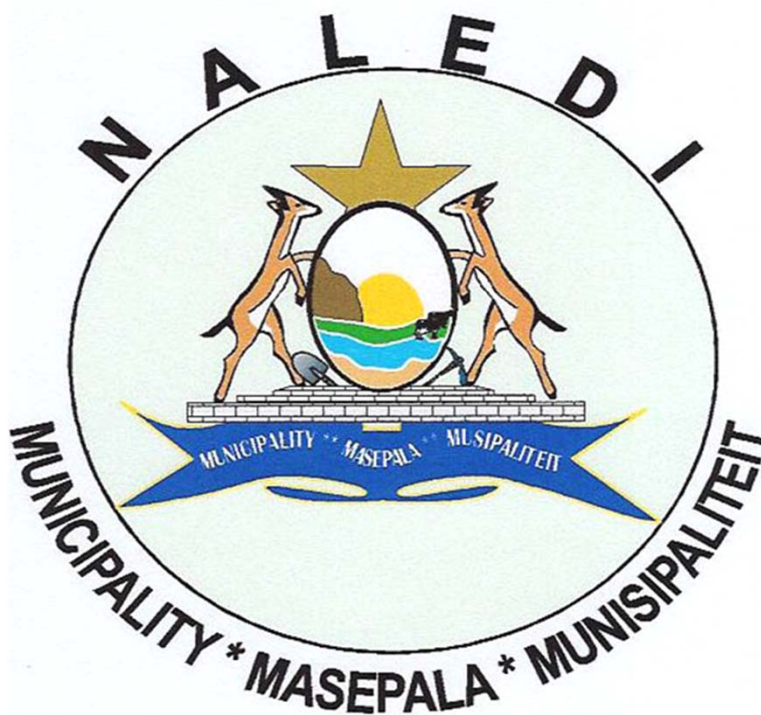


**ANNUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30 JUNE 2012**



# ANNUAL FINANCIAL STATEMENTS

for

## NALEDI LOCAL MUNICIPALITY

for the year ended 30 June **2012**

Province: Free State

### Contact Information:

Name of Municipal Manager: Me. Nomthandazo Sigadi

Name of Chief Financial Officer: Mr. Thabang Moses

Contact telephone number: 051 541 0012

Contact e-mail address: [cfo@naledimun.co.za](mailto:cfo@naledimun.co.za)

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Contact telephone number: 051 405 3415

Contact e-mail address: [moduane.samuel@treasury.fs.gov.za](mailto:moduane.samuel@treasury.fs.gov.za)

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**General information**

**Members of the Council**

Ms. M Mahase	<b>Mayor</b>
Mr. M Tlali	<b>Speaker</b>
Mr. M Sioko	Member
Mr. J Makitle	Member
Mr. M Mahloko	Member
Mrs. M Sehloho	Member
Mr. Rakhunoana	Member
Mr. M Haddad	Member

**Municipal Manager**

Me. Nomthandazo Sigadi

**Chief Financial Officer**

Mr. Thabang Moses

**Grading of Local Authority**

1

**Auditors**

Auditor-General

**Bankers**

ABSA

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**General information (continued)**

**Registered Office:**

Municipal Offices (Dewetsdorp)

**Physical address:**

13 Brand Street  
Dewetsdorp  
9940

**Postal address:**

**Private Bag X1**  
Dewetsdorp  
9940

**Telephone number:**

051 541 0012

**Fax number:**

051 541 0556

**E-mail address:**

[thandi@naledimun.co.za](mailto:thandi@naledimun.co.za)

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages **1 to 32**, 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 Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note **17** of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

31-Aug-12

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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**NALEDI LOCAL MUNICIPALITY**

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

<b>STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012</b>			
	<b>Note</b>	<b>2012 R</b>	<b>2011 R</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>26 212 032</b>	<b>14 161 176</b>
Inventories	2	80 660	29 475
Consumer debtors	3	16 750 441	1 208 163
Other receivables	4	2 972 625	8 546 940
Cash and cash equivalents	5	6 408 306	4 376 599
<b>Non-current assets</b>		<b>276 099 344</b>	<b>276 054 252</b>
Property, plant and equipment	6	273 520 094	274 851 821
Investment property	7	2 520 000	1 148 268
Investments	8	59 250	54 163
<b>Total assets</b>		<b>302 311 375</b>	<b>290 215 428</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>31 685 360</b>	<b>38 969 058</b>
Borrowings	9	113 845	113 845
Consumer deposits	10	400 622	393 298
Finance lease liability	11	446 568	454 026
Trade and other payables	12	27 155 491	35 716 095
Unspent conditional grant	13	3 568 835	2 291 794
Bank overdraft		-	-
<b>Non-current liabilities</b>		<b>423 436</b>	<b>983 849</b>
Borrowings	9	423 436	537 281
Finance lease liability	11	-	446 568
<b>Total liabilities</b>		<b>32 108 796</b>	<b>39 952 907</b>
<b>Net assets</b>		<b>270 202 579</b>	<b>250 262 521</b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		270 202 580	250 262 522
<b>Total net assets</b>		<b>270 202 580</b>	<b>250 262 522</b>

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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

	Note	2012 R	2011 R
<b>Revenue</b>			
<b>Revenue from Exchange Transactions</b>			
Service charges	14	25 962 270	23 839 687
Finance Income	15	119 650	1 766
Dividends received	34	3 121	6 273
Rental of facilities and equipment	17	283 462	336 997
Other revenue	19	318 904	1 296 481
<b>Revenue from Non-exchange Transactions</b>			
Government grants and subsidies	16	47 653 959	49 628 076
Property Rates		3 790 107	1 428 482
Donations received	18	17 507 467	968 049
<b>Total revenue</b>		<b>95 638 940</b>	<b>77 505 812</b>
<b>Expenses</b>			
Employee related costs	20	21 582 151	21 813 993
Remuneration of councillors	21	1 725 729	1 583 342
Depreciation and amortisation expense	22	19 138 104	26 487 453
Bad debts		448 852	14 576 086
Finance costs	23	2 715 885	2 719 041
Repairs and maintenance		1 883 015	1 873 501
Bulk purchases	24	14 792 323	16 002 778
General expenses	25	14 543 864	19 896 286
<b>Total expenses</b>		<b>76 829 922</b>	<b>104 952 479</b>
Gain / (loss) on disposal of assets		(864 582)	-
Profit / (loss) on fair valu		5 087	5 429
<b>Surplus / (deficit) for the period</b>		<b>17 949 522</b>	<b>(27 441 239)</b>

**NALEDI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012		
	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R
<b>Balance at 30 June 2010</b>	<b>(313 000 062)</b>	<b>(313 000 062)</b>
Prior year error	101 048 663	101 048 663
<b>Restated balance</b>	<b>(211 951 399)</b>	<b>(211 951 399)</b>
Surplus / (deficit) for the period	(27 441 239)	(27 441 239)
Transfers to / from accumulated surplus/(deficit)	(12 860 420)	(12 860 420)
<b>Balance at 30 June 2011</b>	<b>(252 253 058)</b>	<b>(252 253 058)</b>
Transfers to / from accumulated surplus/(deficit)	252 253 058	252 253 058
Prior year adjustments	-	-
Surplus / (deficit) for the period	17 949 522	17 949 522
<b>Balance at 30 June 2012</b>	<b>270 202 580</b>	<b>270 202 580</b>

**BALANCE CHECK - Stat of financial position**

*Comparative*

*Current year*

-
-
-

0

<b>Balance at 30 June 2009</b>	<b>28 009 091</b>	<b>28 009 091</b>
Prior Year adjustments	(19 400 738)	(19 400 738)
<b>Restated balance</b>	<b>8 608 353</b>	<b>8 608 353</b>
Surplus / (deficit) for the period	94 737 800	
Transfers to / from accumulated surplus/(deficit)	137 117 201	137 117 201
<b>Balance at 30 June 2010</b>	<b>(247 414 492)</b>	<b>145 725 554</b>
Transfers to / from accumulated surplus/(deficit)	247 414 492	(3 364 018)
Prior year adjustments	30 289 269	
Surplus / (deficit) for the period	(27 441 239)	27 441 239
<b>Balance at 30 June 2011</b>	<b>250 262 522</b>	<b>24 077 221</b>

**NALEDI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012</b>			
	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		19 784 414	20 854 567
Grants and Donations		68 730 261	45 200 970
Interest income		122 770	1 766
Other receipts		602 366	2 939 751
		<u>89 239 812</u>	<u>68 997 055</u>
<b>Payments</b>			
Employee costs		(23 307 880)	(23 827 373)
Suppliers		(39 830 992)	(29 886 277)
Finance costs		(2 715 885)	(2 719 041)
		<u>55 169 036</u>	<u>(56 432 691)</u>
<b>Net Cash flows from operating activities</b>	<b>26</b>	<b><u>27 203 418</u></b>	<b><u>12 564 364</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(17 806 376)	(12 023 507)
Proceeds from sale of fixed assets		-	-
Increase/(Decrease) in Investments		5 087	3 915
Purchase of other assets		-	-
<b>Net cash flows from investing activities</b>		<b><u>(17 801 290)</u></b>	<b><u>(12 019 592)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of other financial liabilities		(113 845)	(113 845)
Other Liabilities		7 324	16 673
GRAP Implementation		(6 809 874)	-
Finance lease		(454 026)	(524 055)
<b>Net cash flows from financing activities</b>		<b><u>(7 370 421)</u></b>	<b><u>(621 228)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2 031 707</b>	<b>(76 456)</b>
Cash and cash equivalents at beginning of the year		4 376 599	(338 662)
<b>Cash and cash equivalents at end of the year</b>	<b>27</b>	<b><u>6 408 306</u></b>	<b><u>(415 118)</u></b>

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**ACCOUNTING POLICIES**

**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 unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

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

**1.3 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.

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these 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.

