financial year.

The Office of the Municipal Manager extended the services of the service provider for the Performance Management System without following the requirements of the WDM SCM Policy. Subsequent payment without an order to an amount of R 794,134 was made and this deviation from the WDM SCM Policy and SCM Regulations constitute irregular expenditure. The municipality wrote off the balance owed in the previous financial year.

2012
R

2011
R

32.3 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening Balance	-	-
Unauthorised expenditure current year	-	-
Condoned or approved by Council	-	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	-	-

Current year

There were no material incidents of unauthorised expenditure in the current financial year.

Prior year

There were no material incidents of unauthorised expenditure in the previous financial year.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
33 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
33.1 Contributions to organised local government		
Opening Balance	-	-
Council subscriptions	353 716	280 391
Amount Paid - current year	(353 716)	(280 391)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
33.2 Audit fees		
Opening balance	-	-
Current year audit fees - statutory	842 484	1 258 702
Prior year audit fee - forensic	-	-
Amount paid - current year	(842 484)	(1 258 702)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>
33.3 VAT		
VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.		
33.4 PAYE		
Opening Balance	-	-
Current year payroll deductions	7 646 747	6 688 244
Amount Paid - Current year	(7 646 747)	(6 688 244)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>
33.5 PENSION AND MEDICAL AID DEDUCTIONS		
Opening balance	-	-
Current year payroll deductions and council contributions	11 751 346	9 962 661
Amount Paid - Current year	(11 751 346)	(9 962 661)
Amount Paid - Previous years	-	-
	<u>-</u>	<u>-</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
33 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
33.6 SUPPLY CHAIN MANAGEMENT REGULATIONS		
In terms of section 36 of the Municipal Supply Chain Management Regulations, the Municipal Manager may dispense with the official procurement process in certain instances and ratify minor breaches.		
These expenses incurred, approved by the Municipal Manager and reported to Council, are listed below:		
Deviations on goods and services less than R 30 000	594 986	452 709
Deviations on goods and services between R 30 000 and R 200 000	1 605 252	1 587 684
Deviations on goods and services more than R 200 000	284 983	-
	2 485 221	2 040 393
34 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	42 665	16 988
3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses. The term of the previous audit committee expired on 30 September 2010. The 3 year term of the new audit committee commenced on 1 August 2011 and ends on 31 July 2014. Four meetings were held during the current year.		
35 CAPITAL COMMITMENTS		
35.1 Commitments in respect of capital expenditure:		
Approved and contracted for		
- Computer software	-	60 540
- Vehicles	-	4 114 874
- Disaster Management	2 603 664	466 500
- Infrastructure	-	1 139 120
- Movable assets	-	28 270
	2 603 664	5 809 304
The expenditure will be financed from:		
- Own resources	2 603 664	5 809 304

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
35 CAPITAL COMMITMENTS (continued)		
35.2 Commitments in respect of operating project expenditure:		
Approved and contracted for		
- Disaster Management	-	978 855
- Communication & Community Participation	753 166	156 390
- Sports, Arts & Culture	-	144 100
- Infrastructure	2 977 893	6 064 033
- Solid waste and environment	-	567 434
- Local Economic Development	390 489	520 000
- Land development	318 509	106 535
- Institutional development	672 895	76 705
	5 112 952	8 614 052
 The expenditure will be financed from:		
- Own resources	5 112 952	8 614 052

35.3 Commitments in respect of operating leases:

The municipality has no finance leases. At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	1 005 732	677 429
In the second to fifth year inclusive	55 619	723 044
Total	1 061 351	1 400 473

Operating lease payments represent rentals payable by the municipality for copiers and faxes with Xerox and office space in Lephalale, Mokopane and Thabazimbi for environmental health practitioners.

The contingent rental for telephones is based on the prime interest rate. This contingent rental is not included in the future minimum lease payments.

All rentals are either fixed term fixed amount contracts or contingent rentals and therefore no smoothing of leases is necessary.

36 RELATED PARTIES

Municipal Entity	Waterberg Economic Development Agency
Key Management	Refer to note 24

There are no other related party transactions or balances for the current year. Waterberg Economic Development Agency is currently dormant.

37 EVENTS AFTER THE REPORTING DATE

There are no material events that occurred after the reporting date.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant and equipment
Useful lives and residual values of intangible assets
Recoverable amounts of property, plant and equipment
Recoverable amounts of intangible assets
Present value of defined benefit obligations
Provision for doubtful debts
Impairment of assets
Provision of long-term long-service awards

39 RISK MANAGEMENT

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

39.1 Cash flow interest rate risk

The municipality's interest rate risk arises from investments. Investments at variable rates expose the municipality to cash flow interest rate risk. Investments at fixed rates expose the municipality to fair value interest rate risk. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

	2012 R	2011 R
At year-end, financial instruments exposed to interest rate risk were as follows:		
- Current bank account	6,402,922	5,537,272
- Call deposits	13,057,773	14,063,194
- 60 days fixed deposits	10,030,521	37,095,441
- 90 days fixed deposits	68,246,066	52,213,553
- 6 month fixed deposits	20,286,830	18,084,987
	<u>118 024 112</u>	<u>126 994 447</u>

39.2 Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

39.3 Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39 RISK MANAGEMENT (*continued*)

39.3 *Liquidity risk (continued)*

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2012	Not later than one month	One to three months
Trade and other payables	2 975 492	434 300
Consumer deposits	-	-
Provisions	-	-
Unspent conditional grants & receipts	-	-
30 June 2012	Later than three months	One to five years
Trade and other payables	1 077 583	4 000 000
Consumer deposits	-	1 550
Provisions	280 672	-
Unspent conditional grants & receipts	670 256	-

39.4 *Credit risk*

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

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

39.5 *Fair value of financial instruments*

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

40 RESTATEMENT OF COMPARATIVE INFORMATION

There has been no restatements on comparative figures. Work in Progress was previously included in cost for Property, Plant and Equipment and Intangible Assets, but have now been separately disclosed in the note. There have been no changes to the balances as previously disclosed.

