

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

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2011

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Computer Equipment	Furniture & Fittings	Machinery & Equipment	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R	R
<b>Carrying values at 01 July 2010</b>	<b>195 012 677</b>	<b>915 977 849</b>	<b>1 668 163</b>	<b>3 918 683</b>	<b>3 545 196</b>	<b>2 912 441</b>	<b>65 591</b>	<b>1 123 100 599</b>
Cost	279 435 047	1 824 712 503	1 809 770	4 465 025	3 998 904	3 246 521	148 736	2 117 816 507
- Completed Assets	279 435 047	1 824 712 503	1 809 770	4 465 025	3 998 904	3 246 521	148 736	2 117 816 507
Accumulated Depreciation:	(84 422 369)	(908 734 654)	(141 607)	(546 343)	(453 709)	(334 080)	(83 146)	(994 715 908)
- <i>Cost/Revalued Amount</i>	(84 422 369)	(908 734 654)	(141 607)	(546 343)	(453 709)	(334 080)	(83 146)	(994 715 908)
Acquisitions	1 164 319	1 423 102	88 521	51 144	5 046 612	4 904 357	-	12 678 056
Capital under Construction - Additions:	705 997	7 234 062	-	-	-	-	-	7 940 059
- Cost	705 997	7 234 062	-	-	-	-	-	7 940 059
Additions	705 997	7 234 062	-	-	-	-	-	7 940 059
Impairment Losses	(1 765 894)	-	-	-	-	-	-	(1 765 894)
Depreciation:	(11 064 272)	(52 742 704)	(466 465)	(802 476)	(1 109 981)	(478 623)	(24 883)	(66 689 406)
- <i>Based on Cost/Revalued Amount</i>	(11 064 272)	(52 742 704)	(466 465)	(802 476)	(1 109 981)	(478 623)	(24 883)	(66 689 406)
Carrying value of Disposals:	-	-	(1 665)	(307)	(933)	(140 564)	-	(143 469)
- Cost	-	-	(20 818)	(3 071)	(8 822)	(270 315)	-	(303 026)
- Accumulated Depreciation	-	-	19 153	2 764	7 889	129 751	-	159 557
- <i>Based on Cost/Revalued Amount</i>	-	-	19 153	2 764	7 889	129 751	-	159 557
<b>Carrying values at 30 June 2011</b>	<b>184 052 828</b>	<b>871 892 309</b>	<b>1 288 554</b>	<b>3 167 043</b>	<b>7 480 894</b>	<b>7 197 611</b>	<b>40 708</b>	<b>1 075 119 945</b>
Cost	281 305 363	1 833 369 667	1 877 473	4 513 098	9 036 695	7 880 563	148 736	2 138 131 596
- Completed Assets	280 599 366	1 826 135 605	1 877 473	4 513 098	9 036 695	7 880 563	148 736	2 130 191 537
- <i>Under Construction</i>	705 997	7 234 062	-	-	-	-	-	7 940 059
Accumulated Impairment Losses	(1 765 894)	-	-	-	-	-	-	(1 765 894)
Accumulated Depreciation:	(95 486 642)	(961 477 358)	(588 920)	(1 346 055)	(1 555 801)	(682 953)	(108 029)	(1 061 245 757)
- <i>Cost/Revalued Amount</i>	(95 486 642)	(961 477 358)	(588 920)	(1 346 055)	(1 555 801)	(682 953)	(108 029)	(1 061 245 757)

The leased Property, Plant and Equipment is secured as set out in Note 20.

Refer to Appendices "B, C and E" for more detail on Property, Plant and Equipment, including those in the course of construction.

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

	2012 R	2011 R
<b>8. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>8.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use</b>		
There is no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.		
<b>8.2 Assets pledged as security</b>		
The municipality's obligations under Finance Leases (see Note 20) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.		
<b>8.3 Impairment of Property, Plant and Equipment</b>		
The total amount of R85 196 disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:		
Land and Buildings	-	1 765 894
Other Assets: Computer Equipment	868	-
Other Assets: Furniture and Fittings	14 371	-
Other Assets: Motor Vehicles	68 087	-
Other Assets: Machinery and Equipment	1 870	-
<b>Total Impairment of Property, Plant and Equipment</b>	<b>85 196</b>	<b>1 765 894</b>
Impairment losses on Property, Plant and Equipment exist predominantly due to an impaired item of Property, Plant and Equipment that has been physically damaged, become redundant and idle.		
The depreciation charge has been adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.		
<b>8.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed</b>		
A change in the estimated useful life of various assets of the municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2011/2012:		
Executive and Council	1 466	-
Finance and Administration	19 807	-
Community and Social Services	21 254	-
Health	659	-
Housing	72 741	-
Planning and Development	10 012	-
Roads and Transport	7 288	-
Electricity	7 105	-
Waste Management	56 682	-
Water	6 769	-
<b>Total Decrease in Depreciation</b>	<b>203 783</b>	<b>-</b>

The change in estimates will result in an increase of R203 783 in the depreciation expense in future periods.

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

	2012 R	2011 R
<b>8. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>8.5 Land and Buildings carried at Fair Value</b>		
Land and Buildings were revalued to fair value by using the municipal valuation roll. The effective date of revaluation was 01 July 2009. The valuation was done by Uluntu Consultants, registered and independent valuers. The <a href="#">National Home Builders Registration Council</a> indices, which indicate current building costs, were used to determine replacement values.		
The following assumptions were used:		
Discount Rate	7.80%	7.80%
An independent valuation of the municipality's Land and Buildings was performed by Mr. D. Grobler, registered and independent valuers, to determine the fair value thereof. The valuation, which conforms to International Valuation Standards, was made on the basis of recent market transactions on arm's length terms. The effective date of the valuation is 1 July 2009.		
The revaluation surplus was credited to the Revaluation Reserve in Net Assets. Refer to Note 24.		
<b>9. INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>1 062 346</u>	<u>1 611 012</u>
The movement in Intangible Assets is reconciled as follows:		
	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2011</b>	<b>1 611 012</b>	<b>1 611 012</b>
Cost	1 795 143	1 795 143
Accumulated Amortisation	(184 131)	(184 131)
Acquisitions:	25 609	25 609
Cost	25 609	25 609
Amortisation:	(574 275)	(574 275)
Cost	(574 275)	(574 275)
<b>Carrying values at 30 June 2012</b>	<b>1 062 346</b>	<b>1 062 346</b>
Cost	1 820 752	1 820 752
Accumulated Amortisation	(758 406)	(758 406)
	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2010</b>	<b>1 706 878</b>	<b>1 706 878</b>
Cost	1 743 301	1 743 301
Accumulated Amortisation	(36 423)	(36 423)
Acquisitions:	51 842	51 842
Purchased	51 842	51 842
Amortisation:	(147 708)	(147 708)
Purchased	(147 708)	(147 708)
<b>Carrying values at 30 June 2011</b>	<b>1 611 012</b>	<b>1 611 012</b>
Cost	1 795 143	1 795 143
Accumulated Amortisation	(184 131)	(184 131)



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

	2012	2011
	R	R

**10. INVESTMENT PROPERTY (Continued)**

**10.1 Investment Property carried at Fair Value**

The circumstances surrounding the investment properties is considered annually to establish whether conditions and circumstances changed that may effect the fair value significantly. If such indications are identified, the investment properties are valued to establish the fair value thereof, by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

The following assumptions were used:

Discount Rate	7.80%	6.74%
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**11. HERITAGE ASSETS**

The municipality held the following Heritage Assets:

- Mayoral Chains
- Willis Jeep including Trailer (Fire Truck)
- Schreiner House
- St. Paul's Church
- Garden of Remembrance
- Grave of Swart Jan Vermeulen
- Steam Tractor
- Monument

A list of all the Heritage Assets and the applicable location is available at the offices of the Municipality.