**NALEDI LOCAL MUNICIPALITY**  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**ACCOUNTING POLICIES**

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

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

ISSUED BUT NOT YET EFFECTIVE	STANDARD APPLIED
GRAP 18 Segment Reporting	Not applicable
GRAP 20 Related Party Disclosures	Applied
GRAP 21 Impairment of non-cash-generating assets	IAS 36
GRAP 23 Revenue from Non-Exchange Transactions	Applied
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007	Applied
GRAP 25 Employee Benefits	IAS 19
GRAP 26 Impairment of cash generating assets	IAS 36
GRAP 103 Heritage Assets	Not applicable
GRAP 105 Transfer of Functions between entities under	Not applicable
GRAP 106 Transfer of Functions between entities not under	Not applicable
GRAP 107 Mergers	Not applicable

**1.6 PROPERTY, PLANT AND EQUIPMENT**

**1.6.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

**1.6.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses in respect of buildings only.

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

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**ACCOUNTING POLICIES**

**1.6 PROPERTY, PLANT AND EQUIPMENT (cont)**

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

**1.6.3 SUBSEQUENT MEASUREMENT - COST MODEL**

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

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

**1.6.4 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure</b>	<b>Years</b>
Roads, pavements, bridges and storm water	30
Street names, signs and parking meters	5
Water reservoirs and reticulation	15 - 20
Electricity reticulation	20 - 30
Sewerage purification and reticulation	15 - 20
Housing	30
Refuse sites	15
<i>Community Assets</i>	
Parks and gardens	10 - 30
Sports fields	20 - 30
Community halls	30
Libraries	30
Recreation facilities	20 - 30
Clinics	30
Fire services	30
Cemeteries	30

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**ACCOUNTING POLICIES**

Other Assets	
Motor vehicles	5
Plant and equipment	2 -15
Security measures	3 -10
Buildings	30
IT equipment	3 -5
Office equipment	3 -7
Specialised vehicles	10

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

**1.6.5 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 and is recognised in the Statement of Financial Performance.

**1.7 INVESTMENT PROPERTY**

**1.7.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

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

The cost of self-constructed investment property is the cost at date of completion.

**1.7.2 SUBSEQUENT MEASUREMENT – COST MODEL**

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

**1.7.3 Derecognition**

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

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**ACCOUNTING POLICIES**

**1.8 INVENTORIES**

**1.8.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

**1.8.2. SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. 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.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

**1.9 FINANCIAL INSTRUMENTS**

**1.9.1 INITIAL RECOGNITION**

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. Financial instruments are recognized and derecognized on the trade date. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

**1.9.2 SUBSEQUENT MEASUREMENT**

**1.9.2.1 FINANCIAL ASSETS**

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, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

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

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**ACCOUNTING POLICIES**

**1.9 FINANCIAL INSTRUMENTS (cont)**

**1.9.2.2 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

**1.9.2.3 TRADE PAYABLES AND BORROWINGS**

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

**1.9.2.4 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.

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

**1.9.3 IMPAIRMENT**

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

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

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.

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**ACCOUNTING POLICIES**  
**1.10 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when the municipality has a present obligation (legal or constructive) 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 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.

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

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

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

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

**NALEDI LOCAL MUNICIPALITY**  
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**ACCOUNTING POLICIES**

**1.11 LEASES**

**1.11.1 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.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

**1.12 REVENUE**

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

**1.12.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions 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.

**Service charges**

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and the

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

**NALEDI LOCAL MUNICIPALITY**  
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**ACCOUNTING POLICIES**

**Sale of goods**

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

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

**Interest, royalties and dividends**

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

Royalties are recognised as they are earned on a time basis and is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement; and

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

**Agency Services**

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

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

Collection charges are recognised when such amounts are incurred.

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

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**ACCOUNTING POLICIES**

**1.12 REVENUE(cont)**

**1.12.2 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.

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

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

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

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

**Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

**Public donations and contributions**

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.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised

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

**Other**

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

**1.12.3 GOVERNMENT GRANTS, TRANSFERS AND DONATIONS**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

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

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfers to the Municipality.

**1.13 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**NALEDI LOCAL MUNICIPALITY**  
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**ACCOUNTING POLICIES**

**1.14 EMPLOYEE BENEFITS**

**1.14.1 Short-term employee benefits**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

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

**1.14.2 Termination Benefits**

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**1.14.3 Retirement benefits**

The municipality provides retirement benefits for its employees. This practice has since been abolished by council and none of the current employees are provided with post employment medical care benefits.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Statement of Financial Performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

**Post employment medical care benefits**

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

**1.15 RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.16 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.

**1.17 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), 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.

**1.18 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.

**1.19 VALUE ADDED TAX (VAT)**

The municipality accounts for Value Added Tax on the payments basis

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**NOTES TO THE FINANCIAL STATEMENTS**

	2012	2011
	R	R
<b>2 INVENTORIES</b>		
Consumable stores - at cost	69 460	-
Water inventory	11 200	29 475
	<b>80 660</b>	<b>29 475</b>
	<b>80 660</b>	<b>29 475</b>

	Gross balances	Provision for Bad debt	Net balance
Consumer Debtors	R	R	R
2012			
Rates Assessment	5 268 939	(4 337 960)	930 980
Water	20 715 221	(15 512 895)	5 202 326
Electricity	219 044	(219 044)	-
Sewer	18 545 362	(13 201 449)	5 343 914
Refuse	13 822 298	(9 624 428)	4 197 870
Sundry Services	7 284 058	(6 208 707)	1 075 351
<b>Total</b>	<b>65 854 923</b>	<b>(49 104 482)</b>	<b>16 750 441</b>
	<b>65 854 923</b>	<b>(49 104 482)</b>	<b>16 750 441</b>
<b>2011</b>			
Rates Assessment	3 045 686	(2 971 891)	73 795
Water	14 585 961	(14 232 554)	353 407
Electricity	3 580 566	(3 493 811)	86 754
Sewer	12 773 316	(12 463 828)	309 488
Refuse	9 099 799	(8 879 318)	220 481
Sundry Services	6 778 464	(6 614 227)	164 237
<b>Total</b>	<b>49 863 792</b>	<b>(48 655 630)</b>	<b>1 208 163</b>
	<b>49 863 792</b>	<b>(48 655 630)</b>	<b>1 208 163</b>

Interest is not charged on outstanding debtors and they were were not discounted

**NALEDI LOCAL MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2012	2011
	R	R
<b><u>Sundries: Ageing</u></b>		
Current (0 – 30 days)	12 464	11 599
31 - 60 days	10 630	9 892
61 - 90 days	10 135	9 431
91 +	7 250 830	6 747 542
<b>Total</b>	<b><u>7 284 058</u></b>	<b><u>6 778 464</u></b>
<b><u>Electricity, Refuse, Water and Sewerage: Ageing</u></b>		
Current (0 – 30 days)	1 006 083	740 085
31 - 60 Days	975 142	717 324
61 - 90 Days	893 508	657 274
91 +	55 696 132	40 970 645
<b>Total</b>	<b><u>58 570 865</u></b>	<b><u>43 085 328</u></b>

**CONSUMER AND OTHER RECEIVABLES(cont)**

**Summary of Debtors by Customer Classification**

	Consumers R	Industrial / Commercial R	National and Provincial Government R
<b>2012</b>			
Current (0 – 30 days)	-	-	-
31 - 60 Days	-	-	-
61 - 90 Days	-	-	-
91 - 120 Days	-	-	-
121 - 150 Days	-	-	-
151 - 180 Days	-	-	-
181 - 365 Days	-	-	-
>365 Days	-	-	-
<b>Total debtors by customer classification</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**NALEDI LOCAL MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2012	2011
	R	R
<b><u>Reconciliation of the impairment provision</u></b>		
Balance at beginning of the year	48 645 416	34 069 330
Contributions to provision	-	14 576 086
<b>Balance at end of year</b>	<b><u>48 645 416</u></b>	<b><u>48 645 416</u></b>

**4 OTHER RECEIVABLES**

Grants and Subsidies	-	-
SARS - VAT	2 972 625	8 546 940
	<b><u>2 972 625</u></b>	<b><u>8 546 940</u></b>
Impairment of sundry debtors	-	-
	<b><u>2 972 625</u></b>	<b><u>8 546 940</u></b>

**5 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash at bank	6 381 785	4 351 451
Call Investments	26 521	25 148
Cash on hand	-	-
	<b><u>6 408 306</u></b>	<b><u>4 376 599</u></b>

The Municipality has the following bank accounts: -

**CURRENT ACCOUNT**  
**ABSA Bank Limited- Dewetsdorp Branch**  
**Account Number- 4066531831**

Cash book balance at end of year	<u>4 351 451</u>	<u>5 756 039</u>
Bank statement balance at beginning of year	<u>5 568 649</u>	<u>13 238</u>
Bank statement balance at end of year	<b><u>4 574 623</u></b>	<b><u>5 568 649</u></b>