41 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix A(1) to A(7).

WATERBERG DISTRICT MUNICIPALITY

Appendix A1: Reconciliation of Table A1 Budget Summary

Description	2011/2012										2010/2011				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	940	(200)	740	-	-	740	652	-	(88)	88%	69%	-	-	-	608
Investment revenue	8,020	(1,690)	6,330	-	-	6,330	7,438	-	1,108	118%	93%	-	-	-	8,283
Transfers recognised - operational	99,831	981	100,812	-	-	100,812	99,298	-	(1,514)	98%	99%	-	-	-	97,037
Other own revenue	147	(96)	51	-	-	51	202	-	151	393%	137%	-	-	-	200
Total Revenue (excluding capital transfers and contributions)	108,938	(1,005)	107,933	-	-	107,933	107,590	-	(343)	100%	99%	-	-	-	106,128
Employee costs	49,866	(1,328)	48,538	-	(0)	48,538	44,737	-	(3,801)	92%	90%	-	-	-	41,195
Remuneration of councillors	4,910	330	5,240	-	-	5,240	4,979	-	(261)	95%	101%	-	-	-	3,825
Debt impairment	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Depreciation & asset impairment	4,985	(200)	4,785	-	-	4,785	5,107	-	322	107%	102%	-	-	-	4,182
Finance charges	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Materials and bulk purchases	978	67	1,045	-	33	1,077	779	-	(298)	72%	80%	-	-	-	481
Transfers and grants	25,777	17,142	42,919	-	-	42,919	26,299	-	(16,620)	61%	102%	-	-	-	19,808
Other expenditure	26,693	791	27,484	-	(32)	27,451	26,313	-	(1,138)	96%	95%	-	-	-	20,380
Total Expenditure	113,209	16,801	130,010	-	-	130,010	108,213	-	(21,797)	83%	96%	-	-	-	89,870
Surplus/(Deficit)	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(623)	-	21,454	3%	15%	-	-	-	16,258
Transfers recognised - capital	-	-	-	-	-	-	200	-	200	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	(423)	-	21,654	2%	10%	-	-	-	16,258
Surplus/(Deficit) after capital transfers & contributions	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	0%	10%	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258
Capital expenditure & funds sources															
Capital expenditure	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(12,846)	48%	35%	-	-	-	14,143
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Internally generated funds	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(12,846)	48%	35%	-	-	-	14,143
Total sources of capital funds	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(12,846)	48%	35%	-	-	-	14,143
Cash flows															
Net cash from (used) operating	2,144	1,354	3,499	-	0	3,499	2,777	-	(721)	79%	130%	-	-	-	24,640
Net cash from (used) investing	(34,457)	9,651	(24,807)	-	-	(24,807)	(13,949)	-	10,857	56%	40%	-	-	-	(14,138)
Net cash from (used) financing	-	7	7	-	-	7	-	-	(7)	0%	0%	-	-	-	(6)
Cash/cash equivalents at the year end	54,156	11,012	(21,301)	-	0	(21,301)	(11,172)	-	10,129	52%	-21%	-	-	-	120,218

Notes

- 3 = sum of column 1 and 2
- 2 represents movements in original budget to get to final adjustment budget (including shifting of funds)
- Virements must offset each other so that Virements in Total Expenditure equals zero
- 6 = sum of column 3, 4 and 5
- 8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure
- 9 = 7 - 6
- 10 = (7/8)*100
- 11 = (9/1)*100
- 14 = 13 - 12
- 15 In revenue equals Audited Outcome plus funds actually recovered
- 15 In expenditure equals Audited Outcome less funds actually recovered
- 15 In Cash Flow equals Audited Outcome plus funds recovered

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:

Appendix A2: Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2011/2012							2010/2011							
	Original Budget	Budget Adjustments (i.l.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.l.o. s31 of the MFMA)	Virement (i.l.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration	97,979	(719)	97,260	-	-	97,260	98,448	-	1,188	101%	100%	-	-	-	96,183
Executive and council	1,190	341	1,531	-	-	1,531	1,416	-	(115)	93%	119%	-	-	-	1,769
Budget and treasury office	96,681	(1,165)	95,517	-	-	95,517	96,804	-	1,287	101%	100%	-	-	-	94,235
Corporate services	108	105	213	-	-	213	228	-	16	107%	211%	-	-	-	180
Community and public safety	8,354	-	8,354	-	-	8,354	8,674	-	320	104%	104%	-	-	-	7,923
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	320	-	320	-	-	-	-	-	42
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	8,354	-	8,354	-	-	8,354	8,354	-	-	100%	100%	-	-	-	7,881
Economic and environmental services	1,449	100	1,549	-	-	1,549	60	-	(1,489)	4%	4%	-	-	-	1,384
Planning and development	-	100	100	-	-	100	60	-	(40)	60%	-	-	-	-	724
Road transport	1,449	-	1,449	-	-	1,449	-	-	(1,449)	0%	0%	-	-	-	659
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,158	(358)	770	-	-	770	679	-	(91)	88%	59%	-	-	-	638
Total Revenue - Standard	108,938	(1,005)	107,933	-	-	107,933	107,862	-	(72)	100%	99%	-	-	-	106,128
Expenditure - Standard															
Governance and administration	47,860	9,888	57,748	-	-	57,748	48,390	-	(9,359)	84%	101%	-	-	-	42,077
Executive and council	23,542	5,107	28,649	-	-	28,649	25,249	-	(3,400)	88%	107%	-	-	-	20,380
Budget and treasury office	9,960	(470)	9,490	-	-	9,490	8,053	-	(1,437)	85%	81%	-	-	-	9,301
Corporate services	14,358	5,251	19,609	-	-	19,609	15,088	-	(4,521)	77%	105%	-	-	-	12,397
Community and public safety	37,551	932	38,483	-	-	38,483	38,044	-	(439)	99%	101%	-	-	-	29,335
Community and social services	4,574	(103)	4,471	-	-	4,471	4,268	-	(203)	95%	93%	-	-	-	2,555
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	19,896	985	20,881	-	-	20,881	21,097	-	215	101%	106%	-	-	-	15,958
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	13,081	50	13,131	-	-	13,131	12,679	-	(452)	97%	97%	-	-	-	10,823
Economic and environmental services	24,109	6,057	30,167	-	-	30,167	18,388	-	(11,778)	61%	76%	-	-	-	15,055
Planning and development	8,119	1,242	9,361	-	-	9,361	5,780	-	(3,581)	62%	71%	-	-	-	9,055
Road transport	15,990	4,815	20,805	-	-	20,805	12,608	-	(8,197)	61%	79%	-	-	-	6,000
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	3,688	(76)	3,612	-	-	3,612	3,463	-	(149)	96%	94%	-	-	-	3,402
Total Expenditure - Standard	113,209	16,801	130,010	-	-	130,010	108,285	-	(21,725)	83%	96%	-	-	-	89,870
Surplus/(Deficit) for the year	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:

Appendix A3: Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/2012										2010/2011				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
Vote 1 - FINANCIAL SERVICES	96,681	(1,165)	95,517	-	-	95,517	96,804	-	1,287	101%	100%	-	-	-	94,235
Vote 2 - MUNICIPAL MANAGER	1,190	341	1,531	-	-	1,531	1,416	-	(115)	93%	119%	-	-	-	1,762
Vote 3 - CORPORATE SERVICES	108	105	213	-	-	213	228	-	16	107%	211%	-	-	-	180
Vote 4 - PLANNING	-	100	100	-	-	100	60	-	(40)	60%	#DIV/0!	-	-	-	724
Vote 5 - TECHNICAL SERVICES	1,449	-	1,449	-	-	1,449	-	-	(1,449)	0%	0%	-	-	-	659
Vote 6 - MAYORS OFFICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - FIRE FIGHTING	-	-	-	-	-	-	320	-	320	-	-	-	-	-	42
Vote 9 - MUNICIPAL HEALTH	8,354	-	8,354	-	-	8,354	8,354	-	-	100%	100%	-	-	-	7,881
Vote 10 - ABBATOIR	1,156	(386)	770	-	-	770	679	-	(91)	88%	59%	-	-	-	638
Example 11 - Vote11															
Example 12 - Vote12															
Example 13 - Vote13															
Example 14 - Vote14															
Example 15 - Vote15															
Total Revenue by Vote	108,938	(1,005)	107,933	-	-	107,933	107,862	-	(72)	100%	99%	-	-	-	106,128
Expenditure by Vote to be appropriated															
Vote 1 - FINANCIAL SERVICES	9,960	(470)	9,490	-	-	9,490	8,053	-	(1,437)	85%	81%	-	-	-	9,301
Vote 2 - MUNICIPAL MANAGER	7,457	3,492	10,949	-	-	10,949	9,133	-	(1,816)	83%	122%	-	-	-	7,777
Vote 3 - CORPORATE SERVICES	14,358	5,251	19,609	-	-	19,609	15,088	-	(4,521)	77%	105%	-	-	-	12,397
Vote 4 - PLANNING	8,119	1,242	9,361	-	-	9,361	5,780	-	(3,581)	62%	71%	-	-	-	9,055
Vote 5 - TECHNICAL SERVICES	15,990	4,815	20,805	-	-	20,805	12,608	-	(8,197)	61%	79%	-	-	-	6,000
Vote 6 - MAYORS OFFICE	16,085	1,615	17,700	-	-	17,700	16,116	-	(1,584)	91%	100%	-	-	-	12,603
Vote 7 - SOCIAL SERVICES	4,574	(103)	4,471	-	-	4,471	4,268	-	(203)	95%	93%	-	-	-	2,555
Vote 8 - FIRE FIGHTING	19,896	985	20,881	-	-	20,881	21,097	-	215	101%	106%	-	-	-	15,958
Vote 9 - MUNICIPAL HEALTH	13,081	50	13,131	-	-	13,131	12,679	-	(452)	97%	97%	-	-	-	10,823
Vote 10 - ABBATOIR	3,688	(76)	3,612	-	-	3,612	3,463	-	(149)	96%	94%	-	-	-	3,402
Example 11 - Vote11															
Example 12 - Vote12															
Example 13 - Vote13															
Example 14 - Vote14															
Example 15 - Vote15															
Total Expenditure by Vote	113,209	16,801	130,010	-	-	130,010	108,285	-	(21,725)	83%	96%	-	-	-	89,870
Surplus/(Deficit) for the year	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:

Appendix A4: Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2011/2012							2010/2011							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	940	(200)	740	-	-	740	652	-	(88)	88%	69%	-	-	-	608
Rental of facilities and equipment	96	(96)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	7,900	(1,600)	6,300	-	-	6,300	7,402	-	1,102	117%	94%	-	-	-	8,253
Interest earned - outstanding debtors	120	(90)	30	-	-	30	37	-	7	122%	31%	-	-	-	30
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	76	-	76	-	-	-	-	-	16
Transfers recognised - operational	99,831	981	100,812	-	-	100,812	99,298	-	(1,514)	98%	99%	-	-	-	97,037
Other revenue	51	-	51	-	-	51	116	-	64	225%	225%	-	-	-	180
Gains on disposal of PPE	-	-	-	-	-	-	11	-	11	-	-	-	-	-	4
Total Revenue (excluding capital transfers and contributions)	108,938	(1,005)	107,933	-	-	107,933	107,590	-	(343)	100%	99%	-	-	-	106,128
Expenditure By Type															
Employee related costs	49,866	(1,328)	48,538	-	(0)	48,538	44,737	-	(3,801)	92%	90%	-	-	-	41,196
Remuneration of councillors	4,910	330	5,240	-	-	5,240	4,979	-	(261)	95%	101%	-	-	-	3,825
Debt Impairment	25	(10)	15	-	-	15	133	-	118	889%	534%	-	-	-	30
Depreciation & asset impairment	4,985	(200)	4,785	-	-	4,785	5,107	-	322	107%	102%	-	-	-	4,182
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	978	67	1,045	-	33	1,077	779	-	(298)	72%	80%	-	-	-	481
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	11,811	(490)	11,321	-	-	11,321	11,987	-	666	106%	101%	-	-	-	8,389
Transfers and grants	25,777	17,142	42,919	-	-	42,919	26,299	-	(16,620)	61%	102%	-	-	-	19,808
Other expenditure	14,857	1,291	16,147	-	(32)	16,115	14,193	-	(1,923)	88%	96%	-	-	-	11,961
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	113,209	16,801	130,010	-	-	130,010	108,213	-	(21,797)	83%	96%	-	-	-	89,870
Surplus/(Deficit)	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(623)	-	21,454	3%	15%	-	-	-	16,258
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	200	-	200	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(4,271)	(17,806)	(22,077)	-	-	(22,077)	(423)	-	21,654	2%	10%	-	-	-	16,258

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:

Appendix A5: Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description		2011/2012						2010/2011							
		Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - FINANCIAL SERVICES	-	-	-	-	-	-	71	-	71	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	51	-	51	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	34,457	(13,151)	21,306	-	-	21,306	2,036	-	(19,270)	10%	6%	-	-	-	14,143
Vote 4 - PLANNING	-	-	-	-	-	-	37	-	37	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES	-	-	-	-	-	-	7	-	7	-	-	-	-	-	-
Vote 6 - MAYORS OFFICE	-	-	-	-	-	-	1,388	-	1,388	-	-	-	-	-	-
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	7,396	-	7,396	-	-	-	-	-	-
Vote 8 - FIRE FIGHTING	-	-	-	-	-	-	3	-	3	-	-	-	-	-	-
Vote 9 - MUNICIPAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - ABBATOIR	-	-	-	-	-	-	-	-	943	-	-	-	-	-	-
Capital multi-year expenditure sub-total	34,457	(13,151)	21,306	-	-	21,306	10,989	-	(9,374)	10%	6%	-	-	-	14,143
Single-year expenditure															
Vote 1 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - MAYORS OFFICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - FIRE FIGHTING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - ABBATOIR	-	3,472	3,472	-	-	3,472	943	-	(2,529)	27%	-	-	-	-	-
Capital single-year expenditure sub-total	-	3,472	3,472	-	-	3,472	943	-	(2,529)	27%	0%	-	-	-	-
Capital Expenditure - Vote	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(11,903)	48%	0%	-	-	-	14,143
Capital Expenditure - Standard															
Governance and administration															
Executive and council	34,457	(13,151)	21,306	-	-	21,306	3,546	-	(17,760)	17%	10%	-	-	-	14,143
Budget and treasury office	-	-	-	-	-	-	1,439	-	1,439	-	-	-	-	-	-
Corporate services	34,457	(13,151)	21,306	-	-	21,306	71	-	71	-	-	-	-	-	-
Community and public safety	-	-	-	-	-	-	2,036	-	(19,270)	10%	6%	-	-	-	14,143
Community and social services	-	-	-	-	-	-	7,399	-	7,399	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	7,396	-	7,396	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	3	-	3	-	-	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	44	-	44	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	37	-	37	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	7	-	7	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	3,472	3,472	-	-	3,472	943	-	(2,529)	27%	-	-	-	-	-
Total Capital Expenditure - Standard	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(12,846)	48%	35%	-	-	-	14,143
Funded by:															
National Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(12,846)	48%	35%	-	-	-	14,143
Total Capital Funding	34,457	(9,679)	24,778	-	-	24,778	11,932	-	(12,846)	48%	35%	-	-	-	14,143

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:
Appendix A6: Reconciliation of Table A6 Budgeted Financial Position