**12. NON-CURRENT INVESTMENTS**

**Listed**

Listed Shares	10 940	7 678
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**Total Investments**

All Investments	10 940	7 678
Less: Short-term Portion transferred to Current Investments	-	-

**Total Non-current Investments**

	<b>10 940</b>	<b>7 678</b>
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**Market valuation of Listed Investments**

Listed Shares	10 940	7 678
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Listed Shares are 2,000 shares held in OVK with no specific maturity dates or interest rates. The value was determined by using the active market value as at yearend.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

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

	2012 R	2011 R
<b>13. LONG-TERM RECEIVABLES</b>		
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>
		<b>Net Balances R</b>
<b>As at 30 June 2012</b>		
Other Loans	1 164	-
	1 164	-
Less: Current Portion transferred to Current Receivables:- Other Loans		-
		-
<b>Total Long-term Receivables</b>		<b>1 164</b>
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>
		<b>Net Balances R</b>
<b>As at 30 June 2011</b>		
Sale of Property	42 402	-
Other Loans	1 162	-
	43 564	-
Less: Current Portion transferred to Current Receivables:- Sale of Property		(13 438)
		(13 438)
<b>Total Long-term Receivables</b>		<b>30 126</b>

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

Long-term Receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

The management of the municipality is of the opinion that the carrying value of Long-term Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

**13.1 Ageing of Long-term Receivables**

Current:

0 - 30 days	-	-
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Past Due:

31 - 60 Days	-	-
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61 - 90 Days	-	-
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91 - 120 Days	-	-
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+ 120 Days	1 164	30 126
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<b>Total</b>	<b>1 164</b>	<b>30 126</b>
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**EMTHANJENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>14. CONSUMER DEPOSITS</b>		
Electricity and Water	1 781 959	1 710 596
<b>Total Consumer Deposits</b>	<b>1 781 959</b>	<b>1 710 596</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	-	-

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

**15. CURRENT PORTION OF RETIREMENT BENEFIT LIABILITIES**

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 21)	1 282 656	1 091 123
<b>Current Portion of Retirement Benefit Liabilities</b>	<b>1 282 656</b>	<b>1 091 123</b>

The movement in liability are reconciled as follows:

**Current Portion of Retirement Benefit Liabilities**

	<b>Post-retirement R</b>
<b>30 June 2012</b>	
Balance at beginning of year	1 091 123
Transfer from non-current	-
Contributions to liability	191 533
Expenditure incurred	-
<b>Balance at end of year</b>	<b>1 282 656</b>
<b>30 June 2011</b>	
Balance at beginning of year	922 225
Transfer from non-current	-
Contributions to liability	168 898
Expenditure incurred	-
<b>Balance at end of year</b>	<b>1 091 123</b>

**16. CREDITORS FROM EXCHANGE TRANSACTIONS**

Trade Creditors	2 641 528	604 151
Payments received in Advance	1 257 370	797 218
Staff Bonuses	1 174 230	1 312 937
Staff Leave Accrued	4 525 533	4 172 548
Sundry Deposits	199 745	180 501
Other Creditors	2 205 156	1 146 951
<b>Total Creditors from Exchange Transactions</b>	<b>12 003 563</b>	<b>8 214 306</b>

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

2012  
R

2011  
R

**16. CREDITORS FROM EXCHANGE TRANSACTIONS (Continued)**

**Staff Leave** accrue to the staff of the municipality on an annual basis, subject to certain conditions. The **balance** is an estimate of the amount due at the reporting date.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**17. CREDITORS FROM NON-EXCHANGE TRANSACTIONS**

Payments received in Advance	772 728	728 078
<b>Total Creditors</b>	<b>772 728</b>	<b>728 078</b>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**18.1 Conditional Grants from Government**

	<b>11 954 426</b>	<b>2 325 389</b>
National Government Grants	4 768 432	2 007 602
Provincial Government Grants	7 146 807	278 600
Other Spheres of Government	39 188	39 188
<b>Total Conditional Grants and Receipts</b>	<b>11 954 426</b>	<b>2 325 389</b>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 29 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.



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

	2012 R	2011 R
<b>19. VAT PAYABLE</b>		
<p>VAT Payable is the Net Payable from all VAT Control Accounts, excluding VAT on Debtor Services and the VAT Suspense Account included in Creditors (Payables), and must agree to the VAT201 Return.</p>		
VAT Payable	<u>2 189 259</u>	<u>4 036 539</u>
<p>VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.</p>		
<p>No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to <b>Value-Added-Tax Act</b>. The municipality has financial risk policies in place to ensure that payments are affected before the due date.</p>		
<b>20. LONG-TERM LIABILITIES</b>		
Annuity Loans	10 743 580	12 766 499
Finance Lease Liabilities	23 604	51 120
Sub-total	<u>10 767 184</u>	<u>12 817 619</u>
Less: Current Portion transferred to Current Liabilities:-	(2 256 675)	(2 024 986)
Annuity Loans	(2 233 071)	(1 997 470)
Finance Lease Liabilities	(23 604)	(27 516)
<b>Total Long-term Liabilities</b>	<u><b>8 510 509</b></u>	<u><b>10 792 632</b></u>

**20.1 Summary of Arrangements**

Annuity Loans are repaid over periods varying from 5 to 10 (2011: 5 to 10) years and at interest rates varying from 9.60% to 12.00% (2011: 9.60% to 12.00%) per annum. Annuity Loans are not secured.

Finance Lease Liabilities relate to IT Equipment with a lease term of 5 (2011: 5) years. The effective interest rate on Finance Leases is between 10.00% and 11.00% (2011: 10.00% and 11.00%). Capitalised Lease Liabilities are secured over items of **IT Equipment** leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

**20.2 Obligations under Finance Lease Liabilities**

**The Municipality as Lessee:**

Finance Leases relate to **IT** Equipment with lease terms not more than 5 years (2011: 5 years). The effective interest rate on Finance Leases is between 11.00% and 12.00% (2011: 11.00% and 12.00%).

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

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

		2012 R		2011 R
<b>20. LONG-TERM LIABILITIES (Continued)</b>				
The obligations under Finance Leases are as follows:				
	<b>Minimum Lease Payments</b>		<b>Present Value of Minimum Lease Payments</b>	
	2012 R	2011 R	2012 R	2011 R
<b>Amounts payable under finance leases:</b>				
Within one year	23 759	33 497	23 604	27 516
In the second to fifth years, inclusive	-	58 620	-	23 604
	23 759	92 118	23 604	51 120
Less: Future Finance Obligations	(155)	(41 017)		
<b>Present Value of Minimum Lease Obligations</b>	<b>23 604</b>	<b>51 100</b>	<b>23 604</b>	<b>51 120</b>
<b>Less: Amounts due for settlement within 12 months (Current Portion)</b>			<b>(23 604)</b>	<b>(27 516)</b>
<b>Finance Lease Obligations due for settlement after 12 months (Non-current Portion)</b>			<b>-</b>	<b>23 604</b>

The municipality has finance lease agreements for the following significant classes of assets:  
- IT Equipment

Included in these classes are the following significant leases:

(i) IT Equipment				
- Instalments are payable monthly in advance				
- Average period outstanding			0 months	0 months
- Average effective interest rate			10.00%	10.00%
- Average monthly instalment			R 2 637.60	R 2 637.60

**20.3 Breach of Loan Agreement**

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

**21. RETIREMENT BENEFIT LIABILITIES**

**21.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	26 598 730	21 403 686
Contributions to Liability	1 091 123	922 225
Increase due to Discounting	2 263 243	1 920 641
Benefits Paid	(874 536)	(727 872)
Expenditure incurred	-	-
Reduction due to Re-measurement	-	-
Net Expense recognised in the Statement of Financial Performance	-	-
Actuarial (Gains) /Losses	(3 169 875)	3 080 050
Balance at end of Year	25 908 685	26 598 730
<b>Transfer to Current Portion of Retirement Benefit Liabilities</b>	<b>(1 282 656)</b>	<b>(1 091 123)</b>
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>24 626 029</b>	<b>25 507 607</b>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

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

	2012 R	2011 R
<b>21. RETIREMENT BENEFIT LIABILITIES (Continued)</b>		
<p>The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Arch Actuarial Consultants, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.</p>		
<p>The members of the Post-employment Health Care Benefit Plan are made up as follows:</p>		
In-service Members (Employees)	48	50
In-service Non-members (Employees)	253	266
Continuation Members (Retirees, widowers and orphans)	28	33
<b>Total Members</b>	<b>329</b>	<b>349</b>
<p>The liability in respect of past service has been estimated as follows:</p>		
In-service Members	15 073 968	14 771 915
Continuation Members	10 834 717	11 826 815
<b>Total Liability</b>	<b>25 908 685</b>	<b>26 598 730</b>
<p>The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:</p> <ul style="list-style-type: none"> <li>- Bonitas</li> <li>- Hosmed</li> <li>- Keyhealth</li> <li>- LA Health</li> <li>- Samwumed</li> </ul>		
<p>The Current-service Cost for the year ending 30 June 2012 is estimated to be R1 091 123 whereas the cost for the ensuing year is estimated to be R1 282 656 (2011: R922 225 and R1 091 123 respectively).</p>		
<p><b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b></p>		
Discount Rate	7.90%	8.65%
Health Care Cost Inflation Rate	6.97%	7.31%
Net Effective Discount Rate	0.87%	1.25%
Expected Rate of Salary Increase	5.98%	6.24%
Expected Retirement Age - Females	59	59
Expected Retirement Age - Males	63	63
<p><b>Movements in the present value of the Defined Benefit Obligation were as follows:</b></p>		
Balance at the beginning of the year	26 598 730	21 403 686
Current service costs	1 091 123	194 353
Interest cost	2 263 243	1 920 641
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(874 536)	-
Actuarial losses / (gains)	(3 169 875)	3 080 050
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>25 908 685</b>	<b>26 598 730</b>
Actuarial losses / (gains) unrecognised	-	-
<b>Total Recognised Benefit Liability</b>	<b>25 908 685</b>	<b>26 598 730</b>

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

	2012 R	2011 R
<b>21. RETIREMENT BENEFIT LIABILITIES (Continued)</b>		
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	25 908 685	26 598 730
Fair value of plan assets	-	-
	25 908 685	26 598 730
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	25 908 685	26 598 730
<b>Total Benefit Liability</b>	<b>25 908 685</b>	<b>26 598 730</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	1 091 123	194 353
Interest cost	2 263 243	1 920 641
Benefits paid	(874 536)	
Actuarial losses / (gains)	(3 169 875)	3 080 050
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 33)</b>	<b>(690 045)</b>	<b>5 195 044</b>

**The history of the plan obligation is as follows:**

	2012 R	2011 R	2010 R	2009 R
Present Value of Defined Benefit Obligation	25 908 685	26 598 730	21 403 686	15 950 527
<b>Deficit</b>	<b>25 908 685</b>	<b>26 598 730</b>	<b>21 403 686</b>	<b>15 950 527</b>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	3 965 000	3 338 200
Effect on the defined benefit obligation	30 145 000	30 788 000

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	2 865 100	2 443 600
Effect on the defined benefit obligation	22 466 000	23 186 000

The municipality expects to make a contribution of R1 282 656 (2011: R1 091 123) to the Defined Benefit Plans during the next financial year.

