

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



Annual Financial Statements

for

OKHAHLAMBA LOCAL MUNICIPALITY

for the year ended 30 June: 2012

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	Mr S.D Sibande
Name of Chief Financial Officer:	Mr S.B Ndabandaba
Contact telephone number:	036 448 8000
Contact e-mail address:	Sipho.Ndabandaba@okhahlamba.org
Name of contact at provincial treasury:	Ms G. Qulu
Contact telephone number:	033 897 4401
Contact e-mail address:	gcobisa.gulu@kzntreasury.gov.za
Name of relevant Auditor:	Mr J. Soobramoney
Contact telephone number:	033 264 7400
Contact e-mail address:	johnny@agsa.co.za
Name of contact at National Treasury:	Ms M Seplapelo
Contact telephone number:	012 315 5295
Contact e-mail address:	Matsie.Seplapelo@treasury.gov.za

OKHAHLAMBA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council (appointed on 17 August 2011)

Cllr. DT Sibeko	Mayor
Cllr. SZ Khumalo	Deputy Mayor
Cllr.G Ndaba	Speaker
Cllr. T Khumalo	Member of the Executive Committee (Deceased October 2011)
Cllr. BH Zikode	Member of the Executive Committee
Cllr. MP Vilakazi	Member of the Executive Committee
Cllr BR Hlongwane	Member of the Executive Committee
Cllr. GM Ndaba	Member
Cllr. MC Zondo	Member
Cllr. MN Dubazana	Member
Cllr. MV Hlatshwayo	Member
Cllr. BE Nene	Member
Cllr. BL Ngwenya	Member
Cllr. KI Hadebe	Member
Cllr. TM Ndaba	Member
Cllr. Simelane	Member
Cllr. PAM Mfuphi	Member
Cllr. BC Mabizela	Member
Cllr. SG Sikhakhane	Member
Cllr. NR Hlongwane	Member
Cllr. TA Ngwenya	Member
Cllr. NQ Dhladhla	Member
Cllr. MB Dubazana	Member
Cllr. MS Ndaba	Member
Cllr. MW Hadebe	Member
Cllr. WE Golding	Member
Cllr. SA Mvelase	Member (resigned December 2011)
Cllr. FE Buthelezi	Member
Cllr. KA Mazibuko	Member (appointed December 2011 - replacing Khumalo)
Cllr. SC Hadebe	Member (appointed February 2012 - replacing Mvelase)

Municipal Manager

Mr SD Sibande

Chief Financial Officer

Mr SB Ndabandaba

Grading of Local Authority

Grade 2

Auditors

Auditor-General

OKHAHLAMBA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information (continued)

Bankers

First National Bank

Registered Office: 259 Kingsway Road
Bergville
3350

Physical address: 259 Kingsway Road
Bergville
3350

Postal address: **P.O.Box 71**
Bergville
3350

Telephone number: 036 448 8000

Fax number: 036 448 1986

E-mail address: siza.sibande@okhahlamba.org

OKHAHLAMBA 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 5 to 53, 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 22 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:

DATE

OKHAHLAMBA LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2012
Index

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9 - 20
Notes to the Annual Financial Statements	21 - 48
Appendix A: Schedule fo External Loans	49
Appendix B: Analysis of Property, Plant and Equipment	50
Appendix C: Segmental Analysis of Property, Plant and Equipment	51
Appendix D: Segmental Statement of Financial Performance	52
Appendix E: Disclosure of Grants in terms of Section 123 of the Municipal Finance Management Act, 56 of 2003	53

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

OKHAHLAMBA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 R	2011 R Restated
NET ASSETS AND LIABILITIES			
Net assets		84 928 623	50 205 945
Accumulated surplus		84 928 623	50 205 945
Non-current liabilities		4 604 701	6 375 051
Retirement benefit obligation	3	573 653	524 481
Finance lease obligation	4	1 664 366	3 734 804
Provisions	5	2 357 232	2 106 316
Annuity loans	6	9 450	9 450
Current liabilities		47 305 119	37 120 070
Finance lease obligation	4	2 599 880	2 123 470
Operating lease liability	7	848 238	463 119
Unspent conditional grants and receipts	8	35 399 804	28 308 419
Trade and other payables from exchange transactions	9	8 457 197	6 225 062
Total Net Assets and Liabilities		136 838 443	93 701 066
ASSETS			
Non-current assets		65 171 313	51 949 532
Property, plant and equipment	11	65 086 776	51 843 820
Intangible assets	12	84 537	105 712
Current assets		71 667 130	41 751 534
Consumer debtors	13	6 072 103	5 694 643
Other receivables from exchange transactions	14	30 903	926 904
Cash and cash equivalents	15	64 827 806	34 622 171
VAT receivable	10	736 318	507 816
Total Assets		136 838 443	93 701 066

OKHAHLAMBA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 R	2011 R Restated
REVENUE			
Rendering of services		135 244	198 964
Property rates	17	11 926 746	8 792 488
Service charges		500 419	515 747
Property rates - penalties imposed and collection charges		1 978 314	1 596 805
Rental of facilities and equipment		41 606	60 873
Income from agency services		508 495	405 386
Subsidies		1 267 963	2 465 532
Fines		212 650	228 900
Government grants	19	77 210 615	54 883 562
Other revenue	18	283 957	192 527
Interest received	24	1 462 441	901 938
Total Revenue	16	<u>95 528 450</u>	<u>70 242 722</u>
EXPENDITURE			
Employee related costs	21	22 452 845	19 825 039
Remuneration of councillors	22	6 332 907	5 259 067
Depreciation and amortisation	25	4 478 163	5 092 125
Impairment of assets	11	1 867 723	11 151 765
Finance costs	26	678 930	910 652
Debt impairment	23	4 886 442	2 887 458
Repairs and maintenance		1 599 988	864 310
Retirement benefits	3	49 172	67 826
Landfill Rehabilitation	5	250 916	369 599
General expenses	20	18 331 807	15 130 078
Total Expenditure		<u>60 928 893</u>	<u>61 557 919</u>
SURPLUS FOR THE YEAR		<u>34 599 557</u>	<u>8 684 803</u>

**OKHAHLAMBA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Accumulated Surplus R
Balance at 30 June 2010 - as previously reported		40 092 721
Prior year adjustment - write off of cheques not in the cashbook 2008/09	2.4	(46 280)
Prior year adjustment - write off of cheques not in the cashbook 2009/10	2.4	(305 284)
Prior year adjustment - cancelled cheque	2.4	(250)
Prior year adjustment - write off of cashier floats no longer in existence	2.4	(2 200)
Surplus for the year - restated (Note 2.5)		8 684 803
Gain on fair valuing assets		1 786 694
Clearing items on bank reconciliation		(4 259)
Restated Balance at 30 June 2011	2.4	<u>50 205 945</u>
Gain on fair valuing assets		123 121
Surplus/ (deficit) for the year		34 599 557
Balance at 30 June 2012		<u>84 928 623</u>

**OKHAHLAMBA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 R	2011 R Restated
Cash receipts from ratepayers, government and other		102 932 394	81 059 322
Cash paid to suppliers and employees		<u>(52 471 696)</u>	<u>(42 848 114)</u>
Cash generated from operations	29	50 460 698	38 211 208
Interest received		1 462 441	901 938
Finance costs		<u>(678 930)</u>	<u>(910 652)</u>
Net cash flows from operating activities		<u>51 244 209</u>	<u>38 202 494</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(19 444 546)	(6 989 693)
Purchase of intangibles		-	-
Net cashflow from investing activities		<u>(19 444 546)</u>	<u>(6 989 693)</u>
Cash flows from financing activities			
Movement in annuity loans		-	-
New loans raised/ (Repaid)		<u>(1 594 028)</u>	<u>(1 530 237)</u>
Net cash flows from financing activities		<u>(1 594 028)</u>	<u>(1 530 237)</u>
Net increase in cash equivalents		30 205 635	29 682 564
Cash and cash equivalents at the beginning of the year		<u>34 622 171</u>	<u>4 939 607</u>
Cash and cash equivalents at the end of the year	15	<u>64 827 806</u>	<u>34 622 171</u>