Description		2011/2012							2010/2011						
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ASSETS															
Current Assets															
Cash	5,002	-	5,002	-	-	5,002	97,739	-	92,737	1954%	1954%	-	-	-	108,912
Call investment deposits	91,309	(17,814)	73,495	-	-	73,495	20,287	-	(53,208)	25%	22%	-	-	-	18,085
Consumer debtors	165	10	175	-	-	175	11	-	(164)	6%	7%	-	-	-	23
Other debtors	1,720	-	1,720	-	-	1,720	6,666	-	4,947	388%	388%	-	-	-	4,017
Current portion of long-term receivables	-	-	-	-	-	-	74	-	74	-	-	-	-	-	27
Inventory	82	-	82	-	-	82	100	-	18	122%	122%	-	-	-	93
Total current assets	98,278	(17,804)	80,474	-	-	80,474	124,878	-	44,404	155%	127%	-	-	-	131,157
Non Current Assets															
Long-term receivables	2	-	2	-	-	2	35	-	33	1717%	1717%	-	-	-	2
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	64,857	10,952	75,809	-	-	75,809	57,450	-	(18,360)	76%	89%	-	-	-	51,632
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	5,321	(2,848)	2,473	-	-	2,473	2,625	-	152	106%	49%	-	-	-	1,636
Other non-current assets	27	-	27	-	-	27	-	-	(27)	0%	0%	-	-	-	-
Total non current assets	70,206	8,105	78,311	-	-	78,311	60,110	-	(18,201)	77%	86%	-	-	-	53,270
TOTAL ASSETS	168,484	(9,699)	158,785	-	-	158,785	184,988	-	26,203	117%	110%	-	-	-	184,426
LIABILITIES															
Current liabilities															
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer deposits	7	-	7	-	-	7	2	-	(6)	22%	22%	-	-	-	2
Trade and other payables	7,742	270	8,012	-	-	8,012	9,158	-	1,146	114%	118%	-	-	-	9,166
Provisions	2,023	(98)	1,925	-	-	1,925	1,715	-	(210)	89%	85%	-	-	-	1,263
Total current liabilities	9,771	172	9,943	-	-	9,943	10,874	-	931	109%	111%	-	-	-	10,430
Non Current Liabilities															
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	12,830	-	12,830	-	-	12,830	12,652	-	21	100%	100%	-	-	-	12,312
Total non current liabilities	12,830	-	12,830	-	-	12,830	12,652	-	21	100%	100%	-	-	-	12,312
TOTAL LIABILITIES	22,602	172	22,774	-	-	22,774	23,726	-	952	104%	105%	-	-	-	22,741
NET ASSETS	145,883	(9,871)	136,011	-	-	136,011	161,262	-	25,250	119%	111%	-	-	-	161,685
COMMUNITY WEALTH / EQUITY															
Accumulated Surplus / (Deficit)	145,883	(9,871)	136,011	-	-	136,011	161,262	-	25,250	119%	111%	-	-	-	161,685
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH / EQUITY	145,883	(9,871)	136,011	-	-	136,011	161,262	-	25,250	119%	111%	-	-	-	161,685

WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:

Appendix A7: Reconciliation of Table A7 Budgeted Cash Flows

Description	2011/2012										2010/2011	
	Original Budget	Budget Adjustments (i.l.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome			
	1	2	3	6	7	9	10	11	12			
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts	108,719	(2,661)	106,039	106,039	104,949	(1,090)	99%	97%	107,207			
Ratepayers and other	868	(1,972)	(1,103)	(1,103)	833	1,936	-76%	96%	770			
Government - operating	99,831	981	100,812	100,812	96,677	(4,135)	96%	97%	98,155			
Government - capital	-	-	-	-	-	-	-	-	-			
Interest	8,020	(1,690)	6,330	6,330	7,438	1,108	118%	93%	8,283			
Dividends	-	-	-	-	-	-	-	-	-			
Payments	(106,575)	4,035	(102,540)	(102,540)	(102,171)	369	100%	96%	(82,341)			
Suppliers and employees	(80,798)	21,177	(59,621)	(59,621)	(76,708)	(17,086)	129%	95%	(62,416)			
Finance charges	-	-	-	-	-	-	-	-	-			
Transfers and Grants	(25,777)	(17,142)	(42,919)	(42,919)	(25,464)	17,455	59%	99%	(19,925)			
NET CASH FROM/(USED) OPERATING ACTIVITIES	2,144	1,354	3,499	3,499	2,777	(721)	79%	130%	24,866			
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts	-	(29)	(29)	(29)	(2,217)	(2,189)	7706%	-	4,028			
Proceeds on disposal of PPE	-	-	-	-	17	17	-	-	6			
Decrease (Increase) in non-current debtors	-	(2)	(2)	(2)	-	2	0%	-	4			
Decrease (Increase) other non-current receivables	-	(27)	(27)	(27)	(33)	(6)	122%	-	-			
Decrease (Increase) in non-current investments	-	-	-	-	(2,202)	(2,202)	-	-	4,018			
Payments	(34,457)	9,679	(24,778)	(24,778)	(11,732)	13,046	47%	34%	(7,600)			
Capital assets	(34,457)	9,679	(24,778)	(24,778)	(11,732)	13,046	47%	34%	(7,600)			
NET CASH FROM/(USED) INVESTING ACTIVITIES	(34,457)	9,651	(24,807)	(24,807)	(13,949)	10,857	56%	40%	(3,573)			
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts	-	7	7	7	-	(7)	0%	-	-			
Short term loans	-	-	-	-	-	-	-	-	-			
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-			
Increase (decrease) in consumer deposits	-	7	7	7	-	(7)	-	-	-			
Payments	-	-	-	-	-	-	-	-	-			
Repayment of borrowing	-	-	-	-	-	-	-	-	-			
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	7	7	7	-	(7)	0%	-	-			
NET INCREASE/ (DECREASE) IN CASH HELD	(32,313)	11,012	(21,301)	(21,301)	(11,172)	10,129	52%	35%	21,293			
Cash/cash equivalents at the year begin:	86,470	-	86,470	86,470	108,912	22,442	126%	126%	87,619			
Cash/cash equivalents at the year end:	54,156	11,012	65,168	65,168	97,739	32,571	150%	180%	108,912			

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX B SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2011/06/30	Received during the period	Redeemed written off during the period	Balance at 2012/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
None								
TOTAL EXTERNAL LOANS			-	-	-	-	-	-