Refer to Note 55 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.

**22. NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Land-fill Sites	2 467 105	2 412 280
<b>Total Non-current Provisions</b>	<b>2 467 105</b>	<b>2 412 280</b>

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

	2012 R	2011 R
<b>22. NON-CURRENT PROVISIONS (Continued)</b>		
<b>The movement in Non-current Provisions are reconciled as follows:</b>		
		<b>Land-fill Sites R</b>
<b>30 June 2012</b>		
Balance at beginning of year		2 412 280
Contributions to provision		-
Increase due to unwinding of discount		54 825
Expenditure incurred		-
		2 467 105
Transfer to current provisions		-
<b>Balance at end of year</b>		<b>2 467 105</b>
		<b>Land-fill Sites R</b>
<b>30 June 2011</b>		
Balance at beginning of year		809 646
Contributions to provision		1 602 634
Increase due to discounting		-
Expenditure incurred		-
		2 412 280
Transfer to current provisions		-
<b>Balance at end of year</b>		<b>2 412 280</b>

**22.1 Rehabilitation of Land-fill Sites**

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R2 467 105 (2011: R 2 412 280) million to restore the site at the end of its useful life, estimated to be in 2042. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

Management has included the best estimated amount at year end, but the actual amount is uncertain. This estimation is based on the assumption that the restoration will have to occur in 2042.

**23. LONG SERVICE AWARD**

Long Service Awards Liability	2 606 021	2 307 237
	<b>2 606 021</b>	<b>2 307 237</b>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Arch Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 295 (2011: 290) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2012 is estimated to be R286 199, whereas the cost for the ensuing year is estimated to be R322 808 (2011: R263 649 and R286 199 respectively).

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

	2012 R	2011 R		
<b>23. LONG SERVICE AWARD (Continued)</b>				
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>				
Discount Rate	6.32%	7.62%		
Net Effective Discount Rate	0.32%	1.32%		
Expected Rate of Salary Increase	5.98%	6.24%		
<b>Movements in the present value of the Long Service Award were as follows:</b>				
Balance at the beginning of the year	2 307 237	-		
Recognition of obligation	-	2 067 619		
Current service costs	286 199	263 649		
Interest cost	164 298	159 922		
Benefit vesting	(323 311)	(219 883)		
Actuarial losses / (gains)	171 598	35 930		
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>2 606 021</b>	<b>2 307 237</b>		
Actuarial losses / (gains) unrecognised	-	-		
<b>Total Recognised Benefit Liability</b>	<b>2 606 021</b>	<b>2 307 237</b>		
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>				
Present value of Long Service Award	2 606 021	2 307 237		
<b>Total Benefit Liability</b>	<b>2 606 021</b>	<b>2 307 237</b>		
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>				
Recognition of obligation		2 067 619		
Current service cost	286 199	263 649		
Interest cost	164 298	159 922		
Benefit vesting	(323 311)	(219 883)		
Actuarial losses / (gains)	171 598	35 930		
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 33)</b>	<b>298 784</b>	<b>2 307 237</b>		
<b>The history of the plan obligation is as follows:</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Present Value of Long Service Award	2 606 021	2 307 237	-	-
Fair Value of Plan Assets	-	-	-	-
<b>Deficit</b>	<b>2 606 021</b>	<b>2 307 237</b>	<b>-</b>	<b>-</b>
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:				
<b>Increase:</b>				
Effect on the aggregate of the current service cost and the interest cost			476 590	447 037
Effect on the defined benefit obligation			2 768 000	2 444 000
<b>Decrease:</b>				
Effect on the aggregate of the current service cost and the interest cost			426 962	402 318
Effect on the defined benefit obligation			2 458 000	2 183 000
The municipality expects to make a contribution of R322 808 (2011: R286 199) to the defined benefit plans during the next financial year.				

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

	2012 R	2011 R
<b>24. RESERVES</b>		
Revaluation Reserve	186 444 178	198 634 515
<b>Total Reserves</b>	<b>186 444 178</b>	<b>198 634 515</b>

**24.1 Revaluation Reserve**

The Revaluation Reserve arises on the revaluation of Land and Buildings and qualifying Community Assets. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting policy. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's [accounting policy](#). These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

**Reconciliation of the Revaluation Reserve:**

Balance at beginning of year	198 634 515	210 814 974
Depreciation transferred to surplus	(12 190 337)	(12 180 460)
<b>Balance at end of year</b>	<b>186 444 178</b>	<b>198 634 515</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

**25. ACCUMULATED SURPLUS**

**The Accumulated Surplus consists of the following Internal Funds and Reserves:**

Capital Replacement Reserve (CRR)	2 252 793	2 252 793
<a href="#">Accumulated Surplus due to the results of Operations</a>	872 899 642	917 579 450
<b>Total Accumulated Surplus</b>	<b>875 152 435</b>	<b>919 832 243</b>

The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**26. PROPERTY RATES**

	Property Valuations		Actual Levies	
	July 2012 R000's	July 2011 R000's		
Residential	797 198 115	775 738 665	10 788 187	10 053 485
Commercial	177 013 456	190 427 157	2 317 851	2 498 121
Agricultural	1 172 727 179	1 027 191 600	16 019 889	13 070 094
State	99 038 593	92 937 089	1 350 569	1 171 077
Municipal	26 589 449	465 990	208 712	4 723
Rebates			(16 348 013)	(14 604 651)
<b>Total Property Rates</b>	<b>2 272 566 792</b>	<b>2 086 760 501</b>	<b>14 337 195</b>	<b>12 192 849</b>

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

	2012	2011
	R	R

**26. PROPERTY RATES (Continued)**

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2008.

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

A general rate is applied as follows to property valuations to determine property rates:

Agricultural Properties: 0.002274 c/R (2010/11: Increments)

All Other Properties: 0.013827 c/R (2010/11: 0.0130200 c/R)

Rates are levied monthly on property owners and are payable at the end of each month. Interest is levied at a rate determined by council on outstanding rates owed.

**27. FINES**

Traffic Violations System	6 232 266	8 278 328
Spot and Other Fines	229 251	293 991
Electricity	241 652	126 277
	<b>6 703 169</b>	<b>8 698 596</b>

The amounts disclosed above for revenue from Fines Income are in respect of fines issued for traffic violations and electricity. A separate bank account is kept for TVS fines, which reconciled monthly.

**28. LICENCES AND PERMITS**

Driver and leaner licences	623 016	647 505
Roadworthy and other special permits	478 776	430 939
Other	5 404	7 981
	<b>1 107 196</b>	<b>1 086 425</b>

Licences and permits represents revenue generated by providing licensing services to drivers, roadworthy inspections of motor vehicles and all other services regulated by the Traffic Department.

**29. GOVERNMENT GRANTS AND SUBSIDIES**

National Equitable Share	30 439 000	28 011 262
<b>Operational Grants</b>	30 439 000	28 011 262
<b>Conditional Grants</b>	13 448 412	13 466 335
National: FMG	1 450 000	1 200 000
National: MIG	9 094 009	8 421 471
National: MSIG	790 000	750 000
National: DWAF	141 410	217 710
National: Minerals and Energy	260 000	540 000
Provincial: Sport, Arts and Culture	690 000	440 000
Provincial: Sport, Arts and Culture	-	977 821
Provincial: EPWP	-	249 334
Provincial: Housing Accreditation	218 056	510 000
Provincial: Department of Health	192 930	-
National: DWAF (EU funding)	330 736	-
National: DWAF (ACIP)	281 272	-
Provincial: Hydroponic Houses	-	160 000
	<b>43 887 412</b>	<b>41 477 597</b>
<b>Total Government Grants and Subsidies</b>		



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

	2012 R	2011 R
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**29. GOVERNMENT GRANTS AND SUBSIDIES (Continued)**

**Operational Grants:**

**29.1 National: Equitable Share**

	30 439 000	28 011 262
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R171 (2011: R156), based on the monthly billing, towards the consumer account. The subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. No funds have been withheld.