**NALEDI LOCAL MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2012	2011
	R	R
<b>5 CASH AND CASH EQUIVALENTS (cont)</b>		
<b>CURRENT ACCOUNT</b>		
<b>ABSA Bank Limited- Dewetsdorp Branch</b>		
<b>Account Number- 1860270184</b>		
Cash book balance at end of year	(7 210 239)	(4 442 760)
Bank statement balance at beginning of year	695 542	706 086
Bank statement balance at end of year	2 044 483	695 542
<b><u>Short Term Call Accounts</u></b>		
<b><u>Call Account</u></b>		
<b>Account Number- 906 109 3425 (ABSA)</b>		
Bank statement balance at beginning of year	25 148	23 681
Bank statement balance at end of year	26 521	25 148

**NALEDI LOCAL MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**6 PROPERTY, PLANT AND EQUIPMENT**

**OWNED ASSETS:**

6.1 Reconciliation of Carrying Value 30 June 2012	Building property	Infrastructure	Community	Other assets	Intangibles	Total
	R	R	R	R		R
<b>Carrying values at beginning of the year</b>	<b>11 805 462</b>	<b>225 190 984</b>	<b>31 358 856</b>	<b>6 185 479</b>	<b>311 040</b>	<b>274 851 821</b>
Cost/Revaluation	36 365 444	424 328 116	64 263 956	10 442 320	311 040	535 710 876
Accumulated depreciation and impairment losses	(24 559 982)	(199 137 132)	(32 905 101)	(4 256 840)	-	(260 859 055)
Acquisitions	-	5 237 520	5 119 480	181 795	-	10 538 795
Capital under Construction	-	7 160 099	832 352	-	-	7 992 451
Depreciation	(1 083 222)	(13 987 371)	(2 319 731)	(1 608 067)	-	(18 998 391)
Carrying value of disposals	-	<b>(864 582)</b>	-	-	-	<b>(864 582)</b>
Cost/Revaluation	-	(1 460 080)	-	-	-	(1 460 080)
Accumulated depreciation and impairment losses	-	595 498	-	-	-	595 498
Transfers	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-
		-				
<b>Carrying values at the end of the year</b>	<b>10 722 240</b>	<b>222 736 650</b>	<b>34 990 957</b>	<b>4 759 208</b>	<b>311 040</b>	<b>273 520 094</b>
Cost/Revaluation	36 365 444	435 265 655	70 215 789	10 624 115	311 040	552 782 042
Accumulated depreciation and impairment losses	(25 643 204)	(212 529 005)	(35 224 832)	(5 864 907)	-	(279 261 948)
	-0	0	-	-	-	-0
Refer to Appendix B for more detail on property, plant and equipment						-0

## 6.2

Reconciliation of Carrying Value 30 June 2011	Building property	Infrastructure	Community	Other Assets	Intangibles	Total
	R	R	R	R	R	R
<b>Carrying values at beginning of the year - 2010</b>	<b>12 888 683</b>	<b>232 254 691</b>	<b>33 628 307</b>	<b>5 389 534</b>	<b>311 040</b>	<b>284 472 256</b>
Cost/Revaluation (previously reported)	-	114 208 873	13 573 376	50 657 126	-	178 439 376
Correction of error (note 28)	36 365 444	303 337 136	50 690 580	(41 627 809)	311 040	349 076 391
Accumulated depreciation and impairment losses (previously reported)	-	(10 442 858)	(1 354 548)	(5 704 594)	-	(17 502 001)
Correction of error (note 28)	(23 476 760)	(174 848 460)	(29 281 101)	2 064 811	-	(225 541 510)
Acquisitions	-	<b>6 782 107</b>	-	<b>1 413 002</b>	-	<b>8 195 109</b>
Cost/Revaluation (previously reported)	1 148 268	8 986 545	-	1 412 656	-	11 547 469
Correction of error (note 28)	(1 148 268)	(2 204 438)	-	346	-	(3 352 360)
Fair Value Adjustment	-	-	-	-	-	-
Capital under Construction	-	4 513 072	6 666 658	-	-	11 179 730
Depreciation	<b>(1 083 222)</b>	<b>(13 845 814)</b>	<b>(2 269 452)</b>	<b>(617 056)</b>	-	<b>(17 815 544)</b>
Depreciation (previously reported)	-	(5 262 319)	(642 340)	(3 360 010)	-	(9 264 670)
Correction of error (note 26)	(1 083 222)	(8 583 495)	(1 627 111)	2 742 954	-	(8 550 874)
Carrying value of disposals	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-
<b>Carrying values at the end of the year</b>	<b>11 805 462</b>	<b>225 190 984</b>	<b>31 358 856</b>	<b>6 185 479</b>	<b>311 040</b>	<b>274 851 821</b>
Cost/Revaluation	1 148 268	123 195 418	13 573 376	52 069 783	-	189 986 845
Correction of error (note 28)	35 217 176	301 132 698	50 690 580	(41 627 463)	311 040	345 724 031
Accumulated depreciation and impairment losses	-	(15 705 177)	(1 996 889)	(9 064 605)	-	(26 766 671)
Correction of error (note 28)	(24 559 982)	(183 431 955)	(30 908 212)	4 807 765	-	(234 092 384)

No items of Property, Plant and Equipment have been pledged as security

**NALEDI LOCAL MUNICIPALITY  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2012	2011
	R	R
<b>7 INVESTMENT PROPERTY</b>		
Cost	2 520 000	1 148 268
	<u>2 520 000</u>	<u>1 148 268</u>
<p>A record of these properties is available at the office of the municipality. No depreciation has been calculated as the investment property has not been separated into land and building components.</p> <p>An independent valuer was not used in the current year. Investment Property was valued by an independent valuer in the 2010/2011 financial year.</p>		
Revenue derived from the rental of investment property	<u>94 878</u>	<u>128 254</u>
<p>There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.</p> <p>There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements</p> <p>No transfers occurred to or from Inventories and owner-occupied property A record of these properties is available at the office of the municipality</p>		
<b>8 INVESTMENTS</b>		
Senwes Ltd shares	13 095	14 114
Senwesbel Ltd shares	11 150	10 481
OVK Holdings Ltd shares;	13 828	11 240
OVK Operations Ltd shares;	21 176	18 329
<b>Total</b>	<u>59 250</u>	<u>54 163</u>
<p>Market value of listed investments and management's valuation of unlisted investment:</p>		
Listed investments	-	-
Unlisted investments	59 250	54 163
	<u>59 250</u>	<u>54 163</u>
<b>9 BORROWINGS</b>		
External Loan	537 281	651 126
Less : Current portion transferred to current liabilities	(113 845)	(113 845)
<b>Total of long term borrowings</b>	<u>423 436</u>	<u>537 281</u>

Management of the municipality is of the opinion that the carrying value of Long Term Liabilities recorded at amortised cost in the financial statements approximate their fair values.

## 10 CONSUMER DEPOSITS

### CURRENT

Consumer deposits	400 622	393 298
<b>Total consumer deposits</b>	<b>400 622</b>	<b>393 298</b>

## 11 FINANCE LEASE LIABILITY

### 2012

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	R	R	R
<b>Amounts payable under finance leases</b>			
Within one year	676 836	230 268	446 568
Within two to five years	-	-	-
	<u>676 836</u>	<u>230 268</u>	<u>446 568</u>
Less: Amount due for settlement within 12 months (current portion)			(446 568)
			<u>-</u>

### 2011

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	R	R	R
<b>Amounts payable under finance leases</b>			
Within one year	789 535	335 509	454 026
Within two to five years	676 836	230 268	446 568
	<u>1 466 371</u>	<u>565 777</u>	<u>900 594</u>
Less: Amount due for settlement within 12 months (current portion)			(454 026)
			<u>446 568</u>

The average lease term is 3 years and the average effective borrowing rate is 14.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 10% and 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

## 12 TRADE AND OTHER PAYABLES

Trade creditors	17 092 032	26 238 161
Centlec creditor	51 185	51 185
Retentions	1 333 435	1 042 018
Staff leave accrual	1 499 052	1 392 959
13 <sup>th</sup> Cheque	473 685	408 149
Other creditors	6 733 372	6 569 794

Sundry Deposits	350	350
Debtors Receive in Advance	-	13 481
Opening balance - system	(27 620)	0
<b>Total creditors</b>	<b>27 155 491</b>	<b>35 716 095</b>

Other creditors is attributable to uncleared suspense account

**13 UNSPENT CONDITIONAL GRANTS**

Financial Management Grant	529 043	975 451
Municipality Infrastructure Grant	2 869 430	-
Municipal Systems Improvement Grant	170 362	616 901
Provincial Grant	-	699 443
Other	<b>3 568 835</b>	<b>2 291 794</b>

**14 SERVICE CHARGES**

Sale of electricity	16 124 992	13 620 903
Sale of water	3 803 425	3 546 312
Refuse removal	2 483 594	2 812 291
Sewerage and sanitation charges	3 550 260	3 860 181
<b>Total Service Charges</b>	<b>25 962 270</b>	<b>23 839 687</b>

**15 FINANCE INCOME**

Cash and cash equivalent	119 650	1 766
<b>Total interest</b>	<b>119 650</b>	<b>1 766</b>

**16 Grants**

Equitable share	32 542 000	29 881 536
Financial Management Grant	1 896 408	865 085
Municipality Infrastructure Grant	11 279 570	11 764 000
Municipal Systems Improvement Grant	1 236 538	383 099
Other Provincial		4 765 005
Provincial Grant	699 443	1 864 036
Other	-	105 314
<b>Total Government Grant and Subsidies</b>	<b>47 653 959</b>	<b>49 628 076</b>