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX C

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation							Accumulated Depreciation / Impairment				Carrying	
	Opening Balance	Additions	Under Construction			Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
			Balance b/f	Added	Completed								
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings													
Land:													
Land: Developed	728,000	200,000	-	-	-	-	-	928,000	-	-	-	-	928,000
Land: Undeveloped	437,500	-	-	-	-	-	-	437,500	-	-	-	-	437,500
Buildings:													
Office Buildings	8,329,214	-	-	-	-	-	-	8,329,214	969,703	349,935	-	1,319,638	7,009,577
Workshops & Depots	483,737	-	-	-	-	-	-	483,737	37,197	25,755	-	62,952	420,785
Fittings & Fixtures	-	227,486	-	-	-	-	-	227,486	-	1,121	-	1,121	226,365
	9,978,451	427,486	-	-	-	-	-	10,405,937	1,006,899	376,811	-	1,383,710	9,022,227
Community Assets													
Other Facilities:													
Abattoirs	5,937,263	-	-	-	(5,837,235)	5,837,235	-	6,795,656	129,322	54,929	-	184,251	6,611,406
Disaster Centres	20,371,880	-	-	-	-	-	-	20,371,880	1,538,991	1,167,429	-	2,706,420	17,665,460
	26,309,144	-	4,978,841	858,393	(5,837,235)	5,837,235	-	27,167,537	1,668,313	1,222,358	-	2,890,671	24,276,866
Other Assets													
Bins and Containers:													
Household Refuse Bins	17,400	-	-	-	-	-	-	17,400	16,571	810	-	17,381	19
Computer Equipment:													
Computer Hardware	3,279,849	804,906	-	-	-	-	(355,231)	3,729,524	1,945,412	513,102	(338,027)	2,120,487	1,609,037
Computer Networks	185,621	-	-	-	-	-	-	185,621	43,753	19,121	-	62,874	122,747
Emergency Equipment:													
Emergency / Rescue Equipment	10,119	86,609	-	-	-	-	(10,119)	86,609	10,119	1,273	(10,119)	1,273	85,336
Fire Fighting Equipment	864,177	1,046,573	-	-	-	-	(42,460)	1,868,290	223,653	262,306	(41,347)	444,612	1,423,678
Furniture and Fittings:													
Advertising Boards	15,381	-	-	-	-	-	-	15,381	4,783	2,849	-	7,632	7,749
Cabinets and Cupboards	644,506	41,393	-	-	-	-	(9,464)	676,435	346,491	72,744	(8,382)	410,853	265,582
Chairs and Couches	1,028,770	74,241	-	-	-	-	(61,459)	1,041,552	580,022	95,674	(57,412)	618,283	423,269
Desks and Tables	770,052	111,590	-	-	-	-	(39,215)	842,427	418,249	83,217	(37,764)	463,702	378,725
Domestic / Hostel Furniture	54,346	-	-	-	-	-	(150)	54,196	5,787	4,049	(150)	9,686	44,510
Other Furniture and Fittings	60,018	1,189	-	-	-	-	(654)	60,553	14,783	8,269	(650)	22,402	38,151
Office Equipment:													
Air Conditioners (Individual)	393,934	40,500	-	-	-	-	-	434,434	152,746	78,089	-	230,835	203,600
Audiovisual Equipment	245,583	411,912	-	-	-	-	(15,503)	641,992	126,196	35,516	(6,956)	154,754	487,238
Chains, Decorations and Robes	25,000	-	-	-	-	-	-	25,000	24,167	701	-	24,868	132