**Conditional Grants:**

**29.2 National: FMG Grant**

Balance unspent at beginning of year	-	-
Current year receipts	1 450 000	1 200 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 450 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Financial Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). All conditions attached to the grant were met. No funds have been withheld.

**29.3 National: MIG Funds**

Balance unspent at beginning of year	2 007 602	2 038 078
Repayment of unused funds	(178 000)	-
Current year receipts	13 306 000	9 570 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Own Income	(1 273 161)	(1 179 006)
Conditions met - transferred to Revenue: Capital Expenses	(9 094 009)	(8 421 471)
Conditions still to be met - transferred to Liabilities (see Note 18)	4 768 431	2 007 602

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure as part of the upgrading of previously disadvantaged areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

At year end, not all conditions were met in respect to the upgrading of infrastructure as all funds received were not spent. This is due to the fact that the required infrastructure has not been completed and no certificates have been presented for payment. This resulted in the unspent portion being recognised at year end.

**29.4 National: MSIG Funds**

Balance unspent at beginning of year	-	-
Current year receipts	790 000	750 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(790 000)	(750 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-

The Municipal Systems Improvement Grant is allocated to municipalities to improve municipal systems and was used to improve information technology networks and Ward Committee operations. All conditions attached to the grant were met. No funds have been withheld.

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

	2012 R	2011 R
<b>29. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>29.5 National: Department Water Affairs and Forestry (DWAF)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	141 410	217 710
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(141 410)	(217 710)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	-	-

This grant was used to cover the cost relating to the water testing. All conditions attached to the grant were met. No funds have been withheld.

**29.6 National: Department Minerals and Energy (DME)**

Balance unspent at beginning of year	-	-
Current year receipts	260 000	540 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(260 000)	(540 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	-	-

The DME allocates funds on an annual basis to ensure that infrastructure is maintained and improved. The grant was utilised for this purpose. All conditions attached to the grant were met. No funds have been withheld.

**29.7 Provincial: Department of Housing**

Balance unspent at beginning of year	-	438 004
Current year receipts	-	5 964 750
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(20 000)	(7 467 708)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other transfers	20 000	1 064 954
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	-	-

This grant was allocated for eradication of the housing backlog that may exist within the Municipal boundaries. All conditions attached to the grant were met. No funds have been withheld.

**29.8 Provincial: Department of Sports, Arts and Culture**

Balance unspent at beginning of year	150 000	-
Current year receipts	-	150 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	150 000	150 000

This grant was allocated for the upgrade of the Phandulwazi Library in accordance with the submitted business plan. No funds have been withheld.

At year end, not all conditions were met in respect to the upgrading of the library as all funds received were not spent. This is due to the fact that the required infrastructure has not been completed and no certificates have been presented for payment. This resulted in the unspent portion being recognised at year end.

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

	2012 R	2011 R
<b>29. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>29.9 Provincial: Department of Sports, Arts and Culture</b>		
Balance unspent at beginning of year	-	638 333
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(977 821)
Other transfers	-	339 488
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	-	-

This grant was used for the Sports and Recreation facilities. All conditions attached to the grant were met. No funds have been withheld.

**29.10 Provincial: Hydroponic Houses**

Balance unspent at beginning of year	128 600	-
Repayment of unused funds	(128 600)	-
Current year receipts	-	288 600
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(160 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	128 600
	-	-

The grant was received for the repair of the Hydroponic Vegetable Houses. All conditions attached to the grant were met. No funds have been withheld.

**29.11 Provincial: EPWP**

Balance unspent at beginning of year	-	-
Current year receipts	-	249 334
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(249 334)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	-	-

The grant was received for the Employee Wellness Programme. All conditions attached to the grant were met. No funds have been withheld.

**29.12 Provincial: Department of Sports, Arts and Culture**

Balance unspent at beginning of year	-	-
Current year receipts	690 000	440 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(690 000)	(440 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-
	-	-

This grant was allocated for the upgrading of library equipment and operating expenses. All conditions attached to the grant were met. No funds have been withheld.

**29.13 Provincial: Department of Health**

Balance unspent at beginning of year	-	-
Current year receipts	7 189 737	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(192 930)	-
Conditions still to be met - transferred to Liabilities (see Note 18)	6 996 807	-
	-	-

This grant was allocated for the construction of the electricity line for the new hospital (included in Appendix "B"). No funds have been withheld.

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

	2012 R	2011 R
<b>29. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<p>At year end, not all conditions were met in respect to the upgrading of infrastructure as all funds received were not spent. This is due to the fact that the required infrastructure has not been completed and no certificates have been presented for payment. This resulted in the unspent portion being recognised at year end.</p>		
<b>29.14 Provincial - Housing Accreditation</b>		
Balance unspent at beginning of year	-	-
Current year receipts	218 056	510 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(218 056)	(510 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-

This grant was allocated to improve capacity within the administration of the municipality in respect to the Housing Department. All conditions attached to the grant were met. No funds have been withheld.

**29.15 National: Department Water and Forests (EU funding)**

Balance unspent at beginning of year	-	-
Current year receipts	330 736	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(330 736)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-

This grant was used to cover the cost relating to new water meters and the installation thereof. All conditions attached to the grant were met. No funds have been withheld.

**29.16 National: Department Water and Forests (ACIP)**

Balance unspent at beginning of year	-	-
Current year receipts	281 272	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(281 272)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	-	-

This grant was used to cover the cost relating to new water meters and the installation thereof. All conditions attached to the grant were met. No funds have been withheld.

**29.17 Other Government**

Balance unspent at beginning of year	39 188	39 188
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	39 188	39 188

The District Municipality allocates funds on an annual basis to ensure that infrastructure is maintained and improved. The grant was utilised for this purpose. All conditions attached to the grant have not been met as the funds have not been spent. No funds have been withheld.

**29.18 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2011), government grant funding is expected to increase over the forthcoming three financial years.

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

	2012 R	2011 R
<b>30. SERVICE CHARGES</b>		
Sale of Electricity	46 442 266	38 907 785
Sale of Water	15 575 091	13 370 895
Refuse Removal	4 946 593	4 695 605
Sewerage and Sanitation Charges	8 796 668	9 011 456
Other Service Charges	466 106	19 391
<b>Total Service Charges</b>	<b>76 226 722</b>	<b>66 005 131</b>
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
<b>31. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Halls	561 034	544 807
Rental Revenue from Land	1 693	7 746
Rental Revenue from Other Facilities	24 374	13 049
<b>Total Rental of Facilities and Equipment</b>	<b>587 101</b>	<b>565 603</b>
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
<b>32. INTEREST EARNED</b>		
<b>Property Rates:</b>		
Penalties imposed and Collection Charges	223 361	175 921
	<b>223 361</b>	<b>175 921</b>
<b>External Investments:</b>		
Bank Account	45 715	136
Investments	539 321	891 260
Other Deposits	8	11 997
	<b>585 044</b>	<b>903 394</b>
<b>Outstanding Debtors:</b>		
Outstanding Billing Debtors	1 115 696	842 999
	<b>1 115 696</b>	<b>842 999</b>
<b>Total Interest Earned</b>	<b>1 924 100</b>	<b>1 922 314</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	585 044	903 394
Loans and Receivables	1 339 057	1 018 921
	<b>1 924 100</b>	<b>1 922 314</b>
<b>33. OTHER REVENUE</b>		
Building Plan Fees	31 244	21 420
Cemetery Fees	227 622	166 341
Insurance Claims	201 458	275 837
Own Income VAT	1 292 959	1 179 006
Reconnection Fees	175 872	190 385
Profit on Secure Centre Project		905 603
Sundry Income	106 500	102 734
Sundry Levies	3 511 711	983 404
Impairment Reversal	-	16 373 133
<b>Total Other Revenue</b>	<b>5 547 365</b>	<b>20 197 863</b>

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

	2012 R	2011 R
<b>33. OTHER REVENUE (Continued)</b>		
The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 26 to 32, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
<b>34. EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages	34 281 885	32 923 791
Basic Salaries and Wages	31 513 109	29 148 288
Leave Encashed	544 511	972 324
Contribution to Leave Fund	-	533 625
Service Bonuses	2 224 264	2 269 553
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	8 052 590	7 714 277
Group Life	66 144	59 176
Medical	1 745 114	1 822 447
Pension	5 541 018	5 180 538
Industrial Council Levy	19 352	16 211
Skills Development Levy	378 174	354 304
UIF	302 788	281 601
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 986 716	1 909 253
Allowances	1 986 716	1 909 253
Housing Benefits and Allowances	109 463	110 895
Overtime Payments	2 187 656	1 330 999
Long-service Award Liability Expense:	298 784	2 307 237
Current service cost	286 199	2 331 268
Interest cost	164 298	159 922
Benefit vesting	(323 311)	(219 883)
Actuarial losses / (gains)	171 598	35 930
Defined Benefit Plan Expense:	(690 045)	5 195 044
Current Service Cost	216 587	194 353
Interest Cost	2 263 243	1 920 641
Net Actuarial (gains)/losses recognised	(3 169 875)	3 080 050
<b>Total Employee Related Costs</b>	<b>46 227 048</b>	<b>51 491 497</b>
<b>Remuneration of Section 57 Employees (Key Management):</b>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	505 349	486 491
Performance Bonus	91 015	60 059
Car and Other Allowances	327 463	289 758
Company Contributions to UIF, Medical and Pension Funds	76 443	93 067
<b>Total</b>	<b>1 000 270</b>	<b>929 374</b>
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	554 154	522 336
Performance Bonus	84 222	71 456
Car and Other Allowances	189 819	178 808
Company Contributions to UIF, Medical and Pension Funds	94 029	88 728
<b>Total</b>	<b>922 225</b>	<b>861 328</b>
<b>Remuneration of the Director: Corporate, Community and Development Services</b>		
Annual Remuneration	351 173	326 433
Performance Bonus	-	46 203
Car and Other Allowances	75 369	76 737
Company Contributions to UIF, Medical and Pension Funds	93 742	52 814
<b>Total</b>	<b>520 284</b>	<b>502 187</b>

The post was vacant for the period 01 March 2011 to 31 August 2011, for which period an Acting Allowance was paid.