**16.1 Equitable Share**

In terms of the DoRA, this grant is used to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant. This grant is unconditional

(32 542 000) (29 881 536)

An amount of R746 000 (R33 288 000- 32 542 000) was withheld by National Treasury because the Municipality did not spend Municipal Systems Improvement Grant in full during the 2007/08 Financial Year

**16.2 Financial Management Grant**

<b>Balance un-(over)spent at beginning of year</b>	975 451	640 536
Current year receipts	1 450 000	1 200 000
Conditions met - transferred to revenue	(1 896 408)	(865 085)

**Conditions still to be met / (Spent not yet received)** **529 043** **975 451**

Grant is used to implement the requirement of Municipal Finance Management Act, 56 of 2003

**16.3 Municipal Infrastructure Grant**

<b>Balance un-(over)spent at beginning of year</b>	-	-
Current year receipts	14 149 000	11 764 000
Conditions met - transferred to revenue	(11 279 570)	(11 764 000)
<b>Conditions still to be met / (Spent not yet received)</b>	<b>2 869 430</b>	<b>-</b>

Grant used to implement capital projects as well as running of Project Management Unit

**16.4 Municipal Systems Improvement Grant**

<b>Balance un-(over)spent at beginning of year</b>	616 901	-
Current year receipts	790 000	1 000 000
Conditions met - transferred to revenue	(1 236 538)	(383 099)
<b>Conditions still to be met / (Spent not yet received)</b>	<b>170 362</b>	<b>616 901</b>

Grant for improving the Municipal Systems

**16.5 Provincial Infrastructure Grant: Resuscitation of Boreholes**

<b>Balance un-(over)spent at beginning of year</b>	699 443	-
Current year receipts	-	699 443
Conditions met - transferred to revenue	(699 443)	-
<b>Conditions still to be met / (Spent not yet received)</b>	<b>-</b>	<b>699 443</b>

Grant from Department of Home Affairs to refurbish the boreholes in Dewetsdorp

**16.6 Legal Costs Grant**

<b>Balance un-(over)spent at beginning of year</b>	-	-
Current year receipts	-	2 066 505
Conditions met - transferred to revenue	-	(2 066 505)
<b>Conditions still to be met / (Spent not yet received)</b>	<b>-</b>	<b>-</b>

Grant was used to pay for Legal Fees on the cases against the former employees

**16.7 MPRA Deeds Implementation Grant**

<b>Balance un-(over)spent at beginning of year</b>	-	-
Current year receipts	-	698 500
Conditions met - transferred to revenue	-	(698 500)
<b>Conditions still to be met / (Spent not yet received)</b>	<b>-</b>	<b>-</b>

CoGTA funded the Municipality to implement Municipal Property Rate

**16.8 Salaries March 2011 Grant**

**Balance un-(over)spent at beginning of year**

Current year receipts	-	-
Conditions met - transferred to revenue	-	2 000 000
<b>Conditions still to be met / (Spent not yet received)</b>	<u>-</u>	<u>(2 000 000)</u>

*Grant was used to pay Salaries for the month of March 2011*

**16.9 Environmental Health Motheo**

**Balance un-(over)spent at beginning of year**

Current year receipts	-	-
Conditions met - transferred to revenue	-	1 864 036
<b>Conditions still to be met / (Spent not yet received)</b>	<u>-</u>	<u>(1 864 036)</u>

*Municipality is appointed as Environmental Health Services Provider by Motheo District Municipality.*

**17 RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities and equipment	<u>283 462</u>	<u>336 997</u>
------------------------------------	----------------	----------------

**18 DONATIONS RECEIVED**

Grants	<b>17 507 467</b>	<b>968 049</b>
-Motheo District Municipality	5 000 000	968 049
-Xhariep District Municipality	5 000 000	-
- FS Department of Police, Roads and Transport	7 507 467	-

Motheo and Xhariep District Municipality paid AGSA and Bloem Water on behalf of Naledi FS Province built a Taxi Rank on behalf of the Municipality to the value R7.5 r

<b>19 OTHER REVENUE</b>		
Sundry revenue	129 577	179 609
Other income	189 328	1 116 872

Other revenue consists of receipts from sale of tender documents, database registration, clearance certificates etc

	<b>318 904</b>	<b>1 296 481</b>
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**20 EMPLOYEE RELATED COSTS**

Employee related cost - Salaries and wages	14 826 089	15 276 510
Employee related cost - Social contributions	3 304 030	3 136 468
Travel, motor car, accomodation & other allowances	1 901 414	1 030 920
Housing benefits and allowances	62 712	101 541
Overtime benefits	537 799	337 744
Other Allowances	950 107	1 930 811
<b>Total Employee Related Costs</b>	<b>21 582 151</b>	<b>21 813 993</b>

Other allowances consists of UIF, Bargaining Council and Cellphone allowances

**Remuneration of the Municipal Manager**

Annual Remuneratior	484 191	-
Bonus	-	-
Car Allowance and Telephone Allowance:	66 682	-
Contributions to Medical and Provident Funds, non Pensionable allowanc	-	-
Other allowances	7 733	-
<b>Total</b>	<b>558 606</b>	<b>-</b>

The position was not occupied in the prior year .The Municipal Manager was appointed in November 2011 and terminated in March 2012

**Remuneration of the Chief Finance Officer**

Annual Remuneratior	260 283	-
Acting Allowance	-	-
Car Allowance	59 553	-
Other allowances	57 338	-
Contributions to Medical and Provident Funds, non Pensionable allowanc	-	-
<b>Total</b>	<b>377 173</b>	<b>-</b>

The position was not occupied in the prior year. The Chief Financial Officer was appointed in December 2011

**Remuneration of the individual Directors:**

**Remuneration of the Head: Technical Services**

Annual Remuneratior	-	-
Acting Allowance	-	-
Car Allowance	-	-
Other allowances	-	-
Contributions to Medical and Provident Funds, non Pensionable allowanc	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

No appointment made yet. A senior manager was acting in this position

**Remuneration of the Head: Corporate Services**

Annual Remuneration	352 145	
Acting Allowance	115 389	
Car Allowance	85 493	
Other allowances	48 525	
Contributions to Medical and Provident Funds, non Pensionable allowanc	-	
<b>Total</b>	<b>601 552</b>	<b>-</b>

The Corporate Services Director was appointed in October 2011

-

**20.1 Post Retirement Medical Benefit Obligation**

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

Continuation Members (Retired employees)

5                      5

The practise of providing post employment medical has since been discontinued. The 5 employees for which the municipality is providing this benefits for where employed in the previous regime. Acturial valuation was not performed during this financial year

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health  
Hosmed  
SAMWU Medical Aid; and  
Key Health.

**21 REMUNERATION OF COUNCILLORS**

Mayor/Speaker	547 658	506 681
Councillors	1 178 071	1 076 661
<b>Total Councillors' Remuneration</b>	<b>1 725 729</b>	<b>1 583 342</b>

**In-kind Benefits**

The Mayor/Speaker is a full time Councillor. She is provided with an office and secretarial support at the cost of Council.

**22 DEPRECIATION AND AMORTISATION EXPENSE**

Property, plant and equipment	19 138 104	26 487 453
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total Depreciation and Amortisation</b>	<b>19 138 104</b>	<b>26 487 453</b>

**23 FINANCE COSTS**

Borrowings	65 077	76 461
Bank overdrafts	146 556	2 310
Finance lease charges	335 509	224 871
Other finance costs	2 168 743	2 415 399
<b>Total Finance Costs</b>	<b>2 715 885</b>	<b>2 719 041</b>

Other finance cost relates to interest charged on the Bloemwater bulk purchase:

**24 BULK PURCHASES**

Electricity purchases	10 005 434	10 106 276
Water purchases	4 786 890	5 896 502
<b>Total Bulk Purchases</b>	<b><u>14 792 323</u></b>	<b><u>16 002 778</u></b>

**25 GENERAL EXPENSES**

Included in general expenses are the following:

Admin fees	1 697 575	3 887 662
Advertising	222 150	151 534
Audit fees	2 787 722	3 896 860
Bank charges	56 519	76 471
Consulting fees	155 690	217 252
Departmental consumption	2 115 690	1 979 573
Entertainment	80 046	99 236
Fuel and oil	1 003 301	343 544
Impairment of Inventory	18 275	984 459
Insurance	872 570	586 367
Legal expenses	582 806	2 065 969
Licence fees	3 509	14 728
Membership fees	99 421	320
Other expenditure	235 632	309 282
Postage	71 759	298 820
Printing and stationery	517 192	662 725
Professional fees	993 799	1 479 965
Rental of equipment	247 811	29 958
Special community programmes	1 342 310	982 132
Telephone cost	592 680	694 085
Training	225 177	125 212
Travel and subsistence	317 673	176 774
Uniforms and overalls	105 056	134 858
Valuation expenses	199 500	698 500
	<b>14 543 864</b>	<b>19 896 286</b>