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2011 R
2. Change in accounting policies and prior year adjustments		
The following adjustments were made to amounts previously reported in the annual financial statements as a result of the correction of prior year errors.		
2.1 Trade and other payables from exchange transactions	9	
Balance as previously stated - 30 June 2011		6 262 973
Correction of prior year error		
Write back of stale cheques - Materials		(25 185)
Write back of stale cheques - Skills Levy		(11 736)
Cheque relating to Subsistence and travel cancelled		(990)
Restated balance as at 30 June 2011		<u><u>6 225 062</u></u>
2.2 Other receivables from exchange transactions	14	
Balance as previously stated - 30 June 2011		985 179
Correction of prior year error		
Correction of sundry debtor for clinic claim for amount not paid		(58 024)
Prior year adjustment - cancelled cheque & rounding		(251)
Restated balance as at 30 June 2011		<u><u>926 904</u></u>
2.3 Cash and cash equivalents	15	
Balance as previously stated - 30 June 2011		34 975 935
Correction of prior year error		
Write off of cashier floats no longer in existence		(2 200)
Write off of cheques not in the cashbook 2008/09		(46 280)
Write off of cheques not in the cashbook 2009/10		(305 284)
Restated balance as at 30 June 2011		<u><u>34 622 171</u></u>
2.4 Accumulated surplus		
Restated balance as at 1 July 2010		41 875 156
Correction of prior year error		
Prior year adjustment - write off of cheques not in the cashbook 2008/09		(46 280)
Prior year adjustment - write off of cheques not in the cashbook 2009/10		(305 284)
Prior year adjustment - cancelled cheque		(250)
Prior year adjustment - write off of cashier floats no longer in existence		(2 200)
Surplus for the year - restated (Note 2.5)		8 684 803
Restated balance as at 30 June 2011		<u><u>50 205 945</u></u>
2.5 Surplus for the year		
Surplus for the year as as previously stated		8 704 916
Correction of prior year error		
Write back of stale cheques - Materials		25 185
Write back of stale cheques - Skills Levy		11 736
Cheque relating to Subsistence and travel cancelled		990
Clinic claim for 2010/11 not paid		(58 024)
Surplus for the year as restated		<u><u>8 684 803</u></u>

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R Restated																																													
3. Retirement benefits																																															
Defined benefit plan																																															
Post retirement medical aid plan																																															
<p>The municipality operates an accredited medical aid scheme. The post retirement medical aid plan, to which 2 members (2011: 2 members) belong, consists of the Key Health Medical Scheme. Pensioners continue on the option they belonged to on the day of their retirement.</p> <p>The independent valuers, Alexander Forbes (Pty) Ltd, carried out a statutory valuation on 30 June 2012.</p> <p>The principal actuarial assumptions used were as follows:</p> <table border="1"> <tbody> <tr> <td>Discount rate per annum</td> <td style="text-align: right;">7.75%</td> <td style="text-align: right;">8.75%</td> </tr> <tr> <td>Health care cost inflation rate</td> <td style="text-align: right;">7.00%</td> <td style="text-align: right;">7.75%</td> </tr> <tr> <td>Benchmark inflation (equal to salary inflation)</td> <td style="text-align: right;">6.00%</td> <td style="text-align: right;">6.75%</td> </tr> </tbody> </table> <p>The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:</p> <table border="1"> <tbody> <tr> <td></td> <td style="text-align: right;">573 653</td> <td style="text-align: right;">524 481</td> </tr> <tr> <td>Reconciliation of the movement in the liability</td> <td></td> <td></td> </tr> <tr> <td>Opening balance</td> <td style="text-align: right;">524 481</td> <td style="text-align: right;">456 655</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">43 795</td> <td style="text-align: right;">40 313</td> </tr> <tr> <td>Expected employer benefit payments</td> <td style="text-align: right;">(45 341)</td> <td style="text-align: right;">(39 474)</td> </tr> <tr> <td>Actuarial (gain) / loss</td> <td style="text-align: right;">50 718</td> <td style="text-align: right;">66 987</td> </tr> <tr> <td></td> <td style="text-align: right;">573 653</td> <td style="text-align: right;">524 481</td> </tr> <tr> <td>Net expense recognised in the statement of financial performance</td> <td></td> <td></td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">43 795</td> <td style="text-align: right;">40 313</td> </tr> <tr> <td>Expected employer benefit payments</td> <td style="text-align: right;">(45 341)</td> <td style="text-align: right;">(39 474)</td> </tr> <tr> <td>Actuarial (gains) losses</td> <td style="text-align: right;">50 718</td> <td style="text-align: right;">66 987</td> </tr> <tr> <td></td> <td style="text-align: right;">49 172</td> <td style="text-align: right;">67 826</td> </tr> </tbody> </table>			Discount rate per annum	7.75%	8.75%	Health care cost inflation rate	7.00%	7.75%	Benchmark inflation (equal to salary inflation)	6.00%	6.75%		573 653	524 481	Reconciliation of the movement in the liability			Opening balance	524 481	456 655	Interest cost	43 795	40 313	Expected employer benefit payments	(45 341)	(39 474)	Actuarial (gain) / loss	50 718	66 987		573 653	524 481	Net expense recognised in the statement of financial performance			Interest cost	43 795	40 313	Expected employer benefit payments	(45 341)	(39 474)	Actuarial (gains) losses	50 718	66 987		49 172	67 826
Discount rate per annum	7.75%	8.75%																																													
Health care cost inflation rate	7.00%	7.75%																																													
Benchmark inflation (equal to salary inflation)	6.00%	6.75%																																													
	573 653	524 481																																													
Reconciliation of the movement in the liability																																															
Opening balance	524 481	456 655																																													
Interest cost	43 795	40 313																																													
Expected employer benefit payments	(45 341)	(39 474)																																													
Actuarial (gain) / loss	50 718	66 987																																													
	573 653	524 481																																													
Net expense recognised in the statement of financial performance																																															
Interest cost	43 795	40 313																																													
Expected employer benefit payments	(45 341)	(39 474)																																													
Actuarial (gains) losses	50 718	66 987																																													
	49 172	67 826																																													

Post retirement pension plan

The Municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the Municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution plans.

An independent valuer carries out a statutory valuation of the NJMPF on a triennial basis and an interim valuation on an annual basis. The 2012 interim valuations have not yet been released.

Superannuation Fund

The latest statutory valuation of the Superannuation Fund (defined benefit) as at 31 March 2011 concluded that: The Fund's liabilities for service to the valuation date was 90.9% funded on the discounted cash flow method. The Fund's financial position has deteriorated from the previous statutory valuation.

At the valuation date:

The memorandum account in respect of pensioners was fully funded.

There was a deficit in respect of active members. To meet the deficit, it is recommended that the surcharge of 7% be increased to 9.5% of pensionable salaries and that the repayment period be set to 8 years at which time the deficit is expected to be fully funded.

2012
R

2011
R
Restated

3. Retirement benefits (continued)

Post retirement pension plan (continued)

Superannuation Fund (continued)

The required contribution rate for the future service benefits for active members exceeded the contribution rate payable by 3.63% of pensionable salaries.

Retirement Fund

The latest statutory valuation of the Retirement Fund (defined benefit) as at 31 March 2009 reflected:

The memorandum account in respect of pensioners was fully funded

Based on the valuation assumptions applied in 2000, the Fund was fully funded, however based on revised assumptions the Funds liabilities for the contributory members exceeded the value of the assets and an extension of the surcharge for another 5 years would be necessary to return the funding level to 100%.

The interim valuation carried out on the Retirement Fund as at 31 March 2011 reflected:

The Fund's liabilities for service to the valuation date was 84.1% funded on the discounted cash flow method The Fund's financial position has deteriorated from the previous statutory valuation.

At the valuation date:

The memorandum account in respect of pensioners was fully funded.

There was a deficit in respect of active members. To meet the deficit, it is recommended that the surcharge of 17% be increased to 17.5% of pensionable salaries and that the repayment period be extended from 5 to 8 years at which time the deficit is expected to be fully funded.

The required contribution rate for the future service benefits for active members exceeded the contribution rate payable by 4.72% of pensionable salaries.

Provident Fund

The latest statutory valuation of the Provident Fund (defined contribution) as at 31 March 2009 and the interim valuation as at 31 March 2011 revealed that the fund was in a sound financial position.

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

	2012 R	2011 R Restated
4. Finance lease obligation		
Minimum lease payments due		
No later than 1 year	2 981 456	2 779 116
Later than 1 year and no later than 5 years	1 735 024	4 120 638
Later than 5 years	-	-
	<u>4 716 480</u>	<u>6 899 754</u>
Less: future finance charges	(452 234)	(1 041 480)
Present value of minimum lease payments	<u><u>4 264 246</u></u>	<u><u>5 858 274</u></u>
Present value of minimum lease payments due		
No later than 1 year	2 599 880	2 123 470
Later than 1 year and no later than 5 years	1 664 366	3 734 804
Later than 5 years	-	-
	<u><u>4 264 246</u></u>	<u><u>5 858 274</u></u>

The average lease term was 3 - 5 years and the effective borrowing rate was between 9% to 15.5% (2011: 9% to 15.5%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. The assets leased include vehicles and photocopiers.