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

	2012 R	2011 R
<b>34. EMPLOYEE RELATED COSTS (Continued)</b>		
<i>Remuneration of the Director: Infrastructure and Housing Services</i>		
Annual Remuneration	566 408	562 319
Performance Bonus	80 595	60 781
Car and Other Allowances	133 695	140 953
Company Contributions to UIF, Medical and Pension Funds	103 501	96 461
<b>Total</b>	<b>884 199</b>	<b>860 514</b>
<b>35. REMUNERATION OF COUNCILLORS</b>		
Mayor	591 626	565 115
Speaker	482 284	454 964
Councillors	1 995 640	1 943 276
Company Contributions to UIF, Medical and Pension Funds	213 480	127 301
Other Allowances (Cellular Phones and Motor)	138 216	132 486
<b>Total Councillors' Remuneration</b>	<b>3 421 246</b>	<b>3 223 142</b>
<i>In-kind Benefits</i>		
The Councillors occupying the positions of Mayor and Speaker of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.		
The Mayor has use of a Council owned vehicle for official duties.		
<b>36. DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	68 059 142	66 689 405
Amortisation: Intangible Assets	591 283	147 708
<b>Total Depreciation and Amortisation</b>	<b>68 650 425</b>	<b>66 837 113</b>
<b>37. IMPAIRMENT LOSSES</b>		
<i>37.1 Impairment Losses on Fixed Assets</i>		
<b>Impairment Losses Recognised:</b>	85 195	1 765 894
Property, Plant and Equipment	85 195	1 765 894
	<b>85 195</b>	<b>1 765 894</b>
<i>37.2 Impairment Losses on Financial Assets</i>		
<b>Impairment Losses Recognised:</b>	16 886 024	-
Consumer Debtors	16 886 024	-
Other Debtors	-	-
	<b>16 886 024</b>	<b>-</b>
<b>Total Impairment Losses</b>	<b>16 971 219</b>	<b>1 765 894</b>

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

	2012 R	2011 R
<b>38. REPAIRS AND MAINTENANCE</b>		
Building and Structure	602 561	638 692
Cleaning of Suburbs	97 604	73 259
Computer Equipment	649 335	502 803
Electricity	1 414 772	1 943 567
Equipment and Tools	426 468	327 795
Fences	17 850	34 351
Landfill Site	54 825	
Office Equipment	295 253	170 151
Roads	966 802	1 273 965
Sewerage	25 989	320 625
Solid Waste	35 525	24 028
Storm Water	333 034	319 471
Sundry	20 014	17 482
Vehicles and Machinery	1 397 021	1 185 145
Ward Projects	1 732 242	2 528 631
Water	609 931	354 356
	<b>8 679 226</b>	<b>9 714 320</b>

Repairs and maintenance represents costs incurred in normal business for repairs and maintenance required to ensure service delivery can be provided.

**39. FINANCE COSTS**

Bank Overdraft	1 497	10 669
External Loans	1 278 855	735 428
Finance Leases	4 135	8 759
Total Interest Expense	1 284 487	754 856
Less: Amounts included in the Cost of Qualifying Assets	-	-
<b>Total Interest Paid on External Borrowings</b>	<b>1 284 487</b>	<b>754 856</b>

**40. BULK PURCHASES**

Electricity	33 173 974	25 508 634
Water	931 628	870 952
<b>Total Bulk Purchases</b>	<b>34 105 602</b>	<b>26 379 586</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from various sources within the municipal boundaries.

**41. CONTRACTED SERVICES**

Professional Fees	3 241 950	2 278 448
Security Services	947 368	1 043 216
Other Contracted Services	4 500 152	5 648 666
<b>Total Contracted Services</b>	<b>8 689 470</b>	<b>8 970 331</b>



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

	2012 R	2011 R
<b>42. GRANTS AND SUBSIDIES PAID</b>		
Community Projects	120 395	-
Other Grants and Subsidies Paid	667 777	567 870
<b>Total Grants and Subsidies</b>	<b>788 172</b>	<b>567 870</b>

The Accreditation Expenses are incurred by the municipality in order to further housing projects within the municipal boundaries. This represents a subsidy paid by the municipality to ensure the success of the respective housing projects.

**43. GENERAL EXPENSES**

Included in General Expenses are the following:

Advertising	220 706	320 804
Assessment Rates and Municipal Charges	1 643 858	1 190 323
Audit Fees	1 882 181	1 436 821
Bank Charges	368 943	374 675
Branding of the Municipality	185 655	1 768 484
Cleaning Material	86 734	82 044
Conference Fees	10 695	17 602
Driving License Fees	47 475	44 819
Electricity Rural Water Pumps	1 048 997	898 505
Entertainment	143 952	183 641
Festivals	305 137	268 419
Fuel and Oil	2 526 519	1 967 607
Grave Excavations	67 723	28 500
HR Employee Wellness	372 459	85 201
Hiring of Equipment	1 005 022	1 005 153
IDP Review	23 220	103 364
Insurance	805 263	1 040 283
Internal Audit	119 693	122 908
Lease Charges	10 376	9 365
Legal Costs	189 075	47 635
Levies: SALGA	409 684	216 305
License Fees and Subscriptions	319 089	317 705
Magazines and Reference Work	965	22 291
Motor Vehicle Expenses	132 458	90 395
Performance Appraisal System	38 060	55 510
Printing and Stationery	947 115	1 053 007
Protective Clothing	66 789	193 348
Sundry Expenses	1 105 492	84 974
Strategic Planning Expenses	240 031	532 316
Telephone Cost	1 183 539	1 206 648
Tourism Strategy	357 858	530 138
Training Costs	102 007	216 981
Travelling and Subsistence	1 738 483	1 772 104
Water	274 425	207 483
Workmen's Compensation	2 592	36 907
<b>Total General Expenses</b>	<b>17 982 271</b>	<b>17 532 266</b>

**44. OTHER GAINS AND LOSSES**

Change in Fair Value of Financial Assets designated as at FVTPL (See Note 13)	3 262	467
<b>Net Other Gains and Losses</b>	<b>3 262</b>	<b>467</b>

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

	2012 R	2011 R	
<b>45. CORRECTION OF ERROR</b>			
Corrections were made and adjusted to the Accumulated Surplus Account during the financial years ended 30 June 2011 and 30 June 2012.			
Details of the adjustments are as follows:			
<b>Statement of Financial Position:</b>			
VAT Receivables	45.2; 45.4; 45.8; 45.14	-	3 274 007
Inventory	45.11; 45.13	45 986 510	45 388 485
Current Portion: Operating Lease Asset		43 480	43 480
Trade Receivables from Non-Exchange Transactions	45.22	40 831 218	2 750 563
Trade and Other Receivables from Exchange Transactions	45.4; 45.22	7 192 399	6 962 536
Current Portion: Long-term Receivables from Exchange Transactions		13 438	13 438
Cash and Cash Equivalents	45.2; 45.9; 45.10; 45.12	9 160 617	9 160 617
Property, Plant and Equipment	45.18 - 45.20	1 075 119 947	817 864 390
Intangible Assets	45.17	1 611 012	1 034 110
Investment Property	45.21	3 440 900	4 272 026
Non-Current Investments		7 678	7 678
Operating Lease Asset		200 253	200 253
Long-term Receivables from Exchange Transactions		30 127	30 126
Consumer Deposits	45.2; 45.9	(1 710 551)	(1 710 285)
Provisions		(1 091 123)	(1 091 123)
Creditors from Exchange Transactions	45.2 - 45.7; 45.14; 45.16	(8 214 306)	(7 632 374)
Creditors from Non-exchange Transactions	45.5	(728 078)	(693 399)
Unspent Conditional Grants and Receipts		(2 325 390)	(2 325 389)
VAT Payable	45.2; 45.4; 45.8; 45.14	(4 036 539)	-
Bank Overdraft	45.2; 45.9; 45.10; 45.12	(4 020 092)	(3 847 137)
Current Portion of Long-term Liabilities		(2 024 986)	(2 024 986)
Long-term Liabilities		(10 792 633)	(10 792 632)
Retirement Benefit Liabilities		(25 507 607)	(25 507 607)
Long Service Award		(2 307 237)	(2 307 237)
Non-current Provisions		(2 412 280)	(2 412 280)
Reserves	45.1	(198 634 515)	(271 306 949)
Accumulated Surplus / (Deficit) - Opening balance		(559 350 311)	(559 350 311)
Accumulated Surplus / (Deficit) - (Profit) / loss for the year		(11 838 358)	-
Accumulated Surplus - Prior Year Adjustments	45.1 - 45.14; 45.17 - 45.21	(348 643 575)	-
		<u>(0)</u>	<u>-</u>
<b>Statement of Financial Performance:</b>			
Service Charges	45.8		3 884
Employee Related Costs	45.6; 45.16		47 586
Depreciation and Amortisation	45.17 - 45.20		19 128 143
Impairment Losses	45.15; 45.18; 45.22		-14 833 631
Repairs and Maintenance	45.8; 45.10		169 830
Contracted Services	45.8		-9 765
General Expenses	45.5; 45.8; 45.9		28 729
Other Income	45.22		-16 373 133
			<u>(11 838 358)</u>