**26 CASH GENERATED BY OPERATIONS**

Surplus/(deficit) for the year	17 949 522	(27 441 239)
<b>Adjustment for:</b>		
Depreciation and amortisation	19 138 104	26 487 453
Gain/(loss) on sale of assets	864 582	-
Fair value adjustments	(5 087)	(5 429)
Debt impairment	448 852	14 576 086
Prior year adjustment	-	-
Transfer to from Accumulated Surplus/(Deficit)	(3 138 908)	(3 138 908)
<b>Changes in working capital:</b>		
Inventories	(51 185)	(29 475)
Consumer debtors and other receivables	(9 967 963)	(9 755 102)
Trade and other payables	(8 560 604)	35 716 095
Unspent conditional grants and receipts	3 568 835	2 291 794
	<b>20 246 148</b>	<b>38 701 274</b>

**27 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	6 408 306	4 376 599
Bank overdrafts	-	-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>6 408 306</b>	<b>4 376 599</b>

**28 CORRECTION OF ERRORS****CORRECTION 1**

28.1 After further investigation it was found that the Financial Management Grant was actually underspent with R975 451

Financial Management Grant		
<b>Statement of Financial Position</b>		
Unspent Conditional Grants		(1 677 801)
Accumulated Surplus		1 677 801
		<u>-</u>

**CORRECTION 2**

28.2 After further investigation it was found that the Municipal Infrastructure Grant was actually spent in full. It was previously stated as R 9 559 338 underspent

Municipal Infrastructure Grant		
<b>Statement of Financial Position</b>		
Unspent Conditional Grants		9 559 338
Accumulated Surplus		(9 559 338)
		<u>-</u>

**CORRECTION 3**

28.3 After further investigation it was found that the Municipal Systems Improvement Grant was actually underspent with R616 901 and not overspent by R220 2813

Municipal Infrastructure Grant  
**Statement of Financial Position**  
Unspent Conditional Grants  
Accumulated Surplus

(2 819 714)  
2 819 714  
-

28.4 **CORRECTION 4**  
After further investigation it was found that the Drought Relief Grant was actually spent in full. It was previously stated as R223 156 underspent

Drought Relief Grant  
**Statement of Financial Position**  
Unspent Conditional Grants  
Accumulated Surplus

223 156  
(223 156)  
-

28.5 **CORRECTION 5**  
After further investigation it was found that the Free State Treasury Grant was actually spent in full. It was previously stated as R 893 156 overspen

Free State Treasury Grant  
**Statement of Financial Position**  
Unspent Conditional Grants  
Accumulated Surplus

(893 156)  
893 156  
-

28.6 **CORRECTION 6**  
After further investigation it was found that the Legal Cost Grant was actually spent in full. The balance was adjusted.

Legal Cost Grant  
**Statement of Financial Position**  
Unspent Conditional Grants  
Accumulated Surplus

(536)  
536  
-

28.7 **CORRECTION 7**  
SARS VAT has been adjusted

**Statement of Financial Position**  
SARS VAT  
Accumulated Surplus

(893 053)  
893 053  
-

28.8 **CORRECTION 8**  
After further investigation it was found that the Trade Creditors had to be adjusted down with R10 763 167

**Statement of Financial Position**

Trade Creditors	(10 763 167)
Accumulated Surplus	<u>10 763 167</u>
	<u>-</u>

**28.9 CORRECTION 9**

The unbundling of Infrastructure Assets in 2011/2012 caused the value of Infrastructure Asset Depreciation and Accumulated Depreciation of previous financial year to be adjusted.

**Statement of Financial Performance**

-

**Statement of Financial Position**

Accumulated Depreciation	(17 222 783)
Accumulated Surplus	<u>17 222 783</u>
	<u>-</u>

**28.10 CORRECTION 10**

The unbundling of Infrastructure Assets in 2011/2012 caused the value of Infrastructure Asset Depreciation and Accumulated Depreciation of previous financial year to be adjusted.

**Statement of Financial Position**

Property, Plant and Equipment	100 712 351
Accumulated Surplus	<u>(100 712 351)</u>
	<u>-</u>

**28.11 CORRECTION 11**

Cash and Cash Equivalents has been adjusted with R3 038 171 upwards. This amount was disclosed previously to align the trial balance with the 2009/10 AFS but was never journalised. This amount has been approved for write off by the Municipal Council.

**Statement of Financial Position**

Cash and Cash Equivalents	3 038 171
Accumulated Surplus	(3 038 171)
	<u>-</u>

**28.12 CORRECTION 12**

In the previous Annual Financial Statements the Investment Property was disclosed as a total of Property Plant and Equipment. In the current financials the Investment Property was disclosed separately on the face of the Statement of Financial Position

**Statement of Financial Position**

Investment Property	1 148 268
Property, Plant and Equipment	(1 148 268)
	<u>-</u>

**28.13 CORRECTION 13**

Unspent conditional grants were erroneously included in other receivables in the previous year and have since been corrected.

**Statement of Financial Position**

Unspent Conditional Grants	6 459 914
Other Receivables	(6 459 914)
	<u>-</u>

**28.14 CORRECTION 14**

In the previous Annual Financial Statements the Overspent Grants were disclosed as Trade and Other Payables. In the current financials the Grants for previous period was corrected and all Unspent Grants are now disclosed under Unspent Conditional Grants on the Statement of Financial Position. Unspent conditional grants were adjusted down in the current year.

**Statement of Financial Position**

Trade and Other Payables	6 459 914
Unspent Conditional Grants	(6 459 914)
	<u>-</u>

**Statement of Financial Position**

Unspent Conditional Grants	4 168 120
Accumulated Surplus	(4 168 120)
	<u>-</u>

**28.15 CORRECTION 15**

In the previous Annual Financial Statements the Donations Received were mapped to Sundry Revenue. In the current financials the Donations are disclosed separately on the face of the Statement of Financial Performance

**Statement of Financial Performance**

Sundry Revenue	968 049
Accumulated Surplus	(968 049)
	<u>-</u>

**28.16 CORRECTION 16**

In the previous Annual Financial Statements the Property Rates were mapped to Other Revenue. In the current financials the Property Rates were mapped to Service Charges - Property Rates in the Statement of Financial Performance

**Statement of Financial Performance**

Other Revenue	1 428 482
Service Charges - Property Rates	(1 428 482)
	<u>-</u>

**28.17 CORRECTION 17**

Paving of Internal Streets and Sidewalks was previously excluded from the Other Revenue and included under General expenses. It had a credit balance

**Statement of Financial Performance**

Other Revenue	(53 170)
General Expenses	53 170
	<u>-</u>

**28.18 CORRECTION 18**

Donations received was previously mapped to Sundry Revenue

**Statement of Financial Performance**

Sundry Revenue	36 435
Donations Received	(36 435)
	<u>-</u>

**28.19 CORRECTION 19**

Leases were to adjusted to be based on the fair value as determinec

Finance Lease Liability	251 355
Property Plant and Equipment - Lease Asset	(664 380)
Accumulated Surplus	413 025
	<u>-</u>

**28.20 CORRECTION 20**

Transaction were erroneously capture under bank overdraft.

Current Liabilities	1 263 847
Accumulated Surplus	(1 263 847)
	<u>-</u>

**28.21 CORRECTION 21**

Employee cost of the prior year has been restatetc

Accumulated Surplus	40 561
Employee related cost	(40 561)



**29 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**29.1 Fruitless and wasteful expenditure**

**Opening Balance** **2 320 000**

**29.1.1 Department of Economic Development, Tourism and Environmental Affairs**

The Municipality was fined for not following the procedure in constructing the Sports Facility in Vanstadensrus

45 000 -

**29.1.2 Interest Payable**

Interest payable to BloemWater for late/unpaid account

**Interest**

Interest on late payments:

- Bloemwater	2 320 607	
- Auditor General South Africa	62 946	
	<u>2 192 065</u>	<u>2 383 553</u>

Summary of Fruitless and wasteful expenditure

Opening Balance	2 383 553	
Movement for the year	2 192 065	2 383 553
Written Off	-	
Closing Balance	<u>4 575 618</u>	<u>2 383 553</u>

*\*Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.*

Closing Balance 6 940 618 2 383 553

**29.2 Irregular Expenditure**

**Opening Balance** **1 285 733**

**29.2.1 Uniform**

The Municipality entered into a contract with the female office employees in which the employer bought the uniform on behalf of employees and employees had to repay over the cost without interest over six months

42 351

*Every affected employee has entered into the contract with the employee on the terms in which this must be paid back. The last payment is expected in December 2012*

**29.2.2 SCM Database not in use**

The Municipality has used 26 Service Providers which are not in the Supplier Database to the R567 358

66 091

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

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

<b>Closing Balance</b>	<b>1 394 175</b>	<b>1 285 733</b>
------------------------	------------------	------------------

**29.2.2 Unauthorised Expenditure**

Opening Balance	39 279 523	-
Unauthorised expenditure current year - capita	-	-
Unauthorised expenditure current year - operating	29 913 092	39 279 523
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>69 192 615</b>	<b>39 279 523</b>

**30 SCM Deviations**

Three transaction, deviated from SCM Policies and Processes, amounting to R66 091 and was not approved by the Municipal Manager as the deviation. This matter will be taken to council for a resolution

*\*Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of competitive bidding process. Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.*

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**30.1 Contributions to organised local government - SALGA**

Opening balance	-	-
Council subscriptions	99 421	-
Amount paid - current	99 421	-
Amount paid - previous years	(99 421)	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**30.2 Audit fees**

Opening balance	2 515 982	-
Current year audit fee	2 786 902	-
Amount paid - current year	(5 296 208)	-
<b>Balance unpaid (included in payables)</b>	<b>6 676</b>	<b>2 515 982</b>

**30.3 VAT**

VAT input receivables and VAT output payables are shown in note 4.