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX C

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation										Accumulated Depreciation / Impairment				Carrying
	Opening Balance	Additions	Under Construction			Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value	
			Balance b/f	Added	Completed										
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Cutlery and Crockery	40	-	-	-	-	-	-	(40)	-	40	-	(40)	-	R	
Kitchen Appliances	101,259	-	-	-	-	-	-	(11,424)	89,835	54,545	15,955	(11,209)	59,291	30,544	
Learning / Training Materials	5,881	-	-	-	-	-	-	(425)	5,456	2,042	984	(424)	2,602	2,854	
Office Equipment / Machines	94,745	2,323	-	-	-	-	-	(350)	96,718	51,459	11,135	(303)	62,291	34,427	
Paintings, Sculptures and Ornaments	56,947	-	-	-	-	-	-	-	56,947	25,158	3,049	-	28,207	28,740	
Photographic Equipment	24,084	-	-	-	-	-	-	-	24,084	10,582	3,191	-	13,773	10,311	
Other Office Equipment	44,285	1,956	-	-	-	-	-	(5,874)	40,367	22,507	5,225	(5,830)	21,902	18,465	
Plant and Equipment:															
Abattoir Equipment / Tools	150,290	-	-	-	-	-	-	(2,205)	148,085	107,024	8,980	(2,195)	113,809	34,276	
Compressors, Generators and Allied Equipment	641,888	-	-	-	-	-	-	(13,000)	628,888	187,051	80,346	(10,731)	256,666	372,222	
Fire Brigade Vehicle Accessories / Tools	540,278	-	-	-	-	-	-	(13,800)	526,478	182,772	77,244	(11,161)	248,855	277,623	
Gardening Equipment	89,975	-	-	-	-	-	-	(2,184)	87,791	22,119	23,780	(2,184)	43,715	44,075	
Health Equipment / Tools	14,873	-	-	-	-	-	-	(310)	14,563	13,057	860	(203)	13,714	849	
Laundry Equipment	-	85,000	-	-	-	-	-	-	85,000	-	120	-	120	84,880	
Pumps / Plumbing / Purification / Sanitation Equipment	57,582	-	-	-	-	-	-	-	57,582	40,449	5,713	-	46,162	11,420	
Radio Equipment	36,529	-	-	-	-	-	-	-	36,529	8,661	5,147	-	13,808	22,721	
Telecommunication Equipment	133,305	-	-	-	-	-	-	-	133,305	48,005	23,752	-	71,757	61,549	
Tents, Flags and Accessories	26,320	-	-	-	-	-	-	(60)	26,260	4,210	2,807	(28)	6,989	19,271	
Workshop Equipment	21,388	-	-	-	-	-	-	(1,600)	19,788	14,360	2,027	(1,250)	15,137	4,651	
Workshop Tools	6,201	-	-	-	-	-	-	-	6,201	5,497	454	-	5,951	250	
Other Plant and Equipment	36,518	-	-	-	-	-	-	(200)	36,318	13,445	4,075	(162)	17,358	18,959	
Motor Vehicles:															
Bakkies (LDV's)	2,523,399	-	-	-	-	-	-	-	2,523,399	760,951	288,797	-	1,049,748	1,473,651	
Motor Cars	1,294,033	740,056	-	-	-	-	-	-	2,034,089	421,532	226,657	-	648,189	1,385,900	
Trailers and Accessories	9,500	950,895	-	-	-	-	-	-	960,395	3,712	14,518	-	18,230	942,165	
Trucks	4,192,271	-	-	-	-	-	-	-	4,192,271	2,259,942	445,766	-	2,705,708	1,486,563	
Specialised Vehicles:															
Fire Engines	7,514,508	5,000,302	-	-	-	-	-	(30,000)	12,484,810	765,590	661,441	(22,917)	1,404,114	11,080,696	
Rescue Vehicles	2,484,467	-	-	-	-	-	-	(70,000)	2,414,467	738,224	115,903	(53,474)	800,653	1,613,814	
	27,695,322	9,399,445	-	-	-	-	-	(685,727)	36,409,040	9,675,666	3,205,646	(622,921)	12,258,391	24,150,649	
Total	63,982,917	9,826,931	4,978,841	858,393	(5,837,235)	5,837,235	5,837,235	(685,727)	73,982,514	12,350,879	4,804,815	(622,921)	16,532,772	57,449,742	

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX D

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Department	Cost / Revaluation										Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction			Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
			Balance	Added	Completed											
Budget & Treasury Office	R 536,926	R 71,231	-	-	R -	R -	R 55	R (42,802)	R 565,410	R 311,431	R 66,705	R 563	R (42,589)	R 336,110	R 229,300	
Municipal Manager's Office	274,452	50,856	-	-	-	-	(1,250)	(16,867)	307,191	181,646	30,609	(1,220)	(12,081)	198,954	108,237	
Corporate Support & Shared Services	13,098,496	789,451	-	-	-	-	11,386	(323,457)	13,575,876	2,935,829	842,799	6,262	(317,765)	3,467,125	10,108,751	
Planning & Economic Development	225,087	37,058	-	-	-	-	(5,965)	-	256,180	127,072	31,104	(3,281)	-	154,895	101,285	
Infrastructure Development	239,568	6,788	-	-	-	-	-	(31,458)	214,898	141,486	30,489	-	(31,318)	140,657	74,241	
Executive Mayor's Office	2,392,853	1,387,904	-	-	-	-	-	(41,172)	3,739,585	1,050,825	355,083	-	(33,717)	1,372,191	2,367,394	
Social Development & Community Services	213,362	-	-	-	-	-	-	(8,665)	204,697	116,195	29,061	-	(7,263)	137,993	66,704	
Fire Fighting	40,093,248	7,395,754	-	-	-	-	(4,226)	(186,704)	47,298,072	6,851,747	3,271,983	(2,324)	(146,109)	9,975,297	37,322,775	
Environmental Health	427,958	2,888	-	-	-	-	-	(22,441)	408,405	240,154	63,194	-	(19,990)	283,358	125,047	
Abattoir	6,480,968	85,000	4,978,841	858,394	(5,837,235)	-	5,837,235	(12,162)	7,412,200	394,494	83,791	-	(12,094)	466,191	6,946,009	
Total	63,982,918	9,826,930	4,978,841	858,394	(5,837,235)	-	5,837,235	(685,728)	73,982,514	12,350,879	4,804,818	-	(622,926)	16,532,771	57,449,743	

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX E

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
	94 234 565	9 300 505	84 934 060	Budget & Treasury	96 803 626	8 052 633	88 750 993
	1 761 578	7 777 015	(6 015 437)	Municipal Manager	1 416 295	9 132 807	(7 716 512)
	179 726	12 396 517	(12 216 791)	Corporate Support & Shared Services	228 194	15 088 393	(14 860 199)
	724 443	9 055 227	(8 330 784)	Planning and Economic Development	59 888	5 779 757	(5 719 869)
	659 400	6 000 104	(5 340 704)	Infrastructure Development	-	12 608 498	(12 608 498)
	7 500	12 603 122	(12 595 622)	Executive Mayor's Office	-	16 115 720	(16 115 720)
	-	2 554 841	(2 554 841)	Social Development & Community Services	-	4 267 781	(4 267 781)
	42 105	15 957 578	(15 915 473)	Disaster Management	320 361	21 096 774	(20 776 413)
	7 881 000	10 822 911	(2 941 911)	Environmental Health	8 354 000	12 679 271	(4 325 271)
	637 878	3 402 494	(2 764 616)	Abattoir	679 145	3 463 063	(2 783 918)
	<u>106 128 195</u>	<u>89 870 314</u>	<u>16 257 881</u>	TOTAL	<u>107 861 509</u>	<u>108 284 697</u>	<u>(423 188)</u>