**45.1 Misstatement of Revaluation Reserve:**

During the 2010/2011 financial year the municipality recognised and measured all land and buildings retrospectively as required by Directive 4. All land and buildings at 1 July 2009 were revalued which resulted in the recognition of a Revaluation Reserve. The accumulated depreciation at 1 July 2009 was however incorrectly allocated to the Accumulated Surplus balance and not the Revaluation Reserve balance as required.

**The effect of the Correction of Error is as follows:**

(Increase) / decrease in Accumulated Surplus	(78 866 514)	(78 866 514)
(Increase) / decrease in Revaluation Reserve	78 866 514	78 866 514
	<u>-</u>	<u>-</u>

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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<b>45.2 Clearing of Bank Reconciliation items:</b>		
<p>During the 2011/2012 financial year the municipality cleared all "old" bank reconciling items. As these pertained to items identified during the GAMAP/GRAP conversion, these occurred prior to 1 July 2010 and was therefore cleared to the Accumulated Surplus opening at 1 July 2010.</p>		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(8 297)	(8 297)
(Increase) / decrease in Bank Overdraft	6 344	6 344
(Increase) / decrease in Consumer Deposits	855	855
Increase / (decrease) in VAT Receivable	137	137
(Increase) / decrease in Creditors from Exchange Transactions	961	961
	-	-
	-	-
<b>45.3 Reconciliation of Transnet consumer debtor:</b>		
<p>During the current financial year the Transnet consumer debtor provided evidence that an outstanding balance of R496 492 was paid. On inspection it was found that this balance relates to services levied prior to 1 July 2010. During the GAMAP / GRAP conversion, these unallocated deposits were however allocated to the Accumulated Surplus.</p>		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	496 492	496 492
(Increase) / decrease in Trade Receivables from Exchange Transactions	(496 492)	(496 492)
	-	-
	-	-
<b>45.4 Indigent debtor not recognised in prior year:</b>		
<p>During the current financial year the municipality identified a debtor that qualified as an indigent debtor, but the services were never accounted for as such.</p>		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	3 886	-
Increase / (decrease) in VAT Receivable	544	544
(Increase) / decrease in Trade and Other from Exchange Transactions	(4 430)	(4 430)
<b>Statement of Financial Performance:</b>		
(Increase) / decrease in Service Charges	-	3 886
	-	-
	-	-

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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<b>45.5 Prior year creditors not provided for:</b>		
During the current financial year a number of creditors (which were paid in 2011/2012) were for expenses incurred in the 2010/2011 financial year. These were retrospectively corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	34 385	-
(Increase) / decrease in Creditors from Exchange Transactions	(34 385)	(34 385)
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in General Expenses	-	34 385
	-	-

**45.6 Prior year provision for bonuses:**

The 2010/2011 provision for bonuses was subsequently corrected in order to ensure the balance is accurately reflected.

**The effect of the Correction of Error is as follows:**

<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(555 781)	-
(Increase) / decrease in Creditors from Exchange Transactions	555 781	555 781
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Employee Related Costs	-	(555 781)
	-	-

**45.7 Reversal of Land Sold receipt:**

During 2009/2010 property was sold to IS Leeuw. This transaction was however reversed in the current year and the receipts to date was refunded.

**The effect of the Correction of Error is as follows:**

<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	5 077	5 077
(Increase) / decrease in Creditors from Non-exchange Transactions	(5 077)	(5 077)
	-	-

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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<b>45.8 Review of input VAT:</b>		
During the year a VAT review was performed, which identified VAT that was not claimed. This has been corrected retrospectively.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(31 117)	(5 532)
Increase / (decrease) in VAT receivable	31 117	31 117
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Repairs and Maintenance		(1 670)
Increase / (decrease) in Contracted Services		(9 765)
Increase / (decrease) in General Expenses		(14 148)
(Increase) / decrease in Service Charges		(2)
	-	-
	-	-
<b>45.9 Cheques cancelled in the 2011/2012 year:</b>		
During the 2011/2012 financial year , cheques were cancelled which pertained to the 2010/2011 financial year. The retrospective corrections were made.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	8 492	-
Increase / (decrease) in Cash and Cash Equivalents	(7 370)	(7 370)
(Increase) / decrease in Consumer Deposits	(1 122)	(1 122)
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in General Expenses	-	8 492
	-	-
	-	-
<b>45.10 Repairs and maintenance paid, but not recorded in financial records:</b>		
During review of the bank reconciliation it was found that repairs and maintenance paid in the 2011 financial year was not recorded and was therefore still unreconciled on the bank reconciliation.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
Increase / (decrease) in Cash and Cash Equivalents	(171 500)	(171 500)
(Increase) / decrease in Accumulated Surplus	171 500	
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Repairs and Maintenance		171 500
	-	-
	-	-

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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<b>45.11 Land-held-for-sale balance at 1 July 2009 incorrect:</b>		
While reviewing the 2011 and 2012 Property-held-for-Sale register, it was found that the initial amount accounted for (as per Directive 4) was misstated. This misstatement has been subsequently corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
Increase / (decrease) in Inventory	817 960	817 960
(Increase) / decrease in Accumulated Surplus	(817 960)	(817 960)
	-	-
	-	-
<b>45.12 Reversal of RD cheque of previous financial year:</b>		
Cheque from previous year was identified as RD cheque. This cheque was paid by a church in Johannesburg for the rent of the Hanover hall. The reversal of this cheque was subsequently accounted for.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
Increase / (decrease) in Cash and Cash Equivalents	(429)	(429)
(Increase) / decrease in Accumulated Surplus	429	429
	-	-
	-	-
<b>45.13 Accounting for No-charge Items:</b>		
The municipality inspected all inventory held in store and determined which items should not have formed part of the store as these are of a no charge nature. The necessary adjustment was made.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
Increase / (decrease) in Inventory	(219 935)	(219 935)
(Increase) / decrease in Accumulated Surplus	219 935	219 935
	-	-
	-	-
<b>45.14 Reconciliation of Property-held-for-sale register:</b>		
The prepayments received for property sold were updated in the current year and adjusted retrospectively.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Creditors from Non-exchange Transactions	(29 602)	(29 602)
(Increase) / decrease in Accumulated Surplus	29 602	29 602
	-	-
	-	-

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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<b>45.15 VAT on provision for :</b>		
During adjustments made to the 2011 Annual Financial Statements (as identified during the audit), the provision for doubtful debts was adjusted. The VAT portion of the adjustment was incorrectly accounted for resulting in the overstatement of the VAT balance at year end.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
Increase / (decrease) in VAT	(3 629 142)	(3 629 142)
(Increase) / decrease in Accumulated Surplus	3 629 142	
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Impairment Losses		3 629 142
	-	-
	-	-
<b>45.16 Provision for leave:</b>		
Management investigated all annual leave transactions from 1 July 2010, which resulted in an adjustment being made to the annual leave provision.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	603 367	
(Increase) / decrease in Creditors from Exchange Transactions	(603 367)	(603 367)
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Employee Related Costs		603 367
	-	-
	-	-
<b>45.17 Amortisation expense restated:</b>		
During the review of the Intangible Asset Register, it was found that the amortisation expense for the 2011 financial year was overstated. This was subsequently corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(576 902)	(334 770)
Increase / (decrease) in Intangible Assets	576 902	576 902
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Amortisation Expense		(242 132)
	-	-
	-	-