<b>2 972 625</b>	<b>7 650 479</b>
------------------	------------------

**30.4 Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contribution	2 997 394	3 103 357
Amount paid - current year	(2 965 646)	(3 103 357)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>31 748</b>	<b>-</b>

**30.5 PAYE and UIF**

Opening balance	-	-
Current year payroll deductions and Council Contribution	2 574 207	2 399 644
Amount paid - current year	(2 574 207)	(2 399 644)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**31 EVENTS AFTER THE REPORTING DATE**

At the date of this report, management was not aware of any event or circumstance, which have come to their attention after the end of the financial year, which may have a material impact on the information contained in these financial statements

**32 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure

	<b>Committed amount</b>	<b>Committed but amount spent</b>	<b>Committed but not yet spent</b>
Approved and contracted for:			
Upgrading Waste Water Treatment Works	7 018 879	(4 908 992)	2 109 887
Wepener Low Level Bridge & Access Road	6 680 195	(5 672 347)	1 007 848
Vanstadensrus: Sport Facility	14 057 777	(7 286 107)	6 771 669
Elevated tank	3 124 901		3 124 901
	<b>30 881 752</b>	<b>(17 867 447)</b>	<b>13 014 306</b>

**33 CONTINGENT LIABILITY / ASSET**

**33.1 MIIB**

The Municipality entered into an agreement for the installation of a SAF financial system. The matter has been taken to court because the Municipality believes that the contract was entered into illegally because SCM process were not followed

8 265 184      8 265 184

**Bigbravo**

The company was appointed for the paving of Internal Street but were prevented from completion of the project by the municipality. The company has submitted a claim for the loss of time. The outcome of this was the out of court settlement of R49 189.

-      487 734

**T.M. Lerata**

The municipality made an payment to the value of R393 000 in respect of an early termination of employment contract.

393 000      393 000

**33.2 Tankiso Griesel**

The Municipality is in the court battle with its former employee for unfair dismissal. The matter is in Labour Court of South Africa. If the Municipality loses they are to pay back the salary of the employees retrospectively from the date of termination of employment

399 755

**33.3 Other Cases**

N S Mgudlwa - unauthorised use of the Municipality vehicle and had an accident with the Municipality vehicle

T Nchejane - incorrectly paid amounts to Mr Nchejane. Possibility of a settlement as Mr T Nchejane admits that the Municipality made an error by making a payment which was more than what was due to him.

20 520

Kovsie Country Lodge CC t/a Country Inn & Cabin - At the brink of being settled. Settlement offer has been referred to the municipality for decision.

Civil claim against Ms. Letele

**33.4 Landfill sites - Licences**

The Municipality does not have the landfill site licence. This will result to a possible fine of R10 million from Department of Environmental Affairs

**34 DIVIDENDS RECEIVED**

OVK  
Senwes& Senwesbe

1 582      3 199  
1 539      3 074  
3 121      6 273



**NALEDI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX A  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

	Balance at 2011/06/30	Received during the period	Adjustments	Redeemed written off during the period	Balance 2012/06/30
<b>EXTERNAL LOANS</b>					
<b>LONG- TERM LOANS</b>					
Centlec					
Naledi Eletrification	282 769	-	-	(72 035)	210 734
High Mast Lighting	62 119	-	-	(4 437)	57 682
Replacement of Domestic	86 940	-	-	(21 735)	65 205
Upgrading of Low Voltage Network	219 298	-	-	(15 638)	203 659
	<b>651 125</b>	<b>-</b>	<b>-</b>	<b>(113 845)</b>	<b>537 280</b>
<b>LEASES</b>					
Finance Lease - 3 x VOIP Systems	737 545	-	-	(429 241)	308 304
Finance Lease - 4 x Gestetner MP161 MF	35 655	-	-	(5 420)	30 235
Finance Lease - 1 x Gestetner MP 2000 SPF	19 394	-	-	(2 948)	16 446
Finance Lease - 1 x Gestetner MP 2000	14 679	-	-	(2 231)	12 447
Finance Lease - 1 x Gestetner MP 1600 SP	14 339	-	-	(2 180)	12 159
Finance Lease - 1 x Gestetner MP 161 LN	8 914	-	-	(1 355)	7 559
Finance Lease - 7 x Gestetner SP 4110 N	64 673	-	-	(9 831)	54 842
Finance Lease - 1 x Gestetner C7521N	5 396	-	-	(820)	4 575
<b>Total leases</b>	<b>900 594</b>	<b>-</b>	<b>-</b>	<b>(454 026)</b>	<b>446 568</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>900 594</b>	<b>-</b>	<b>-</b>	<b>(454 026)</b>	<b>446 568</b>

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX B**  
**ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions/Transfers	Under Construction	Derecognition	Closing Balance	Opening Balance	Additions/Transfers	Derecognition	Impairment losses	Closing Balance	
	R	R	R	R	R	R	R	R		R	
<b>Building property</b>	<b>36 365 444</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36 365 444</b>	<b>24 559 982</b>	<b>1 083 222</b>	<b>0</b>		<b>25 643 204</b>	<b>10 722 240</b>
<i>Housing</i>					0					0	
Social Housing	14 177 047	0		0	14 177 047	9 284 325	381 997	0		9 666 321	4 510 725
<i>Operational buildings</i>											
Municipal Offices	12 359 015	0		0	12 359 015	8 030 306	455 168	0		8 485 474	3 873 541
Stores	1 019 447	0		0	1 019 447	476 697	31 411	0		508 108	511 339
Workshops	8 809 936	0		0	8 809 936	6 768 654	214 646	0		6 983 301	1 826 635
<b>INFRASTRUCTURE</b>	<b>424 328 116</b>	<b>5 237 520</b>	<b>7 160 099</b>	<b>-1 460 080</b>	<b>435 265 655</b>	<b>199 137 132</b>	<b>13 987 371</b>	<b>-595 498</b>		<b>212 529 005</b>	<b>222 736 650</b>
<i>Electricity network</i>											
LV Network (<1000V)	26 119 782	0		0	26 119 782	14 951 166	750 012	0		15 701 178	10 418 604
MV Network (<=33kV)	32 119 929	0		0	32 119 929	15 584 753	669 608	0		16 254 361	15 865 568
<i>Roads and stormwater network</i>											
Road	127 840 549	1 299 629	3 909 522	0	133 049 700	50 924 363	4 826 112	0		55 750 475	77 299 225
Road Furniture	21 393 738	0		0	21 393 738	9 814 124	503 138	0		10 317 262	11 076 476
Road structures	4 492 364	0		0	4 492 364	3 098 156	56 155	0		3 154 311	1 338 053
Stormwater	24 981 481	610 191		0	25 591 672	13 450 216	1 059 808	0		14 510 024	11 081 648
<i>Sanitation network</i>			0								0
Outfall sewers	23 847 076	148 353		0	23 995 429	10 710 848	432 394	0		11 143 241	12 852 188
Pump stations - Sanitation	3 325 925	0		0	3 325 925	1 983 144	174 650	0		2 157 794	1 168 131
Reticulation	50 112 964	351 647		0	50 464 611	23 378 448	1 073 197	0		24 451 645	26 012 966
Waste water treatment works (WWTW)	35 193 963	0			35 193 963	17 538 748	1 099 278	0		18 638 026	16 555 937
<i>Water supply network</i>											
Boreholes	2 392 459	2 827 700	-1 281 339	-1 460 080	2 478 740	1 044 048	125 595	-595 498		574 145	1 904 595
Bulk Mains	1 250 743	0		0	1 250 743	585 315	17 872	0		603 188	647 555
Distribution	53 689 234	0		0	53 689 234	28 944 890	2 349 096	0		31 293 986	22 395 248
Pump stations	1 040 366	0		0	1 040 366	453 068	59 958	0		513 026	527 340
Reservoirs	15 212 340	0	1 091 832	0	16 304 172	6 136 797	720 123	0		6 856 920	9 447 253

	Opening Balance	Additions/ Transfers	Under Construction	Derecognition	Closing Balance	Opening Balance	Additions/ Transfers	Derecognition	Impairment losses	Closing Balance	Carrying Value
Water treatment works (WTW)	1 315 203	0	3 440 084	0	4 755 287	539 049	70 374	0		609 423	4 145 864
<b>COMMUNITY ASSETS</b>	<b>64 263 956</b>	<b>5 119 480</b>	<b>832 352</b>	<b>0</b>	<b>70 215 789</b>	<b>32 905 101</b>	<b>2 319 731</b>	<b>0</b>		<b>35 224 832</b>	<b>34 990 957</b>
<i>Community facilities</i>											
Cemeteries / Crematoria	2 643 244	0		0	2 643 244	729 351	101 424	0		830 775	1 812 469
Clinics / Care centres	8 615 061	0		0	8 615 061	4 501 556	371 209	0		4 872 765	3 742 296
Crèches	518 062	0		0	518 062	322 723	14 734	0		337 457	180 605
Halls	19 224 745	0		0	19 224 745	9 020 911	681 731	0		9 702 643	9 522 102
Libraries	5 350 223	0		0	5 350 223	2 183 226	143 934	0		2 327 160	3 023 063
Refuse sites	2 282 911	0		0	2 282 911	832 543	51 532	0		884 075	1 398 836
Taxi ranks / Bus terminals	0	5 119 480		0	5 119 480	0	50 280	0		50 280	5 069 200
<i>Sport and recreation facilities</i>											
Outdoor sports facilities	25 629 711	0	832 352		26 462 063	15 314 790	904 887	0		16 219 677	10 242 386