5. Provisions

Non-current liabilities	<u>2 357 232</u>	<u>2 106 316</u>
	<u><u>2 357 232</u></u>	<u><u>2 106 316</u></u>

Reconciliation of provisions - 2012	Opening balance	Movement	Total
Environmental rehabilitation	2 106 316	250 916	2 357 232
	<u><u>2 106 316</u></u>	<u><u>250 916</u></u>	<u><u>2 357 232</u></u>

Reconciliation of provisions - 2011	Opening balance	Movement	Total
Environmental rehabilitation	1 736 717	369 599	2 106 316
	<u><u>1 736 717</u></u>	<u><u>369 599</u></u>	<u><u>2 106 316</u></u>

The landfill provision represents management's best estimate of the Municipality's liability.

It relates to the present value of the costs involved to rehabilitate the land and move the landfill to a new site in 4 years time. The prime rate of 9% has been used as the discounting factor in the provision.

6. Annuity loans

Winterton farmers association	<u><u>9 450</u></u>	<u><u>9 450</u></u>
-------------------------------	---------------------	---------------------

This relates to a loan that the Municipality has with the Winterton farmers association. For further details refer to Appendix A.

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R Restated
7. Operating lease liability		
Current liabilities	848 238	463 119
	848 238	463 119
<p>The liability relates to the straightlining of the office building lease due to the rentals escalating by 10% per annum.</p> <p>The future minimum lease payments under a non-cancellable operating lease for the actual liability are as follows:</p>		
No later than 1 year	1 243 119	1 243 119
Later than 1 year and no later than 5 years	4 972 476	4 972 476
Later than 5 years	3 729 357	4 972 476
Total future cash flows	9 944 952	11 188 071
8. Unspent conditional grants and receipts		
Finance management grant	167 179	-
Performance management system grant	40 320	40 320
MPCC grant	615 549	1 491
Gijima - KZN Baseline study grant	46 438	46 438
Municipal systems improvement grant (MSIG)	188 441	-
Spatial planning grant	32 848	32 848
Municipal infrastructure grant (MIG)	11 821 600	10 229 071
Refuse disposal site grant	1 212 765	1 212 765
Cemetery grant	68 692	68 692
Intergrated development plan grant	752	752
Transitional grant	16 859	16 859
Small town rehab grant	2 788 367	5 522 632
Pound grant	1 000 000	1 000 000
NER - electrification of households	7 263 443	-
Enhlanhleni housing grant	8 499 300	8 499 300
Amazizi 2 housing grant	794 870	794 870
Door of hope housing grant	94 200	94 200
Langkloof and Guguletu housing grant	748 181	748 181
	35 399 804	28 308 419
<p>See Note 19 for a reconciliation of grants and subsidies from other spheres of government.</p>		
9. Trade and other payables from exchange transactions		
Unallocated deposits	129 341	129 341
Leave pay accrual	1 386 382	1 217 402
Sundry payables	743 395	119
Retention creditor	981 288	372 579
Trade creditors	3 754 045	3 058 995
Salary control	159 735	153 568
Unallocated receipts	476 281	534 883
Payments received in advance	823 981	758 175
Consumer refunds	2 749	-
	8 457 197	6 225 062
10. VAT receivable		
Tax receivable	736 318	507 816

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

11. Property, plant and equipment

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	1 135 197	-	1 135 197	1 135 197	-	1 135 197
Buildings	22 910 534	(7 729 308)	15 181 226	12 943 866	(6 895 072)	6 048 794
Buildings - Assets under construction	5 164 092	-	5 164 092	7 010 049	-	7 010 049
Plant and machinery	2 000 384	(1 498 058)	502 326	1 886 036	(578 865)	1 307 171
Motor vehicles	2 182 006	(1 461 300)	720 706	1 786 765	(1 140 060)	646 705
Office equipment	1 477 805	(586 412)	891 393	972 586	(415 282)	557 304
IT equipment	1 831 265	(1 127 185)	704 080	1 707 920	(817 142)	890 778
Infrastructure	44 485 791	(14 787 247)	29 698 544	40 520 926	(13 066 233)	27 454 693
Infrastructure - Assets under construction	5 700 399	-	5 700 399	77 368	-	77 368
Community	1 881 691	(720 375)	1 161 316	1 780 191	(366 159)	1 414 032
Leased assets	9 252 289	(5 024 792)	4 227 497	8 830 726	(3 528 997)	5 301 729
	98 021 453	(32 934 677)	65 086 776	78 651 630	(26 807 810)	51 843 820

Reconciliation of property, plant and equipment - 2012

	Opening Balance	Impairment	Additions	Disposals	Depreciation	Total
Land	1 135 197	-	-	-	-	1 135 197
Buildings	6 048 794	(388 825)	9 966 668	-	(445 411)	15 181 226
Buildings - Assets under construction	7 010 049	-	(1 845 957)	-	-	5 164 092
Plant and machinery	1 307 171	(763 714)	114 348	-	(155 479)	502 326
Motor vehicles	646 705	(147 154)	395 241	-	(174 086)	720 706
Office equipment	557 304	(19 390)	505 219	-	(151 740)	891 393
IT equipment	890 778	(52 697)	123 345	-	(257 346)	704 080
Infrastructure	27 454 693	(495 943)	3 964 865	-	(1 225 071)	29 698 544
Infrastructure - Assets under construction	77 368	-	5 623 031	-	-	5 700 399
Community	1 414 032	-	101 500	-	(354 216)	1 161 316
Leased assets	5 301 729	-	619 407	-	(1 693 639)	4 227 497
	51 843 820	(1 867 723)	19 567 667	-	(4 456 988)	65 086 776

Reconciliation of Property, plant and equipment - 2011 - Restated

	Opening Balance	Impairment	Additions	Disposals	Depreciation	Total
Land	1 135 197	-	-	-	-	1 135 197
Buildings	9 495 864	(3 007 174)	15 776	-	(455 672)	6 048 794
Buildings - Assets under construction	1 115 088	-	5 894 961	-	-	7 010 049
Plant and machinery	268 975	(13 047)	1 150 873	(15 902)	(83 728)	1 307 171
Motor vehicles	600 496	(941)	265 918	(47 625)	(171 143)	646 705
Office equipment	374 692	(11 166)	419 826	(112 025)	(114 023)	557 304
IT equipment	609 582	(15 507)	533 503	(18 399)	(218 401)	890 778
Infrastructure	37 310 100	(8 100 785)	-	-	(1 754 622)	27 454 693
Infrastructure - Assets under construction	-	-	77 368	-	-	77 368
Community	1 766 064	(3 145)	-	-	(348 887)	1 414 032
Leased assets	6 776 452	-	418 162	-	(1 892 885)	5 301 729
	59 452 510	(11 151 765)	8 776 387	(193 951)	(5 039 361)	51 843 820

Pledged as security

No items of Property, plant and equipment have been pledged as security or encumbered in any way.

Assets subject to finance lease (net carrying amount)

Motor vehicles - leased assets	3 329 235	4 607 973
Photocopiers - leased assets	898 264	693 756
	4 227 499	5 301 729

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

R

R

12. Intangible assets

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software, other	323 394	(238 857)	84 537	323 394	(217 682)	105 712

Reconciliation of intangible assets - 2012

	Opening Balance	Transfers	Additions	Disposals	Amortisation	Total
Computer software, other	105 712	-	-	-	(21 175)	84 537

Reconciliation of intangible assets - 2011

	Opening Balance	Transfers	Additions	Disposals	Amortisation	Total
Computer software, other	158 476	-	-	-	(52 764)	105 712

Pledged as security - restricted title

The legal title related to all intangible assets vests in Okhahlamba Municipality and has not been restricted in any manner.

Other information

The Municipality does not have any fully amortised intangible assets that are still in use.

The Municipality does not have any intangible assets with indefinite lives.