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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<b>45.18 Infrastructure assets reviewed and corrected:</b>		
During the current financial year management reviewed all infrastructure assets based on the findings identified in the 2011 audit report. This resulted in a number of misstatements being identified that were subsequently corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(265 851 070)	(285 734 220)
Increase / (decrease) in Property, Plant and Equipment	265 851 070	265 851 070
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Depreciation Expense		20 121 699
Increase / (decrease) in Impairment Expense		(238 550)
	-	-
	-	-
<b>45.19 Movable assets identified:</b>		
During the movable asset verification conducted in the current financial year, movable assets were identified that existed prior to 1 July 2010 which were not identified in the prior year verification.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(159 343)	(188 084)
Increase / (decrease) in Property, Plant and Equipment	159 343	159 343
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Depreciation Expense		28 741
	-	-
	-	-
<b>45.20 Land &amp; building assets reviewed and corrected:</b>		
During the current financial year management reviewed all land and building assets based on the findings identified in the 2011 audit report. This resulted in a number of misstatements being identified that were subsequently corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	8 754 857	9 535 022
Increase / (decrease) in Property, Plant and Equipment	(8 754 857)	(8 754 857)
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Depreciation Expense		(780 165)
	-	-
	-	-
<b>45.21 Investment property reviewed and corrected:</b>		
During the current financial year management reviewed all investment properties based on the findings identified in the 2011 audit report. This resulted in a number of misstatement being identified that was subsequently corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	831 126	831 126
Increase / (decrease) in Investment Property	(831 126)	(831 126)
	-	-
	-	-



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

	2012 R	2011 R
<b>45. CORRECTION OF ERROR (Continued)</b>		
<i>45.22 Prior year provision for impairment</i>		
It was found that the prior year provision for debtor impairment was overstated. This has been subsequently corrected.		
<b>The effect of the Correction of Error is as follows:</b>		
<b>Statement of Financial Position:</b>		
(Increase) / decrease in Accumulated Surplus	(34 597 356)	
Increase / (decrease) in Trade Receivables from Exchange	33 868 722	33 868 722
Increase / (decrease) in Trade Receivables from Non-Exchange	4 441 836	4 441 836
Increase / (decrease) in VAT Receivable	(3 713 202)	(3 713 202)
<b>Statement of Financial Performance:</b>		
Increase / (decrease) in Bad Debts		(18 224 223)
(Increase) / decrease in Other Income		(16 373 133)
	<b>0</b>	<b>0</b>

**46. CHANGE IN ACCOUNTING ESTIMATES**

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of GRAP 3.

**46.1 Depreciation Expenditure:**

The residual values, estimated useful lives and depreciation / amortisation method were reviewed at 30 June 2012. Adjustments to the useful lives **effect** the amount of depreciation and amortisation for the current year and **are** expected to **effect** future periods as well. The adjustments are as follows:

Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	203 785	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Intangible Assets	13 580	-
<b>Increase / (Decrease) in Depreciation of PPE</b>	<b>217 365</b>	<b>-</b>
Depreciation and Amortisation as previously stated	68 433 060	-
Adjustment due to Change in Accounting Estimate - PPE	203 785	-
Adjustment due to Change in Accounting Estimate - Intangible Assets	13 580	-
<b>Depreciation and Amortisation as per Note 36</b>	<b>68 650 425</b>	<b>-</b>

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

	2012 R	2011 R
<b>47. CASH GENERATED BY OPERATIONS</b>		
(Deficit) for the Year	(56 870 146)	(36 060 358)
Adjustment for:		
Depreciation and Amortisation	68 650 425	68 266 345
Impairment Losses on Property, Plant and Equipment	85 195	1 765 894
Gains on Disposal of Property, Plant and Equipment	44 914	(16 791)
Other Movement on Property, Plant and Equipment		(5 195 421)
Profit on Sale of Land	288 719	382 404
Other Movement on Non-current Investments	(3 262)	
Contribution to Retirement Benefit Liabilities	(690 045)	
Contribution to Provisions - Current	54 825	2 307 237
Contribution to Provisions - Non-current		6 797 678
Expenditure incurred from Provisions - Current		(533 625)
Expenditure incurred from Provisions - Non-current	298 784	
Contribution to Impairment Provision		18 224 223
Inventory Written-off	60 870	605 257
Dividends Received		(540)
Investment Income	(1 924 100)	(1 922 314)
Finance Costs	1 284 487	754 856
<b>Operating surplus before working capital changes</b>	<b>11 280 666</b>	<b>55 374 844</b>
Decrease/(Increase) in Inventories	(153 101)	114 661
Decrease/(Increase) in Trade Receivables from Exchange Transactions	1 686 709	(43 223 792)
Decrease/(Increase) in Trade Receivables from Non-exchange Transactions	(596 364)	(7 674 562)
Decrease/(Increase) in VAT Receivable	(1 847 280)	3 400 815
Decrease/(Increase) in Operating Lease Assets	44 179	12 553
Increase/(Decrease) in Consumer Deposits	71 363	76 137
Increase/(Decrease) in Creditors	3 833 908	(209 280)
Increase/(Decrease) in Conditional Grants and Receipts	9 629 036	(1 117 394)
<b>Cash generated by Operations</b>	<b>23 949 115</b>	<b>6 753 982</b>
<b>48. NON-CASH INVESTING AND FINANCING TRANSACTIONS</b>		
The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2011/12 financial year.		
<b>49. FINANCING FACILITIES</b>		
Unsecured Bank Overdraft Facility, reviewed annually and payable on call:		
- Amount used	-	-
- Amount unused	1 000 000	1 000 000
- Debit Order facility for Debtors	1 000 000	1 000 000
- Credit Facility for Office Automation	1 000 000	1 000 000
	<b>3 000 000</b>	<b>3 000 000</b>
Unsecured Credit Card Facility, reviewed annually and payable monthly:		
- Amount used	-	-
- Amount unused	50 000	40 000
	<b>50 000</b>	<b>40 000</b>
Unsecured Fleet Card Facility, reviewed annually and payable monthly:		
- Amount used	-	-
- Amount unused	50 000	50 000
	<b>50 000</b>	<b>50 000</b>
Term Loan, reviewed annually and payable monthly:		
- Amount used	-	-
- Amount unused	9 506 000	9 506 000
	<b>9 506 000</b>	<b>9 506 000</b>

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

	2012 R	2011 R
Long-term Liabilities (See Note 20)	10 767 184	12 766 499
Used to finance Property, Plant and Equipment - at cost	(10 767 184)	(12 766 499)
Sub-total	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

**51. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**51.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
Unauthorised Expenditure current year	95 332 661	81 606 251
Approved by Council or condoned	(511 736)	(81 606 251)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting authorisation	94 820 925	-

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
Housing: This was the result of business plans prepared for which the municipality did not budget.	Condoned by Council.

The unauthorised expenditure was calculated after excluding the impact of depreciation on the different votes.

**51.2 Fruitless and Wasteful Expenditure**

No Fruitless and Wasteful Expenditure were incurred for either the 2010/2011 or 2011/2012 financial years.

**51.3 Irregular Expenditure**

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular Expenditure current year	16 257 924	21 009 201
Condoned or written off by Council	(16 257 924)	(21 009 201)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	-	-

Incident	Disciplinary Steps / Criminal Proceedings
The following instances of non-compliance were identified:	
Not obtaining the required number of quotations contributed R2 764 674; and	Condoned by Council.
Not obtaining tax clearance certificates and declaration of interest contributed R13 493 250.	Condoned by Council.

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

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

Opening Balance	-	-
Council Subscriptions	409 684	216 305
Amount Paid - current year	(409 684)	(216 305)
Balance Unpaid (included in Creditors)	-	-

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

	2012 R	2011 R
<b>52 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)</b>		
<b>52.2 Audit Fees</b>		
Opening Balance	-	-
Current year Audit Fee	1 882 181	1 436 821
Amount Paid - current year	(1 882 181)	(1 436 821)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**52.3 VAT**

The net of VAT input payables and VAT output receivables are shown in Note 19. All VAT returns have been submitted by the due date throughout the year.