	Opening Balance	Additions/Transfers	Under Construction	Derecognition	Closing Balance	Opening Balance	Additions/Transfers	Derecognition	Impairment losses	Closing Balance	Carrying Value
<b>Intangible assets</b>	<b>311 040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>311 040</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>311 040</b>
<i>Servitudes</i>					0	0	0	0		0	0
Electricity Servitudes	136 222	0		0	136 222	0	0	0		0	136 222
Sanitation Servitudes	63 850	0		0	63 850	0	0	0		0	63 850
Water Servitudes	110 968	0		0	110 968	0	0	0		0	110 968
					#REF!						-583 958
<b>OTHER ASSETS</b>	<b>9 005 823</b>	<b>181 795</b>	<b>0</b>	<b>0</b>	<b>9 187 618</b>	<b>3 591 339</b>	<b>1 599 900</b>	<b>0</b>		<b>5 191 239</b>	<b>3 996 379</b>
Emergency Equipment	1 527	0			1 527	763	305			1 068	459
Furniture and Fittings	910 584	42 477			953 060	309 144	134 153			443 297	509 763
Motor Vehicle	7 441 549	0			7 441 549	3 066 899	1 285 280			4 352 179	3 089 370
Office Equipment	563 878	139 318			703 196	178 895	171 896			350 791	352 405
Plant and Equipment	88 285	0			88 285	35 639	8 264			43 903	44 382
<b>SPECIALISED VEHICLES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fire/ Refuse					0					0	0
Office Machinery											
<b>LEASED ASSETS</b>	<b>1 436 497</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 436 497</b>	<b>665 501</b>	<b>8 167</b>	<b>0</b>		<b>673 668</b>	<b>762 829</b>
Office Machinery	1 436 497	0	0	0	1 436 497	665 501	8 167			673 668	762 829
<b>TOTAL</b>	<b>535 710 876</b>	<b>10 538 795</b>	<b>7 992 451</b>	<b>-1 460 080</b>	<b>552 782 042</b>	<b>260 859 055</b>	<b>18 998 391</b>	<b>-595 498</b>	<b>0</b>	<b>279 261 948</b>	<b>273 520 094</b>

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Impairment losses	Disposals	Closing Balance	
	R	R		R	R	R	R		R	R	
<b>EXECUTIVE COUNCIL</b>	<b>22 188 397</b>	-	-	-	<b>22 188 397</b>	<b>15 275 657</b>	<b>701 225</b>	-	-	<b>15 976 882</b>	<b>6 211 514</b>
Executive Council	22 188 397	-	-	-	22 188 397	15 275 657	701 225	-	-	15 976 882	6 211 514
<b>FINANCE &amp; ADMINISTRATION</b>	<b>10 412 166</b>	<b>181 795</b>	-	-	<b>10 593 961</b>	<b>4 244 445</b>	<b>1 603 063</b>	-	-	<b>5 847 508</b>	<b>4 746 453</b>
Finance	1 963 687	45 853	-	-	2 009 540	831 115	712 452	-	-	1 543 566	465 973
Technical Services	7 723 792	4 036	-	-	7 727 828	3 168 256	743 346	-	-	3 911 603	3 816 225
Municipal Manager Office	318 106	61 028	-	-	379 134	99 706	63 528	-	-	163 234	215 899
Corporate Services	295 458	66 879	-	-	362 337	99 814	66 430	-	-	166 244	196 093
Community Services	111 124	3 999	-	-	115 123	45 554	17 306	-	-	62 860	52 262
<b>PLANNING &amp; DEVELOPMENT</b>	<b>17 524</b>	-	-	-	<b>17 524</b>	<b>5 989</b>	<b>3 200</b>	-	-	<b>9 189</b>	<b>8 335</b>
Local Economic Development	17 524	-	-	-	17 524	5 989	3 200	-	-	9 189	8 335
<b>ROAD TRANSPORT</b>	<b>178 708 132</b>	<b>1 909 820</b>	<b>3 909 522</b>	-	<b>184 527 474</b>	<b>77 286 859</b>	<b>6 445 213</b>	-	-	<b>83 732 072</b>	<b>100 795 402</b>
Vehicle licensing & testing	-	-	-	-	-	-	-	-	-	-	-
Roads & stormwater	157 314 394	1 909 820	3 909 522	-	163 133 736	67 472 736	5 942 074	-	-	73 414 810	89 718 926
Roads other	21 393 738	-	-	-	21 393 738	9 814 124	503 138	-	-	10 317 262	11 076 476
<b>HEALTH</b>	<b>8 615 061</b>	-	-	-	<b>8 615 061</b>	<b>4 501 556</b>	<b>371 209</b>	-	-	<b>4 872 765</b>	<b>3 742 296</b>
Clinics	8 615 061	-	-	-	8 615 061	4 501 556	371 209	-	-	4 872 765	3 742 296
Health other	-	-	-	-	-	-	-	-	-	-	-
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	<b>27 736 274</b>	-	-	-	<b>27 736 274</b>	<b>12 256 211</b>	<b>941 824</b>	-	-	<b>13 198 035</b>	<b>14 538 239</b>
Libraries & archives	5 350 223	-	-	-	5 350 223	2 183 226	143 934	-	-	2 327 160	3 023 063
Community halls & facilities	19 742 807	-	-	-	19 742 807	9 343 634	696 465	-	-	10 040 100	9 702 707
Cemeteries & crematoriums	2 643 244	-	-	-	2 643 244	729 351	101 424	-	-	830 775	1 812 469
<b>PUBLIC SAFETY</b>	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-
Traffic	-	-	-	-	-	-	-	-	-	-	-
<b>ENVIRONMENTAL PROTECTION</b>	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-
<b>SPORT &amp; RECREATION</b>	<b>25 629 711</b>	-	<b>832 352</b>	-	<b>26 462 063</b>	<b>15 314 790</b>	<b>904 887</b>	-	-	<b>16 219 677</b>	<b>10 242 386</b>
Sport & recreation	25 629 711	-	832 352	-	26 462 063	15 314 790	904 887	-	-	16 219 677	10 242 386
<b>WASTE WATER MANAGEMENT</b>	<b>112 543 778</b>	<b>500 000</b>	-	-	<b>113 043 778</b>	<b>53 611 187</b>	<b>2 779 519</b>	-	-	<b>56 390 706</b>	<b>56 653 071</b>
Sewerage	112 543 778	500 000	-	-	113 043 778	53 611 187	2 779 519	-	-	56 390 706	56 653 071
Public toilets	-	-	-	-	-	-	-	-	-	-	-
<b>WASTE MANAGEMENT</b>	<b>2 282 911</b>	-	-	-	<b>2 282 911</b>	<b>832 543</b>	<b>51 532</b>	-	-	<b>884 075</b>	<b>1 398 836</b>
Solid waste	2 282 911	-	-	-	2 282 911	832 543	51 532	-	-	884 075	1 398 836
<b>HOUSING</b>	<b>14 189 677</b>	-	-	-	<b>14 189 677</b>	<b>9 290 730</b>	<b>383 801</b>	-	-	<b>9 674 531</b>	<b>4 515 145</b>

	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Impairment losses	Disposals	Closing Balance	Carrying Value
Housing	14 189 677	-		-	14 189 677	9 290 730	383 801		-	9 674 531	4 515 145
<b>Taxi ranks / Bus terminals</b>	-	<b>5 119 480</b>	-	-	<b>5 119 480</b>	-	<b>50 280</b>		-	<b>50 280</b>	<b>5 069 200</b>
Taxi ranks / Bus terminals	-	5 119 480		-	5 119 480	-	50 280		-	50 280	5 069 200
<b>WATER</b>	<b>75 011 313</b>	<b>2 827 700</b>	<b>3 250 577</b>	<b>-1 460 080</b>	<b>79 629 510</b>	<b>37 703 166</b>	<b>3 343 019</b>	-	<b>-595 498</b>	<b>40 450 688</b>	<b>39 178 822</b>
Water distribution	59 798 973	2 827 700	3 250 577	-1 460 080	64 417 169	31 566 370	2 622 896		-595 498	33 593 768	30 823 401
Water storage	15 212 340	-			15 212 340	6 136 797	720 123		-	6 856 920	8 355 421
<b>ELECTRICITY</b>	<b>58 375 933</b>	-	-	-	<b>58 375 933</b>	<b>30 535 919</b>	<b>1 419 620</b>		-	<b>31 955 539</b>	<b>26 420 394</b>
Electricity distribution	58 375 933	-			58 375 933	30 535 919	1 419 620		-	31 955 539	26 420 394
Street lighting	-	-				-	-		-	-	-
<b>TOTAL</b>	<b>535 710 876</b>	<b>10 538 795</b>	<b>7 992 451</b>	<b>-1 460 080</b>	<b>552 782 042</b>	<b>260 859 055</b>	<b>18 998 391</b>	-	<b>-595 498</b>	<b>279 261 948</b>	<b>273 520 094</b>

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX D**  
**ACTUAL OPERATING VERSUS BUDGET**