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

	2012 R	2011 R Restated
13. Consumer debtors		
Gross balances		
Rates	14 158 848	16 211 460
Water	286	286
Refuse	337 409	1 427 471
Sundry	192 292	1 190 319
	<u>14 688 835</u>	<u>18 829 536</u>
Less: Provision for debt impairment		
Rates	(8 205 593)	(10 949 774)
Water	(286)	(286)
Refuse	(248 509)	(1 132 489)
Sundry	(162 344)	(1 052 344)
	<u>(8 616 732)</u>	<u>(13 134 893)</u>
Net balance		
Rates	5 953 255	5 261 686
Water	-	-
Refuse	88 900	294 982
Sundry	29 948	137 975
	<u>6 072 103</u>	<u>5 694 643</u>
Rates		
Current (0 -30 days)	1 197 765	1 104 148
31 - 60 days	897 087	813 116
61 - 90 days	984 005	763 510
91 - 120 days	690 810	741 841
121 - 365 days	10 389 181	12 788 845
	<u>14 158 848</u>	<u>16 211 460</u>
Water		
> 120 days	<u>286</u>	<u>286</u>
Refuse		
Current (0 -30 days)	21 853	39 882
31 - 60 days	12 338	30 601
61 - 90 days	9 193	27 953
91 - 120 days	8 135	27 156
121 - 365 days	285 890	1 301 879
	<u>337 409</u>	<u>1 427 471</u>
Other (sundry)		
Current (0 -30 days)	(823 981)	(758 175)
31 - 60 days	5 544	-
61 - 90 days	1 208	73
91 - 120 days	-	-
> 120 days	1 009 521	1 948 421
	<u>192 292</u>	<u>1 190 319</u>
Reconciliation of debt impairment provision		
Balance at beginning of the year	(13 134 893)	(10 247 435)
Bad debts written off	9 404 603	-
Contributions to provision	(4 886 442)	(2 887 458)
	<u>(8 616 732)</u>	<u>(13 134 893)</u>

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R Restated
13. Consumer debtors (continued)		
Consumer debtors pledged as security		
Consumer debtors have not been pledged as security or encumbered in any way.		
Consumer debtors past due but not impaired		
Consumer debtors which show a history of payment are not considered to be impaired. At 30 June 2012, R4 852 485 (2011: R4 550 612) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
Amounts not past due or impaired	1 219 618	1 144 031
Amounts past due but not impaired	4 852 485	4 550 612
Amounts past due and impaired	8 616 732	13 134 893
	14 688 835	18 829 536
Consumer debtors impaired		
As of 30 June 2012, consumer debtors of R8 616 732 (2011: R13 134 893) were impaired and provided for.		
The amount of the provision was R8 616 732 as of 30 June 2012 (2011: R13 134 893).		
14. Other receivables from exchange transactions		
Deposits	737	737
Consumer Refunds	-	8 593
Sundry services (sundry debtors)	18 426	907 941
Accrued Interest	11 740	9 633
	30 903	926 904
15. Cash and cash equivalents		
Cash and cash equivalents consist of: cash on hand, bank balances as well as short term deposits.		
Cash on hand	2 100	2 100
Bank balances	40 136 765	10 959 509
Short-term deposits	24 688 941	23 660 562
	64 827 806	34 622 171

15. Cash and cash equivalents (continued)

The municipality had the following bank accounts:

Account number / description	Bank statement balances		Cash book balances	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
First National Bank: 51660362710 : Cheque Account	40 129 910	10 946 014	40 129 910	10 947 027
Absa Bank: 4062409321 : Cheque Account	6 855	12 482	6 855	12 482
First National Bank: 62241428798 : Money Market	10 382	10 278	10 382	10 278
ABSA Bank: 9147522394 : Call Account	156 737	151 794	156 737	151 794
ABSA Bank: 9127331781 : Call Account	143 209	138 693	143 209	138 693
ABSA Bank: 9147523015 : Call Account	74 097	71 760	74 097	71 760
ABSA Bank: 9147523201 : Call Account	17 155	17 137	17 155	17 137
ABSA Bank: 9147523324 : Call Account	54 006	53 951	54 006	53 951
ABSA Bank: 9129607037 : Call Account	30 135	29 331	30 135	29 331
ABSA Bank: 9143291852 : Call Account	13 326	13 313	13 326	13 313
ABSA Bank: 9143291690 : Call Account	70 290	70 219	70 290	70 219
ABSA Bank: 9143291420 : Call Account	118 122	118 003	118 122	118 003
ABSA Bank: 9064276678 : Call Account	8 286	8 282	8 286	8 282
ABSA Bank: 9129606316 : Call Account	615 040	598 630	615 040	598 630
ABSA Bank: 9143117072 : Call Account	8 950	8 945	8 950	8 945
ABSA Bank: 9143294193 : Call Account	166 862	166 695	166 862	166 695
ABSA Bank: 9188335792 : Call Account	12 267	12 255	12 267	12 255
ABSA Bank: 9091141107 : Call Account	8 366	8 082	8 366	8 082
First National Bank: 62051600932 : Call Account	12 316 236	11 845 898	12 316 236	11 845 898
First National Bank: 62053113230 : Call Account	28 569	28 284	28 569	28 284
First National Bank: 61166894638 : Call Account	3 000	3 002	3 000	3 002
First National Bank: 62228422060 : Money Market	10 470	10 366	10 470	10 366
First National Bank: 62228428331 : Money Market	10 470	10 366	10 470	10 366
Investec: 1100463208450	10 812 966	10 285 278	10 812 966	10 285 278
	64 825 706	34 619 058	64 825 706	34 620 071

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

	2012 R	2011 R Restated
16. Revenue		
Rendering of services	135 244	198 964
Property rates	11 926 746	8 792 488
Property rates - Penalties imposed and collection charges	1 978 314	1 596 805
Service charges	500 419	515 747
Rental of facilities & equipment	41 606	60 873
Subsidies	1 267 963	2 465 532
Income from agency services	508 495	405 386
Fines	212 650	228 900
Government grants	77 210 615	54 883 562
Other revenue	283 957	192 527
Interest received	1 462 441	901 938
	<u>95 528 450</u>	<u>70 242 722</u>
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	135 244	198 964
Service charges	500 419	515 747
Rental of facilities & equipment	41 606	60 873
Income from agency services	508 495	405 386
Miscellaneous other revenue	283 957	192 527
	<u>1 469 721</u>	<u>1 373 497</u>
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	11 926 746	8 792 488
Property rates - Penalties imposed and collection charges	1 978 314	1 596 805
Fines	212 650	228 900
Subsidies	1 267 963	2 465 532
Government grants	77 210 615	54 883 562
	<u>92 596 288</u>	<u>67 967 287</u>
17. Property rates		
Rates raised		
Residential	2 175 530	2 685 225
Commercial	9 279 936	7 336 337
State	709 941	119 157
Agricultural	6 670 049	5 790 612
Municipal	148 782	134 996
Vacant land	482 562	446 598
Other	363 015	476 103
	19 829 815	16 989 028
Property rates - rebates	(7 903 069)	(8 196 540)
	<u>11 926 746</u>	<u>8 792 488</u>

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

	2012 R	2011 R Restated
17. Property rates (Continued)		
Valuations		
Residential	1 398 985 631	1 349 291 172
Commercial	643 314 236	579 762 236
Municipal	47 436 628	25 827 164
Small holdings and farms	2 207 170 079	2 130 422 359
Other (Multi-purpose and communal land)	632 836 923	662 918 423
Vacant Land (Other than residential property)	83 961 480	84 860 580
Public worship	17 762 292	17 762 292
Public benefit organisations	6 830 000	830 000
Public service infrastructure	7 490 734	7 750 118
Schools	129 841 496	23 480 296
	<u>5 175 629 499</u>	<u>4 882 904 640</u>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2009.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Assessment rates are determined by applying the following cents in the rand on the market valuation:

Agriculture properties used for agriculture purposes	0.00146	0.00135
Business and commercial properties	0.0058	0.0054
Industrial properties	0.0058	0.0054
Municipal properties, land reform, informal settlements, public worship	0.0058	0.0054
Public service infrastructure and public benefit organisations	0.00146	0.00135
Residential properties	0.0058	0.0054
Vacant land (Residential)	0.0058	0.0054

Rebates are granted to:

MPRA Phase in	25%	50%
Public benefit organisations, schools, churches, places of worship, communal land and municipal property	100%	100%
Private Developed Estates	30%	
Public Service Infrastructure	30%	30%

The first R15 000 of the valuation of residential properties are exempt from the calculation of rates.

Khethani residents are exempt from Rates and services for 2011/2012 as approved by Council.

Pensioners receive a 50% on application.

Rates are levied on an annual basis with the final date for payment being 30 June 2012 (2010: 30 June 2011).

Interest at a fixed rate of 18% per annum (2011: 18%) is levied on rates outstanding two months after due date.