**52.4 PAYE, Skills Development Levy and UIF**

Opening Balance	-	-
Current year Payroll Deductions	4 802 587	4 557 433
Amount Paid - current year	(4 802 587)	(4 557 433)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**52.5 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	10 248 115	9 629 910
Amount Paid - current year	(10 248 115)	(9 629 910)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**52.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

			Outstanding up to 90 days	Outstanding more than 90 days
<b>30 June 2012</b>		<b>Total</b>		
Sthonga ST	Mayor	300	300	-
Freddie MM	Speaker	285	285	-
Kivedo MC	Ward 1	12 091	1 327	10 764
Jood J	Ward 2	1 901	1 341	560
Thomas NS	Ward 4	914	914	-
Du Plessis WJ	Ward 5	1 011	1 011	-
Witbooi WA	Proportional	1 040	805	235
Malherbe M	Proportional	988	988	0
<b>Total Councillor Arrear Consumer Accounts</b>		<b>18 530</b>	<b>6 970</b>	<b>11 559</b>

<b>30 June 2011</b>		<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Sthonga ST	Mayor	8 174	965	7 209
Freddie MM	Speaker	583	583	-
Kivedo MC	Ward 1	186	186	-
Nyl GL	Ward 7	726	726	-
Witbooi WA	Proportional	299	299	-
Markman BK	Mayor (previous)	1 963	1 311	652
Eksteen EP	Speaker (previous)	514	514	-
Hendricks EG	Ward 1 (previous)	1 883	538	1 345
Max S	Proportional (previous)	9 686	1 879	7 807
White GA	Proportional (previous)	5	5	-
<b>Total Councillor Arrear Consumer Accounts</b>		<b>24 019</b>	<b>7 006</b>	<b>17 013</b>

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

2012  
R

2011  
R

**52. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)**

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

		Highest amount outstanding	Ageing
<b>30 June 2012</b>			
Sthonga ST	Mayor	4 086	> 90 Days
Kivedo MC	Ward 1	11 548	> 90 Days
Jood J	Ward 2	708	> 90 Days
Witbooi WA	Proportional	1 592	> 90 Days
Jaftha AF	Proportional	210	> 90 Days

		Highest amount outstanding	Ageing
<b>30 June 2011</b>			
Sthonga ST	Mayor	7 209	> 90 Days
Nyl GL	Ward 7	15 089	> 90 Days
Markman BK	Mayor (previous)	652	> 90 Days
Max S	Proportional (previous)	7 807	> 90 Days
Hendricks EG	Ward 1 (previous)	1 345	> 90 Days

**52.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

No known matters existed at reporting date.

**52.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

Deviations are identified and reported on a monthly basis. These deviations are only limited to the correct number of quotations that were not obtained. For the 2011/2012 financial year, these deviations amounted to R4 155 875. At year end, all payments were inspected and compared to the procurement requirements and all non-compliance items were listed as irregular expenditure, which included these deviations (where applicable). The Deviation Register is available for inspection at the municipality. Refer to Note 51.3.

**52.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA**

Material Electricity and Water Losses were as follows and are not recoverable:

**Electricity:**

Purchased during the year		54 462 302	51 069 418
Sold during the year		<u>(42 284 880)</u>	<u>(40 222 706)</u>
Unaccounted		12 177 422	10 846 712
Normal distribution losses - % of electricity purchases	8.00%	<u>(4 356 984)</u>	<u>(4 085 553)</u>
Loss		<u>7 820 438</u>	<u>6 761 159</u>
Loss %		14.36%	13.24%
Loss (R):		4 770 467	3 380 579

Calculated as follows:

	%	Lost Units	Tariff	Value
<b>30 June 2012</b>				
Total Electricity Losses	100.00%	7 820 438	@	4 770 467
Household - sub	2.06%	160 916	0.6100	98 159
Household	21.99%	1 719 807	0.6100	1 049 082
Business	15.31%	1 197 306	0.6100	730 356
Rural	0.19%	14 973	0.6100	9 133
Large Consumers	13.19%	1 031 235	0.6100	629 053
Transnet	5.49%	429 476	0.6100	261 980
Streetlights	5.20%	407 008	0.6100	248 275
Departmental	1.11%	86 909	0.6100	53 014
Departmental - Large	0.01%	548	0.6100	334
Departmental - Rural	0.08%	5 945	0.6100	3 627
Departmental - Large	0.01%	652	0.6100	398
Pre-paid meters	35.36%	2 765 664	0.6100	1 687 055

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

2012  
R

2011  
R

**52. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)**

**30 June 2011**

Total Electricity Losses	100.00%	6 761 159	@	3 380 579
Household - sub	1.91%	129 106	0.5000	64 553
Household	19.41%	1 312 468	0.5000	656 234
Business	14.49%	979 682	0.5000	489 841
Rural	0.22%	15 161	0.5000	7 580
Large Consumers	13.71%	927 056	0.5000	463 528
Transnet	5.73%	387 647	0.5000	193 824
Streetlights	7.22%	488 311	0.5000	244 155
Departmental	1.01%	67 983	0.5000	33 992
Departmental - Large	0.01%	431	0.5000	215
Departmental - Rural	0.08%	5 537	0.5000	2 768
Departmental - Large	0.01%	758	0.5000	379
Pre-paid meters	36.19%	2 447 019	0.5000	1 223 510

Electricity Losses occur due to *inter alia*, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

**Water:**

		Lost Units	Tariff	Value
<b>30 June 2012</b>	Unaccounted Water Losses	479 141	0.33	156 054
<b>30 June 2011</b>	Unaccounted Water Losses	484 382	0.35	169 534

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

**52.10 Non-Compliance with MFMA, as required by MFMA Section 125(2)(e)**

The following sections of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) were not adhered to:

Section	Non-compliance
Section 66(c)	The travel, motor car, accommodation, subsistence and other allowances were not reported to the council in the prescribed reports in periods as required.
Section 64(2)(b)	The revenue due has not been calculated on a monthly basis.
Section 71(2)(a)	The reports did not include a projection of the municipality's revenue and expenditure for the rest of the financial year.

**53. COMMITMENTS FOR EXPENDITURE**

**53.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

<b>- Approved and Contracted for:-</b>	<b>6 418 640</b>	<b>2 986 222</b>
Infrastructure	5 199 371	2 117 470
Other	1 219 269	868 751
<b>- Approved but Not Yet Contracted for:-</b>	<b>937 476</b>	<b>-</b>
Infrastructure	937 476	-
<b>Total Capital Commitments</b>	<b>7 356 115</b>	<b>2 986 222</b>
This expenditure will be financed from:		
Government Grants	7 356 115	2 986 222
	<b>7 356 115</b>	<b>2 986 222</b>

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

2012  
R

2011  
R

**53. COMMITMENTS FOR EXPENDITURE (Continued)**

**53.2 Lease Commitments**

Finance Lease Liabilities are disclosed in Note 20.

**53.3 Other Commitments**

The municipality has entered into a contract with E-Valuation for the preparation of the valuation roll and supplementary valuation roll , which will give rise to a total cost of approximately R1,792 million.

The municipality has entered into a contract with Fortogenic Solutions for Employee Wellness Programmes. The remaining outstanding balance as per tender amounts to R209,446.

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

	2012 R	2011 R
<b>54. FINANCIAL INSTRUMENTS</b>		
<b>54.1 Classification</b>		
<b>FINANCIAL ASSETS:</b>		
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):		
<u>Financial Assets</u>	<u>Classification</u>	
<b>Non-current Investments</b>		
Listed Investments	Loans and receivables	10 940      7 678
<b>Long-term Receivables</b>		
Sale of Erven	Loans and receivables	-      28 964
Other Loans	Loans and receivables	1 164      1 162
<b>Receivables from Exchange Transactions</b>		
Electricity	Loans and receivables	11 278 605      11 874 694
Refuse	Loans and receivables	4 300 924      4 386 743
Sewerage	Loans and receivables	8 905 796      9 589 038
Water	Loans and receivables	13 621 820      14 061 032
Other Debtors	Loans and receivables	1 037 408      919 752
<b>Bank, Cash and Cash Equivalents</b>		
Call Deposits	Loans and receivables	8 062 686      207 287
Notice Deposits	Loans and receivables	6 284 366      8 891 958
Bank Balances	Loans and receivables	31 134      60 213
Cash Floats and Advances	Loans and receivables	1 160      1 160
<b>Current Portion of Long-term Receivables</b>		
Sale of Erven	Loans and receivables	-      13 438
<b>Receivables from Non-exchange Transactions</b>		
Assessment Rates		6 318 480      5 473 340
Sundry Deposits		109 610      89 000
Sundry Debtors		1 360 673      1 630 105
<b>SUMMARY OF FINANCIAL ASSETS</b>		
<b>Held to maturity:</b>		
Short-term Investment Deposits	Short-term Portion of Investments	6 284 366      8 891 958
		6 284 366      8 891 958
<b>Loans and Receivables</b>		
Long-term Receivables	Other Loans	1 164      1 162
Long-term Receivables	Sale of Erven	-      28 964
Receivables from Non-exchange Transactions	Assessment Rates	6 318 480      5 473 340
Receivables from Exchange Transactions	Electricity	11 278 605      11 874 694
Receivables from Exchange Transactions	Refuse	4 300 924      4 386 743
Receivables from Exchange Transactions	Sewerage	8 905 796      9 589 038
Receivables from Exchange Transactions	Water	13 621 820      14 061 032
Receivables from Exchange Transactions	Other Debtors	1 037 408      919 752
Receivables from Non-exchange Transactions	Sundry Deposits	109 610      89 000
Receivables from Non-exchange Transactions	Sundry Debtors	1 360 673      1 630 105
Current Portion of Long-term Receivables	Sale of Erven	-      13 438
Bank Balances and Cash	Bank Balances	31 134      60 213
Bank Balances and Cash	Cash Floats and Advances	1 160      1 160
Bank Balances and Cash	Call Deposits	8 062 686      207 287
Non-current Investments	Listed Investments	10 940      7 678
		55 040 401      48 343 607