	<b>2012 Actual R</b>	<b>2012 Budget R</b>	<b>2012 Variance R</b>	<b>2012 Variance %</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
<b>REVENUE</b>					
Property rates	(3 790 107)	(2 546 579)	(1 243 528)	49%	Property valuations were not reconciling to the financial system. Wepener suburb creating difficulties in updating valuations. Budgeted for services on tariff list. Duplicated accounts (levies) on properties and incorrect tariffs charged created the variances. unfavourable market conditions resulted in less dividends being received. variances due to accounts being levied on incorrect tariffs, as well as camp rentals that were levied on accounts that should have been closed. Donations were received in the current year from Motheo and Xhariep District municipality to the value of R5m each. A taxi rank was constructed on behalf of the municipality by the department of police, roads and transport to the value of 7.5m Revenue from environmental health services has not been received
Service charges	(25 962 270)	(8 833 279)	(17 128 991)	194%	
Finance Income	( 119 650)	( 32 100)	( 87 550)	273%	
Dividends	( 3 121)	( 5 000)	1 879	-38%	
Government grants and subsidies	(47 653 959)	(51 124 667)	3 470 708	-7%	
Rental of facilities and equipment	( 283 462)	( 320 000)	36 538	-11%	
Fair Value Gains	( 5 087)	0	( 5 087)	100%	
Donations Received	(17 507 467)	0	(17 507 467)	100%	
Other Revenue	( 318 904)	(1 606 448)	1 287 544	-80%	
<b>Total Revenue</b>	<b>(95 644 027)</b>	<b>(64 468 073)</b>	<b>(31 175 953)</b>	<b>48.36%</b>	

<b>EXPENDITURE</b>					
Employee related costs	21 582 151	22 972 030	(1 389 879)	-6%	
Remuneration of councillors	1 725 729	1 826 513	( 100 784)	-6%	
Depreciation and amortisation expense	19 138 104	1 500 000	17 638 104	1176%	large variance due to infrastructure unbundling
Bad debts	448 852	0	448 852	0%	
Finance costs	2 715 885	48 000	2 667 885	5558%	Variance due to large interest charged on bulk water purchases invoices unpaid.
Collection costs	0	0	0	0%	
Repairs and maintenance	1 883 015	2 291 000	( 407 985)	-18%	Delay in implementation of landfill sites licensing.
Bulk purchases	14 792 323	6 000 000	8 792 323	147%	Centlec revenue was not budgeted for
Grants and subsidies paid		0	0	0%	
General expenses	14 543 864	14 177 935	365 929	3%	Cost measures have improved from the previous years
Fair Value Loss	864 582	0	864 582	-100%	
<b>Total Expenditure</b>	<b>77 694 505</b>	<b>48 815 479</b>	<b>28 879 026</b>	<b>59.16%</b>	
<b>NET (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>(17 949 522)</b>	<b>(15 652 595)</b>	<b>(2 296 927)</b>	<b>14.67%</b>	

**NALEDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2**

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)		2012 Actual Income
R	R	R		R
<b>8 412 696</b>	<b>(16 890 498)</b>	<b>(8 477 801)</b>	<b>Executive Council</b>	<b>27 353 541</b>
8 412 696	(16 890 498)	(8 477 801)	Council general expenses	27 353 541
<b>20 737 642</b>	<b>(33 292 418)</b>	<b>(12 554 776)</b>	<b>Finance &amp; Admin</b>	<b>18 389 999</b>
16 687 979	(29 571 209)	(12 883 230)	<b>Finance</b>	14 020 778
-	(490 806)	(490 806)	Finance	-
2 300 878	(1 674 951)	(1 674 951)	Assessment rates	-
-	-	-	<b>Corporate Services</b>	-
220 643	(49 072)	171 571	General expenses	-
1 528 142	(1 506 380)	21 762	Personnel	-
<b>11 861 790</b>	<b>(4 225 767)</b>	<b>7 636 023</b>	Repairs and Maintenance	-
3 237 901	(4 092 317)	(854 416)	Equitable Share	2 505 734
8 623 889	(133 450)	8 490 438	Other Revenue	-
1 864 036	(2 409 586)	(545 550)	<b>IT</b>	-
1 864 036	(2 409 586)	(545 550)	<b>Property Services</b>	-
<b>629 542</b>	<b>(2 612 637)</b>	<b>(1 983 095)</b>	Administration	199 289
564 761	(1 757 753)	(1 192 992)	Civic Centre	-
64 781	(854 883)	(790 103)	<b>Other Admin</b>	-
<b>235 828</b>	<b>(587 771)</b>	<b>(351 943)</b>	Technical dept	1 664 198
-	(587 771)	(587 771)	<b>Planning &amp; Development</b>	<b>16 097 500</b>
107 574	-	107 574	Community development	4 092 317
128 254	-	128 254	Investment promotion	-
<b>80 680</b>	<b>(23 006)</b>	<b>57 675</b>	Economic planning	-
80 680	(23 006)	57 675	IDP	12 005 183
<b>1 761 584</b>	<b>(2 821 742)</b>	<b>(1 060 158)</b>	<b>Health</b>	-
1 761 584	(2 821 742)	(1 060 158)	Clinics	-
<b>3 825 275</b>	<b>(1 164 266)</b>	<b>2 661 008</b>	Health inspection	-
3 825 275	(1 164 266)	2 661 008	<b>Community Services</b>	<b>687 466</b>
-	-	-	<b>Libraries</b>	615 044
<b>80 680</b>	<b>(23 006)</b>	<b>57 675</b>	Community centres	72 423
80 680	(23 006)	57 675	<b>Housing</b>	<b>212 030</b>
<b>1 761 584</b>	<b>(2 821 742)</b>	<b>(1 060 158)</b>	Administration	-
1 761 584	(2 821 742)	(1 060 158)	Conditional Grants	117 151
<b>3 825 275</b>	<b>(1 164 266)</b>	<b>2 661 008</b>	Rent-Houses	94 878
3 825 275	(1 164 266)	2 661 008	<b>Public Safety</b>	<b>87 863</b>
-	-	-	Disaster management	87 863
<b>4 398 348</b>	<b>(7 330 676)</b>	<b>(2 932 328)</b>	<b>Parks &amp; Recreation</b>	<b>1 970 707</b>
4 398 348	(7 330 676)	(2 932 328)	Parks	1 970 707
-	-	-	<b>Waste Management</b>	<b>3 586 768</b>
<b>4 398 348</b>	<b>(7 330 676)</b>	<b>(2 932 328)</b>	Refuse Removal	3 586 768
4 398 348	(7 330 676)	(2 932 328)	<b>Waste water management</b>	<b>4 136 341</b>
-	-	-	Sewer purification	4 136 341
<b>4 398 348</b>	<b>(7 330 676)</b>	<b>(2 932 328)</b>	Sewer reticulation	-
4 398 348	(7 330 676)	(2 932 328)		-

			Stormwater	
-	-	-	Public toilets	
			<b>Road Transport</b>	-
			Roads & streets	
			Vehicle licensing & testing	
<b>9 843 864</b>	<b>(14 934 232)</b>	<b>(5 090 367)</b>	<b>Water distribution</b>	<b>6 799 484</b>
			Water Distribution	-
9 843 864	(14 934 232)	(5 090 367)	Water provision	6 799 484
			Water Purification	
<b>13 859 955</b>	<b>(12 971 126)</b>	<b>888 829</b>	<b>Electricity</b>	<b>16 385 328</b>
			Workshop	32 542
29 882	(171 501)	(141 620)	Distribution	16 352 786
13 830 074	(12 799 624)	1 030 449	Street Lighting	
			<b>Other</b>	-
			Airport	
			Less: Inter-departmental charges	
<b>77 511 240</b>	<b>(99 263 724)</b>	<b>(21 752 484)</b>	<b>Total</b>	<b>95 707 026</b>

2012 Actual Expenditure	2012 Actual Surplus/ (Deficit)	
R	R	
<b>(14 214 147)</b>	<b>13 139 393</b>	
(14 214 147)	13 139 393	
<b>(16 170 934)</b>	<b>2 219 065</b>	
(12 289 105)	1 731 673	
(212 765)	(212 765)	
(1 886 309)	(1 886 309)	
-	2 505 734	
-	-	
(14 858)	184 431	
(1 767 897)	(103 699)	
<b>(9 303 049)</b>	<b>6 794 451</b>	
(9 191 063)	(5 098 746)	PUBLIC WORKS
(111 985)	11 893 198	
<b>(959 843)</b>	<b>(959 843)</b>	
(959 843)	(959 843)	
<b>(3 357 704)</b>	<b>(2 670 238)</b>	
(1 706 950)	(1 091 906)	
(1 650 754)	(1 578 332)	
<b>(630 730)</b>	<b>(418 700)</b>	
(630 730)	(630 730)	
(43 837)	117 151	
(43 837)	94 878	
<b>(2 513 110)</b>	<b>44 026</b>	
(2 513 110)	44 026	
<b>(1 065 884)</b>	<b>(542 404)</b>	
(1 065 884)	(542 404)	
<b>(1 065 884)</b>	<b>2 520 884</b>	
(1 065 884)	2 520 884	
<b>(5 217 051)</b>	<b>(1 080 710)</b>	
(5 217 051)	-	
(5 217 051)	(1 080 710)	

	-
-	-
	-
<b>(12 064 351)</b>	<b>(5 264 866)</b>
-	-
(12 064 351)	(5 264 866)
<b>(11 930 985)</b>	<b>4 454 342</b>
(245 101)	(212 559)
(11 685 884)	4 666 902
-	-
	-
<b>(77 471 625)</b>	<b>18 235 401</b>