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX F(1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

REVENUE	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Abattoir service charges	652 212	740 000	(87 788)	-12%	Abattoir income is lower than budgeted due to a lower than budgeted throughput
Interest earned - external investments	7 401 552	6 300 000	1 101 552	17%	Interest underbudgeted due to a higher than projected interest rate but also due to improved cash flow management with bigger balance invested over longer terms rather than being kept in the current account at a lower interest rate.
Interest earned - outstanding debtors	35 651	30 000	6 651	22%	Received interest on late VAT refunds from SARS which was not budgeted for.
Government grants and subsidies	99 297 570	100 787 892	(1 490 322)	-1%	Fire fighting income was significantly more than previous years and therefore underbudgeted. Tender document sales was higher than projected due to bigger interest by bidders and a number of re-advertisements of tenders.
Other income	204 750	75 372	129 378	172%	Donated and contributed property, plant and equipment was not budgeted for. Transfer of land from Lephalale Local Municipality occurred in June 2012.
Public contributions, donated and contributed property, plant and equipment	200 000	-	200 000	100%	Gain on disposals of property, plant and equipment was not budgeted for. The proceeds relate to an insurance claims on stolen assets.
Gain on disposal of property, plant and equipment	10 607	-	10 607	100%	The investment was written off as irrecoverable, but subsequently received a final liquidation dividend. The asset was refurbished which led to the previous impairment being reversed.
Reversal of impairment loss	58 167	-	58 167	100%	
Total Revenue	107 861 509	107 933 264	(71 755)		
EXPENDITURE					
Employee related costs	(43 351 405)	(46 899 256)	3 547 851	-8%	The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were budgeted based on the prior year forecast but actual discount rates were different.
Remuneration of Councilors	(4 978 982)	(5 239 583)	260 601	-5%	The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were budgeted based on the prior year forecast but actual discount rates were different.
Post-retirement health care expenditure	(965 374)	(1 424 088)	458 714	-32%	Provision for bad debts was overbudgeted as no new disputes occurred and some of the previous councillors' debt was recovered.
Long-service award expenditure	(451 731)	(252 271)	(199 460)	79%	Mainly due to underspending on audit fees, because of improved audit, and legal fees, due to austerity measures implemented.
Bad debt	(35 434)	(15 000)	(20 434)	136%	Under spending on repairs & maintenance on vehicles compared to previous year's expenditure, partly due to the procurement of a new mayoral vehicle.
General expenses	(14 178 888)	(16 052 769)	1 873 881	-12%	Lephalale Local Municipality budget overspend due to incorrect savings transferred to other local municipalities during the adjustment budget because of Lephalale's omission of their outstanding personnel salaries claims. But it was recovered from savings in other votes in the Disaster Department.
Repairs & Maintenance	(778 996)	(1 077 362)	298 366	-28%	Under spending on projects for the majority due to late appointments and re-advertisements on the tender process.
Fire Fighting	(11 987 004)	(11 321 111)	(665 893)	6%	Impairment of investment receivable was not budgeted as it was anticipated that this money will be partly recovered and this not written off in the current year.
Project expenditure	(26 298 569)	(42 918 643)	16 620 074	-39%	Loss on disposal was slightly overbudgeted due to the fact that some of the write offs were offset against insurance claims which could not have been realistically anticipated at the time of the budget compilation.
Depreciation and amortisation	(5 106 721)	(4 785 000)	(321 721)	7%	
Impairment of assets	(142 748)	-	(142 748)	100%	
Loss on disposal of Property, Plant and Equipment	(8 845)	(25 000)	16 155	-65%	
Total Expenditure	(108 284 697)	(130 010 083)	21 725 386		
NET SURPLUS FOR THE YEAR	(423 188)	(22 076 819)	21 653 631		

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX F (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

	<u>2012 Actual</u>	<u>2012 Under Construction</u>	<u>2012 Total Additions</u>	<u>2012 Budget</u>	<u>2012 Variance</u>	<u>2012 Variance</u>	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
	R	R	R	R	R	%	
Land and Buildings							
Land	200,000.00	-	200 000	-	200 000	100%	This land was donated at no charge by Lephalale Local Municipality, the cost is the fair value.
Buildings & Facilities	1,085,879	-	1 085 879	1 246 773	(160 894)	-13%	Phase 2 of the Upgrade of the Abattoir has been completed, but the snaglist is still outstanding.
Other Assets							
Bins and Containers	-	-	-	-	-	0%	
Computer Equipment	804,906	-	804 906	1 103 000	(298 094)	-27%	IT equipment to assist local municipalities still has to be procured.
Emergency Equipment	1,133,182	-	1 133 182	2 911 012	(1 777 830)	-61%	Significant delays in appointment of service providers due to incorrect costing and lack of qualifying bidders.
Furniture and Fittings	228,413	-	228 413	500 000	(271 587)	-54%	Some funding has been rolled over to assist with planned movable asset procurements.
Office Equipment	456,691	-	456 691	600 000	(143 309)	-24%	Austerity measures implemented on procurement of furniture for new Councilors.
Plant and Equipment	85,000	-	85 000	100 000	(15 000)	-15%	Procurement at lower cost than projected.
Motor vehicles	1,690,951	-	1 690 951	2 360 000	(669 049)	-28%	Service provider still awaiting parts to be imported which causes delays in project completion.
Specialised vehicles	5,000,302	-	5 000 302	9 873 585	(4 873 283)	-49%	Time delays on fire engines as certain parts are imported. Budget on high rise fire engine was insufficient and project to be reconsidered during roll over adjustment budget.
TOTAL	10 685 324	-	10 685 324	18 694 370	(8 009 046)		