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

	2012 R	2011 R Restated
18. Other revenue		
Business licences	4 896	-
Commission	66 337	72 445
Fees for photocopies and subscriptions	21 874	22 145
Fines	1 200	73
Lost books	94	-
Rates clearance	16 752	5 694
Sundry	3 292	69 920
Tenders	169 250	22 250
Valuation roll	262	-
	<u>283 957</u>	<u>192 527</u>
19. Government grants		
Equitable share	54 262 000	44 542 328
Finance management grant	1 258 479	1 200 000
MPCC grant	552 942	-
Valuation roll grant	-	1 500 000
Management assistance programme grant	-	227 236
MSIG	527 683	750 000
Spatial planning	-	2 000
Municipal Infrastructure Grant (MIG)	15 952 699	6 464 230
Small town rehab grant	2 435 083	77 368
NER - Electrification of households	189 962	-
Amazizi 2 housing grant	-	120 400
VAT recovery	2 031 767	-
	<u>77 210 615</u>	<u>54 883 562</u>
19.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current-year receipts	54 262 000	44 542 328
Conditions met - transferred to revenue	(54 262 000)	(44 542 328)
	<u>-</u>	<u>-</u>
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.</p>		
19.2 Finance management grant		
Balance unspent at beginning of year	-	-
Current-year receipts	1 450 000	1 200 000
Conditions met - transferred to revenue	(1 258 479)	(1 200 000)
VAT recovery	(24 342)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>167 179</u>	<u>-</u>
<p>This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. No funds were withheld.</p>		
19.3 Performance management system grant		
Balance unspent at beginning of year	40 320	40 320
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>40 320</u>	<u>40 320</u>
<p>This grant was used to develop and implement the performance management system. No funds were withheld.</p>		

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

	2012 R	2011 R Restated
19. Government grants (continued)		
19.4 MPCC grant		
Balance unspent at beginning of year	1 491	1 491
Current-year receipts	1 167 000	-
Conditions met - transferred to revenue	(552 942)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>615 549</u>	<u>1 491</u>
The grant was used to pay the salary of the multi purpose community centre manager. No funds were withheld.		
19.5 Valuation roll grant		
Balance unspent at beginning of year	-	-
Current-year receipts	-	1 500 000
Conditions met - transferred to revenue	-	(1 500 000)
	<u>-</u>	<u>-</u>
19.6 Management assistance programme grant		
Balance unspent at beginning of year	-	227 236
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(227 236)
	<u>-</u>	<u>-</u>
19.7 Gijima KZN - Baseline study grant		
Balance unspent at beginning of year	46 438	46 438
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>46 438</u>	<u>46 438</u>
The grant is used for the local economic development study. No funds were withheld.		
19.8 Municipal systems improvement grant (MSIG)		
Balance unspent at beginning of year	-	-
Current-year receipts	790 000	750 000
Conditions met - transferred to revenue	(527 683)	(750 000)
VAT recovery	(73 876)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>188 441</u>	<u>-</u>
The grant was used for the development of the valuation roll. No funds were withheld.		
19.9 Spatial planning grant		
Balance unspent at beginning of year	32 848	34 848
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(2 000)
Conditions still to be met - transferred to liabilities (see note 8)	<u>32 848</u>	<u>32 848</u>
This grant is for development and improvement of Municipality's spatial planning. No funds were withheld.		

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

	2012 R	2011 R Restated
19. Government grants (continued)		
19.10 Municipal infrastructure grant (MIG)		
Balance unspent at beginning of year	10 229 071	4 333 301
Current-year receipts	19 153 000	12 360 000
Conditions met - transferred to revenue	(15 952 699)	(6 464 230)
VAT recovery	(1 607 772)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>11 821 600</u>	<u>10 229 071</u>
<p>This grant is for implementation of projects approved by MIG. No funds were withheld.</p>		
19.11 Refuse disposal site grant		
Balance unspent at beginning of year	1 212 765	1 212 765
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>1 212 765</u>	<u>1 212 765</u>
<p>This grant is the for the feasibility study and acquisition of the land for the refuse disposal site. No funds were withheld.</p>		
19.12 Cemetery grant		
Balance unspent at beginning of year	68 692	68 692
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>68 692</u>	<u>68 692</u>
<p>This grant is the for the feasibility study and acquisition of the land for the cemetery. No funds were withheld.</p>		
19.13 Integrated development plan grant - capital		
Balance unspent at beginning of year	752	752
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>752</u>	<u>752</u>
<p>This grant was used for community participation during development of IDP document. No funds were withheld.</p>		
19.14 Transitional grant		
Balance unspent at beginning of year	16 859	16 859
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>16 859</u>	<u>16 859</u>
<p>This grant was to assist with the transition from a transitional local council to the local municipalities. No funds were withheld.</p>		

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

	2012 R	2011 R Restated
19. Government grants (continued)		
19.15 Small Town rehabilitation grant		
Balance unspent at beginning of year	5 522 632	-
Current-year receipts	-	5 600 000
Conditions met - transferred to revenue	(2 435 083)	(77 368)
VAT recovery	(299 182)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>2 788 367</u>	<u>5 522 632</u>
This grant is for the beautification of Winterton. No funds were withheld.		
19.16 Pound grant		
Balance unspent at beginning of year	1 000 000	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>1 000 000</u>	<u>1 000 000</u>
This grant is for the creation and running of a pound. No funds were withheld.		
19.17 NER - electrification of households		
Balance unspent at beginning of year	-	-
Current-year receipts	7 480 000	-
Conditions met - transferred to revenue	(189 962)	-
VAT recovery	(26 595)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>7 263 443</u>	<u>-</u>
This grant is for electrification of households. No funds were withheld.		
19.18 Enhlanhleni housing grant		
Balance unspent at beginning of year	8 499 300	8 499 300
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>8 499 300</u>	<u>8 499 300</u>
This grant is for the construction of housing. No funds were withheld.		
19.19 Amazizi 2 housing grant		
Balance unspent at beginning of year	794 870	915 270
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(120 400)
Prior year adjustment	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>794 870</u>	<u>794 870</u>
This grant is for the construction of housing. No funds were withheld.		

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

	2012 R	2011 R Restated
19. Government grants (continued)		
19.20 Door of hope housing grant		
Balance unspent at beginning of year	94 200	94 200
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>94 200</u>	<u>94 200</u>

This grant is for the construction of housing. No funds were withheld.

19.21 Langkloof and Guguletu housing grant

Balance unspent at beginning of year	748 181	748 181
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>748 181</u>	<u>748 181</u>

This grant is for the construction of housing. No funds were withheld.

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

	2012 R	2011 R Restated
20. General expenses		
Advertising	433 255	221 870
Arts & Culture	98 254	5 228
Assets expensed	33 478	3 467
Auditors remuneration	801 788	955 568
Bank charges	145 448	136 374
Communication & public relations	301 215	-
Community outreach	56 400	100 725
Conferences and seminars	28 173	-
Contract fees	5 786	-
Consulting and professional fees	4 147 473	4 744 879
Consumables	777 792	331 422
Co-operatives	62 900	-
Electricity and water	1 082 355	682 625
Exhibitions	24 500	18 345
Free electricity	542 721	404 175
Fuel and oil	1 128 695	621 102
Gender issues	6 050	-
Grant expenditure	1 455 227	120 400
Indigent support	1 087 586	-
Insurance	155 352	210 974
IT expenses	242	57 144
Legal fees	343 021	735 745
Local Economic Development	-	803 007
Loss on disposal of assets	-	193 951
Marketing	23 296	-
Medical expenses	80 379	60 295
Pauper burials	122 432	9 825
Performance management system	146 232	-
Postage and courier	61 734	21 842
Printing and stationery	335 293	347 137
Rental	1 875 793	1 666 162
Royalties and Licence fees	2 095	14 395
Safety/ security	1 105 468	628 373
Scholar Patrol	68 000	54 320
Sports promotions	185 718	-
Staff welfare	78 977	24 095
Strategic planning	10 557	-
Sundry expenses	235	13 506
Telephone and fax	964 613	619 462
Traffic signs & roadmarking	16 368	-
Training	331 511	308 619
Under/over banking	-	128
Valuation expenses	30 000	902 883
Ward committees	175 395	-
Workmens Compensation	-	112 035
	<u>18 331 807</u>	<u>15 130 078</u>

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

	2012 R	2011 R Restated
21. Employee related costs		
Basic	15 642 057	14 829 432
Bonus	1 264 544	1 120 764
Medical aid - company contributions	573 436	521 780
UIF	159 769	120 662
SDL	185 096	148 305
Leave pay provision charge	168 979	223 783
Post-employment benefits - Pension	1 878 393	1 578 328
Housing, standby, uniform, subsistence and other allowances	1 069 169	471 674
Overtime payments	523 595	-
Transport allowance	893 075	731 207
Protective clothing	89 009	72 928
Bargaining Council	5 723	6 176
	<u>22 452 845</u>	<u>19 825 039</u>
Remuneration of Municipal Manager		
Annual Remuneration	514 475	270 269
Car Allowance	44 697	82 660
	<u>559 172</u>	<u>352 929</u>
Remuneration of Chief Finance Officer		
Annual Remuneration	362 977	356 175
Car Allowance	60 000	84 000
Leave sold	81 806	-
	<u>504 783</u>	<u>440 175</u>
Remuneration of Director Social Services		
Annual Remuneration	182 234	353 938
Car Allowance	30 559	91 677
Leave sold	92 389	-
	<u>305 182</u>	<u>445 615</u>
Remuneration of Director Technical Services		
Annual Remuneration	275 445	220 769
Car Allowance	45 000	52 500
Leave sold	42 761	-
	<u>363 206</u>	<u>273 269</u>
Remuneration of Director Corporate Services		
Annual Remuneration	-	35 793
Car Allowance	-	16 672
	<u>-</u>	<u>52 465</u>
22. Remuneration of councillors		
Mayor	613 662	531 599
Deputy Mayor	486 747	389 733
Exco	720 696	617 298
Speaker	478 875	406 648
Councillors	3 989 771	3 208 460
Travel Allowances	-	65 309
UIF & SDL	43 156	40 020
	<u>6 332 907</u>	<u>5 259 067</u>
In-kind benefits		
The Mayor has the use of a separate Council owned vehicles for official duties. The Mayor has two full-time bodyguards (2011 two full-time bodyguards).		
23. Debt impairment		
Debt impairment	4 886 442	2 887 458
	<u>4 886 442</u>	<u>2 887 458</u>

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

	2012 R	2011 R Restated
24. Investment revenue		
Interest revenue	1 462 441	901 938
	<u>1 462 441</u>	<u>901 938</u>
25. Depreciation and amortisation		
Property, plant and equipment	4 456 988	5 039 361
Intangible assets	21 175	52 764
	<u>4 478 163</u>	<u>5 092 125</u>
Refer to reconciliation of carrying amounts in note 11 and 12 for further details. Depreciation and amortisation is calculated over the useful life of the asset and reflects the realisation of that asset through continued use.		
26. Finance costs		
Non-current liabilities	<u>678 930</u>	<u>910 652</u>
27. Auditors' remuneration		
Fees	<u>801 788</u>	<u>955 568</u>
28. Contracted services		
Information Technology Services	<u>-</u>	<u>-</u>
29. Cash generated from (used in) operations		
Surplus (deficit)	34 599 557	8 684 803
Adjustments for:		
Depreciation and amortisation	4 478 163	5 092 125
Interest received	(1 462 441)	(901 938)
Finance costs	678 930	910 652
Prior year adjustment		(358 273)
Increase in provision for debt impairment	(4 518 161)	2 887 458
Impairment of assets	1 867 723	11 151 765
Contribution to retirement benefit obligation	49 172	67 826
Contribution to landfill provision	250 916	369 599
Loss of disposal of assets	-	193 951
<i>Working Capital Movements</i>		
Trade and other receivables from exchange transactions	896 001	(890 904)
Consumer debtors	4 140 701	(5 676 655)
VAT receivable	(228 502)	1 767 106
Trade and other payables from exchange transactions	2 232 135	2 381 808
Unspent conditional grants and receipts	7 091 385	12 068 766
Movements in operating lease assets and accruals	385 119	463 119
	<u>50 460 698</u>	<u>38 211 208</u>

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R Restated
30. Capital Commitments		
Commitments in respect of capital expenditure:		
Approved and contracted for	24 678 472	6 737 220
Approved but not yet contracted for	11 866 581	18 825 780
	<u><u>36 545 053</u></u>	<u><u>25 563 000</u></u>
This expenditure will be financed as follows:		
Grant funded	<u><u>36 545 053</u></u>	<u><u>25 563 000</u></u>
31. Contingencies		
31.1 Contingent assets		
No contingent assets exist for 2012 (2011 R: nil)		
31.2 Contingent liabilities		
No contingent liabilities exist for 2012 (2011 R: nil)		
32. Unauthorised, Irregular, Fruitless and Wasteful expenditure		
32.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Contracts	43 914	-
Tender	193 953	-
Quotation	132 769	-
General expenditure	-	2 423 815
Depreciation	-	2 130 125
Approved / condoned by Council	-	(4 553 940)
To be condoned by Council	<u><u>370 636</u></u>	<u><u>-</u></u>

Incidents - 2010/11

The unauthorised expenditure relates to expenditure incurred that exceeded the budget. Furthermore it should be noted that depreciation expenditure is non-cash in nature and the over expenditure under general expenses relates to the impairment of assets which is also a non-cash item.

Incidents - 2011/12

Contracts & Tender

This relates to expenditure incurred that exceeded the budgeted amount and SCM processes not followed for suppliers who were not registered on the suppliers database.

Quotations

This relates to burial assistance to indigent and contributions towards Councillor's funeral.

Unauthorised expenditure in the amount of R4 553 940 was approved by Council on 29 August 2011.

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R Restated
32. Unauthorised, Irregular, Fruitless and Wasteful expenditure (continued)		
32.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure for the current year	30 290	-
Quotation	15 743	-
Organ of state	14 547	-
Approved / condoned by Council	-	-
To be condoned by Council	<u>30 290</u>	<u>-</u>

Incidents - 2011/12

Quotations

This relates to furniture paid for but never received, interview S&T claim where interview did not take place and refunding S&T for interviewee attendees.

Organ of state

This relates to interest paid as a result of the Municipality paying suppliers late.

32.3 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	78 595	-
Irregular expenditure for the current year	22 675 397	1 428 229
Contracts	2 451 301	780 000
Incurred by former Municipal Manager	-	286 795
Tender	2 632 471	
Quotation/ Orders	3 212 554	282 839
In the service of the state	557 222	78 595
Forensic investigation	13 821 849	-
Approved / condoned by Council	<u>(3 091 071)</u>	<u>(1 349 634)</u>
To be condoned by Council	<u>19 662 921</u>	<u>78 595</u>

Incidents - 2010/11

Contracts

This relates to expenditure in the amount of R780 000 relating to the office building incurred in contravention of section 33 (1) of the MFMA. Possible irregular expenditure in the amount of R11 651 191 may be incurred in future years if the lease cannot be cancelled.

Incurred by the former Municipal Manager

This relates to expenditure that was irregularly incurred by the former Municipal Manager.

Quotation

This relates to expenditure that was incurred without obtaining three quotations.

In the service of the state

This relates to payments were made to suppliers who are in the service of the state.

Action

Contracts - The matter is under forensic investigation and in the process of seeking a legal option on possible cancellation of the lease.

Incurred by the former MM - As a result of this incident the former Municipal Manager, Mr SD Dube was dismissed.

Quotation - Motivation memorandums were attached to each payment voucher.

Irregular expenditure in the amount of R1 349 634 was approved by Council on 29 August 2011.

2012
R

2011
R
Restated

32. Unauthorised, Irregular, Fruitless and Wasteful expenditure (continued)

32.3 Irregular expenditure (continued)

Incidents - 2011/12

Contracts

This relates to expenditure in the amount of R1 038 404 relating to the office building incurred in contravention of section 33 (1) of the MFMA. Possible irregular expenditure in the amount of R9 944 952 may be incurred in future years if the lease cannot be cancelled.

The balance relates to expenditure in that was incurred where the supplier was not registered on the supplier database.

Tender

This relates to expenditure that was incurred where the contract was extended without following the correct process and expenditure incurred where SCM processes were not followed.

Quotation/ Orders

This relates to expenditure in the amount of R582 428 that was incurred where less than three were quotations obtained and expenditure in the amount of R2 630 126 relating to orders between R30 000 and R200 000 that was incurred without applying the 80/20 preference point system.

In the service of the state

This relates to payments were made to suppliers who are in the service of the state.

Forensic investigation

As a result of expenditure incurred prior to 2010/2011 in the amount of R12 710 022 not being supported by documentation, an investigation was instituted by the Municipality (led by the Administrator) as there was a clear indication of fraud relating to the disappearance of documentation. The scope of the investigation is broader than the amount above and covers expenditure for 2007/2008, 2008/2009 and 2009/2010. During the 2011/2012 financial year reports were released by the forensic investigation confirming irregular expenditure in the amount of R13 821 949 and criminal cases have to be reported to the SAPS regarding this. The investigation is ongoing.

Action

Irregular expenditure will be condoned by Council and the forensic investigation continues.

33. Additional disclosure in terms of Municipal Finance Management Act (Act no. 56 of 2003)

33.1 Audit fees

Opening balance	20 742	-
Current year fee	807 674	955 568
Amount paid - current year	(822 530)	(934 826)
Balance unpaid (included in trade payables)	<u>5 886</u>	<u>20 742</u>

33.2 PAYE and UIF

Opening balance	-	-
Current year fee	3 020 912	2 455 487
Amount paid - current year	(3 020 912)	(2 455 487)
Balance unpaid (included in trade payables)	<u>-</u>	<u>-</u>

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

	2012 R	2011 R Restated
33. Additional disclosure in terms of Municipal Finance Management Act (Act no. 56 of 2003) (continued)		
33.3 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year subscription	2 451 829	2 100 108
Amount paid - current year	<u>(2 451 829)</u>	<u>(2 100 108)</u>
Balance unpaid (included in trade payables)	<u>-</u>	<u>-</u>
33.4 VAT		
VAT received	<u><u>3 703 132</u></u>	<u><u>4 380 528</u></u>
VAT output payables and VAT input receivables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.		
33.5 Councillors' arrear consumer accounts		
No Councillor's were in arrears as at 30 June 2012:		
Ebrahim Suliman Asmal	<u><u>-</u></u>	<u><u>15 728</u></u>
33.6 Supply chain management regulations		
In terms of regulation 36 of the Municipal Supply Chain Management Regulations any deviations from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by the Council. The expenses incurred as listed hereunder have been not been condoned as yet.		
Total amount considered	992 355	-
Total amount condoned	-	-
Deviations awaiting authorisation	<u><u>992 355</u></u>	<u><u>-</u></u>
In terms of regulation 45 of the Municipal Supply Chain Management Regulations the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.		
An award was made to Megazone 159 cc which is owned by the spouse of a person in the service of the state.		
Name of the person in the service of the state	Robyn Elizabeth Mare-Smit	
Capacity in which the person is in the service of the state	Enrolled Nurse - Public Health	
Amount of the award	<u><u>16 049</u></u>	<u><u>-</u></u>

34. Financial risk management

Financial Risk Management Objectives

Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating to interest rate risk.

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

	2012 R	2011 R Restated
34. Financial risk management (continued)		
34.1 Maximum credit risk exposure		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit risk exposure in respect of the relevant financial instruments is as follows:		
Cash and Cash Equivalents	64 827 806	34 622 171
Trade and other receivables	6 103 006	6 621 547
Maximum Credit Exposure	<u>70 930 812</u>	<u>41 243 718</u>
34.2 Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Unspent Grants are cash backed. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
The table below analyses the municipality's financial liabilities into amounts due within the 12 months after financial year end. The amounts disclosed in the table are the contractual undiscounted cash flows.		
Trade and other payables	5 638 463	3 585 261
Other: Lease obligations	3 448 118	2 586 589
Maximum Liquidity Exposure	<u>9 086 581</u>	<u>6 171 850</u>
34.3 Interest rate risk		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. At year end, financial instruments exposed to interest rate risk were as follows:		
Bank Balances and Cash	64 827 806	34 622 171
Maximum Interest Exposure	<u>64 827 806</u>	<u>34 622 171</u>
34.4 Other price risk		
Due to legislative restrictions, the municipality does not trade these investments.		
35. Related parties		
No transactions were entered into with related parties during 2012. The related party disclosed in the prior year is no longer a Council member (since May 2011).		
36. Reconciliation of budget surplus with the surplus in the statement of financial performance		
Net surplus per the statement of financial performance	34 599 557	
Adjusted for:		
Impairments recognised	1 867 723	
Deficit on the sale of assets	-	
Increase in provisions	(4 518 161)	
Variance between revenue budgeted for and revenue received	22 156 790	
Variance between expenditure budgeted for and expenditure incurred	(22 662 909)	
Net surplus per approved budget	<u>31 443 000</u>	

Refer to Note 38 for the comparison of actual operating expenditure versus budgeted expenditure.

**OKHAHLAMBA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**2012
R**

**2011
R
Restated**

37. Events after reporting date

The following significant events were identified after the reporting date that requires disclosure in the financial statements for the year ended 30 June 2012:

Auction of assets

An auction was held on 2 August 2012, 13 assets with a book value of R940 896 were disposed of for a total amount of R1 035 300.

Development Agency

The Municipality is in the process of establishing a Development Agency. The agency will assist with the following:

Catalytic LED projects.

Attract investors into the area.

Developing a marketing strategy for Okhahlamba's World Heritage Site.

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

38. Actual operating expenditure versus budgeted operating expenditure

Description	2011/12 Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Explanation of significant Variances greater than 10% versus Final Budget
	R	R	R	R	R	R	%	%	
Financial Performance									
Revenue	92 453 475	20 713 604	113 167 079	95 528 450		(17 638 629)	84%	103%	
Total Revenue (excluding capital transfers & contributions)	92 453 475	20 713 604	113 167 079	95 528 450		(17 638 629)	84%	103%	
Employee costs	30 905 897	(2 047 857)	28 858 040	22 452 845	-	(72 288)	78%	73%	Vacant positions were not filled for the most part of the year
Councillors allowances	32 494 579	16 831 460	49 326 039	6 332 907	-	(18 782 886)	62%	94%	
General expenditure	3 840 000	(300 000)	3 540 000	30 543 153	-	(1 940 012)	45%	42%	Most plant, equipment and motor vehicles were too old to be repaired and were subsequently auctioned
Repairs and maintenance	67 240 476	14 483 603	81 724 079	60 928 893	-	(20 795 186)	75%	91%	
Total Expenditure	67 240 476	14 483 603	81 724 079	60 928 893	-	(20 795 186)	75%	91%	
Surplus/(Deficit)	25 212 999	6 230 001	31 443 000	34 599 557		3 156 557	110%	137%	
Transfers recognised - capital	(24 893 000)	(6 550 000)	(31 443 000)	-		31 443 000	0%	0%	
Contributions recognised - capital & contributed assets									
Surplus/ (Deficit) after capital transfers & contributions	319 999	(319 999)	-	34 599 557		34 599 557			
Capital expenditure & funds sources									
Transfers recognised - capital	24 893 000	6 550 000	31 443 000	19 567 667		(11 875 333)	62%	79%	Lack of capacity in the Technical department resulted in a delay in the completion of capital projects.
Transfers recognised - capital (from Equitable Share)									
Public contributions & donations									
Borrowing									
Internally generated funds									
Total sources of capital funds	24 893 000	6 550 000	31 443 000	19 567 667	-	(11 875 333)	62%	79%	

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

39. Actual capital expenditure versus budgeted capital expenditure

	2012	2012	2012	2012	Explanation of significant variances greater than 5% versus Budget
	Actual	Budget	Variance	Variance	
Council general	15 820 893	-	15 820 893	100%	Relates to Infrastructure budgeted for under Technical
LED	995	-	995	100%	
Municipal Manager	12 849	-	12 849	100%	
Corporate services	790 615	1 680 000	(889 385)	-53%	
Financial services	694 563	200 000	494 563	247%	Relates to Infrastructure budgeted for under Technical
Tourism	1 100	-	1 100	100%	Relates to Infrastructure budgeted for under Technical
Library	2 888	-	2 888	100%	Relates to Infrastructure budgeted for under Technical
Museum	28 702	-	28 702	100%	Relates to Infrastructure budgeted for under Technical
Public health	4 277	-	4 277	100%	Relates to Infrastructure budgeted for under Technical
Social services	18 013	200 000	(181 987)	-91%	
Traffic	13 174	-	13 174	100%	Relates to Infrastructure budgeted for under Technical
Technical	2 179 598	29 363 000	(27 183 402)	-93%	
Housing development	-	-	-	0%	
	19 567 667	31 443 000	(11 875 333)		

OKHAHLAMBA LOCAL MUNICIPALITY
APPENDIX A - SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2012

	Redeemable	Balance at 30/06/2011 (Restated)	Received during the year	Redeemed or written off during the year	Balance at 30/06/2012
External Loans					
 Annuity Loan					
Winterton Farmers association	2014	9 450	-	-	9 450
Lease liability					
Vehicles @ 14.5%	2014	5 140 523	-	(1 814 423)	3 326 100
Photocopiers	2013 - 2014	717 751	619 407	(399 012)	938 146
		5 858 274	619 407	(2 213 435)	4 264 246
TOTAL		5 867 724	619 407	(2 213 435)	4 273 696

OKHAHLAMBA LOCAL MUNICIPALITY
APPENDIX B - ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2012

	Cost					Accumulated Depreciation					Carrying Value R
	Opening Balance R	Additions R	Projects Released R	Disposals R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Impairment/ (Reversal) of impairment loss R	Closing Balance R	
Land	1 135 197	-		-	1 135 197	-	-	-	-	-	1 135 197
Buildings											-
Buildings - Dwelling	911 933	-	-	-	911 933	(652 488)	(12 428)	-	-	(664 916)	247 017
Buildings - Non residential dwellings	12 031 933	56 064	9 910 604	-	21 998 601	(6 242 584)	(432 983)	-	(388 825)	(7 064 392)	14 934 209
Assets under construction	7 010 049	8 064 647	(9 910 604)	-	5 164 092	-	-	-	-	-	5 164 092
	19 953 915	8 120 711	-	-	28 074 626	(6 895 072)	(445 411)	-	(388 825)	(7 729 308)	20 345 318
Infrastructure											
Roads	40 520 926	-	3 964 865	-	44 485 791	(13 066 233)	(1 225 071)	-	(495 943)	(14 787 247)	29 698 544
Solid Waste Disposal	1 749 643	101 500	-	-	1 851 143	(357 583)	(353 214)	-	-	(710 797)	1 140 346
Cemeteries	30 548	-	-	-	30 548	(8 576)	(1 002)	-	-	(9 578)	20 970
Assets under construction	77 368	9 587 896	(3 964 865)	-	5 700 399	-	-	-	-	-	5 700 399
	42 378 485	9 689 396	-	-	52 067 881	(13 432 392)	(1 579 287)	-	(495 943)	(15 507 622)	36 560 259
Other Assets											
Furniture and Office equipment	972 586	505 219	-	-	1 477 805	(415 282)	(151 740)	-	(19 390)	(586 412)	891 393
Computer Equipment	1 707 920	123 345	-	-	1 831 265	(817 142)	(257 346)	-	(52 697)	(1 127 185)	704 080
Machinery and Equipment	1 886 036	114 348	-	-	2 000 384	(578 865)	(155 479)	-	(763 714)	(1 498 058)	502 326
Leased assets	8 830 726	619 407	-	(197 844)	9 252 289	(3 528 997)	(1 693 639)	197 844	-	(5 024 792)	4 227 497
Motor vehicles	1 786 765	395 241	-	-	2 182 006	(1 140 060)	(174 086)	-	(147 154)	(1 461 300)	720 706
	15 184 033	1 757 560	-	(197 844)	16 743 749	(6 480 346)	(2 432 290)	197 844	(982 955)	(9 697 747)	7 046 002
Total	78 651 630	19 567 667	-	(197 844)	98 021 453	(26 807 810)	(4 456 988)	197 844	(1 867 723)	(32 934 677)	65 086 776

OKHAHLAMBA LOCAL MUNICIPALITY
APPENDIX C - SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost / Revaluation			Accumulated Depreciation					Carrying value R	
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Impairment loss/Reversal of impairment loss R		Closing Balance R
Council General	22 942 813	15 820 893	-	38 763 706	(7 258 485)	(907 041)	-	(388 314)	(8 553 840)	30 209 866
L.E.D.	42 043	995	-	43 038	(19 920)	(5 174)	-	(106)	(25 200)	17 838
Municipal Manager	236 222	12 849	-	249 071	(111 122)	(54 101)	-	(541)	(165 764)	83 307
Corporate Services	11 208 809	790 615	-	11 999 424	(4 444 491)	(1 723 143)	-	(919 790)	(7 087 424)	4 912 000
Financial Services	1 713 373	694 563	(32 237)	2 375 699	(859 676)	(395 811)	32 237	(12 485)	(1 235 735)	1 139 964
Tourism	126 921	1 100	-	128 021	(31 572)	(32 586)	-	(3 497)	(67 655)	60 366
Library: Bergville	216 545	2 888	-	219 433	(60 368)	(52 573)	-	(436)	(113 377)	106 056
Museum: Winterton	-	28 702	-	28 702	-	(2 284)	-	-	(2 284)	26 418
Public Health: Bergville	142 760	4 277	-	147 037	(40 195)	(16 271)	-	(3 413)	(59 879)	87 158
Social Services	418 101	18 013	(165 607)	270 507	(215 752)	(38 515)	165 607	(21 325)	(109 985)	160 522
Traffic: Okhahlamba	411 010	13 174	-	424 184	(319 875)	(22 024)	-	(1 532)	(343 431)	80 753
Sport & Recreation	7 200	-	-	7 200	(4 391)	(722)	-	-	(5 113)	2 087
Technical Services	41 494 434	2 179 598	-	43 674 032	(13 656 626)	(1 225 496)	-	(516 220)	(15 398 342)	28 275 690
Housing Development	14 794	-	-	14 794	(3 019)	(2 423)	-	(64)	(5 506)	9 288
Total	78 975 025	19 567 667	(197 844)	98 344 848	(27 025 492)	(4 478 164)	197 844	(1 867 723)	(33 173 535)	65 171 313

OKHAHLAMBA LOCAL MUNICIPALITY
APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 Actual Revenue R	2011 Actual Expenditure R	2011 (Surplus)/ Deficit R		2012 Actual Revenue R	2012 Actual Expenditure R	2012 (Surplus)/ Deficit R
(56 507 052)	19 830 155	(36 676 897)	Council general	(68 274 856)	16 745 159	(51 529 697)
(229 344)	1 493 433	1 264 089	Municipal Manager	(62 340)	2 422 906	2 360 566
(151 143)	11 142 071	10 990 928	Corporate services	(216 034)	12 306 848	12 090 814
(2 889 087)	11 432 384	8 543 297	Financial services	(3 420 622)	9 246 415	5 825 793
(57 729)	700 942	643 213	Tourism	(66 224)	718 144	651 920
(22 110)	625 463	603 353	Library	(341 686)	678 631	336 945
-	270 142	270 142	Museum	(125 000)	291 549	166 549
(2 377 982)	1 694 884	(683 098)	Public health	(554 569)	2 076 836	1 522 267
-	1 160 893	1 160 893	Social services	(500 000)	1 578 973	1 078 973
(631 566)	1 753 878	1 122 312	Traffic	(721 945)	1 667 648	945 703
-	720	720	Sports and recreation	-	722	722
(515 747)	3 924	(511 823)	Refuse	(500 419)	83 720	(416 699)
(120 400)	121 213	813	Housing development	-	2 253	2 253
(6 740 562)	11 327 817	4 587 255	Technical	(20 744 755)	13 109 089	(7 635 666)
(70 242 722)	61 557 919	(8 684 803)	Total	(95 528 450)	60 928 893	(34 599 557)

OKHAHLAMBA LOCAL MUNICIPALITY
APPENDIX E: DISCLOSURE OF GRANTS IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Unspent portion 2010/2011 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2011/2012 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
			July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4		1	2	3	4						
Operating Grants																	
Equitable share	0		54,262,000.00				54 262 000		-54,262,000.00			(54 262 000)	-	NO	N/A	YES	N/A
Finance Management Grant	-	(24 342)	1 450 000				1 450 000	(1 258 479)				(1 258 479)	167 179	NO	N/A	YES	N/A
Performance Management System Grant	40 320						-					-	40 320	NO	N/A	YES	N/A
MPCC	1 491		1 167 000				1 167 000	(552 942)				(552 942)	615 549	NO	N/A	YES	N/A
Grant - GIJIMA KZN-base line study	46 438						-					-	46 438	NO	N/A	YES	N/A
Grant - MSIG	-	(73 876)		790 000			790 000		(527 683)	-		(527 683)	188 441	NO	N/A	YES	N/A
Grant - Spatial Planning	32 848						-					-	32 848	NO	N/A	YES	N/A
Capital Grants																	
Municipal Infrastructure Grant (MIG) - Roads	10 229 071	(1 607 772)		7 179 000	11 974 000		19 153 000	(15 952 699)				(15 952 699)	11 821 600	NO	N/A	YES	N/A
Grant - Refuse Disposal Site	1 212 765						-					-	1 212 765	NO	N/A	YES	N/A
Grant - Cemetery	68 692						-					-	68 692	NO	N/A	YES	N/A
Grant - Integrated Development Plan	752						-					-	752	NO	N/A	YES	N/A
Transitional Grant	16 859						-					-	16 859	NO	N/A	YES	N/A
Small Town Rehab	5 522 632	(299 182)					-	(2 435 083)				(2 435 083)	2 788 367	NO	N/A	YES	N/A
Pound	1 000 000						-					-	1 000 000	NO	N/A	YES	N/A
NER - Electrification of households	-	(26 595)	1 000 000	1 000 000	5 480 000		7 480 000				(189 962)	(189 962)	7 263 443	NO	N/A	YES	N/A
Housing Projects																	
Enhlahleni	8 499 300						-					-	8 499 300	NO	N/A	YES	N/A
Amazizi 1	-						-					-	-	NO	N/A	YES	N/A
Amazizi 2	794 870						-					-	794 870	NO	N/A	YES	N/A
Door of Hope	94 200						-					-	94 200	NO	N/A	YES	N/A
Langkloof and Guguletu	748 181						-					-	748 181	NO	N/A	YES	N/A
VAT recovery	-						-				(2 031 767)	(2 031 767)	-				
	28 308 419	(2 031 767)	57 879 000	8 969 000	17 454 000	-	84 302 000	(20 199 203)	(54 789 683)	-	(189 962)	(77 210 615)	35 399 804				

Unspent grants at 30 June 2010 - Note 8

26 276 652
26 276 652

Unspent grants at 30 June 2012 - Note 8

35 399 804
35 399 804